Financial Statements

Sipcam Nichino Brasil S.A.

December 31, 2016
with Independent Auditor's Report

Sipcam Nichino Brasil S.A.

Financial statements

December 31, 2016

Contents

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A free translation from Portuguese into English of Independent Auditor's Report on Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil

Independent auditor's report on financial statements

The Shareholders, Board of Directors and Officers
Sipcam Nichino Brasil S.A.

Opinion

We have audited the accompanying financial statements of Sipcam Nichino Brasil S.A. ("Company"), which comprise the statement of financial position as at December 31, 2016, and the related statements of operations, comprehensive income (loss), changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting practices.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sipcam Nichino Brasil S.A. as of December 31, 2016, its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with the Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Accountants (*Código de Ética Profisssional do Contador*) and the professional requirements issued by the Federal Accounting Council (*Conselho Federal de Contabilidade*), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of financial statements.

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

As part of the audit conducted in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve override of internal controls, collusion, forgery, intentional omissions or misrepresentations.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt as to the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

São Paulo, March 22, 2017.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Fernando Próspero Neto
Accountant CRC-1SP189791/O-0

Sipcam Nichino Brasil S.A.

Statement of financial position
December 31, 2016 and 2015
(In thousands of reais)

	Note	2016	2015
Assets			
Current assets			
Cash and cash equivalents	3	**45,703**	66,928
Short-term investments	3	**1,419**	3,970
Trade accounts receivable	4	**187,999**	188,615
Accounts receivable from related parties	21	**-**	2,572
Inventories	5	**36,508**	35,567
Taxes recoverable	6	**931**	-
Derivative financial instruments	15	**-**	2,635
Other receivables		**1,618**	700
Total current assets		**274,178**	300,987
Noncurrent assets			
Trade accounts receivable	4	**5,349**	6,857
Taxes recoverable	6	**49,144**	56,291
Assets available for sale	7	**922**	738
Deferred income and social contribution taxes	8	**33,656**	32,975
Judicial deposits	13	**971**	978
Other accounts receivable - related parties	21	**149**	137
Investments		**129**	15
Property, plant and equipment	9	**31,353**	32,216
Intangible assets	10	**26,172**	24,001
Deferred	11	**488**	1,076
Total noncurrent assets		**148,333**	155,284
Total assets		**422,511**	456,271

	Note	2016	2015
Liabilities and equity			
Current liabilities			
Loans and financing	12	**27,046**	63,068
Trade accounts payable - domestic		**14,752**	17,900
Trade accounts payable – foreign – third parties		**65,638**	69,068
Trade accounts payable – foreign – related parties	21	**50,053**	51,678
Salaries and social charges		**3,987**	3,065
Taxes payable		**4,996**	1,122
Derivative financial instruments	15	**3,742**	242
Other provisions		**2,702**	3,377
Total current liabilities		**172,916**	209,520
Noncurrent liabilities			
Loans and financing	12	**59,396**	63,940
Intercompany loans	21	**54,632**	62,571
Provision for contingencies	13	**1,138**	913
Total noncurrent liabilities		**115,166**	127,424
Equity			
Capital	14	**223,897**	223,897
Accumulated losses		**(89,468)**	(104,570)
Total equity		**134,429**	119,327
Total liabilities and equity		**422,511**	456,271

See accompanying notes.

Sipcam Nichino Brasil S.A.

Statements of operations
Years ended December 31, 2016 and 2015
(In thousands of reais, unless otherwise stated)

	Note	2016	2015
Net revenue	2,1	**295,088**	262,699
Cost of goods sold and services rendered	16	**(219,091)**	(205,695)
Gross profit		**75,997**	57,004
Operating expenses			
Selling expenses	17.a	**(13,192)**	(14,930)
General and administrative expenses	17.a	**(15,904)**	(12,874)
Other operating expenses, net	17.b	**(6,440)**	(6,963)
		(35,536)	(34,767)
Income before financial income and expenses and income and social contribution taxes		**40,461**	22,237
Financial expenses	18	**(159,354)**	(200,514)
Financial income	18	**141,632**	131,334
		(17,722)	(69,180)
Income (loss) before income and social contribution taxes		**22,739**	(46,943)
Income and social contribution taxes			
Current		**(8,318)**	-
Deferred		**681**	(5,949)
	8	**(7,637)**	(5,949)
Net income (loss) for the year		**15,102**	(52,892)
Number of shares	14	**2,471,492,952**	2,471,492,952
Net income (loss) per thousand shares – in reais		**6.11**	(21.40)

See accompanying notes.

Sipcam Nichino Brasil S.A.

Statements of comprehensive income (loss)
Years ended December 31, 2016 and 2015
(In thousands of reais)

	2016	2015
Net income (loss) for the year	**15,102**	(52,892)
Other comprehensive income (loss)	**-**	-
Comprehensive income (loss)	**15,102**	(52,892)

See accompanying notes.

Sipcam Nichino Brasil S.A.

Statements of changes in equity
Years ended December 31, 2016 and 2015
(In thousands of reais)

	Capital	Accumulated losses	Total
Balances at December 31, 2014	145,124	(51,678)	93,446
Capital payment (Note 14)	78,773	-	78,773
Loss for the year	-	(52,892)	(52,892)
Balances at December 31, 2015	**223,897**	**(104,570)**	**119,327**
Net income for the year	**-**	**15,102**	**15,102**
Balances at December 31, 2016	**223,897**	**(89,468)**	**134,429**

See accompanying notes.

Sipcam Nichino Brasil S.A.

