



JBS S.A.
Quarterly Interim Financial Statements and
Independent auditors' report
As of June 30, 2013 and 2012



(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 June 30, 2013, which comprise the balance sheet on June 30, 2013 and the related statements of income and comprehensive income for the three and six-month period then ended and changes in equity and cash flows for the six-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 on the consolidated 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 six-month period ended June 30, 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 there on was dated March 12, 2013 and which opinion was unqualified. The amounts for the three and six-month period ended June 30, 2012, presented for comparison purposes, were reviewed by other independent auditors, whose report thereon was dated August 14, 2012 and which conclusion was unqualified.

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

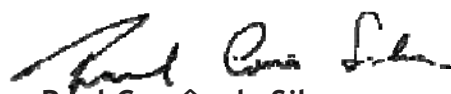
São Paulo, August 12, 2013.



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)**

		Company		Consolidated	
	Note	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	3,919,543	3,564,984	7,202,924	5,383,087
Trade accounts receivable, net	6	3,042,118	2,753,737	6,641,675	5,688,648
Inventories	7	2,179,519	1,940,192	6,199,980	5,182,187
Biological assets	8	-	-	1,070,725	849,624
Recoverable taxes	9	1,275,858	1,309,995	1,854,379	1,676,267
Prepaid expenses		14,870	9,648	141,903	142,961
Other current assets		298,823	273,332	534,255	460,625
TOTAL CURRENT ASSETS		10,730,731	9,851,888	23,645,841	19,383,399
NON-CURRENT ASSETS					
Long-term assets					
Credits with related parties	10	1,308,968	808,062	721,118	548,909
Biological assets	8	-	-	344,040	304,309
Recoverable taxes	9	647,207	641,957	678,757	673,346
Other non-current assets		315,255	206,137	873,387	671,758
Total long-term assets		2,271,430	1,656,156	2,617,302	2,198,322
Investments in associate, subsidiaries and joint ventures	11	9,724,252	6,118,876	1,474,239	258,620
Property, plant and equipment, net	12	9,014,519	8,767,637	17,414,836	16,207,640
Intangible assets, net	13	9,547,341	9,531,964	12,369,960	11,708,212
TOTAL NON-CURRENT ASSETS		30,557,542	26,074,633	33,876,337	30,372,794
TOTAL ASSETS		41,288,273	35,926,521	57,522,178	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)

		Company		Consolidated	
	Note	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade accounts payable	14	944,101	1,000,273	4,002,441	3,564,270
Loans and financings	15/16	6,167,339	5,355,774	8,470,139	6,098,898
Income taxes	17	-	-	28,940	8,886
Payroll, social charges and tax obligation	17	443,696	361,741	1,481,496	1,276,009
Declared dividends	18	353	170,749	353	170,749
Payables related to facilities acquisitions	19	109,793	112,712	148,775	112,712
Other current liabilities		337,396	280,649	371,744	306,049
TOTAL CURRENT LIABILITIES		8,002,678	7,281,898	14,503,888	11,537,573
NON-CURRENT LIABILITIES					
Loans and financings	15/16	8,830,449	6,795,885	15,952,659	14,390,046
Payroll, social charges and tax obligation	17	125,968	137,847	474,445	524,230
Payables related to facilities acquisitions	19	1,564,917	95,142	1,839,079	95,142
Deferred income taxes	20	1,007,128	825,781	1,663,771	1,276,756
Provision for lawsuits risk	21	159,328	155,156	204,898	203,361
Other non-current liabilities		23,069	24,265	311,671	295,779
TOTAL NON-CURRENT LIABILITIES		11,710,859	8,034,076	20,446,523	16,785,314
EQUITY					
	22				
Capital stock		21,506,247	21,506,247	21,506,247	21,506,247
Treasury shares		(603,072)	(776,526)	(603,072)	(776,526)
Capital transaction		82,914	77,374	82,914	77,374
Capital reserve		211,879	211,879	211,879	211,879
Revaluation reserve		94,529	96,847	94,529	96,847
Profit reserves		1,993,697	1,993,697	1,993,697	1,993,697
Valuation adjustments to equity in subsidiaries		214,719	92,999	214,719	92,999
Accumulated translation adjustments in subsidiaries		(2,494,855)	(2,591,970)	(2,494,855)	(2,591,970)
Retained earnings		568,678	-	568,678	-
Attributable to controlling interest		21,574,736	20,610,547	21,574,736	20,610,547
Attributable to noncontrolling interest		-	-	997,031	822,759
TOTAL EQUITY		21,574,736	20,610,547	22,571,767	21,433,306
TOTAL LIABILITIES AND EQUITY		41,288,273	35,926,521	57,522,178	49,756,193

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

JBS S.A.
Statements of income for the six months period ended June 30, 2013 and 2012
(In thousands of Reais)

	Note	Company		Consolidated	
		2013	2012	2013	2012
NET REVENUE	23	9,304,519	7,311,933	41,458,570	34,479,371
Cost of goods sold		<u>(6,989,276)</u>	<u>(5,349,568)</u>	<u>(36,472,153)</u>	<u>(30,708,013)</u>
GROSS INCOME		2,315,243	1,962,365	4,986,417	3,771,358
OPERATING INCOME (EXPENSE)					
General and administrative expenses		(504,733)	(382,727)	(1,136,141)	(946,647)
Selling expenses		(962,650)	(680,311)	(2,213,251)	(1,748,778)
Financial expense, net	24	(615,835)	(585,083)	(737,792)	(545,187)
Equity in earnings of subsidiaries	11	518,682	130,334	26,063	-
Other income (expenses), net	25	(2,984)	7,414	76,707	9,863
		<u>(1,567,520)</u>	<u>(1,510,373)</u>	<u>(3,984,414)</u>	<u>(3,230,749)</u>
NET INCOME BEFORE TAXES		747,723	451,992	1,002,003	540,609
Current income taxes	20	1,195	1,209	(53,776)	(47,417)
Deferred income taxes	20	(182,558)	(167,638)	(297,950)	(179,115)
		<u>(181,363)</u>	<u>(166,429)</u>	<u>(351,726)</u>	<u>(226,532)</u>
NET INCOME OF THE PERIOD		566,360	285,563	650,277	314,077
ATTRIBUTABLE TO:					
Controlling interest				566,360	285,563
Noncontrolling interest				83,917	28,514
				<u>650,277</u>	<u>314,077</u>
Net income basic per thousand shares - in reais	26	197.66	100.33	197.66	100.33
Net income diluted per thousand shares - in reais	26	197.66	100.33	197.66	100.33

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 June 30, 2013 and 2012
(In thousands of Reais)

	Note	Company		Consolidated	
		2013	2012	2013	2012
NET SALE REVENUE	23	4,790,562	3,961,554	21,930,994	18,468,291
Cost of goods sold		<u>(3,602,992)</u>	<u>(2,897,927)</u>	<u>(18,981,123)</u>	<u>(16,350,838)</u>
GROSS INCOME		1,187,570	1,063,627	2,949,871	2,117,453
OPERATING INCOME (EXPENSE)					
General and administrative expenses		(262,403)	(220,255)	(592,075)	(518,756)
Selling expenses		(512,590)	(353,286)	(1,163,197)	(932,374)
Financial expense, net	24	(564,584)	(546,308)	(659,577)	(389,366)
Equity in earnings of subsidiaries	11	530,860	261,296	24,399	-
Other income (expenses), net	25	(5,051)	7,339	71,508	22,048
		<u>(813,768)</u>	<u>(851,214)</u>	<u>(2,318,942)</u>	<u>(1,818,448)</u>
NET INCOME BEFORE TAXES		373,802	212,413	630,929	299,005
Current income taxes	20	592	459	(34,970)	(64,060)
Deferred income taxes	20	(35,927)	(43,388)	(187,909)	(50,387)
		<u>(35,335)</u>	<u>(42,929)</u>	<u>(222,879)</u>	<u>(114,447)</u>
NET INCOME OF THE PERIOD		338,467	169,484	408,050	184,558
ATTRIBUTABLE TO:					
Controlling interest				338,467	169,484
Noncontrolling interest				69,583	15,074
				<u>408,050</u>	<u>184,558</u>
Net income basic per thousand shares - in reais	26	118.13	59.55	118.13	59.55
Net income diluted per thousand shares - in reais	26	118.13	59.55	118.13	59.55

The accompanying notes are an integral part of the financial statements

JBS S.A.**Statement of comprehensive income for the six months period ended June 30, 2013 and 2012**
(In thousands of Reais)

	Company		Consolidated	
	2013	2012	2013	2012
Net income of the period	566,360	285,563	650,277	314,077
Other comprehensive income				
Valuation adjustments to equity in subsidiaries	121,720	(18,490)	121,720	(18,490)
Accumulated adjustment of conversion in subsidiaries	(260,360)	29,620	(260,360)	29,620
Exchange variation in subsidiaries	357,475	150,569	357,475	150,569
Total of comprehensive income	785,195	447,262	869,112	475,776
Total of comprehensive income attributable to:				
Controlling interest	785,195	447,262	756,955	432,582
Noncontrolling interest	-	-	112,157	43,194
	785,195	447,262	869,112	475,776

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 June 30, 2013 and 2012**
(In thousands of Reais)

	Company		Consolidated	
	2013	2012	2013	2012
Net income of the period	338,467	169,484	408,050	184,558
Other comprehensive income				
Valuation adjustments to shareholders' equity in subsidiaries	106,075	(18,391)	106,075	(18,391)
Accumulated adjustment of conversion in subsidiaries	(189,801)	30,178	(189,801)	30,178
Exchange variation in subsidiaries	423,473	298,962	423,473	298,962
Total of comprehensive income	678,214	480,233	747,797	495,307
Total of comprehensive income attributable to:				
Controlling interest	678,214	480,233	620,278	454,852
Noncontrolling interest	-	-	127,519	40,455
	678,214	480,233	747,797	495,307

