JBS S.A.

Quarterly Interim Financial Statements and Independent auditors' report

As of March 31, 2013 and 2012

Phone: +55 11 3848 5880
Fax: + 55 11 3045 7363
www.bdobrazilrcs.com.br

Rua Major Quedinho 90
Consolação – São Paulo, SP - Brasil
01050-030

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

INDEPENDENT AUDITORS' REVIEW REPORT

To the Shareholders, Board of Directors and Management of
JBS S.A.
São Paulo – SP

1. Introduction

We have reviewed the individual and consolidated interim financial information of **JBS S.A.** ("Company") contained within the Quarterly Information - ITR for the quarter ended on March 31, 2013, which comprise the balance sheet on March 31, 2013 and the related statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, as well as a summary of the significant accounting practices and other notes.

Management is responsible for the preparation of the individual interim financial information in accordance with Technical Pronouncement CPC 21 (R1) – Interim Financial Reporting and the consolidated interim financial information in accordance with the CPC 21 (R1) and with the International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and for the presentation of these interim financial information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

2. Scope of the review

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

3. Conclusion on the individual interim financial information

Based on our review, we are not aware of any fact that causes us to believe that the individual interim financial information included in the quarterly information referred to above were not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to Quarterly Information and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

4. Conclusion about the individual interim financial information

Based on our review, we are not aware of any fact that causes us to believe that the consolidated interim financial information included in the quarterly information referred to above were not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to Quarterly Information and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

5. Other issues

5.1. Interim statements of added value

We have also reviewed the individual and consolidated interim statement of added value for the three-month period ended March 31, 2013, prepared under the responsibility of the Company's management, whose disclosure in the interim financial statements is required in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information and considered as supplemental information by the International Financial Accounting Standards (IFRS), which do not require the disclosure of the Statement of Added Value. This statement was submitted to the same review procedures previously described and based on our review, we are not aware of any fact that would lead us to believe that they have not been fairly stated, in all material respects, in relation to the Individual and Consolidated interim financial information taken as a whole.

5.2. Audit and review of the prior year and period's amounts, respectively

The amounts for the year ended December 31, 2012, presented for comparison purposes, were audited by other independent auditors whose report thereon, dated March 12, 2013, which opinion was unqualified. The amounts for the three-month period ended March 31, 2012, presented for comparison purposes, were reviewed by other independent auditors whose report thereon, dated May 14, 2012, which conclusion was unqualified.

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

São Paulo, May 13, 2013.

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

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

Raul Corrêa da Silva
Accountant CRC 1SP 079028/O-1

JBS S.A.

Balance sheets
(In thousands of Reais)

	Note	Company		Consolidated	
		March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	**3,049,626**	3,564,984	**5,516,914**	5,383,087
Trade accounts receivable, net	5	**2,771,533**	2,753,737	**5,754,615**	5,688,648
Inventories	6	**1,843,823**	1,940,192	**5,375,462**	5,182,187
Biological assets	7	**-**	-	**870,968**	849,624
Recoverable taxes	8	**1,272,535**	1,309,995	**1,789,579**	1,676,267
Prepaid expenses		**21,021**	9,648	**162,676**	142,961
Other current assets		**271,914**	273,332	**474,120**	460,625
TOTAL CURRENT ASSETS		**9,230,452**	**9,851,888**	**19,944,334**	**19,383,399**
NON-CURRENT ASSETS					
Long-term assets					
Credits with related parties	9	**953,721**	808,062	**632,414**	548,909
Biological assets	7	**-**	-	**304,688**	304,309
Recoverable taxes	8	**647,015**	641,957	**677,931**	673,346
Other non-current assets		**251,076**	206,137	**760,975**	671,758
Total long-term assets		**1,851,812**	**1,656,156**	**2,376,008**	**2,198,322**
Investments in associate, subsidiaries and joint ventures	10	**7,150,881**	6,118,876	**276,529**	258,620
Property, plant and equipment, net	11	**8,820,439**	8,767,637	**16,430,613**	16,207,640
Intangible assets, net	12	**9,531,896**	9,531,964	**11,773,048**	11,708,212
TOTAL NON-CURRENT ASSETS		**27,355,028**	**26,074,633**	**30,856,198**	**30,372,794**
TOTAL ASSETS		**36,585,480**	**35,926,521**	**50,800,532**	**49,756,193**

The accompanying notes are an integral part of the quarterly interim financial statements

JBS S.A.

Balance sheets
(In thousands of Reais)

	Note	Company		Consolidated	
		March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade accounts payable	13	**871,167**	1,000,273	**3,335,859**	3,564,270
Loans and financings	14/15	**5,053,470**	5,355,774	**5,901,396**	6,098,898
Income taxes	16	**-**	-	**11,871**	8,886
Payroll, social charges and tax obligation	16	**390,938**	361,741	**1,309,638**	1,276,009
Declared dividends	17	**170,749**	170,749	**170,749**	170,749
Payables related to facilities acquisitions	18	**106,068**	112,712	**112,471**	112,712
Other current liabilities		**321,370**	280,649	**395,986**	306,049
TOTAL CURRENT LIABILITIES		**6,913,762**	**7,281,898**	**11,237,970**	**11,537,573**
NON-CURRENT LIABILITIES					
Loans and financings	14/15	**7,425,560**	6,795,885	**15,294,424**	14,390,046
Payroll, social charges and tax obligation	16	**137,559**	137,847	**511,324**	524,230
Payables related to facilities acquisitions	18	**56,062**	95,142	**158,223**	95,142
Deferred income taxes	19	**971,809**	825,781	**1,387,352**	1,276,756
Provision for lawsuits risk	20	**157,164**	155,156	**195,067**	203,361
Other non-current liabilities		**23,583**	24,265	**287,652**	295,779
TOTAL NON-CURRENT LIABILITIES		**8,771,737**	**8,034,076**	**17,834,042**	**16,785,314**
EQUITY	21				
Capital stock		**21,506,247**	21,506,247	**21,506,247**	21,506,247
Treasury shares		**(593,485)**	(776,526)	**(593,485)**	(776,526)
Capital transaction		**76,786**	77,374	**76,786**	77,374
Capital reserve		**211,879**	211,879	**211,879**	211,879
Revaluation reserve		**95,677**	96,847	**95,677**	96,847
Profit reserves		**1,993,697**	1,993,697	**1,993,697**	1,993,697
Valuation adjustments to equity in subsidiaries		**108,644**	92,999	**108,644**	92,999
Accumulated translation adjustments in subsidiaries		**(2,728,527)**	(2,591,970)	**(2,728,527)**	(2,591,970)
Retained earnings		**229,063**	-	**229,063**	-
Attributable to controlling interest		**20,899,981**	**20,610,547**	**20,899,981**	**20,610,547**
Attributable to noncontrolling interest		**-**	**-**	**828,539**	**822,759**
TOTAL EQUITY		**20,899,981**	**20,610,547**	**21,728,520**	**21,433,306**
TOTAL LIABILITIES AND EQUITY		**36,585,480**	**35,926,521**	**50,800,532**	**49,756,193**

The accompanying notes are an integral part of the quarterly interim financial statements

JBS S.A.

Statements of income for the three months period ended March 31, 2013 and 2012
(In thousands of Reais)

	Note	Company		Consolidated	
		2013	2012	2013	2012
NET REVENUE	22	**4,513,957**	**3,350,379**	**19,527,576**	**16,011,080**
Cost of goods sold		**(3,386,284)**	(2,451,641)	**(17,491,030)**	(14,357,175)
GROSS INCOME		**1,127,673**	**898,738**	**2,036,546**	**1,653,905**
OPERATING INCOME (EXPENSE)					
General and administrative expenses		**(242,330)**	(162,472)	**(544,066)**	(427,891)
Selling expenses		**(450,060)**	(327,025)	**(1,050,054)**	(816,404)
Financial expense, net	23	**(51,251)**	(38,775)	**(78,215)**	(155,821)
Equity in earnings of subsidiaries	10	**(12,178)**	(130,962)	**1,664**	-
Other income (expenses), net	24	**2,067**	75	**5,199**	(12,185)
		(753,752)	**(659,159)**	**(1,665,472)**	**(1,412,301)**
NET INCOME BEFORE TAXES		**373,921**	**239,579**	**371,074**	**241,604**
Current income taxes	19	**603**	750	**(18,806)**	16,643
Deferred income taxes	19	**(146,631)**	(124,250)	**(110,041)**	(128,728)
		(146,028)	**(123,500)**	**(128,847)**	**(112,085)**
NET INCOME OF THE PERIOD		**227,893**	**116,079**	**242,227**	**129,519**
ATTRIBUTABLE TO:					
Controlling interest				**227,893**	116,079
Noncontrolling interest				**14,334**	13,440
				242,227	**129,519**
Net income basic per thousand shares - in reais	25	**79.64**	**39.16**	**79.64**	**39.16**
Net income diluted per thousand shares - in reais	25	**79.64**	**39.16**	**79.64**	**39.16**

The accompanying notes are an integral part of the quarterly interim financial statements

JBS S.A.

Statement of comprehensive income for the three months period ended March 31, 2013 and 2012
(In thousands of Reais)

	Company		Consolidated	
	2013	2012	2013	2012
Net income of the period	**227,893**	**116,079**	**242,227**	**129,519**
Other comprehensive income				
Valuation adjustments to equity in subsidiaries	**15,645**	(99)	**15,645**	(99)
Accumulated adjustment of conversion in subsidiaries	**(70,559)**	(558)	**(70,559)**	(558)
Exchange variation in subsidiaries	**(65,998)**	(148,393)	**(65,998)**	(148,393)
Total of comprehensive income	**106,981**	**(32,971)**	**121,315**	**(19,531)**
Total of comprehensive income attributable to:				
Controlling interest	**106,981**	(32,971)	**114,136**	(17,504)
Noncontrolling interest	**-**	-	**7,179**	(2,027)
	106,981	**(32,971)**	**121,315**	**(19,531)**

The accompanying notes are an integral part of the quarterly interim financial statements

JBS S.A.

Statements of changes in equity for the three months period ended March 31, 2013 and 2012
(In thousands of Reais)

	Capital stock	Capital transactions	Capital reserve	Revaluation reserve	Profit reserves		Treasury shares	Valuation adjustments to equity	Accumulated translation adjustments	Retained Earnings	Total	Noncontrolling interest	Total equity
					Legal	For expansion							
BALANCE AS OF DECEMBER 31, 2011	**21,506,247**	**(10,212)**	**985,944**	**101,556**	**7,768**	**1,433,031**	**(610,550)**	**127,071**	**(2,877,033)**	**-**	**20,663,822**	**935,366**	**21,599,188**
Capital transaction	-	85	-	-	-	-	-	-	-	-	**85**	-	**85**
Purchase of treasury shares	-	-	-	-	-	-	(2,028)	-	-	-	**(2,028)**	-	**(2,028)**
Cancellation of treasury shares	-	-	(612,578)	-	-	-	612,578	-	-	-	**-**	-	**-**
Realization of revaluation reserve	-	-	-	(1,456)	-	-	-	-	-	1,456	**-**	-	**-**
Valuation adjustments in subsidiaries equity	-	-	-	-	-	-	-	(99)	-	-	**(99)**	-	**(99)**
Accumulated translation adjustments in subsidiaries equity	-	-	-	-	-	-	-	-	(558)	-	**(558)**	-	**(558)**
Investments exchange rate variations, net	-	-	-	-	-	-	-	-	(148,393)	-	**(148,393)**	-	**(148,393)**
Net income of the period	-	-	-	-	-	-	-	-	-	116,079	**116,079**	13,440	**129,519**
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	**-**	73,732	**73,732**
BALANCE AS OF MARCH 31, 2012	**21,506,247**	**(10,127)**	**373,366**	**100,100**	**7,768**	**1,433,031**	**-**	**126,972**	**(3,025,984)**	**117,535**	**20,628,908**	**1,022,538**	**21,651,446**
BALANCE AS OF DECEMBER 31, 2012	**21,506,247**	**77,374**	**211,879**	**96,847**	**43,715**	**1,949,982**	**(776,526)**	**92,999**	**(2,591,970)**	**-**	**20,610,547**	**822,759**	**21,433,306**
Capital transactions	-	(588)	-	-	-	-	-	-	-	-	**(588)**	-	**(588)**
Transfer of treasury shares	-	-	-	-	-	-	183,041	-	-	-	**183,041**	-	**183,041**
Realization of revaluation reserve	-	-	-	(1,170)	-	-	-	-	-	1,170	**-**	-	**-**
Valuation adjustments in subsidiaries equity	-	-	-	-	-	-	-	15,645	-	-	**15,645**	-	**15,645**
Accumulated translation adjustments in subsidiaries equity	-	-	-	-	-	-	-	-	(70,559)	-	**(70,559)**	-	**(70,559)**
Investments exchange rate variations, net	-	-	-	-	-	-	-	-	(65,998)	-	**(65,998)**	-	**(65,998)**
Net income of the period	-	-	-	-	-	-	-	-	-	227,893	**227,893**	14,334	**242,227**
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	(8,554)	**(8,554)**
BALANCE AS OF MARCH 31, 2013	**21,506,247**	**76,786**	**211,879**	**95,677**	**43,715**	**1,949,982**	**(593,485)**	**108,644**	**(2,728,527)**	**229,063**	**20,899,981**	**828,539**	**21,728,520**

The accompanying notes are an integral part of the quarterly interim financial statements

JBS S.A.

Statements of cash flows for the three months period ended March 31, 2013 and 2012
(In thousands of Reais)

	Company		Consolidated	
	2013	2012	2013	2012
Cash flow from operating activities				
Net income of the period attributable to controlling interest	**227,893**	116,079	**227,893**	116,079
Adjustments to reconcile net income to cash provided on operating activities				
. Depreciation and amortization	**119,978**	105,084	**429,006**	285,043
. Allowance for doubtful accounts	**(3,057)**	-	**(3,507)**	(2,086)
. Equity in earnings of subsidiaries	**12,178**	130,962	**(1,664)**	-
. Loss (gain) on assets sales	**7,499**	(75)	**4,325**	6,114
. Deferred income taxes	**146,631**	124,250	**110,041**	128,728
. Current and non-current financial charges	**(55,750)**	(297,993)	**86,660**	(219,501)
. Provision for lawsuits risk	**2,008**	1,350	**6,371**	(15)
. Impairment	**-**	-	**-**	4,144
	457,380	**179,657**	**859,125**	**318,506**
Decrease (increase) in operating assets				
Trade accounts receivable	**(75,548)**	43,934	**(143,114)**	210,061
Inventories	**96,369**	(147,297)	**(218,666)**	(273,759)
Recoverable taxes	**35,204**	(44,593)	**(8,255)**	(225,116)
Other current and non-current assets	**(68,528)**	(31,007)	**(91,022)**	2,440
Related party receivable	**(129,523)**	(347,365)	**(87,314)**	44,691
Biological assets	**-**	-	**(107,714)**	33,374
Increase (decrease) operating liabilities				
Trade accounts payable	**(126,804)**	167,155	**(196,683)**	(104,951)
Other current and non-current liabilities	**21,249**	100,560	**23,375**	21,961
Noncontrolling interest	**-**	-	**14,334**	13,440
Valuation adjustments to equity in subsidiaries	**-**	-	**14,521**	(77,156)
Changes in operating assets and liabilities	**(247,581)**	**(258,613)**	**(800,538)**	**(355,015)**
Net cash provided by (used in) operating activities	**209,799**	**(78,956)**	**58,587**	**(36,509)**
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	**(175,450)**	(226,991)	**(282,504)**	(291,965)
Net effect of Joint Venture deconsolidation	**-**	-	**(8,623)**	-
Increase in investments in subsidiaries	**(970,218)**	-	**-**	-
Decrease in investments in subsidiaries	**-**	871,887	**-**	-
Net effect of working capital of acquired / merged company	**-**	-	**(271,843)**	151
Net cash provided by (used in) investing activities	**(1,145,668)**	**644,896**	**(562,970)**	**(291,814)**
Cash flow from financing activities				
Proceeds from loans and financings	**2,210,330**	453,764	**4,430,261**	4,421,162
Payments of loans and financings	**(1,789,819)**	(1,453,397)	**(3,737,065)**	(4,211,525)
Capital transactions	**-**	85	**(588)**	(263)
Shares acquisition of own emission	**-**	(2,028)	**-**	(1,680)
Net cash provided by (used in) financing activities	**420,511**	**(1,001,576)**	**692,608**	**207,694**
Effect of exchange variation on cash and cash equivalents	**-**	**-**	**(54,398)**	**(16,737)**
Variance in cash and cash equivalents	**(515,358)**	(435,636)	**133,827**	(137,366)
Cash and cash equivalents at the beginning of the period	**3,564,984**	3,612,867	**5,383,087**	5,288,194
Cash and cash equivalents at the end of the period	**3,049,626**	**3,177,231**	**5,516,914**	**5,150,828**

The accompanying notes are an integral part of the quarterly interim financial statements

JBS S.A.

Economic value added for the three months period ended March 31, 2013 and 2012
(In thousands of Reais)

	Company		Consolidated	
	2013	2012	2013	2012
Revenue				
Sales of goods and services	**4,780,809**	3,583,442	**19,833,026**	16,328,561
Other net income	**4,737**	2,798	**48,909**	(1,142)
Allowance for doubtful accounts	**3,057**	-	**3,507**	2,086
	4,788,603	**3,586,240**	**19,885,442**	**16,329,505**
Goods				
Cost of services and goods sold	**(2,784,578)**	(1,939,996)	**(13,745,156)**	(11,170,260)
Materials, energy, services from third parties and others	**(744,208)**	(536,984)	**(2,801,264)**	(2,374,063)
Losses of amounts	**-**	-	**-**	(92)
	(3,528,786)	**(2,476,980)**	**(16,546,420)**	**(13,544,415)**
Gross added value	**1,259,817**	**1,109,260**	**3,339,022**	**2,785,090**
Depreciation and Amortization	**(119,978)**	(105,084)	**(429,006)**	(285,043)
Net added value generated by the company	**1,139,839**	**1,004,176**	**2,910,016**	**2,500,047**
Net added value by transfer				
Equity in earnings of subsidiaries	**(12,178)**	(130,962)	**1,664**	-
Financial income	**489,780**	449,591	**616,607**	567,038
Others	**2,013**	597	**4,300**	7,184
NET ADDED VALUE TOTAL TO DISTRIBUTION	**1,619,454**	**1,323,402**	**3,532,587**	**3,074,269**
Distribution of added value				
Labor				
Salaries	**365,423**	283,829	**1,664,955**	1,400,705
Benefits	**45,140**	32,155	**362,472**	320,106
FGTS (Brazilian Labor Social Charge)	**18,432**	14,326	**20,823**	17,147
	428,995	**330,310**	**2,048,250**	**1,737,958**
Taxes and contribution				
Federal	**175,578**	185,040	**183,428**	203,845
State	**224,113**	190,978	**247,233**	212,123
Municipal	**4,937**	4,559	**4,971**	4,931
	404,628	**380,577**	**435,632**	**420,899**
Capital Remuneration from third parties				
Interests	**535,918**	456,846	**718,434**	684,887
Rents	**17,575**	13,150	**69,995**	64,734
Others	**4,445**	26,440	**18,049**	36,272
	557,938	**496,436**	**806,478**	**785,893**
Owned capital remuneration				
Net income of the period attributable to controlling interest	**227,893**	116,079	**227,893**	116,079
Noncontrolling interest	**-**	-	**14,334**	13,440
	227,893	**116,079**	**242,227**	**129,519**
ADDED VALUE TOTAL DISTRIBUTED	**1,619,454**	**1,323,402**	**3,532,587**	**3,074,269**

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

1 Operating activities

JBS S.A ("JBS", the "Company") is a listed company in the "Novo Mercado" segment, based in the city of São Paulo, Brazil, which requires the highest level of corporate governance in the Brazilian market and its shares are traded on the BM&F Bovespa S.A - Stock Exchange, Commodity and Forward.

The Company and its subsidiaries have the following operational activities:

a) Activities in Brazil

In Company

The Company is engaged in the operation of slaughter facilities, cold storage of cattle meat, meat processing operations for the production of beef, meat by-products and canned goods, through forty-nine industrial facilities based in the states of Acre, Bahia, Goiás, Minas Gerais, Maranhão, Mato Grosso do Sul, Mato Grosso, Pará, Rio de Janeiro, Rondônia and São Paulo.

The Company distributes its products through twelve distribution centers based in the States of Amazonas, Bahia, Minas Gerais, Pernambuco, Paraná, Rio de Janeiro, Rio Grande do Sul, Santa Catarina, São Paulo and Distrito Federal.

The Company has strong leather tanning operations, most of its production intended to export in the segments of leather for furniture, automotive, footwear and artifacts, in the stages of Wet Blue, Semi Finished and Finished. The structure is composed of sixteen industrial facilities based in the States of Espirito Santo, Goiás, Minas Gerais, Mato Grosso, Mato Grosso do Sul, Pará, Rio Grande do Sul, Rondônia, São Paulo, Tocantins and Ceará. JBS has one distribution center based in the State of Mato Grosso do Sul.

Additionally, the Company operates in the segment of aluminum cans production, industrial waste management and plastic resin manufacturing; bar soap and soap production for its own brands of cleaning and hygiene segment; production of biodiesel, glycerin, olein and fatty acid; purchase and sale of soybeans, tallow, palm oil, caustic soda, stearin; industrialization and sale of tripe; own transport operations for retail sale, cattle for slaughter and export products. The Company also has stores named "Beef Shopping" that sell meat and barbecue related items directly to consumers. The Company is also engaged in the production and distribution of electric power and cogeneration.

In subsidiaries / Joint Ventures

JBS Confinamento Ltda. (JBS Confinamento) is based in Castilho and Guaiçara - State of São Paulo, Nazário and Aruanã - State of Goiás and Lucas do Rio Verde - State of Mato Grosso, is engaged in the activity of buying and reselling for fattening beef and providing services of fattening beef and third party cattle for slaughtering.

Novaprom Food Ingredients Ltda. (Novaprom) based in Guaiçara, State of São Paulo, is engaged in the production, distribution, export and import of food products and ingredients. It is the pioneer in the production of natural collagen fiber and protein, collagen in its purest form, extracted from the suede and with the minimum of 99% protein content. Novaprom sells its products throughout Brazil and exports to continents such as Europe, Latin America, Asia and Oceania.

The indirect subsidiary Meat Snacks Partner do Brasil Ltda (Meat Snacks), a joint venture with shared control between JBS's subsidiary JBS Handels GMBH and the third party company Jack Link Beef Jerky, based in Santo Antônio da Posse and Lins, State of São Paulo, produces Beef Jerky purchasing fresh meat in the domestic market and exports to the United States of America.

JBS Aves Ltda. (JBS Aves), located in Montenegro, State of Rio Grande do Sul, is engaged in poultry processing, developing of layer, breeder and broiler chickens, their production and slaughter, manufactured products and trade and export of them as well. JBS Aves operates four feed mills, three chicken slaughterhouses, four plants of industrial products, six hatcheries, four sales branches and twenty two reproduction facilities. On February 2013, the subsidiary JBS Aves started a leasing agreement with Tramonto Agroindustrial S.A. (Tramonto), based in Morro Grande, State of Santa Catarina. The agreement was signed in a period of five years with the possibility of extension for another five years. Tramonto's facilities are composed of a feed mill and two chicken processing facilities, which are in full operation. Additionally, on March 2013, JBS Aves acquired all the shares of Agrovêneto S.A. Industria de Alimentos (Agrovêneto), located in the city of Nova Veneza, state of Santa Catarina, which has similar operating activities to the JBS Aves.

b) Activities abroad

JBS Argentina S.A. (JBS Argentina), an indirect wholly-owned subsidiary of the Company, based in Argentina, operates slaughter facilities and cold storage facilities for the production of beef, canned goods, fat, pet food and beef products, and has six industrial facilities based in the provinces of Buenos Aires, Santa Fé and Córdoba.

Due to the unfavorable scenario in the meat industry in Argentina since the year 2008, the Company decided temporarily to discontinue its operations of the plants in Colonia Caroya (Province of Córdoba), Consignaciones Rurales (Province of Buenos Aires) in 2010 and Venado Tuerto (Province of Santa Fé) in 2011.

JBS USA Holdings Inc. (JBS USA) and its subsidiaries process and prepare fresh, further processed and value-added beef, pork, chicken and lamb products for sale to customers in the United States of America and in international markets.

In the United States of America, JBS USA operated eight beef processing facilities, three pork processing facilities, one lamb slaughter facility, one value-added facility and twelve feedyards which one was leased to and operated by a third party. JBS USA operated ten processing facilities, three value-added facilities and four feedyards in Australia. JBS USA operated one beef processing facility and one feedyard in Canada.

JBS USA divides its operation into three categories: Beef, operating the segment of bovine products, Pork, operating the segment of pork and lamb products and Chicken, operating the segment of chicken acquired through the business combination of Pilgrim´s Pride (PPC).

Part of JBS USA, JBS Trading USA, Inc. also based in the United States of America imports and distributes processed beef products mainly in U.S. market.

Part of JBS USA, Pilgrim's Pride - PPC based in Greeley, Colorado, United States of America is one of the largest chicken processors in the United States of America, listed company in the New York Stock Exchange, with operations in Mexico and Puerto Rico. Exporting commodities to over ninety countries, the main products are "in-natura", whole chilled or chilled parts. The main customers are restaurant chains, food processors, distributors, supermarkets, wholesalers, distributors and other retail, and export to Eastern Europe (including Russia), Far East (including China), Mexico and other world markets. The Company also operated twenty nine chicken processing facilities, supported by thirty feed mills, thirty seven hatcheries, sixteen rendering facilities and three pet food facilities in the United States and Mexico.

JBS USA, subsidiary Sampco, Inc. (Sampco), based in Chicago, in the United States of America, imports processed meats primarily from South America for resale in the United States of America, Canada and the Caribbean. Sampco also imports other foods such as canned food, fruits and vegetables from other regions, including the Far East, for sale in North America and Europe.

Global Beef Trading Sociedade Unipessoal Lda (Global Beef Trading), an indirect wholly-owned subsidiary of the Company, based in Ilha da Madeira, Portugal, sells food products such as beef, lamb, chicken and pork. Global Beef Trading imports the products from Latin America and exports to several countries in Europe, Africa and Asia.

The indirect subsidiary Toledo International NV (Toledo) based in Belgium, has basically trading operations for the european and african markets and selling cooked meat. Additionally, it develops logistics operations, warehousing, customization and new products development.

LLC Lesstor is a warehouse based in Russia whose activity is the storage of its own and third parties products through rental agreements and storage services.

The indirect subsidiary JBS Paraguay S.A (JBS Paraguay), based in Assunção, as well as in San Antonio, slaughters and processes chilled and frozen beef and raw leather. Most of its production is destined to export to others subsidiaries of JBS Group. It is licensed to export to the European Union, Chile, Russia and other markets.

JBS Leather Paraguay, based in Assunção, Paraguay, operate in the leather segment, buying fresh leather from the local market and producing and exporting to the foreign market, on the stages of Wet Blue.

The indirect subsidiary Frigorífico Canelones S.A (Frigorífico Canelones), based in Canelones, Uruguay, slaughters and processes “in natura” beef for export, and for local markets. Also sells meat cuts with bones, mainly to the local market.

The indirect subsidiary Egygate Distribution (Egygate), based in Egypt, is a wholesaler of food products.

The indirect subsidiary Misr Cold Centers and Storage (Misr Cold), based in Egypt, is a storage of meats that need to be frozen or chilled, but stores other food products.

The indirect subsidiary Rigamonti Salumificio SpA (Rigamonti), based in Italy, is the leader of the Italian market in production and sale of Bresaola (bovine cured beef). Also is engaged in the production and sales of beef jerky and flat cured pork belly (bacon), as well as the commercialization of cured ham.

The indirect subsidiary Trump Asia Enterprises Limited (Trump), based in China, has a leather processing plant, whose activity consists of the process of leather industrialization to be sold mainly for the local production of bags and shoes. It has three sales offices in Hong Kong, focused on the Asian market, and buys most of its products from JBS Group and third party.

The indirect subsidiary JBS Leather Europe s.r.o. (JBS Leather) owns an administrative and business office located in the city of Prague, and a warehouse located in the city of Borsov, all in the Czech Republic. JBS Leather buys leather from JBS Group and trades finished leathers in the foreign markets focusing on Eastern Europe, where Poland and Germany are the main consumer countries.

JBS Leather Italia S.R.L. (JBS Leather Italia), based in the city of Arzignano with another plant in the city of Matera, both in Italy, operates in the leather segment, buying leather from JBS Group and trading in domestic and European market, producing leather in Semi Finished and Finished stages.

c) Relevant Operating Event in the Company:

Conclusion of the Acquisition of Assets of Frigorífico Independência

On January 2013 the Company acquired (i) certain assets owned and held by BNY Mellon Serviços Financeiros Distribuidora de Títulos e Valores Mobiliários S/A, as the fiduciary agent of creditors that are holders of notes (bonds) issued by Independência International, assets which belonged to Independência and were given in lien to the referred creditors, taking the ownership of such assets that was consolidated after the noncompliance of obligations assumed by the issuer and guarantors in the indenture of the notes (bonds), all provided in said instruments and in accordance with applicable laws; and (ii) rights associated to credits held by certain creditors of Independência ("Assets of Independência").

The Assets of Independência include four slaughterhouses in Nova Andradina (MS), Campo Grande (MS), Senador Canedo (GO) and Rolim de Moura (RO), two tanneries in Nova Andradina (MS) and Colorado D'Oeste (RO), and two distribution centers and warehouses in Cajamar (SP) and Santos (SP). The acquisition was made through the transference of 22,987,331 common shares issued by the Company that were held in treasury.

Additionally, the Assets of Independência were capitalized in Midtown Participações Ltda. (Midtown). In order to achieve the purchase operation of these assets, the Company constitutes the subsidiary JBS Global Meat S.A. (JBS Global Meat) and based on the agreement of purchase and sale, the Company capitalized JBS Global Meat with the investment in Midtown, becoming the holding of the assets through this subsidiary.

The Company continues to evaluate the impact of the operation and the purchase price allocation presented below is preliminary and subject to change, which can occur within a year, in accordance with IFRS 3 (R)/CPC 15 R1. The amounts presented reflect the estimated fair value of the acquired assets on March 31, 2013:

Total amount paid	R$	197,005
Estimated fair value of acquired assets	R$	135,001
Estimated value of goodwill to expectation of future earnings	R$	62,004

d) Relevant Operating Event in subsidiaries:

Agrovêneto's acquisition

On March 2013, the subsidiary JBS Aves Ltda. acquired all the shares of Agrovêneto S.A. Industria de Alimentos (Agrovêneto) for the total amount of R$ 108,564. In the consolidated, the liabilities related to this transaction is under the caption "Debit with third parties for investment".

JBS Aves continues to evaluate the impacts of the operation and the purchase price allocation is preliminary, remaining the conclusion of the evaluation of the assets acquired and assumed liabilities, including deferred taxes. The allocation of the purchase price is subject to changes, which can occur within a year, in accordance with IFRS 3 (R)/CPC 15 R1. The amounts presented reflect the estimated fair value of individual assets and assumed liabilities on March 31, 2013:

Total of debit with third parties for investment	R$	108,564
Estimated fair value of acquired assets and assumed liabilities	R$	63,742
Estimated value of goodwill arising from expected future profitability	R$	44,822

2 Elaboration and presentation of quarterly interim financial statements

a. Declaration of conformity

These quarterly interim financial statement includes:

The Company quarterly interim financial statements were prepared and in accordance with International Financing Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also in accordance with pronouncements, interpretations and orientations of Brazilian Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis) - CPC approved by resolutions of the Brazilian Federal Accounting Council (Conselho Federal de Contabilidade) - CFC and requirements of the Brazilian Securities Commission - CVM.

The individual quarterly interim financial statements were prepared in accordance with accounting practices adopted in Brazil, in compliance with the Law of joint stock companies (Lei das sociedades por ações - Leis das SA's), considering the amendments made by Brazilian Laws 11.638/07 and 11.941/09 and pronouncements, interpretations and orientations of Brazilian Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis) - CPC approved by resolutions of the Brazilian Federal Accounting Council (Conselho Federal de Contabilidade) - CFC, and requirements of the Brazilian Securities Commission - CVM.

The individual quarterly interim financial statements present the evaluation of investments in associates, subsidiaries and joint ventures by the equity method, according to Brazilian legislation. Thereby the quarterly interim financial statements are not in accordance with the IFRS, which requires the evaluation of these investments in the individual company's quarterly interim financial statements measured at their fair value or at cost.

The quarterly interim financial statements of subsidiaries presented prior to the first time adoption of IFRS are adjusted to the policies adopted by the Group - International Financing Reporting Standards (IFRS).Thus, the balance sheets of subsidiaries have been prepared with international accounting uniform policies and practices. Similarly, for the new investments acquisitions after adoption of IFRS, IFRS 3 (R)/CPC 15 R1 - Business Combinations is applied, which presents investment of fair value, subsequently, evaluating its investments.

Since there is no difference between the consolidated equity and the consolidated profit/loss attributable to shareholders of Company, presented in the quarterly interim financial statements prepared in accordance with IFRSs and the practices adopted in Brazil, and equity and profit/loss of the Company, presented in the individual financial statements prepared in accordance with accounting practices adopted in Brazil. Therefore, the Company has decided to present individual and quarterly interim financial statements into a single set side by side.

Transitional Tax Regime (Regime Tributário Transitório - RTT) - The amounts presented in quarterly interim financial statements as of March 31, 2013 are considering the adoption of the Tax Regime Transition (RTT) by the Company as allowed by Law n° 11.941/09, which aims to maintain neutrality tax changes in the Brazilian corporate law, introduced by Law n° 11.638/07 and by the Law n° 11.941/09.

The approval of these quarterly interim financial statements was given at the Board of Directors' meeting held on May 13, 2013.

Functional and presentation currency

These individual and quarterly interim financial statements are presented in Reais, which is the Company's functional currency. All financial information is presented in thousands of reais.

3 Significant accounting policies

The main accounting policies used in the preparation of these quarterly interim financial statements, as described below, have been consistently applied over all the reported periods, unless otherwise stated.

a) Statements of income

Revenue and expenses are recorded on the accrual basis. Revenue is measured at the fair value of the payment received or receivable for sale of products and services in the Company normal course of business and its subsidiaries.

In the income statement revenue is net of taxes, returns, rebates and discounts, as well as of intercompany sales. On note 22 is presented net revenue reconciliation.

