Sinagro Produtos Agropecuários S.A.

Financial statements
December 31, 2016

KPDS 184171

Contents

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Independent auditors' report on the individual and consolidated financial statements

To the Shareholders and Directors of
Sinagro Produtos Agropecuários S.A.
Primavera do Leste - Mato Grosso

Opinion

We have examined individual and consolidated financial statements of Sinagro Produtos Agropecuários S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the balance sheet as of December 31, 2016 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the corresponding notes, comprising the significant accounting policies and other clarifying information.

In our opinion, the individual and consolidated aforementioned financial statements present fairly, in all material respects, the financial position of Sinagro Produtos Agropecuários S.A. as of December 31, 2016, the performance of its operations and its cash flows, for the year then ended, in accordance with the accounting practices adopted in Brazil.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's responsibilities for the audit of individual and consolidated financial statements." We are independent in relation to the Company, according to the relevant ethical principles established in the Accountants' Professional Code of Ethics and the professional standards issued by the Federal Council of Accounting, and we comply with the other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Responsibility of management for the financial statements

The Management is responsible for the preparation and adequate presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil, and the internal controls it deemed necessary to enable the preparation of individual and consolidated financial statements free of material misstatements, regardless of whether caused by fraud or error.

In the preparation of individual and consolidated financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the individual and consolidated financial statements, unless management intends to wind-up the Company or ceases its operations, or has no realistic alternative to avoid the closure of operations.

Those responsible for the governance of the Company are the ones with responsibility for overseeing the preparation process of consolidated and individual financial statements.

Auditor's responsibilities for the audit of individual and consolidated financial statements

Our goals are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and issue the audit report with our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit conducted pursuant to Brazilian and international auditing standards will always detect any existing material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or jointly, they may - from a reasonable perspective - influence the economic decisions of the users made based on the respective financial statements.

As part of the audit conducted according to Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatement of individual and consolidated financial statements, whether due to fraud or error, plan and perform audit procedures in response to such risks and obtain sufficient and appropriate audit evidence for expressing our opinion. The risk of not detecting material misstatement resulting from fraud is higher than that from error, as fraud may involve the act of cheating internal controls, collusion, falsification, omission or intentional misrepresentations.

- We obtain an understanding of the internal controls relevant to the audit to plan the audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls of the Company and its subsidiares.

- We evaluated the adequacy of the adopted accounting policies and the reasonableness of the accounting estimates and the respective disclosures made by management.

- We reach a conclusion as to the suitability of Management's use of the accounting basis for going concern and, based on the audit evidence obtained, as to whether there is a material uncertainty regarding events or conditions that could raise a significant doubt regarding the Company's capacity for going concern. If we conclude that there is material uncertainty, we will call attention in our audit report to the respective disclosures in the financial statements or include any change in our opinion, if the disclosures are inappropriate. Our conclusions are based on the audit evidences obtained through our reporting date. However, future events or conditions may cause the Company not to continue as going concern.

- We evaluated the overall presentation, structure and content of individual and consolidated financial statements, including disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner consistent with the objective of fair presentation.

- We obtain appropriate and sufficient audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the consolidated and individual financial statements. We are responsible for the management, supervision and performance of the audit of the group, and, consequently, for the audit opinion.

We communicate with Management regarding, among other things, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal controls that we identify during our work.

São Carlos, March 31, 2017

KPMG Auditores Independentes
CRC2SP014428/O-6

Rafael Henrique Klug
Accountant CRC 1SP246035/O-7

Sinagro Produtos Agropecuários S.A.

Balance sheets at December 31, 2016 and 2015

(In thousands of reais)

		Consolidated		Parent company	
	Note	**2016**	**2015**	**2016**	**2015**
Assets					
Cash and cash equivalents	5	20,590	7,464	19,483	7,205
Trade accounts receivable	6	320,622	370,500	309,381	358,326
Inventories	7	162,041	150,769	141,349	125,949
Biological assets		-	620	-	620
Advances for purchase of inventories	8	67,989	43,255	67,969	43,249
Advances to suppliers		6,677	943	6,613	860
Recoverable taxes	9	6,544	17,813	6,482	17,722
Income and social contribution tax recoverable		13,769	12,140	13,329	11,832
Financial loans	10	31	-	3,021	2,517
Derivative financial instruments	23	36,033	20,059	36,033	20,059
Prepaid expenses		871	2,039	855	2,024
Other credits	11	28,464	4,125	25,554	2,685
Total current assets		**663,631**	**629,727**	**630,069**	**593,048**
Interest earnings bank deposits		516	2,821	137	2,480
Trade accounts receivable	6	11,518	10,158	10,690	9,584
Financial loans	10	3,386	3,301	900	981
Derivative financial instruments	23	-	2,721	-	2,721
Other credits	11	130,406	145,115	106,977	121,686
Total long-term assets		**145,826**	**164,116**	**118,704**	**137,452**
Investments	12	110,486	107,762	119,215	112,800
Property, plant and equipment	13	26,314	80,252	24,836	78,659
Intangible assets		391	509	387	507
Total non-current assets		**283,017**	**352,639**	**263,142**	**329,418**
Total assets		**946,648**	**982,366**	**893,211**	**922,466**

		Consolidated		Parent company	
	Note	**2016**	**2015**	**2016**	**2015**
Liabilities					
Suppliers	14	430,354	514,278	396,350	479,291
Loans and financing	15	231,574	219,184	230,737	216,916
Advances from clients		61,528	19,692	60,765	16,046
Financial loans	10	19,012	75,490	19,014	75,490
Taxes and contributions payable		6,389	4,200	5,146	1,858
Derivative financial instruments	23	20,081	6,980	20,081	6,980
Social charges and labor legislation obligations		8,274	7,194	7,736	6,654
Other accounts payable	18	25,687	34,596	25,305	34,175
Total current liabilities		**802,899**	**881,614**	**765,134**	**837,410**
Financial loans	10	65,693	59,569	65,693	59,569
Loans and financing	15	42,217	41,493	41,383	39,826
Taxes and contributions payable		3,739	5,820	1,679	5,820
Deferred income and social contribution taxes	17	21,389	34,731	17,879	25,973
Provision for contingencies	16	2,349	2,809	1,999	2,501
Other accounts payable	18	59,674	73,626	59,674	73,626
Total non-current liabilities		**195,061**	**218,048**	**188,307**	**207,315**
Shareholders' equity					
Capital	19	155,528	113,861	155,528	113,861
Capital reserve		7,136	10,307	7,136	10,307
Accumulated losses		(222,894)	(246,427)	(222,894)	(246,427)
Total shareholders' equity		**(60,230)**	**(122,259)**	**(60,230)**	**(122,259)**
Interest of non-controlling shareholders		8,918	4,963	-	-
Total liabilities		**(51,312)**	**(117,296)**	**(60,230)**	**(122,259)**
Total liabilities and shareholders' equity		**946,648**	**982,366**	**893,211**	**922,466**

See the accompanying notes to the financial statements.

Sinagro Produtos Agropecuários S.A.

Statements of income

Years ended December 31, 2016 and 2015

(In thousands of reais)

		Consolidated		Parent company	
	Note	**2016**	**2015**	**2016**	**2015**
Net operating income	20	1,211,415	1,204,848	1,173,700	1,168,716
Cost of products sold and services rendered	21	(1,016,012)	(1,063,796)	(985,539)	(1,038,632)
Gross income		**195,403**	**141,052**	**188,161**	**130,084**
Commercial expenses	21	(63,937)	(89,577)	(63,811)	(88,688)
General and administrative expenses	21	(64,809)	(59,115)	(61,249)	(53,561)
Other operating income and (expenses), net	21	2,646	11,180	(327)	(4,360)
Equity in net income of subsidiaries	12	(1,024)	(5,771)	5,370	(3,503)
Income (loss) before financial income (loss) and income taxes		**68,279**	**(2,231)**	**68,144**	**(20,028)**
Financial income		18,046	36,450	15,949	33,577
Financial expenses		(80,618)	(96,742)	(77,752)	(94,166)
Net foreign exchange variation		19,843	(92,553)	20,187	(92,323)
Net financial income (loss)	22	**(42,729)**	**(152,845)**	**(41,616)**	**(152,912)**
Income (loss) before income taxes		**25,550**	**(155,076)**	**26,528**	**(172,940)**
Deferred income and social contribution taxes	17	11,708	(36,236)	6,460	(21,835)
Current income and social contribution taxes	17	(9,770)	(1,935)	(9,455)	(772)
Net income (loss) for the year		**27,488**	**(193,247)**	**23,533**	**(195,547)**
Income attributed to controlling shareholders		23,533	(195,547)	23,533	(195,547)
Income (loss) attributed to non-controlling shareholders		3,955	2,300	-	-
Net income (loss) for the year		**27,488**	**(193,247)**	**23,533**	**(195,547)**

See the accompanying notes to the financial statements.

Sinagro Produtos Agropecuários S.A.

Statements of comprehensive income

Years ended December 31, 2016 and 2015

(In thousands of reais)

	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Net income (loss) for the year	27,488	(193,247)	23,533	(195,547)
Financial loans' adjustment to present value, net of deferred taxes	(3,171)	10,307	(3,171)	10,307
Total comprehensive income	**24,317**	**(182,940)**	**20,362**	**(185,240)**
Comprehensive income attributed to controlling shareholders	20,362	(185,240)	20,362	(185,240)
Comprehensive income attributed to non-controlling shareholders	3,955	2,300	-	-
Total comprehensive income	**24,317**	**(182,940)**	**20,362**	**(185,240)**

See the accompanying notes to the financial statements.

Sinagro Produtos Agropecuários S.A.

Statements of changes in shareholders' equity

Years ended December 31, 2016 and 2015

(In thousands of reais)

	Capital	Capital reserve	Accumulated losses	Total usecured liability attributable to controlling shareholders	Interest of non-controlling shareholders	Total unsecured liability
Balances at 1st January 2015	**65,861**	**-**	**(50,880)**	**14,981**	**2,663**	**17,645**
Capital increase as minutes of Special Shareholders' Meeting on June 29, 2015.	48,000	-	-	**48,000**	-	**48,000**
Other comprehensive income						
Financial loan' adjustment to present value, net of deferred taxes	-	11,893	-	**11,893**	-	**11,893**
Realization of adjustment to present value on financial loans	-	(1,586)	-	**(1,586)**	-	**(1,586)**
Net income (loss) for the year	-	-	(195,547)	**(195,547)**	2,300	**(193,247)**
Balances at December 31, 2015	**113,861**	**10,307**	**(246,427)**	**(122,259)**	**4,963**	**(117,296)**
Capital increase as minutes of Special Shareholders' Meeting on March 21, 2016.	41,667	-	-	**41,667**	-	**41,667**
Other comprehensive income						
Realization of adjustment to present value on financial loans	-	(3,171)	-	**(3,171)**	-	**(3,171)**
Net income for the year	-	-	23,533	**23,533**	3,955	**27,488**
Balances at December 31, 2016	**155,528**	**7,136**	**(222,894)**	**(60,230)**	**8,918**	**(51,312)**

See the accompanying notes to the financial statements.