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statements of changes in equity for the six months period ended June 30, 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	-	89,276	-	-	-	-	-	-	-	-	89,276	-	89,276
Purchase of treasury shares	-	-	-	-	-	-	(939,717)	-	-	-	(939,717)	-	(939,717)
Convertible debentures	-	-	-	-	-	-	(324)	-	-	-	(324)	-	(324)
Cancellation of treasury shares	-	-	(612,578)	-	-	-	612,578	-	-	-	-	-	-
Realization of revaluation reserve	-	-	-	(2,351)	-	-	-	-	-	2,351	-	-	-
Valuation adjustments in subsidiaries equity	-	-	-	-	-	-	-	(18,490)	-	-	(18,490)	-	(18,490)
Accumulated translation adjustments in subsidiaries equity	-	-	-	-	-	-	-	-	29,620	-	29,620	-	29,620
Investments exchange rate variations, net	-	-	-	-	-	-	-	-	150,569	-	150,569	-	150,569
Net income of the period	-	-	-	-	-	-	-	-	-	285,563	285,563	28,514	314,077
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	(163,575)	(163,575)
BALANCE AS OF JUNE 30, 2012	21,506,247	79,064	373,366	99,205	7,768	1,433,031	(938,013)	108,581	(2,696,844)	287,914	20,260,319	800,305	21,060,624
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	-	5,540	-	-	-	-	-	-	-	-	5,540	-	5,540
Transfer of treasury shares	-	-	-	-	-	-	173,454	-	-	-	173,454	-	173,454
Realization of revaluation reserve	-	-	-	(2,318)	-	-	-	-	-	2,318	-	-	-
Valuation adjustments in subsidiaries equity	-	-	-	-	-	-	-	121,720	-	-	121,720	-	121,720
Accumulated translation adjustments in subsidiaries equity	-	-	-	-	-	-	-	-	(260,360)	-	(260,360)	-	(260,360)
Investments exchange rate variations, net	-	-	-	-	-	-	-	-	357,475	-	357,475	-	357,475
Net income of the period	-	-	-	-	-	-	-	-	-	566,360	566,360	83,917	650,277
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	90,355	90,355
BALANCE AS OF JUNE 30, 2013	21,506,247	82,914	211,879	94,529	43,715	1,949,982	(603,072)	214,719	(2,494,855)	568,678	21,574,736	997,031	22,571,767

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

JBS S.A.

Statements of cash flows for the six months period ended June 30, 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	566,360	285,563	566,360	285,563
Adjustments to reconcile net income to cash provided on operating activities				
. Depreciation and amortization	248,757	212,246	895,626	603,277
. Allowance for doubtful accounts	375	(2,632)	2,751	(1,640)
. Equity in earnings of subsidiaries	(518,682)	(130,334)	(26,063)	-
. Loss (gain) on assets sales	1,772	(7,414)	(1,918)	1,643
. Deferred income taxes	182,558	167,638	297,950	179,115
. Current and non-current financial charges	711,838	391,962	860,870	266,793
. Provision for lawsuits risk	4,086	4,019	9,862	3,070
. Gain on bargain	-	-	(72,337)	-
. Impairment	-	-	-	8,111
	1,197,064	921,048	2,533,101	1,345,932
Decrease (increase) in operating assets				
Trade accounts receivable	(228,935)	(320,040)	(652,154)	(256,540)
Inventories	(237,125)	(367,888)	(676,851)	(769,800)
Recoverable taxes	21,607	(62,115)	(26,772)	(230,121)
Other current and non-current assets	(139,243)	(76,642)	(184,293)	(34,112)
Related party receivable	(288,177)	(353,983)	(116,609)	(114,616)
Biological assets	-	-	(266,200)	(66,572)
Increase (decrease) operating liabilities				
Trade accounts payable	(76,648)	204,299	176,213	128,701
Other current and non-current liabilities	72,803	369,364	139,841	95,998
Noncontrolling interest	-	-	83,917	28,514
Valuation adjustments to equity in subsidiaries	-	-	(64,894)	(80,980)
Changes in operating assets and liabilities	(875,718)	(607,005)	(1,587,802)	(1,299,528)
Net cash provided by operating activities	321,346	314,043	945,299	46,404
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	(432,094)	(509,678)	(652,179)	(695,025)
Net effect of Joint Venture deconsolidation	-	-	(8,623)	(211,856)
Increase in investments in subsidiaries	(969,696)	886,505	1,540	-
Net effect of working capital of acquired / merged company	915	-	(227,406)	151
Net cash provided by investing activities	(1,400,875)	376,827	(886,668)	(906,730)
Cash flow from financing activities				
Proceeds from loans and financings	4,196,469	2,887,895	9,373,074	10,469,604
Payments of loans and financings	(2,582,398)	(3,234,278)	(7,569,732)	(9,496,462)
Payments of dividends	(170,396)	-	(170,396)	-
Capital transactions	-	535	5,540	(7,070)
Shares acquisition of own emission	(9,587)	(2,352)	(9,587)	(2,352)
Net cash provided by financing activities	1,434,088	(348,200)	1,628,899	963,720
Effect of exchange variation on cash and cash equivalents	-	-	132,307	83,648
Variance in cash and cash equivalents	354,559	342,670	1,819,837	187,042
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	3,919,543	3,955,537	7,202,924	5,475,236

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



JBS S.A.
Economic value added for the six months period ended June 30, 2013 and 2012
(In thousands of Reais)

	Company		Consolidated	
	2013	2012	2013	2012
Revenue				
Sales of goods and services	9,832,181	7,794,269	42,058,421	35,131,011
Other net income	1,489	11,369	55,481	22,074
Allowance for doubtful accounts	(375)	2,632	(2,751)	1,640
	9,833,295	7,808,270	42,111,151	35,154,725
Goods				
Cost of services and goods sold	(5,711,724)	(4,379,305)	(28,583,102)	(24,037,425)
Materials, energy, services from third parties and others	(1,566,145)	(1,123,924)	(5,977,169)	(5,044,565)
Losses of amounts	-	-	-	(97)
	(7,277,869)	(5,503,229)	(34,560,271)	(29,082,087)
Gross added value	2,555,426	2,305,041	7,550,880	6,072,638
Depreciation and Amortization	(248,757)	(212,246)	(895,626)	(603,277)
Net added value generated by the company	2,306,669	2,092,795	6,655,254	5,469,361
Net added value by transfer				
Equity in earnings of subsidiaries	518,682	130,334	26,063	-
Financial income	1,430,564	687,677	1,842,008	967,095
Others	3,227	1,067	34,359	253,736
NET ADDED VALUE TOTAL TO DISTRIBUTION	4,259,142	2,911,873	8,557,684	6,690,192
Distribution of added value				
Labor				
Salaries	775,741	594,513	3,454,123	2,981,010
Benefits	94,011	68,762	710,742	660,169
FGTS (Brazilian Labor Social Charge)	38,438	30,538	45,549	36,548
	908,190	693,813	4,210,414	3,677,727
Taxes and contribution				
Federal	241,390	253,841	448,423	356,394
State	460,957	397,890	515,634	461,850
Municipal	8,599	8,604	8,770	9,427
	710,946	660,335	972,827	827,671
Capital Remuneration from third parties				
Interests	2,028,761	1,182,050	2,539,708	1,646,741
Rents	34,729	29,659	140,481	131,516
Others	10,156	60,453	43,977	92,460
	2,073,646	1,272,162	2,724,166	1,870,717
Owned capital remuneration				
Net income of the period attributable to controlling interest	566,360	285,563	566,360	285,563
Noncontrolling interest	-	-	83,917	28,514
	566,360	285,563	650,277	314,077
ADDED VALUE TOTAL DISTRIBUTED	4,259,142	2,911,873	8,557,684	6,690,192

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

JBS S.A.

Notes to the quarterly interim financial statements for the six months period ended June 30, 2013 and 2012
(Expressed in thousands of reais)

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 fifty-one industrial facilities based in the states: 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 nineteen industrial facilities based in the States of Espírito 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, collagen, 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; industrialization of dog biscuits. The Company also has stores named "Mercado da Carne" 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 Guaíçara - 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.

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), based in Montenegro in the state of Rio Grande do Sul and its subsidiaries, explores the activity of chicken processing, whose goal is the development of layer and breeder chicken, their production and slaughter, manufactured products, trade and export of them as well, it is also engaged in the operation of slaughter facilities, cold storage of pork meat, and industrial production of pork sub-products. In the chicken segment, JBS Aves operates six feed mills, five poultry slaughterhouses, five factories of industrialized products, six hatcheries, four sales branches and twenty two facilities for breeding chickens. In the pork segment, operates a slaughterhouse and four pig breeding units. JBS Aves is also engaged on warehousing activities, through its subsidiary Agil Armazéns Gerais Imitura Ltda (Agil).

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. Additionally, through its subsidiaries JBS USA offers transport services as well as importing activities of manufactured products, processed meat, and other food items for sale in the North American market and Europe.

In the United States of America, JBS USA operated nine 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 feedyards 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, 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 NASDAQ, 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.



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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 other 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, operates 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 subsidiary Rigamonti Salumificio SpA (Rigamonti), based in Italy, leads the Italian market in the production and sale of Bresaola (bovine cured beef). Additionally, Rigamonti 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 in the process of leather industrialization to be sold mainly to local market 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 parties.