In accordance with IAS 18/CPC 30 - Revenues, the Company recognizes revenue when, and only when:

(i) the amount of revenue can be measured reliably;
(ii) the entity has transferred to the buyer the significant risks and rewards incidental to ownership over the goods;
(iii) it is probable that the economic benefits will flow to the Company and its subsidiaries;
(iv) the entity neither maintains involvement in the Management of product sold at levels normally associated with ownership nor effective control of such cost of good sold; and
(v) expenses incurred or to be incurred related to the transaction, can be reliably measured.

The expenses are recorded on the accrual basis.

b) Accounting estimates

In the process of applying the Company's accounting policies, Management made the following judgments which can eventually have a material impact on the amounts recognized in the quarterly interim financial statements:

- impairment of non-financial assets;
- impairment of recoverable taxes;
- retirement benefits;
- measurement at fair value of items related to business combinations;
- fair value of financial instruments;
- provision for tax, civil and labor risks;
- impairment of financial assets;
- biological assets; and
- useful lives of property, plant and equipment.

The Company reviews its estimates and underlying assumptions used in its accounting estimates on a quarterly basis. Revisions to accounting estimates are recognized in the quarterly interim financial statements in the period in which the estimates are revised.

The settlement of transactions involving these estimates may result in different amounts due to potential inaccuracies inherent in the process of its determination.

c) Cash and cash equivalents

Cash and cash equivalents include cash balances, banks and financial investments with original maturities of three months or less from the date of the contract. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value in accordance with IAS 7/CPC 03 R2 - Statement of Cash Flows. These investments are designed to satisfy the cash commitments of short-term (daily management of financial resources of the Company and its subsidiaries) and not for investment or other purposes.

d) Trade accounts receivable

Trade accounts receivable correspond to amounts owed by customers in the ordinary course of business of the Company. If the due date is equivalent to one year or less, the account receivable is classified as current assets. Otherwise, the corresponding amount is classified as noncurrent assets.

Accounts receivable are initially recognized at fair value, subsequently measured at amortized cost, less any impairment. In practice, they are recognized at the invoiced amount, adjusted to its recoverable value.

e) Allowance for doubtful accounts

Allowance for doubtful accounts of accounts receivable are calculated based on the analysis of the aging list, provisioning the items of long standing, and considering the probable estimated losses, which the amount is considered sufficient by the Management to cover probable losses on accounts receivable based on historical losses.

Allowance for doubtful accounts expenses with the constitution of the provision for adjustment to recoverable value are recorded under the caption "Selling Expenses" in the individual and consolidated statements of income. When no additional recoverability is expected, the account receivable is derecognized.

f) Inventories

In accordance with IAS 2/CPC 16 R1 - Inventories, the inventories are stated at the lower of the average cost of acquisition or production, and the net realizable value. The cost of inventories is recognized in the income statement when inventories are sold or perishing.

g) Biological assets

In accordance with IAS 41/CPC 29 - Biological Assets, companies that operate with agricultural activities, such as grain crops, increased herd (of cattle feedlot operations or livestock grazing), and various agriculture crops are required to mark to market these assets, which effect shall be recorded in the income statement of the year.

The evaluation of biological assets is done on a quarterly basis by the Company, and the gain or loss on change in fair value of biological assets is recognized in the income statement in the period in which it occurs, in specific line as a reduction of gross revenue and cost of products sold.

The registration of biological assets is done through the concept of market to market and cost, according to the criteria defined in the Note 7.

h) Investments in associates, subsidiaries and joint ventures

In the individual quarterly interim financial statements of the Company, the investments in associates, subsidiaries and joint ventures are recognized by the equity method.

In accordance with IAS 28/CPC 18 - IAS 28 Investments in Associates, Subsidiaries and Joint Ventures, Associate is an entity over which an investee has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but not control or joint control).

According to IAS 31/CPC 19 R2- Interests in joint venture, Joint ventures are business jointly controlled whereby parties that hold the joint control have rights to the net assets of the business . The interests in joint ventures are treated as investment and recorded by the equity method, in accordance with IAS28/CPC 18 - Investments in associates, subsidiaries and joint ventures.

Exchange differences on foreign currency investments are recognized in equity in the accumulated translation adjustments.

i) Property, plant and equipment - PP&E

The items of property, plant and equipment are valued at historical cost of acquisition or construction, net of accumulated depreciation and impairment.

The interest on loans that are directly attributable to fixed assets acquisition or construction of assets are capitalized as part of the costs of these assets. Borrowing costs that are not directly related to specific assets (but related to more than one asset) are capitalized based on average interest rate on the balance of construction in progress. These costs are amortized according to the estimated useful lives of the related assets.

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, so that the value of cost less its residual value after the useful life is fully depreciated (except for land and construction in progress). The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date and the effect of any changes in estimates are accounted for prospectively.

An item is disposed when of there are no future economic benefits resulting from its continued use. Any gains or losses on sale or disposal of fixed assets are determined by the difference between the amounts received against the carrying value and are recognized in the income statement.

j) Assets leased

Leases under which the Company assumes the risks and benefits of ownership are classified as financial leases. After initial recognition, the asset is in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and the leased assets are not recognized on the balance sheet of the Company, being recorded in the Statement of income as an expense in accordance with the payments. The Company has only operating leases.

k) Intangible assets

Consist mostly of goodwill recorded in accordance with IAS 38/CPC 4 - Intangible assets by cost or formation, less amortization and any applicable losses due to impairment. Amortization, when aplicable, is recognized using straight-line method based on the useful lives of assets. The estimated useful lives and amortization method are reviewed at the end of each financial year and the effect of any changes in estimated are accounted for prospectively.

Goodwill arising from business combination

Goodwill resulting from business combinations is stated at cost at the date of business combination, net of accumulated impairment.

Goodwill is subject to annual impairment testing or more frequently when impairment indications are identified. If the recoverable amount of the cash-generating unit is less than the carrying value, an impairment loss is recorded. Any impairment loss on the recoverable amount of goodwill is directly recognized in income statement. The impairment loss is not reversed in subsequent periods.
At the sale of the corresponding cash-generating unit, the goodwill is included in the calculation of profit or loss on disposal.

Impairment of tangible and intangible assets, excluding goodwill

Property, plant and equipment, intangible assets with defined useful lives and other assets (current and noncurrent) are tested for impairment, if indications of potential impairment exist. Intangible assets are tested for impairment when an indication of potential impairment exists or on an annual basis, regardless of whether or not there is any indication of impairment, pursuant to IAS 38/CPC 4 - Intangible Assets.

After each year end a review is made of the carrying value of tangible and intangible assets to determine whether there is some indication that those assets have suffered any impairment. If such indication is indentified, the recoverable amount of the asset is estimated in order to measure the amount of such loss, if any.

The recoverable amount is the higher amount between fair value less costs to sell and value in use. In evaluation of value in use, the estimated future cash flows are discounted to present value by the discount rate before tax that reflects current market assessment of the time value of money and the specific risks to the asset.

If the recoverable amount of an asset is lower than its carrying value, the asset is reduced to its recoverable amount. The loss on the impairment is recognized immediately in the statement of income and is reversed if there has been a change in the estimates used to determine the recoverable amount. When an impairment loss is subsequently reversed, there is an increase in amount of the asset due to the revised estimate of its recoverable amount, but it does not exceed carrying amount that would have been determined if no loss on the impairment had been recognized for the asset in prior years. Reversal of loss on the impairment is recognized directly in the income statement.

l) Other current and noncurrent assets

Other current and noncurrent assets are stated at cost or realizable value including, if applicable, income earned through the reporting date.

m) Trade accounts payable

Correspond to the amounts owed to suppliers in the ordinary course of business of the Company. If the payment period is equivalent to one year or less, suppliers are classified as current liabilities. Otherwise, the corresponding amount is classified as noncurrent liabilities. When applicable, are added interest, monetary or exchange rate.

n) Loans and financings

Loans and financings are recognized at fair value upon receipt of the proceeds, net of transaction costs, when applicable, plus charges, interests and monetary and exchange rate variation contractually defined, incurred until the end of each period, as shown in note 14.

o) Income tax and social contribution

Current taxes

Current taxes are computed based on taxable income at tax rates in effect, according to prevailing legislation.

Deferred taxes

Deferred income tax (deferred tax) is calculated on the temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates enacted and expected to be applied when the deferred tax assets are realized or when the income tax liability is settled.

Deferred tax assets are recognized only in proportion to the expectation or likelihood that future taxable income will be available against which the temporary differences, tax losses and tax credits can be used.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and they are related to income taxes levied by the same taxation authority on the same taxable entity.

p) Dividends

Dividend distribution, when applicable, proposed by Management is equivalent to the mandatory minimum dividend of 25% and is recorded under the caption "Declarec Dividends" in liabilities since it is considered a legal obligation established by the Company's laws.

q) Current and noncurrent liabilities

Current and noncurrent liabilities are stated at known or estimated amounts, including, if applicable, charges and monetary or exchange rate variations.

r) Noncontrolling interest

According to IAS 1/CPC 26 R1, Presentation of financial statements, noncontrolling interests are presented in the quarterly interim financial statements within equity, with respective effects included in the statement of income.

s) Contingent assets and liabilities

According to IAS 37/CPC 25 -Provisions, Contingent Liabilities and Contingent Assets, contingent assets are recognized only when their realization is "virtually certain", based on favorable final judicial decision. Contingent assets are disclosed where an inflow of economic benefits is probable.

Contingent liabilities are accrued when losses are probable and the amounts can be estimated reliably. Contingent liabilities classified as possible are only disclosed and contingent liabilities classified as remote are neither accrued nor disclosed.

t) Adjustment of assets and liabilities to present value

The Company presents, when applicable, assets and liabilities at present value long-term assets and liabilities, according to CPC12- Present value adjustment. The present value long-term assets and liabilities are adjusted to present value, but the adjustment on the short-term balances occurs only when the fact is considered material in relation to the quarterly interim financial statements.

In the present value calculation adjustment the Company considered the following assumptions: (i) the amount to be discounted; (ii) the dates of realization and settlement; and (iii) the discount rate.

The discount rate assumption relies on current market valuations as to time value of money and specific risks for each asset and liability.

u) Consolidation

Quarterly interim financial statements include individual financial statements of the Company, its subsidiaries and joint controlled entities (proportionally consolidated). Control is obtained when the Company has the power to control financial and operating policies of an entity so as to obtain benefits from its activities.
When necessary, the financial statements of subsidiaries are adjusted according to the accounting policies established by the Group. All transactions, balances, income and expenses between Group companies are eliminated in the quarterly interim financial statements. Consolidated subsidiaries are detailed described on note 10.

The quarterly interim financial statements of the foreign subsidiaries are originally prepared in the currency of the country in which they are based and, subsequently, are adjusted to IFRS and translated to Brazilian reais using the exchange rate in effect at the reporting date for assets and liabilities, the historical exchange rate for changes in equity and the average exchange rate for the period for income and expenses when it is appropriate. Exchange gains and losses are recognized in equity under the caption "accumulated translation adjustments" in accordance with IAS 21/CPC 2 R2 - The effects of changes in foreign exchange rates.

v) Foreign currency translation

Functional and reporting currency

Transactions in foreign currencies are translated to the respective functional currencies of the Company entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

The items of the quarterly interim financial statements of the subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate ("functional currency"), being adjusted to IFRS and translated to Brazilian Real at the corresponding exchange rate of the reporting period for assets and liabilities, the historical rate for equity and the average exchange rate of the period for the income statement, if applicable, and with the exchange rate effects recognized in comprehensive income.

w) Earning per share

According to with IAS 33/CPC 41 - Earnings per share, the Company presents the basic and diluted earnings per share data for its common shares:

Basic: Calculated by dividing net income allocated to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted: Calculated by dividing net income of the period attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for the effects of all dilutive potential common shares, adjusted for own shares held.

x) Financial instruments

Subsequent measurement of financial instruments occurs at each reporting date, according to the rules for each category of financial assets and liabilities.

• Financial assets at fair value through profit or loss

Financial asset are classified by its fair value on the financial report if it is classified as held for trading or designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair values in accordance with a documented risk management and investment strategy of the Company. Transaction costs, after initial recognition are recognized in income statement as incurred. Financial assets recorded at fair value through profit or loss are measured at fair value and changes in fair value of these assets are recognized in statement of income of the period. The financial instruments classified in this category are " Cash and cash equivalents" and "Derivatives receivables".

• Loans and receivables

Loans and receivables are financial assets with fixed or estimated payment amounts that are not quoted in an active market. Such assets are initially recognized at fair value plus any attributable transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, decreased by any loss on the impairment. The main assets of the Company classified in this category are "trade accounts receivables" and "related parties".

• Held to maturity

In the case when the Company intends and is able to hold bonds to maturity, then such financial assets are classified as held to maturity. Investments held to maturity are initially recognized at fair value plus any directly attributable transaction costs. After initial recognition, investments held to maturity are measured at amortized cost using the effective interest method, decreased by any loss on the impairment. The Company has no financial instruments in this category.

• Non derivative financial liabilities

The Company recognizes debt securities and subordinated debt on the date on which they originated. All other financial liabilities (including liabilities designated at fair value recorded in income) are initially recognized on the trade date on which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are canceled or expired.

The Company has the following non-derivative financial liabilities: loans, financing, trade accounts payable, debts with related parties and other payables.

• Impairment of financial assets

Financial assets, except those designated at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Impairment loss is recognized if, and only if there is any indication that an asset may be impaired as a result of one or more events that occurred after initial recognition, and had an impact on the future cash flows estimated of this asset.

The financial asset carrying value is reduced directly by the loss of the impairment for all financial assets, except accounts receivable in which the carrying value is reduced by provision. Subsequent recoveries of amounts previously written off are credited to the provision. Changes in the carrying value of the provision are recognized in statement of income.

• Derivatives

The Company and subsidiaries recognize and disclose financial instruments and derivatives according to IAS 39/CPC 38 - Financial Instruments: Recognition and Measurement, IFRIC 9 - Assessment of embedded derivatives and IFRS 7/CPC 40 - Disclosure of Financial Instruments. Financial instruments are recognized after the Company and its subsidiaries become a party to the contractual provisions at the instruments.

Based on a risk management policy of the JBS Group, the Company and/its subsidiaries, contract financial derivatives instruments in order to minimize the risk of losses due to the exposure to fluctuation in exchange rates, interest rates, commodities prices, credit risks and liquidity, which can affect the valuation of current and noncurrent assets, future cash flow and profit.

The fair value of derivative instruments is calculated by the treasury department, based on information of each contracted transaction and market information on the reporting dates such as interest rates and exchange rates.

y) Business combinations

According to IFRS 3 (R)/CPC 15 R1 - Business Combination, business acquisitions are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group . The consideration transferred in a business combination is measured at fair value, which is calculated by adding the fair values of assets transferred, liabilities incurred on the acquisition date to the previous owners of the acquired shares issued in exchange for control of the acquired. The acquisition-related costs are generally recognized in income when incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the recognized amount of noncontrolling interests in the acquired business plus the fair value of the existing equity interest in the acquired less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. If the excess is negative, a bargain purchase gain is recognized immediately in income as a gain.

If the initial accounting for a business combination is incomplete at the closing of the period in which the business combination has occurred, the recording of the temporary values of items whose accounting is incomplete are made. These temporary figures are adjusted during the measurement period (which shall not exceed one year from the date of acquisition), or additional assets and liabilities are recognized to reflect new information relating to facts and circumstances existing at the acquisition date which, if known, would have affected the amounts recognized on that date.

z) Employee benefits

Defined Contribution Plans:

A defined contribution plan is a plan for post-employment benefits under which an entity pays fixed contributions into a separate entity (Provident Fund) and has no legal or constructive obligation to pay additional amounts. Obligations for contributions to pension plans to defined contribution plans are recognized as expenses for employee benefits in income in the periods during which employees render services. Prepaid contributions are recognized as an asset upon condition that reimbursement of cash or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employee renders service are discounted to their present values.

Defined benefit plans

A defined benefit plan is a plan for post-employment benefits other than defined contribution plan. The net liability with regard to pension plans of defined benefit is calculated individually for each plan by estimating the amount of future benefit that employees earned in return for services rendered in the current period and prior periods, that benefit is discounted to present value. Any past service costs not recognized and the fair values of any plan assets is deducted.

The discount rate is yield at the reporting date on funds that have maturity dates approximating the terms of the appropriate subsidiary's obligation and that are denominated in the same currency in which benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit for the indirect subsidiary, the asset to be recognized is limited to the total cost of any unrecognized past service and present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan . To calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in indirect subsidiary. An economic benefit is available to the indirect subsidiary if it is achievable during the life of the plan or the liquidation of the plan liabilities.

When the benefits of a plan are increased, the portion of the increased benefit relating to past service by employees is recognized in the straight-line method over the average period until the benefits become vested. To the extent the benefits become vested immediately, the expense is recognized immediately in income.

All actuarial gains and losses arising from defined benefit plans are accounted for in other comprehensive income.

aa) Segment reporting

In accordance with IFRS 8/CPC 22 - Segment reporting - Segment reporting is presented consistently with the internal reports provided to the entity's chief operating decision maker to make decisions about resources allocations, performance evaluation by segment and strategic decision making process.

ab) Statements of Cash flow

The statements of cash flows have been prepared by the indirect method in accordance with the instructions contained in IAS 7/CPC 3 - Statement of Cash Flows.

ac) Statement of comprehensive income

According to IAS 1/CPC 26 R1 - Presentation of quarterly interim financial statements - The statement of comprehensive income is composed by the conversion rate of foreign currency investments abroad and equity valuation in investments.

ad) Economic Value Added

In accordance with CPC 9 (No correlation to IFRS) - Statement of Economic Value Added, the Company included in the financial statements, the Statement of Value Added (EVA), and as additional information in the quarterly interim financial statements, because it is not a compulsory statement according to IFRS.

The Economic Value Added Statement, aims to demonstrate the value of the wealth generated by the Company and its subsidiaries, its distribution among the elements that contributed to the generation of it, such as employees, lenders, shareholders, government and others, as well as the share of wealth not distributed.

ae) New IFRS pronouncements, issues, changes and interpretations issued by the IASB applicable to quarterly interim financial statements

The following new rules, changes and interpretations of standards were issued by IASB and have initial adoption on January 1, 2013.

• IFRS 10 – "quarterly interim financial statements, on December 20, 2012, the CVM released Deliberation 698 approving CPC 36 (R3) "quarterly interim financial statements", which incorporated the changes under IFRS 10. The new standard is based on existing principles and identifies the concept of control as the dominant factor when determining whether an entity should be included in the quarterly interim financial statements of the Parent Company. The standard provides additional guidance for determining control. The adoption of this IFRS had no material effect on the reported amounts for the current quarter and previous year.

• IFRS 11 – "Joint arrangements", on November 23, 2012, the CVM released Deliberation 694 approving CPC 19 (R2) "Joint businesses", which incorporated the changes introduced under IFRS 11. The main change introduced by this standard is the impossibility of proportional consolidation of entities where the control of the net assets be shared through an agreement between two or more parties and be classified as a joint venture.

The Company adopted this standard and identified that it will not have a material impact in the deconsolidation of Meat Snacks Partner do Brasil Ltda. (MSP), whose share of the Company is 50%. Therefore, the balances related to the comparative periods for the quarterly interim financial statements have not been adjusted.

For additional information on December 31, 2012, 50% of MSP's assets represented 0.04% of the consolidated assets, 50% of MSP's liabilities represented 0.02% of the consolidated liabilities, 50% of equity represented 0.33% of the Company's investments and 50% of MSP's net income represented 0.79% of the Company's net income.

Financial statements of MSP on the year ended on December 31, 2012:

	Balance on 31.12.12	JBS shares 50%
ASSETS	**44,666**	**22,333**
LIABILITIES	**9,033**	**4,517**
EQUITY	**35,633**	**17,817**
NET INCOME OF THE YEAR	**11,393**	**5,697**

• IFRS 12 – "Disclosure of interest in other entities", on December 13, 2012, the CVM released Deliberation 697 approving CPC 45 "Disclosure of interest in other entities", which incorporated the changes under IFRS 12 – "Disclosure of interest in other entities". The standard deals with disclosure requirements for all forms of interest in other entities, including joint arrangements, associations, specific-purpose interest and other forms of interest that are not booked. The adoption of this IFRS had no material effect on the reported amounts for the current quarter and previous year.

• IFRS 13 - "Fair value measurement", on December 20, 2012, the CVM disclosed Deliberation 699 approving CPC 46 "Fair value measurement", which incorporated the changes under IFRS. The objective of the standard is to increase consistency and reduce the complexity of fair value measurement, providing a more precise definition and a single source of fair value measurement and its disclosure requirements under IFRS. The requirements do not expand the use of fair value booking, but rather provide instructions on how to apply it when already required or allowed under other IFRS standards. The adoption of this IFRS had no material effect on the reported amounts for the current quarter and previous year.

• IAS 1 – "Presentation of Financial Statements" – the main change was the requirement that entities group the items presented under other comprehensive income based on whether or not they are potentially reclassifiable to the subsequent profit or loss (reclassification adjustments). This change, however, does not establish which items should be presented under other comprehensive income.

• IAS 19 – "Employee benefits", on December 13, 2012, the Securities and Exchange Commission of Brazil (CVM) published Deliberation 695 approving CPC 33 (R1) "Employee benefits", which incorporated the changes under IAS 19 amended in June 2011. The main impacts of the changes follow:

(i) elimination of the possibility of using the "corridor method" (permission for actuarial gains and losses up to the limit of 10% of the present value of the defined benefit obligation or 10% of the fair value of the plan's assets, the greater of the two values, to be recognized as profit or loss for the remaining average working life of participants in the plan);

(ii) recognition of actuarial gains and losses under "other comprehensive income", as they occur. These amounts will not be carried to the profit or loss of the period, remaining under equity in other comprehensive income;

(iii) immediate recognition of the costs of past services in the profit or loss; and

(iv) substitution of the participation cost and expected return on the plan's assets for a net participation amount calculated by applying the discount rate to the assets (liabilities) of the net defined benefit.

The Company has evaluated this standard and the effect in the other comprehensive income would be approximately R$ 90 million for the year ended on December 31, 2012 and thereby, due to non representativeness of the balance, the balances related with the comparative periods to the quarterly interim financial statements have not been adjusted and the application of the rule is treated prospectively.

af) Rules, changes and interpretations of standards that are not yet in force

The following new rules, changes and interpretations of standards were issued by IASB, but were not adopted by CPC:

• IFRS 9 – "Financial Instruments" outlines the requirements for the classification, measurement and recognition of financial assets and liabilities IFRS 9 was issued in November 2009 and October 2012 and substitutes the paragraphs in IAS 39 related to the classification and measurement of financial instruments. IFRS 9 required classification of financial assets into two categories: measured at fair value and measured at amortized cost. Classification is determined when the financial asset is initially recognized. Classification depends on the business model of the entity and the characteristics of the cash flow arrangements of the financial instruments. For financial liabilities, the standard maintains most of the requirements under IAS 39.

The main change is when the fair value option is adopted for financial liabilities, in which case the portion of change in fair value that is attributable to changes in the credit risk of the entity is registered in other comprehensive income and not in the statement of operations, except for cases in which this results in accounting mismatches. The standard will be applicable as of January 1, 2015.

• IAS 32 – "Financial Instruments: Presentation" provides further clarification in addition to the application guidance in IAS 32 on the requirement to offset financial assets and liabilities in the balance sheets. The standard will be applicable as of January 1, 2014.

4 Cash and cash equivalents

Cash, bank accounts and short-term investments are the items of the balance sheets presented in the statements of the cash flows as cash and cash equivalents, as described below:

	Company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Cash and banks	**961,421**	1,014,160	**2,107,169**	1,949,230
CDB-DI (bank certificates of deposit)	**1,824,870**	2,295,275	**1,871,133**	2,429,706
Investment funds	**-**	-	**1,275,277**	748,602
National treasury bill - LFT	**263,335**	255,549	**263,335**	255,549
	3,049,626	**3,564,984**	**5,516,914**	**5,383,087**

CDB-DI (bank certificates of deposit) are held by financial institutions, with floating-rate and yield an average of 100% of the variation of the interbank deposit certificate (Certificado de Depósito Interbancário - CDI).

National treasury bill (LFT) – Correspond to purchased bonds with financial institutions, whose conditions and characteristics are similar to the CDB's.

Investments funds - consolidated

It is composed entirely of investments of the indirect subsidiary JBS Project Management GMBH (subsidiary of JBS Holding GMBH) in mutual investment funds nonexclusive, whose investments are performed by JP Morgan as part of a cash management service.

5 Trade accounts receivable, net

	Company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Current receivables	**2,513,314**	**2,529,365**	**5,015,806**	**4,970,194**
Overdue receivables:				
From 1 to 30 days	**169,087**	191,144	**548,895**	584,276
From 31 to 60 days	**74,508**	17,060	**113,813**	75,746
From 61 to 90 days	**17,843**	18,380	**47,408**	33,411
Above 90 days	**81,934**	94,721	**148,168**	156,709
Allowance for doubtful accounts	**(85,153)**	(96,933)	**(119,475)**	(131,688)
	258,219	**224,372**	**738,809**	**718,454**
	2,771,533	**2,753,737**	**5,754,615**	**5,688,648**

Pursuant to IFRS 7/CPC 39 - Financial Instruments, below are the changes in the allowance for doubtful accounts:

	Company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Initial balance	**(96,933)**	**(113,182)**	**(131,688)**	**(149,919)**
Exchange variation	**-**	-	**(17)**	1,011
Write-offs	**11,780**	16,249	**12,230**	17,220
Final balance	**(85,153)**	**(96,933)**	**(119,475)**	**(131,688)**

6 Inventories

	Company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Finished products	**1,367,973**	1,509,526	**3,681,942**	3,564,257
Work in process	**94,241**	64,199	**365,323**	333,100
Raw materials	**246,068**	234,934	**707,676**	668,387
Warehouse spare parts	**135,541**	131,533	**620,521**	616,443
	1,843,823	**1,940,192**	**5,375,462**	**5,182,187**

7 Biological assets

The Company's biological assets are composed of temporary crops in training and live animals segregated among the categories of cattle, hogs and lamb, and chicken, which detail is as follows:

	Consolidated	
Current biological assets:	**March 31, 2013**	**December 31, 2012**
Cattle	**105,221**	125,818
Hogs and Lamb	**49,628**	52,203
Chicken	**713,368**	668,314
Plants for harvest	**2,751**	3,289
	870,968	**849,624**

	Consolidated	
Non-Current biological assets:	**March 31, 2013**	**December 31, 2012**
Chicken	**304,688**	304,309
	304,688	**304,309**

Changes in biological assets:	**Current**	**Noncurrent**
Amount on December 31, 2012	**849,624**	**304,309**
Born	**2,265,691**	**2,118**
Death	**(1,618)**	**(58)**
Fair value (Mark to market)	**1,270**	**48**
Purchase	**279,639**	**103,929**
Sale / lowering for slaughter	**(2,529,375)**	**(13,391)**
Exchange rate variation	**(7,820)**	**(3,809)**
Cost appropriating on plants for harvest	**1,391**	**-**
Domestic consumption on plants for harvest (feed)	**(1,929)**	**-**
Impact of acquisition Agrovêneto	**14,095**	**6,236**
Amortization	**-**	**(94,694)**
Amount on March 31, 2013	**870,968**	**304,688**

The current biological assets consist mainly of animals, mostly of feedlots and maturity period for slaughtering, which remain in development for a period of 90 to 120 days, mainly cattle, and 30 to 35 days, for chicken, until they reach maturity and therefore sent for slaughter units. For this reason are classified as current assets.

The noncurrent biological assets consist exclusively layer and breeder chicken that are intended for breeding. The lifespan of these breeding animals is approximately 67 weeks, and for this reason they are classified as noncurrent assets.

Below, details of the biological assets of the Company:

COMPANIES IN UNITED STATES OF AMERICA	**March 31, 2013**	**December 31, 2012**
Current biological assets:		
Cattle	**37,386**	56,956
Hogs and Lamb	**49,628**	52,203
Chicken	**646,275**	620,683
Total biological assets valued at cost	**733,289**	**729,842**
Noncurrent biological assets:		
Chicken	**261,406**	**265,527**
Total biological assets valued at cost	**261,406**	**265,527**

Cattle - A subsidiary of JBS USA in Australia keeps cattle in feedlots, there is no active market for cattle in feedlot between the period of 75-100 days, just over 180 days.

Hogs and Lamb - JBS USA keeps hogs and lambs in the feedlot system. For biological assets hogs and lamb, there is no active market, because there are few competitors in the market.

Chicken – The PPC has breeding activity of broiler chickens for slaughtering (current) for production of fresh meat and / or industrialized products, and breeder chicken (noncurrent) that are intended for breeding.

Due to the fact there is no active market for these biological assets, the fair value of these biological assets is substantially represented by its acquisition cost plus acumulated absorption, due to the short life cycle and by the fact that the profit margin is substantially representative only in the process of industrialization. Thereby, the current assets are maintained at cost and the non-current assets besides being maintained at cost, are amortized according to the lifetime of the animals.

COMPANIES IN BRAZIL	March 31, 2013	December 31, 2012
Current biological assets:		
Cattle	**67,835**	68,862
Biological assets valued at market:	**67,835**	**68,862**
Chicken	**67,093**	47,631.00
Plants for harvest	**2,751**	3,289
Biological assets valued at cost:	**69,844**	**50,920**
Total current biological assets	**137,679**	**119,782**
Noncurrent biological assets:		
Chicken	**43,282**	38,782
Total noncurrent biological assets valued at cost	**43,282**	**38,782**

The operations relating to activities of cattle in Brazil are represented mainly by cattle in feedlots (intensive) and cattle in pastures (extensive), whose valuation at market is reliably measured due to the existence of active markets.

The operations relating to chicken activities in Brazil, are divided among broiler chicken for slaughtering (current) for production of fresh meat and / or industrialized products, and layer and breeder chicken (noncurrent) that are intended for breeding. For both cases, the fair value of these biological assets is substantially represented by its acquisition cost plus acumulated absorption, due to the short life cycle and by the fact that the profit margin is substantially representative only in the process of industrialization. Thereby, the current assets are maintained at cost and the non-current assets besides being maintained at cost, are amortized according to the lifetime of the animals.

The balances plants for harvest, consist of corn, soybeans and grass, which will be used in the preparation of ration for cattle. The Management chose to keep the measurement of biological assets at their cost values, due to the immateriality of the balances, since the efforts needed to develop and measure these assets at their fair values overcome the benefits expected by Management.

8 Recoverable taxes

	Company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Value-added tax on sales and services (ICMS / IVA / VAT / GST)	**982,398**	994,229	**1,139,833**	1,128,245
Excise tax - IPI	**64,158**	63,392	**132,196**	129,736
Social contribution on billings - PIS and COFINS	**644,145**	650,654	**753,816**	681,341
Withholding income tax - IRRF/IRPJ	**165,397**	172,048	**337,969**	303,024
Other	**63,452**	71,629	**103,696**	107,267
	1,919,550	**1,951,952**	**2,467,510**	**2,349,613**
Current and Long-term:				
Current	**1,272,535**	1,309,995	**1,789,579**	1,676,267
Noncurrent	**647,015**	641,957	**677,931**	673,346
	1,919,550	**1,951,952**	**2,467,510**	**2,349,613**

Value-added tax on sales and services (ICMS / IVA / VAT/GST)

Recoverable ICMS refers to excess of credits derived from purchases of raw materials, packaging and other materials over tax charges due on domestic sales, since exports are tax-exempted.

The Company expects to recover the total amount of the tax credit, including the ICMS credits from other states (difference between the statutory rate for tax bookkeeping and the effective rate for ICMS collection in the state of origin).

Social contribution on billings - PIS and COFINS

Refers to non-cumulative PIS and COFINS credits arising from purchases of raw materials, packaging and other materials used in the products sold in the foreign market.

Withholding income tax - IRRF/IRPJ

Refers mainly to withholding income tax levied on short-term investments, deductions and remittance of dividends to its subsidiary JBS USA and prepayments of income tax and social contribution paid by estimate, which can be offset against income tax payable on profits.

General comments

Company and JBS Embalagens recorded the monetary adjustment of their PIS, COFINS, IPI and IRPJ tax credits based on SELIC (Central Bank overnight rate), in the amount of R$ 192,279. As of this amount the Company received R$ 28,987 and the remaining balance is R$ 163,292.

Annually, Company's management, supported by its tax and legal counsel, evaluates the segregation between current and noncurrent of tax credits according to their attainment.

9 Related parties transactions

Contracts between related parties recorded on the balance sheet of the Company as receivables and debts with related parties:

				March 31, 2013	December 31, 2012
COMPANY	**Currency**	**Maturity**	**Annual rate**	**Mutual contracts**	**Mutual contracts**
Direct subsidiaries					
JBS Aves Ltda.	R$	Jun 01, 2013	CDI + 1%	**367,478**	268,903
JBS Confinamento Ltda.	R$	Apr 01, 2014	CDI + 4%	**98,724**	100,289
JBS Embalagens Metálicas Ltda.	R$	Aug 16, 2013	CDI + 12%	**66,063**	63,682
JBS USA, Inc	US$	Mar 25, 2014	Libor + 2.5% to 3%	**317,685**	319,331
JBS Slovakia Holdings s.r.o.	US$	Jun 12, 2013	4.5%	**(48,998)**	(49,214)
Novaprom Food Ingredients Ltda	R$	Dec 31, 2013	CDI + 1%	**634**	(2,105)
JBS Holding International[(1)]	R$	-	-	**44,008**	-
Indirect subsidiaries					
Beef Snacks Brasil Ind.Com. S.A.	R$	Jan 24, 2014	CDI	**103,081**	102,127
Beef Snacks International BV	US$	Dec 31, 2013	Libor + 2% to 3%	**5,046**	5,049
				953,721	**808,062**

[(1)] JBS Holding International - Advance performed in order to capitalization on each end of the fiscal year.