Sinagro Produtos Agropecuários S.A.

Statements of cash flows – Indirect method

Years ended December 31, 2016 and 2015

(In thousands of reais)

	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Cash flow from operating activities				
Net income (loss) for the year	**27,488**	**(193,247)**	**23,533**	**(195,547)**
Adjustments on income (loss) for the year				
Deferred income and social contribution taxes	(11,708)	36,236	(6,460)	21,835
Current income and social contribution taxes provided	9,770	-	9,455	-
Allowance for doubtful accounts	(790)	33,267	(24)	28,095
Adjustment to present value	950	(6,259)	(100)	(5,502)
Interest and foreign exchange rates - incurred assets and liabilities	51,604	139,352	49,879	133,290
Inventories' adjustment to net realizable value	(720)	867	(720)	676
Provision for expired inventories	-	1,942	-	-
Fair value of derivative financial instruments	(152)	(2,640)	(152)	(2,643)
Equity in income of subsidiaries and associated companies	1,024	5,771	(5,370)	3,503
Provision for contingencies	(460)	-	(502)	-
Debt adjustment in acquisition of interest in Serra Bonita	(1,655)	12,355	(1,654)	12,355
Depreciation and amortization	6,650	10,538	6,532	10,363
Loss on sale of property, plant and equipment	(7,126)	4,483	(7,126)	4,013
	74,875	**42,665**	**67,291**	**10,438**
(Increase)/decrease in assets				
Trade accounts receivable	28,419	99,244	27,336	90,456
Inventories	(10,551)	(594)	(14,680)	(8,603)
Biological assets	620	54,407	620	54,407
Advances for purchase of inventories	(24,734)	6,491	(24,720)	5,501
Advances to suppliers	(5,736)	1,551	(5,753)	1,395
Recoverable taxes	11,267	(1,538)	11,240	(1,499)
Income and social contribution tax recoverable	(1,629)	1,699	(1,497)	823
Prepaid expenses	1,166	(1,419)	1,169	(1,416)
Interest earnings bank deposits	2,305	(2,821)	2,343	(2,480)
Other credits	(9,630)	(111,360)	(8,160)	(87,193)
	(8,503)	**45,660**	**(12,102)**	**51,391**
Increase/(decrease) in liabilities				
Suppliers	(66,237)	(47,291)	(63,731)	(29,426)
Advances from clients	41,838	(1,655)	44,719	(4,876)
Income and social contribution tax payable	-	(8,138)	-	(3,818)
Taxes and contributions payable	2,023	(3,436)	(853)	(8,095)
Social charges and labor legislation obligations	1,082	(1,150)	1,081	(1,073)
Other accounts payable	(8,571)	75,614	(8,533)	76,041
	(29,865)	**13,944**	**(27,317)**	**28,753**
Cash generated by operating activities	**36,507**	**102,269**	**27,872**	**90,582**
Income and social contribution taxes paid	(11,683)	-	(9,455)	-
Interest and foreign exchange rates paid in financings	(57,019)	(43,948)	(56,325)	(43,332)
Cash flow (invested in) from operating activities	**(32,195)**	**58,321**	**(37,908)**	**47,250**
Cash flow from investment activities				
Loan granted to related parties	-	(1,513)	-	(1,284)
Receipt of loans granted to related parties	-	2,185	-	11,713
Impact of AVP on transactions with partners	(4,805)	-	(4,805)	-
Investments in associated companies - paid	(16,387)	(10,896)	(13,680)	(10,899)
Income from sale of property, plant and equipment	61,345	-	61,345	-
Acquisition of property, plant and equipment and intangible assets	(6,808)	(11,735)	(6,808)	(10,957)
Cash flow from (invested in) from investment activities	**33,345**	**(21,959)**	**36,052**	**(11,427)**
Cash flow from financing activities				
Payments of loans	(193,238)	(353,786)	(191,080)	(350,516)
Borrowings	220,441	160,864	220,441	158,364
Obtainment of loan	24,358	114,538	24,358	114,538
Loan payments	(81,252)	(17,634)	(81,252)	(17,634)
Capital transfer received	41,667	48,000	41,667	48,000
Cash flow from (invested in) financing activities	**11,976**	**(48,018)**	**14,134**	**(47,248)**
Increase (decrease) in cash and cash equivalents	**13,126**	**(11,656)**	**12,278**	**(11,425)**
Cash and cash equivalents at the beginning of the year	7,464	19,120	7,205	18,630
Cash and cash equivalents at the end of year	20,590	7,464	19,483	7,205
Increase (decrease) in cash and cash equivalents	**13,126**	**(11,656)**	**12,278**	**(11,425)**

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of reais)

1 Operations

Sinagro Produtos Agropecuários Ltda. ("Company") is a privately-held company with head office and jurisdiction in the municipality of Primavera do Leste, MT. The Company was formed in February 2001 and currently has 20 branches installed in the eastern and southeastern regions of the state of Mato Grosso, in the cities of Rondonópolis, Campo Verde, Nova Xavantina, Querência, Canarana, Alto Taquari, Gaucha do Norte and São Félix do Araguaia; in the last one up to August 31, 2015 the Company operates with soybean, corn and rice production in leased areas. The Company has expanded its range of activity with the recently installed units in the states of Mato Grosso do Sul and Bahia.

The Company is mainly engaged in retail sales and commercial representation of agricultural pesticides, fertilizers, soil correctors and varied seeds; exports of bagged or bulk grain; activities related to general warehouses; working as a freight agency, mostly for cargo transportation by truck, and cotton processing, such as seed removal and fiber preparation.

Sinagro is the representative of crops protection company Syngenta in selling agricultural pesticides in the regions it covers, and is considered one of Syngenta's main partners in Brazil.

The purpose of the strategic planning that is being implemented by the Company is to improve its income and working capital.

The Company's goal is to continuously improve management of risks related to: (i) loan portfolio, (ii) exposure to commodity prices and, (iii) exposure to exchange variation. In addition, continuous improvement in governance aspects are considered to reinforce to the market the best market practices adopted by the Company. As regards financial management, the Company will seek leverage and financial cost reduction, as well as capital structure adjustment to the activity. It is important to strengthen that the Company's operating structure, which was developed throughout the years by material investments, as well as employees' quality, will contribute to carry out this strategy and to achieve outlined goals.

2 Group entities

The Company has the following direct subsidiary and jointly-controlled subsidiaries:

Entity	**City /State**	**Interest 2016**	**Interest 2015**
Direct subsidiary			
Seara Comercial Agrícola Ltda.	Luis Eduardo Magalhâes – Bahia	51.00%	51.00%
Jointly-controlled subsidiaries			
Serra Bonita Sementes S.A.	Buritis - Minas Gerais	33.33%	33.33%
Bioplanta Nutrição Vegetal, Indústria e Comércio S.A.	Lucas do Rio Verde – Mato Grosso	33.33%	33.33%

Seara Comercial Agrícola Ltda.
The direct subsidiary, headquartered in Luís Eduardo Magalhães, in Bahia, is engaged in representing agricultural products and trading grains in general. It is currently present in Bahia State, in the cities of Rosário and Luis Eduardo Magalhães.

Serra Bonita Sementes S.A.
The purpose of jointly-controlled subsidiary, with head office in Formosa, Goiás State, is to produce certified soy bean and corn seeds, and grains.

Bioplanta Nutrição Vegetal, Indústria e Comércio S.A.
Jointly-controlled subsidiary, with head office in Lucas do Rio Verde, Mato Grosso State, currently in pre-operating stage, is engaged in industry activities, wholesale trading, services and import of agricultural products, such as: soy bean, corn, millet, sorghum, among others, raw material to prepare fertilizers, agricultural pesticides, fertilizers and seeds, by-products and similar chemical products, provision of services for fertilizer production, storing and packing agricultural products, seeds and fertilizers and commercial representation.

3 Preparation basis

a. Statement of conformity regarding the Accountant Statements Committee (CPC) standards

These individual and consolidated financial statements were prepared according to the accounting practices adopted in Brazil (BR GAAP) in conformity with the pronouncements, guidance and interpretations issued by the Accounting Pronouncement Committee - CPC.

The issue of financial statements was authorized by the Management on March 31, 2017.

Details on the Company's significant accounting policies are shown in Note 4.

All relevant information specific to the financial statements, and only such information, is being evidenced, and corresponds to the information used by company Management.

b. Measuring basis

The individual and consolidated financial statements were prepared based on the historical cost, except for the following material items recognized in the balance sheets:

- Non-derivative financial instruments measured at fair value through profit or loss;
- Derivative financial instruments measured at fair value; and
- Commodities' inventories measured at fair value.

c. Functional and presentation currency

These financial statements are being presented in Brazilian thousand reais, functional currency of the Group. All balances have been rounded to the nearest value, except otherwise indicated.

d. Use of estimates and judgments

The preparation of these individual and consolidated financial statements, Management used judgments, estimates and assumptions that affect the application of Group's accounting principles and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed in a continuous manner. Reviews of estimates are recognized on a prospective basis.

(i) Judgments

Information about judgment referring to the adoption of accounting policies which impact significantly the amounts recognized in the financial statements are included in the following notes:

- **Note 4 (a) –** consolidation, determination of whether the Group holds actual control on an investee; and
- **Note 4(l) -** Lease: to determine if the agreements have a lease.

(ii) Uncertainties on assumptions and estimates

Information on uncertainties as to assumptions and estimates that pose a high risk of resulting in a material adjustment within the year ending December 31, 2017 are included in the following notes:

- **Note 6 –** Trade accounts receivable (allowance for doubtful accounts and adjustment to present value);
- **Note 7 -** Inventories (Provision for expired goods' losses);
- **Note 16 –** Recognition and measurement of provision for contingencies in progress: main assumptions on the probability and volume of outflows; and
- **Note 17 –** Measurement of period for realization of deferred tax assets.