The indirect subsidiary JBS Leather Europe s.r.o. (JBS Leather), has an administrative office and business in the city of Prague and a warehouse located in Borsov, both in the Czech Republic. JBS Leather buys and sells finished leather in foreign markets, with focus on Eastern Europe, Poland and Germany, being 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.

Zenda's Group, based in Uruguay, operates the activity of production and marketing of leather in stages of Semi Finished and Finished to the markets of shoes and furniture. In addition, it manufactures finished leathers for the automotive industry. It operates units located in Uruguay, Argentina, Mexico and South Africa, and distribution centers in the United States and Germany.

c) Relevant Operating Event in the Company:

c.1) 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 June 30, 2013:

c.2) Incorporation of Novaprom Food Ingredients Ltda

On May 2013 the Company incorporated its wholly owned subsidiary, Novaprom Food Ingredients Ltda (Novaprom), as a process of simplifying the corporate structure of the economic group, higher administrative efficiency and reduction of cost incurred on operations. The incorporation did not result in capital increase or issuance of new shares of the company. The incorporated equity of Novaprom by the Company was evaluated at book value by a specialized company, based on the criteria in the applicable legislation.

In order to provide additional information, the incorporated assets from Novaprom represented 0.10% of the Company's asset, the liabilities represented 0.17% of the Company's liabilities and the shareholders equity represented 0.17% of the Company's investments.

Accounting information from Novaprom incorporated in Company:

	Balance on 31.05.13
ASSETS	38,391
LIABILITIES	27,241
EQUITY	11,150



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c.3) Zenda's Group acquisition:

In June 2013, the Company acquired all of the shares of Zenda's Group, which holds the leather business of Zenda in Uruguay, as described on operating activities.

The consolidated financial statements of the Company reflect the Zenda's acquisition, which was registered as an acquisition booked in accordance to IFRS 3 (R)/CPC 15 R1, as described in note 4.

d) Relevant Operating Event in subsidiaries:

Agrovêneto's acquisition

In March 2013, the subsidiary JBS Aves, acquired all the shares of Agrovêneto S.A. Indústria de Alimentos (Agrovêneto), based in the city of Nova Veneza, State of Santa Catarina, which has operational activities similar to JBS Aves.

The consolidated financial statements reflect the Company's acquisition of Agrovêneto accounted in accordance with IFRS 3 (R) / CPC 15 R1, as described in note 4.

In May 2013, the JBS Aves incorporated its wholly subsidiary, Agrovêneto, in a process of simplifying the corporate structure of the economic group, higher administrative efficiency and reduction of costs incurred on operations. The merger did not result in an increase of capital or issuance of new shares by JBS Aves.

d.2) XL Foods's assets acquisition

In April 2013, the subsidiary JBS USA completed the acquisition of a beef processing facilities based in Omaha, Nebraska, United States and a factory based in Nampa, Idaho, in the United States. In January 2013, JBS USA had acquired a plant in the city of Brooks, state of Alberta in Canada that consisted of a processing plant and feedyards, both units were acquired from XL Foods.

For accounting purposes, and in accordance with IFRS 3 (R) / CPC 15 R1, since Omaha Acquisition and Brooks Acquisition were acquired from a common seller, the allocation of purchase price to the assets acquired and liabilities assumed was performed on a combined bases, as one acquisition for accounting purposes, as described in note 4.

d.3) Agil's Acquisition

In June 2013, the subsidiary JBS Aves acquired all the shares of the company Agil, based in Montenegro, Rio Grande do Sul, Santa Catarina State which performs warehousing activities.

The consolidated financial statements reflect the Company's acquisition of Agil accounted in accordance with IFRS 3 (R) / CPC 15 R1, as described in note 4.

d.4) Ana Rech's assets acquisition

In June 2013, the subsidiary JBS Aves acquired biological assets and items of property, plant and equipments called Granja André da Rocha (Ana Rech Pork and Poultry Industrial Unit), based in Nova Prata, Rio Grande do Sul.

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 June 30, 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.



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The approval of these quarterly interim financial statements was given at the Board of Directors' meeting held on August 12, 2013.

Functional and presentation currency

These individual and quarterly interim financial statements are presented in Reais (R\$), 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 23 is presented net revenue reconciliation.

In accordance with IAS 18/CPC 30 R1 - 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.

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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 8.

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 R2 - 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 R2 - 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.

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k) Intangible assets

Consist mostly of goodwill recorded in accordance with IAS 38/CPC 4 R1 - Intangible assets by cost or formation, less amortization and any applicable losses due to impairment. Amortization, when applicable, 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 R1- 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 15.

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 "Declared Dividends" in liabilities since it is considered a legal obligation established by the Company's laws.

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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 11.

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.

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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 assets are classified by their fair value on the financial report if they are 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 R1 - Disclosure of Financial Instruments. Financial instruments are recognized after the Company and its subsidiaries become a party to the contractual provisions of 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 gain on bargain is recognized immediately in income as a gain.

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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 R2 - 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.

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- 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 16 - Property, plant and equipment - The objective of IAS 16 is to prescribe the accounting treatment for property, plant, and equipment. The principal issues are the recognition of assets, the determination of their carrying amounts, and the depreciation charges and impairment losses to be recognized in relation to them. The adoption of this IAS had no material effect on the reported amounts for the current quarter and previous year.

- 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.

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4 Business Combination

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.

4.1) Conclusion of the Acquisition of Assets of Frigorífico Independência

On January 2013 the Company concluded the Acquisition of Assets of Frigorífico Independência.

The acquisition was made through the transference of 22,987,331 common shares issued by the Company that were held in treasury. The Company continues to evaluate the impact of the transaction and the purchase price allocation presented below is preliminary and is subject to change, which can occur within a year, as defined in IFRS 3 (R)/CPC 15 R1. The amounts presented reflect the estimated fair value of assets acquired on June 30, 2013:

ASSETS

Property, plant and equipment, net	135,001
TOTAL ASSETS	135,001

LIABILITIES AND EQUITY

Equity	135,001
TOTAL LIABILITIES AND EQUITY	135,001

Estimated value of goodwill to expectation of future earnings:

Below, we present the goodwill to expectation of future earnings, which corresponds to the difference between the amount paid for controlling acquisition over the acquired equity, calculated based on the identified assets and liabilities assumed in a business combination:

Total amount paid	197,005
Estimated fair value of net assets acquired	135,001
Estimated value of goodwill to expectation of future earnings (note 13)	62,004

4.2) Agrovêneto's acquisition

In March 2013, the subsidiary JBS Aves acquired all the shares of Agrovêneto, by the amount of R\$ 108,564. In the Consolidated, liabilities related to this transaction is kept under the caption Payables related to facilities acquisitions.

JBS Aves continues to evaluate the impact of the transaction and the purchase price allocation presented below is preliminary and is subject to change, which can occur within a year, as defined in IFRS 3 (R)/CPC 15 R1. The amounts presented reflect the estimated fair value of assets acquired on June 30, 2013:

ASSETS

Cash and cash equivalents	11,030
Trade accounts receivable, net	30,793
Inventories and Biological assets	30,355
Recoverable taxes	110,964
Other current and noncurrent assets	4,439
Property, plant and equipment and intangible assets, net	77,216
TOTAL ASSETS	264,797

LIABILITIES AND EQUITY

Trade accounts payable	25,994
Loans and financings	53,295
Payroll, social charges and tax obligation and income and deferred taxes	10,845
Other current and noncurrent liabilities	111,951
Equity	62,712
TOTAL LIABILITIES AND EQUITY	264,797

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Estimated value of goodwill to expectation of future earnings:

Below, we present the goodwill to expectation of future earnings, which corresponds to the difference between the amount paid for controlling acquisition over the acquired equity, calculated based on the identified assets and liabilities assumed in a business combination:

Payables related to facilities acquisitions	108,564
Estimated fair value of net assets acquired	62,712
Estimated value of goodwill to expectation of future earnings (note 13)	45,852

4.3) Assets acquisition of XL Foods

In April 2013, the subsidiary JBS USA completed the acquisition of the XL Foods Assets, the total amount of USD 110,528 (R\$ 244,886).

For accounting purposes, and in accordance with IFRS 3 (R)/CPC 15 R1, the purchase price allocation of those assets and liabilities assumed was held on a combined basis, since such assets were acquired from a common vendor.

JBS USA continues to evaluate the impacts of the operation and the allocation of the purchase price is preliminary, remained pending completion of the assessments of the assets acquired and liabilities assumed, including deferred taxes. The allocation of the purchase price is subject to the following changes, which can occur within a year, as defined in IFRS 3 (R)/CPC 15 R1. The amounts below reflect the estimated fair value of individual assets and liabilities assumed on June 30, 2013:

ASSETS

Inventories	37,840
Recoverable taxes	8,788
Other current and noncurrent assets	308
Property, plant and equipment and intangible assets, net	320,530
TOTAL OF ASSETS ACQUIRED	367,466

LIABILITIES AND EQUITY

Payroll, social charges and tax obligation and income and deferred taxes	47,336
Other current and noncurrent liabilities	2,905
TOTAL OF LIABILITIES ASSUMED	50,241

FAIR VALUE OF ASSETS ACQUIRED LESS LIABILITIES ASSUMED	317,225
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Calculation of gain on bargain purchase:

Below, we present the gain on bargain which corresponds to the excess of the fair value of assets acquired and liabilities assumed over the aggregate purchase price, calculated based on the identified assets and liabilities assumed in business combinations:

Total amount paid	244,886
Estimated fair value of net assets acquired	317,225
Gain on bargain ⁽¹⁾	72,339

⁽¹⁾- For demonstration of the gain on bargain, the amount calculated of the gain in original currency is US\$ 33 million converted by R\$ 2,2156 in June 30, 2013.