Intercompany balances shown in the balance sheet of the Company and statement of operations are as follows:

	March 31, 2013		December 31, 2012	
COMPANY	**Trade accounts receivable**	**Trade accounts payable**	**Trade accounts receivable**	**Trade accounts payable**
Direct subsidiaries				
JBS Aves Ltda.	**388**	**6,326**	1,924	5,982
JBS Confinamento Ltda.	**651**	**10,325**	360	29,836
JBS Embalagens Metálicas Ltda.	**-**	**2**	-	-
JBS USA, Inc	**-**	**763**	186	393
JBS Itália SRL	**3,625**	**-**	29,523	-
Novaprom Food Ingredients Ltda	**1,900**	**340**	1,800	408
Indirect subsidiaries				
JBS Global (UK) Limited	**44,473**	**21**	52,824	210
JBS Argentina S.A.	**-**	**1,333**	-	103
Global Beef Trading SU Lda.	**1,603**	**146**	2,956	-
Austrália Meat	**-**	**3,349**	-	982
Toledo International NV	**38,083**	**-**	39,540	1
Weddel Limited	**1,274**	**-**	4,709	-
Sampco Inc.	**24,500**	**-**	5,961	-
JBS Leather Europe	**1,705**	**-**	1,779	-
Meat Snacks Partners do Brasil Ltda	**6,093**	**-**	3,410	198
JBS Chile Ltda	**106**	**-**	-	-
Agrovêneto S.A. Indústria de Alimentos	**176**	**79**	-	-
Frigorífico Canelones S.A.	-	**1,065**	-	1,313
Rigamonti Salumificio Spa	-	**20**	-	21
Trump Asia Enterprise Ltd	**27,472**	**-**	11,195	-
JBS Paraguay	**-**	**2,527**	-	2,412
Other related parties				
S.A. Fabrica de Prod. Alimentícios Vigor	**8,669**	**390**	11,681	1
JBS Agropecuária Ltda.	**-**	**-**	42	-
Flora Produtos de Hig. Limp. S.A.	**7,626**	**124**	8,567	474
Flora Dist. Produtos de Hig. Limp. S.A.	**14,148**	**21**	23,317	10
	182,492	**26,831**	**199,774**	**42,344**

Impacts of related party transactions on Income Statements of the Company:

	March 31, 2013			March 31, 2012		
	Financial income (expenses)	Purchases	Sales of products	Financial income (expenses)	Purchases	Sales of products
Direct subsidiaries						
JBS Aves Ltda.	**10,942**	**22,431**	**5,243**	1,288	-	-
JBS Confinamento Ltda.	**3,434**	**35,806**	**1,521**	3,576	29,046	739
JBS Embalagens Metálicas Ltda.	**2,335**	**-**	**-**	2,498	2,354	-
JBS USA, Inc	**2,894**	**-**	**-**	(527)	-	73,270
JBS Slovakia Holdings s.r.o.	**(494)**	**-**	**-**	(441)	-	-
JBS Itália SRL	**-**	**-**	**24,647**	-	2,330	14,477
Novaprom Food Ingredients Ltda	**(67)**	**984**	**4,262**	416	1,338	1,921
Indirect subsidiaries						
JBS Global (UK) Limited	**-**	**-**	**34,317**	-	-	18,792
JBS Argentina S.A	**-**	**2,330**	**-**	-	5,083	-
Global Beef Trading SU Lda.	**-**	**777**	**24,788**	-	-	1,862
Beef Snacks Brasil Ind.Com. S.A.	**1,644**	**-**	**-**	2,311	-	-
Beef Snacks International	**40**	**-**	**-**	18	-	-
JBS HU Ltd	**-**	**-**	**-**	(868)	-	-
Australia Meat	**-**	**7,378**	**-**	-	5,341	-
Toledo International BV	**-**	**-**	**64,832**	-	-	25,595
JBS Leather Europe	**-**	**-**	**-**	-	-	3,040
Meat Snacks Partners do Brasil Ltda	**-**	**-**	**20,552**	-	-	-
JBS Chile Ltda	**-**	**-**	**204**	-	-	-
Agrovêneto S.A. Indústria de Alimentos	**-**	**609**	**1,714**	-	-	-
Weddel Limited	**-**	**-**	**1,808**	-	-	4,374
Sampco Inc.	**-**	**-**	**48,068**	-	-	29,362
Frigorífico Canelones S.A.	**-**	**4,279**	**166**	-	1,010	-
Rigamonti Salumificio Spa	**-**	**-**	**-**	-	-	8,584
Wonder Best Holding Company	**-**	**-**	**-**	-	-	12,516
Trump Asia Enterprise Ltd	**-**	**-**	**61,307**	-	-	12,074
Trustful Leather	**-**	**-**	**-**	-	-	9,391
JBS Paraguay	**-**	**15,765**	**-**	103	5,341	3
Itaholb International	**-**	**-**	**-**	-	-	104
Other related parties						
S.A. Fabrica de Prod. Alimentícios Vigor	**-**	**169**	**22,336**	-	-	81
JBS Agropecuária Ltda.	**-**	**87**	**35**	-	271	-
Flora Produtos de Hig. Limp. S.A.	**-**	**4**	**18,094**	-	109	16,724
Flora Dist. Produtos de Hig. Limp. S.A.	**-**	**57**	**28,335**	-	-	54,639
	20,728	**90,676**	**362,229**	**8,374**	**52,223**	**287,548**

Guarantees provided and / or received

The Company guarantees US Bonds operation of the subsidiary JBS USA in the amount of US$ 700 million with final maturity in 2014.

JBS USA together with its subsidiaries, JBS USA, LLC and Swift Beef Company, guarantee, in an unsecured way, US$ 300 million of notes issued by the Company in 2016 as a result of commitment contained in the indenture governing such notes.

Details of transactions with related parties

The main assets and liabilities balances, as well as the transactions that had impact on income statements related with related parties transactions, which Management considers that were accomplished in the usual market conditions for similar types of operations, trade accounts receivable and trade accounts payable.

Among the transactions between related parties more representative, we emphasize the purchase of cattle for slaughter between the Company and it subsidiary JBS Confinamento, related party JBS Agropecuária. Such transactions are made at regular price and market conditions in their region because it takes the market prices applied with other suppliers (third parties not JBS Group). The number of cattle supplied by these related parties is irrelevant comparing to the demanded volume by the Company.

On the mutual contracts are calculated exchange rate and interests, when applicable.

No allowance for doubtful accounts or bad debts expenses relating to related-party transactions were recorded for the periods ended March 31, 2013 and December 31, 2012.

On December 23, 2010 the Company received an advance of its indirect subsidiary Sampco Inc in the amount of US$ 135.0 million (R$ 224,937) regarding a contract for future sale of meat with expected delivery in up to three years. On March 31, 2013, the balance was 100% amortized and the unamortized balance of the comparative period at December 31, 2012 of US$ 11,371 (R$ 23,237).

Additionally, on March 31, 2013 the Company had a receivable from its affiliate Vigor Alimentos S.A. in the amount of R$ 1,540, related to dividends. Dividends are recorded on the heading of "other assets" in the individual accounts of the Company, being eliminated in consolidation.

Consolidated - Credits with related parties

The consolidated balance of related parties, on the amount of R$ 632,414 as of March 31, 2013 (R$ 548,909 as of December 31, 2012) in the Company is due to the credit of its indirect subsidiary JBS Five Rivers, subsidiary of JBS USA and J&F Oklahoma, regarding the credit line up to US$ 375 million, with market interests, between the indirect subsidiary JBS Five Rivers and J&F Oklahoma, subsidiaries of J&F Participações S.A., not consolidated, where J&F Oklahoma uses this credit for adding value to cattle placed in the feedlot of JBS Five Rivers to be prepared for the slaughter.

J&F Oklahoma is still part in 2 commercial agreements with subsidiaries of the Company:

i) Cattle supply and feeding agreement with JBS Five Rivers, where it takes the responsibility for the cattle from J&F Oklahoma and collects the medicinal and adding value costs, besides a daily fee of rent in line with market terms;
ii) Sales and purchase cattle agreement with JBS USA of at least 500,000 animals/year, starting from 2009 up to 2016.

JBS Five Rivers also guarantee in third degree, after guarantee of the assets from J&F Oklahoma and its parent company, up to US$ 250 million in a line of credit of J&F Oklahoma.

On June 2011, J&F Australia became party to a cattle purchase and sale agreement with JBS Australia. Under this agreement, J&F Australia agreed to sell to JBS Australia, and JBS Australia has agreed to purchase from J&F Australia, at least 200,000 cattle during each year.

Remuneration of key management

Company's management includes the Executive Board and the Board of Directors. The aggregate amount of compensation received by the members of Company's management for the services provided in their respective areas of business in the period ended on March 31, 2013 and year ended December 31, 2012 is the following:

	Members	March 31, 2013	December 31, 2012
Executive Board and Board of Directors	**15**	**1,872**	7,268
	15	**1,872**	**7,268**

The alternate members of the Board of Directors are paid for each meeting of Council in attendance.

The Institutional Relations Executive Officer, Administrative and Control Director and Investor Relations Director are part of the employment contract regime *CLT* (which is the Consolidation of Labor Laws), which follows all the legal prerogatives of payments and benefits. Not included any remuneration bonuses of the Company or other corporate benefits to additional employees or that should be extended to their family.

In accordance with IAS 24(R)/CPC 05 R1 - Related parties, except for those described above, the other members of the Executive Board, and Management Board are not part of any employment contract or any other contracts for additional business benefits such as post-employment benefits or other long-term benefits, termination of work that does not conform to those requested by the *CLT*, where applicable, or payment based on shares.

10 Investments in associate, subsidiaries and joint ventures

	Company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Investments in subsidiaries, associates and joint ventures	**6,401,546**	5,431,545	**276,529**	258,620
Goodwill	**749,335**	687,331	**-**	-
	7,150,881	**6,118,876**	**276,529**	**258,620**

Relevant information about investments in the in the period of March 31, 2013:

	Participation	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Controlled:						
JBS Embalagens Metálicas Ltda.	99.00%	84,732	2	14,727	-	(1,927)
JBS Global Investments S.A.	100.00%	6,857	147,007	6,858	-	-
JBS Holding Internacional S.A.	100.00%	529,699	1,218,645	259,045	191,642	(3,798)
JBS Global Luxembourg S.à.r.l.	100.00%	122,656	101,052	34,594	392	1,033
JBS Aves Ltda	100.00%	862,938	55,173	20,819	383,883	1,372
JBS USA, Inc.	99.90%	17,157,313	2,064,687	3,001,206	14,173,349	(74,531)
JBS Confinamento Ltda.	100.00%	563,430	473,401	419,802	34,345	(8,248)
JBS Slovakia Holdings, s.r.o.	100.00%	79,321	169,665	76,396	8,445	(1,475)
JBS Leather Italia S.R.L.	100.00%	81,685	30,201	22,255	33,763	(1,591)
LLC Lesstor	70.00%	35,421	10	34,624	45	(1,247)
JBS S/A (DMCC BRANCH)	100.00%	80	1,180	42	-	(161)
JBS Leather Paraguay	97.50%	38	18	16	20	(4)
JBS Holding GMBH	100.00%	4,162,396	1,482,046	2,121,078	348,779	77,708
FG Holding III Ltda.	100.00%	75	53	75	-	-
JBS Global Meat S.A	100.00%	135,001	135,001	135,001	-	-
Novaprom Foods e Ingredientes Ltda	100.00%	32,149	15,792	11,256	9,870	(89)
Associates:						
Vigor Alimentos S.A.	21.12%	1,924,349	1,191,378	1,225,351	352,360	1,479

In the quarterly interim financial statements, goodwill is recognized as an intangible asset and assets and liabilities acquired are consolidated in the Company. In the Individual Financial Statements, goodwill is recorded in investments, the same group of non-current assets, see details of goodwill in note 12.

In the Company:

	December 31, 2012	Addition (disposal)	Exchange rate variation (i)	Equity in subsidiaries		March 31, 2013
				Equity in subsidiaries (ii)	Income Statements	
JBS Embalagens Metálicas Ltda.	**16,488**	-	-	-	(1,908)	**14,580**
JBS Global Investments S.A.	**6,959**	-	(101)	-	-	**6,858**
JBS Holding Internacional S.A.	**278,551**	-	-	(15,708)	(3,798)	**259,045**
JBS Global Luxembourg S.à.r.l.	**37,639**	-	(1,556)	(2,522)	1,033	**34,594**
JBS Aves Ltda	**19,447**	-	-	-	1,372	**20,819**
JBS USA, Inc.	**3,095,648**	-	(38,830)	15,828	(74,456)	**2,998,190**
JBS Confinamento Ltda	**428,050**	-	-	-	(8,248)	**419,802**
JBS Slovakia Holdings, s.r.o.	**80,819**	-	(2,948)	-	(1,475)	**76,396**
JBS Leather Italia S.R.L	**24,830**	-	(984)	-	(1,591)	**22,255**
LLC Lesstor	**25,955**	-	(845)	-	(873)	**24,237**
JBS S/A (DMCC BRANCH)	**25**	179	(1)	-	(161)	**42**
JBS Leather Paraguay	**20**	-	-	-	(4)	**16**
JBS Holding GMBH [1]	**1,147,302**	969,039	(20,733)	(52,240)	77,708	**2,121,076**
FG Holding III Ltda.	**75**	-	-	-	-	**75**
JBS Global Meat S.A [2]	**-**	135,001	-	-	-	**135,001**
Novaprom Foods e Ingredientes Ltda	**11,117**	1,000	-	(772)	(89)	**11,256**
Vigor Alimentos S.A.	**258,620**	(1,540)	-	(88)	312	**257,304**
Subtotal	**5,431,545**	**1,103,679**	**(65,998)**	**(55,502)**	**(12,178)**	**6,401,546**

In the Consolidated:

	December 31, 2012	Addition (disposal)	Equity in subsidiaries		March 31, 2013
			Equity in subsidiaries (ii)	Income Statements	
Vigor Alimentos S.A.	**258,620**	(1,540)	(88)	312	**257,304**
Meat Snacks Partners Ltda.[3]	**-**	17,817	56	1,352	**19,225**
Total	**258,620**	**16,277**	**(32)**	**1,664**	**276,529**

(i) - As defined in CPC 2/IAS 21 - The effects of changes in foreign exchanges rates, refers to the exchange rate variation of foreign currency investments that are accounted under the equity method, which was accounted directly to equity of the Company on the line "Accumulated translation adjustments".

(ii) - Refers to the reflex of valuation adjustments and exchange rate variation of foreign investments and capital transactions, accounted in valuation adjustments to equity in the subsidiaries, whose effect is being recognized when calculating the equity in subsidiaries, directly to equity of the Company.

Below is presented the breakdown of main additions and dispositions of investments during the period:

[1]- JBS Holding GMBH. - The Company made a capital increase in cash in the amount of R$ 969,039.

[2]- JBS Global Meat S.A. - On January 2013, the Company capitalized R$ 135,001 in the JBS Global Meat S.A., through acquisition of Midtown, which holds the Assets of Independence, as described in Note 1, item "c".

[3]- Meat Snacks Partners Ltda. - It refers to the deconsolidation of 50% from Meat Snacks Partners Ltda., as described in Note 3, item ae).

11 Property, plant and equipment, net

Company	Cost	Revaluation	Accumulated depreciation	Net amount	
				March 31, 2013	December 31, 2012
Buildings	2,863,235	116,616	(391,816)	**2,588,035**	2,601,780
Land	915,307	9,305	-	**924,612**	924,612
Machinery and equipment	4,152,667	44,510	(987,843)	**3,209,334**	3,188,539
Facilities	897,353	21,737	(202,947)	**716,143**	697,131
Computer equipment	186,457	696	(78,691)	**108,462**	112,382
Vehicles	407,823	66	(153,547)	**254,342**	268,081
Construction in progress	875,494	-	-	**875,494**	831,154
Other	171,603	1,249	(28,835)	**144,017**	143,958
	10,469,939	**194,179**	**(1,843,679)**	**8,820,439**	**8,767,637**

Consolidated	Cost	Revaluation	Accumulated depreciation	Net amount	
				March 31, 2013	December 31, 2012
Buildings	6,155,868	116,616	(842,328)	**5,430,156**	5,452,710
Land	1,900,672	9,305	-	**1,909,977**	1,885,072
Machinery and equipment	8,983,599	44,510	(3,086,427)	**5,941,682**	5,901,489
Facilities	916,634	21,737	(215,047)	**723,324**	703,427
Computer equipment	366,516	696	(158,147)	**209,065**	210,917
Vehicles	650,211	66	(331,575)	**318,702**	334,270
Construction in progress	1,378,238	-	-	**1,378,238**	1,220,139
Other	774,520	1,249	(256,300)	**519,469**	499,616
	21,126,258	**194,179**	**(4,889,824)**	**16,430,613**	**16,207,640**

The Company annually reviews the useful lives of fixed assets and no significant differences were indentified during the year. The weighted average depreciation rates of assets that make up each group are as follows:

	Average annual depreciation rates as of March 31,			
	2013		2012	
	Company	Consolidated	Company	Consolidated
Buildings	3.01%	3.85%	3.00%	3.66%
Land	0.00%	0.00%	0.00%	0.00%
Machinery and equipment	6.42%	8.64%	6.19%	8.17%
Facilities	5.36%	5.21%	5.13%	5.14%
Computer equipment	12.88%	15.86%	11.57%	13.98%
Vehicles	11.26%	11.44%	10.86%	10.95%
Other	3.14%	7.34%	2.88%	5.44%

Changes in property, plant and equipment

Company	December 31, 2012	Additions net of transferences	Disposals	Depreciation	March 31, 2013
Buildings	2,601,780	7,827	-	(21,572)	**2,588,035**
Land	924,612	-	-	-	**924,612**
Machinery and equipment	3,188,539	88,144	(730)	(66,619)	**3,209,334**
Facilities	697,131	31,033	-	(12,021)	**716,143**
Computer equipment	112,382	2,148	(65)	(6,003)	**108,462**
Vehicles	268,081	2,123	(4,384)	(11,478)	**254,342**
Construction in progress [1]	831,154	44,340	-	-	**875,494**
Other	143,958	1,418	(13)	(1,346)	**144,017**
	8,767,637	**177,033**	**(5,192)**	**(119,039)**	**8,820,439**

Consolidated	December 31, 2012	Agrovêneto acquisition	Additions net of transferences	Disposals	Depreciation	Exchange rate variation	March 31, 2013
Buildings	5,452,710	16,949	63,130	(8)	(60,439)	(42,186)	**5,430,156**
Land	1,885,072	1,468	31,733	(32)	-	(8,264)	**1,909,977**
Machinery and equipment	5,901,489	56,454	233,497	(1,879)	(195,689)	(52,190)	**5,941,682**
Facilities	703,427	1,106	31,049	-	(12,231)	(27)	**723,324**
Computer equipment	210,917	87	15,597	(185)	(14,563)	(2,788)	**209,065**
Vehicles	334,270	28	8,072	(6,399)	(18,602)	1,333	**318,702**
Construction in progress [1]	1,220,139	861	162,361	-	-	(5,123)	**1,378,238**
Other	499,616	263	38,013	(217)	(14,226)	(3,980)	**519,469**
	16,207,640	**77,216**	**583,452**	**(8,720)**	**(315,750)**	**(113,225)**	**16,430,613**

[1] - Construction in progress – The additions in the amount of R$ 44,340 in the Company and R$ 162,361 in the Consolidated include interest capitalization in the amount of R$ 4,761 and R$ 7,957, respectively, for the period ended on March 31, 2013.

The balance of construction in progress refers to investments for expansion, modernization and adaptation of plants, aiming to maintain current and obtain new certifications required by the market. When these assets are concluded and start operating, they will be transferred to a proper property, plant and equipment account and then will be subject to depreciation.

Part of the increase in construction in progress in the Company as reflected in the consolidated, is result of recent acquisitions of assets by the Company. The assets are recorded as construction in progress and subsequently transferred to their balance account referred to, see note 18.

Until December 2007, revaluations were performed on property, plant and equipment items of several Company's plants, and offsetting entries were made to the revaluation reserve account and the provision for deferred income and social contribution taxes. The method and assumption applied to estimate the fair value of the assets were determined based on current market prices. As of March 31, 2013, the total amount of property, plant and equipment revaluation is R$ 194,179 which the revaluation reserve is R$ 95,677 and the provision for deferred income and social contribution taxes is R$ 44,715. For revalued property, plant and equipment, the Company recorded accumulated depreciation of R$ 53,787.

The Company and its subsidiaries reviewed the useful lives of their property, plant and equipment. Significant differences were not found in comparison with the useful lives adopted as of December 31, 2009. From January 1, 2010 new acquisitions are made with estimated useful lives, annually the useful lives are reviewed and when applicable adjusted.

Interest capitalization - Borrowing costs

Pursuant to IAS 23/CPC 20 R1 – Borrowing costs, the Company capitalized those borrowing costs directly attributable to the construction of qualifying assets, which are exclusively represented by construction in progress. The borrowing costs allocated to the qualifying assets as of March 31, 2013 and December 31, 2012 are shown below:

	Company		Consolidated	
	March 31, 2013	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
Construction in progress	**832,155**	790,883	**1,302,521**	1,147,013
(+) capitalized borrowing costs	**43,339**	40,271	**75,717**	73,126
	875,494	**831,154**	**1,378,238**	**1,220,139**

Impairment test of assets

In compliance with the requirements of IAS 36/CPC 01 R1 - Presentation of financial statement, the Company performed the annual impairment test of the tangible and intangible assets on December 31, 2012, which were estimated based on the values in use of its various cash-generating units using the discounted cash flows, and showed that the estimated market value is higher than the net book value at the valuation date and, during the year there was no evidence of loss of value of individual assets or group of relevant assets. Potential impacts of loss recover them are highlighted in the notes, where relevant. The assumptions of the annual test of recovery are described in note 12.

12 Intangible assets, net

	Company		Consolidated	
	March 31, 2013	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
Goodwill (incorporations and subsidiaries)	**9,069,926**	9,069,926	**10,447,050**	10,351,556
Trademarks	**452,578**	452,578	**683,272**	687,165
Software	**9,392**	9,460	**15,594**	15,810
Water rights	**-**	-	**65,370**	66,326
Client portfolio	**-**	-	**559,194**	584,551
Other	**-**	-	**2,568**	2,804
	9,531,896	**9,531,964**	**11,773,048**	**11,708,212**

Changes in intangible assets

Company	**December 31, 2012**	**Additions**	**Disposals**	**Amortization [1]**	**March 31, 2013**
Goodwill	9,069,926	-	-	-	**9,069,926**
Trademarks	452,578	-	-	-	**452,578**
Software	9,460	879	(8)	(939)	**9,392**
	9,531,964	**879**	**(8)**	**(939)**	**9,531,896**

Consolidated	**December 31, 2012**	**Additions**	**Disposals**	**Amortization [1]**	**Exchange rate variation**	**March 31, 2013**
Goodwill [2]	10,351,556	106,826	-	-	(11,332)	**10,447,050**
Trademarks	687,165	209	-	(236)	(3,866)	**683,272**
Software	15,810	1,327	(133)	(1,328)	(82)	**15,594**
Water rights	66,326	-	-	(22)	(934)	**65,370**
Client portfolio	584,551	-	-	(16,781)	(8,576)	**559,194**
Other	2,804	-	-	(195)	(41)	**2,568**
	11,708,212	**108,362**	**(133)**	**(18,562)**	**(24,831)**	**11,773,048**

[1] - Refers to amortization of intangible assets with useful lives defined in business combinations.

[2] - The additions in three months period ended on March 31, 2013 refer to the acquisition of JBS Global Meat (R$ 62,004) and Agrovêneto S.A. (R$ 44,822).

Trademarks, the water right and goodwill have indefinite lives and their recoverable amounts are tested annually for impairment.

Amortization expenses are recorded in the accounts of "Cost of goods sold" and "General and administrative expenses".

Goodwill: According to technical interpretation ICPC 09 - Individual Financial Statements, Separate Statements, Consolidated Statements and Application of Equity Method, in the consolidated goodwill is recorded in the Intangible assets due to expected profitability of the acquired subsidiary, assets and liabilities are consolidated with the Individual Statement. In the balance sheets of the Company, this goodwill is recorded on Investments, the same group of noncurrent assets, because, for the Company it is part of its investment on subsidiary acquisition, not being its intangible assets (as stated above, the expectation of future earnings - the genuine intangible - is the subsidiary).
In the company the intangible goodwill arising from the merger of Bertin, and the rest allocated to investments. Consolidated all goodwill re recorded as intangible.
The Company presents only the intangible goodwill arising from the merger of Bertin and the remaining amounts are allocated in investments.

Goodwill

Company- Recorded as intangible (Goodwill)

In December 2009 the Company merged Bertin. The market value of this operation was ascertained based on an appraisal report prepared by a valuation company. The fair value of share exchange between the companies amounted to R$ 11,987,963, generating goodwill of R$ 9,069,926. Pursuant to IFRS 3 (R)/CPC 15 R1 – Business combinations, represents the residual amount in determining the fair value of net assets acquired. In Business Combination was allocated an amount of R$ 414,111 for the intangible and property, plant and equipment accounts.

Company- Recorded as investment (Goodwill in subsidiaries)

In July 2007 the Company acquired a 100% interest in Swift Foods Company, currently known as JBS USA , with goodwill of R$ 906,481,based on expected future earnings, which was being amortized over 5 years. Accumulated amortization until December 31, 2008 was R$ 248,655, showing a net carrying amount of R$ 657,826 as of March 31, 2013.

In April 2011 the Company acquired 70% interest in LLC Lesstor, with goodwill of R$ 13,461, based on expected future earnings of the acquired business.

In January 2013, as described in Note 1, item c.), a preliminary goodwill in JBS Global Meat in the amount of R$ 62,004 was calculated subject to changes that may occur within one year, in accordance with IFRS 3 (R)/CPC 15 R1.

The Company through its acquired company Bertin, has other smaller representation of goodwill arising from companies acquisition based on expected future profitability of R$ 16,044, which related the following investments:
i) Novaprom Foods Ingredients - R$ 12,000
ii) Phitoderm - R$ 4,044

Consolidated- Recorded as intangible (Goodwill)

JBS USA has goodwill of US$ 224.864 thousand, equivalent to R$ 452,831 as of March 31, 2013, arising mainly from the acquisition in 2008 of Smithfield beef, Tasman and Five Rivers, based on the appreciation of the acquired assets.

In 2007, JBS Holding Internacional S.A., through its subsidiaries JBS Argentina S.A. and JBS Mendoza S.A., acquired 100% of the capital stock of Consignaciones Rurales S.A. and Argenvases S.A.I.C. and, in 2008, through the same subsidiaries, acquired 100% of the capital stock of Colcar S.A., with total goodwill of $ 14,110 thousand Argentinean pesos, equivalent to R$ 5,549 as of March 31, 2013. Goodwill is based upon expected future earnings of the acquired businesses.

JBS Global Luxembourg has goodwill of EUR 5,188 thousands, equivalent to R$ 13,413 as March 31, 2013, arising from the acquisition of the Toledo Group , based on the appreciation of the assets.

On March 2013, JBS Aves Ltda. acquired all the shares of Agrovêneto S.A. Indústria de Alimentos and calculated a preliminary goodwill in the amount of R$ 44,822 subject to changes that may occur within a year, in accordance with IFRS 3 (R)/CPC 15 R1.

The Company's subsidiaries have other smaller representation of goodwill arising from companies acquisition, based on expected future profitability of R$ 111,174 which related the following investments:
i) JBS Holding Inc - R$ 21,608
ii) Misr Cold - R$ 22,955
iii) Rigamonti - R$ 59,814
iv) Wonder Best - R$ 1,982
v) IFPSA - R$ 4,815

In accordance with CVM decision No. 565, dated December 17, 2008, and CVM Decision No. 553, dated November 12, 2008, since January 1, 2009 the Company has adopted the criteria of not amortize goodwill based upon expected future earnings, which is in line with IFRS 3 (R) /CPC 15 R1 - Business combination. Under these CVM decisions and the IFRS, intangible assets with indefinite life can no longer be amortized.

Goodwill and intangible assets with no estimated useful lives are tested for impairment at least once a year, in accordance with IFRS 3 (R)CPC 15 R1 – Business combinations.

Impairment test of goodwill

The Company tested the recovery of the goodwill using the concept of "value in use" through models of discounted cash flow, representing the group of tangible and intangible assets used in the development and sale of products to its customers.

The process of determining the value in use involves the use of assumptions, judgments and estimates about cash flows, such as rates of revenue growth, costs and expenses, estimates of investment, working capital and discount rates. The assumptions about growth projections, cash flow and future cash flows are based on Management's best estimates, as well as comparable information from market, economic conditions that will exist during the economic life of the group of assets that provides the generation of the cash flows. The future cash flows were discounted based on the representative rate of the cost of capital (WACC).

Consistent with the techniques of economic evaluation, assessment of the value in use is effected for a period of 10 years, and after, considering the perpetuity of the premises in view of the indefinite business continuity capability. The Management judged appropriate to use the period of 10 years based on their past experience in designing accurately projected cash flows. This understanding is in accordance with paragraph 35 of IAS 36/CPC 01 R1 (R) - Impairment of Assets.

The growth rates used to extrapolate the projections after the period of 10 years ranged from 3% to 4% at year in nominal values. The estimated future cash flows were discounted using discount rates ranging from 9.4% to 11.0% at year, also in nominal values. The principal assumptions used in estimating the value in use are as follows:

• Sales Revenue - Revenues are projected from 2013 to 2022 considering the growth in volume of different products of Cash Generating Units.

• Operating costs and expenses - The costs and expenses were projected accordance with historical performance of the Company and, with the historical growth in revenues. In addition, we considered efficiency gains derived from business combinations of synergies and process improvements.

• Capital investment - Investment in capital goods were estimated considering the maintenance of existing infrastructure and expectations required to enable the supply of products.

Key assumptions were based on historical performance of the Company and reasonable macroeconomic assumptions reasoned basis on projections of the financial market, documented and approved by management.

Based on the annual test for impairment of the Company's intangible assets, prepared based on the projections made on the quarterly interim financial statements of December 31, 2012, growth prospects and then follow the projections and results of operations for the period ended on March 31, 2013, there were no indications of possible losses or losses, as the estimated market value is higher than the carrying amount at the valuation date.

13 Trade accounts payable

	Company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Commodities - cattle	**505,048**	621,664	**1,320,801**	1,658,863
Materials and services	**316,883**	331,373	**1,826,602**	1,667,392
Finished products	**49,236**	47,236	**188,456**	238,015
	871,167	**1,000,273**	**3,335,859**	**3,564,270**

14 Loans and financings

The Company discloses below the operations in foreign and local currency, considering the functional currency of each subsidiary. Local currency indicates loans denominated in the functional currency of the borrower.