Cash flow statements
Years ended December 31, 2016 and 2015
(In thousands of reais)

	2016	2015
Operating activities		
Income (loss) before income and social contribution taxes	**22,739**	(46,943)
Expenses (income) that do not affect cash and cash equivalents		
Write-off of property, plant and equipment and intangible assets	**582**	395
Increase in investments	**(114)**	-
Allowance for doubtful accounts	**2,000**	2,500
Provision for inventory obsolescence and realization	**1,409**	1,689
Depreciation and amortization	**4,919**	4,652
Provision for losses on derivative financial instruments	**3,500**	242
Other provisions	**(675)**	477
Provision for contingencies	**225**	23
Interest on loans and financing	**12,822**	22,231
Foreign exchange and monetary variations, net	**(13,130)**	24,048
Decrease (increase) in operating assets		
Trade accounts receivable	**124**	(18,425)
Accounts receivable - related parties	**2,572**	-
Inventories	**(2,351)**	43,249
Taxes recoverable	**6,216**	(8,804)
Assets available for sale	**(184)**	3,314
Other accounts receivable - related parties	**(12)**	(137)
Derivative financial instruments	**2,635**	7,943
Judicial deposits	**7**	6
Other receivables	**(918)**	1,016
Increase (decrease) in operating liabilities		
Trade accounts payable - domestic	**(3,148)**	(14,877)
Trade accounts payable - foreign	**(5,055)**	(48,530)
Salaries and social charges	**922**	303
Taxes paid	**(4,444)**	5
Cash provided by (used in) operating activities	**30,641**	(25,623)
Investing activities		
Acquisition of property, plant and equipment and intangible assets	**(6,220)**	(4,688)
Short-term investments	**2,551**	(2,551)
Cash used in investing activities	**(3,669)**	(7,239)
Financing activities		
Capital increase	**-**	78,773
Loans and financing taken out	**80,362**	200,918
Loans from related parties	**-**	56,774
Cost of loans and financing taken out	**186**	750
Repayment of loans and financing	**(128,745)**	(308,062)
Cash (used in) provided by financing activities	**(48,197)**	29,153
Net decrease in cash and cash equivalents	**(21,225)**	(3,709)
Cash and cash equivalents at beginning of year	**66,928**	70,637
Cash and cash equivalents at end of year	**45,703**	66,928
Net decrease in cash and cash equivalents	**(21,225)**	(3,709)

See accompanying notes.

1. Operations

Sipcam Nichino Brasil S.A., hereinafter referred to as “Company” or “Sipcam-Nichino”, is mainly engaged in the production, formulation, repackaging, import, export, sale and distribution of agrochemicals, e.g. herbicides, insecticides, acaricides, fungicides, fertilizers, plant nutrition products and chemicals for agriculture in general.

2. Presentation of the financial statements and summary of significant accounting practices

The Company’s financial statements for the years ended December 31, 2016 and 2015 were prepared in accordance with accounting practices adopted in Brazil.

The Company’s financial statements were prepared based on different measurement bases used to prepare accounting estimates. The accounting estimates involved in the preparation of the financial statements considered objective and subjective factors, based on management judgment to determine the appropriate value to be recorded in the financial statements. Significant items subject to these estimates and assumptions include selection of the useful lives and recoverability of property, plant and equipment items, measurement of financial assets at fair value, credit risk analysis in determining the allowance for doubtful accounts as well as analysis of other risks in determining other provisions, including the provision for contingencies.

The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to uncertainties inherent in the estimate process.

The Company reviews its estimates and assumptions at least on an annual basis. See Note 2.12 for further details on estimates.

The financial statements were prepared based on the historical cost convention, except when otherwise stated, as described in the summary of significant accounting practices. Historical cost is generally based on fair value of consideration paid in exchange for the assets.

(In thousands of reais, unless otherwise stated)

2. Presentation of the financial statements and summary of significant accounting practices (Continued)

2.1. Determination of profit and loss

Revenues and expenses are stated on the accrual basis of accounting. Revenue from sales is recognized net, i.e., less sales taxes and discounts, which are stated as a reduction thereof, as follows:

	2016	2015
Gross revenue from sales of goods	**311,514**	289,447
Gross revenue from sales of services	**8,473**	11,533
Gross revenue	**319,987**	300,980
Taxes on sales	**(6,236)**	(7,306)
Sales returns	**(18,663)**	(30,975)
Taxes on sales and sales returns	**(24,899)**	(38,281)
Net revenue	**295,088**	262,699

Revenue from sales is recognized in P&L when they can be reliably measured, all risks and rewards of ownership of the products are transferred to the buyer, the Company no longer holds control over or responsibility for the goods sold, and economic benefits are likely to flow to the Company. Revenue is not recognized if there is a significant uncertainty as to its realization. Interest income and expenses are recognized under the effective interest rate method under financial income/ expenses.

2.2. Foreign currency transactions

Foreign currency-denominated monetary assets and liabilities are translated into the functional currency (Real) at the exchange rate prevailing at the corresponding statement of financial position date. Gains and losses resulting from restatement of these assets and liabilities between the exchange rate prevailing at the date of the transaction and the reporting period closing dates are recognized as financial income or expenses under P&L.

2. Presentation of the financial statements and summary of significant accounting practices (Continued)

2.3. Cash and cash equivalents

Cash and cash equivalents are held to meet short-term cash commitments rather than for investment or any other purposes. The Company considers cash equivalents to be short-term investments that are readily convertible into a known amount of cash and subject to an insignificant risk of change in value. Accordingly, an investment normally qualifies as cash equivalent when falling due in the short term, i.e. within three months or less as from the investment date.

2.4. Trade accounts receivable

These are stated at realizable values. An allowance for doubtful accounts was set up at an amount considered sufficient by management to cover doubtful receivables.

2.5. Inventories

These are valued at average acquisition or production cost, not to exceed their market value. Provisions for slow-moving or obsolete inventories are set up when deemed necessary by management.

2.6. Property, plant and equipment

These items are recorded at cost of acquisition. Depreciation is calculated by the straight-line method at the rates mentioned in Note 9, which consider the estimated economic useful lives of the assets.

A property, plant and equipment item is derecognized when disposed of or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting from asset write-off (calculated as the difference between net sales value and book value of the asset) is recognized in P&L for the year in which the asset is written off.

The net book value and useful lives of assets and depreciation methods are reviewed every year, and adjusted prospectively, where applicable.