4.4) Agil's acquisition

In June 2013, the subsidiary JBS Aves acquired all the shares of the company Agil by the total amount of R\$ 2,386. The consolidated liabilities related to this transaction is about payables related to facilities acquisitions:

JBS Aves continues to evaluate the impact of the transaction and the purchase price allocation presented below is preliminary and is subject to change, which can occur within a year, as defined in IFRS 3 (R)/CPC 15 R1. The amounts presented reflect the estimated fair value of assets acquired on June 30, 2013:

ASSETS

Cash and cash equivalents	566
Other current and noncurrent assets	1,881
Property, plant and equipment and intangible assets, net	2,387
TOTAL ASSETS	4,834

LIABILITIES AND EQUITY

Other current and noncurrent liabilities	2,495
Equity	2,339
TOTAL LIABILITIES AND EQUITY	4,834

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Estimated value of goodwill to expectation of future earnings:

Below, we present the goodwill to expectation of future earnings, which corresponds to the difference between the amount paid for controlling acquisition over the acquired equity, calculated based on the identified assets and liabilities assumed in a business combination:

Payables related to facilities acquisitions	2,386
Estimated fair value of net assets acquired	2,339
Estimated value of goodwill to expectation of future earnings (note 13)	47

4.5) Acquisition of shares from Zenda's Group

In June 2013, the Company concluded all the shares of Zenda Group acquisition, with the aim of expanding its platform tanning of hides from other regions, in this case, and Mercosul and Africa, in line with the consumption demands of the global market, and provide synergy and integration activities related to the operation. The acquired assets include plants in Uruguay, Argentina, Mexico and South Africa, and distribution centers in the United States and Germany.

The purchase price was set at US\$ 450,000, and such assessment started from the premise that the contractual working capital acquired would be zero, and subsequently, as defined in the agreement, once identified the working capital, this should be fully paid through a debit assumption of Marfrig S.A. by the Company. On June 30, 2013, the Company had identified preliminarily, working capital amounting to R\$ 151,903. Thus, the Company estimated that the total value of the transaction will be R\$ 601,903.

The following fair values were determined on a preliminary basis and reviewed by the Company at the balance sheet date of purchase, and will be subject to possible adjustments within a period not exceeding one year in accordance with IFRS 3 (R)/CPC 15 R1.

ASSETS

Cash and cash equivalents	29,193
Trade accounts receivable, net	68,774
Inventories and Biological assets	121,736
Recoverable taxes	28,681
Other current and noncurrent assets	7,304
Property, plant and equipment and intangible assets, net	143,678

TOTAL ASSETS

399,366

LIABILITIES AND EQUITY

Trade accounts payable	29,658
Debits with related parties	74,196
Loans and financings	142,931
Payroll, social charges and tax obligation and income and deferred taxes	32,937
Other current and noncurrent liabilities	10,266
Equity	109,378

TOTAL LIABILITIES AND EQUITY

399,366

Estimated value of goodwill to expectation of future earnings:

Below, we present the goodwill to expectation of future earnings, which corresponds to the difference between the amount paid for controlling acquisition over the acquired equity, calculated based on the identified assets and liabilities assumed in a business combination:

Total amount paid	601,903
Estimated fair value of net assets acquired	109,378
Estimated value of goodwill to expectation of future earnings (note 13)	492,525

5 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	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Cash and banks	1,351,002	1,014,160	2,584,921	1,949,230
CDB-DI (bank certificates of deposit)	2,120,089	2,295,275	2,245,963	2,429,706
Investment funds	-	-	1,923,588	748,602
National treasury bill - LFT	448,452	255,549	448,452	255,549
	3,919,543	3,564,984	7,202,924	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.



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6 Trade accounts receivable, net

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Current receivables	2,901,907	2,529,365	6,022,640	4,970,194
Overdue receivables:				
From 1 to 30 days	96,881	191,144	486,722	584,276
From 31 to 60 days	24,839	17,060	78,866	75,746
From 61 to 90 days	16,227	18,380	36,857	33,411
Above 90 days	90,849	94,721	147,028	156,709
Allowance for doubtful accounts	(88,585)	(96,933)	(130,438)	(131,688)
	140,211	224,372	619,035	718,454
	3,042,118	2,753,737	6,641,675	5,688,648

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

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Initial balance	(96,933)	(113,182)	(131,688)	(149,919)
Additions	-	-	(15,753)	-
Exchange variation	-	-	(2,079)	1,011
Write-offs	8,348	16,249	19,082	17,220
Final balance	(88,585)	(96,933)	(130,438)	(131,688)

7 Inventories

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Finished products	1,663,348	1,509,526	4,327,949	3,564,257
Work in process	109,316	64,199	454,086	333,100
Raw materials	276,528	234,934	760,832	668,387
Warehouse spare parts	130,327	131,533	657,113	616,443
	2,179,519	1,940,192	6,199,980	5,182,187

8 Biological assets

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

	Consolidated	
	June 30, 2013	December 31, 2012
Current biological assets:		
Chicken	767,260	668,314
Cattle	184,992	125,818
Hogs and Lamb	115,785	52,203
Plants for harvest	2,688	3,289
	1,070,725	849,624
Non-Current biological assets:		
Chicken	332,377	304,309
Hogs and Lamb	11,663	-
	344,040	304,309
Changes in biological assets:		
Amount on December 31, 2012		
Born	4,973,334	4,534
Death	(3,207)	(64)
Fair value (Mark to market)	15,806	304
Purchase	729,873	244,649
Sale / lowering for slaughter	(5,569,831)	(30,599)
Changes from current to noncurrent	(231)	231
Exchange rate variation	61,863	7,741
Cost appropriating on plants for harvest	2,622	-
Domestic consumption on plants for harvest (feed)	(3,223)	-
Impact of acquisition Agrovêneto	14,095	6,236
Amortization	-	(193,301)
Amount on June 30, 2013	1,070,725	344,040

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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.

Noncurrent biological assets are composed of layer and breeder chicken and hogs that are intended for breeding. The lifetime of these animals for breeding is approximately 67 weeks for chickens and 28 months for hogs, and for this reason, classified under non-current assets accounts.

Below, details of the biological assets of the Company:

COMPANIES IN UNITED STATES OF AMERICA	June 30, 2013	December 31, 2012
Current biological assets:		
Chicken	701,619	620,683
Cattle	45,522	56,956
Hogs and Lamb	49,683	52,203
Total biological assets valued at cost	796,824	729,842
Noncurrent biological assets:		
Chicken	289,874	265,527
Total biological assets valued at cost	289,874	265,527

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.

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.

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 accumulated 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	June 30, 2013	December 31, 2012
Current biological assets:		
Cattle	139,470	68,862
Biological assets valued at market:	139,470	68,862
Chicken	65,641	47,631
Hogs	66,102	-
Plants for harvest	2,688	3,289
Biological assets valued at cost:	134,431	50,920
Total current biological assets	273,901	119,782
Noncurrent biological assets:		
Chicken	42,503	38,782
Hogs	11,663	-
Total noncurrent biological assets valued at cost	54,166	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 "in natura" 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 accumulated 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.

Operations related to hogs of activities in Brazil, are similar to the activities of chicken, divided among hogs for slaughtering (current) for production "in natura" and/or industrialized products, and layer and breeder hogs (non-current) that are intended for breeding. For both cases, the fair value of biological assets is substantially represented by its acquisition cost plus accumulated absorption. Thereby, the current assets are maintained at cost and the noncurrent 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.

JBS S.A.

Notes to the quarterly interim financial statements for the six months period ended June 30, 2013 and 2012
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9 Recoverable taxes

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Value-added tax on sales and services (ICMS / IVA / VAT / GST)	953,257	994,229	1,134,955	1,128,245
Excise tax - IPI	42,747	63,392	106,157	129,736
Social contribution on billings - PIS and COFINS	674,344	650,654	789,362	681,341
Withholding income tax - IRRF/IRPJ	173,209	172,048	365,323	303,024
Reintegra	75,587	50,828	90,943	52,515
Other	3,921	20,801	46,396	54,752
	1,923,065	1,951,952	2,533,136	2,349,613
Current and Long-term:				
Current	1,275,858	1,309,995	1,854,379	1,676,267
Noncurrent	647,207	641,957	678,757	673,346
	1,923,065	1,951,952	2,533,136	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.

Reintegration of the Special Tax Values - Reintegra

The credit of Reintegra was instituted on December, 2011 and refers to a 3% rate applied over the revenue from the exportation of determined industrialized products. The compensation of such credit is done with others federal taxes or is paid in cash.

According to the Brazilian Law nº 12.546 from December 14, 2011, 3rd article, item I, the Reintegra is applicable to the exportation being made up to December 31st, 2013.

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\$ 193,044. As of this amount the Company received R\$ 28.987 and the remaining balance is R\$ 164.057.

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.

10 Related parties transactions

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

COMPANY	Currency	Maturity	Annual rate	June 30, 2013	December 31, 2012
				Mutual contracts	Mutual contracts
Direct subsidiaries					
JBS Aves Ltda.	R\$	Sep 18, 2014	CDI + 1%	445,473	268,903
JBS Confinamento Ltda.	R\$	Apr 01, 2014	CDI + 4%	138,737	100,289
JBS Embalagens Metálicas Ltda.	R\$	Dec 31, 2013	CDI + 12%	68,756	63,682
JBS USA, Inc	US\$	Mar 25, 2014	Libor + 2.5% to 3%	352,679	319,331
JBS Slovakia Holdings s.r.o.	US\$	Jun 12, 2013	4.5%	-	(49,214)
Novaprom Food Ingredients Ltda	R\$	Dec 31, 2013	CDI + 1%	-	(2,105)
JBS Holding International ⁽¹⁾	R\$	-	-	118,929	-
Zenda Leather S.A. ⁽²⁾	US\$	-	-	74,196	-
Indirect subsidiaries					
Beef Snacks Brasil Ind.Com. S.A.	R\$	Jan 24, 2014	CDI	104,569	102,127
Beef Snacks International BV	US\$	Dec 31, 2013	Libor + 2% to 3%	5,629	5,049
				1,308,968	808,062

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

⁽²⁾ Zenda Leather S.A. - Refers to credits granted to the Company by Marfrig S.A., due to the acquisition of Seara Brazil business unit, as described in note 19, these credits were received in return of debts that are part of the purchase price of Seara.