Measurement at fair value

A series of accounting policies and disclosures of the Company and its subsidiaries requires the measurement of the fair values of financial and non-financial assets and liabilities.

The Management periodically reviews unobservable data considered significant and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the CPC requirements, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring fair value of an asset or liability, the Company and its subsidiaries use market observable data as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

- **Level 1:** Prices quoted (not adjusted) in active markets for identical assets and liabilities;
- **Level 2:** Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices); and
- **Level 3:** Inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

The totality of financial instruments, assets and liabilities of the Company and its subsidiaries are classified into “level 2”.

Additional information on the assumptions adopted in the measurement of fair values is included in the following note:

- **Note no. 23 –** Financial instruments.

4 Significant accounting policies

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

a. Consolidation basis

(i) Subsidiary

The Group controls an entity when it is exposed to, or has a right over the variable returns arising from its involvement with the entity and has the ability to affect those returns exerting its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements as from the date they start to be controlled by the Company until the date such control ceases.

(ii) Interest of non-controlling shareholders

The Group chose to measure non-controlling interest at their proportion in acquirees at their proportion in identifiable net assets on acquisition date.

Changes to the Group’s interest in a subsidiary that do not result in loss of control are accounted for as transactions of shareholders’ equity.

(iii) Investments in entities are accounted for at the equity method.

The Group’s investment in entities numbered by the equity method is comprised of its interest in joint ventures.

Associated companies are the entities in which the Group has, directly or indirectly, significant influence but not control or jointly-control on financial and operating policies. In order to classify an entity as jointly-controlled subsidiary, a contract must exist allowing the Group to maintain joint control over the entity and giving the Group rights over jointly-owned subsidiary’s net assets, and not directly to its specific assets and liabilities.

Such investments are initially recognized by the cost, which includes expenses with transactions. After initial recognition, financial statements include the Group’s interest in investees’ income or net loss for the year and other comprehensive income up to the date in which significant influence or joint control no longer exists. In the Parent Company’s financial statements, investments in subsidiaries are also accounted for at such method.

When the participation of the Company in the losses of an investee, whose shareholders' equity has been accounted for, exceeds its ownership interest in the investee recorded at the equity method, the book value of that ownership interest, including long-term investments, is reduced to zero and additional losses are no longer recognized, except when the Company has constructive obligations or made payments on behalf of the investee, when a provision for investment losses is recorded.

(iv) Transactions eliminated in the consolidation

Intragroup balances and transactions, and any unrealized income or expenses derived from intragroup transactions, are eliminated. Unrealized gains originating from transactions with investee recorded using the equity method, are eliminated against the investment in the proportion of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to impairment.

b. Foreign currency

Foreign currency transactions

Transactions in foreign currency are translated into the respective functional currency of the Group at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are reconverted into the functional currency at the foreign exchange rate on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the foreign exchange rate on the date the fair value was determined. Non-monetary items that are measured based on the historical cost in foreign currency are translated using the rate of the transaction date. Exchange differences arising from the translated are recognized in income (loss).

c. Financial instruments

The Group classifies non-derivative financial assets in the following categories: financial instruments measured at fair value through profit or loss and loans and receivables.

The Group classifies non-derivative financial liabilities in the category of other financial liabilities.

(i) Non-derivative financial assets and liabilities – recognition and derecognition

The Company and its subsidiaries initially recognize the loans, receivables and debt instruments on the date that they are originated. All other financial assets and liabilities are recognized on the date of the negotiation when the Entity becomes a party to the instrument's contractual provisions.

The Group fails to recognize a financial asset when the contractual rights to the cash flow of the asset expire, or when it transfers the rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and benefits of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.
The Group derecognizes a financial liability when its contractual obligations are discharged or canceled or expire.

Financial assets and liabilities are offset and the net value reported in the balance sheet only when there is a legally enforceable right of the Company and its subsidiaries to offset and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets - measurement

Financial assets recorded at fair value through profit or loss

A financial asset is classified as measured at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. The transaction costs are recognized as incurred. They are measured at fair value and changes in the fair value, including gains with interest and dividends, are recognized in the income (loss) for the year.

Loans and receivables
Such assets are initially recognized at fair value plus any transaction costs directly assignable. After their initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, reduced by any impairment losses.

(iii) Non-derivative financial liabilities - Measurement
A financial liability is classified as measured at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. The transaction costs are recognized in income (loss) as incurred. These financial liabilities are measured at fair value and changes in the fair value, including gains with interest and dividends, which are recognized in the income (loss) for the year.

Other non-derivative financial liabilities are initially measured at fair value less any transaction costs directly assignable. After their initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

(iv) Derivative financial instruments
The Company and its subsidiaries keep derivative instruments to hedge its exposures to foreign currency and interest rate changes. Embedded derivatives are separated from the host contracts and separately recorded when certain criteria are met. Derivatives are initially recognized at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. After the initial recognition, derivatives are measured at fair value and changes are recorded in profit or loss.

(v) Capital
The Company's capital is comprised of common shares that are classified as shareholders' equity.

d. Inventories
Inventories are comprised of commodities and products for resale.

Inventory of commodities is marked-to-market less selling costs. In determining fair value, the Company uses as a reference the quotation and indices disclosed by public sources and related to the products and active markets where it operates. Changes in the fair value of these inventories are recognized in the income (loss) for the year.

Inventory of products for resale are measured at the lower value between the cost and net realizable value. Inventory costs are based on moving weighted average.

e. Property, plant and equipment

(i) Recognition and measurement
Property, plant and equipment items are stated at historical acquisition or construction cost, net of accumulated depreciation and impairment losses, when applicable.

The cost includes expenditures that are directly attributable to the acquisition of assets. The cost of assets constructed by the Company itself and its subsidiaries include:

- The cost of materials and direct labor;
- Any other costs directly attributable to bringing the assets to the location and condition required for them to operate in the manner intended by the Management; and
- The costs for dismantling and restoration of the site where these assets are located.

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

(ii) Subsequent costs

Subsequent expenditures are capitalized in accordance with the probability that associated future benefits may be earned by the Company or subsidiaries. Maintenance expenses and recurring repairs are recorded in the income.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use, or, in the case of assets constructed by the Company, as of the date the construction is concluded and the asset is available for use.

Depreciation is calculated to amortize the cost of items of fixed asset items, net of their estimated residual values, using the straight-line method based on estimated useful lives of such items. Depreciation is recognized in income (loss), unless the amount is included in the book value of another asset. Land is not depreciated.

Leased assets are depreciated over the shorter of the estimated useful life of the asset and the contractual term, unless it is certain that the Company will become the owner of the asset at the end of the lease term.
The average useful lives estimated for the current and comparative years are as follows:

Class of assets	**Average useful life**
Buildings	25 years
Agricultural machinery and equipment	10 years
Furniture and fixtures	10 years
Facilities	10 years
Leasehold improvements	10 years (average contract period)
Vehicles	5 years
Storage	10 years
Aircrafts	10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate.

f. Impairment

(i) Non-derivative financial assets

Financial assets not classified as financial assets at fair value through profit or loss, including investments calculated under the equity method of accounting are assessed at each balance sheet date for objective evidence of impairment loss.

Objective evidences of financial assets’ impairment include:

- Debtor’s default or delays;
- Restructuring of an amount owed to the Group at conditions that would not be accepted under normal conditions;
- Indications that the debtor or issuer will face bankruptcy/court-ordered reorganization;
- Negative changes in payment situation of debtors or issuers;
- The disappearance of an active market for an instrument due to financial distress; or
- Observable data indicating that expected cash flow measurement of a group of financial assets decreased.

Financial assets measured at amortized cost

The Group considers as evidence of impairment of assets measured by amortized cost both individually and on an aggregate basis. All individually significant assets are assessed for impairment. Those non-impaired on an individual basis are collectively assessed for any impairment loss not yet identified. Assets that are not individually significant are collectively evaluated for impairment based on group of assets with similar risk characteristics.

When assessing impairment on an aggregate basis the Company makes use of historical trends of the recovery term and the amounts of losses incurred, adjusted to reflect the Management's judgment if the current economic and credit conditions are such that the actual losses will probably be higher or lower than those suggested by historical trends.
An impairment of a financial asset measured at amortized cost is calculated as the difference between the asset's book and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The losses are recognized in an allowance in the income statement against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When the Group considers that it is not possible to reasonably expect recovery, amounts are written-off. When subsequent event indicates loss reduction, provision is reversed through profit or loss.

(ii) Non-financial assets

The book values of the non-financial assets of the Company and its subsidiaries, except for biological assets, inventories, biological assets and deferred tax assets are reviewed at each balance sheet date for indication of impairment. If such indication exists, the asset's recoverable value is determined.

For impairment tests, assets are grouped at the lowest possible group of assets that generates cash inflows for their continued use, these entries that are largely independent of the cash inflows from other assets or CGU (cash generating units).

The recoverable value of an asset or CGU is the greater of its value in use and its fair value less selling expenses. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions as to the recoverability period of capital and the risks specific to the asset or CGU.

An impairment loss is recognized when the book value of an asset or its CGU exceeds its recoverable value.

Impairment losses are recognized in profit or loss. Impairment losses are reversed only with the condition that the book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the value loss had not been recognized.

g. Provisions

A provision is formed if the Company or its subsidiaries have a legal or constructive obligation as a result of a past event, which can be reliably estimated, and it is probable that an outflow of funds will be required to settle the obligation.

h. Adjustment to present value

The Company and its subsidiaries present, whenever relevant, assets and liabilities at present value, in accordance with CPC 12 – Adjustment to present value. Adjustment to present value is calculated by the Company on a timely basis and recorded, if relevant; it is detailed in notes referring to assets and liabilities that generated the adjustment. Assumptions considered for adjustment to present value calculation are as follows: (i) amount to be discounted; (ii) realization and settlement dates; and (iii) discount rate. The discount rate used considered the current market assessments of the time value of money and the risks specific to each asset and liability.

i. Operating income

Sale of agricultural products

The operating income from sales of agricultural products in the normal course of business is measured by the fair value of the installment received or receivable.

Operating income is recognized when (i) the most significant risks and rewards inherent to the ownership of the assets have been transferred to the purchaser, (ii) it is probable that the financial economic benefits will flow to the Group, (iii) the costs related and potential return of goods can be reliably estimated, (iv) there is no continued involvement with the goods sold, and (v) the amount of operating income can be reliably measured. In the event that it is probable that discounts will be granted and their amounts can be reliably measured, discounts are recognized as a reduction to sales. Income is measured net of returns, trade discounts and bonus.