Current liabilities

		Company	
Type	**Average annual rate of interest and commissions**	**March 31, 2013**	**December 31, 2012**
Foreign currency			
ACC - (advances on exchange contracts)	Exchange variation + interest from 2.70 % to 5.20%	**2,933,069**	2,866,405
Prepayment	Exchange variation + Libor and interest from 1% to 6%	**573,196**	721,888
144-A	Exchange variation + interest from 6.25% to 10.50%	**71,458**	107,459
Credit note - export	Exchange variation + interest of 7.85%	**8,867**	8,837
		3,586,590	**3,704,589**
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	**66,082**	61,542
EXIM - export credit facility	TJLP and interest of 5.81%	**60,001**	87,012
BNDES automatic - TJLP	TJLP and interest from 3.1% to 5.44%	**21,114**	32,495
BNDES automatic - Currency basket	Currency basket BNDES + interest from 2% to 3.1%	**2,950**	4,597
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 114.4% of CDI	**654,645**	156,201
Credit note - export	Interest from 1.2% to 3.4% or 100% to 118.5% of CDI	**650,985**	1,297,734
FCO - Middle West Fund	Interest of 10.00%	**503**	617
FNO - North Fund	Interest of 10.00%	**4,071**	4,416
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	**6,529**	6,571
		1,466,880	**1,651,185**
		5,053,470	**5,355,774**

Noncurrent liabilities

		Company	
Type	**Average annual rate of interest and commissions**	**March 31, 2013**	**December 31, 2012**
Foreign currency			
Prepayment	Exchange variation + Libor and interest from 1% to 6%	**483,557**	623,756
144-A	Exchange variation + interest from 6.25% to 10.50%	**4,084,341**	3,145,834
Credit note - export	Exchange variation + interest of 7.85%	**8,541**	8,667
		4,576,439	**3,778,257**
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	**175,068**	173,894
BNDES automatic - TJLP	TJLP and interest from 3.1% to 5.44%	**40**	1,322
BNDES automatic - Currency basket	Currency basket BNDES + interest from 2% to 3.1%	**-**	118
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 114.4% of CDI	**1,402,001**	2,082,037
Credit note - export	Interest from 1.2% to 3.4% or 100% to 118.5% of CDI	**1,250,548**	736,386
FCO - Middle West Fund	Interest of 10.00%	**-**	50
FNO - North Fund	Interest of 10.00%	**15,646**	16,642
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	**5,818**	7,179
		2,849,121	**3,017,628**
		7,425,560	**6,795,885**
Breakdown:			
Current liabilities		**5,053,470**	**5,355,774**
Noncurrent liabilities		**7,425,560**	**6,795,885**
		12,479,030	**12,151,659**

Maturities of non-current liabilities are as follows:

2014	**882,997**	1,479,962
2015	**1,384,024**	1,382,980
2016	**2,156,090**	1,915,630
2017	**169,494**	164,877
2018	**1,821,892**	1,848,336
2019	**2,901**	2,880
2020	**1,067**	1,046
2021	**195**	174
Maturities thereafter 2021	**1,006,900**	-
	7,425,560	**6,795,885**

Current liabilities

		Consolidated	
Type	**Average annual rate of interest and commissions**	**March 31, 2013**	**December 31, 2012**
Foreign currency			
ACC - (advances on exchange contracts)	Exchange variation + interest from 2.70 % to 5.20%	**3,005,796**	2,906,352
Prepayment	Exchange variation + Libor and interest from 1% to 6%	**634,134**	783,394
144-A	Exchange variation + interest from 6.25% to 10.50%	**71,458**	107,459
Credit note - export	Exchange variation + interest of 7.85%	**8,867**	8,837
		3,720,255	**3,806,042**
Local Currency			
FINAME	TJLP and interest from 1% to 8.5%	**66,998**	62,435
Installment note corp aircraft (payable notes)	Libor and interest from 1.75%	**12,874**	13,534
JBS Mortgage	Interest from 5.8% to 8.4%	**3,564**	3,545
EXIM - export credit facility	TJLP and interest of 5.81%	**60,001**	87,012
BNDES automatic - TJLP	TJLP and interest from 3.1% to 5.44%	**21,114**	32,495
BNDES automatic - Currency basket	Currency basket + interest from 2% to 3.1%	**2,950**	4,597
US revolver	Libor or Prime + applicable rate	**1,381**	631
JBS Term Loan	Alternate Base Rate ("ABR")+1.75% or Eurodollar+2.75%	**10,403**	19,550
Five Rivers term loan	Libor + 2.75% or Prime + 1.5%	**11,467**	11,991
Senior notes due 2014	Interest of 11.625%	**68,735**	28,178
Senior notes due 2020	Interest of 8.25%	**19,383**	49,173
Senior notes due 2021	Interest of 7.25%	**31,633**	8,025
PPC - US Senior note 2018	Interest of 7.875%	**23,348**	3,576
PPC - US credit facility - revolving credit facility	Interest from 4.3% to 6.3%	**507**	727
PPC - US credit facility - term loans	Interest from 4.8% to 9.0%	**44,177**	47,160
PPC - US bonds	Interest from 7.625% to 9.25%	**864**	915
Plainwell Bond	Interest of 4.39%	**3,981**	4,007
Marshaltown	Interest of 2.34%	**38**	41
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 114.4% of CDI	**654,645**	156,201
Working capital - US dollars	Libor +interest from 1.10% to 3.20%	**103,147**	95,805
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	**33,575**	39,536
Working capital - Argentine Pesos	Interest of 18.77%	**98,196**	129,007
Credit note - export	Interest from 1.2% to 3.4% or 100% to 118.5% of CDI	**650,985**	1,297,734
FCO - Middle West Fund	Interest of 10.00%	**503**	617
FNO - North Fund	Interest from 10.00%	**4,071**	4,416
Credit note - import	Interest of 4.44% (LIBOR and interest of 2.80%)	**143,507**	106,527
Finep - Financing of Studies and Projects	Interest of 4.5%	**2,158**	1,747
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	**6,529**	6,571
Rural - Credit note	Interest of 5.5%	**67,804**	50,125
ANZ Credit facility	Interest of 4%	**31,488**	-
Others		**1,115**	26,978
		2,181,141	**2,292,856**
		5,901,396	**6,098,898**

Noncurrent liabilities

Type	Average annual rate of interest and commissions	Consolidated	
		March 31, 2013	December 31, 2012
Foreign currency			
Prepayment	Exchange variation + Libor and interest from 1% to 6%	**483,557**	623,756
144-A	Exchange variation + interest from 6.25% to 10.50%	**4,084,341**	3,145,834
Credit note - export	Exchange variation + interest of 7.85%	**8,541**	8,667
ACC - (advances on exchange contracts)	Exchange variation + interest from 2.70 % to 5.20%	**1,661**	-
		4,578,100	**3,778,257**
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	**177,594**	176,647
JBS Mortgage	Interest from 5.8% to 8.4%	**29,740**	31,110
BNDES automatic - TJLP	TJLP and interest from 3.1% to 5.44%	**40**	1,322
BNDES automatic - Currency basket	Currency basket + interest from 2% to 3.1%	**-**	118
US revolver	Libor or Prime + applicable rate	**435,418**	16,182
JBS Term Loan	Alternate Base Rate ("ABR")+1.75% or Eurodollar+2.75%	**916,666**	933,526
Five Rivers term loan	Libor + 2.75% or Prime + 1.5%	**138,559**	146,302
Senior note due 2014	Interest of 11.625%	**1,385,980**	1,400,846
Senior note due 2020	Interest of 8.25%	**1,376,199**	1,395,253
Senior note due 2021	Interest of 7.25%	**1,274,248**	1,291,968
PPC - US Senior note due 2018	Interest of 7.875%	**985,739**	999,408
PPC - US credit facility - revolving credit facility	Interest from 4.3% to 6.3%	**158,126**	196,595
PPC - US credit facility - term loans	Interest from 4.8% to 9.0%	**1,070,230**	1,091,517
PPC - US bonds	Interest from 7.625% to 9.25%	**7,316**	7,424
Plainwell Bond	Interest of 4.39%	**23,396**	24,692
Marshaltown	Interest of 2.34%	**19,316**	19,581
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 114.4% of CDI	**1,402,001**	2,082,037
Working capital - US dollars	Libor +interest from 1.10% to 3.20%	**22,458**	24,455
Working capital - Euro	Euribor + interest from 0.15% to 1.75%	**2,686**	3,712
Credit Note - export	Interest from 1.2% to 3.4% or 100% to 118.5% of CDI	**1,250,548**	736,386
FCO - Middle West Fund	Interest of 10.00%	**-**	50
FNO - North Fund	Interest of 10.00%	**15,646**	16,642
Finep - Financing of Studies and Projects	Interest of 4.5%	**13,042**	8,837
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	**5,818**	7,179
Others		**5,558**	-
		10,716,324	**10,611,789**
		15,294,424	**14,390,046**
Breakdown:			
Current liabilities		**5,901,396**	**6,098,898**
Noncurrent liabilities		**15,294,424**	**14,390,046**
		21,195,820	**20,488,944**
Maturities of non-current liabilities are as follows:			
2014		**3,571,826**	4,245,577
2015		**1,411,016**	1,411,281
2016		**2,731,341**	2,072,807
2017		**180,227**	176,015
2018		**3,709,257**	3,762,264
2019		**2,901**	2,880
2020		**1,392,533**	1,412,395
2021		**1,274,443**	1,292,142
Maturities thereafter 2021		**1,020,880**	14,685
		15,294,424	**14,390,046**

ACC – (advances on exchange contracts) are credit facilities obtained from financial institutions by the Company, its subsidiary JBS Argentina S.A., in the amount of US$ 1,496,840 on March 31, 2013 (US$ 1,422,242 on December 31, 2012), to finance export transactions.

CDC – Working Capital Financing contract (Contrato de financiamento de capital de giro), credit facilities obtained from financial institutions by the Company, to finance the truck fleet of the transport operation.

USBONDS - On April 27, 2009, the subsidiary JBS USA issued bonds in the amount of US$ 700 million, with a payment term of five years and coupon of 11.625% per year, with a discount of US$ 48.7, which will be added to the loan over its useful live. The operation is guaranteed by the Company and its subsidiary JBS USA and the subsidiaries of JBS USA.

144-A – Refers to three issuances of 144-A notes: (i) Notes 2016 - JBS S.A. in the amount of US$ 300 million with an interest rate of 10.50% per annum; (ii) Notes 2016 of Bertin (an enterprise of which the Company is the sucessor through merger) in the amount of US$ 350 million with an interest rate of 10.25% per annum, (iii) Notes 2018 - JBS S.A. in the amount of US$ 900 million with an interest rate of 8.25% per annum and (iii) Notes 2023 - JBS S.A. in the amount of US$ 500 million with an interest rate of 6.25% per annum.

FINAME / FINEM – Financing agreements with BNDES are secured by the assets subject matter of the financing.

ABL (Asset Based Loan) – On May 12, 2011 the subsidiary JBS USA, LLC entered into a credit agreement consisting of a term loan commitment of US$ 850 million, with a payment term of 5 years and LIBOR + 1.75% per year.

Term Loan B - On May 27, 2011 the subsidiary JBS USA, LLC entered into a credit agreement consisting of a term loan of US$ 475 million with a payment term of 7 years and LIBOR + 3% per year.

Term Loan A - On June 14, 2011 the indirect subsidiary JBS Five Rivers obtained an US$ 85 million term loan with a payment term of 5 years and LIBOR + 2.75% per year.

Rural credit note - Refers to financing obtained by the subsidiary JBS Aves from Caixa Econômica Federal, with the purpose of promoting the supply chain (rural). The payment will be made within one year and it will have J&F Participações S.A. as guarantor.

15 Credit operations, guarantees and covenants

On March 31, 2013, the Company was in compliance with all covenants. The main credit operations, guarantees and covenants of the Company and its subsidiaries are described below.

Notes 2016 - JBS S.A. - On August 4, 2006, the Company issued Notes 2016 maturing in 2016, in the principal amount of US$300 million. The interest rate applicable to the notes is 10.50% per annum and interest is paid semiannually on February 4 and August 4, beginning on February 4, 2007. The principal amount of the notes should be fully paid by August 4, 2016. Pursuant to the additional indenture dated January 31, 2007, JBS Finance Ltd became a co-issuer of Notes 2016.

On April 19, 2012 the Company announced that it was soliciting consents from holders of the Notes 2016 to amend the restricted payments covenant to permit restricted payments to be made with the equity interests and/or assets of any non-essential subsidiaries of JBS S.A., provided that such restricted payments would not exceed 2% of JBS S.A.'s total consolidated revenues. The consent solicitation expired on May 3, 2012 with the Company receiving the requisite consents to implement the amendment.

Guarantees: The indenture governing Notes 2016 requires that any significant subsidiary (as defined in the indenture governing the Notes 2016) guarantee all obligations of the Company as stated in Notes 2016, subject to certain exceptions. Notes 2016 are guaranteed by JBS Hungary Holdings Kft (indirect wholly owned subsidiary of the Company), by JBS USA Holdings, JBS USA, LLC and Swift Beef Company. Other subsidiaries of the Company may be required to guarantee the Notes 2016 in the future.

Covenants: The indenture for the Notes 2016 contains customary negative covenants that limit the Company's ability and the ability of certain subsidiaries to, among other things:

. incur additional debt, if the ratio net debt/EBITDA is higher than a determined index;
. incur liens;
. sell or dispose of assets;
. pay certain dividends and make other payments;
. permit restrictions on dividends and other restricted payments by its restricted subsidiaries;
. have certain transactions with related parties;
. consolidate or enter into merger or transfer all assets to another company;
. execute lease transactions with repurchase option (sale/leaseback); and
. change the control without making a purchase offer on Notes 2016.

As mentioned above, the terms and conditions for Notes 2016 include covenants. They restrict the Company and its subsidiaries, including JBS USA, to incur any debts (subject to certain permitted exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4.75/1.0.

Again, as mentioned above, Notes 2016 establish restrictions to the Company and its subsidiaries in the execution of certain actions, such as: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) obtaining loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; or (d) when imposed by standard documents of BNDES (National Bank of Economic and Social Development).

Additionally, according to Notes 2016, the Company will not be able, directly or indirectly, to declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) there has been default in relation to the notes 2016; (ii) the Company can incur in at least US$ 1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed 50% of the accrued net income in a certain year or when in a determined year where there is loss, the payment value does not exceed US$30 million.

Events of default: The indenture of Notes 2016 contains customary events of default. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If an event of default occurs, the trustee or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accrued interest on the notes.

Bertin's Notes 2016 - Bertin S.A., an enterprise of which the Company is the successor through merger, issued Bertin's Notes 2016 at the principal amount of US$350 million on October 13, 2006 (under its former corporate name of Bertin Ltda.). The interest applicable to Bertin's Notes 2016 corresponds to 10.25% per annum, paid semiannually on April 5 and October 5, beginning on April 5, 2007. The principal amount of the notes will be fully paid by October 5, 2016.

On December 14, 2009, Bertin successfully concluded a consent solicitation relating to the 2016 Bertin Notes. The consent solicitation (1) amended certain provisions in the indenture governing the 2016 Bertin's Notes 2016 to conform the provisions to the indenture governing Notes 2016 and (2) amended the change of control provisions to exclude the Bertin merger as an event that would trigger a change of control under the Bertin's 2016 Notes. The supplemental indenture implementing these amendments to the Bertin's Notes 2016 was executed on December 22, 2009.

On April 19, 2012 the Company announced that it was soliciting consents from holders of the Bertin's Notes 2016 to amend the restricted payments covenant to permit restricted payments to be made with the equity interests and/or assets of any non-essential subsidiaries of JBS S.A., provided that such restricted payments would not exceed 2% of JBS S.A.'s total consolidated revenues. The consent solicitation expired on May 3, 2012 with the Company receiving the requisite consents to implement the amendment.

Guarantees: The indenture that governs Bertin's Notes 2016 requires that any "material subsidiary" (as defined in the indenture governing Bertin's Notes 2016) to guarantee all obligations of the Company established in Bertin's Notes 2016. They are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company). Other subsidiaries of the Company may be required to guarantee the Bertin's Notes 2016 in the future.

Covenants: The indenture of Bertin's Notes 2016 contains customary negative covenants that limit the Company's ability and the ability of its subsidiaries to, among other things:

. incur additional debt if the net debt/EBITDA ratio is higher than a determined index;
. incur liens;
. pay dividends or make certain payments to shareholders;
. sell or dispose of assets;
. have certain transactions with related parties;
. dissolve, consolidate, merge or acquire the business or assets of other entities;
. execute lease transactions with repurchase option (sale/leaseback);
. change the company's control without making a purchase offer on Bertin's Notes 2016; and
. in a general manner, limits dividends or other payments to shareholders by restricted subsidiaries.

As indicated above, the terms and conditions for Bertin's Notes 2016 include covenants that restrict the Company (as legal successor of Bertin) and the subsidiaries, to incur any debts (subject to certain permitted exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4.75/1.0.

Besides, Bertin's Notes 2016 restrict the Company and its subsidiaries from: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) making loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of the business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; (d) when imposed by standard documents of BNDES or other international governmental agencies.

Additionally, according to the notes, the Company can only, directly or indirectly, declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) it is not in default in relation to the notes; (ii) the Company can incur in at least US$ 1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed 50% of the accrued net income in a certain year or when in a determined year where there is loss, the payment value does not exceed US$ 30 million.

Events of default: The issuance instrument of Bertin's Notes 2016 contains customary events of default. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If an event of default occurs, the trustee or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accrued interest on the notes.

Notes 2018 - JBS S.A. - On July 29, 2010, JBS Finance II Ltd., a wholly-owned subsidiary of the Company, issued Notes 2018 maturing in 2018, at the principal amount of US$700 million and on September 10, 2010, the company issued additional notes at the principal amount of US$200 million under the indenture of Notes 2018. The interest rate applicable to the notes is 8.25% per annum and are semiannually paid on January 29 and July 29 of each year, beginning January 29, 2011. The principal amount of the Notes 2018 should be fully paid by January 29, 2018.

The Notes 2018 are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company) and by JBS S.A.

Covenants. The indenture of Notes 2018 contains customary negative covenants that limit the Company's ability and the ability of certain subsidiaries to, among other things:

. incur additional debt if the net debt/EBITDA ratio is higher than a determined index;
. incur liens;
. pay dividends or make certain payments to shareholders;
. permit restrictions on dividends and other restricted payments by restricted subsidiaries
. sell or dispose of assets;
. have certain transactions with related parties;
. execute lease transactions with repurchase option (sale/leaseback); and
. change the company's control without making a purchase offer on Notes 2018.

As mentioned above, the terms and conditions for Notes 2018 include covenants. They restrict the Company and its subsidiaries, including JBS USA, to incur any debts (subject to certain permitted exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4.75/1.0.

Also, as mentioned above, the Notes 2018 establish restrictions to the Company and its subsidiaries in the execution of certain actions, such as: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) obtaining loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; or (d) when imposed by standard documents of BNDES (National Bank of Economic and Social Development).

Additionally, according to Notes 2018, the Company will not be able, directly or indirectly, to declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) there has been default in relation to the notes 2018; (ii) the Company can incur at least US$ 1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed 50% of the accrued net income in a certain year or when in a determined year where there is loss.

Events of default: The indenture of Notes 2018 contains customary events of default. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If an event of default occurs, the trustee or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accrued interest on the notes.

Notes 2023 - On February 5, 2013, ESAL GmbH, a wholly-owned subsidiary of the Company, issued Notes 2023 maturing in 2023, at the principal amount of US$500 million. The interest rate applicable to the notes is 6.25% per annum and are semiannually paid on February 5 and August 5 of each year, beginning August 5, 2013. The principal amount of the Notes 2023 should be fully paid by February 5, 2023.

The Notes 2023 are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company) and by JBS S.A.

Covenants. The indenture of Notes 2023 contains customary negative covenants that limit the Company's ability and the ability of certain subsidiaries to, among other things:

. incur additional debt if the net debt/EBITDA ratio is higher than a determined index;
. incur liens;
. pay dividends or make certain payments to shareholders;
. permit restrictions on dividends and other restricted payments by restricted subsidiaries
. sell or dispose of assets;
. have certain transactions with related parties;
. execute lease transactions with repurchase option (sale/leaseback); and
. change the company's control without making a purchase offer on Notes 2023.

As mentioned above, the terms and conditions for Notes 2023 include covenants. They restrict the Company and its subsidiaries, including JBS USA, to incur any debts (subject to certain permitted exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4.75/1.0.

Also, as mentioned above, the Notes 2023 establish restrictions to the Company and its subsidiaries in the execution of certain actions, such as: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) obtaining loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; or (d) when imposed by standard documents of BNDES (National Bank of Economic and Social Development).

Additionally, according to Notes 2023, the Company will not be able, directly or indirectly, to declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) there has been default in relation to the notes 2023; (ii) the Company can incur at least US$ 1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed 50% of the accrued net income in a certain year or when in a determined year where there is loss.

Events of default: The indenture of Notes 2023 contains customary events of default. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If an event of default occurs, the trustee or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accrued interest on the notes.

Guarantee of J&F Oklahoma's revolving credit facility – On October 7, 2008, J&F Oklahoma entered into a US$600.0 million secured revolving credit facility. This credit facility and the guarantee thereof are secured solely by the assets of J&F Oklahoma and the net assets of JBS Five Rivers. This credit facility is used to acquire cattle which are then fed in the JBS Five Rivers' feed yards pursuant to the cattle supply and feeding agreement. The finished cattle are sold to JBS USA, LLC under the cattle purchase and sale agreement. This facility was amended and restated on September 10, 2010 to provide availability up to US$800.0 million and to extend maturity to September 23, 2014.

On June 14, 2011, J&F Oklahoma and JBS Five Rivers executed a third amended and restated credit agreement to increase the availability to US$1.0 billion and to add J&F Australia as a borrower under the facility. The facility matures on June 14, 2015. On March 6, 2012 J&F Oklahoma and JBS Five Rivers executed an amendment to the third amended and restated credit agreement to increase the availability up to US$1.2 billion. On January 24, 2013, J&F Oklahoma executed a fourth amended and restated credit facility to add J&F Canada as a borrower under the facility, allow borrowings under additional currency options and extend the maturity date to June 14, 2016. Borrowings under the facility bear interest at variable rates based on applicable LIBOR plus 2.25%, or based on the prime rate plus 1%. The interest rate at March 31, 2013 was 2.4%. As of March 31, 2013, no borrowings were used towards letters of credit and borrowing availability was US$66.1 million. As of March 31, 2013 and December 31, 2012, J&F Oklahoma had US$944.5 million and US$849.2 million, respectively, in outstanding borrowings on the facility.

The credit agreement is collateralized by accounts receivable and inventories of J&F Oklahoma and by certain fixed assets, accounts receivable and inventories of JBS Five Rivers. Among other requirements, the facility requires J&F Oklahoma to maintain certain financial ratios, minimum levels of net worth and establish limitations on certain types of payments, including dividends, investments and capital expenditures. In most instances, covenants consider the combined position and results of J&F Oklahoma along with JBS Five Rivers. J&F Oklahoma's parent company has entered into a keepwell agreement whereby it will make contributions to J&F Oklahoma if J&F Oklahoma is not in compliance with its financial covenants under this credit facility. If J&F Oklahoma defaults on its obligations under the credit facility and such default is not cured by its parent under the keepwell agreement, JBS Five Rivers is obligated for up to US$250.0 million of guaranteed borrowings plus certain other obligations and costs under this credit facility. J&F Oklahoma was in compliance with financial covenants under this credit facility as of March 31, 2013.

Credit facility to J&F Oklahoma – JBS Five Rivers is party to an agreement with J&F Oklahoma pursuant to which JBS Five Rivers has agreed to loan up to US$200.0 million in revolving loans to J&F Oklahoma. The loans are used by J&F Oklahoma to acquire feeder animals which are placed in JBS Five Rivers' feed yards for finishing. Borrowings accrue interest at a per annum rate of LIBOR plus 2.25% and interest is payable at least quarterly. On September 26, 2011, the facility was amended to accrue interest at a per annum rate of LIBOR plus 2.75%. The facility was amended on September 10, 2010 to mature on September 11, 2016. The facility was amended on June 14, 2011 to increase availability under the loan to US$375.0 million. On January 24, 2013, the agreement was amended to extend the facility up to US$450.0 million. The additional funds will be used for working capital needs. The interest rate at March 31, 2013 was 3.1%.

Variable interest entities – As of March 31, 2013, JBS USA Holdings holds variable interests in J&F Oklahoma, which is considered a variable interest entity. Since the business purpose of J&F Oklahoma is the ownership of livestock and the risks and rewards of owning feeder and fat cattle accrue to J&F Oklahoma, JBS USA Holdings has determined that it is a nonprimary beneficiary of J&F Oklahoma, although we have significant variable interests in the entity. Therefore, the results of J&F Oklahoma are not consolidated in these quarterly interim financial statements. The JBS USA Holdings' significant variable interests are listed below and discussed further above:

- JBS Five Rivers has agreed to provide up to US$450.0 million in loans to J&F Oklahoma;
- JBS Five Rivers' guarantee of up to US$250.0 million of J&F Oklahoma's borrowings under its revolving credit facility plus certain other obligations and costs, which is secured by and limited to the net assets of JBS Five Rivers;
- JBS Five Rivers' rights and obligations under the annual incentive agreement; and
- JBS USA's rights and obligations under the cattle purchase and sale agreement.

JBS USA Holdings' maximum exposure to loss related to these variable interests is US$450.0 million. Potential losses under the terms of the hotelling and cattle purchase and sale agreement depend on future market conditions and cannot be quantified. On May 27, 2011, JBS USA contributed US$35.0 million to JBS Five Rivers. These funds were contributed to fund working capital and general corporate purposes. As of March 31, 2013, the carrying value of JBS Five Rivers' net assets is US$460.5 million.

Description of Indebtedness of JBS USA

ANZ credit line — On March 2, 2011, JBS Australia executed a A$35.0 million facility to assist with working capital requirements. The facility had an interest rate equal to the Bank Bill Swap Bid Rate ("BBSY") plus a 2% margin. The facility was canceled on February 10, 2012.

Senior Secured Credit Facility — On November 5, 2008, JBS USA entered into a senior secured revolving credit facility (the "Credit Agreement") that allowed borrowings up to US$400.0 million. Up to US$75.0 million of the Credit Agreement was available for the issuance of letters of credit.

On June 30, 2011, JBS USA and JBS Australia executed the Revolving Syndicated Facility Agreement ("Revolving Facility") to amend and restate the Credit Agreement. The facility provides a maximum borrowing availability of US$850.0 million available in three tranches of US$625.0 million, US$150.0 million and US$75.0 million. The facility matures on June 30, 2016. Up to $250.0 million of the Revolving Facility is available for the issuance of letters of credit. On January 26, 2012, JBS USA and JBS Australia executed the first amendment to the Revolving Facility agreement primarily to include a US$35.0 million swing line sub-facility for JBS Australia which allows JBS Australia to obtain same day funding under the Revolving Facility. Loans bear interest at applicable LIBOR rates or the prime rate plus applicable margins that are based on utilization of the facility.

Availability: Availability under the Revolving Facility is subject to a borrowing base. The borrowing base is based on certain JBS USA wholly-owned subsidiaries' assets as described below, with the exclusion of JBS Five Rivers. The borrowing base consists of percentages of eligible accounts receivable, inventory and supplies less certain eligibility and availability reserves. As of March 31, 2013, there were US$87.8 million of outstanding letters of credit and borrowing availability of US$476.1 million.

Security and Guarantees: Borrowings made by JBS USA under the Revolving Facility are guaranteed by JBS S.A., JBS Hungary Holdings Kft., JBS USA Holdings and all domestic subsidiaries of JBS USA except JBS Five Rivers and certain immaterial subsidiaries. In addition, all material subsidiaries of JBS Australia guarantee JBS Australia borrowings. Furthermore, the borrowings are collateralized by a first priority perfected lien and interest in accounts receivable, finished goods and supply inventories.

Covenants: The Revolving Facility contains customary representations, warranties and a springing financial covenant that requires a minimum fixed charge coverage ratio of not less than 1.00 to 1.00. This ratio is applicable if borrowing availability causes a covenant trigger period, which only occurs when borrowing availability falls below the greater of 10% of the maximum borrowing amount or $72.0 million. The Revolving Syndicated Facility also contains negative covenants that may limit the ability of JBS USA and certain of its subsidiaries to, among other things:

- incur certain additional indebtedness;
- create certain liens on property, revenue or assets;
- make certain loans or investments;
- sell or dispose of certain assets;
- pay certain dividends and other restricted payments;
- prepay or cancel certain indebtedness;
- dissolve, consolidate, merge or acquire the business or assets of other entities;
- enter into joint ventures other than certain permitted joint ventures or create certain other subsidiaries;
- enter into new lines of business;
- enter into certain transactions with affiliates and certain permitted joint ventures;
- agree to restrictions on the ability of the subsidiaries to make dividends;
- agree to enter into negative pledges in favor of any other creditor; and
- enter into certain sale/leaseback transactions.

Events of Default: The Revolving Facility also contains customary events of default, including failure to perform or observe terms, covenants or agreements included in the Revolving Facility, payment of defaults on other indebtedness, defaults on other indebtedness if the effect is to permit acceleration, entry of unsatisfied judgments or orders against a loan party or its subsidiaries, failure of any collateral document to create or maintain a priority lien and certain events related to bankruptcy and insolvency or environmental matters. If an event of default occurs the lenders may, among other things, terminate their commitments, declare all outstanding borrowings to be immediately due and payable together with accrued interest and fees and exercise remedies under the collateral documents relating to the Revolving Facility. At March 31, 2013, JBS USA was in compliance with all covenants.

Installment note payable – The installment note payable relates to JBS USA financing of a capital investment. The note bears interest at LIBOR plus a fixed margin of 1.75% per annum with payments due on the first of each month. The note matures on August 1, 2013.

ANZ secured facilities – On March 7, 2011, JBS Australia entered into a secured facility to fund working capital needs and letter of credit requirements. The facility includes a standby letter of credit limit to A$32.5 million and a A$20.0 million money market facility, subject to an annual review. On April 27, 2012, the facility was amended, providing a A$5.0 million trade finance letter of credit limit and A$26.0 million standby letter of credit limit. On September 11, 2012, the facility was restated to provide for a A$55.0 million trade finance loan facility limit and a A$26.0 million standby letter of credit limit, subject to annual review. At March 31, 2013, there were US$22.5 million outstanding letters of credit and borrowing availability of US$41.7 million.

A$250 million revolving loan payable between JBS USA and JBS Australia – On May 4, 2010, JBS USA issued a long-term intercompany revolving promissory note to JBS Australia for A$250.0 million with interest based on the three-month Bank Bill Swap Bid Rate ("BBSY") plus 3% and a maturity date of May 4, 2012 to fund working capital needs and general corporate purposes. On November 9, 2010, the note was amended to increase the maximum amount of advances to A$350.0 million. On February 2, 2011, the note was amended to increase the maximum amount of advances to A$400.0 million. On July 6, 2011, the note was amended to reduce the interest rate margin of 3% over the BBSY to 2%. On November 7, 2011, the note was amended to extend the maturity date to December 31, 2013 and to make the interest rate margin on the note equal to the Revolver Bill Rate Spread as defined in the Revolving Facility in effect at the time an advance is made. While these loans eliminate upon consolidation, the loans are denominated in AUD, but reported by JBS USA in USD. Therefore, the loans generate foreign currency transaction gains or losses due to fluctuations in the period end AUD to USD exchange rate. The average interest rate at March 31, 2013 was 4.8%.

A$50 million revolving loan receivable from JBS Australia – On May 4, 2010, JBS USA Holdings issued an intercompany revolving promissory note to JBS Australia for A$50.0 million with interest based on the three-month BBSY plus 3% to fund working capital needs and general corporate purposes. While these loans eliminate upon consolidation, the loans are denominated in AUD, but reported by JBS USA Holdings in USD. Therefore, the loans generate foreign currency transaction gains or losses due to fluctuations in the period end AUD to USD exchange rate. This note matured on May 4, 2012.

US$50 million revolving loan receivable from JBS USA – On April 19, 2010, JBS USA Holdings issued an intercompany revolving promissory note to JBS USA with borrowing availability of up to US$50 million with interest based on the three-month LIBOR plus a fixed margin of 2.5% to fund working capital needs and general corporate purposes. This loan eliminates upon consolidation. The note matured on March 31, 2012.

US$10 million loan receivable from Weddel Limited - On May 10, 2011, JBS USA Holdings executed a US$10.0 million related party revolving promissory note with Weddell Limited ("Weddell"), a wholly-owned subsidiary of JBS USA Holdings, with interest based on the U.S. prime rate plus a margin of 2.0% and a maturity date of May 10, 2012. On May 8, 2012, the note was amended to extend the maturity date to March 31, 2013. On March 26, 2013, the note was amended to extend the maturity date to March 31, 2014. The interest rate at March 31, 2013 was 5.3%. This note eliminate upon consolidation.

US$50 million loan receivable from JBS Five Rivers - On May 27, 2011, JBS USA issued a US$50.0 million intercompany loan to JBS Five Rivers with interest based on the three-month LIBOR plus 2.25%. The loan matured on May 27, 2012. This note eliminates upon consolidation.

US$2.0 billion revolving intercompany note to JBS USA Holding - On June 2, 2011, JBS USA issued a US$2.0 billion revolving intercompany note to JBS USA Holdings. The note bears interest at a variable per annum rate equal to LIBOR plus 3%. On January 25, 2012, JBS USA Holdings amended the revolving intercompany note with JBS USA to increase the maximum amount available under the note to US$3.0 billion. Principal and accrued interest are due and payable upon demand by JBS USA at any time on or after June 30, 2015. The interest rate at March 31, 2013 was 3.3%. The revolving intercompany note eliminates upon consolidation.

PPC entered into the Subordinated Loan Agreement with JBS USA Holdings - On June 23, 2011, PPC entered into the Subordinated Loan Agreement (the "Subordinated Loan Agreement") with JBS USA Holdings which provided an aggregate commitment of US$100.0 million. On June 23, 2011, JBS USA Holdings made a term loan to PPC in the principal amount of US$50.0 million. In addition, JBS USA Holdings agreed to make an additional one-time term loan of US$50.0 million if PPC's availability under the revolving loan commitment in the U.S. Credity Facility is less than US$200.0 million. This note eliminates upon consolidation. On March 7, 2012, in accordance with the PPC Rights Offering, the commitments under the Subordinated Loan Agreement were terminated and outstanding principal and accrued interest were paid in full.

JBS USA letters of credit - On October 26, 2011 and November 4, 2011, JBS USA agreed to provide letters of credit in the amount of US$40.0 million and US$16.5 million, respectively to an insurance company serving PPC in order to allow that insurance company to return cash it held as collateral against potential workers compensation, auto and general liability claims of PPC. In return for providing this letter of credit, PPC is reimbursing JBS USA for the cost PPC would have otherwise incurred under its revolving credit agreement. During the three months period ended March 31, 2013, JBS USA reduced interest expense, net by US$0.6 million. During the three months ended March 31, 2013, the reimbursement made by PPC was immaterial.

US$ 20 million note to Sampco - On March 15, 2012 Sampco executed a U$20.0 million revolving promissory note with JBS USA Holdings with interest based on the three-month LIBOR plus a margin of 3.0%. On May 22, 2012, the note was amended to increase the maximum amount available to US$50 million. On September 18, 2012, the note was amended to increase the maximum amount available to US$100.0 million. Principal and interest are payable upon demand by Sampco at any time on or after March 31, 2014. At March 31, 2013 the interest rate was 3.3%. The revolving promissory note eliminates upon consolidation.

US$ 100 million note to JBS Five Rivers - On April 20, 2012, JBS USA Holdings executed a US$100.0 million intercompany revolving promissory note with JBS Five Rivers with interest based on the three-month LIBOR plus a margin of 3% and a maturity date of April 20, 2013 to fund working capital needs and general corporate purposes. On March 5, 2013, this note was amended to increase the maximum amount available under the note to US$175.0 million and to extend the maturity date to June 14, 2016. This note eliminates upon consolidation.

4.39% secured notes due 2019 – On December 20, 2010, JBS USA Holdings' wholly-owned subsidiaries JBS USA and JBS Plainwell, Inc. issued 4.39% notes due 2019 in an aggregate principal amount of US$16.0 million to finance the construction of a cold storage warehouse. Interest is payable quarterly beginning April 1, 2011. Principal is payable quarterly beginning October 1, 2011.

Marshalltown NMTC – On March 10, 2011, Swift Pork entered into the Marshalltown NMTC transaction to finance construction of a distribution center. Swift Pork borrowed US$9.8 million at 2.34% annual interest payable monthly for seven years. Of the total amount borrowed, US$7.2 million ("Loan A") was indirectly funded by JBS USA through a leverage loan and is included in other assets within the Consolidated Balance Sheets. The remaining US$2.6 million ("Loan B") was funded by a local community development entity. At the end of the seven year period there is an option to dissolve the transaction through a put option with an exercise price of US$1 thousand or a call option with an exercise price which will be calculated at its fair market value. If the put or call option is not exercised then Loan A will begin to amortize over the remaining 28 years with principal and interest due monthly and a balloon payment for the remaining principal due March 2046. Loan B will continue to have interest only payments through 2046 at which time principal and interest are due.

Tasmanian government loan – On September 2, 2010, JBS Australia and JBS Southern Australia Pty. Ltd. entered into a secured facility which provides up to A$12.0 million with the Tasmanian Government (Tasmania Development and Reserve, the "Department"), to fund a capital investment at JBS Australia's processing plant located in King Island, Tasmania. Funding is available in three tranches of A$3.6 million, A$3.6 million and up to A$4.8 million. Loans are payable on the 22nd of the month following the 15th anniversary of each tranche's initial drawdown. Funds were drawn on October 4, 2010, November 8, 2010 and May 17, 2011, respectively.

Each loan is interest payment free for the initial three years, then bears interest at the Department's cost of funds for years four through nine and then bears interest at the Department's variable commercial rate for years 10 through 15. Upon initial drawdown, interest expense is accrued monthly at the estimated average rate for the life of the loan and is payable upon notice by the Department or in conjunction with the repayment of principal after the three year period. The debt is secured by certain fixed assets at JBS Australia's processing plant located in Rockhampton, Queensland and is subject to standard debt covenants. On September 7, 2012, this loan was terminated due to the closure of the processing plant located in King Island, Tasmania, and all accrued interest and oustanding principal was paid in full.