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

COMPANY	June 30, 2013		December 31, 2012	
	Trade accounts receivable	Trade accounts payable	Trade accounts receivable	Trade accounts payable
Direct subsidiaries				
JBS Aves Ltda.	1,269	5,998	1,924	5,982
JBS Confinamento Ltda.	761	19,520	360	29,836
JBS USA, Inc	-	-	186	393
JBS Itália SRL	16,727	-	29,523	-
Novaprom Food Ingredients Ltda	-	-	1,800	408
Indirect subsidiaries				
JBS Global (UK) Limited	44,208	23	52,824	210
JBS Argentina S.A.	-	-	-	103
Global Beef Trading SU Lda.	182	172	2,956	-
Austrália Meat	-	761	-	982
Toledo International NV	38,311	-	39,540	1
Weddel Limited	3,049	-	4,709	-
Sampco Inc.	38,842	-	5,961	-
JBS Leather Europe	2,237	-	1,779	-
Meat Snacks Partners do Brasil Ltda	6,785	-	3,410	198
JBS Chile Ltda	54	-	-	-
Agrovêneto S.A. Indústria de Alimentos	-	5	-	-
Frigorífico Canelones S.A.	383	577	-	1,313
Rigamonti Salumificio Spa	-	23	-	21
Trump Asia Enterprise Ltd	5,674	-	11,195	-
JBS Paraguay	-	2,648	-	2,412
Other related parties				
S.A. Fabrica de Prod. Alimentícios Vigor	3,760	35	11,681	1
J&F Floresta Agropecuária Ltda	2	237	42	-
Flora Produtos de Hig. Limp. S.A.	6,292	7,114	8,567	474
Flora Dist. Produtos de Hig. Limp. S.A.	19,189	26	23,317	10
	187,725	37,139	199,774	42,344

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

	June 30, 2013			June 30, 2012		
	Financial income (expenses)	Purchases	Sales of products	Financial income (expenses)	Purchases	Sales of products
Direct subsidiaries						
JBS Aves Ltda.	24,634	41,635	11,905	1,765	-	-
JBS Confinamento Ltda.	7,948	66,671	4,844	6,684	41,549	1,044
JBS Embalagens Metálicas Ltda.	4,943	-	-	4,875	2,354	-
JBS USA, Inc	5,912	-	-	19,296	-	157,240
JBS Slovakia Holdings s.r.o.	(758)	-	-	(937)	-	-
JBS Itália SRL	-	-	55,040	-	8,353	29,042
Cascavel Couros Ltda	-	-	-	1,118	6,625	34,521
Novaprom Food Ingredients Ltda	(18)	2,098	7,559	1,025	1,983	4,412
Indirect subsidiaries						
JBS Global (UK) Limited	-	-	64,666	-	-	47,241
JBS Argentina S.A	-	5,624	-	-	6,796	-
Global Beef Trading SU Ltda.	-	1,843	36,942	-	-	24,015
Beef Snacks Brasil Ind.Com. S.A.	3,481	-	-	4,355	-	-
Beef Snacks International	325	-	-	266	-	-
JBS HU Ltd	-	-	-	(868)	-	-
Australia Meat	-	12,935	-	-	9,371	-
Toledo International BV	-	-	121,363	-	-	69,050
JBS Leather Europe	-	-	336	-	-	20,572
Meat Snacks Partners do Brasil Ltda	-	-	52,160	-	-	-
JBS Chile Ltda	-	-	306	-	-	-
Agrovêneto S.A. Indústria de Alimentos	-	1,209	2,121	-	-	-
Weddel Limited	-	-	6,514	-	-	10,149
Sampco Inc.	-	-	98,759	-	-	67,188
Frigorífico Canelones S.A.	-	7,785	562	-	3,887	-
Rigamonti Salumificio Spa	-	-	-	-	-	15,607
Wonder Best Holding Company	-	-	-	-	-	14,299
Trump Asia Enterprise Ltd	45	30	124,362	-	-	66,167
Trustful Leather	-	-	-	-	-	22,443
JBS Paraguay	-	38,692	-	180	20,038	9
Itaholb International	-	-	-	-	-	1,553
Other related parties						
S.A. Fabrica de Prod. Alimentícios Vigor	-	250	34,105	-	6,699	76,213
J&F Floresta Agropecuária Ltda	-	3,335	118	-	1,966	-
Flora Produtos de Hig. Limp. S.A.	-	10,053	39,482	-	246	36,645
Flora Dist. Produtos de Hig. Limp. S.A.	-	163	60,858	-	3	101,507
	46,512	192,323	722,002	37,759	109,870	798,917

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 its 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 June 30, 2013 and December 31, 2012.



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(Expressed in thousands of reais)

Consolidated - Credits with related parties

The consolidated balance of related parties, on the amount of R\$ 721,118 as of June 30, 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\$ 450 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 June 30, 2013 and year ended December 31, 2012 is the following:

	June 30, 2013		December 31, 2012	
	Members	Value	Members	Value
Executive Board and Board of Directors	13	3,650	15	7,268
	13	3,650	15	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.

11 Investments in associate, subsidiaries and joint ventures

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Investments in subsidiaries, associates and joint ventures	7,326,134	5,431,545	301,937	258,620
Goodwill (note 13)	1,225,816	687,331	-	-
Advance for investment (note 19)	1,172,302	-	1,172,302	-
	9,724,252	6,118,876	1,474,239	258,620

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Relevant information about investments in the in the period of June 30, 2013:

	Participation	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Controlled:						
JBS Embalagens Metálicas Ltda.	99.00%	85,045	2	11,731	-	(4,923)
JBS Global Investments S.A.	100.00%	7,531	161,739	7,531	-	(13)
JBS Holding Internacional S.A.	100.00%	555,011	1,218,645	287,507	387,696	7,738
JBS Global Luxembourg S.à.r.l.	100.00%	351,910	113,469	49,308	431,145	6,391
JBS Aves Ltda	100.00%	1,148,497	55,173	28,969	906,592	9,522
JBS USA, Inc.	100.00%	19,433,883	2,267,600	3,709,083	30,217,622	390,619
JBS Confinamento Ltda.	100.00%	658,941	473,401	399,970	79,968	(28,080)
JBS Slovakia Holdings, s.r.o.	100.00%	46,896	135,657	29,152	9,942	(3,604)
JBS Leather Italia S.R.L.	100.00%	115,510	33,676	26,184	79,769	(344)
LLC Lesstor	70.00%	25,684	10	22,151	758	(14,760)
JBS Middle East	100.00%	111	1,579	55	-	(413)
JBS Leather Paraguay	97.50%	37	20	13	-	(8)
JBS Holding GMBH	100.00%	4,524,635	1,482,057	2,237,221	778,291	130,340
FG Holding III Ltda.	100.00%	69	53	69	-	-
JBS Global Meat S.A	100.00%	135,000	135,001	135,000	-	-
Gideny (Zenda's Group)	100.00%	408,346	156,189	109,378	-	-
Associates:						
Vigor Alimentos S.A.	21.12%	4,022,267	1,191,378	1,323,493	729,669	103,842

In consolidated financial statements, goodwill is recognized as an intangible asset and the assets and liabilities acquired are consolidated in the Company. In the individual financial statements, goodwill is recorded in investment, see details of goodwill in note 13.

In the Company:

	December 31, 2012	Addition (disposal)	Exchange rate variation (i)	Equity in subsidiaries		June 30, 2013
				Equity in subsidiaries (ii)	Income Statements	
JBS Embalagens Metálicas Ltda.	16,488	-	-	-	(4,874)	11,614
JBS Global Investments S.A.	6,959	-	586	(1)	(13)	7,531
JBS Holding Internacional S.A.	278,551	-	-	1,218	7,738	287,507
JBS Global Luxembourg S.à.r.l.	37,639	754	2,875	1,649	6,391	49,308
JBS Aves Ltda	19,447	-	-	-	9,522	28,969
JBS USA, Inc.	3,095,648	-	304,932	(82,116)	390,619	3,709,083
JBS Confinamento Ltda	428,050	-	-	-	(28,080)	399,970
JBS Slovakia Holdings, s.r.o. ⁽¹⁾	80,819	(51,390)	3,553	(226)	(3,604)	29,152
JBS Leather Italia S.R.L.	24,830	-	1,698	-	(344)	26,184
LLC Lesstor	25,955	-	(117)	-	(10,332)	15,506
JBS Middle East	25	437	4	-	(413)	53
JBS Leather Paraguay	20	-	1	-	(8)	13
JBS Holding GMBH ⁽²⁾	1,147,302	969,041	43,943	(53,405)	130,340	2,237,221
FG Holding III Ltda.	75	-	-	(6)	-	69
JBS Global Meat S.A. ⁽³⁾	-	135,000	-	-	-	135,000
Novaprom Foods e Ingredientes Ltda ⁽⁴⁾	11,117	(10,921)	-	-	(196)	-
Vigor Alimentos S.A.	258,620	(1,540)	-	560	21,936	279,576
Gideny (Zenda's Group) ⁽⁵⁾	-	109,378	-	-	-	109,378
Subtotal	5,431,545	1,150,759	357,475	(132,327)	518,682	7,326,134

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In the Consolidated:

	December 31, 2012	Addition (disposal)	Equity in subsidiaries		June 30, 2013
			Equity in subsidiaries (ii)	Income Statements	
Vigor Alimentos S.A.	258,620	(1,540)	560	21,936	279,576
Meat Snacks Partners Ltda. ⁽⁶⁾	-	17,817	417	4,127	22,361
Total	258,620	16,277	977	26,063	301,937

(i) - As defined in IAS 21/CPC 2 R1 - 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 Slovakia Holdings, s.r.o. - Company made a capital reduction in the amount of R\$ 51,390, through settlement of loans between the Company and JBS Slovakia

(2)- JBS Holding GMBH. - The Company made a capital increase in cash in the amount of R\$ 969,041.