2. Presentation of the financial statements and summary of significant accounting practices (Continued)

2.7. Intangible assets

Intangible assets acquired separately are initially recognized at cost of acquisition, with subsequent deduction of accumulated amortization and impairment, when applicable.

Intangible assets generated internally, net of capitalized amounts of product development expenses, are recognized in P&L in the year they arise. Intangible assets with finite useful lives are amortized based on their estimated economic useful life, and are submitted to impairment testing whenever there is any indication of loss in the recoverable amount.

2.8. Provision for impairment of non-financial assets

Management annually reviews the net book value of assets so as to assess events or changes in economic, operating or technological circumstances which may indicate deterioration or impairment. When such evidence is identified and the asset’s net book value exceeds its recoverable amount, a provision for impairment is set up, adjusting the net book value to the recoverable amount.

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

In estimating the asset’s value in use, estimated future cash flows are discounted to present value, using a pre-tax discount rate that reflects the weighted average cost of capital for the industry in which the cash generating unit operates. Net sales value is determined, where possible, based on firm sales agreements in a transaction carried out on an arm’s length basis among knowledgeable and willing parties, adjusted by expenses attributable to the sale of the asset or, when there is no firm sales agreement, based on the market price in an active market or at the most recent transaction price with similar assets.

2.9. Other assets and liabilities

An asset is recognized in the statement of financial position when its future economic benefits are likely to flow to the Company, and its cost or value can be reliably measured.

(In thousands of reais, unless otherwise stated)

2. Presentation of the financial statements and summary of significant accounting practices (Continued)

2.9. Other assets and liabilities (Continued)

A liability is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, the settlement of which is likely to generate an outflow of economic benefits.

2.10. Taxation

Revenues from sales of goods and services are subject to the following taxes and contributions at the following statutory rates:

State Value Added Tax	ICMS	Between 4% and 18%
Federal Value Added Tax	IPI	0%
Contribution Tax on Gross Revenue for Social Security Financing	COFINS	0%
Contribution Tax on Gross Revenue for Social Integration Program	PIS	0%

Pursuant to Decree No. 3777, dated March 23, 2001, amended by Decree No. 6006, of December 28, 2006, sales of agrochemicals are subject to IPI reduced to 0%.

The Company has been granted a 60% reduction in the ICMS base, as established by Agreement No. 100/97 and amended and extended by ICMS Agreement No. 107/2015 up to April 30, 2017. Some of its goods in accordance with Brazil's federal Senate Resolution 13 dated 2013 are taxed at the rate of 4%.

PIS and COFINS rates were reduced to 0%, pursuant to Law No. 10925/2004, and ratified by Decree No. 5630/2005.

Current income and social contribution taxes

Income taxes comprise both income and social contribution taxes. Income tax is calculated at a rate of 15%, plus a surtax of 10% on taxable profit exceeding R$240 over 12 months, whereas social contribution tax is computed at a rate of 9% on taxable profit, both recognized on an accrual basis; therefore, additions to book income of temporarily non-deductible expenses or exclusions of temporarily non-taxable income upon determination of current taxable profit generate deferred tax assets or liabilities. Prepaid or recoverable taxes are recorded under current and noncurrent assets, based on their estimated realization.

2. Presentation of the financial statements and summary of significant accounting practices (Continued)

2.10. Taxation (Continued)

Deferred income and social contribution taxes

Deferred taxes (assets or liabilities) are calculated on income and social contribution tax loss carryforwards and temporary differences at the balance sheet date between the tax bases and their book value.

Deferred tax assets are recognized for all unused deductible tax losses, credits, or differences to the extent that taxable profit is likely to be available so that deductible temporary differences may be realized, and unused tax credits and losses may be used.

The book value of deferred tax assets is reviewed at each statement of financial position date and written off when it is no longer probable that taxable profit will be generated to allow for all or part of the deferred tax asset to be used. Deferred tax assets written off are reviewed at each balance sheet date, and are recognized to the extent that future taxable profits are likely to allow such tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate expected to be applied in the year when the asset is realized or the liability is settled, at tax rates (and based on tax law) in effect at the balance sheet date.

Deferred tax assets and liabilities are stated net whenever there is a legal or constructive right to offset the deferred tax asset against the deferred tax liability and whenever deferred taxes concern the same taxed entity and are subject to the same tax authority.

2.11. Other employee benefits

The benefits granted to the Company’s employees and officers include, besides a fixed compensation (salaries and social security contributions (INSS), vacation pay and 13th monthly salary), variable compensation, such as profit sharing and bonus payments. These benefits are recognized in P&L, under “Selling Expenses” and “General and Administrative Expenses”, as incurred.

2. Presentation of the financial statements and summary of significant accounting practices (Continued)

2.12. Significant accounting judgment, estimates and assumptions

Judgments

Preparation of the financial statements by the Company requires management to make professional judgments, estimates and to adopt assumptions that affect the revenues, expenses, assets and liabilities presented, as well as the disclosure of contingent liabilities at the financial statements date. Uncertainties related to these assumptions and estimates may require a significant adjustment to the book value of the affected asset or liability in future periods.

Accounting estimates and assumptions

Key assumptions concerning sources of uncertainty in future estimates and other significant sources of uncertainty in estimates at the statement of financial position date, involving material risk of a significant adjustment in the carrying amount of assets and liabilities for the following financial year, are discussed below:

Impairment of non-financial assets

Impairment loss exists when the net book value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less cost to sell and value in use. Estimated fair value less cost to sell is based on information available regarding sales transactions of similar assets or market prices less additional costs for the disposal of the asset.

Management annually tests the net book value of the assets with a view to determining whether there are any events or changes in economic, operating, or technological circumstances that may indicate deterioration or impairment loss.

Whenever such indications are identified and the net book value exceeds the recoverable amount, a provision for impairment is set up, adjusting the net book value to the recoverable amount.