The correct moment for the transfer of risks and benefits varies depending on the individual conditions of the sales agreement. Sale of products: soybean, soy meal, corn, seeds, fertilizers and pesticides, the transfer normally takes place when the product is delivered in the client's warehouse; however, for international sales, the transfer takes place upon loading of the products at the pertinent transporting company in the port of the selling party.

j. Financial income and expenses

The financial income and expenses of the Company and its subsidiaries comprise the following:

- Interest income;
- Discounts obtained;
- Gains/Losses in derivative financial instruments;
- Interest on loans and financing; and
- Variation in price indices

Interest income and expenses are recognized in income at the effective interest method.

k. Income and social contribution taxes

The income and social contribution taxes, both current and deferred are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$ 240 (annual basis) for income tax and 9% on taxable income for social contribution on net income, and consider the offsetting of income tax loss carryforward and negative basis of social contribution, limited to 30% of the annual taxable income for the year.

The income tax and social contribution expense comprises the current and deferred installments. Current taxes and deferred taxes are recognized in income unless they are related to items directly recognized in Shareholders' equity or in other comprehensive income.

(i) Current income tax and social contribution expense

Current tax expense is the tax payable or receivable on the taxable income or loss for the year and any adjustments to taxes payable in relation to prior years. The amount of current taxes payable or receivable is recognized on the balance sheet as a tax asset or liability, according to the best estimate of the expected amount of the taxes to be paid or received, which reflects the uncertainties relating to the calculation thereof, if any. It is measured based on rates enacted at the balance sheet date.

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

(ii) Deferred income and social contribution tax expenses

Deferred tax assets and liabilities are recognized in relation to the temporary differences between the book values of assets and liabilities for financial statement purpose and used for taxation purposes.

A deferred tax asset is recognized in relation to tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be subject to taxation will be available against which they will be used. Deferred tax assets are reviewed at each reporting date and will be reduced to the extent their realization is no longer probable.

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

The measurement of deferred tax assets and liabilities reflects the tax consequences in a manner in which the Company and its subsidiaries expect to recover or settle its assets and liabilities.

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

l. Leases

(i) Determining whether an agreement contains a lease

At the inception of an agreement, the Company and its subsidiaries define whether the agreement is for or contains a lease.

- Meeting the agreement depends on the use of said specified asset, and
- The agreement has a right of use of the asset.

At the inception of an agreement or at the time of a possible revaluation thereof, the Company and its subsidiaries separate payments and other considerations required by said agreement between those for leasing and those for other components, taking as a basis their relative fair values.

(ii) Lease payments

Payments for operating leases are charged to income on the straight-line basis over the lease period.

m. New standards and interpretations not yet effective

Several new standards, amendments to standards and interpretations will become effective for the years started after January 1, 2016. The Group did not adopt these changes during preparation of these financial statements. The Group does not plan to adopt these standards in advance.

Disclosure Initiative (Amendments to CPC 26 / IAS 7)

The changes require additional disclosures that allow users of financial statements to understand and assess changes in liabilities arising from financing activities, whether arising from cash flow and other changes.

Changes are effective in years starting on or after January 1, 2017. Early adoption is permitted only for financial statements in accordance with IFRS.

The Group is evaluating the potential impact on its individual and consolidated financial statements. Thus far, the Group does not expect any significant impact.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to CPC 32 / IAS 12)

The changes clarify the accounting of deferred tax assets for unrealized losses on debt instruments measured at fair value.

Changes are effective in years starting on or after January 1, 2017, and early adoption is allowed only to financial statements, pursuant to IFRSs.

The Group is evaluating the potential impact on its individual and consolidated financial statements. Thus far, the Group does not expect any significant impact.

IFRS 15 Income from Contracts with Clients

IFRS 15 introduces a comprehensive framework for determining whether and when income is recognized, and how income is measured. IFRS 15 replaces current income recognition standards, including CPC 30 Income, CPC 17 Construction Contracts, and CPC 30 Interpretation A (IFRIC 13) Client Loyalty Programs.

IFRS 15 becomes effective for annual periods starting on or after January 1, 2018. Early adoption is permitted only for financial statements in accordance with IFRS.

The Group is evaluating the potential impact on its individual and consolidated financial statements. Thus far, the Group does not expect any significant impact.

IFRS 9 Financial Instruments

IFRS 9 replaces guidelines of IAS 39 (CPC 38) Financial Instruments: Recognition and measurement. IFRS 9 includes new models for the classification and measurement of financial instruments and measurement of expected credit losses for financial and contractual assets, and new requirements on hedge accounting. The new standard maintains the IAS 39 guidelines about acknowledging and disacknowledging financial instruments.

IFRS 9 will become effective for annual periods starting on or after January 1, 2018, with early adoption allowed only to financial statements, pursuant to IFRSs.
The effective impact of the adoption of IFRS 9 on the Group's financial statements in 2018 cannot be estimated with confidence, as it will depend on the financial instruments held by the Group and the economic conditions in 2018, as well as accounting decisions and judgment calls that the Group will make in the future. The new standard will require the Group to review its accounting procedures and internal controls related to the classification and measurement of financial instruments, and these changes are not yet finalized.

The Group is evaluating the potential impact on its individual and consolidated financial statements.

IFRS 16 Leases

IFRS 16 introduces a single model for bookkeeping leases in lessees' balance sheets. A lessee recognizes a right of use asset that represents its right to use leased asset, and a lease liability that represents its obligation to pay for the lease. Optional exemptions are available for short-term leases and low-value items. Lessor's bookkeeping remains the same as current standard, that is, lessors continue to classify leases into financial or operating.

IFRS 16 replaces existing lease standards, including CPC 06 (IAS 17) Lease Transactions and ICPC 03 (IFRIC 4, SIC 15 e SIC 27) Supplementary Aspects of Lease Transactions.

This standard is effective for annual periods started as of or after January 1, 2019. Early adoption is permitted only for financial statements in accordance with IFRS's and only for entities that apply IFRS 15 Income from Contracts with Clients upon or before first-time adoption of IFRS 16.

The Group is evaluating the potential impact on its individual and consolidated financial statements.

Other changes

The following new rules or changed are not expected to have a significant impact on the Group's financial statements.

- Changes to CPC 10 (IFRS 2) Share-based payments in relation to classification and measurement of certain transactions with share-based payments.

- Changes to CPC 36 Consolidated Statements (IFRS 10) and CPC 18 Investment in Associated Company (IAS 28) in relation to sales or contributions of assets between an investor and its associate company or its jointly-owned subsidiary.

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

5 Cash and cash equivalents

	Consolidated		**Parent company**	
	2016	**2015**	**2016**	**2015**
Cash	262	141	211	133
Bank deposits	1,103	2,421	1,042	2,408
Interest earnings bank deposits	19,225	4,902	18,230	4,664
	20,590	**7,464**	**19,483**	**7,205**

The cash balance arises from receipts of business transactions and are resources available to meet the immediate cash needs of the Company and its subsidiaries. All funds are deposited in prime bank institutions.

Interest earning bank deposits are convertible into a known sum of cash and subject to an insignificant risk of change of value.

Financial investments are fixed-income consisting of Bank Deposit Certificates backed by Interbank Deposit Certificate (CDI), with yielding rates from 90% to 95% of CDI as of December 31, 2016.

The Company's exposure to rate risks and a sensitivity analysis of financial assets and liabilities are disclosed in note 23.

6 Accounts receivable

	Consolidated		**Parent company**	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Accounts receivable from third parties	394,719	351,074	361,454	316,641
Accounts receivable from related parties (Note 10)	10,468	100,193	10,006	99,056
(-) Allowance for doubtful accounts	(56,909)	(57,698)	(35,915)	(35,939)
(-) Adjustment to present value	(16,138)	(12,911)	(15,474)	(11,848)
	332,140	**380,658**	**320,071**	**367,910**
Current assets	320,622	370,500	309,381	358,326
Non-current assets	11,518	10,158	10,690	9,584
	332,140	**380,658**	**320,071**	**367,910**

The credit risk of accounts receivable is derived from the possibility of the Company and its subsidiaries not receiving amounts resulting from sale operations. In order to minimize this risk, the Company and its subsidiaries adopt the practice of conducting a detailed analysis of the financial situation of its clients, establishing a credit limit, permanently monitoring their debt balance and obtaining effective guarantees through Farmer Bills (CPR).

The reserve is mostly for securities over 180 days past due and having a remote expectation of realization, and is considered sufficient to cover possible losses on receivables. For clients classified in this criterion and balances overdue for less than 180 days, we applied a progressive table from 15% to 50% of balances to supplement the allowance for doubtful accounts.

As of December 31, 2016 and 2015, the breakdown of balances by maturity may be presented as follows:

	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Falling due - in days				
Up to 30	14,998	25,165	14,778	24,883
31–60	5,002	6,564	4,979	6,476
61–90	17,462	39,041	17,087	39,041
91–120	130,636	48,992	130,486	48,992
121–180	118,540	207,004	108,529	190,505
181–360	36,429	30,361	35,976	28,929
>360	9,601	7,285	8,921	6,598
	332,668	**364,412**	**320,756**	**345,424**
Overdue - in days				
Up to 30	1,515	988	1,472	811
31–60	4,136	1,173	3,621	1,080
61–90	527	507	527	490
91–120	7,095	15,374	7,045	15,210
121–180	2,236	27,449	2,236	27,392
181–360	6,626	15,395	5,408	10,377
>360	47,951	26,432	28,422	9,791
	70,086	**87,318**	**48,731**	**65,151**
Sales for future delivery and foreign exchange variation	2,433	(463)	1,973	5,122
Total	**405,187**	**451,267**	**371,460**	**415,697**

Changes in the allowance for doubtful accounts

	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Opening balance	(57,698)	(24,431)	(35,939)	(7,844)
Additions	(5,816)	(40,755)	(4,333)	(30,801)
Reversals	6,605	7,488	4,357	2,706
Closing balance	**(56,909)**	**(57,698)**	**(35,915)**	**(35,939)**

The Company's exposure to credit and currency risks and impairment losses related to accounts receivable and other accounts are disclosed in Note 23.

The Company's operating cycle is one year, accordingly, accounts receivable are concentrated in the short term. Long-term is comprised of current crop accounts that were renegotiated for future receipt.