Corporate building loan assumption – In October 2010, JBS USA Holdings acquired its corporate headquarters in Greeley, Colorado. It paid US$9.2 million in cash and assumed US$20.1 million in mortgage debt. The debt is comprised of two mortgages in the amounts of US$3.1 million and US$17.0 million. The mortgages are repayable in monthly installments over 10 and 14 years, beginning November 1, 2010.

Credit facility to Sampco – On April 1, 2010, JBS USA Holdings executed a US$60.0 million related party revolving promissory note with Sampco, Inc. ("Sampco"), an indirect wholly-owned subsidiary of JBS S.A., with interest based on the three-month LIBOR plus a margin of 2.5% and a maturity date of March 31, 2012. On April 1, 2012, JBS USA Holdings and Sampco amended the related party revolving promissory note to increase the interest rate to the three-month LIBOR plus a 3% margin and to extend the maturity date to March 31, 2014. This loan eliminates upon consolidation.

Credit facility to JBS USA Trading – On April 1, 2010, JBS USA Holdings executed a US$15.0 million related party revolving promissory note with JBS USA Trading, Inc. ("JBS USA Trading"), an indirect wholly-owned subsidiary of JBS S.A., with interest based on the three-month LIBOR plus a margin of 2.5% and a maturity date of March 31, 2012. The note was amended and restated on April 15, 2010 to increase the maximum borrowings to US$25.0 million. This loan eliminates upon consolidation. During three months period ended March 31, 2012, the outstanding principal and accrued interest were paid in full.

Credit facility to Bertin USA – On April 15, 2010, JBS USA Holdings executed an US$11.0 million related party revolving promissory note with Bertin USA, with interest based on the three-month LIBOR plus a margin of 2.5% and a maturity date of March 31, 2012. This loan eliminates upon consolidation. During three months period ended March 31, 2012, the outstanding principal and accrued interest were paid in full.

11.625% senior unsecured notes due 2014 – On April 27, 2009, JBS USA Holdings' wholly-owned subsidiaries JBS USA and JBS USA Finance, Inc. issued 11.625% notes due 2014 in an aggregate principal amount of US$700.0 million. These notes are guaranteed by JBS USA Holdings, JBS S.A., JBS Hungary Holdings Kft., and each of the US restricted subsidiaries that guarantee the Revolving Facility (subject to certain exceptions). If certain conditions are met, JBS S.A. may be released from its guarantees. Interest on these notes accrues at a rate of 11.625% per annum and is payable semi-annually in arrears on May 1 and November 1 of each year, beginning on November 1, 2009. The principal amount of these notes is payable in full on May 1, 2014. The original issue discount of approximately US$48.7 million is being accreted over the life of the notes.

On April 19, 2012 JBS USA announced that it was soliciting consents from holders of the 11.625% senior unsecured notes due 2014 to amend the restricted payments covenant with respect to JBS S.A. to permit restricted payments to be made with the equity interests and/or assets of any non-essential subsidiaries of JBS S.A., provided that such restricted payments would not exceed 2% of JBS S.A.'s total consolidated revenues. The consent solicitation expired on May 3, 2012 with JBS USA receiving the requisite consents to implement the amendment.

Covenants. The indenture for the 11.625% senior unsecured notes due 2014 contains customary negative covenants that limit JBS USA and its restricted subsidiaries' ability to, among other things:

- incur additional indebtedness;
- incur liens;
- sell or dispose of assets;
- pay dividends or make certain payments to our shareholders;
- permit restrictions on dividends and other restricted payments by its restricted subsidiaries;
- enter into related party transactions;
- enter into sale/leaseback transactions; and
- undergo changes of control without making an offer to purchase the notes.

Events of default. The indenture also contains customary events of default, including failure to perform or observe terms, covenants or other agreements in the indenture, defaults on other indebtedness if the effect is to permit acceleration, failure to make a payment on other indebtedness waived or extended within the applicable grace period, entry of unsatisfied judgments or orders against the issuer or its subsidiaries and certain events related to bankruptcy and insolvency matters. If an event of default occurs, the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding may declare such principal and accrued interest on the notes to be immediately due and payable. At March 31, 2013, JBS USA and JBS USA Finance, Inc. were in compliance with all covenants.

7.25% senior unsecured notes due 2021 - On May 27, 2011 JBS USA and JBS USA Finance, Inc. issued 7.25% notes due 2021 in an aggregate principal amount of US$650.0 million primarily to make an intercompany loan to the JBS USA Holdings, for further transfer to JBS S.A. to fund the repayment of short and medium-term debt of JBS S.A. These notes are guaranteed by JBS USA Holdings, JBS S.A., JBS Hungary Holdings Kft., and each of the US restricted subsidiaries that guarantee the Revolving Facility (subject to certain exceptions). If certain conditions are met, the JBS S.A. may be released from their guarantees.

Interest on these notes accrues at a rate of 7.25% per annum and is payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2011. The principal amount of these notes is payable in full on June 1, 2021. The original issue discount of approximately US$11.3 million is being accreted over the life of the notes. The covenants for this note contain customary negative covenants and customary events of default listed under the 11.625% senior unsecured notes due 2014. At March 31, 2013, JBS USA was in compliance with all covenants.

US$475 million term loan due 2018 – On May 27, 2011, JBS USA entered into a credit agreement consisting of a term loan commitment of US$475.0 million primarily to make an intercompany loan to JBS USA Holdings, for further transfer to JBS S.A. to fund the repayment of short and medium-term debt of JBS S.A. The loan is guaranteed by JBS USA Holdings, JBS S.A., JBS Hungary Holdings Kft., and each of the U.S. restricted subsidiaries that guarantee the Revolving Facility (subject to certain exceptions). Loans under this agreement may be either Alternate Base Rate ("ABR") loans or Eurodollar loans at the election of JBS USA.

Interest on the ABR loans is based on ABR plus 2.0% with a 2.25% ABR floor and interest on the Eurodollar loans is based on LIBOR plus 3.0% with a 1.25% LIBOR floor. Interest on ABR loans is payable on the last day of each calendar quarter while interest on Eurodollar loans is payable at the end of the associated interest period. Commencing on September 30, 2011 and continuing until maturity, 0.25% of the initial principal amount of US$475.0 million will be payable on the last business day of each calendar quarter. The outstanding principal is payable on May 25, 2018. The original issue discount of approximately US$2.4 million is being accreted over the life of the loan. The covenants for this note contain customary negative covenants and customary events of default listed under the Revolving Facility. On February 22, 2013, JBS USA amended the loan to reduce the ABR loan rate to ABR plus 1.75% with a 1.75% ABR floor and to reduce the Eurodollar loan rate to LIBOR plus 2.75% with a 1.0% LIBOR floor. At March 31, 2013, JBS USA was in compliance with all covenants.

US$85 million term loan due 2016 – On June 14, 2011, JBS Five Rivers obtained an US$85.0 million term loan which has a maturity date of June 14, 2016. Repayment of the term loan is required to be made in 20 quarterly installments in the amount of US$1.4 million on the last day of each calendar quarter, with the remaining unpaid principal balance due upon maturity. Borrowings under the term loan bear interest at variable rates based on applicable LIBOR rates plus 2.75%, or based on the prime rate plus 1.5%. The proceeds from the term loan were advanced to J&F Oklahoma Holdings, Inc. ("J&F Oklahoma") under the note receivable from J&F Oklahoma. The term loan is secured by certain fixed assets, accounts receivable and inventories of JBS Five Rivers and accounts receivable and inventories of J&F Oklahoma. J&F Oklahoma is a guarantor under the term loan agreement and while it is possible that J&F Oklahoma would be required to repay the outstanding balance and certain other obligations and costs under the term loan as part of its guarantee, it is not probable at this time.

Covenants. The US$85.0 million term loan due 2016 contains customary negative covenants that limit JBS Five Rivers and its restricted subsidiaries' ability to, among other things:

- incur certain additional indebtedness;
- create certain liens on property, revenue or assets;
- make certain loans or investments;
- sell or dispose of certain assets;
- pay certain dividends and other restricted payments;
- dissolve, consolidate, merge or acquire the business or assets of other entities;
- enter into new lines of business;
- enter into certain transactions with affiliates;
- issue, sell, assign, or otherwise dispose of certain equity interests;
- enter into certain hedging agreements;
- locate more than a certain number of owned cattle at locations not owned by JBS Five Rivers;
- enter into certain cattle feeding joint ventures that contain restrictions on pledges and transfers of rights under the joint venture agreement; and
- make certain advances to customers above certain thresholds.

Events of default – The US$85.0 million term loan also contains customary events of default, including failure to perform or observe terms, covenants or agreements included in the $85.0 million term loan agreement, payment of defaults on other indebtedness, defaults on other indebtedness if the effect is to permit acceleration, entry of unsatisfied judgments or orders against a loan party or its subsidiaries, failure of any collateral document to create or maintain a priority lien, certain events related to bankruptcy and insolvency, certain events related to the Employee Retirement Income Security Act of 1974 ("ERISA"), and failure to comply with the terms of the Executive Succession Plan of J&F Oklahoma Holdings, Inc. If an event of default occurs the lenders may, among other things, terminate their commitments, declare all outstanding borrowings to be immediately due and payable together with accrued interest and fees and exercise remedies under the collateral documents relating to the US$85.0 million term loan. At March 31, 2013, JBS Five Rivers was in compliance with all covenants.

8.25% senior unsecured notes due 2020 – On January 30, 2012, JBS USA and JBS USA Finance, Inc. issued 8.25% notes due 2020 in an aggregate principal amount of US$700.0 million. The proceeds were used (i) to make an intercompany loan to JBS USA Holdings, for further transfer to JBS S.A. to fund repayment of short and medium-term debt of JBS S.A. and its subsidiaries and (ii) for general corporate purposes. These notes are guaranteed by JBS USA Holdings, JBS S.A., JBS Hungary Holdings Kft., and each of the U.S. restricted subsidiaries that guarantee the Revolving Facility (subject to certain exceptions). If certain conditions are met, JBS S.A. may be released from its guarantees. Interest on these notes accrues at a rate of 8.25% per annum and is payable semi-annually in arrears on February 1 and August 1 of each year, beginning on August 1, 2012. The principal amount of these notes is payable in full on February 1, 2020. The original issue discount of approximately US$10.0 million is being accreted over the life of the notes. The covenants for this note contain customary negative covenants and customary events of default listed under the 11.625% senior unsecured notes due 2014. At March 31, 2013, JBS USA was in compliance with all covenants.

LCAL credit facility – On March 3, 2013, JBS Australia entered into a secured facility which provides up to A$4.4 million with Low Carbon Australia Limited (LCAL), to fund a capital investment in Energy Efficiency technology and practices at JBS Australia's processing plant located in Dinmore, Queensland. Interest under this facility is based on the rate determined by LCAL to be equivalent of the Australian Financial Markets Association (AFMA) interest rate swap for a 3-year period, and a maturity date of September 30, 2017. At March 31, 2013, there were no outstanding borrowings under the LCAL credit facilities.

Description of Indebtedness of PPC

US Credit Facility – PPC and certain of its subsidiaries entered into a credit agreement (the "US Credit Facility"), formerly referred to as the Exit Credit Facility, with Co Bank ACB, as administrative agent and collateral agent, and other lenders party thereto, which currently provides a US$700.0 million revolving credit facility and a Term B facility ("Term B"). The US Credit Facility also includes an accordion feature that allows PPC, at any time, to increase the aggregate revolving loan commitment by up to an additional US$100.0 million and to increase the aggregate Term B loans commitment by up to an additional US$400.0 million, in each case subject to the satisfaction of certain conditions, including an aggregate limit on all commitments under the US Credit Facility of US$1.9 billion.

On January 13, 2011, PPC increased the amount of the revolving loan commitments under the US Credit Facility to US$700.0 million. On April 22, 2011, PPC increased the amount of the sub-limit for swingline loans under the US Credit Facility to US$100.0 million. The revolving loan commitment and the Term B loans will mature on December 28, 2014.

Subsequent to the end of each fiscal year, a portion of PPC's cash flow must be used to repay outstanding principal amounts under the Term B loans. On April 29, 2013, PPC paid approximately US$141.2 million of its cash flow from 2012 toward the outstanding principal under the Term B loans. The excess cash flow payments have been and will continue to be applied to installments of the Term B loans ratably in accordance with the then outstanding amounts thereof. The US Credit Facility also requires PPC to use the proceeds it receives from certain asset sales and specified debt or equity issuances and upon the occurrence of other events to repay outstanding borrowings under the US Credit Facility. The cash proceeds received by PPC from the PPC Rights Offering were not subject to this requirement.

Actual borrowings by PPC under the revolving credit commitment component of the US Credit Facility are subject to a borrowing base, which is a formula based on certain eligible inventory, eligible receivables and restricted cash under the control of CoBank ACB. As of March 31, 2013, there were US$24.7 million of outstanding letters of credit and borrowing availability of US$577.8 million.

On June 23, 2011 and December 16, 2011, PPC entered into amendments to the US Credit Facility, which among other things (i) temporarily suspended the requirement for PPC to comply with the fixed charge coverage ratio and senior secured leverage ratio financial covenants until the quarter ended December 31, 2012, (ii) modified the fixed charge coverage ratio financial covenant so that when the requirement to comply with this covenant resumes in the quarter ended December 31, 2012, PPC can calculate the fixed charge coverage ratio based upon a specified number of fiscal quarters selected by PPC, (iii) reduced the minimum allowable consolidated tangible net worth to the sum of US$450.0 million plus 50% of the cumulative net income (excluding any losses) of PPC from December 16, 2011 through such date of calculation and (iv) increased the maximum allowable senior secured leverage ratio, determined for any period of four consecutive fiscal quarters ending on the last day of each fiscal quarter, to be greater than 4.00 to 1.00 for periods calculated from September 24, 2012 and thereafter. PPC is currently in compliance with all these covenants.

The US Credit Facility provides that PPC may not incur capital expenditures in excess of US$350.0 million in either 2013 or 2014. The US Credit Facility contains various other covenants that may adversely affect PPC's ability to, among other things, incur additional indebtedness, incur liens, pay dividends or make certain restricted payments, consummate certain assets sales, enter into certain transactions with the Company and PPC's other affiliates, merge, consolidate and/or sell or dispose of all or substantially all of PPC's assets.

All obligations under the US Credit Facility are unconditionally guaranteed by certain of PPC's subsidiaries and are secured by a first priority lien on (i) the accounts receivable and inventories of PPC and its non-Mexico subsidiaries, (ii) 65% of the equity interest in PPC's direct foreign subsidiaries and 100% of the equity interests in PPC's other subsidiaries and, (iii) substantially all of the personal property and intangibles of the borrowers and guarantors under the US Credit Facility and (iv) substantially all of the real estate and fixed assets of PPC and the guarantor subsidiaries under the US Credit Facility.

Senior Unsecured Notes due 2018 - PPC's 2018 Notes - On December 15, 2010, PPC issued US$500.0 million of 7.875% Senior Notes due 2018 (the "PPC's 2018 Notes"). The PPC's 2018 Notes are unsecured obligations of PPC and guaranteed by one of PPC's subsidiaries. Interest is payable on December 15 and June 15 of each year, commencing on June 15, 2011. The indenture governing the PPC's 2018 Notes contains various covenants that may adversely affect PPC's ability, among other things, to incur additional indebtedness, incur liens, pay dividends or make certain restricted payments, consummate certain asset sales, enter into certain transactions with the Company and PPC's other affiliates, merge, consolidate and/or sell or dispose of all or substantially all of its assets. PPC has subsequently exchanged these notes for substantially identical notes that are registered under the Securities Act of 1933.

Mexico Credit Facility - On October 19, 2011, Avícola Pilgrim's Pride de México, S.A. de C.V., Pilgrim's Pride S. de R.L. de C.V. and certain subsidiaries, entered into an amended and restated credit agreement (the "Mexico Credit Facility") with ING Bank (México), S.A. Institución de Banca Múltiple, ING Grupo Financeiro, as lender and ING Capital, LLC, as administrative agent. The Mexico Credit Facility has a maturity date of September 25, 2014. The Mexico Credit Facility is secured by substantially all of the assets of PPC's Mexico subsidiaries. As of March 31, 2013, the U.S. dollar-equivalent of the loan commitment under the Mexico Credit Facility was US$45.2 million.

Under the Mexico Credit Facility, if (i) any default or event of default has occurred and is continuing or (ii) the quotient of the borrowing base divided by the outstanding loans and letters of credit (the "Collateral Coverage Ratio") under the Mexico Credit Facility is less than 1.25 to 1.00, the loans and letters of credit under the Mexico Credit Facility will be subject to, and cannot exceed, a borrowing base. The borrowing base is a formula based on accounts receivable, inventory, prepaid assets, net cash under the control of the administrative agent and up to 150.0 million Mexican pesos of fixed assets of PPC's Mexico subsidiaries party to the Mexico Credit Facility. The borrowing base formula will be reduced by trade payables of those Mexico subsidiaries. If the Collateral Coverage Ratio falls below 1.25 to 1.00, the borrowing base requirement would terminate upon the earlier of (i) the Collateral Coverage Ratio exceeding 1.25 to 1.00 as of the latest measurement period for 60 consecutive days or (ii) the borrowing availability under the Mexico Credit Facility being equal to or greater than the greater of 20% of the revolving commitments under the Mexico Credit Facility and 100.0 million Mexican pesos for a period of 60 consecutive days.

Avícola may pay dividends or make other restricted payments to PPC in an amount not to exceed in the aggregate 250.0 million Mexican pesos during the term of the Mexico Credit Facility if certain conditions are satisfied, including a condition that availability is at least 100% of the revolving loan commitment under the Mexico Credit Facility, less any letter of credit liability under the Mexico Credit Facility. However, PPC deems its earnings from Mexico as of March 31, 2013 to be permanently reinvested. As such, US deferred income taxes have not been provided on these earnings. If such earnings were not considered indefinitely reinvested, certain deferred foreign and US income taxes would be provided.

16 Income taxes, payroll, social charges and tax obligation

	Company		Consolidated	
	March 31, 2013	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
Payroll and related social charges	**93,818**	99,782	**325,044**	319,532
Accrual for labor liabilities	**149,666**	116,946	**1,009,292**	989,110
Income taxes	**-**	-	**11,871**	8,886
Withholding income taxes	**929**	88	**1,596**	892
ICMS / VAT / GST tax payable	**14,847**	10,196	**28,804**	20,539
PIS / COFINS tax payable	**251**	4	**301**	131
Taxes in installments	**176,659**	184,738	**177,382**	185,470
Others	**92,327**	87,834	**278,543**	284,565
	528,497	**499,588**	**1,832,833**	**1,809,125**
Breakdown:				
Current liabilities	**390,938**	361,741	**1,321,509**	1,284,895
Noncurrent liabilities	**137,559**	**137,847**	**511,324**	524,230
	528,497	**499,588**	**1,832,833**	**1,809,125**

17 Declared dividends

	Company		Consolidated	
	March 31, 2013	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
Declared dividends	**170,749**	**170,749**	**170,749**	**170,749**
	170,749	**170,749**	**170,749**	**170,749**

The Company has declared dividends in December 31, 2012 of R$ 170,749 that were approved in the General Meeting of Shareholders in April 26, 2013 according to the calculation presented below:

	December 31, 2012
Net income of the year ended on December 31, 2012	**718,938**
Legal reserve - (5%)	(35,947)
Adjusted base for dividends calculation	682,991
Mandatory dividends (25%)	170,749
Declared dividends	**170,749**

18 Payables related to facilities aquisitions

	Company		Consolidated	
	March 31, 2013	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
Current	**106,068**	112,712	**112,471**	112,712
Noncurrent	**56,062**	95,142	**158,223**	95,142
	162,130	**207,854**	**270,694**	**207,854**

In Company:

Refers basically to acquisitions of assets and others industrial complexes located in the states of Minas Gerais, Mato Grosso, Mato Grosso do Sul, Rondônia, Goiás, Paraná, Santa Catarina and São Paulo.

In the Consolidated:

Refers to the acquisition of Agrovêneto by JBS Aves, as described in Note 1, item c).

19 Income taxes - Nominal and effective tax rate reconciliation

Income tax and social contribution are recorded based on taxable profit in accordance with the laws and applicable rates. Deferred Income tax and social contribution-assets are recognized on temporary differences. Income tax and social contribution tax-liabilities were recorded on the revaluation reserves established by the Company and on temporary differences (mainly goodwill amortization).

	Company		Consolidated	
	2013	**2012**	**2013**	**2012**
Income before income taxes	**373,921**	239,579	**371,074**	241,604
Income taxes				
Expectation of expense of the income taxes - Combined nominal of 34%	**(127,133)**	(81,457)	**(126,165)**	(82,145)
Adjust to demonstrate the effective rate				
Additions, mostly result on equity subsidiaries (tax equivalents in other countries)	**(18,895)**	(42,043)	**(2,682)**	(29,940)
Expense of the deferred income taxes	**(146,028)**	(123,500)	**(128,847)**	(112,085)
Effective rate	**-39.05%**	-51.55%	**-34.72%**	-46.39%

Composition of expenses of income tax and social contribution presented income statements of the Company and Consolidated results for the period ended on March 31, 2013 and 2012.

	Company		Consolidated	
	2013	**2012**	**2013**	**2012**
Current income taxes	**603**	750	**(18,806)**	16,643
Deferred income taxes	**(146,631)**	(124,250)	**(110,041)**	(128,728)
	(146,028)	**(123,500)**	**(128,847)**	**(112,085)**

Composition of deferred income tax and social contribution

	Company		Consolidated	
	March 31, 2013	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
ASSETS				
. On tax losses and temporary differences	**414,320**	418,038	**1,272,295**	1,220,582
LIABILITIES				
. On revaluation reserve and temporary differences	**1,386,129**	1,243,819	**2,659,647**	2,497,338
Net	**971,809**	**825,781**	**1,387,352**	**1,276,756**

Deferred income taxes

Deferred income taxes is generated by temporary differences at reporting date between the taxable basis of assets and liabilities and its accounting basis. Deferred taxes liabilities are recognized for all temporary tax differences, except:

- when the deferred tax liability arises from initial recognition of goodwill, or when the deferred tax asset or liability asset from the initial recognition of an asset or liability in a transaction that is not a business combination and, on the transaction date, does not affect the accounting net income or taxable profit or fiscal loss, and

- when taxable temporary differences related to investments in subsidiaries, can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

- on the deductible temporary differences associated with investments in associates and in subsidiaries, when it is not probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available for the temporary differences can be utilized.

20 Provision for lawsuits risk

The Company and its subsidiaries are parties in several proceedings arising in the regular course of business, for which provisions were established based on estimation of their legal counsel. The main information related to these procedures on March 31, 2013 and December 31, 2012, areas follows:

	Company		Consolidated	
	March 31, 2013	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
Labor	**54,636**	53,838	**68,747**	75,685
Civil	**9,403**	9,277	**31,071**	33,524
Tax and Social Security	**93,125**	92,041	**95,249**	94,152
Total	**157,164**	**155,156**	**195,067**	**203,361**

Changes in provisions

	December 31, 2012	**Additions**	**Reversals**	**Exchange rate variation**	**March 31, 2013**
Company	**155,156**	2,008	-	-	**157,164**
Consolidated	**203,361**	6,371	(13,914)	(751)	**195,067**

Tax Proceedings

a) ICMS - Value Added Tax (Imposto sobre Operações Relativas à Circulação de Mercadorias e sobre a Prestação de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação)

The Tax Authority of the State of São Paulo (Secretaria da Fazenda do Estado de São Paulo) filed several administrative proceedings against the Company, under which the Tax Authority challenges the amount of the Company's ICMS tax credits arising from the purchase of cattle and meat transfer by the Company in other Brazilian states. The Tax Authority of the State of São Paulo claims that the tax incentives should be approved by Confaz , and are known as a "Tax War". The Tax Authority of the State of São Paulo does not recognize the Company's ICMS tax credits up to the amount of the ICMS tax guaranteed in such other states. The Company estimates that the claims under these administrative proceedings amount to R$ 1,371,334 in the aggregate. In addition to presenting its defense in such administrative proceedings, the Company has filed legal proceedings seeking the payment of damages from such other states if the Tax Authority of the State of São Paulo prevails in these administrative proceedings.

Management believes, based on the advice of its legal counsel, that its arguments will prevail in these procedures, which is the reason why no provision has been made.

The Tax Authority of the State of Goiás filed other administrative proceedings against the Company, due to interpretation divergences of the Law concerning the export VAT credits. Based on the opinion of the Company's external legal counsel, Management believes the Company will prevail in most of these proceedings, in the amount of R$ 640,924. The management believes, based on the advice of its legal counsel, that its arguments will prevail in these procedures, which is the reason why no provision has been made. The probability of loss is considered remote.

b) Social contributions — Rural Workers' Assistance Fund (FUNRURAL)

Social Contributions – In January 2001, the INSS (Brazilian Social Security Institute) filed administrative proceedings (autos de infração) against the Company, seeking to collect certain social security contributions (which are referred to as contributions to the Rural Workers' Assistance Fund - NOVO FUNRURAL) with the aggregate amount of R$ 729,623.

The Company has presented its defense in those administrative proceedings, informing that it does not collect the amount due to a favorable court ruling, considering that there is no final decision of the writ of mandamus mentioned.

This matter was the subject of decisions favorable to the taxpayer, issued by the Supreme Court - STF for companies whose activities are similar to the activity of the Company in the trials of Extraordinary Appeals number 363.852/MG and 596.177/RS. Currently, the Company does not make any rebate or payment. If a discount is made for commercial reasons, the Company will deposit it in court and, fulfill a court order. Based on the opinion of legal advisors and based on case law in favor of the Supreme Court in a similar case, management believes that its fundamentals will prevail and no provision was recorded for that contingency. The probability of loss is considered remote.

c) Other tax and social security procedures

The Company is a party in additional 835 tax and social security proceedings, in which the individual contingencies are not relevant for the Company's context. We highlight that the ones with probable loss risk have contingencies for R$ 93,125 which are 100% provisioned.

Labor Proceedings

As of March 31, 2013 the Company was party to 9,011 labor and accident proceedings, involving total value of R$ 1,137,008. Based on the opinion of the Company's external legal counsel, the Company's management recorded a provision in the amount of R$ 54,636 for losses arising from such proceedings. Most of these lawsuits were filed by former employees of the Company seeking overtime payments and payments relating to their exposure to health hazards.

Civil Proceedings

a) Slaughter facility at Araputanga

In 2001, the Company (formerly known as Friboi Ltda.), entered into a purchase agreement for the acquisition of one slaughter facility located in the City of Araputanga, State of Mato Grosso, from Frigorífico Araputanga S.A. ("Frigorífico Araputanga"). As a result of the payment of the purchase price by the Company and the acknowledgement by Frigorífico Araputanga of compliance by the Company with its obligations under the purchase agreement, a public deed reflecting the transfer of title of the slaughter facility from Frigorífico Araputanga to the Company was registered with the applicable real estate notary.

As (i) Frigorífico Araputanga was a beneficiary of certain tax benefits granted by the Federal Government through an agency responsible for fostering the development of the northern region of Brazil (*Superintendência de Desenvolvimento da Amazônia* – SUDAM*)* and (ii) the slaughter facility sold to the Company was granted by Frigorífico Araputanga to SUDAM as collateral for these tax benefits the consent of SUDAM was required for the registration of the public deed with the applicable real estate notary. In September 2004, Frigorífico Araputanga S.A. filed a lawsuit against the Company in a state court located in the City of Araputanga, State of Mato Grosso, alleging that the Company breached the purchase agreement and seeking an injunction to prevent the Company from finalizing the transfer of the slaughter facility and a declaratory judgment that the purchase agreement and the public deed registered with the real estate notary were null and void.

The parties are waiting for new appraisal. The first judicial expert appraisal was favorable to the company, that after evaluating the payments made by Agropecuária Friboi, the appraisal concluded that the debt was already paid. The judicial appeal number 2006.01.00.024584-7 was judged favorably to the Company, when the "TRF" Regional Federal Court declared valid the purchase title deeds of the property, object of discussion. Based on the Company's legal advisers' opinion and based on Brazilian jurisprudence management of the Company believes that their arguments will prevail and no provision was registered. The probability of loss is considered remote.

b) Trademark Infringement

Also due to the barrier in Araputanga / MT, the seller distributed in the City of Araputanga / MT, filed a lawsuit for improper use of trademark, under the premise that Friboi Ltda. was using the mark Frigoara without its authorization.
The amounts of the claim were based upon a report presented by Frigorífico Araputanga to the trial court, which appraised the value of the trademark "Frigoara" at R$ 315,000, seeking damages in the amount of R$ 26,938 and punitive damages in the amount of R$100,000. The Company presented its defense against this lawsuit alleging that (i) the lawsuit should be analyzed and reviewed together with the lawsuit relating to the purchase of the slaughter facility from Frigorífico Araputanga by the Company, (ii) the trademark "Frigoara" was used by the Company for a limited period of time, with the written consent and upon the request of Frigorífico Araputanga (the use of the trademark by the Company was a requirement of SUDAM to consent to the registration of the public deed contemplating.

In the defense, the amount of any damages under the lawsuit should be limited to a percentage of products sold by the Company under the trademark "Frigoara," pursuant to article 208 of the Intellectual Property Law. Almost all of the products manufactured by the Company were marketed under the trademark "Friboi." The only product marketed by the Company under the trademark "Frigoara" was minced meat, in limited amounts. The expected loss on December 31, 2012, R$ 600, has been provisioned.

Following a determination of the judge of the trial court, the lawsuit was submitted to the review of the Federal Court of Cáceres on January 17, 2007. The judge of the Federal Court of Cárceres determined that this lawsuit be joined with the lawsuit relating to the purchase of the slaughter facility by the Company from Frigorífico Araputanga. The Federal Government will be notified to issue an opinion on the matter under discussion in this lawsuit. Based on the Company's legal counsel opinion supported by precedents of the Federal Brazilian Supreme Court (Supremo Tribunal Federal) and the Brazilian Superior Court of Justice (Superior Tribunal de Justiça), the Company's management believes that the Company will prevail in these proceedings.

c) Other civil proceedings

The Company is also part to other civil proceedings that in the opinion of the Management and its legal advisers. The expected loss on March 31, 2013, R$ 8,803, has been provisioned.

Other proceedings

On March 31, 2013, the Company had other ongoing civil, labor and tax proceedings, on the approximately amounting of R$ 20,129 whose materialization, according to the evaluation of legal advisors, it is possible to loss, but not probable, for which the Company's management does not consider necessary to set a provision for possible loss, in line with the requirements of the IAS 37/CPC 25 - Provisions, Contingent Liabilities and Contingent Assets.

21 Equity

a) Capital Stock

The Capital Stock on March 31, 2013 is represented by 2,943,644,008 ordinary shares, without nominal value. From this total, as described below in the letter f), 74,532,564 shares are held in treasury.

The Company is authorized to increase its capital by an additional 1,376,634,735 ordinary nominative shares. According with the social statute the Board of Directors shall determine the number, price, payment term and other conditions of the issuance of shares.

The Company may grant options to purchase shares to directors, employees or persons who will provide services, or the directors, employees or person providing services companies under its control, excluding the preemptive rights of shareholders in issuing and exercise of stock options.

b) Capital reserve

Composed of premium on issuance of shares, on the Initial Public Offering in 2007.

c) Profit reserves

Legal reserve

Computed based on 5% of the net income of the year.

Reserve for expansion

Consists of the remaining balance of the net income after the computation of legal reserve and dividend distribution. The purpose of this reserve is to provide funds to investment in assets.

d) Revaluation reserve

Refers to revaluations on fixed assets prior to CPC/IFRS adoption. Revaluation reserve reflects the appraisal effected by the Company, net of tax effects that are progressively offset against retained earnings to the same extent that the increase in value of the revalued property is realized through depreciation, disposal or retirement.

e) Dividends

Mandatory dividends corresponds to not less than 25% of the adjusted net income of the year, according to law.

f) Treasury shares

On January 30, 2013, the Board of Directors approved the transference of 22,987,331 treasury shares, pursuant to Article 19, section XVI of the Social Statute, as part of the acquisition of the Assets of Independência, with the authorization by CVM under Process RJ2012/9843.

Below is presented the changes on treasury shares:

	Quantity	R$ thousand
Balance as of December 31, 2012	**97,519,895**	**776,526**
Transfer of treasury shares	(22,987,331)	(183,041)
Balance as of March 31, 2013	**74,532,564**	**593,485**

g) The Effects of Changes in Foreign Exchange Rates

According to CPC 02 R2/IAS 21 -The Effects of Changes in Foreign Exchange Rates, basically records changes in foreign currency rates of the subsidiaries valued by the equity method (translation adjustments).

According to CPC 37 R1 / IFRS 1 - First Time Adoption of International Accounting Standards, under the term of the CPC 02 R2 before the date of initial adoption, the adopting of IFRS for the first time should cancel the balances of exchange variation of investments recorded in equity (under the rubric of accumulated translation adjustments) transferring it to retained earnings or loss(profits reserves) and divulge distribution policy applicable to such outstanding results. The Company does not compute these adjustments to the distribution of profit.

h) Capital Transactions

According to IAS 27/CPC 36 R2 - quarterly interim financial statements, the changes in the relative share of the parent over a subsidiary that do not result in loss of control must be accounted as capital transactions (ie transactions with shareholders, as owners). Any difference between the amount by which the participation of noncontrolling has been adjusted and the fair value of the amount received or paid must be recognized directly in equity attributable to owners of the parent.
Therefore, if the parent acquire additional shares or other equity instruments of an entity that already controls, it should consider this value to reduce its equity (individual and consolidated).

22 Net revenue

	Company		Consolidated	
	2013	**2012**	**2013**	**2012**
Gross sale revenue				
Products sales revenues				
Domestic sales	**3,248,680**	2,694,509	**14,972,546**	13,026,070
Foreign sales	**1,688,275**	1,026,815	**5,204,081**	3,605,703
	4,936,955	**3,721,324**	**20,176,627**	**16,631,773**
Sales deduction				
Returns and discounts	**(156,145)**	(137,882)	**(343,602)**	(303,212)
Sales taxes	**(266,853)**	(233,063)	**(305,449)**	(317,481)
	(422,998)	**(370,945)**	**(649,051)**	**(620,693)**
NET REVENUE	**4,513,957**	**3,350,379**	**19,527,576**	**16,011,080**

23 Financial income (expense), net

	Company		Consolidated	
	2013	**2012**	**2013**	**2012**
Exchange rate variation	**30,319**	219,116	**70,476**	230,004
Results on derivatives	**67,621**	(119,322)	**114,778**	(109,911)
Interest expense	**(235,466)**	(255,987)	**(412,097)**	(432,880)
Interest income	**91,388**	124,746	**165,249**	173,403
Taxes, contribution, tariff and others	**(5,113)**	(7,328)	**(16,621)**	(16,437)
	(51,251)	**(38,775)**	**(78,215)**	**(155,821)**

24 Other income

Other income on March 31, 2013, in the consolidated, in the amount of R$ 5,199 relates mainly to:

i) Other expenses in JBS Argentina in the amount of R$ 400, related to the labor indemnity and other pulverized;

ii) Other income in JBS USA in the amount of R$ 3,531, primarily due to rental income, income from sale of scrap and other pulverized;

iii) Other income in the amount of R$ 2,068 relates to income on the sale of fixed assets.