2. Presentation of the financial statements and summary of significant accounting practices (Continued)

2.12. Significant accounting judgment, estimates and assumptions (Continued)

Accounting estimates and assumptions (Continued)

Taxes

There are uncertainties related to the interpretation of complex tax regulations and to the amount and timing of future taxable income. Given the broad aspect of international business relationships, as well as the long-term nature and complexity of existing contractual arrangements, differences between actual results and assumptions adopted, or future changes to these assumptions could require future adjustments to previously recorded revenue and expenses from taxes. The Company set up provisions based on reasonable estimates for possible outcomes of audits conducted by tax authorities of the jurisdictions in which it operates. The provision amounts are based on various factors, such as experience with prior audits and diverging interpretations of tax legislation by the taxpayer and the appropriate tax authority. Such diverging interpretations could arise from a wide range of issues, depending on the conditions prevailing in the jurisdiction where the Company operates.

Significant judgment by management is required to determine the amount of recognizable deferred tax assets based on the probable term and level of future taxable profits, along with future tax planning strategies.

The Company recognizes a provision for civil and labor lawsuits. Assessment of the likelihood of loss includes an evaluation of available evidence, hierarchy of laws, available case law, most recent court rulings and their relevance in the legal system, as well as the opinion of external legal advisors. Provisions are reviewed and adjusted considering changes in circumstances, such as applicable statute of limitations, tax audit conclusions, or additional exposures identified based on new matters or court decisions.

The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to uncertainties inherent in the estimate process. The Company reviews its estimates and assumptions at least on an annual basis.

2. Presentation of the financial statements and summary of significant accounting practices (Continued)

2.13. Cash flow statements

Cash flow statements were prepared under the indirect method and are presented in accordance with Accounting Pronouncement CPC 03 (R2) – Statement of Cash Flows, issued by the Brazilian Financial Accounting Standards Board (CPC).

2.14. Financial instruments

a) Initial recognition and measurement

The Company's financial instruments are represented by cash and cash equivalents, trade accounts receivable, trade accounts payable, derivative financial instruments, loans and financing.

Financial instruments are initially recognized at their fair value plus costs directly attributable to their acquisition or issue, except for financial instruments at fair value through profit or loss, for which costs are recorded in P&L for the period.

Major financial assets recognized by the Company are cash and cash equivalents, trade accounts receivable and derivative financial instruments.

Major financial liabilities recognized by the Company are trade accounts payable, loans and financing and derivative financial instruments.

b) Subsequent measurement

Measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at fair value through profit or loss: these include financial liabilities held for trading and financial liabilities initially stated at fair value through profit or loss.

2. Presentation of the financial statements and summary of significant accounting practices (Continued)

2.14. Financial instruments (Continued)

b) Subsequent measurement (Continued)

Financial liabilities at fair value through profit or loss (Continued)

Financial liabilities are classified as held for trading when they are acquired to be sold in the near future. This category includes derivative financial instruments acquired by the Company which do not meet the hedge accounting criteria as defined by CPC 38 (IAS 39). Derivatives, including embedded derivatives not related to the host agreement and which must be separate, are also classified as held for trading, unless these are designated as effective hedging instruments.

Gains and losses on liabilities held for trading are recognized in the statement of operations.

Loans and financing: these are recognized on an accrual basis and interest thereon is calculated according to the contractual rate, with no significant difference in relation to the effective rate.

(In thousands of reais, unless otherwise stated)

2. Presentation of the financial statements and summary of significant accounting practices (Continued)

2.15. New or amended standards and interpretations not yet effective

Standards, amendments and interpretations issued but not yet adopted up to the issue of the Company's financial statements are as follows: The Company expects to adopt these standards, if applicable, when they become effective.

Standard	Requirement	Impact on financial statements
IFRS 9 - Financial Instruments	The objective of IFRS 9 is ultimately to replace IAS 39. Main changes estimated are: (i) all financial assets shall be initially recognized at fair value; (ii) the standard divides all financial assets into: amortized cost and fair value; and (iii) the concept of embedded derivatives was extinguished.	Company management has assessed IFRS 9 impacts and understands that its adoption will anticipate no material impact on its financial statements.
IFRS 15 - Revenue from Contracts with Customers	The main purpose is to provide clear principles to recognize revenue and to simplify the process of preparation of financial assets.	Company management has assessed IFRS 15 impacts and understands that its adoption will anticipate no material impact on its financial statements.
IFRS 16 - Leases	IFRS 16 will replace CPC 06. The main purpose is to define the treatments for several leases, and eliminates the segregation between finance and operating leases currently in force.	Company management has assessed IFRS 16 impacts and understands that its adoption will anticipate no material impact on its financial statements.
Amendments to IAS 16 and IAS 38 - Acceptable Methods of Depreciation and Amortization	Depreciation and amortization method should be based on economic benefits consumed through use of the asset.	Company management has assessed IAS 16 and 38 impacts and understands that their adoption will anticipate no material impact on its financial statements.

(In thousands of reais, unless otherwise stated)

3. Cash and cash equivalents and short-term investments

	2016	2015
Cash and banks	**782**	2,134
Short-term investments	**44,920**	64,771
Restricted accounts	**1**	24
Total cash and cash equivalents	**45,703**	66,928
Short-term investments	**1,419**	3,970

Type of short-term investments	Average yield rate	2016	2015
CDB – Floating	95% to 100% of Interbank Deposit Certificate (CDI)	**44,920**	64,771
CDB – Floating	92% to 94% of CDI	**1,419**	3,970
		46,339	68,741

3.1. Short-term investments classified as cash and cash equivalents

These refer to Bank Deposit Certificates (CDB) and investment funds, which reflect the usual market conditions, whose maturity at the statement of financial position date is within 90 days. These have immediate liquidity and no risk of significant changes due to interest rate fluctuation, bearing interest ranging from 95% to 100% of CDI in 2016 (98% to 101.25% of CDI in 2015) and measured at fair value in contra account of P&L.