7 Inventories

	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Pesticides	131,844	136,513	110,800	111,500
Micronutrients	8,158	9,570	7,206	8,055
Soy	6,816	4,590	6,816	4,590
Corn seed	14,269		13,834	
(-) Provision for expired goods' losses	(1,942)	(1,942)	-	-
Other	2,896	2,038	2,693	1,804
	162,041	**150,769**	**141,349**	**125,949**

8 Advances for purchase of inventories

		Consolidated		Parent company	
	Note	**2016**	**2015**	**2016**	**2015**
Advances to third parties		65,013	30,474	64,993	30,468
Advances to related parties	10	2,976	12,781	2,976	12,781
		67,989	**43,255**	**67,969**	**43,249**

Advances to the purchase of inventories are financial onlendings to suppliers on account of future purchases, mostly acquisition of grain, fertilizers and seeds.

Advances are guaranteed by pledge of the crop represented by rural producer bills and collateral signatures from third parties.

9 Recoverable taxes

	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Cofins recoverable (a)	3,024	14,305	3,004	14,294
Pis recoverable (a)	484	3,100	481	3,099
IRRF (Withholding income tax) recoverable	3	318	-	259
Withholding CSLL (Social contribution on net income) recoverable	27	-	6	-
CSLL	983	-	983	-
Other taxes recoverable	2,023	90	2,008	70
	6,544	**17,813**	**6,482**	**17,722**

(a) Credits due to the non-cumulative tax computation regime for inputs and other items used in the agricultural activity and will be used to pay PIS and COFINS on financial income.

10 Related parties

a. Parent company

Final parent companies of the Company are S3B - Fundo de Investimento em Participações and United Phosphorus Holdings Brazil B.V. "UPL".

b. Compensation of key management personnel

Management key personnel is comprised of the Executive Board. The Directors' fees are defined in the Shareholders' Meeting and the amounts paid in the year as regards to compensation totaled R$ 1,803 as of December 31, 2016.

c. Related party transactions

		Consolidated		Parent company	
	Note	**2016**	**2015**	**2016**	**2015**
Assets:					
Trade accounts receivable (i)	**6**				
3SB Produtos Agrícolas S.A.		10,361	66,466	9,899	66,466
Serra Bonita Sementes S.A.		75	-	75	-
UPL do Brasil Indústria e Comércio		32	2,510	32	2,510
Mr. Ademir Ortiz de Goes		-	17,995	-	17,176
Marcos Antônio Vimercati		-	13,222	-	12,904
		10,468	**100,193**	**10,006**	**99,056**
Advances for purchase of inventory	**8**				
Serra Bonita Sementes S.A.		850	579	850	579
3SB Produtos Agrícolas S.A.		1,963	12,202	1,963	12,202
UPL do Brasil Indústria e Comércio		163	-	163	-
		2,976	**12,781**	**2,976**	**12,781**
Other credits – Non-current	**11**				
Marcos Antônio Vimercati *(ii)*		91,847	100,800	68,418	77,371
3SB Produtos Agrícolas S.A.		21,445	27,931	21,445	27,931
		113,292	**128,731**	**89,863**	**105,302**
Loans - active					
César Augusto Simões Miranda		1,103	1,039	-	-
Glaucis Roberto Cica		1,048	991	-	-
Marcos Antônio Vilmercati		619	534	284	534
Gilmar Reinoldo Wentz		397	446	397	447
Roberto Daniel Silva Rocha		245	291	245	-
Seara Comercial Agrícola S.A.		-	-	2,990	2,517
Other		5	-	5	-
		3,417	**3,301**	**3,921**	**3,498**
Current assets		31	-	3,021	2,517
Non-current assets		3,386	3,301	900	981
Liabilities:					
Suppliers	**14**				
UPL do Brasil Indústria e Comércio		105,375	92,883	97,383	92,883
Serra Bonita Sementes S.A.		-	1,306	-	1,306
Marcos Antônio Vilmercati		40	442	40	442
Seara Comercial Agrícola S.A.		-	-	-	240
		105,415	**94,631**	**97,423**	**94,871**
Other accounts payable	**18**				
Gado Bravo *(iii)*		71,609	85,897	71,609	85,897
Gilmar Reinoldo Wentz		2,437	2,437	2,437	2,437
		74,046	**88,334**	**74,046**	**88,334**
Financial loan liabilities					
Marcos Antônio Vilmercati and Ademir Ortiz de Goes *(iv)*		39,188	34,383	36,984	34,383
UPL do Brasil Indústria e Comércio *(v)*		26,128	25,000	25,954	25,000
Uniphos Indústria e Comércio de Produtos Químicos Ltda. *(vi)*		10,000	10,000	10,000	10,000
UPL do Brasil Indústria e Comércio *(vii)*		9,012	-	9,012	-
UPL do Brasil Indústria e Comércio *(viii)*		-	65,676	-	65,676
Other		377	-	377	-
		84,705	**135,059**	**82,327**	**135,059**
Current liabilities		19,012	75,490	19,014	75,490
Non-current liabilities		65,693	59,569	65,693	59,569

(i) Refers to accounts receivable from sale of agricultural inputs;

(ii) Amounts deriving from reimbursement of costs and expenses, recorded pursuant to the terms of investment contract, which ensures to the Company and its subsidiaries the right to reimbursement of certain expenses and receivables. Such expenses and receivables were the responsibility of shareholders existing before corporate reorganization on June 29, 2015, pursuant to which United Phosphorus Holding Brazil B.V. ("UPL") subscribed capital of the Company in exchange for 40% of capital;

(iii) Agreement for the purchase and sale of Serra Bonita shares, executed in April 2013, which provides that investment will be made through 1,176,669 soy bean sacks divided into 10 installments and converted to prevailing soy bean price. The amount of R$71,609 corresponds to 6 remaining contract installments (soy bean sacks adjusted to market value as of December 31, 2016;

(iv) Loans made by indirect shareholders on June 29, 2015, maturing on March 31, 2019, automatically postponed to March 31, 2020, and bearing no financial charges; payment will be in the form of compliance with certain preceding conditions determined in the contract. For such amounts, the Company recognized adjustments to present value of R$10,812 (R$7,136 net of deferred taxes) as capital reserve, in line with Brazilian accounting policies;

(v) Loan made by related party UPL do Brasil - Indústria e Comércio de Produtos Agropecuários S.A. on June 29, 2015, maturing on March 31, 2018, adjusted at CDI plus 2% per annum or at the Company's average raising rate for previous year, whichever is higher. This loan may be capitalized by complying with certain preceding conditions determined in contract;

(vi) Loan from related party Uniphos Indústria e Comércio de Produtos Químicos Ltda. on June 29, 2015, maturing on November 30, 2015 and bearing no financial charges;

(vii) Loan of R$9,000 raised on December 29, 2016 to be paid on June 15, 2017, added of financial charges at the rate of 6.21% p.a.; and

(viii) Loan as of November 18, 2015 settled in 2016.

Significant transactions that influenced income for the year ended December 31, 2016 are resales amounting to R$215,345, acquisition of input for resale amounting to R$160,372, interest incurred upon related-party transactions recorded in financial income, in the amount of R$473, and R$23,627 recorded as financial expenses.

11 Other credits

	Consolidated		**Parent company**	
	2016	**2015**	**2016**	**2015**
Expenses to be reimbursed (note 10)	91,847	100,800	68,418	77,371
Leases receivable (Note 10)	21,445	27,931	21,445	27,931
Real estate credits receivable	16,384	16,384	16,384	16,384
Credits receivable	14,100	-	14,100	-
Judicial deposits	5,067	103	5,066	103
Other	10,027	4,022	7,118	2,582
	158,870	**149,240**	**132,531**	**124,371**
Current assets	28,464	4,125	25,554	2,685
Non-current assets	130,406	145,115	106,977	121,686
	158,870	**149,240**	**132,531**	**124,371**

12 Investments

	Consolidated		**Parent company**	
	2016	**2015**	**2016**	**2015**
Subsidiaries and associated companies				
Seara Comercial Agrícola Ltda.	-	-	8,729	5,038
Serra Bonita Sementes	104,839	105,744	104,839	105,744
Bioplanta Nutrição Vegetal Ind. e Com. S.A.	2,719	1,601	2,719	1,601
	107,558	107,345	116,287	112,383
Other investments	2,928	417	2,928	417
	110,486	**107,762**	**119,215**	**112,800**

Changes in balances and investees' information

	Seara Comercial Agrícola Ltda.	Serra Bonita Sementes S.A.	Bioplanta Nutrição Vegetal Ind. e Com. S.A	Total
Investees' information:				
Number of shares (quotas) held	51,000	96,672,926	933	-
Ownership interest	51%	33%	33%	-
Changes in investments:				
At the beginning of the year	5,038	105,744	1,601	112,383
Acquisition	-	-	1,241	1,241
Other	(268)	(2,401)	(38)	(2,707)
Equity in net income of subsidiaries	3,959	1,496	(85)	5,370
At the end of the year	**8,729**	**104,839**	**2,719**	**116,287**

	Seara Comercial Agrícola Ltda.	Serra Bonita Sementes S.A.	Bioplanta Nutrição Vegetal Ind. e Com. S.A.
Assets:			
Current	36,558	64,735	732
Non-current	29,176	335,970	7,502
Total assets	**65,734**	**400,705**	**8,234**
Liabilities:			
Current	40,763	74,538	76
Non-current	7,329	11,617	-
Shareholders' equity	17,642	314,550	8,158
Total liabilities and shareholders' equity	**65,734**	**400,705**	**8,234**
Income (loss):			
Income	37,715	101,740	42
Gross income	7,239	8,617	(245)
Income (loss) for the year	7,642	(2,704)	(259)

	2015			
	Seara Comercial Agrícola Ltda.	Serra Bonita Sementes S.A.	Bioplanta Nutrição Vegetal Ind. e Com. S.A	Total
Investees' information:				
Number of shares (quotas) held	51,000	96,672,926	933	-
Ownership interest	51%	33%	33%	-
Changes in investments:				
At the beginning of the year	2,770	41,046	472	44,288
Acquisition	-	70,359	1,239	71,598
Equity in net income of subsidiaries	2,268	(5,661)	(110)	(3,503)
At the end of the year	**5,038**	**105,744**	**1,601**	**112,383**