25 Net income per share

As required by the IAS 33/CPC 41 - Earnings per share, the following tables reconcile the net profit with the amounts used to calculate the basic per share.

Basic

The basic net profit per share is calculated through the division of the profit attributable to the shareholders of the Company by the weighted average amount of shares of the fiscal year, reduced by the shares in treasury.

	Consolidated	
	2013	**2012**
Net income attributable to shareholders - R$	**227,893**	**116,079**
Average of the shares in the period - thousands	**2,943,644**	2,996,431
Average of the shares in the Treasury - thousands	**(82,195)**	(32,507)
Average of shares circulating - thousands	**2,861,449**	**2,963,924**
Net income per thousand shares - Basic - R$	**79.64**	**39.16**

Diluted

The Company did not present the calculation of the diluted net income per share as required in IAS 33/CPC 41 - Profit per share, due the fact it does not have potentially dilutive ordinary shares. The deferred revenue transaction (Note 28) through historical analysis is expected to be settled by future delivery, and therefore is not potentially dilutive.

26 Transaction costs for the issuing of titles and securities

In accordance with the prerequisites under IAS 39/CPC 38 – Financial Instruments – Recognition and assessment, the costs related to the transactions in the issuance of notes and securities are accounted reducing the liabilities that they refer to.

Follows below, in detail, the operations which the Company incurred transaction costs, in other words, i.e., incurred costs directly attributable to the activities that are necessary to effect these transactions, exclusively.

a) Initial Public Offering of shares - IPO (Follow on)

In the year end on December 31, 2010, the Company incurred in R$ 37,477 related to the transaction costs of the process of raising funds through the Public Offering, which accounting is kept prominently in a reduction account of the equity, deducting any effects.

b) Exchange for Common Shares of Vigor Alimentos SA ("The Exchange Tender Offer")

In June 2012, the Company incurred in transaction costs on the amount of R$ 324 related to the acquisition process of 117,800,183 shares of its own issue, which is kept prominently in a reduction account of equity, deducting any effects.

c) Senior Notes Offering (Bonds)

During the year of December 31, 2010, the Company incurred in R$ 17,789 related to the transaction costs for financial funding with Senior Notes Offering (Bonds) – in the amounts of US$ 700,000 and US$ 200,000 realized on July and September of 2010, respectively, recorded as a reduction of the loan. On December 31, 2012, due to accumulated amortization of the amount based on the payments period, the Company has a residual amount of R$ 11,428 of transaction cost related to debt that will continue to be amortized in accordance with the period of the contract.

On June 2012, the Company incurred in R$ 13,699 related to the transaction costs in the process of amending certain dispositions of the Notes 2016 from JBS S.A. and Notes 2016 which the Company is sucessor by Bertin's merger through the consent of the holders of such Notes. These costs are maintained prominently in a reduction account of the liability. On March 31, 2013, because of accumulated amortization based on the recorded payments term period reduction, the Company has a residual amount of R$ 10,854 of transaction costs related to debt that will continue to be amortized according to the period of the contract.

On February 2013, the Company incurred in R$ 26,955 related to the transaction costs of the process of raising funds through issues of Senior Notes Offering (Bonds) in the amount of US$ 500,000, which accounting is kept prominently in a reduction account of liability. On March 31, 2013 due to accumulated amortization of the amount based on the payments term period, the Company has a residual amount of R$ 26,730 of transaction cost related to the debt that will continue to be amortized in accordance with the period of the contract.

d) Other Funding

In June 2012, the Company incurred in R$ 444 related to the transaction costs of the processes of funding credit note to export (NCE) in the amount of R$ 185,000, which accounting is maintained in a reduction account of the loan. On March 31, 2013, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R$ 259 of transaction cost related to debt that will continue to be amortized according to the period of the contract.

In June 2012, the Company incurred in R$ 6,000 related to the transaction costs of the processes of funding Working capital in the amount of R$ 1,000,000, which accounting is maintained in a reduction account of the loan. On March 31, 2013, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R$ 5,016 of transaction cost related to debt that will continue to be amortized according to the period of the contract.

In August 2012, the Company incurred R$ 1,136 related to the transaction costs of the processes of Prepayment export (PPE) in the amount of R$ 151,065, which accounting is maintained in a reduction account of the loan. On March 31, 2013, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R$ 437 of transaction cost related to debt that will continue to be amortized according to the period of the contract.

In September 2012, the Company incurred R$ 5,483 related to the transaction costs of the processes of funding credit note to export (NCE) in the amount of R$ 215,000, which accounting is maintained in a reduction account of the loan. On March 31, 2013, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R$ 4,457 of transaction cost related to debt that will continue to be amortized according to the period of the contract.

27 Defined Benefit and Contribution Plans

JBS Plans

JBS USA sponsors a tax-qualified employee savings and retirement plan (the “401(k) Savings Plan”) covering its US based employees, both union and non-union, excluding PPC employees. Pursuant to the 401(k) Savings Plan, eligible employees may elect to reduce their current compensation by up to the lesser of 75% of their annual compensation or the statutorily prescribed annual limit and have the amount of such reduction contributed to the 401(k) Savings Plan. The 401(k) Savings Plan provides for additional matching contributions by JBS USA, based on specific terms contained in the 401(k) Savings Plan. The trustee of the 401(k) Savings Plan, at the direction of each participant, invests the assets of the 401(k) Savings Plan in participant designated investment options. The 401(k) Savings Plan is intended to qualify under Section 401 of the Internal Revenue Code. On December 31, 2012, the Bertin USA sponsored tax-qualified employee savings and retirement plan (the “Bertin 401(k) Plan”) was frozen. All participants of the Bertin 401(k) Plan were automatically enrolled into the 401(k) Savings Plan and became eligible for the standard provisions offered under the 401(k) Savings Plan. JBS USA’s expenses, including Bertin USA, related to the matching provisions of the plan were US$1.6 million (R$ 3,193) for the three months period ended March 31, 2013. JBS USA’s expenses, excluding Bertin USA, related to the matching provisions of the plan were US$1.5 million (R$ 2,652) for the three months period ended on March 31, 2012. Bertin USA’s expenses related to the matching provisions of the Bertin 401(k) Plan totaled approximately US$28 thousand (R$ 49) for the three months period ended on March 31, 2012.

One of JBS USA’s facilities participates in a multi-employer pension plan. JBS USA’s contributions to this plan, which are included in cost of goods sold in the Consolidated Statements of Income, were US$109 thousand (R$ 218) and US$105 thousand (R$ 186) for the three months period ended on March 31, 2013 and 2012, respectively. JBS USA also made contributions totaling US$18 thousand (R$ 36) and US$17 thousand (R$ 30) for the three months period ended on March 31, 2013 and 2012, respectivamente, to a multi-employer pension plan related to former employees at the former Nampa, Idaho plant pursuant to a settlement agreement.

One of JBS USA’s facilities participates in a supplemental executive retirement plan. There were no expenses recognized by JBS USA for this plan during the three months period ended on March 31, 2013 and 2012.

Employees of JBS Australia do not participate in JBS USA’s 401(k) Savings Plan. Under Australian law, JBS Australia contributes a percentage of employee compensation to a Superannuation fund. This contribution approximates 9% of employee cash compensation as required under the Australian “Superannuation Act of 1997”. As the funds are administered by a third party, once this contribution is made to the Superannuation fund, JBS Australia has no obligation for payments to participants or oversight of the fund. JBS USA’s expenses related to contributions to this fund totaled US$8.2 million (R$ 16,365) and US$7.9 million (R$ 13,966) for the three months period ended on March 31, 2013 and 2012, respectively.

PPC Plans

PPC sponsors programs that provide retirement benefits to most of their employees. These programs include qualified defined benefit pension plans, non-qualified defined benefit retirement plans, a defined benefit postretirement life insurance plan and defined contribution retirement savings plans. Under all of PPC's retirement plans, PPC's expenses were US$1.9 million (R$ 3,792) and US$1.9 million (R$ 3,359) for the three months period ended on March 31, 2013 and 2012, respectively.

Qualified Defined Benefit Pension Plans:

- the Pilgrim's Pride Retirement Plan for Union Employees (the "Union Plan");
- the Pilgrim's Pride Retirement Plan for El Dorado Union Employees (the "El Dorado" Plan); and
- the Pilgrim's Pride Pension Plan for Legacy Gold Kist Employees (the "GK Pension Plan").

The Union Plan covers certain locations or work groups within PPC. The El Dorado Plan was spun off from the Union Plan effective January 1, 2008 and covers certain eligible locations or work groups within PPC. This Plan was settled in 2010. The GK Pension Plan covers certain eligible US employees who were employed at locations that PPC acquired in its acquisition of Gold Kist, Inc. ("Gold Kist"") in 2007. Participation in the GK Pension Plan was frozen as of February 8, 2007, for all participants with the exception of terminated vested participants who are or may become permanently and totally disabled. The plan was frozen for that group as of March 31, 2007.

Non-qualified Defined Benefit Retirement Plans:

- the Former Gold Kist Inc. Supplemental Executive Retirement Plan (the "SERP Plan"); and
- the Former Gold Kist Inc. Directors' Emeriti Retirement Plan (the "Directors' Emeriti Plan").

PPC assumed sponsorship of the SERP Plan and Directors' Emeriti Plan through its acquisition of Gold Kist in 2007. The SERP Plan provides benefits on compensation in excess of certain Internal Revenue Code limitations to certain former executives with whom Gold Kist negotiated individual agreements. Benefits under the SERP Plan were frozen as of February 8, 2007. The Directors' Emeriti Plan provides benefits to former Gold Kist directors.

Defined Benefit Postretirement Life Insurance Plan:

- the Gold Kist Inc. Retiree Life Insurance Plan (the "Insurance Plan").

PPC also assumed defined benefit postretirement medical and life insurance obligations, including the Insurance Plan, through its acquisition of Gold Kist in 2007. In January 2001, Gold Kist began to substantially curtail its programs for active employees. On July 1, 2003, Gold Kist terminated medical coverage for retirees age 65 and older, and only retired employees in the closed group between ages 55 and 65 could continue their coverage at rates above the average cost of the medical insurance plan for active employees. These retired employees reached the age of 65 by 2012 and liabilities of the postretirement medical plan ended.

Defined Benefit Plans Obligations and Assets

The following tables provide reconciliations of the changes in the plans' projected benefit obligations and fair value of assets as well as statements of the funded status, balance sheet reporting and economic assumptions for these plans:

	March 31, 2013	
Change in projected benefit obligation	**Pension Benefits**	**Other Benefits**
Projected benefit obligation, beginning of period	**391,551**	**3,893**
Service cost	20	-
Interest cost	4,003	38
Actuarial losses	(15,635)	(72)
Benefits paid	(3,162)	(79)
Projected benefit obligation, end of period	**376,777**	**3,780**

	March 31, 2013	
Change in projected benefit assets	**Pension Benefits**	**Other Benefits**
Fair value of plan assets, beginning of the period	**185,840**	**-**
Actual return on plan assets	7,471	-
Contributions by employer	447	79
Benefits paid	(3,162)	(79)
Fair value of plan assets, end of period	**190,596**	**-**

	March 31, 2013		December 31, 2012	
Funded status	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Unfunded benefit obligation	**(186,182)**	**(3,780)**	**(208,746)**	**(3,950)**

	March 31, 2013		December 31, 2012	
Amounts recognized in the Consolidated Balance Sheets	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Accrued benefit cost, current	**(15,657)**	**(238)**	(13,602)	(323)
Accrued benefit cost, long-term	**(170,525)**	**(3,542)**	(195,144)	(3,627)
Net amount recognized	**(186,182)**	**(3,780)**	**(208,746)**	**(3,950)**

The accumulated benefit obligation for all defined benefit plans was US$187.1 million (R$ 377,000) and US$194.4 million (R$ 397,000) at March 31, 2013 and December 31, 2012, respectively. Each of PPC's defined benefit plans had an accumulated benefit obligations in excess of plan assets at March 31, 2013 and December 31, 2012.

The following table provides the components of net periodic benefit cost (income) for the plans:

	March 31, 2013		March 31, 2012	
Net Periodic Benefit Cost	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Service cost	**20**	**-**	21	-
Interest cost	**3,967**	**40**	3,587	42
Estimated return on plan assets	**(2,692)**	**-**	(2,537)	-
Amortization of net loss	**471**	**-**	612	-
Net periodic benefit cost	**1,766**	**40**	**1,683**	**42**

The following table presents the weighted average assumptions used in determining the pension and other postretirement plan obligations:

	March 31, 2013		December 31, 2012	
	Pension Benefits	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Benefit obligation				
Discount rate	**4.46%**	**4.46%**	4.22%	4.22%
Rate of compensation increase	**NA**	**NA**	NA	NA

The expected rate of return on plan assets was determined based on the current interest rate environment and historical market premiums relative to the fixed income rates of equities and other asset classes. PPC also takes into consideration anticipated asset allocations, investment strategies and the views of various investment professionals when developing this rate.

The following table reflects the pension plans' actual asset allocations:

	March 31, 2013	December 31, 2012
Equity securities	**68%**	71%
Fixed income securities	**32%**	29%
Total assets	**100%**	**100%**

Absent regulatory or statutory limitations, the target asset allocation for the investment of the assets for their ongoing pension plans is 30% in fixed income securities and 70% in equity securities. The plans only invest in fixed income and equity instruments for which there is a ready public market. PPC develops their expected long-term rate of return assumptions based on the historical rates of returns for equity and fixed income securities of the type in which PPC's plans invest.

The fair value measurements of plan assets fell into the following levels of the fair value hierarchy:

	March 31, 2013			December 31, 2012		
	Level 1	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Cash and money market funds	**129**	**-**	**129**	**147**	**-**	**147**
Equity securities	**-**	**129,304**	**129,304**	**-**	**132,977**	**132,977**
Debt securities	**-**	**61,163**	**61,163**	**-**	**55,457**	**55,457**
Total assets	**129**	**190,467**	**190,596**	**147**	**188,434**	**188,581**

The valuation of plan assets in Level 2 is determined using a market approach based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for substantially the full term of the financial instrument. Level 2 securities primarily include equity and fixed income securities funds.

Benefit Payments

Because PPC pension plans are primarily funded plans, the anticipated benefits with respect to these plans will come primarily from the trusts established for these plans. Because PPC's other postretirement plans are unfunded, the anticipated benefits with respect to these plans will come from PPC's own assets. The following table reflects the benefits as of March 31, 2013 expected to be paid in each of the next five years and in the aggregate for the five years thereafter from PPC's pension and other postretirement plans:

	Pension Benefits	Other Benefits
2013 (remaining)	**18,185**	**238**
2014	**23,710**	**322**
2015	**22,770**	**324**
2016	**22,899**	**326**
2017	**22,764**	**326**
Thereafter	**107,760**	**1,537**
Total	**218,088**	**3,073**

PPC anticipates contributing US$6.7 million (R$ 13,492) and US$200 thousand (R$ 403) to their pension and other postretirement plans, respectively, during 2013.

Unrecognized Benefit Amounts in Other Comprehensive Income

The amounts in other comprehensive income (loss) that were not recognized as components of net periodic benefits cost and the changes in those amounts are as follows:

	March 31, 2013	
	Pension Benefits	**Other Benefits**
Net actuarial loss (gain), beginning of the period	**88,079**	**2**
Amortization	**(471)**	**(72)**
Actuarial loss (gain)	**(15,493)**	**-**
Asset loss (gain)	**(4,712)**	**-**
Net actuarial loss (gain), end of the period	**67,403**	**(70)**

Defined Contribution Plans

PPC currently sponsors two defined contribution retirement savings plans:

- The Pilgrim's Pride Retirement Savings Plan (the "RS Plan"), a Section 401(k) salary deferral plan; and
- The To-Ricos Employee Savings and Retirement Plan (the "To-Ricos Plan"), a Section 1165(e) salary deferral plan.

PPC also maintains three postretirement plans for eligible Mexico employees as required by Mexico law that primarily cover termination benefits. Separate disclosure of the Mexican plan obligations is not considered material.

Under the RS Plan, eligible US employees may voluntarily contribute a percentage of their compensation. PPC matches up to 30.0% of the first 2.14% to 6.0% of salary based on the salary deferral and compensation levels up to US$245 thousand (R$ 493). The To-Ricos Plan is maintained for certain eligible Puerto Rican employees. Under the To-Ricos Plan, eligible employees may voluntarily contribute a percentage of their compensation and there are various company matching provisions.

Certain retirement plans that PPC sponsors invest in a variety of financial instruments. Certain postretirement funds in which PPC participates hold significant amounts of mortgage-backed securities. However, none of the mortgages collateralizing these securities are considered subprime.

Bertin USA Plans

Bertin USA has a defined benefit and a supplemental benefit pension plan covering retirees meeting certain age and service requirements. The plan benefits are based primarily on years of service and employee's compensation. The funding policy is to meet ERISA funding requirements and to accumulate plan assets, which will, over time, approximate the present value of projected benefits payable. Plan assets are invested solely in a group annuity contract. The defined benefit and supplemental benefit plans were frozen on December 31, 1995.

Bertin USA also provides certain health care and life insurance benefits for certain retired and terminated employees based on contractual obligations incurred by the previous owners of JBS USA Trading, Inc. ("JBS USA Trading"), formerly known as SB Holdings, Inc., doing business as The Tupman Thurlow Co., Inc. Bertin USA has elected immediate recognition of the unfunded accumulated postretirement benefit obligation in conjunction with the purchase of the common stock of JBS USA Trading. The postretirement payments are funded in monthly installments. For the three months period ended on March 31, 2013 and 2012, service cost, interest cost, estimated return on plan assets and net periodic benefit cost were immaterial.

During the three months period ended on March 31, 2013 and 2012, Bertin USA funded US$75 thousand (R$ 150) and US$74 thousand (R$ 131), respectively, to its defined benefit plan.

JBS Canada Plans

JBS Canada participates in the Canada Pension Plan (the "CPP"), a government provided pension plan required for all employees aged 18 to 70 who are not recipients of any retirement or disability pension under the CPP, do not participate in the Quebec Pension Plan and whose earnings exceed the year's basic exemption of CAD$3,500 (R$ 6,934). The contribution rate is equal to 9.9% of the employment earnings in excess of the basic exemption up to the maximum pensionable earnings. The employee and the employer must each pay half of the contribution. JBS Canada's expenses related to the matching provisions of the plan were US$6.1 million (R$ 12,174) for the three months period ended on March 31, 2013.

JBS Canada also provides a Group Registered Retirement Savings Plan ("RRSP") to union and non-union employees. A RRSP is an arrangement between an individual and an issuer (e.g. an insurance company or a trust company) under which contributions are made by individuals and a retirement income is payable at maturity. Contributions are tax deductible and investment earnings are tax-free. Payments out of a RRSP are taxable upon receipt. A group RRSP is a collection of individual RRSPs that are administered together under a group arrangement sponsored by an organization for a group of individuals. JBS Canada offers a Group RRSP issued by Sun Life Assurance Company of Canada. JBS Canada's expenses related to the matching provisions of the plan were US$6.1 million (R$ 12,174) for the three months period ended on March 31, 2013.

28 Deferred revenue

On October 22, 2008, the JBS USA received a deposit in cash from a customer of US$175 million for the customer to secure an exclusive right to collect a certain by-product of the beef fabrication process in all of our US beef plants. This agreement was formalized in writing as the Raw Material Supply Agreement ("Supply Agreement") on February 27, 2008 and matures on December 30, 2016. The customer advance payment was recorded as deferred revenue. As the by-product is delivered to the customer over the term of the agreement, the deferred revenue is recognized within gross sales in the Consolidated Statements of Income.

To provide the customer with security, in the unlikely event the JBS USA was to default on its commitment, the payment is evidenced by the Supply Agreement which bears interest at the three-month LIBOR plus 2%. The interest rate at March 31, 2013 was 2.3%. In the event of default, the Supply Agreement provides for a conversion into shares of common stock of JBS USA Holdings based on a formula stipulated in the Supply Agreement. Assuming default had occurred on March 31, 2013, the conversion right under the Supply Agreement would have equaled 2.96% of the outstanding common stock or 2.96 shares.

The Supply Agreement contains affirmative and negative covenants which requires JBS USA to, among other things: maintain defined market share; maintain certain tangible net worth levels; and comply in all material respects with the Supply Agreement. JBS USA was in compliance with all covenants as of March 31, 2013. During the second quarter of 2012, the customer ceased taking product from JBS USA and, since the Supply Agreement makes no provision for an alternate form of calculating the repayment of the unamortized balance, JBS USA continues to accrue interest on the unamortized balance. JBS USA is in discussions with the customer, however no agreement has been reached. At March 31, 2013 and December 31, 2012, JBS USA had accrued interest of US$ 2.3 million (R$ 4,632) and US$1.7 million (R$ 3,474), respectively. The unamortized balance at March 31, 2013 and December 31, 2012 was approximately US$100.8 million (R$ 202,991) and US$100.8 million (R$ 205,985), respectively. At March 31, 2013 and December 31, 2012, other deferred revenue was US$4.1 million (R$ 8,257) and US$2.3 million (R$ 4,700), respectively.

29 Operating segments

According to IFRS 8/CPC 22 - Operating segments, Management has defined the operational segments that report to the Group, based on the reports use to make strategic decisions, analyzed by the Executive Board of Officers, which are segmented as per the commercialized product point of view, and per geographical location.

The modalities of commercialized products include Beef, Chicken and Pork. Geographically, the Management takes into account the operational performance of its unities in Brazil, USA (including Australia, Canada and Mexico) and South America (Argentine, Paraguay and Uruguay).

The Beef segment performs slaughter facility, cold storage and meat processing operations for the production of beef preservatives, fat, feed and derivate products located in Brazil, United States of America, Canada, Australia, Argentina, Uruguay, Paraguay, the latter three with consolidated analyzes, as well as in United States of America, Australia, Canada and Mexico.

The Chicken segment is represented by in natura products, refrigerated as a whole or in pieces, whose productive units are located in United States of America, Mexico and Brazil, servicing restaurant chains, food processors, distributors, supermarkets, wholesale and other retail distributors, in addition to exporting to the Eastern Europe (including Russia), the Eastern Hemisphere (including China), Mexico and other international markets.

The Pork segment slaughters, processes and delivers “in natura” meet with one operational unit in United States of America servicing the internal and the foreign market. The products prepared by JBS USA include, also, specific industrial standards cuts, refrigerated.

Due to the significant percentage of the above-mentioned operational segments, the remaining segments and activities in which the Company acts are not relevant and are presented as "Others". In addition, all operations between segments will be eliminated in the group.

The accounting policies of the operational segments are the same as the ones described in the significant accounting policies summary. The Company evaluates its performance per segment, based on the profit or the losses before taxes, and it does not include the non-recurrent gains and losses and the exchange losses.

There are no revenues arising out of transactions with one only foreign client that represent 10% or more of the total revenues.

The information per businesses' operational segment, analyzed by the Executive Board of Officers, and related to the periods ended on March 31, 2013 and 2012, are as following:

Net revenue by product line:

	2013	2012
Net revenue of the segment		
Beef	**12,724,961**	10,236,987
Pork	**1,680,378**	1,512,211
Chicken	**4,412,028**	3,325,302
Others	**710,209**	936,580
Total	**19,527,576**	**16,011,080**

Depreciation by product line:

	2013	2012
Depreciation and amortization		
Beef	**166,585**	137,182
Pork	**17,239**	14,356
Chicken	**205,278**	92,664
Others	**39,904**	40,841
Total	**429,006**	**285,043**

Assets by segment:

	March 31, 2013	December 31, 2012
Assets		
Beef	**34,367,842**	34,547,272
Pork	**1,197,140**	1,245,125
Chicken	**8,298,593**	8,079,176
Others	**6,936,957**	5,884,620
Total	**50,800,532**	**49,756,193**

Revenues by geographic area:

	2013	2012
Net revenue		
United States of America	**14,165,969**	11,839,311
South America	**4,969,558**	3,827,400
Others	**392,049**	344,369
Total	**19,527,576**	**16,011,080**

Depreciation by geographic area:

	2013	2012
Depreciation and amortization		
United States of America	**289,223**	166,868
South America	**137,861**	116,554
Others	**1,922**	1,621
Total	**429,006**	**285,043**

Assets by geographic area:

	March 31, 2013	December 31, 2012
Assets		
United States of America	**16,198,722**	16,195,669
South America	**31,809,471**	31,733,779
Others	**2,792,339**	1,826,745
Total	**50,800,532**	**49,756,193**

30 Expenses by nature

The Company opted for the presentation of the Statements of Income per function. The following table details expenses by nature:

Classification by nature	2013	2012
Depreciation and amortization	**(429,006)**	(285,043)
Personnel expense	**(2,048,250)**	(1,737,958)
Raw material use and consumption materials	**(16,546,420)**	(13,544,323)
Taxes, fees and contributions	**(741,081)**	(738,380)
Third party capital remuneration	**(806,478)**	(785,893)
Other income, net	**1,413,069**	1,322,121
	(19,158,166)	**(15,769,476)**

Classification by function	2013	2012
Cost of goods sold	**(17,491,030)**	(14,357,175)
Selling expenses	**(1,050,054)**	(816,404)
General and administrative Expenses	**(544,066)**	(427,891)
Financial expense, net	**(78,215)**	(155,821)
Other expense, net	**5,199**	(12,185)
	(19,158,166)	**(15,769,476)**

31 Insurance coverage

As of March 31, 2013, the maximum individual limit for coverage was R$ 150,000. This coverage includes all types of casualties.

Regarding the indirect subsidiary JBS Argentina, located in the Republic of Argentina, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for March 31, 2013 was of US$ 32 million (equivalent to R$ 64,442).

Regarding the subsidiary JBS USA, located in the USA, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for March 31, 2013 was of US$ 200 million (equivalent to R$ 402,760).

The assumptions of risk taken, by their nature, are not part of the scope of an audit, therefore, were not audited by independent auditors.

32 Risk management and financial instruments

The Company and its subsidiaries incur, during the regular course of their operations, exposures to market, credit and liquidity risks. Those exposures are managed in an integrated way by the Risk Management Department, following directives from the Risk Management Policy defined by the Risk Management Committee and the Company Directors.

The Risk Management Department is responsible for mapping all the risk factors that may bring adverse financial results for the Company and propose strategies to mitigate those risks. The Risk Management Committee is responsible for approving the strategies and supervising their implementation, following competence levels and the Risk Management Policy.

a) Market Risk

In particular, the exposure to market risk is continuously monitored, especially the risk factors related to foreign exchange, interest rates ad commodity prices, which directly affect the value of financial assets and liabilities, future cash flow and net investments in operations abroad. In these cases the Company and its subsidiaries may use financial hedge instruments, including derivatives, given the approval by the Risk Management Committee.

The Risk Management Department is responsible for providing hedge instruments to all operational departments of the Company, centralizing all risk exposures and managing those risks following the Risk Management Policy. It is the function of the Board of Control Risks ensure that other areas of operations are within the exposure limits set by management, are financially protected against price fluctuations, centralizing the exhibits and applying the Risk Management Policy of the Company.

The Risk Management Department uses proprietary and third party information systems specially developed to control and manage market risk, applying stress scenario and value at risk analysis to measure the net exposure as well as the specific exposure to the exchanges.

a.1) Interest rate risk

Interest rate risk is related to potentially adverse results that may arise from oscillations in interest rates, which may be caused by economic crisis, sovereign monetary policy alterations, or market movements. The Company has assets and liabilities exposed to interest rates like the CDI (Certificado de Depósito Interbancário), TJLP (Taxa de Juros de Longo Prazo), UMBNDES (Unidade Monetária do BNDES), LIBOR (London Interbank Offer Rate) and EURIBOR (Euro Interbank Offer Rate), among others. The Risk Management Policy does not define levels to the proportion between float and fixed exposures, but the Risk Management Department follows market conditions and may propose to the Risk Management Committee strategies to rebalance the exposure.

The Board understands that quantitative figures regarding the exposure risk to interest rates of the Company and its subsidiaries on March 31, 2013 and December 31, 2012 are presented below in accordance with the Risk Management Policy and are representative of the exposure incurred during the period in accordance with paragraph 35 of CPC 40.

	Company		Consolidated	
Net liabilities and assets exposure to CDI rate:	**March 31, 2013**	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
NCE / Compror / Others	**3,958,179**	4,272,358	**3,958,179**	4,272,358
CDB-DI	**(1,824,870)**	(2,295,275)	**(1,871,133)**	(2,429,706)
Investment funds, LCA-DI and national treasury bill	**(263,335)**	(255,549)	**(263,335)**	(255,549)
Total	**1,869,974**	**1,721,534**	**1,823,711**	**1,587,103**
Liabilities exposure to LIBOR/EURIBOR rate:				
Working Capital - Euro	**-**	-	**-**	43,248
Working Capital - USD	**-**	-	**-**	120,260
Pre-payment	**1,056,753**	1,345,644	**1,117,691**	1,407,150
Others	**-**	-	**743,219**	295,167
Total	**1,056,753**	**1,345,644**	**1,860,910**	**1,865,825**
Liabilities exposure to TJLP rate:				
FINAME / FINEM	**241,150**	235,436	**244,592**	239,082
BNDES Automatic	**24,104**	38,532	**24,104**	38,532
EXIM - export credit facility	**60,001**	87,012	**60,001**	87,012
CDC	**12,347**	13,750	**12,347**	13,750
Total	**337,602**	**374,730**	**341,044**	**378,376**
Risk factor:				
Future contracts	**1,416,032**	**-**	**1,416,032**	**-**
Total	**1,416,032**	**-**	**1,416,032**	**-**

a.1.1) Position balance of financial instruments in the prefixed rate in reais

March 31, 2013

Future contracts - BM&F

Risk factor:	**Instrument**	**Nature**	**Quantity**	**Notional**	**Market value**
Prefixed interest rate in reais	Future	Long	15,000	1,416,032	(264)
				1,416,032	**(264)**

Sensitivity analysis

The Company's operations are indexed to fixed rates by TJLP, CDI, Libor and Euribor. Thus, in general, Management believes that any fluctuation in interest rates, would create no significant impact on its income, so that preferably does not use derivative financial instruments to manage this risk, except in terms of specific situations that may arise.

With the aim of providing information on sensitivity to interest rate risks to which the Company is exposed on March 31, 2013, below is a simulation of possible changes of 25% and 50% in the relevant variables of risk in relation to the closing prices used in the measurement of assets and liabilities based on the date of these quarterly interim financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk methodology (VaR) for a confidence interval of 95% and a horizon of one day. The results of this analysis are shown below:

		Effect on income - Company		
Exposure	Risk	Scenario (I) VaR 95% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Contracts indexed to CDI	Increase on interest rate CDI	(3,534)	(467,494)	(934,987)
Contracts indexed to Libor / Euribor	Increase on interest rate Libor / Euribor	(42)	(264,188)	(528,377)
Contracts indexed to TJLP	Increase on interest rate TJLP	(64)	(84,401)	(168,801)
Indexed derivatives to prefixed rate in reais	Increase on prefixed interest rate in reais	(1,060)	(354,008)	(708,016)
		(4,700)	**(1,170,091)**	**(2,340,181)**

		Effect on income - Consolidated		
Exposure	Risk	Scenario (I) VaR 95% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Contracts indexed to CDI	Increase on interest rate CDI	(281)	(455,928)	(911,856)
Contracts indexed to Libor / Euribor	Increase on interest rate Libor / Euribor	(74)	(465,228)	(930,455)
Contracts indexed to TJLP	Increase on interest rate TJLP	(65)	(85,261)	(170,522)
Indexed derivatives to prefixed rate in reais	Increase on prefixed interest rate in reais	(1,060)	(354,008)	(708,016)
		(1,480)	**(1,360,425)**	**(2,720,849)**

Premises	Risk	Current Scenario	Scenario (I) VaR 95% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Interest rate CDI	Increase on interest rate	7.23000%	7.24366%	9.03750%	10.84500%
Interest Libor / Euribor	Increase on interest rate	0.70850%	0.70853%	0.88563%	1.06275%
Interest TJLP	Increase on interest rate	5.00000%	5.00095%	6.25000%	7.50000%
Hedging derivatives of interest rate	Parallel displacement of the curve		Market curve	Market curve + 25%	Market curve + 50%

a.2) Exchange rate risk

Exchange rate risk is related to potentially adverse results that may arise from oscillations in this risk factor, which may be caused by economic crisis, sovereign monetary policy alterations, or market movements. The Company has assets and liabilities exposed to foreign currencies, however the Risk Management Policy does not believe in natural hedging from those opposite exposures, since other important issues like expiry matching and market volatility are very relevant and must be observed.

The Risk Management Department applies approved hedge instruments to protect financial assets and liabilities, potential future cash flow from commercial activities and net investments in foreign operations. Futures, NDFs (non deliverable forwards), options and swaps may be used to hedge loans, investments, flows from interest payments, acquisition of raw material, and other flows, whenever they are quoted in currencies different than the Company's functional currency. The main exposures to exchange rate risk are in US Dollars (US$), Euros (€) and the British Pound (£).

As described in the note of the operating segments, approximately 72% of the Group sales are performed by the operations of JBS USA and its subsidiaries, which operate mainly in american dolar, therefore without foreign exchange exposure risk. Approximately 25% of sales are performed by the Company, for which it is presented the board of sensitivity analysis for foreign currency risk. The remaining 3% of the sales are made by subsidiaries, mostly in local currency and a small part in dolar, with no material impact for disclosure in the statements sensitivity analysis of foreign exchange risk.

The Board understands that quantitative figures regarding the foreign currency exposure risk of the Company on March 31, 2013 and December 31, 2012 are presented below in accordance with the Risk Management Policy. However, in view of paragraph 35 of CPC 40, it should be mentioned that during the period there were representative movement due to hedging operations at the stock exchange as programming of financial and commercial operations, with emphasis on its issuance of debt indexed to the american dolar, as described in the notes 14 and 15.