3.2. Other short-term investments

These refer to the Bank Deposit Certificates (CDB) and investment funds, which reflect the usual market conditions at the statement of financial position dates, bearing interest ranging from 92% to 94% of CDI in 2016 (93.5% to 99.5% of CDI in 2015), and measured at fair value. At December 31, 2016 and 2015, short-term investments have been given in guarantee of loans. Loans linked to these short-term investments are working capital loans.

4. Trade accounts receivable

	2016	2015
Trade notes receivable		
Third parties	**193,348**	195,472
Current	**187,999**	188,615
Noncurrent	**5,349**	6,857

(In thousands of reais, unless otherwise stated)

4. Trade accounts receivable (Continued)

Trade accounts receivable are net of the allowance for doubtful accounts.
At December 31, 2016, trade notes receivable had also been offered as guarantee for loans and financing in the amount of R$8,739 (R$36,889 at December 31, 2015).

Allowance for doubtful accounts

Changes in the allowance for doubtful accounts are as follows:

	2015	Additions	2016
Allowance for doubtful accounts	10,485	**2,000**	**12,485**
Less current portion	(10,417)	**(1,904)**	**(12,321)**
Noncurrent assets	68	**96**	**164**

Management sets up allowance for doubtful accounts at an amount considered sufficient to cover possible accounts receivable realization risks, considering historical losses and collateral for amounts overdue.

5. Inventories

	2016	2015
Finished goods	**18,955**	16,986
Raw, packaging and auxiliary materials	**7,092**	6,286
Imports in transit	**10,461**	12,295
	36,508	35,567

The Company records provisions for 100% of its inventories not moving for more than 360 days, in addition to carrying out an analysis of individual inventory items.

Changes in provisions are demonstrated below:

	2015	Additions	Reversals	2016
Provision for realization	1,383	**2,191**	**(347)**	**3,227**
Provision for obsolescence	1,270	**475**	**(910)**	**835**
	2,653	**2,666**	**(1,257)**	**4,062**

(In thousands of reais, unless otherwise stated)

6. Taxes recoverable

	2016	2015
ICMS	**21,689**	18,864
IPI	**6,141**	11,773
PIS and COFINS	**14,093**	18,553
Income and social contribution taxes (IRPJCSLL)	**7,053**	6,002
Social Security Funding Tax (FINSOCIAL)	**1,099**	1,099
	50,075	56,291
Current	**(931)**	-
Noncurrent	**49,144**	56,291

The Company intends to realize the ICMS, IPI, PIS and COFINS balances through its transactions and requests for tax refund. Income and social contribution taxes will be realized through generation of future taxable profits.

7. Assets available for sale

The group of assets available for sale is measured based on the lowest of book and fair value.

At December 31, 2016, the amount of R$922 (R$738 at December 31, 2015) refers to property received in payment for customer debts, which are under negotiation.

8. Income and social contribution taxes – current and deferred

Deferred income and social contribution taxes were set up at the effective rates as under:

	2016	2015
Deferred income tax assets on:		
Temporarily non-deductible provisions	**7,254**	4,078
Income and social contribution tax losses	**41,410**	44,086
Deferred social contribution tax assets on:		
Temporarily non-deductible provisions	**2,612**	1,468
Income and social contribution tax losses	**14,222**	15,185
	65,498	64,817
Less write-off due to no expectation of realization	**(31,842)**	(31,842)
Noncurrent assets	**33,656**	32,975

(In thousands of reais, unless otherwise stated)

8. Income and social contribution taxes – current and deferred (Continued)

Main provisions are as follows:

	2016	2015
Allowance for doubtful accounts	**12,485**	10,485
Provision for customer discounts	**3,891**	1,000
Audit and advisory services	**38**	446
Sales commissions	**361**	674
Incineration	**652**	471
Contingencies	**1,138**	913
Inventory losses	**4,062**	2,653
Profit sharing and bonuses	**1,390**	599
Provision for financial instruments	**3,742**	242
Unrealized gains – derivatives	**-**	(2,635)
Other	**1,258**	1,462
	29,017	16,310
Current rate of 25% for income tax	**7,254**	4,078
Current rate of 9% for social contribution tax	**2,612**	1,468
	9,866	5,546

Based on future taxable profit generation, determined in a technical study approved by the Board of Directors, the Company recognized tax credits on temporary differences and tax losses. The book value and the realization of tax credits are annually reviewed by the Company.

Based on this technical study of future taxable profit generation, the Company expects to recover these tax credits in the next 10 years.

The estimated recoverability of tax credits was based on taxable profit forecasts, taking into consideration several financial and business assumptions at the year ended December 31, 2016. Consequently, these estimates may not materialize in the future considering the uncertainties inherent in such forecasts.

(In thousands of reais, unless otherwise stated)

8. Income and social contribution taxes – current and deferred (Continued)

Reconciliation of income and social contribution tax expenses

Reconciliation between the tax expenses calculated at the combined statutory rate and at effective rates as shown in the statement of operations is as follows:

	2016	2015
Income (loss) before taxes	**22,739**	(46,943)
Tax expenses at statutory rate of 34%	**(7,731)**	15,960
Effective rate adjustments:		
Limit on deferred tax assets	**-**	(21,903)
Permanent differences	**94**	(7)
Net tax expenses per statement of operations	**(7,637)**	(5,949)
Effective rate	**34%**	13%

The breakdown of accumulated income and social contribution tax losses is as follows:

	2016	2015
Income tax losses	**165,641**	176,344
Social contribution tax losses	**158,023**	168,726

Income and social contribution tax losses may be carried indefinitely, however, their offset is limited to 30% of taxable profit each year.