(3)- JBS Global Meat S.A. - On January 2013, the Company capitalized R\$ 135,000 in the JBS Global Meat S.A., through acquisition of Midtown, which holds the Assets of Independence.

(4)- Novaprom Foods e Ingredientes Ltda - As described in operacional activities, on May 2013, the Company incorporated its subsidiary integrally, Novaprom Foods e Ingredientes Ltda.

(5)- Gideny (Zenda's Group) - As described in the operacional activities, on June 2013, the Company acquired all of the shares of Zenda's Group.

(6)-Meat Snacks Partners Ltda. - Refers to the desconsolidation of 50% from Meat Snacks Partners Ltda.

Advance for investment

In June 2013, the Company made an agreement to acquire the business unit of Seara Brazil, according to the terms described in note 19.

12 Property, plant and equipment, net

Company	Cost	Revaluation	Accumulated depreciation	Net amount	
				June 30, 2013	December 31, 2012
Buildings	3,005,424	116,615	(416,073)	2,705,966	2,601,780
Land	926,545	9,305	-	935,850	924,612
Machinery and equipment	4,372,847	43,869	(1,063,108)	3,353,608	3,188,539
Facilities	987,703	21,737	(217,878)	791,562	697,131
Computer equipment	188,359	690	(84,601)	104,448	112,382
Vehicles	392,477	35	(149,108)	243,404	268,081
Construction in progress	712,798	-	-	712,798	831,154
Other	196,436	1,238	(30,791)	166,883	143,958
	10,782,589	193,489	(1,961,559)	9,014,519	8,767,637

Consolidated	Cost	Revaluation	Accumulated depreciation	Net amount	
				June 30, 2013	December 31, 2012
Buildings	6,665,085	116,615	(992,642)	5,789,058	5,452,710
Land	1,980,916	9,305	-	1,990,221	1,885,072
Machinery and equipment	9,820,216	43,869	(3,497,496)	6,366,589	5,901,489
Facilities	1,019,552	21,737	(239,804)	801,485	703,427
Computer equipment	394,093	690	(183,002)	211,781	210,917
Vehicles	657,177	35	(346,344)	310,868	334,270
Construction in progress	1,335,183	-	-	1,335,183	1,220,139
Other	870,452	1,238	(262,039)	609,651	499,616
	22,742,674	193,489	(5,521,327)	17,414,836	16,207,640

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

	Average annual depreciation rates as of June 30, 2013		2012	
	Company	Consolidated	Company	Consolidated
Buildings	2.99%	4.54%	2.94%	3.58%
Land	0.00%	0.00%	0.00%	1.67%
Machinery and equipment	6.34%	8.33%	6.03%	8.24%
Facilities	5.25%	5.06%	5.16%	5.14%
Computer equipment	12.41%	15.88%	10.64%	14.17%
Vehicles	11.51%	10.78%	11.86%	11.49%
Other	3.32%	1.51%	2.92%	6.98%

Changes in property, plant and equipment

Company	December 31, 2012	Additions net of transferences	Novaprom incorporation	Disposals	Depreciation	June 30, 2013
Buildings	2,601,780	144,567	4,511	-	(44,892)	2,705,966
Land	924,612	11,238	-	-	-	935,850
Machinery and equipment	3,188,539	296,415	8,427	(1,195)	(138,578)	3,353,608
Facilities	697,131	118,999	1,390	(14)	(25,944)	791,562
Computer equipment	112,382	3,924	72	(242)	(11,688)	104,448
Vehicles	268,081	30,994	92	(33,178)	(22,585)	243,404
Construction in progress ⁽¹⁾	831,154	(118,427)	486	(415)	-	712,798
Other	143,958	26,068	158	(39)	(3,262)	166,883
	8,767,637	513,778	15,136	(35,083)	(246,949)	9,014,519

(1). Additions of construction in progress are presented for accounting purposes, net of transfers, being composed in June 30, 2013 as follow:

(+) Additions in the period: R\$ 251,690;
(-) Transfer to a proper property plant item: (R\$ 370,117);
(=) Additions net of transfers: (R\$ 118,427).

Consolidated	December 31, 2012	Agrovêneto, Agil and Gideny acquisition	Additions net of transferences	Disposals	Depreciation	Exchange rate variation	June 30, 2013
Buildings	5,452,710	75,609	261,802	(1,189)	(154,020)	154,146	5,789,058
Land	1,885,072	6,285	67,494	(304)	-	31,674	1,990,221
Machinery and equipment	5,901,489	131,714	684,284	(60,026)	(410,596)	119,724	6,366,589
Facilities	703,427	6,146	119,226	(1,120)	(26,330)	136	801,485
Computer equipment	210,917	395	30,697	(375)	(31,340)	1,487	211,781
Vehicles	334,270	1,898	48,297	(42,287)	(35,411)	4,101	310,868
Construction in progress	1,220,139	1,956	86,099	(415)	-	27,404	1,335,183
Other	499,616	290	95,849	(10,260)	(6,601)	30,757	609,651
	16,207,640	224,293	1,393,748	(115,976)	(664,298)	369,429	17,414,836

The addition of R\$ 1,393,748 include the additions of XL Foods in the amount of R\$ 312,368, Ana Rech in the amount of R\$ 120,000, Agrovêneto in the amount of R\$ 77,216 and assets of Independência in the amount of R\$ 135,000.

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 19.

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 June 30, 2013, the total amount of property, plant and equipment revaluation is R\$ 193,490 which the revaluation reserve is R\$ 94,529 and the provision for deferred income and social contribution taxes is R\$ 44,123. For revalued property, plant and equipment, the Company recorded accumulated depreciation of R\$ 54,838.

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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 June 30, 2013 and December 31, 2012 are shown below:

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Construction in progress	671,389	790,883	1,251,053	1,147,013
(+) capitalized borrowing costs	41,409	40,271	84,130	73,126
	712,798	831,154	1,335,183	1,220,139

In the period ending on June 30, 2013, the amount of capitalized interest on construction in progress including the amount of the additions is R\$ 10,378 in the Company.

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 13.

13 Intangible assets, net

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Goodwill (incorporations and subsidiaries)	9,085,970	9,069,926	10,971,147	10,351,556
Trademarks	452,578	452,578	706,812	687,165
Software	8,793	9,460	15,602	15,810
Water rights	-	-	71,017	66,326
Client portfolio	-	-	602,772	584,551
Other	-	-	2,610	2,804
	9,547,341	9,531,964	12,369,960	11,708,212

Changes in intangible assets

Company	December 31, 2012	Additions	Novaprom Incorporation	Amortization ⁽¹⁾	June 30, 2013
Goodwill	9,069,926	-	16,044	-	9,085,970
Trademarks	452,578	-	-	-	452,578
Software	9,460	1,140	2	(1,809)	8,793
	9,531,964	1,140	16,046	(1,809)	9,547,341

Consolidated	December 31, 2012	Additions	Gideny Acquisition	Disposals	Amortization ⁽¹⁾	Exchange rate variation	June 30, 2013
Goodwill ⁽²⁾	10,351,556	600,428	-	(25,255)	-	44,418	10,971,147
Trademarks	687,165	1,701	-	-	(592)	18,538	706,812
Software	15,810	2,087	69	(128)	(2,630)	394	15,602
Water rights	66,326	-	-	-	(45)	4,736	71,017
Client portfolio	584,551	6,673	-	-	(34,366)	45,914	602,772
Other	2,804	-	-	-	(394)	200	2,610
	11,708,212	610,889	69	(25,383)	(38,027)	114,200	12,369,960

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

⁽²⁾ - The additions of the period refer to the acquisitions of shares of: Zenda's Group in the amount of R\$ 492,525, JBS Global Meat in the amount of R\$ 62,004, Agrovêneto in the amount of R\$ 45,852 and Agil in the amount of R\$ 47.

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.

The Company incorporated all the shares of Novaprom, which owned a goodwill based on expected future earnings of R\$ 16,044. Upon such incorporation, the Company goodwill is transferred from investment line and is allocated as an intangible item.

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\$ 657,827 as of June 30, 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, 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.

In June 2013, a preliminary goodwill was calculated arising from the acquisition of Zenda's Participation in the amount of R\$ 492,525 subject to changes which may occur within maximum of one year, pursuant defined in IFRS 3 (R)/CPC15 R1.

Consolidated- Recorded as intangible (Goodwill)

JBS USA has goodwill of US\$ 223,161 thousand, equivalent to R\$ 494,436 as of June 30, 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\$ 5,805 as of June 30, 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\$ 14,955 as June 30, 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 SA Food Industry with preliminary goodwill in the amount of R\$ 45,852 subject to changes that may occur within a year, as defined in IFRS 3 (R)/CPC 15 R1. JBS Aves acquired the shares of the company Agil Imbituba General Stores Ltd., having arrived at a Goodwill future profitability of smaller representation of R\$ 47.