	Company	
EXPOSURE in US$ - expressed in thousands of reais	**March 31, 2013**	**December 31, 2012**
OPERATING		
Cash and cash equivalents - US$	**1,855,711**	1,264,644
Trade accounts receivable - US$	**1,564,351**	1,607,515
Inventories - US$	**52,014**	56,763
Sales Orders - US$	**571,839**	681,245
Suppliers - US$	**(66,295)**	(85,906)
Subtotal	**3,977,620**	**3,524,261**

FINANCIAL		
Loans and financings - US$	**(9,740,604)**	(7,482,846)
Subtotal	**(9,740,604)**	**(7,482,846)**
DERIVATIVES		
Future contracts - US$	**222,852**	(16,348)
Swap (Assets US$)	**78,250**	97,872
Subtotal	**301,102**	**81,524**
TOTAL EXPOSURE US$	**(5,461,882)**	**(3,877,061)**

EXPOSURE in € (EURO) - expressed in thousands of reais	**Company**	
	March 31, 2013	**December 31, 2012**
OPERATING		
Trade accounts receivable - €	**223,229**	97,233
Sales Orders - €	**49,800**	99,454
Subtotal	**273,029**	**196,687**
DERIVATIVES		
Future contracts - €	**(163,733)**	(144,894)
Subtotal	**(163,733)**	**(144,894)**
TOTAL EXPOSURE €	**109,296**	**51,793**

EXPOSURE in £ (British Pound) - expressed in thousands of reais	**Company**	
	March 31, 2013	**December 31, 2012**
OPERATING		
Trade accounts receivable - £	**76,598**	30,157
Sales Orders - £	**26,359**	28,732
Subtotal	**102,957**	**58,889**
DERIVATIVES		
Future contracts - £	(58,217)	(65,897)
Subtotal	**(58,217)**	**(65,897)**
TOTAL EXPOSURE £	**44,740**	**(7,008)**

a.2.1) Position balance in foreign exchange futures (Company)

US$

March 31, 2013

Future Contracts - BM&F

Risk factor	**Instrument**	**Nature**	**Quantity**	**Notional**	**Market value**
US$	Future	Short	(100)	(10,143)	(37)
US$	Term	Long	2,229	232,995	(5,168)
				222,852	**(5,205)**

December 31, 2012

Future Contracts - BM&F

Risk factor	**Instrument**	**Nature**	**Quantity**	**Notional**	**Market value**
US$	Future	Short	(160)	(16,348)	2,526
				(16,348)	**2,526**

€ (EURO)

March 31, 2013

Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
Euro	Future	Short	(265)	(34,468)	(296)
				(34,468)	**(296)**

December 31, 2012

Future Contracts - Chicago stock market

Risk factor	Instrument	Nature	Quantity	Notional	Market value
Euro	Future	Short	(1,065)	(144,895)	402
				(144,895)	**402**

£ (British Pound)

March 31, 2013

Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
British Pound	Future	Short	(540)	(58,217)	(533)
				(58,217)	**(533)**

December 31, 2012

Future Contracts - Chicago stock market

Risk factor	Instrument	Nature	Quantity	Notional	Market value
British Pound	Future	Short	(565)	(65,897)	(110)
				(65,897)	**(110)**

a.2.2) Position Balance in foreign exchange swaps (Company)

Swaps are derivatives used to hedge net exposures of assets and liabilities of the Company and its subsidiaries and are classified as financial assets or liabilities measured at fair value through income. The Company has swap agreements with Citibank.

Swap (Assets US$)

Initial date Swap	Notional US$	Expiry date	Fair value (receivable) - R$	Fair value (payable) - R$	Open balance March 31, 2013
Feb 4, 2011	78,250	Feb 4, 2015	70,008	71,870	(1,862)
	78,250			**Total**	**(1,862)**

Initial date Swap	Notional US$	Expiry date	Fair value (receivable) - R$	Fair value (payable) - R$	Open balance March 31, 2013
Feb 4, 2011	97,872	Feb 4, 2015	89,353	92,083	(2,730)
	97,872			**Total**	**(2,730)**

a.2.3) NDF's (Non deliverable forwards)

Risk factor	Instrument	Nature	Notional - €	Notional - R$	Balance in 31.03.13	Balance in 31.12.12
Euro	NDF	Short	(50,000)	(129,265)	**5,303**	-
			(50,000)	**(129,265)**	**5,303**	**-**

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on March 31, 2013, below is a simulation of possible changes of 25% and 50% in the relevant variables of risk in relation to the closing prices used in the measurement of assets and liabilities based on the date of these quarterly interim financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk methodology (VaR) for a confidence interval of 95% and a horizon of one day. The results of this analysis are shown below:

Exchange rate risk (US$)		**Effect on income - Company**		
Exposure	**Risk**	**Scenario (I) VaR 95% I.C. 1 day**	**Scenario (II) R$ Depreciation - 25%**	**Scenario (III) R$ Depreciation - 50%**
Financial	R$ Depreciation	(82,016)	(2,435,151)	(4,870,302)
Operation	R$ Appreciation	33,492	994,405	1,988,810
Hedge derivatives	R$ Appreciation	2,535	75,276	150,551
		(45,989)	**(1,365,470)**	**(2,730,941)**

Premises	**Risk**	**Current Scenario**	**Scenario (I) VaR 95% I.C. 1 day**	**Scenario (II) Variation - 25%**	**Scenario (III) Variation - 50%**
Dolar rate	R$ depreciation	2.0138	2.0307	2.5173	3.0207

The risk of the operational exposure in US$ comes from the appreciation of the Real, however, by the fact of the Company's risk be the depreciation of the Real, we calculate the increase of the dollar in 25% and 50% in all cases.

Exchange rate risk (€ - EURO)		**Effect on income - Company**		
Exposure	**Risk**	**Scenario (I) VaR 95% I.C. 1 day**	**Scenario (II) R$ Appreciation - 25%**	**Scenario (III) R$ Appreciation - 50%**
Operation	R$ Appreciation	(2,962)	(68,257)	(136,515)
Hedge derivatives	R$ Depreciation	1,776	40,933	81,867
		(1,186)	**(27,324)**	**(54,648)**

Premises	**Risk**	**Current Scenario**	**Scenario (I) VaR 95% I.C. 1 day**	**Scenario (II) Variation - 25%**	**Scenario (III) Variation - 50%**
Euro rate	R$ appreciation	2.5853	2.5572	1.9390	1.2927

Exchange rate risk (£ - British Pound)		**Effect on income - Company**		
Exposure	**Risk**	**Scenario (I) VaR 95% I.C. 1 day**	**Scenario (II) R$ Appreciation - 25%**	**Scenario (III) R$ Appreciation - 50%**
Operation	R$ Appreciation	(1,050)	(25,739)	(51,479)
Hedge derivatives	R$ Depreciation	594	14,554	29,109
		(456)	**(11,185)**	**(22,370)**

Premises	**Risk**	**Current Scenario**	**Scenario (I) VaR 95% I.C. 1 day**	**Scenario (II) Variation - 25%**	**Scenario (III) Variation - 50%**
British Pound rate	R$ appreciation	3.0574	3.0262	2.2931	1.5287

The risk of the operational exposure in Euro and British Pound comes from the depreciation of the Real, thereby, we calculate the reduction of Euro and British Pound in 25% and 50% in all cases.

a.3) Commodity price risk

The Company is a global player in different areas related to the Agribusiness (the entire livestock protein chain, biodiesel, among others) and the regular course of its operations brings exposures to price oscillations in feeder cattle, live cattle, lean hogs, corn, soybeans, and energy, especially in the American, Australian and Brazilian markets. Commodity markets are characterized by volatility arising from external factors like climate, supply levels, transportation costs, agricultural policies, storage costs, among others. The Risk Management Department is responsible for mapping all the Company's exposures to commodity prices oscillations and for proposing strategies to mitigate those risks to the Risk Management Committee. The Risk Management Committee is responsible for approving the strategies and supervising their implementation, and analyzing their effectiveness, following competence levels and the Risk Management Policy.

A very important part of the raw materials needs of the Company and its subsidiaries are biological assets sensitive to stockpiling. In order to maintain future supply of these materials the Company contracts anticipated purchases from suppliers. To complement the purchase term, ensuring minimum price and volume to the materials purchased for a planning horizon pre-defined by the Risk Management Committee, as well as aiming at mitigating price oscillations risks on inventories and and sales contracts, the Company and its subsidiaries use hedging instruments specific for each exposure, most notably futures contracts. The Company deems appropriate to take the average amount spent with materials as a parameter indicative of operational value to be protected by firm contracts.

a.3.1) Position balance in commodities (cattle) contracts of the Company

The field of activity of the Company is exposed to volatility in cattle prices, which changes arise from factors beyond the Company's control, such as climate, the supply volume, transportation costs, agricultural policies and others. The Company, in accordance with its policy of stock, maintains its strategy of risk management, based on physical control, which includes anticipated purchases, combined with future market operations, and reducing the daily position of cattle purchase contracts forward for future delivery through future hedge contracting of cattle on BM&F, aimed at resetting the position and ensuring the market price.

The parameters for reducing the cattle purchase risk are based on the physical position of term contracts of cattle purchase considering negotiated values and terms. The internal controls used for coverage and risk management are made through spreadsheets and monitoring of operations performed and calculation of VAR for 1 day, with a confidence interval of 95%.

The Company understands that quantitative figures regarding the exposure risk on the cattle's arroba (15kg) price changes of the Company on March 31, 2013 and December 31, 2012 are presented below in accordance with the Risk Management Policy and are representative of the exposure incurred during the period in accordance with paragraph 35 of CPC 40.

EXPOSURE	March 31, 2013	December 31, 2012
Firm Contracts of cattle purchase	**29,663**	4,255
TOTAL	**29,663**	**4,255**

Composition of derivative financial instruments to hedge of cattle purchase price

Derivative	Maturity	Receivable	Payable	Counterpart of the principal amount	Reference value (notional @)	Market Value R$
Future contracts (BM&F)	May to November, 2013	R$	Cattle @ (15 kg)	BM&F	(26,035)	(1)

Price risk of cattle purchase		Effect on income - Company		
Exposure	**Risk**	**Scenario (I) VaR 95% I.C. 1 day**	**Scenario (II) R$ Appreciation - 25%**	**Scenario (III) R$ Appreciation - 50%**
Operational	@ (15kg) appreciation	(848)	(7,416)	(14,832)
Hedging derivatives of cattle @ (15kg) price	@ (15kg) appreciation	745	6,509	13,018
		(103)	**(907)**	**(1,814)**

Premises	Risk	Current Scenario	Scenario (I) VaR 95% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Price quote of @ (15kg)	@ (15kg) appreciation	99.1100	101.9445	123.8875	148.6650

The exposure operating risk in firm contracts of cattle purchase is the change up the quote price of cattle arroba, thereby, it is calculated the risk of market price appreciation of the cattle market price.

a.3.2) Position balance in commodities (corn) derivatives financial instruments of the Company

The business segment of the Company in its division Confinamento is exposed to price volatility of corn, which changes arise from factors beyond the Company's control, such as climate, the supply volume, transportation costs, agricultural policies and others. The Company, in accordance with its policy of commodities inventory management, maitains its risk management strategy, based on physical control, which includes anticipated purchases, combined with future market operations, and reducing the daily position of cattle purchase term contracts forward for future delivery through future hedge contracting of cattle on BM&F, aimed at resetting the position and ensuring the market price.

The Company, in accordance with its policy of inventory management, started the strategy of risk management of corn's price based on physical control, including expectations of future consumption, anticipated purchases, combined with future market operations, by hiring hedge corn futures on BM&F, in order to guarantee the market price.

The internal controls used for coverage and risk management are made through spreadsheets and monitoring of operations performed and calculation of VAR for 1 day, with a confidence interval of 95%.

The Company understands that quantitative figures regarding the exposure risk on the corn's sacks price changes of the Company on March 31, 2013 and December 31, 2012 are presented below in accordance with the Risk Management Policy and are representative of exposure incurred during the period in accordance with paragraph 35 of CPC 40.

Composition of derivative financial instruments to hedge of corn purchase price

Derivative	Maturity	Receivable	Payable	Counterpart of the principal amount	Reference value (notional)	Market Value R$
Future contracts (BM&F)	May to September, 2013	Corn sacks	R$	BM&F	13,275	(261)

Price risk of corn purchase		Effect on income - Company		
Exposure	**Risk**	**Scenario (I) VaR 95% I.C. 1 day**	**Scenario (II) R$ Appreciation - 25%**	**Scenario (III) R$ Appreciation - 50%**
Hedging derivatives of corn sacks price	Corn sacks appreciation	(380)	(3,319)	(6,638)
		(380)	**(3,319)**	**(6,638)**

Premises	**Risk**	**Current Scenario**	**Scenario (I) VaR 95% I.C. 1 day**	**Scenario (II) Variation - 25%**	**Scenario (III) Variation - 50%**
Price quote of corn sacks	Corn sacks appreciation	29.0700	29.9014	36.3375	43.6050

a.3.3) Position balance in commodities derivatives financial instruments

The Company understands that quantitative figures regarding the exposure risk on the cattle's arroba price changes of the Company on March 31, 2013 and December 31, 2012 are presented below in accordance with the Risk Management Policy and are representative of exposure incurred during the period in accordance with paragraph 35 of CPC 40.

	JBS USA subsidiary	
EXPOSURE	**31.03.13**	**31.12.12**
Operational	**(2,013,800)**	(2,043,500)
Firm contracts - R$	**3,155,625**	31,186
TOTAL	**1,141,825**	**(2,012,314)**

Commodities risk		Effect on income - JBS USA subsidiary		
Exposure	**Risk**	**Scenario (I) VaR 95% I.C. 1 day**	**Scenario (II) Variation - 25%**	**Scenario (III) Variation - 50%**
Operational	Commodities price appreciation	(27,871)	(503,450)	(1,006,900)
Hedging derivatives	Commodities price depreciation	43,674	788,906	1,577,813
		15,803	**285,456**	**570,913**

Premises	**Risk**	**Current Scenario**	**Scenario (I) VaR 95% I.C. 1 day**	**Scenario (II) Variation - 25%**	**Scenario (III) Variation - 50%**
Commodities price	Price increase	-	1.384%	25.000%	50.000%

b) Credit risk

The Company and its subsidiaries are potentially subject to credit risk related to accounts receivable, investments and hedging contracts. The Risk Management Policy understands that the diversity of the portfolio contributes significantly to reduce the credit risk, but parameters are set to operations where credit is provided, observing financial ratios and operational health, as well as consults to credit monitoring entities.

For the case of the financial operations that have as counterpart financial institutions (investments and hedging contracts), the Company employs exposure limits set by the Risk Management Committee based on risk ratings (ratings) of specialized international agencies.

Amounts invested in private bonds (notably bank certificates of deposit) and accumulated fair values receivables in hedging transactions contracted with banks, must comply with the following table limits, in order that, the total volume does not exceed a specified percentage of the equity of the financial institution (% PL). In conjunction, the limits should be observed as the time horizon (maximum horizon) to the rescue of the application.

Category	**%PL**	**Maximum horizon**
Triple A	2.00%	5 years
Double A	1.00%	3 years
Single A	0.50%	2 years
Triple B	0.25%	1 year

Observations:

- In case of different ratings for the same financial institution, must adopt the most conservative;
- The associates banks should be consolidated at its headquarters;
- Financial institutions without rating are not eligible;
- In the absence of rating in the national scale, use the global rating scale;
- If the Company holds debt and applications with particular counterparty, the net value of the transactions should be considered;
- Exceptions can occur if previously approved by the Risk Management Committee and Executive Board.

Besides private bonds, the Company can also invest funds in federal national treasury bill: LFT, LTN, NTN-F and NTN-B. For these cases there is no pre-established limits.

The book value of financial assets that represent the maximum exposure to credit risk at the financial statement date was:

	Note	Company		Consolidated	
		March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Assets					
Cash and cash equivalents	4	**3,049,626**	3,564,984	**5,516,916**	5,383,087
Trade accounts receivable	5	**2,771,533**	2,753,737	**5,754,615**	5,688,648
Credits with related parties	9	**953,721**	808,062	**632,414**	548,909
Derivatives		**660**	25,281	**5,828**	26,154
		6,775,540	**7,152,064**	**11,909,773**	**11,646,798**

Loss on reduction of accounts receivable recoverable value	Company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Current receivables	**2,513,314**	**2,529,365**	**5,015,806**	**4,970,194**
Overdue receivables:				
From 1 to 30 days	**169,087**	191,144	**548,895**	584,276
From 31 to 60 days	**74,508**	17,060	**113,813**	75,746
From 61 to 90 days	**17,843**	18,380	**47,408**	33,411
Above 90 days	**81,934**	94,721	**148,168**	156,709
Allowance for doubtful accounts	**(85,153)**	(96,933)	**(119,475)**	(131,688)
	258,219	**224,372**	**738,809**	**718,454**
	2,771,533	**2,753,737**	**5,754,615**	**5,688,648**

c) Liquidity risk

Liquidity risk arises from the management of working capital of the Company and its subsidiaries and amortization of financing costs and principal of the debt instruments. It is the risk that the Company and its subsidiaries will find difficulty in meeting their financial obligations falling due.

The Company and its subsidiaries manage their capital based on parameters optimization of capital structure with a focus on liquidity and leverage metrics that enable a return to shareholders over the medium term, consistent with the risks assumed in the transaction.

The Management of the Company's liquidity is done taking into account mainly the immediate liquidity indicator modified, represented by the level of cash plus investments divided by short-term debt. It is also maintained a focus on managing the overall leverage of the Company and its subsidiaries to monitor the ratio of net debt to "EBITDA" at levels we considered to be manageable for continuity of operations.

Based on the analysis of these indicators, the management of working capital has been defined to maintain the natural leverage of the Company and its subsidiaries at levels equal to or less than the leverage ratio that we want to achieve.

The index of liquidity and leverage consolidated are shown below:

	Consolidated	
	March 31, 2013	December 31, 2012
Cash and cash equivalents	**5,516,914**	5,383,087
Loans and financings - Current	**5,901,396**	6,098,898
Modified liquidity indicator	**0.93**	0.91
Leverage indicator	**3,4x**	3,4x

To calculate the leverage indicator the Company used the dollar and the euro correction rates of the last day of the year (closing rate). This criteria is intended to equalize the net debt and EBITDA at the same exchange rate.

The table below shows the fair value of financial liabilities of the Company and its subsidiaries according to their maturities.

Company

March 31, 2013	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Fair Value
Trade accounts payable	871,167	-	-	-	871,167
Loans and financings	5,053,470	1,229,003	3,194,108	3,002,449	12,479,030
Derivatives financing liabilities (assets)	(1,212)	357	195	-	(660)
TOTAL	**5,923,425**	**1,229,360**	**3,194,303**	**3,002,449**	**13,349,537**

December 31, 2012	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Fair Value
Trade accounts payable	1,000,273	-	-	-	1,000,273
Loans and financings	5,205,774	1,629,962	3,463,487	1,852,436	12,151,659
Derivatives financing liabilities (assets)	(26,420)	941	198	-	(25,281)
TOTAL	**6,179,627**	**1,630,903**	**3,463,685**	**1,852,436**	**13,126,651**

Consolidated

March 31, 2013	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Fair Value
Trade accounts payable	3,335,859	-	-	-	3,335,861
Loans and financings	5,901,396	3,899,962	3,804,526	7,589,936	21,195,820
Derivatives financing liabilities (assets)	(6,380)	357	195	-	(5,828)
TOTAL	**9,230,875**	**3,900,319**	**3,804,721**	**7,589,936**	**24,525,853**

December 31, 2012	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Fair Value
Trade accounts payable	3,564,270	-	-	-	3,564,270
Loans and financings	6,098,898	4,395,577	3,660,103	6,484,366	20,488,944
Derivatives financing liabilities (assets)	(27,293)	941	198	-	(26,154)
TOTAL	**9,635,875**	**4,396,518**	**3,660,301**	**6,484,366**	**24,027,060**

d) Estimated market values

The assets and liabilities are represented in the quarterly interim financial statements at cost and their appropriations of revenues and expenses are accounted for in accordance with its expected realization or settlement.

The market values of non-derivative financial instruments and derivatives were estimated based on information available on the market.

e) Guarantees provided and guarantees received

Guarantees provided

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at March 31, 2013 is R$ 273,019 (R$ 280,946 at March 31, 2012). This guarantee is superior to the need presented for these operations.

The indirect subsidiary JBS USA and its subsidiaries, has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at March 31, 2013 is R$ 191,357 (R$ 65,586 at December 31, 2012). This guarantee is superior to the need presented for these operations.

Other guarantees considered relevant are described in detail in the notes: 14 - Loans and financings, and 15 - Credit operations, guarantees and covenants.

Guarantees received

The Company and its subsidiaries have no guarantees received from third parties deemed relevant.

f) Financial instruments

All transactions with financial instruments are recognized in financial statements as described below:

		Company		Consolidated	
	Notes	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Assets					
Fair value through profit or loss					
Cash and cash equivalents	4	**3,049,626**	3,564,984	**5,516,914**	5,383,087
Loans and receivables					
Trade accounts receivable	5	**2,771,533**	2,753,737	**5,754,615**	5,688,648
Credits with related parties	9	**953,721**	808,062	**632,414**	548,909
Fair value through profit or loss					
Receivables derivatives		**660**	**25,281**	**5,828**	**26,154**
Total		**6,775,540**	**7,152,064**	**11,909,771**	**11,646,798**
Liabilities					
Liabilities at amortized cost					
Loans and financings	14/15	**12,479,030**	12,151,659	**21,195,820**	20,488,944
Trade accounts payable	13	**871,167**	1,000,273	**3,335,859**	3,564,270
Total		**13,350,197**	**13,151,932**	**24,531,679**	**24,053,214**

During the year there has been no reclassification between categories, fair value through profit or loss, loans and receivables and liabilities at amortized cost, shown in the table above.

g) Fair value of financial instruments

The assets and liabilities are represented in the quarterly interim financial statements at cost and their appropriations of revenues and expenses are accounted for in accordance with its expected realization or settlement. The derivatives market of future fair values are calculated based on daily adjustments for changes in market prices of stock futures and commodities that act as counterparty. The swap is obtained by calculating independently the active and passive parts, bringing them to their present value. The future prices used to calculate the curve of the contracts were drawn from the Bloomberg database.

In accordance to CPC 40/IFRS 7 - Financial Instruments: Disclosures, the Company and its subsidiaries classify fair value measurements in accordance with the hierarchical levels that reflect the significance of the indices used in this measurement, according to the following levels

Level 1 - Quoted prices in active markets (unadjusted) for identical assets or liabilities;

Level 2 - Inputs other than Level 1, in which prices are quoted for similar assets and liabilities, either directly by obtaining prices in active markets or indirectly as valuation techniques that use data from active markets.

Level 3 - Indices used for calculation are not derived from an active market. The Company and its subsidiaries do not have this level of measurement instruments.

As noted above, the fair values of financial instruments, except for those maturing in the short term, equity instruments with no active market and contracts with discretionary features that fair value can not be reliably measured, are presented in hierarchical levels of measurement below:

Fair value hierarchy

	March 31, 2013		
	Company		
	Level 1	Level 2	Level 3
Current assets			
Cash and banks	961,421	-	-
Financial investments	-	2,550,824	-
Derivatives	(1,504)	2,164	-

	Consolidated		
	Level 1	Level 2	Level 3
Current assets			
Cash and banks	2,107,171	-	-
Financial investments	-	3,433,857	-
Derivatives	(1,504)	7,332	-

	December 31, 2012		
	Company		
	Level 1	Level 2	Level 3
Current assets			
Cash and banks	1,014,160	-	-
Financial investments	-	2,550,824	-
Derivatives	2,608	22,673	-

	Consolidated		
	Level 1	Level 2	Level 3
Current assets			
Cash and banks	1,949,230	-	-
Financial investments	-	3,433,857	-
Derivatives	3,481	22,673	-

Fair value versus book value

The fair values of financial assets and liabilities, with the book values presented in the balance sheet position are as follows:

		March 31, 2013		December 31, 2012	
Company	**Note**	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and banks	4	**961,421**	**961,421**	1,044,160	1,044,160
Financial investments	4	**2,088,205**	**2,088,205**	2,550,824	2,550,824
Trade accounts receivable	5	**2,771,533**	**2,771,533**	2,753,737	2,753,737
Related parties receivable	9	**953,721**	**953,721**	808,062	808,062
Derivatives		**660**	**660**	25,281	25,281
Total financial assets		**6,775,540**	**6,775,540**	**7,182,064**	**7,182,064**
Trade accounts payable	13	**871,167**	**871,167**	1,000,273	1,000,273
Loans and financings	14/15	**12,479,030**	**12,479,030**	12,151,659	12,151,659
Total financial liabilities		**13,350,197**	**13,350,197**	**13,151,932**	**13,151,932**
		(6,574,657)	**(6,574,657)**	**(5,969,868)**	**(5,969,868)**

		March 31, 2013		December 31, 2012	
Consolidated	**Note**	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and banks	4	**2,107,171**	**2,107,171**	1,979,230	1,979,230
Financial investments	4	**3,409,743**	**3,409,743**	3,433,857	3,433,857
Trade accounts receivable	5	**5,754,615**	**5,754,615**	5,688,648	5,688,648
Related parties receivable	9	**632,414**	**632,414**	548,909	548,909
Derivatives		**5,828**	**5,828**	26,154	26,154
Total financial assets		**11,909,771**	**11,909,771**	**11,676,798**	**11,676,798**
Trade accounts payable	13	**3,335,859**	**3,335,859**	3,564,270	3,564,270
Loans and financings	14/15	**21,195,820**	**21,195,820**	20,488,944	20,488,944
Total financial liabilities		**24,531,679**	**24,531,679**	**24,053,214**	**24,053,214**
		(12,621,908)	**(12,621,908)**	**(12,376,416)**	**(12,376,416)**

The loans and financing presented in the table above include the values of working capital in Reais and working capital in foreign currency (bonds), as shown in detail in note 14. In the Management opinion the loans and financing, which are measured at their amortized cost values do not present significant variation regarding to their fair values. These loans and financing are restated with bases in contracted rates and interest through the date of closing of quarterly interim financial statements, the outstanding balance is recognized by an amount close to fair value. Since there is no active market for such instruments, the differences that could occur if these values were for amounts paid in advance would be unrepresentative.

	Company		Consolidated	
	Three months period ended on March 31,		**Three months period ended on March 31,**	
	2013	**2012**	**2013**	**2012**
Gains (losses) by category of financial instrument				
Fair value through profit or loss	**121,300**	(66,088)	**185,118**	(25,306)
Loans and receivables	**(45,810)**	44,942	**(69,911)**	(18,944)
Liabilities at amortized cost	**(126,741)**	(17,629)	**(193,422)**	(111,571)
Total	**(51,251)**	**(38,775)**	**(78,215)**	**(155,821)**

EXECUTIVE BOARD

Wesley Mendonça Batista
Chief Executive Officer

Eliseo Santiago Perez Fernandez

Jeremiah Alphonsus O'Callaghan
Investor Relations Director

Francisco de Assis e Silva
Institutional Relations Executive Director

Wanderley Higino da Silva
Accountant CRC: 1SP123638/O-8

BOARD OF DIRECTORS

Joesley Mendonça Batista
Board President

Wesley Mendonça Batista
Vice-President

José Batista Sobrinho

José Batista Júnior

Marcus Vinicius Pratini de Moraes

Natalino Bertin

Carlos Alberto Caser

Valere Batista Mendonça Ramos

Vanessa Mendonça Batista

Peter Dvorsak

Guilherme Rodolfo Laager

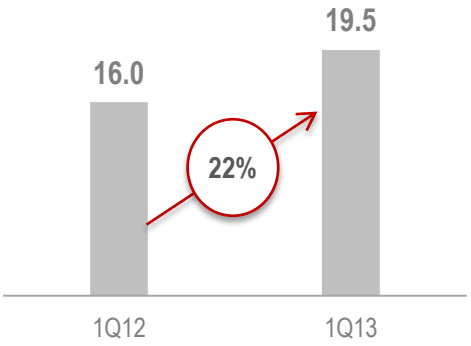
* * * * *

Results for 1Q13

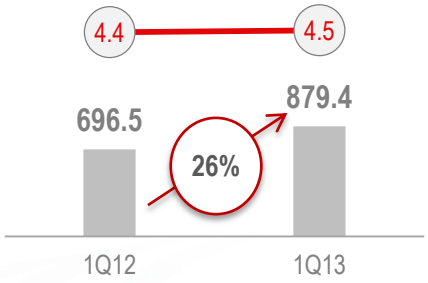
JBS S.A. (Bovespa: JBSS3) São Paulo, May 14th, 2013

1Q13 Highlights

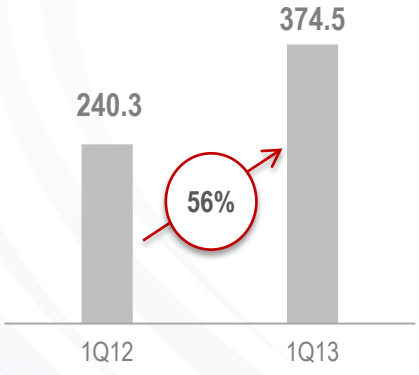
JBS posted net revenue of R$19.5 billion in 1Q13, R$3.5 billion or 22.0% more than 1Q12



EBITDA reached R$879.4 million, 26.3% above 1Q12



Adjusted net income was R$374.5 million, 55.8% above 1Q12



✓ JBS posted consolidated **net revenue** of R$19.5 billion, an increase of R$3.5 billion compared to 1Q12, or 22.0%.

✓ Consolidated **EBITDA** was R$879.4 million, an increase of 26.3% over 1Q12. EBITDA margin was 4.5%.

- JBS Mercosul posted net revenue of R$4.97 billion, 29.8% above 1Q12. EBITDA increased 10.4% compared with the same period and EBITDA reaching R$561.7 million.
- JBS USA Chicken (Pilgrim's Pride Corporation – "PPC") net revenue totaled US$2.0 billion, 7.8% ahead of 1Q12. 1Q13 EBITDA came in at US$117.7 million, an increase of 13.2% compared to 1Q12.

✓ JBS posted **adjusted net income** for the quarter of R$374.5 million, excluding deferred income tax due to goodwill at the Parent Company. The reported net income in 1Q13 was R$227.9 million, R$0.08 per share.

✓ JBS generated net **cash from operating activities** in 1Q13 of R$58.6 million.

✓ The Company ended the quarter with **R$5.5 billion in cash or cash equivalent**, corresponding to 93.5% of short-term debt.

✓ **Leverage** (net debt / EBITDA) ended the period at 3.4x.

Results for 1Q13

Analysis of Consolidated Results

Analysis of the principal financial indicators of JBS by Business Unit (in local currency)

		1Q13	4Q12	Δ%	1Q12	Δ%
Net Revenue						
JBS USA Beef	US$	4,315.2	4,856.0	-11.1%	4,078.8	5.8%
JBS USA Pork	US$	842.0	955.5	-11.9%	855.4	-1.6%
JBS USA Chicken	US$	2,036.9	2,189.7	-7.0%	1,888.8	7.8%
JBS Mercosul	R$	4,969.6	5,270.2	-5.7%	3,827.4	29.8%
EBITDA						
JBS USA Beef	US$	-25.1	103.3	-	-45.4	-
JBS USA Pork	US$	46.8	42.7	9.6%	55.8	-16.1%
JBS USA Chicken	US$	117.7	67.4	74.7%	104.0	13.2%
JBS Mercosul	R$	561.7	664.8	-15.5%	508.6	10.4%
EBITDA Margin						
JBS USA Beef	%	-0.6%	2.1%	-	-1.1%	-
JBS USA Pork	%	5.6%	4.5%	-	6.5%	-
JBS USA Chicken	%	5.8%	3.1%	-	5.5%	-
JBS Mercosul	%	11.3%	12.6%	-	13.3%	-

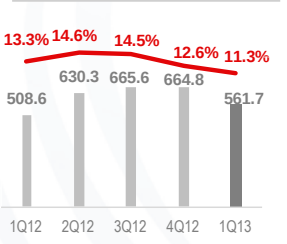
Performance by Business Unit

JBS Mercosul

Net sales (R$ billion)

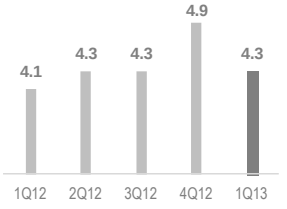


EBITDA (R$ million)

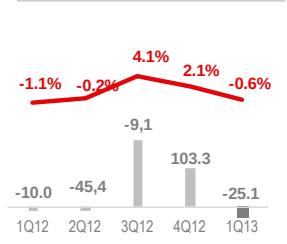


JBS USA
(Including Australia and Canada)

Net sales (US$ billion)

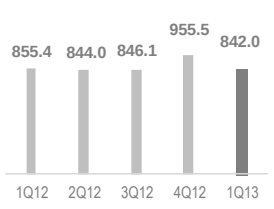


EBITDA (US$ million)

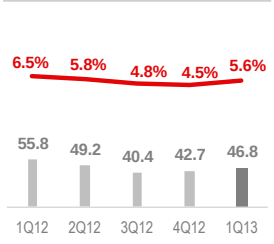


JBS USA

Net sales (US$ million)

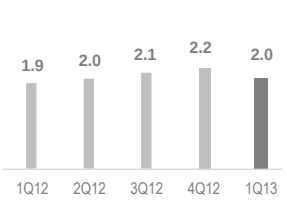


EBITDA (US$ million)

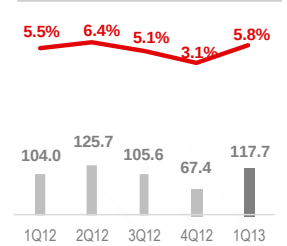


JBS USA (PPC)

Net sales (US$ billion)



EBITDA (US$ million)



EBITDA Margin (%)

*JBS S.A. ("JBS") (Bovespa: JBSS3), the global leading producer of animal protein announces today its results for the first quarter of 2013 (1Q13). For the purpose of analysis, this report considers the results for the quarter ended December 31, 2012 (4Q12) and March 31, 2012. The consolidated results of JBS are presented in Brazilian Real (R$) and when separately analyzed, each business unit reports its results in the currency of the country in which it operates. The operations of JBS Australia and JBS Canada are an integral part of the subsidiary JBS USA and both results refer to the period of 13 weeks ended March 31, 2013 (1Q13). The quantitative data, such as volumes and heads slaughtered, are not audited.