(In thousands of reais, unless otherwise stated)

9. Property, plant and equipment

	2016									
	Land	**Buildings and improvements**	**Machinery**	**Tools, presses and molds**	**Facilities**	**Furniture and fixtures**	**Vehicles**	**Hardware**	**Construction in progress**	**Total**
Cost of acquisition										
Balance at beginning of period	**1,375**	**17,203**	**25,723**	**122**	**16,237**	**4,239**	**82**	**1,185**	**894**	**67,060**
Additions	**-**	**-**	**-**	**-**	**-**	**65**	**-**	**326**	**2,842**	**3,233**
Write-off	**-**	**-**	**-**	**-**	**-**	**(7)**	**-**	**(40)**	**-**	**(47)**
Transfers	**-**	**820**	**1,115**	**48**	**1,325**	**157**	**-**	**56**	**(3,507)**	**14**
Balance at end of period	**1,375**	**18,023**	**26,838**	**170**	**17,562**	**4,454**	**82**	**1,527**	**229**	**70,260**
Depreciation										
Balance at beginning of period	**-**	**(8,249)**	**(12,672)**	**(89)**	**(9,572)**	**(3,251)**	**(82)**	**(928)**	**-**	**(34,844)**
Additions	**-**	**(705)**	**(1,452)**	**(14)**	**(1,574)**	**(272)**	**-**	**(89)**	**-**	**(4,106)**
Write-off	**-**	**-**	**-**	**-**	**-**	**5**	**-**	**37**	**-**	**43**
Balance at end of period	**-**	**(8,954)**	**(14,124)**	**(103)**	**(11,146)**	**(3,518)**	**(82)**	**(980)**	**-**	**(38,907)**
Net balance	**1,375**	**9,069**	**12,714**	**67**	**6,416**	**936**	**-**	**547**	**229**	**31,353**
Average annual depreciation rates	**-**	**4%**	**10% and 20%**	**10%**	**10% and 20%**	**10% and 20%**	**20%**	**20%**	**-**	

(In thousands of reais, unless otherwise stated)

9. Property, plant and equipment (Continued)

	2015									
	Land	**Buildings and improvements**	**Machinery**	**Tools, presses and molds**	**Facilities**	**Furniture and fixtures**	**Vehicles**	**Hardware**	**Construction in progress**	**Total**
Cost of acquisition										
Balance at beginning of period	1,375	17,151	25,498	128	15,184	4,163	82	1,182	517	65,280
Additions	-	-	-	-	-	29	-	-	1,941	1,970
Write-off	-	-	(34)	(6)	(11)	(33)	-	(3)	(4)	(91)
Transfers	-	52	260	-	1,064	80	-	5	(1,560)	(100)
Balance at end of period	1,375	17,203	25,723	122	16,237	4,239	82	1,185	894	67,060
Depreciation										
Balance at beginning of period	-	(7,558)	(11,303)	(70)	(8,245)	(3,022)	(80)	(850)	-	(31,128)
Additions	-	(691)	(1,401)	(24)	(1,337)	(261)	(2)	(80)	-	(3,796)
Write-off	-	-	31	4	10	33	-	2	-	80
Balance at end of period	-	(8,249)	(12,672)	(89)	(9,572)	(3,251)	(82)	(928)	-	(34,844)
Net balance	1,375	8,953	13,051	33	6,665	988	-	257	894	32,216
Average annual depreciation rates	-	4%	10% and 20%	10%	10% and 20%	10% and 20%	20%	20%	-	

Depreciation is determined on a straight-line basis taking useful lives into consideration.

(In thousands of reais, unless otherwise stated)

10. Intangible assets

	2016					
	Trademarks and patents	**Software**	**Products under registration**	**Products being sold**	**Intangible assets in progress**	**Total**
Cost of acquisition						
Balance at beginning of period	**138**	**3,023**	**22,738**	**2,886**	**202**	**28,986**
Additions	**-**	**2**	**2,012**	**578**	**396**	**2,988**
Write-off	**-**	**(6)**	**(578)**	**-**	**-**	**(584)**
Transfers	**-**	**458**	**(36)**	**36**	**(472)**	**(14)**
Balance at end of period	**138**	**3,477**	**24,136**	**3,500**	**126**	**31,376**
Amortization						
Balance at beginning of period	**-**	**(2,262)**	**-**	**(2,723)**	**-**	**(4,985)**
Additions	**-**	**(152)**	**-**	**(73)**	**-**	**(225)**
Write-off	**-**	**6**	**-**	**-**	**-**	**6**
Balance at end of period	**-**	**(2,408)**	**-**	**(2,796)**	**-**	**(5,204)**
Net balance	**138**	**1,069**	**24,136**	**704**	**126**	**26,172**
Average annual amortization rates	**-**	**20%**	**-**	**20%**	**-**	

	2015					
	Trademarks and patents	**Software**	**Products under registration**	**Products being sold**	**Intangible assets in progress**	**Total**
Cost of acquisition						
Balance at beginning of period	138	2,827	20,488	5,152	190	28,795
Additions	-	-	2,610	-	108	2,718
Write-off	-	-	(302)	(2,325)	-	(2,627)
Transfers	-	196	(59)	59	(96)	100
Balance at end of period	138	3,023	22,738	2,886	202	28,986
Amortization						
Balance at beginning of period	-	(2,130)	-	(4,732)	-	(6,862)
Additions	-	(132)	-	(138)	-	(270)
Write-off	-	-	-	2,147	-	2,147
Balance at end of period	-	(2,262)	-	(2,723)	-	(4,985)
Net balance	138	761	22,738	162	202	24,001
Average annual amortization rates	-	20%	-	20%	-	

Out of the total intangible assets at December 31, 2016, R$24,136 refers to products under registration (R$22,738 in December 2015). Once these registrations are obtained from the relevant competent bodies, the products will start to be sold and the amounts recorded under intangible assets will be amortized over a period of 5 (five) years.