The Company's subsidiaries have another goodwill with less representativity arising from the acquisition of companies, based on expected future earnings of R\$ 98,266, for the following investments:

- i) JBS Handels GmbH by acquisition of the subsidiary Holding Inc. - R\$ 24,095
- ii) Itaholb International B.V. by acquisition of the subsidiary Rigamonti - R\$ 66,694
- iii) Trump Asia Enterprises Ltd by acquisition of the subsidiary Wonder Best - R\$ 2,180
- iv) JBS Paraguay S.A. by acquisition of the subsidiary IFPSA - R\$ 5,297

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.



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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 June 30, 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.

14 Trade accounts payable

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Commodities - cattle	590,697	621,664	1,612,555	1,658,863
Materials and services	319,926	331,373	2,186,957	1,667,392
Finished products	33,478	47,236	202,929	238,015
	944,101	1,000,273	4,002,441	3,564,270

15 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	June 30, 2013	December 31, 2012
Foreign currency			
ACC - (advances on exchange contracts)	Exchange variation + interest from 2,20% to 4,90%	3,373,913	2,866,405
Prepayment	Exchange rate, Libor and interest from 1% to 7,30%	652,302	721,888
144-A	Exchange variation + interest from 6.25% to 10.50%	154,590	107,459
Credit note - export	Exchange variation + interest of 7.85%	9,490	8,837
		4,190,295	3,704,589
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	63,058	61,542
EXIM - export credit facility	TJLP and interest of 5.81%	50,930	87,012
BNDES automatic - TJLP	TJLP and interest from 3.1% to 5.44%	8,474	32,495
BNDES automatic - Currency basket	Currency basket BNDES + interest from 2% to 3.1%	1,384	4,597
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 114.4% of CDI	723,529	156,201
Credit note - export	Interest from 1.2% to 3.4% or 100% to 118.5% of CDI	1,118,327	1,297,734
FCO - Middle West Fund	Interest of 10.00%	352	617
FNO - North Fund	Interest of 10.00%	4,067	4,416
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	5,177	6,571
FINEP	TJLP and interest of 5%	1,746	-
		1,977,044	1,651,185
		6,167,339	5,355,774

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Noncurrent liabilities

		Company	
Type	Average annual rate of interest and commissions	June 30, 2013	December 31, 2012
Foreign currency			
Prepayment	Exchange rate, Libor and interest from 1% to 7,30%	787,295	623,756
144-A	Exchange variation + interest from 6.25% to 10.50%	5,109,603	3,145,834
Credit note - export	Exchange variation + interest of 7.85%	-	8,667
		5,896,898	3,778,257
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	163,314	173,894
BNDES automatic - TJLP	TJLP and interest from 3.1% to 5.44%	-	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	1,624,292	2,082,037
Credit note - export	Interest from 1.2% to 3.4% or 100% to 118.5% of CDI	1,118,468	736,386
FCO - Middle West Fund	Interest of 10.00%	-	50
FNO - North Fund	Interest of 10.00%	14,651	16,642
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	4,844	7,179
FINEP	TJLP and interest of 5%	7,982	-
		2,933,551	3,017,628
		8,830,449	6,795,885
Breakdown:			
Current liabilities		6,167,339	5,355,774
Noncurrent liabilities		8,830,449	6,795,885
		14,997,788	12,151,659
Maturities of non-current liabilities are as follows:			
2014		799,345	1,479,962
2015		2,181,087	1,382,980
2016		1,952,463	1,915,630
2017		170,506	164,877
2018		2,003,972	1,848,336
2019		3,403	2,880
2020		1,570	1,046
2021		621	174
Maturities thereafter 2021		1,717,482	-
		8,830,449	6,795,885

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Current liabilities

Type	Average annual rate of interest and commissions	Consolidated	
		June 30, 2013	December 31, 2012
Foreign currency			
ACC - (advances on exchange contracts)	Exchange variation + interest from 2,20% to 4,90%	3,377,245	2,906,352
Prepayment	Exchange rate, Libor and interest from 1% to 7,30%	720,237	783,394
144-A	Exchange variation + interest from 6.25% to 10.50%	154,590	107,459
Credit note - export	Exchange variation + interest of 7.85%	9,490	8,837
Canadian Credit Facility	CDOR or RBC Prime + applicable interest	405	-
Canadian term loan due 2018	Exchange variation + interest of 3,65%	1,897	-
		4,263,864	3,806,042
Local Currency			
FINAME	TJLP and interest from 1% to 8.5%	63,954	62,435
Installment note corp aircraft (payable notes)	Libor and interest from 1.75%	13,657	13,534
JBS Mortgage	Interest from 5.8% to 8.4%	4,004	3,545
EXIM - export credit facility	TJLP and interest of 5.81%	50,930	87,012
BNDES automatic - TJLP	TJLP and interest from 3.1% to 5.44%	8,474	32,495
BNDES automatic - Currency basket	Currency basket + interest from 2% to 3.1%	1,384	4,597
US revolver	Libor or Prime + applicable rate	1,467	631
JBS Term Loan	Alternate Base Rate ("ABR")+1.75% or Eurodollar+2.75%	11,335	19,550
Five Rivers term loan	Libor + 2.75% or Prime + 1.5%	12,656	11,991
Senior notes due 2014	Interest of 11.625%	1,561,462	28,178
Senior notes due 2020	Interest of 8.25%	53,314	49,173
Senior notes due 2021	Interest of 7.25%	8,701	8,025
PPC - US Senior note 2018	Interest of 7.875%	3,877	3,576
PPC - US credit facility - revolving credit facility	Interest from 4.3% to 6.3%	115	727
PPC - US credit facility - term loans	Interest from 4.8% to 9.0%	10,628	47,160
PPC - US bonds	Interest from 7.625% to 9.25%	800	915
Plainwell Bond	Interest of 4.39%	4,411	4,007
Marshalltown	Interest of 2.34%	42	41
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 114.4% of CDI	723,529	156,201
Working capital - US dollars	Libor +interest from 1.10% to 3.20%	187,623	95,805
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	43,794	39,536
Working capital - Argentine Pesos	Interest of 18.77%	29,808	129,007
Credit note - export	Interest from 1.2% to 3.4% or 100% to 118.5% of CDI	1,118,327	1,297,734
FCO - Middle West Fund	Interest of 10.00%	352	617
FNO - North Fund	Interest from 10.00%	4,067	4,416
Credit note - import	Interest of 4.44% (LIBOR and interest of 2.80%)	174,466	106,527
Finep - Financing of Studies and Projects	Interest of 4.5%	1,746	1,747
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	5,177	6,571
Rural - Credit note	Interest of 5.5%	85,191	50,125
ANZ Credit facility	Interest of 3.8% a 4%	1,837	-
ACC - (advances on exchange contracts)	Interest de 1%	18,208	-
Others		939	26,978
		4,206,275	2,292,856
		8,470,139	6,098,898

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Noncurrent liabilities

		Consolidated	
Type	Average annual rate of interest and commissions	June 30, 2013	December 31, 2012
Foreign currency			
Prepayment	Exchange rate, Libor and interest from 1% to 7,30%	787,295	623,756
144-A	Exchange variation + interest from 6.25% to 10.50%	5,109,603	3,145,834
Credit note - export	Exchange variation + interest of 7.85%	-	8,667
ACC - (advances on exchange contracts)	Exchange variation + interest from 2,20% to 4,90%	22,166	-
Canadian Credit Facility	CDOR or RBC Prime + applicable interest	193,072	-
Canadian term loan due 2018	Exchange variation + interest of 3,65%	33,821	-
		6,145,957	3,778,257
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	165,633	176,647
JBS Mortgage	Interest from 5.8% to 8.4%	31,690	31,110
BNDES automatic - TJLP	TJLP and interest from 3.1% to 5.44%	-	1,322
BNDES automatic - Currency basket	Currency basket + interest from 2% to 3.1%	-	118
US revolver	Libor or Prime + applicable rate	668,568	16,182
JBS Term Loan	Alternate Base Rate ("ABR")+1.75% or Eurodollar+2.75%	1,009,416	933,526
Five Rivers term loan	Libor + 2.75% or Prime + 1.5%	149,409	146,302
Senior note due 2014	Interest of 11.625%	-	1,400,846
Senior note due 2020	Interest of 8.25%	1,515,450	1,395,253
Senior note due 2021	Interest of 7.25%	1,403,100	1,291,968
PPC - US Senior note due 2018	Interest of 7.875%	1,085,542	999,408
PPC - US credit facility - revolving credit facility	Interest from 4.3% to 6.3%	-	196,595
PPC - US credit facility - term loans	Interest from 4.8% to 9.0%	880,584	1,091,517
PPC - US bonds	Interest from 7.625% to 9.25%	8,049	7,424
Plainwell Bond	Interest of 4.39%	24,702	24,692
Marshalltown	Interest of 2.34%	21,276	19,581
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 114.4% of CDI	1,624,292	2,082,037
Working capital - US dollars	Libor +interest from 1.10% to 3.20%	65,035	24,455
Working capital - Euro	Euribor + interest from 0.15% to 1.75%	2,514	3,712
Credit Note - export	Interest from 1.2% to 3.4% or 100% to 118.5% of CDI	1,118,467	736,386
FCO - Middle West Fund	Interest of 10.00%	-	50
FNO - North Fund	Interest of 10.00%	14,651	16,642
Finep - Financing of Studies and Projects	Interest of 4.5%	7,982	8,837
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	4,844	7,179
Others		5,498	-
		9,806,702	10,611,789
		15,952,659	14,390,046
Breakdown:			
Current liabilities		8,470,139	6,098,898
Noncurrent liabilities		15,952,659	14,390,046
		24,422,798	20,488,944

Maturities of non-current liabilities are as follows:

2014	1,752,036	4,245,577
2015	2,235,786	1,411,281
2016	2,795,898	2,072,807
2017	184,713	176,015
2018	4,305,568	3,762,264
2019	4,332	2,880
2020	1,535,871	1,412,395
2021	1,403,720	1,292,142
Maturities thereafter 2021	1,734,735	14,685
	15,952,659	14,390,046

ACC – (advances on exchange contracts) are credit facilities obtained from financial institutions by the Company, its subsidiary JBS Argentina, in the amount of US\$ 1,524,303 on June 30, 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.