Results for 1Q13

Consolidated analysis of the principal operational indicators of JBS

R$ million	1Q13	4Q12	Δ%	1Q12	Δ%
Net Revenue	**19,527.6**	**21,850.7**	**-10.6%**	16,011.1	**22.0%**
Cost of Goods Sold	(17,491.0)	(19,409.5)	-9.9%	(14,357.2)	21.8%
Gross Income	**2,036.5**	**2,441.3**	**-16.6%**	**1,653.9**	**23.1%**
Gross Margin	10.4%	11.2%	-6.7%	10.3%	1.0%
Selling Expenses	(1,050.1)	(1,129.0)	-7.0%	(816.4)	28.6%
General and Adm. Expenses	(544.1)	(594.6)	-8.5%	(427.9)	27.2%
Net Financial Income (expense)	(78.2)	(374.4)	-79.1%	(155.8)	-49.8%
Other Income (expense)	6.9	(43.2)	-	(12.2)	-
Operating Income	**371.1**	**300.1**	**23.7%**	**241.6**	**53.6%**
Income and social contribution taxes	(128.8)	(237.9)	-45.8%	(112.1)	15.0%
Participation of non-controlling shareholders	(14.3)	4.2	-	(13.4)	6.7%
Net Income (Loss)(1)	**227.9**	**66.4**	**243.2%**	**116.1**	**96.3%**
Adjusted Net Income (Loss)(2)	**374.5**	**310.4**	**20.6%**	**240.3**	**55.8%**
EBITDA	**879.4**	**1,170.9**	**-24.9%**	**696.5**	**26.3%**
EBITDA Margin	4.5%	5.4%	-	4.4%	-
Net Income (Loss) per share	**0.08**	**0.02**	**239.7%**	**0.04**	**103.4%**

(1) Participation of Controlling Shareholders.
(2) Excluding deferred income tax liabilities due to goodwill at the parent Company.

Number of Heads Slaughtered and Sales Volume

	1Q13	4Q12	Δ%	1Q12	Δ%
Heads processed (thousand)					
Cattle	4,374.3	4,397.1	-0.5%	3,717.9	17.7%
Hogs	3,519.4	3,926.3	-10.4%	3,307.0	6.4%
Smalls*	1,200.2	1,230.7	-2.5%	934.8	28.4%
Volume Sold (thousand tons)**					
Domestic Market	**1,747.7**	**1,883.0**	**-7.2%**	**1,706.1**	**2.4%**
Fresh and Chilled Products	1,521.0	1,666.5	-8.7%	1,449.3	4.9%
Processed Products	62.6	51.0	22.8%	34.8	80.1%
Others	164.1	165.6	-0.9%	222.0	-26.1%
Exports	**563.8**	**625.2**	**-9.8%**	**448.9**	**25.6%**
Fresh and Chilled Products	525.8	587.6	-10.5%	418.2	25.7%
Processed Products	20.2	19.2	5.1%	14.7	37.7%
Others	17.8	18.3	-2.6%	16.1	11.2%
TOTAL	**2,311.5**	**2,508.2**	**-7.8%**	**2,155.0**	**7.3%**

*Not including poultry.
**Not including PPC.

Consolidated Results

Net Revenue

JBS posted consolidated net revenue of R$19,527.6 million in 1Q13, an increase of R$3,516.5 million compared to 1Q12, or 22%. This expansion was primarily due to the increase of beef volume sold and the initiation of the poultry business, both in Brazil, besides the price increase of beef and poultry products in the U.S. as well as the commencement of the beef operations in Canada, as a result of the acquisition of XL Foods' assets.

In the 1Q13, approximately 74% of global sales were generated domestically in the markets that the Company is present and 26% came from exports.

Adjusted EBITDA

1Q13 EBITDA was R$879.4 million, 26.3% above the previous year. This performance was due to improved results at Pilgrim's Pride (JBS USA Chicken) and from the increase in sales of Mercosul operations. 1Q13 EBITDA margin was 4.5%.

Net Income

JBS posted adjusted net income for 1Q13 of R$374.5 million, excluding deferred income tax due to goodwill at the parent Company. The reported net income for the period was R$227.9 million, R$0.08 per share.

Cash Generation

The Company generated R$58.6 million of net cash from operating activities during 1Q13. JBS Brazil (Parent Company) presented net cash from operating activities of R$209.8 million in the same period.

Capital Expenditure

In 1Q13, total capital expenditure (CAPEX) of JBS in property, plant, and equipment was R$282.5 million. The main focus of investments were improvements in productivity, expansion of activities in Mercosul and in Canada and increase in storage capacity and distribution over all regions.

In addition, the Company presented a cash expenditure of R$271.8 million during the quarter regarding the acquisitions of XL Foods in Canada and Agrovêneto in Brazil.

Consolidated Results

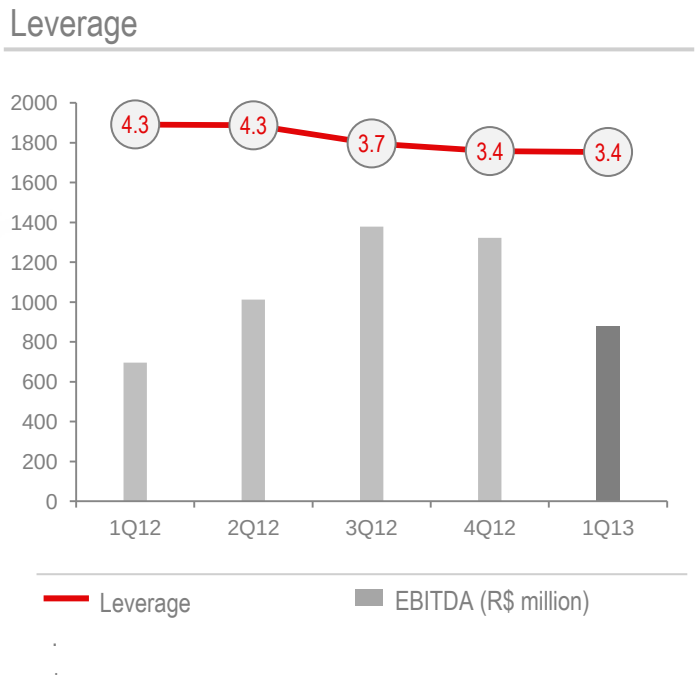
Indebtedness

JBS' leverage (net debt / EBITDA) remained at 3.4x at the end of 1Q13, stable in comparison with 4Q12, having reduced from 4.3x at 2Q12 and 3.7x at 3Q12. This reduction is mainly due to the increased EBITDA LTM under relative stability of net debt.

JBS presented an increase of Working Capital needs during the period due to the commencement of XL Foods operation in Canada and the operations of Agrovêneto and Tramonto in Brazil. In addition, there was a cash expenditure regarding the payment of the assets mentioned above, in the total amount of R$271.8 million

R$ million	3/31/13	12/31/12	Var.%
Gross debt	**21,195.8**	**20,488.9**	**3.5%**
(+) Short Term Debt	5,901.4	6,098.9	-3.2%
(+) Long Term Debt	15,294.4	14,390.0	6.3%
(-) Cash and Equivalents	5,516.9	5,383.1	2.5%
Net debt ( )	**15,678.9**	**15,105.9**	**3.8%**
Net debt/EBITDA [1]	**3.4x**	**3.4x**	

(1) EBITDA LTM. U.S. dollar exchange rate of the last day of the period.



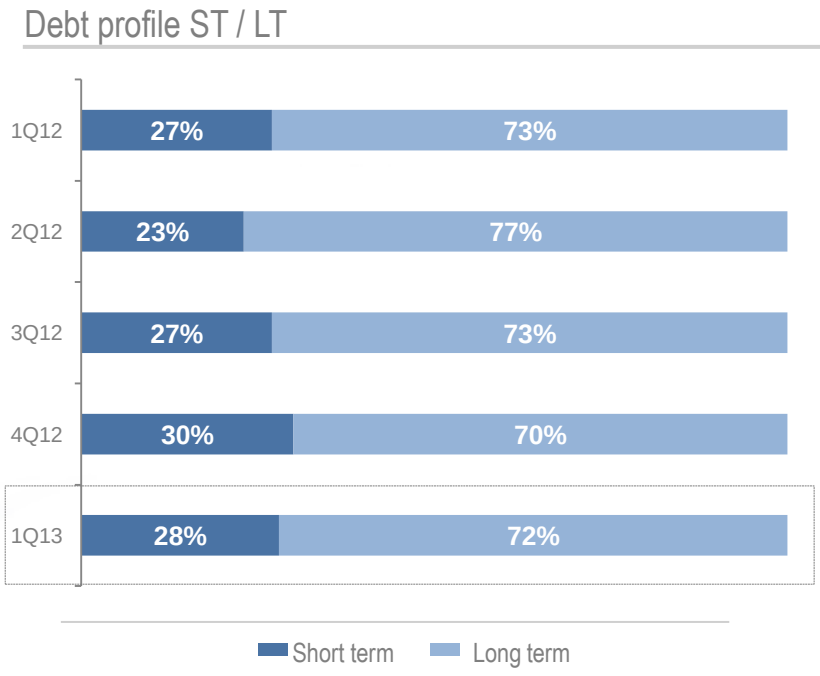
Consolidated Results

Cash Position

The Company ended the quarter with R$5,516.9 million in cash or cash equivalent, corresponding to 93.5% of short-term debt. In addition to the Company's cash position, JBS USA has available committed lines of U$1.2 billion, all of which demonstrates comfortable liquidity.

The percentage of short-term debt (ST) relative to total debt decreased from 30% in 4Q12 to 28% in 1Q13. In January 2013, the Company completed the issuance of a U$500.0 million in bonds maturing in 2023, with a yield of 6.5% per annum (Notes due to 2023) which contributed to the reduction of the cost of consolidated debt and improve debt amortization schedule.

At the end of the period 78% of JBS' consolidated debt was denominated in U.S. dollars, with an average cost of 6.95% per annum and an average maturity of 4.6 years. The proportion of debt denominated in reais, 22% of consolidated debt, has an average cost of 8.0% per annum and average maturity of 3.6 years.



Analysis of Results by Business Unit

JBS USA Beef (including Australia and Canada)

Net revenue for this business unit in the quarter was US$4,315.1 million, outperforming 1Q12 by 5.8%, due to the increase in sales prices both in the domestic market and exports, besides the commencement of JBS' operations in Canada, as a result of the acquisition of XL Foods' assets. Compared to 4Q12 net revenues decreased 11.1%, principally due to the seasonality of the period.

EBITDA at this business unit was negative at US$25.1 million, mainly impacted by the pressure in the cost of raw material, due to the lower availability of livestock for slaughter. EBITDA margin was -0.6%.

The Company believes in the improvement of the industry's margins through the recovery of sales prices and a better balance between supply and demand, as well as the seasonal increase in the demand for beef and in the supply of livestock for slaughter. JBS' management maintains its focus on low cost operation, with emphasis on increase profitability per animal processed and improved sales mix.

Highlights (US GAAP)

US$ million	1Q13	4Q12	Δ%	1Q12	Δ%
Heads processed (thousand)	2,164.1	2,284.6	-5.3%	1,960.3	10.4%
Net Revenue	4,315.2	4,856.0	-11.1%	4,078.8	5.8%
EBITDA	-25.1	103.3	-	-45.4	-
EBITDA margin %	-0.6%	2.1%	-	-1.1%	-

Breakdown of Net Revenues

Domestic Market	1Q13	4Q12	Δ%	1Q12	Δ%
Net Revenue (US$ million)	3,225.3	3,562.7	-9.5%	3,105.4	3.9%
Volume (tons)	883.7	983.3	-10.1%	881.3	0.3%
Average Price (US$/Kg)	3.65	3.62	0.7%	3.52	3.6%

Exports	1Q13	4Q12	Δ%	1Q12	Δ%
Net Revenue (US$ million)	1,089.9	1,293.4	-15.7%	973.3	12.0%
Volume (tons)	256.9	293.5	-12.5%	249.4	3.0%
Average Price (US$/Kg)	4.24	4.41	-3.7%	3.90	8.7%

Analysis of Results by Business Unit

JBS USA Pork

Net revenue in the pork business for the quarter totaled US$842.0 million, a decrease of 1.6% year on year. This result is due to the decline in export volume compared to 1Q12. In comparison to 4Q12, net revenue decreased 11.9% due to the seasonality of the period.

EBITDA totaled US$46.8 million in 1Q13, a decrease of 16.1% compared to 1Q12, with EBITDA margin at 5.6%. The decline in EBITDA was due to the decreased exports and supply and demand imbalance domestically during the first quarter of 2013. In comparison to 4Q12, there was an increase of 9.6%.

Highlights (US GAAP)

US$ million	1Q13	4Q12	Δ%	1Q12	Δ%
Animals processed (thousand)	3,519.4	3,926.3	-10.4%	3,307.0	6.4%
Net Revenue	842.0	955.5	-11.9%	855.4	-1.6%
EBITDA	46.8	42.7	9.6%	55.8	-16.1%
EBITDA margin %	5.6%	4.5%	-	6.5%	-

Breakdown of Net Revenues

Domestic Market	1Q13	4Q12	Δ%	1Q12	Δ%
Net Revenue (US$ million)	698.9	774.7	-9.8%	697.5	0.2%
Volume (thousand tons)	306.3	338.1	-9.4%	292.3	4.8%
Average Price (US$/Kg)	2.28	2.29	-0.4%	2.39	-4.4%

Exports	1Q13	4Q12	Δ%	1Q12	Δ%
Net Revenue (US$ million)	143.0	180.8	-20.9%	157.9	-9.4%
Volume (thousand tons)	58.5	77.6	-24.6%	68.5	-14.7%
Average Price (US$/Kg)	2.45	2.33	5.0%	2.30	6.2%

Analysis of Results by Business Unit

JBS USA Chicken (Pilgrim's Pride Corporation, "PPC", controlled by JBS USA)

Net revenue in the quarter for this business unit was US$2,036.9 million, 7.8% higher than the same period in 2012, due to the increase in prices of 8.3% and 15.8% in the U.S. and in Mexico, respectively. The total volume sold decreased 1.4% in the period.

Adjusted EBITDA in 1Q13 was US$117.7 million, 13.2% above 1Q12. This EBITDA improvement was possible thanks to the rising prices of chicken cuts which more than offset an increase of U$141.0 million in grain costs in the period. In addition, the improvement in General and Administrative (G&A) expenses, reduction of 2.8% over 4Q12, contributed to strengthen this period results.

The increase in chicken prices also contributed to offset the increase in volatility in grain prices. The change in sales mix, productivity gains and the reduction in operating costs were essential to optimize the result for the period.

Despite the significant operational improvement of PPC in the period, the management believes that is possible to improve the company's performance even more, seeking to become the most respected company in this industry.

Highlights (US GAAP)

US$ million	1Q13	4Q12	Δ%	1Q12	Δ%
Net Revenue	2,036.9	2,189.7	-7.0%	1,888.8	7.8%
Adjusted EBITDA	117.7	67.4	74.7%	104.0	13.2%
EBITDA margin %	5.8%	3.1%	-	5.5%	-

Analysis of Results by Business Unit

JBS Mercosul

Net revenue at JBS Mercosul was R$4,969.6 million in the quarter, 29.8% higher than 1Q12, due to the increase of 25.8% in volume of livestock processed in the period. Regardless of the increase in sales volume, sales prices increased in the period both domestically and in export market, reflecting strong demand in emerging economies.

EBITDA totaled R$561.7 million in the quarter, an increase of 10.4% over 1Q12. The EBITDA margin was 11.3%. This business unit presented a slight increase in selling expenses due to the marketing campaign to promote the Friboi brand in Brazil.

Highlights

R$ million	1Q13	4Q12	Δ%	1Q12	Δ%
Heads processed* (thousand)	2,210.2	2,112.5	4.6%	1,757.6	25.8%
Net Revenue	4,969.6	5,270.2	-5.7%	3,827.4	29.8%
EBITDA	561.7	664.8	-15.5%	508.6	10.4%
EBITDA margin %	11.3%	12.6%	-	13.3%	-

*Cattle only

Breakdown of Net Revenues

Domestic Market	1Q13	4Q12	Δ%	1Q12	Δ%
Net Revenue (million R$)					
Fresh and Chilled Products	2,173.8	2,314.6	-6.1%	1,828.8	18.9%
Processed Products	306.7	293.8	4.4%	190.6	60.9%
Others	371.4	425.4	-12.7%	559.1	-33.6%
TOTAL	**2,851.9**	**3,033.7**	**-6.0%**	**2,578.5**	**10.6%**
Volume (thousand tons)					
Fresh and Chilled Products	331.0	345.1	-4.1%	275.8	20.0%
Processed Products	62.6	51.0	22.8%	34.8	80.1%
Others	164.1	165.6	-0.9%	222.0	-26.1%
TOTAL	**557.6**	**561.6**	**-0.7%**	**532.5**	**4.7%**
Average Price (R$/Kg)					
Fresh and Chilled Product	6.57	6.71	-2.1%	6.63	-0.9%
Processed Items	4.90	5.76	-14.9%	5.48	-10.6%
Others	2.26	2.57	-12.1%	2.52	-10.3%

Analysis of Results by Business Unit

JBS Mercosul

Exports	1Q13	4Q12	Δ%	1Q12	Δ%
Net Revenue (million R$)					
Fresh and Chilled Products	1,565.7	1,679.0	-6.8%	817.9	91.4%
Processed Products	197.3	216.3	-8.8%	173.7	13.6%
Others	354.7	341.1	4.0%	257.3	37.9%
TOTAL	**2,117.7**	**2,236.5**	**-5.3%**	**1,248.9**	**69.6%**
Volume (thousand tons)					
Fresh and Chilled Products	210.4	216.5	-2.8%	100.3	109.9%
Processed Products	20.2	19.2	5.1%	14.7	37.7%
Others	17.8	18.3	-2.6%	16.1	11.2%
TOTAL	**248.4**	**254.1**	**-2.2%**	**131.0**	**89.7%**
Average Price (R$/Kg)					
Fresh and Chilled Beef	7.44	7.75	-4.0%	8.16	-8.8%
Processed Beef	9.77	11.26	-13.2%	11.84	-17.5%
Others	19.88	18.63	6.7%	16.03	24.0%

Events Subsequent to March 31, 2013

✓ **Completion of the issuance of $ 275.0 million in notes due 2023 at a yield of 6.25% per annum (Re-tap of Notes due in 2023).**

On April 9, 2013, JBS reopened the senior unsecured notes due 2023 (see notice to the market of January 30, 2013), as announced on January 30, 2013, and priced US$275.0 million with an yield of 6.25% (6.25% senior unsecured notes due 2023, or "Notes"), through its Austrian wholly-owned subsidiary, ESAL GmbH (JBS Austria), pursuant to a Rule 144A and Regulation S offering. The Notes are guaranteed by JBS S.A. and JBS Hungary Holdings Kft. The yield of 6.25% is even better than the previous offering and represents an all-time low for the Company. The book building represented a 3 times oversubscription. JBS intends to use the net proceeds from this offering to extend its debt maturity profile by refinancing a portion of its outstanding short-term debt and for general corporate purposes

✓ **Brazilian Anti-trust Authority ("CADE") approved unanimously 12 acquisitions and leases made by JBS.**

On April 17, 2013, CADE unanimously approved all 12 operations (between leases and acquisitions) made by JBS between 2009 and 2012 and which were submitted to the anti-trust authority for analysis. As a result, all production units incorporated by JBS during this period in Brazil will continue to be administered by the Company without any restrictions. Besides the approval of the totality of the operations, JBS also signed a Commitment Agreement (TCD) with the Authority whereby JBS guarantees that it will inform CADE regarding all future operations, large or small, including leases during the next 30 months.

✓ **JBS agreed to acquire the Ana Rech pork plant in Rio Grande do Sul, Brazil, from BRF.**

On May 7, 2013, JBS undertook to acquire and BRF undertook to sell the Ana Rech Industrial Unit located in the state of Rio Grande do Sul, (pork processing plant and hog farms), the Biological Assets and the Pending Real Estate denominated Granja André da Rocha, situated in the municipality of Nova Prata, state of Rio Grande do Sul. JBS shall pay BRF the total amount of R$ 200,000,000.00 (two hundred million reais) for the Total Assets. The Price shall be paid in 50 (fifty) monthly and consecutive installments, the first installment falling due 6 (six) months after the signature date of the definitive agreements of the sale. The conclusion of the operation is contingent on the implementation of certain suspensive conditions, among which the express authorization of the Brazilian Anti-Trust Authorities - CADE. The companies shall keep the market notified on each new stage of this transaction.

✓ **Completion of the purchase of the operations of XL Foods in the United States.**

JBS concluded on April 8, 2013 the acquisition of two North American operations of XL Foods: 01 abattoir in Omaha (Nebraska), with capacity to process 1,100 head / day and another in Nampa (Idaho), with capacity to process 1,100 head / day. The facility in Nampa is idled and the company has no immediate plans to reopen it.

Tables and Charts

Graph I - JBS Consolidated Exports Breakdown

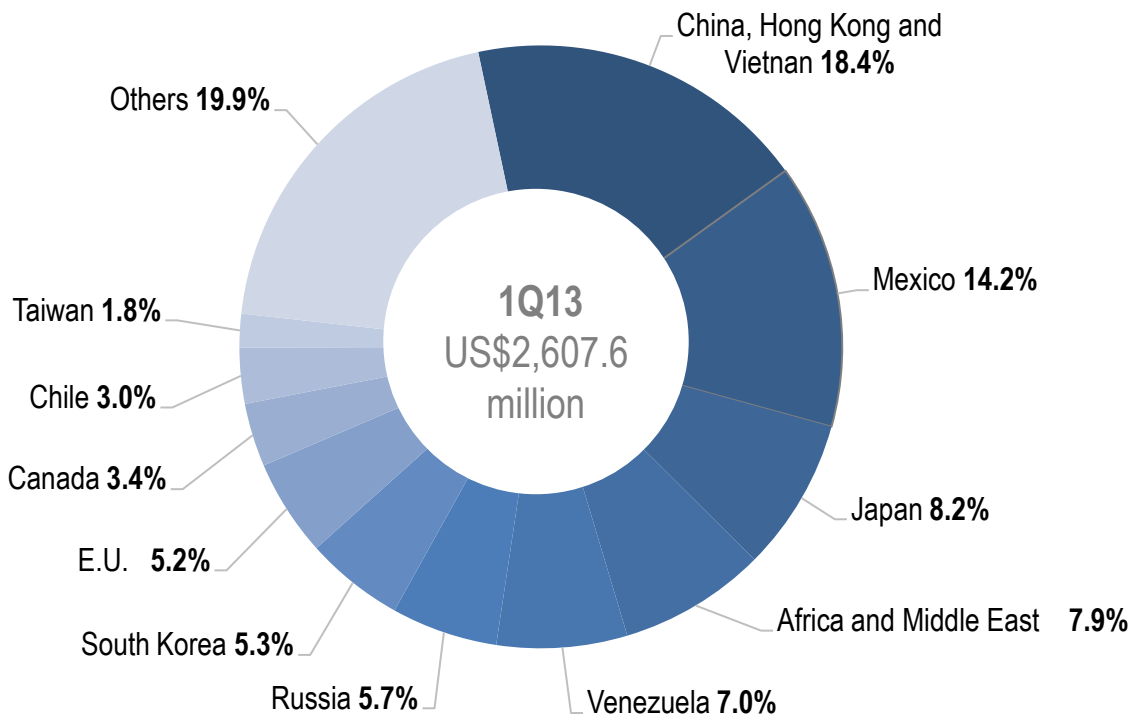


Table I - Breakdown of Production Costs by Business Unit (%)

1Q13 (%)	Consolidated	JBS Mercosul	USA Beef	USA Pork	USA Chicken
Raw material (livestock)	80.1%	85.5%	86.5%	82.5%	58.4%
Processing (including ingredients and packaging)	10.6%	8.1%	5.9%	7.5%	25.3%
Labor Cost	9.3%	6.4%	7.6%	9.9%	16.2%

Source: JBS

Indexes

To contact JBS:

Head Office
Avenida Marginal Direita do Tietê, 500
CEP: 05118-100 – São Paulo – SP
Brazil
Phone: (55 11) 3144-4000
Fax: (55 11) 3144-4279
www.jbs.com.br

Investor Relations
Phone: (55 11) 3144-4224
E-mail: ir@jbs.com.br
www.jbs.com.br/ir

Consolidated Financial Statements – JBS S.A.

JBS S.A.

Balance sheets
(In thousands of Reais)

	Company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	**3,049,626**	3,564,984	**5,516,914**	5,383,087
Trade accounts receivable, net	**2,771,533**	2,753,737	**5,754,615**	5,688,648
Inventories	**1,843,823**	1,940,192	**5,375,462**	5,182,187
Biological assets	**-**	-	**870,968**	849,624
Recoverable taxes	**1,272,535**	1,309,995	**1,789,579**	1,676,267
Prepaid expenses	**21,021**	9,648	**162,676**	142,961
Other current assets	**271,914**	273,332	**474,120**	460,625
TOTAL CURRENT ASSETS	**9,230,452**	**9,851,888**	**19,944,334**	**19,383,399**
NON-CURRENT ASSETS				
Long-term assets				
Credits with related parties	**953,721**	808,062	**632,414**	548,909
Biological assets	**-**	-	**304,688**	304,309
Recoverable taxes	**647,015**	641,957	**677,931**	673,346
Other non-current assets	**251,076**	206,137	**760,975**	671,758
Total long-term assets	**1,851,812**	**1,656,156**	**2,376,008**	**2,198,322**
Investments in associate, subsidiaries and joint ventures	**7,150,881**	6,118,876	**276,529**	258,620
Property, plant and equipment, net	**8,820,439**	8,767,637	**16,430,613**	16,207,640
Intangible assets, net	**9,531,896**	9,531,964	**11,773,048**	11,708,212
TOTAL NON-CURRENT ASSETS	**27,355,028**	**26,074,633**	**30,856,198**	**30,372,794**
TOTAL ASSETS	**36,585,480**	**35,926,521**	**50,800,532**	**49,756,193**

Consolidated Financial Statements – JBS S.A.

JBS S.A.

Balance sheets
(In thousands of Reais)

	Company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade accounts payable	**871,167**	1,000,273	**3,335,859**	3,564,270
Loans and financings	**5,053,470**	5,355,774	**5,901,396**	6,098,898
Income taxes	**-**	-	**11,871**	8,886
Payroll, social charges and tax obligation	**390,938**	361,741	**1,309,638**	1,276,009
Declared dividends	**170,749**	170,749	**170,749**	170,749
Payables related to facilities acquisitions	**106,068**	112,712	**112,471**	112,712
Other current liabilities	**321,370**	280,649	**395,986**	306,049
TOTAL CURRENT LIABILITIES	**6,913,762**	**7,281,898**	**11,237,970**	**11,537,573**
NON-CURRENT LIABILITIES				
Loans and financings	**7,425,560**	6,795,885	**15,294,424**	14,390,046
Payroll, social charges and tax obligation	**137,559**	137,847	**511,324**	524,230
Payables related to facilities acquisitions	**56,062**	95,142	**158,223**	95,142
Deferred income taxes	**971,809**	825,781	**1,387,352**	1,276,756
Provision for lawsuits risk	**157,164**	155,156	**195,067**	203,361
Other non-current liabilities	**23,583**	24,265	**287,652**	295,779
TOTAL NON-CURRENT LIABILITIES	**8,771,737**	**8,034,076**	**17,834,042**	**16,785,314**
EQUITY				
Capital stock	**21,506,247**	21,506,247	**21,506,247**	21,506,247
Treasury shares	**(593,485)**	(776,526)	**(593,485)**	(776,526)
Capital transaction	**76,786**	77,374	**76,786**	77,374
Capital reserve	**211,879**	211,879	**211,879**	211,879
Revaluation reserve	**95,677**	96,847	**95,677**	96,847
Profit reserves	**1,993,697**	1,993,697	**1,993,697**	1,993,697
Valuation adjustments to equity in subsidiaries	**108,644**	92,999	**108,644**	92,999
Accumulated translation adjustments in subsidiaries	**(2,728,527)**	(2,591,970)	**(2,728,527)**	(2,591,970)
Retained earnings	**229,063**	-	**229,063**	-
Attributable to controlling interest	**20,899,981**	**20,610,547**	**20,899,981**	**20,610,547**
Attributable to noncontrolling interest	**-**	**-**	**828,539**	**822,759**
TOTAL EQUITY	**20,899,981**	**20,610,547**	**21,728,520**	**21,433,306**
TOTAL LIABILITIES AND EQUITY	**36,585,480**	**35,926,521**	**50,800,532**	**49,756,193**

Consolidated Financial Statements – JBS S.A.

JBS S.A.

Statements of income for the three months period ended March 31, 2013 and 2012
(In thousands of Reais)

	Company		Consolidated	
	2013	2012	2013	2012
NET REVENUE	**4,513,957**	**3,350,379**	**19,527,576**	**16,011,080**
Cost of goods sold	**(3,386,284)**	(2,451,641)	**(17,491,030)**	(14,357,175)
GROSS INCOME	**1,127,673**	**898,738**	**2,036,546**	**1,653,905**
OPERATING INCOME (EXPENSE)				
General and administrative expenses	**(242,330)**	(162,472)	**(544,066)**	(427,891)
Selling expenses	**(450,060)**	(327,025)	**(1,050,054)**	(816,404)
Financial expense, net	**(51,251)**	(38,775)	**(78,215)**	(155,821)
Equity in earnings of subsidiaries	**(12,178)**	(130,962)	**1,664**	-
Other income (expenses), net	**2,067**	75	**5,199**	(12,185)
	(753,752)	**(659,159)**	**(1,665,472)**	**(1,412,301)**
NET INCOME BEFORE TAXES	**373,921**	**239,579**	**371,074**	**241,604**
Current income taxes	**603**	750	**(18,806)**	16,643
Deferred income taxes	**(146,631)**	(124,250)	**(110,041)**	(128,728)
	(146,028)	**(123,500)**	**(128,847)**	**(112,085)**
NET INCOME OF THE PERIOD	**227,893**	**116,079**	**242,227**	**129,519**
ATTRIBUTABLE TO:				
Controlling interest			**227,893**	116,079
Noncontrolling interest			**14,334**	13,440
			242,227	**129,519**
Net income basic per thousand shares - in reais	**79.64**	**39.16**	**79.64**	**39.16**
Net income diluted per thousand shares - in reais	**79.64**	**39.16**	**79.64**	**39.16**

Consolidated Financial Statements – JBS S.A.

JBS S.A.

Statements of cash flows for the three months period ended March 31, 2013 and 2012
(In thousands of Reais)

	Company		Consolidated	
	2013	**2012**	**2013**	**2012**
Cash flow from operating activities				
Net income of the period attributable to controlling interest	**227,893**	116,079	**227,893**	116,079
Adjustments to reconcile net income to cash provided on operating activities				
. Depreciation and amortization	**119,978**	105,084	**429,006**	285,043
. Allowance for doubtful accounts	**(3,057)**	-	**(3,507)**	(2,086)
. Equity in earnings of subsidiaries	**12,178**	130,962	**(1,664)**	-
. Loss (gain) on assets sales	**7,499**	(75)	**4,325**	6,114
. Deferred income taxes	**146,631**	124,250	**110,041**	128,728
. Current and non-current financial charges	**(55,750)**	(297,993)	**86,660**	(219,501)
. Provision for lawsuits risk	**2,008**	1,350	**6,371**	(15)
. Impairment	**-**	-	**-**	4,144
	457,380	**179,657**	**859,125**	**318,506**
Decrease (increase) in operating assets				
Trade accounts receivable	**(75,548)**	43,934	**(143,114)**	210,061
Inventories	**96,369**	(147,297)	**(218,666)**	(273,759)
Recoverable taxes	**35,204**	(44,593)	**(8,255)**	(225,116)
Other current and non-current assets	**(68,528)**	(31,007)	**(91,022)**	2,440
Related party receivable	**(129,523)**	(347,365)	**(87,314)**	44,691
Biological assets	**-**	-	**(107,714)**	33,374
Increase (decrease) operating liabilities				
Trade accounts payable	**(126,804)**	167,155	**(196,683)**	(104,951)
Other current and non-current liabilities	**21,249**	100,560	**23,375**	21,961
Noncontrolling interest	**-**	-	**14,334**	13,440
Valuation adjustments to equity in subsidiaries	**-**	-	**14,521**	(77,156)
Changes in operating assets and liabilities	**(247,581)**	**(258,613)**	**(800,538)**	**(355,015)**
Net cash provided by (used in) operating activities	**209,799**	**(78,956)**	**58,587**	**(36,509)**
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	**(175,450)**	(226,991)	**(282,504)**	(291,965)
Net effect of Joint Venture deconsolidation	**-**	-	**(8,623)**	-
Increase in investments in subsidiaries	**(970,218)**	-	**-**	-
Decrease in investments in subsidiaries	**-**	871,887	**-**	-
Net effect of working capital of acquired / merged company	**-**	-	**(271,843)**	151
Net cash provided by (used in) investing activities	**(1,145,668)**	**644,896**	**(562,970)**	**(291,814)**
Cash flow from financing activities				
Proceeds from loans and financings	**2,210,330**	453,764	**4,430,261**	4,421,162
Payments of loans and financings	**(1,789,819)**	(1,453,397)	**(3,737,065)**	(4,211,525)
Capital transactions	**-**	85	**(588)**	(263)
Shares acquisition of own emission	**-**	(2,028)	**-**	(1,680)
Net cash provided by (used in) financing activities	**420,511**	**(1,001,576)**	**692,608**	**207,694**
Effect of exchange variation on cash and cash equivalents	**-**	**-**	**(54,398)**	**(16,737)**
Variance in cash and cash equivalents	**(515,358)**	(435,636)	**133,827**	(137,366)
Cash and cash equivalents at the beginning of the period	**3,564,984**	3,612,867	**5,383,087**	5,288,194
Cash and cash equivalents at the end of the period	**3,049,626**	**3,177,231**	**5,516,914**	**5,150,828**

Disclaimer

This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of JBS. These are merely projections and, as such, are based exclusively on the expectations of JBS' management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors and risks disclosed in JBS' filed disclosure documents and are, therefore, subject to change without prior notice..