(In thousands of reais, unless otherwise stated)

11. Deferred

Pre-operating expenses	2016	2015
Cost		
Balance at beginning and end of period	**5,881**	5,881
Amortization		
Balance at beginning of period	**(4,805)**	(4,217)
Additions	**(588)**	(588)
Balance at end of period	**(5,393)**	(4,805)
Net balance	**488**	1,076
Annual amortization	**10%**	10%

12. Loans and financing

	Interest rate	2016	2015
Foreign currency			
Finimp (USD)	**2.58% p.y.**	**7,953**	21,516
Local currency			
Financing for acquisition of goods	**18.47% p.y.**	**-**	30
Working capital	**CDI + 5.45% p.y.**	**-**	2,811
Working capital	**118% of CDI**	**-**	36,431
Working capital	**122% of CDI**	**4,753**	-
Debentures – 2nd issue	**CDI + 2.00% p.y.**	**62,248**	62,324
Debenture raising costs	**-**	**(604)**	(790)
Rural credit (a)	**-**	**10,067**	4,687
Funcafé	**-**	**2,025**	-
		86,442	127,008
Less portion classified under current liabilities		**(27,046)**	(63,068)
Noncurrent liabilities		**59,396**	63,940

(a) The credit line refers to financing operations related to rural activity.

Long-term loans mature as follows:

	2016	2015
2017	**-**	4,730
2018	**1,026**	306
2019	**-**	-
2020	**58,370**	58,904
	59,396	63,940

At December 31, 2016, the Company granted as guarantees for loans taken out trade notes receivable amounting to R$8,739 (R$36,889 at December 31, 2015) and short-term investments amounting to R$1,419 (R$3,970 at December 31, 2015).

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

Debentures

Issue	Principal	Annual remuneration	Final maturity	2016	2015
2nd issue	60,000	100% variation of CDI + 2.00% p.y.	March 30, 2020	**62,248**	62,324
Less portion classified under current liabilities				**(2,248)**	(2,324)
Noncurrent liabilities				**60,000**	60,000

The Company obtained approval for the 2nd issue of unsecured nonconvertible debentures amounting to R$60,000, in a single series maturing at March 30, 2020. Interest of this transaction has been paid for the year in which it is incurred. No guarantees were given.

13. Provision for contingencies

The Company is a party to tax, civil and labor claims arising in the normal course of business. Company management believes that the provision for contingencies set up is sufficient to cover adventitious losses from lawsuits. Provisions for contingencies were set up for proceedings whose likelihood of an unfavorable outcome has been rated as probable, based on the opinion of its lawyers and outside legal advisors. The unfavorable outcome of these proceedings, individually or in the aggregate, will not have material adverse effect on the Company’s business or financial position. Judicial deposits were made for some of these proceedings when required by the judicial branch.

Changes in provision for contingencies from 2015 to 2016, by nature, are as follows:

	2015	Provisions/ deposits	Restatements	Payments/ reversals	2016
Tax	46	**-**	**185**	**(116)**	**115**
Civil	118	**10**	**11**	**(50)**	**89**
Labor	749	**-**	**267**	**(82)**	**934**
Total provision	913	**10**	**463**	**(248)**	**1,138**
Judicial deposits	(978)	**-**	**-**	**7**	**(971)**

(In thousands of reais, unless otherwise stated)

13. Provision for contingencies (Continued)

Causes with chances of possible success:

	2016	2015
Tax	**302**	-
Civil	**79**	455
Labor	**344**	97
Total	**725**	552

14. Capital

At December 31, 2016 and 2015, the Company capital totals R$223,897 and is represented by 2,471,492.952 common shares.

The Company's ownership structure at December 31, 2016 and 2015 is as follows:

	2016	
	Number of shares	**%**
Sipcam Nederland Holding N.V.	**150,127,424**	**6.08**
Obras Latin América Participações Ltda.	**518,134,294**	**20.96**
Obras S.R.L.	**567,484,758**	**22.96**
Nihon Nohyaku CO. Ltd.	**1,235,746,476**	**50.00**
	2,471,492,952	**100.00**

In 2015, shareholders Obras S.R.L and Nihon Nohyaku CO. Ltd. increased the Company's capital by R$46,315 in August and R$32,458 in November, totaling R$78,773.

15. Risk considerations

a) Credit risk

The Company's sales policies are subject to credit policies established by management and are intended to minimize any customer default problems. This goal is achieved through a careful selection of the customer portfolio that takes into consideration their credit worthiness (credit rating) and dilution of risk through sales diversification.

(In thousands of reais, unless otherwise stated)

15. Risk considerations (Continued)

b) Liquidity risk

The Company prepares cash flow forecasts as a means to monitor its future needs in advance in order to ensure it has enough cash to meet the operational demands. The Company maintains excess cash, if any, in interest bearing short-term investments and by choosing instruments that provide liquidity adequate to its needs.

Below follows the Company's major financial liabilities (loans and financing) by maturity:

	2016	2015
2016	**-**	63,068
2017	**27,046**	4,730
2018	**1,026**	305
2019	**-**	-
2020	**58,370**	58,905
	86,442	127,088

c) Interest rate risk

The Company's P&L is subject to losses arising from changes in floating interest rates, such as: CDI, Long-Term Interest Rate (TJLP) and changes in inflation indices, such as the Extended Consumer Price Index (IPCA), on its financial assets and liabilities. Amounts related to these operations are listed below:

Assets

Type of short-term investments	Average yield rate	2016	2015
CDB – Floating	95% to 100% of CDI	**44,920**	64,771
CDB – Floating	92% to 94% of CDI	**1,419**	3,970
		46,339	68,741

(In thousands of reais, unless otherwise stated)

15. Risk considerations (Continued)

c) Interest rate risk (Continued)

Liabilities

	Interest rate	2016	2015
Foreign currency			
Finimp (USD)	**2.58% p.y.**	**7,953**	21,516
Local currency			
Financing for acquisition of goods	**18.47% p.y.**	**-**	30
Working capital	**CDI + 5.45% p.y.**	**-**	2,811
Working capital	**118% of CDI**	**-**	36,431
Working capital	**122% of CDI**	**4,753**	-
Debentures – 2nd issue	**CDI + 2.00% p.y.**	**62,248**	62,324
Debenture raising costs	**-**	**(604)**	(790)
Rural credit	**-**	**10,067**	4,687
Funcafé	**-**	**2,025**	-
		86,442	127,008
Less portion classified under current liabilities		**(27,046)**	(63,068)
Noncurrent liabilities		**59,396**	63,940

d) Currency risk

The Company's income is subject to significant variations since part of its inputs used in the production process are impacted by the foreign exchange rate fluctuation, particularly the US dollar.