	Seara Comercial Agrícola Ltda.	Serra Bonita Sementes S.A.	Bioplanta Nutrição Vegetal Ind. e Com. S.A.
Assets:			
Current	39,435	68,758	1,342
Non-current	28,259	341,956	3,488
Total assets	**67,694**	**410,714**	**4,830**
Liabilities:			
Current	46,959	73,238	27
Non-current	10,733	18,805	-
Shareholders' equity	10,002	318,671	4,803
Total liabilities and shareholders' equity	**67,694**	**410,714**	**4,830**
Income (loss):			
Income	36,135	76,064	-
Gross income	10,969	13,107	-
Income (loss) for the year	4,565	(9,444)	(330)

13 Property, plant and equipment

Consolidated

Cost	Balance at January 1, 2016	Additions	Write-offs	Transfers	Balance at December 31, 2016
Lands and land plots	3,003	1,782	(339)	(12)	4,434
Buildings	35,589	3,285	(28,292)	5,327	15,909
Agricultural machinery and equipment	8,754	377	(8,553)	1,276	1,854
Storage	9,034	-	(13,533)	4,499	0
Vehicles	5,431	162	(3,254)	-	2,339
Aircrafts	4,945	-	(1,106)	-	3,839
Leasehold improvements	7,695	23	(4,715)	456	3,459
Works in progress	28,431	335	(18,044)	(10,469)	253
Other	9,829	976	(2,567)	(1,077)	7,161
	112,711	**6,940**	**(80,403)**	**-**	**39,248**

Depreciation	Balance at January 1, 2016	Additions	Write-offs	Transfers	Balance at December 31, 2016
Buildings	(3,355)	(1,660)	2,229	38	(2,748)
Agricultural machinery and equipment	(12,933)	(1,447)	13,211	(7)	(1,176)
Storage	(2,605)	(1,096)	3,701	-	-
Vehicles	(4,964)	(531)	3,656	(14)	(1,853)
Aircrafts	(2,696)	(439)	579	-	(2,556)
Leasehold improvements	(2,172)	(528)	1,620	(2)	(1,082)
Other	(3,734)	(860)	1,090	(15)	(3,519)
	(32,459)	**(6,561)**	**26,086**	**-**	**(12,934)**
Net book value	**80,252**				**26,314**

Parent company

Cost	**Balance at January 1, 2016**	**Additions**	**Write-offs**	**Transfers**	**Balance at December 31, 2016**
Lands and land plots	2,853	1,782	(339)	(12)	4,284
Buildings	34,591	3,285	(28,410)	5,400	14,866
Agricultural machinery and equipment	8,754	258	(8,553)	1,276	1,735
Storage	9,034	-	(13,533)	4,499	-
Vehicles	5,117	161	(3,254)	-	2,024
Aircrafts	4,945	-	(1,106)	-	3,839
Leasehold improvements	7,688	23	(4,708)	456	3,459
Works in progress	28,389	332	(18,044)	(10,424)	253
Other	9,345	967	(2,319)	(1,195)	6,798
	110,716	**6,808**	**(80,266)**	**-**	**37,258**

Depreciation	**Balance at January 1, 2016**	**Additions**	**Write-offs**	**Transfers**	**Balance at December 31, 2016**
Buildings	(3,294)	(1,585)	2,229	3	(2,647)
Agricultural machinery and equipment	(12,933)	(1,439)	13,211	2	(1,159)
Storage	(2,605)	(1,096)	3,701	-	-
Vehicles	(4,754)	(490)	3,656	(14)	(1,602)
Aircrafts	(2,696)	(439)	579		(2,556)
Leasehold improvements	(2,172)	(528)	1,620	(2)	(1,082)
Other	(3,603)	(835)	1,051	11	(3,376)
	(32,057)	**(6,412)**	**26,047**	**-**	**(12,422)**
Net book value	**78,659**				**24,836**

Guarantee

As of December 31, 2016, assets given in guarantee, such as the Company's machinery, equipment and buildings, are linked to first-rank mortgages as guarantee to credit facility contracted from financial institutions.

Improvements to third-party property

Depreciation rate of leasehold improvements is 10% p.a., which is defined over contract period, normally 10 years.

Impairment of cash generating units

The Management of Company and its subsidiaries did not identify any evidence that would justify the need of provision for recoverability on December 31, 2016.

Sale of warehouses

On December 2, 2016, the Company sold warehouses of Querência, São Felix and Canarana for the amount of R$51,338, in the amount of R$50,069 and received in cash.

14 Suppliers

	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Suppliers - Third parties	347,666	438,817	320,003	401,770
Suppliers – Related parties (Note 10)	105,415	94,631	97,423	94,871
(-) Adjustment to present value	(22,727)	(19,170)	(21,076)	(17,350)
	430,354	**514,278**	**396,350**	**479,291**

The exposure of the Company and its subsidiaries to liquidity risks related to accounts payable is disclosed in note 23.

15 Loans and financing

				Consolidated		Parent company	
Description	**Currency**	**Average interest rate (p.a.) in 2016**	**Maturity**	**2016**	**2015**	**2016**	**2015**
CCB/CCE/CDCA and NCC	R$	17.24%	2017–2022	159,367	146,546	157,701	142,611
NCE	R$	3.64%	2017–2021	70,293	-	70,293	-
FCO	R$	8.50%	2017–2024	9,712	11,421	9,712	11,421
FINAME	R$	6.03%	2017–2022	18,757	16,015	18,754	16,015
Leases	R$	3.63%	2017–2021	-	1,187	-	1,187
Total				**258,129**	**175,169**	**256,460**	**171,234**
ACC	US$	3.64%	2017	-	11,924	-	11,924
NCE	US$	7.85%	2017	-	2,188	-	2,188
PPE	US$	12.98%	2017–2018	15,662	71,396	15,660	71,396
Total				**15,662**	**85,508**	**15,660**	**85,508**
				273,791	**260,677**	**272,120**	**256,742**
Current liabilities				231,574	219,184	230,737	216,916
Non-current liabilities				42,217	41,493	41,383	39,826

Guarantees

Loans and financing are guaranteed by commercial pledge, partners' collaterals, fiduciary lien and assignment, mortgage, pledge of crop and real guarantee.

16 Provision for contingencies

The Company, based on the opinion of its external legal advisors, evaluates the likelihood of an unfavorable outcome as the defendant in lawsuits of a labor, social security, tax, civil nature or other. The provision to cover probable future losses is set up with basis on the likelihood of an unfavorable outcome in the related issues, and the Company's practice is to record a full provision for the probable liabilities, until the settlement or reversal due to new evaluations by the legal counsel.

Based on information from its legal advisors, an analysis of the outstanding legal proceedings, and in respect of labor claims previous experience with regards to amounts claimed, management recorded provisions for amounts considered sufficient to cover probable losses from the current lawsuits, as follows:

	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Balance at the beginning of the year	2,809	2,809	2,501	2,501
Additions	908	-	866	-
Write-offs	(1,368)	-	(1,368)	-
Closing balance at the end of the year	**2,349**	**2,809**	**1,999**	**2,501**

Unrecognized contingent liabilities

Unrecognized contingent liabilities are assessed as possible losses by legal advisors and amount to R$ 27,187 as of December 31, 2016 (R$ 30,770 as of December 31, 2015) for which no provision was recognized since the accounting practices adopted in Brazil do not require their recognition.

17 Deferred tax assets and liabilities

a. Recognized deferred tax assets and liabilities

The origin of deferred income and social contribution taxes is presented below:

	2016			2015		
	Sinagro	**Seara**	**Total**	**Sinagro**	**Seara**	**Total**
Assets						
Tax losses	2,931	575	3,506	30,537	-	30,537
Foreign exchange variation not settled	91	-	91	-	-	-
Adjustment to present value	5,261	226	5,487	-	-	-
Other	11,439	4,138	15,577	-	-	-
	19,722	**4,939**	**24,661**	**30,537**	**-**	**30,537**
Liabilities						
Foreign exchange variation not settled	-	(86)	(86)	(7,204)	(474)	(7,678)
Adjustment to present value	(10,842)	(561)	(11,403)	(11,209)	(41)	(11,250)
Gains/losses with derivative instruments	(5,841)	-	(5,841)	(6,820)	-	(6,820)
Reimbursement of expenses (Note 10)	(23,262)	(7,967)	(31,229)	(26,306)	(7,966)	(34,272)
Other	2,344	165	2,509	(4,971)	(277)	(5,248)
	(37,601)	**(8,449)**	**(46,050)**	**(56,510)**	**(8,758)**	**(65,268)**
Net	**(17,879)**	**(3,510)**	**(21,389)**	**(25,973)**	**(8,758)**	**(34,731)**

Deferred income and social contribution taxes referring to abovementioned tax losses and temporary differences, recorded in 2016 in income and shareholders' equity amounted to, respectively, R$6,460 (R$21,835 charged in 2015) and R$1,634 (R$5,310 charged 2015) in Parent company, and R$11,708 (R$36,236 charged in 2015) and R$1,634 (R$5,310 charged in 2015) in consolidated.

Reconciliation of the effective rate

Effective rate reconciliation	**Consolidated 2016**	**Parent company 2016**
Income for the year before taxes	25,550	26,528
Nominal rate	34%	34%
Tax credit at nominal rate	**(8,687)**	**(9,020)**
Adjustment of income and social contribution taxes		
Net permanent expenses	(11,932)	(11,082)
Equity in net income of subsidiaries	(348)	1,826
Temporary additions, net	16,099	10,464
Offsetting of tax loss and negative basis	4,152	4,004
Other	2,654	813
	1,938	**(2,995)**
Current income and social contribution taxes		
Deferred income and social contribution taxes	11,708	6,460
	(9,770)	(9,455)
Effective rate	8%	11%

b. Unrecognized deferred tax assets

Deferred tax assets amounting to R$76,745 were not recognized by the Company in its financial statements.

Deductible temporary differences, tax losses and accumulated negative bases do not lapse pursuant to the tax law in force. The Company recognized deferred tax asset for tax losses from income tax and negative basis of social contribution only at the extent that its realization is considered probable.