To reduce certain effects of exchange rate fluctuation, the Company hedges against the effects of exchange rate devaluation of local currency on its financial assets and liabilities denominated in dollars and/or Euros through Swap transactions and Non Deliverable Forwards – commitment to purchase US currency at previously agreed-upon rates – linked to US dollar fluctuation. Amounts related to such transactions are summarized below:

	2016	2015
Forward/swap agreements:		
Original amount contracted	**US$25,290 thousand**	US$32,743 thousand
Equivalent in local currency	**84,421**	128,001
Provision for (loss) gain on hedge transactions	**(3,742)**	2,393

(In thousands of reais, unless otherwise stated)

16. Cost of goods sold and services rendered, by type

	2016	2015
General manufacturing costs (GMC)		
Direct labor costs - own	**3,819**	3,143
Direct labor costs - third parties	**570**	543
Electric power	**1,068**	1,034
Depreciation and amortization	**2,722**	2,915
Maintenance of property, plant and equipment	**947**	644
Other direct costs	**631**	494
Indirect costs	**10,456**	8,967
	20,213	17,740
Raw materials and Goods for resale		
Raw and packaging materials	**156,752**	158,115
Goods for resale	**27,713**	15,477
	184,465	173,592
Other costs		
Freight on sales	**7,465**	7,712
Insurance on sales	**362**	368
Storeroom	**965**	1,918
INPEV	**797**	1,063
Equalization	**1,813**	-
Other	**3,011**	3,302
	14,413	14,363
	219,091	205,695

17. Operating income (expenses)

a) Selling, general and administrative expenses

	2016		2015	
	Selling	General and administrative	Selling	General and administrative
Salaries and social charges	**(7,587)**	**(8,154)**	(8,387)	(5,907)
Fees and labor engaged	**(85)**	**(2,209)**	(556)	(1,793)
Travels	**(515)**	**(199)**	(516)	(95)
Vehicles	**(1,148)**	**(97)**	(1,123)	(56)
Third-party services	**(648)**	**(2,663)**	(828)	(2,503)
Security equipment	**-**	**(743)**	(5)	(680)
Amortization and depreciation	**(94)**	**(553)**	(161)	(512)
Allowance for doubtful accounts	**(2,000)**	**-**	(3,000)	-
Other	**(1,115)**	**(1,286)**	(354)	(1,328)
	(13,192)	**(15,904)**	(14,930)	(12,874)

(In thousands of reais, unless otherwise stated)

17. Operating income (expenses) (Continued)

b) Other operating income (expenses), net

	2016	2015
General manufacturing costs (GMC)	**(5,105)**	(4,206)
Depreciation	**(1,512)**	(1,826)
Maintenance of property, plant and equipment	**(385)**	(355)
Other production costs	**(284)**	(355)
Income from restatement of federal taxes	**721**	189
Labor contingencies	**(273)**	(614)
Other income	**398**	204
	(6,440)	(6,963)

18. Financial income and expenses

	2016	2015
Financial expenses		
Interest on financial transactions	**(5,384)**	(18,784)
Losses on financial instruments	**(27,569)**	(4,096)
Discounts given to customers	**(4,094)**	(6,388)
Foreign exchange gains/losses	**(112,170)**	(159,988)
Tax on financial transactions	**(359)**	(1,196)
Interest on debentures	**(9,399)**	(9,197)
Other financial expenses	**(379)**	(864)
	(159,354)	(200,514)
Gains on financial instruments	**-**	36,267
Foreign exchange gains/losses	**135,629**	86,581
Income from short-term investments	**4,472**	3,859
Interest receivable	**1,065**	4,483
Other financial income	**466**	143
	141,632	131,334

19. Key management personnel compensation

On April 29, 2016, the Annual and Special Shareholders' Meeting approved management compensation for the period of May 2015 to April 2016, in the amount of R$2,417 for fixed remuneration; and for the period May 2016 to April 2017, in the amount of R$2,700 for fixed remuneration.

20. Insurance coverage

The Company maintains insurance coverage for operating risks and others to safeguard its property, plant and equipment and inventories.

Based on the opinion of the Company's insurance brokers, the sum insured as at December 31, 2016, is considered sufficient to cover losses, if any.

The scope of the auditors' work does not include issuing an opinion on the sufficiency of the insurance coverage, which was determined and deemed adequate by Company management.

(In thousands of reais, unless otherwise stated)

21. Transactions with related parties

	Oxon Brasil Defensivos Agrícolas Ltda.		Oxon Itália S.p.A		Nihon Nohyaku CO. Ltd.		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Balances								
Current assets:								
Accounts receivable	**-**	2.572	**-**	-	**-**	-	**-**	2.572
Noncurrent assets:								
Other account receivable	**149**	137	**-**	-	**-**	-	**149**	137
Current liabilities:								
Trade account payable	**-**	-	**49.408**	51.678	**645**	-	**50.053**	51.678
Mutual	**-**	-			**54.632**	62.571	**54.632**	62.571
Transactions								
Purchases	**-**	-	**79.471**	75.659	**647**	-	**80.118**	75.659
Other expenses	**(300)**	(300)	**-**	-	**-**	-	**(300)**	(300)
Financial income (expenses)	**-**	-	**3.997**	(35.161)	**7.940**	(5.796)	**11.937**	(40.957)

Transactions with related parties are carried out at specific prices and conditions agreed-upon between the parties.

(*) This balance refers to an intercompany loan agreement entered into with Nihon Nohyaku CO., Ltd in August 2015, amounting to R$56,774 (JPY 1,920,000), subject to interest of 1.4% p.y. and with maturity at August 31, 2020.