18 Other accounts payable

	Consolidated		**Parent company**	
	2016	**2015**	**2016**	**2015**
Acquisition of ownership interest (Note 10)	71,609	85,897	71,609	85,897
Debts with shareholders (note 10)	2,437	2,437	2,437	2,437
Renegotiation of debts	6,388	13,822	6,388	13,822
Other	4,927	6,066	4,545	5,645
	85,361	**108,222**	**84,979**	**107,801**
Current liabilities	25,687	34,596	25,305	34,175
Non-current liabilities	59,674	73,626	59,674	73,626
	85,361	**108,222**	**84,979**	**107,801**

19 Shareholders' equity

a. Capital

The Company's subscribed and paid-up capital was represented by 151,435,719 common nominative shares with no par value, and the capital corresponds to R$ 155,528 (109,769,053 shares, with no par value as of December 31, 2015) and distributed as follows:

	Shares	%
S3B Fundo de Investimento em Participações	90,861,432	60.00%
United Phosphorus Holdings Brazil B.V.	60,574,287	40.00%
	151,435,719	**100.00%**

b. Distribution of dividends

In compliance with clause 6 of shareholders' agreement, the Company does not recognize minimum mandatory dividends.

c. Capital reserve

Refers to adjustment to present value of loan transaction with United Phosphorus Holdings Brazil B.V., net of deferred taxes.

20 Net operating income

	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Domestic market				
Pesticides	397,073	282,649	366,243	255,369
Seeds	92,173	95,907	84,001	84,428
Corn	16,312	58,562	16,312	58,562
Soy	194,135	242,747	192,542	240,062
Fertilizers	130,740	129,763	130,590	129,763
Other	21,524	18,030	19,001	13,455
Gross income	**851,957**	**827,658**	**808,689**	**781,639**
Foreign market				
Corn	51,273	76,531	51,273	76,531
Soy	376,154	314,449	376,154	314,449
Soy bran	-	74,186	-	74,186
Gross income	**427,427**	**465,166**	**427,427**	**465,166**
AVP Clients	(3,227)	(12,911)	(3,626)	(11,848)
(-) Returns	(62,461)	(71,636)	(56,719)	(63,335)
(-) Sales tax	(2,281)	(3,429)	(2,071)	(2,906)
Net income	**1,211,415**	**1,204,848**	**1,173,700**	**1,168,716**

21 Costs and expenses by nature

	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Cost of goods for resale	(1,016,012)	(1,063,796)	(985,539)	(1,038,632)
Reimbursement of expenses	8,283	100,800	8,283	77,371
Salaries and wages	(26,902)	(26,660)	(25,233)	(24,536)
Agronomic technical assistance	(8,667)	(10,321)	(7,993)	(9,637)
Fuels and lubricants	(2,239)	(2,689)	(1,960)	(2,233)
Directors fee	(1,404)	(1,095)	(869)	(654)
Rent of vehicles	(1,747)	(1,854)	(1,472)	(1,437)
Notary services	(1,721)	(2,015)	(1,517)	(1,592)
Lawyers' fees	(1,657)	(2,050)	(1,146)	(1,704)
Audit fees	(275)	(573)	(218)	(348)
Freight	(63,043)	(79,256)	(62,917)	(79,051)
Impairment of inventories	-	(10,307)	-	(7,562)
Income (loss) from disposal of property, plant and equipment	7,126	1,395	7,126	770
Losses with receivables	683	(46,988)	24	(41,817)
Renegotiation of debts	-	(27,922)	-	(27,922)
Other	(34,537)	(27,977)	(37,495)	(26,257)
	(1,142,112)	**(1,201,308)**	**(1,110,926)**	**(1,185,241)**
Classified as:				
Cost of products and services rendered	(1,016,012)	(1,063,796)	(985,539)	(1,038,632)
Commercial expenses	(63,937)	(89,577)	(63,811)	(88,688)
General and administrative expenses	(64,809)	(59,115)	(61,249)	(53,561)
Other operating income (expenses), net	2,646	11,180	(327)	(4,360)
	(1,142,112)	**(1,201,308)**	**(1,110,926)**	**(1,185,241)**

22 Net financial

	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Financial income				
Interest	4,880	13,062	2,980	11,670
Rebate	-	700	-	-
Discounts obtained	3,225	3,510	3,000	2,821
Derivative financial instruments	7,075	17,463	7,075	17,463
Price index variation	1,757	-	1,757	-
Other	1,109	1,715	1,137	1,623
	18,046	**36,450**	**15,949**	**33,577**
Financial expenses				
Interest on loans and financing	(41,040)	(38,256)	(40,395)	(36,242)
Other interest	(5,119)	(14,530)	(4,027)	(13,976)
Discounts granted	(3,753)	(6,755)	(3,113)	(6,606)
Price index variation	-	(12,355)	-	(12,355)
Derivative financial instruments	(18,517)	(13,871)	(18,517)	(13,781)
Other	(12,189)	(10,975)	(11,700)	(11,206)
	(80,618)	**(96,742)**	**(77,752)**	**(94,166)**
Net foreign exchange rate	**19,843**	**(92,553)**	**20,187**	**(92,323)**
Net financial income	**(42,729)**	**(152,845)**	**(41,616)**	**(152,912)**

23 Financial instruments

a. Overview

The Group presents exposure to the following risks arising from the use of financial instruments:

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

This note presents information on the exposure of the Company and its subsidiaries to each one of the abovementioned risks, the goals, policies and processes for the measurement and management of risk, and the Company's capital management. Additional quantitative disclosures are included throughout these financial statements.

(i) Risk management framework

Risk management is conducted by the treasury of the Company and its subsidiaries, which, together with the directors, identifies, evaluates and seeks to minimize the financial risks arising from commercial and operating activities in association with the Executive Board. Strategies taken regarding indebtedness are discussed and approved at monthly Board of Directors meetings. Other strategies adopted are presented at the shareholders' meeting, where they are informed of decisions taken. The Executive Board establishes guidelines for the future, mainly based on harvest production planning and sales strategies.

The risk management policies, albeit not formally documented, reflect the risk management principles defined by the Executive Board.

Credit risk

The policy of the Company and its subsidiaries considers the level of credit risk it is willing to accept in the course of its business. In this context, historically, the Company and its subsidiaries have not recorded losses on trade accounts receivables.

The credit limits for advances to suppliers are assessed and approved on an individual basis, based on the inspection of the related rural properties, an assessment of the crops and, consequently, on the estimated yield potential.

Regarding financial investments, the policy of the Company and its subsidiaries is working with the most reputable financial institutions.

The maximum value exposed by the Company to credit risk is as follows:

		Consolidated		Parent company	
	Note	**2016**	**2015**	**2016**	**2015**
Cash and cash equivalents	5	20,590	7,464	19,483	7,205
Interest earnings bank deposits		516	2,821	137	2,480
Trade accounts receivable	6	332,140	380,658	320,071	367,910
Financial loans		3,417	3,301	3,921	3,498
Derivative assets		36,033	22,780	36,033	22,780
Other credits	11	158,870	149,240	132,531	124,371
		551,566	**566,264**	**512,176**	**528,244**

Liquidity risk

Liquidity risk is the risk of the Company encountering difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset.

The Directors of Company and its subsidiaries manage liquidity risk in order to assure compliance with the obligations associated with financial liabilities, whether by liquidation in cash or other financial assets, maintaining, whenever possible, the planning to meet these obligations under normal market conditions or under specific conditions, according to the degree of risk.

The Company's cash flow estimate continuously monitors liquidity. This estimate considers the Company's debt financing plans and compliance with its goals.

We present below the contractual maturities of financial liabilities including payment of estimated interest and excluding, the impact of the negotiation agreements of currencies by the net position.

Consolidated

December 31, 2016	**Book value**	**Contractual cash flow**	**Up to 12 months**	**1–2 years**	**2–5 years**	**>5 years**
Suppliers	430,354	430,354	430,354	-	-	-
Loans and financing	273,791	293,661	246,531	18,559	27,727	844
Derivative financial instruments	20,081	20,081	20,081	-	-	-
Financial loans	84,705	84,705	19,012	65,693	-	-
Other accounts payable	85,361	85,361	25,687	59,674	-	-
	894,292	**914,162**	**741,665**	**143,926**	**27,727**	**844**

December 31, 2015	**Book value**	**Contractual cash flow**	**Up to 12 months**	**1–2 years**	**2–5 years**	**>5 years**
Suppliers	514,278	514,278	514,278	-	-	-
Loans and financing	260,677	282,520	234,233	10,595	23,608	14,084
Derivative financial instruments	6,980	6,980	6,980	-	-	-
Financial loans	135,059	135,059	75,490	59,569	-	-
Other accounts payable	108,222	108,222	34,596	73,626	-	-
	1,025,216	**1,047,059**	**865,577**	**143,790**	**23,608**	**14,084**

<u>Parent company</u>

December 31, 2016	**Book value**	**Contractual cash flow**	**Up to 12 months**	**1–2 years**	**2–5 years**	**>5 years**
Suppliers	420,564	420,564	420,564	-	-	-
Loans and financing	272,120	295,719	247,623	19,525	27,727	844
Derivative financial instruments	20,081	20,081	20,081	-	-	-
Financial loans	84,707	84,707	19,014	65,693	-	-
Other accounts payable	84,979	84,979	25,305	59,674	-	-
	882,451	**906,050**	**732,587**	**144,892**	**27,727**	**844**

December 31, 2015	Book value	Contractual cash flow	Up to 12 months	1–2 years	2–5 years	>5 years
Suppliers	479,291	479,291	479,291	-	-	-
Loans and financing	256,742	277,931	231,580	9,545	22,722	14,084
Derivative financial instruments	6,980	6,980	6,980	-	-	-
Financial loans	135,059	135,059	75,490	59,569	-	-
Other accounts payable	107,801	107,801	34,175	73,626	-	-
	985,873	**1,007,062**	**827,516**	**142,740**	**22,722**	**14,084**

Market risk
Market risks are mainly related to the risk of changes in prices of products and services offered by the Company and its subsidiaries, as well as foreign exchange and interest rates, and other rates that may influence its income, as well as assets and liabilities' values, Management objective is to manage and control the exposure of the Company and its subsidiaries to market risks, within compatible limits, secluding obstacles to business growth,

Foreign exchange risk
The Company’s transactions are exposed to foreign exchange fluctuation risk deriving from assets and liabilities indexed in foreign currency – US Dollar,

The net exposure of assets and liabilities directly indexed to a foreign currency in the parent company, is as follows:

	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Accounts receivable	95,240	135,046	77,513	118,843
Suppliers	(108,858)	(80,527)	(105,326)	(78,762)
Loans and financing	(15,660)	(85,508)	(15,660)	(85,508)
	(29,278)	**(30,989)**	**(43,473)**	**(45,427)**

Foreign exchange sensitivity analysis
The Company and its subsidiaries adopted three scenarios for the sensitivity analysis, being one of them the probable scenario presented and four other scenarios that may present the impairment of the Company's financial instruments' fair values,

Probable scenario was internally defined by the Company and represents expected indicator variation for the next 12 months, Possible and Remote scenarios were prepared with risk worsened by -25%, -50%, 25% and 50%, respectively,

The methodology used was to recalculate present value of US dollar transactions with the stress of each scenario on market rate as of December 31, 2016, less amount already recognized, and to calculated income value for which the Company would be affected according to each scenario, The analysis considers that all the remaining variables, especially interest rates, are kept constant,

	Decrease in		Consolidated	Increase in	
	50%	**25%**	**2016**	**25%**	**50%**
Accounts receivable	(47,620)	(71,430)	95,240	119,050	142,860
Suppliers	54,429	81,644	(108,858)	(136,073)	(163,287)
Loans and financing	7,830	11,745	(15,660)	(19,575)	(23,490)
	14,639	**21,959**	**(29,278)**	**(36,598)**	**(43,917)**
Effect on income	**(14,639)**	**(7,319)**		**(7,320)**	**(14,639)**

	Decrease in		Parent company	Increase in	
	50%	**25%**	**2016**	**25%**	**50%**
Accounts receivable	(38,757)	(58,135)	77,513	96,891	116,270
Suppliers	52,663	78,995	(105,326)	(131,658)	(157,989)
Loans and financing	7,830	11,745	(15,660)	(19,575)	(23,490)
	21,736	**32,605**	**(43,473)**	**(54,342)**	**(65,210)**
Effect on income	**(21,737)**	**(10,868)**		**(10,869)**	**(21,736)**

Interest rate risk

The Company and its subsidiaries do not seek to keep its exposure to changes in interest rates at acceptable levels, The exposure to that risk is related to loans and investments,

Profile

On the financial statement dates, the profile of financial instruments remunerated through interest of the Company and its subsidiary was:

		Consolidated		Parent company	
Variable rate instruments	**Risk**	**2016**	**2015**	**2016**	**2015**
Financial assets					
Interest earnings bank deposits	CDI	823	7,723	480	7,144
Financial liabilities					
Loans and financing	CDI	(18,470)	(12,807)	(18,470)	(12,807)
Loans and financing	TJLP	(111)	(237)	(111)	(237)

Cash flow sensitivity analysis for variable rate instruments

Due to low net exposure to CDI and TJLP presented above, no sensitivity analysis was prepared for this risk, as its impact, in case of volatilities, would be immaterial in financial statements,

Operating risks

Operating risks are the risks of direct and indirect losses arising from a variety of causes associated with the processes of the Company and its subsidiaries, as well as employees, technology and infrastructure, as well as external market factors and liquidity, such as those arising from legal actions and regulatory requirements, The objective of the Company and its subsidiaries is to manage operating risks, and avoid financial losses and damage to the reputation of the Companies and its subsidiaries through procedures and policies aligned with the activities and business of the Company and its subsidiaries,

The Executive Board of the Company and its subsidiaries is responsible for developing, implementing and monitoring controls to address operating risks area, mainly regarding internal controls and policies' periodic reviews, to ensure proper implementation and operation,

Fair value vs, book value
A number of accounting policies and disclosures of the Company and its parent companies require the determination of fair value, for both financial and non-financial assets and liabilities, Fair values have been determined for measurement and/or disclosure purposes,

The book values referring to the financial instruments contained in the balance sheet, when compared with the amounts that could be obtained in their trading in an asset market or, in the absence hereof, with the net present value adjusted with a basis on the current interest rate in the market, are substantially close to their corresponding market values,

Statement of financial instruments and their respective category classification
All the operations with financial instruments are classified and recognized in the financial statements of the Company, as the tables below:

Consolidated

December 31, 2016

	Note	Fair value through profit or loss	Loans and receivables	Other liabilities
Cash and cash equivalents	5	20,590	-	-
Trade accounts receivable	6	-	332,140	-
Interest earnings bank deposits		516	-	-
Derivative financial instruments		36,033	-	-
Financial loans	10	-	3,417	-
Other credits	11	-	158,870	-
Suppliers	14	-	-	(430,354)
Loans and financing	15	-	-	(273,791)
Derivative financial instruments		(20,081)	-	-
Financial loans	10	-	-	(84,705)
Other accounts payable	18	-	-	(85,361)
		37,058	**494,427**	**(874,211)**

December 31, 2015

	Note	Fair value through profit or loss	Loans and receivables	Other liabilities
Cash and cash equivalents	5	7,464	-	-
Trade accounts receivable	6	-	380,658	-
Interest earnings bank deposits		2,821	-	-
Derivative financial instruments		22,780	-	-
Financial loans	10	-	3,301	-
Other credits	11	-	149,240	-
Suppliers	14	-	-	(514,278)
Loans and financing	15	-	-	(260,677)
Derivative financial instruments		(6,980)	-	-
Financial loans	10	-	-	(135,059)
Other accounts payable	18	-	-	(108,222)
		26,085	**533,199**	**(1,018,236)**

Parent company

December 31, 2016

	Note	Fair value through profit or loss	Loans and receivables	Other liabilities
Cash and cash equivalents	5	19,483	-	-
Trade accounts receivable	6	-	320,071	-
Interest earnings bank deposits		137	-	-
Derivative financial instruments		-	-	-
Financial loans	10	-	3,921	-
Other credits	11	-	132,531	-
Suppliers	14	-	-	(396,350)
Loans and financing	15	-		(272,120)
Derivative financial instruments		(20,081)	-	-
Financial loans	10	-	-	(82,327)
Other accounts payable	18	-	-	(84,979)
		(461)	**456,523**	**(835,776)**

December 31, 2015

	Note	Fair value through profit or loss	Loans and receivables	Other liabilities
Cash and cash equivalents	5	7,205	-	-
Trade accounts receivable	6	-	367,910	-
Interest earnings bank deposits		2,480	-	-
Derivative financial instruments		22,780	-	-
Financial loans	10	-	3,498	-
Other credits	11	-	124,371	-
Suppliers	14	-	-	(479,291)
Loans and financing	15	-	-	(256,742)
Derivative financial instruments		(6,980)	-	-
Financial loans	10	-	-	(135,059)
Other accounts payable	18	-	-	(107,801)
		25,485	**495,779**	**(978,893)**

During the years, there were no changes regarding classifications presented in the chart above,

Derivative financial instruments

The Company carried out operations with derivative financial instruments,

	Consolidated		**Parent company**	
	2016	**2015**	**2016**	**2015**
Assets				
Forward/future soybean contracts	33,485	14,094	33,485	14,094
Forward/ Future corn contracts	2,548	5,965	2,548	5,965
Other	-	2,721	-	2,721
	36,033	22,780	36,033	22,780
Current assets	36,033	20,059	36,033	20,059
Non-current assets	-	2,721	-	2,721
Liabilities				
Forward/future soybean contracts	19,189	-	19,189	-
Forward/ Future corn contracts	892	-	892	-
Swap contracts	-	6,980	-	6,980
	20,081	6,980	20,081	6,980
Current liabilities	20,081	6,980	20,081	6,980

The Company conducts, at fixed prices, commodities forward purchase and sale transactions that are considered derivative financial instruments, To manage the risk deriving from these exposures, Management contracts transactions in the futures, options and periodic accumulators' markets,

The Company maintains transactions with financial instruments for the purpose of hedging assets, decreasing exposures related mainly to foreign exchange risks, interest rates and commodities' prices, The management of these instruments is done through operating strategies and internal controls, aimed at assuring liquidity, profitability and security, The contracting of financial instruments with the objective of offering protection is performed by means of a periodic analysis of the risk exposure that Management intends to mitigate, and occurs according to the business areas' demand, The control consists of the continuous monitoring of the agreed conditions versus the conditions prevailing in the market, The results obtained from such operations are consistent with the policies and strategies defined by Company's management,

In order to put its risk management policy in practice, the Company contracts financial instruments such as NDF and Swaps to hedge costs determined in foreign currency and possible currency mismatches, It also contracts transactions with commodities in future and option markets to manage forward purchase and sale positions traded with suppliers and clients, thus managing possible exposures and seeking to maximize financial income deriving from strategies defined by Management, Not mitigated exposures are monitored and managed by Management, always keeping known and admitted exposure levels,

The Company's management permanently monitors its derivative financial instruments through its internal controls,

The following derivative instruments are used by the Company:

Forward purchase and sale of commodities: Contracts deriving from the Company's operating activities, but due to the negotiation characteristics of fixed price and delivery or receipt of commodities in a future date and no initial cash flow, they are considered as derivative financial instruments,

The counterparty of forward purchase and sale contracts are the Company's domestic and foreign suppliers and clients,

These contracts' book values are estimated based on information that can be observed in the market and relevant information internally generated by the Company, which may not be observed in market sources, These information inputs include:

a. commodities prices: traded in stock exchange and adjusted by market price quotations disclosed by the Chicago Board of Trade (CBOT);

b. premium prices: price quotations disclosed by market sources, according to shipment port;

c. freight price: since there is not a active market for such variable, the Company adopts the following policy; for road transportation: freight history, current market (competition), total commitment value, required rhythm, pickup deadline, and road conditions; and

d. budget cost: operating costs annually projected based on budget of the Company,

24 Firm commitments

As of December 31, 2016, the Company has several purchase and sale commitments for soybeans and corn in the grain harvest of 2016/2017, All the volumes arise from forward contracts and most are sold in the domestic market for large trading companies, On December 31, 2016, all purchase and sale forward contracts are recognized in the financial statements at fair value, as are the financial derivatives used as a hedge for grain commercial transactions,

25 Additional information

b. Reversal of adjustments to present value

In compliance with the need for shareholder United Phosphorus Brazil Holdings BV, the Company has been presenting the accounting entries regarding the adjustments to present values carried in these financial statements that need to be reversed if the adjustment to present value should be eliminated:

Entries to be passed on December 31, 2016:

(a) Related party loans

D - Capital reserve C - Non-current liabilities - financial loan	10,812
D - Deferred tax liability C - Capital reserve	3,676

(b) Accounts receivable

D - Accounts receivable C - Net revenues	16,138
D - Deferred taxes on profit or loss C - Deferred assets	5,487

(c) Accounts payable

D - Cost of products sold C - Accounts payable	22,727
D - Deferred liabilities C - Deferred taxes on profit or loss	7,727