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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 life. 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 successor 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\$ 775 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.

16 Credit operations, guarantees and covenants

On June 30, 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.

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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.

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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 (a) 50% of the amount of the net income accrued during such fiscal year, or in any fiscal year in which the aggregate net income is a loss, minus 100% of the amount of the loss, plus (b) 100% of the net cash proceeds received by JBS from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the 2018 Notes, plus (c) 100% of the fair market value of property other than cash received by JBS from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the 2018 Notes.

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 and on April 11, 2013, the company issued additional notes at the principal amount of US\$275 million under the indenture of Notes 2023. 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.

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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 (a) 50% of the amount of the net income accrued during such fiscal year, or in any fiscal year in which the aggregate net income is a loss, minus 100% of the amount of the loss, plus (b) 100% of the net cash proceeds received by JBS from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the 2023 Notes - JBS S.A., plus (c) 100% of the fair market value of property other than cash received by JBS from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the 2023 Notes - JBS S.A..

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.

Description of Indebtedness of JBS USA

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.

In 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 June 30, 2013, there were US\$97.8 million of outstanding letters of credit and borrowing availability of US\$421.6 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.

- 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.

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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 June 30, 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 September 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 June 30, 2013, there were US\$21.6 million outstanding letters of credit and borrowing availability of US\$49.4 million.

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 judicial deposits and other 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.

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.

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 June 30, 2013, JBS USA and JBS USA Finance, Inc. were in compliance with all covenants.

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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 June 30, 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. Commencing on March 29, 2013 and continuing until maturity, 0.25% of the amended principal amount of US\$467.9 million will be payable on the last business day of each calendar quarter. At June 30, 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 June 30, 2013, JBS Five Rivers was in compliance with all covenants.

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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 June 30, 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 June 30, 2013, there were no outstanding borrowings under the LCAL credit facilities.

Canadian credit facility — On May 15, 2013, JBS Canada entered into a revolving credit agreement (the "Canadian credit facility") with the Royal Bank of Canada ("RBC") as administrative agent and collateral agent, and other lenders party thereto. This facility is a dual currency facility that provides a CAD\$110.0 million maximum borrowing availability that can be drawn in CAD\$ and US\$. CAD\$ loans bear interest at the applicable CDOR or RBC prime rate plus applicable margins. US\$ loans bear interest at the applicable LIBOR or RBC borrowing rate plus applicable margins.

Availability. Actual borrowings under this facility are subject to a borrowing base, which is a formula based on eligible receivables, certain eligible inventory, inventory, machinery and equipment and real estate less certain eligibility and availability reserves. As of June 30, 2013, there were no outstanding letters of credit and borrowing availability of US\$11.5 million.

Security and guarantees. Borrowings made by JBS Canada under the Canadian credit facility are guaranteed by JBS USA Holdings and JBS S.A. Furthermore, the borrowings are collateralized by a first priority perfected lien and interest in accounts receivable, finished goods, feed, live inventory and supply inventories, machinery equipment and real estate.

Covenants. The Canadian credit 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 \$10.0 million for five consecutive business days. The Canadian credit facility also contains negative covenants that may limit the ability of JBS Canada 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 Canadian credit facility also contains customary events of default, including failure to perform or observe terms, covenants or agreements included in the Canadian credit 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 Canadian credit facility. At June 30, 2013, JBS Canada was in compliance with all covenants.

Canadian term loan due 2018 — On May 15, 2012, JBS Canada entered into a CAD\$17.0 million term loan to refinance the purchase of real property. The loan is guaranteed by JBS USA Holdings and JBS S.A. This is a fixed rate loan compounding semiannually in arrears at a rate of 3.65%. The loan amortizes over a 15 year period with interest and principal due monthly. The principal amount outstanding on May 15, 2018 is due in full. This loan is secured by certain real property of the borrower. The covenants for this note contain customary negative covenants and customary events of default listed under the Canadian credit facility. At June 30, 2013, JBS Canada was in compliance with all covenants.

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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 June 30, 2013 was 2.5%. As of June 30, 2013, no borrowings were used towards letters of credit and borrowing availability was US\$21.5 million. As of June 30, 2013 and December 31, 2012, J&F Oklahoma had US\$949.0 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 June 30, 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 June 30, 2013 was 3.0%.

Variable interest entities – As of June 30, 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. As of June 30, 2013, the carrying value of JBS Five Rivers' net assets is US\$464.2 million.

US\$250 million intercompany loan – On July 12, 2007, a subsidiary of JBS USA issued a US\$250.0 million intercompany loan to JBS Australia with an 8.0% interest rate and a maturity date of July 12, 2017. While this loan eliminates upon consolidation, the loan is denominated in US\$, but reported by JBS Australia in A\$. Therefore, the loan generates foreign currency transaction gains or losses due to fluctuations in the period end A\$ to US\$ exchange rate

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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. The interest rate at June 30, 2013 was 3.3%.

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 June 30, 2013 was 4.9%.

US\$10 million loan receivable from Weddell 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 June 30, 2013 was 5.3%. 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 June 30, 2013 was 3.3%. The revolving intercompany note eliminates upon consolidation.

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 and six months period ended June 30, 2013 and June 24, 2012, PPC reimbursed JBS USA US\$0.6 million and US\$1.2 million, respectively.

US\$ 20 million note to Sampco - On March 15, 2012 Sampco executed a US\$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 June 30, 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. The interest rate at June 30, 2013 was 3.3%.

On January 2, 2013, the JBS USA Holdings issued an intercompany revolving promissory note to JBS Canada for CAD\$200.0 million with interest based on the Canadian Dealer Offered Rate ("CDOR") plus 3% and a maturity date of December 31, 2014 to fund working capital needs and general corporate purposes. The average interest rate at June 30, 2013 was 4.1%. There were no borrowings nor repayments during the three months ended June 30, 2013. This note eliminates upon consolidation.

Description of Indebtedness of PPC

US Credit Facility – PPC and certain of its subsidiaries entered into a credit agreement (the "US 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 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.



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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 June 30, 2013, there were US\$29.6 million of outstanding letters of credit and borrowing availability of US\$670.4 million.

The US Credit Facility contains financial covenants and 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 JBS USA Holdings and PPC's other affiliates, merge, consolidate and/or sell or dispose of all or substantially all of PPC's assets. 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.

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 June 30, 2013, the U.S. dollar-equivalent of the loan commitment under the Mexico Credit Facility was US\$43.1 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 June 30, 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.

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17 Income taxes, payroll, social charges and tax obligation

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Payroll and related social charges	103,514	99,782	378,286	319,532
Accrual for labor liabilities	187,374	116,946	1,054,590	989,110
Income taxes	-	-	28,940	8,886
Withholding income taxes	1,258	88	2,411	892
ICMS / VAT / GST tax payable	13,950	10,196	25,429	20,539
PIS / COFINS tax payable	76	4	151	131
Taxes in installments	169,010	184,738	176,010	185,470
Others	94,482	87,834	319,064	284,565
	569,664	499,588	1,984,881	1,809,125
Breakdown:				
Current liabilities	443,696	361,741	1,510,436	1,284,895
Noncurrent liabilities	125,968	137,847	474,445	524,230
	569,664	499,588	1,984,881	1,809,125

18 Declared dividends

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Declared dividends	353	170,749	353	170,749
	353	170,749	353	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:

	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

19 Payables related to facilities acquisitions

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Current	109,793	112,712	148,775	112,712
Noncurrent	1,564,917	95,142	1,839,079	95,142
	1,674,710	207,854	1,987,854	207,854

In Company:

Refers to payables to facilities acquisitions:

i) R\$ 201,443, to acquisitions of assets and others industrial complexes located in the states of Acre, Minas Gerais, Mato Grosso, Rondônia, Paraná, Goiás and São Paulo, on the amount of R\$ 109,793 in the short term and R\$ 91,650 in the long term;

ii) R\$ 601,903, related to the Zenda's Group acquisition, R\$ 450,000 considered on the agreement under the assumption of a "zero working capital", and additional value of R\$ 151,903 based on the working capital raised on the day of operation, both amounts are recorded in the long term and will be settled through a debt assumption from Marfrig as described below; and

iii) R\$ 871,364, related to the acquisition of Seara, relating to the advance of R\$ 1 billion in accordance with agreement and described below, and the difference between both amounts has been advanced by JBS through debt assumption to Santander. Such amount is recorded in the long term and will be settled through the debt assumption from Marfrig, as soon as banks consent.

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In the Consolidated

In addition to the amounts recorded in the Company, below is presented the others items referring to payables to facilities acquisitions in the consolidated:

- iv) R\$ 2,386 from the subsidiary JBS Aves, related to the acquisition occurred in June 2013 of the company Agil, which holds the exploration activity of port warehouses, where the amount is recorded in the short term;
- v) R\$ 108,564, from the subsidiary JBS Aves, referring to the acquisition occurred in March 2013 of the company Agrovêneto, which has activity similar to JBS Aves, R\$ 6,403 in the short term and R\$ 102,161 in the long term; and
- vi) R\$ 202,194, from the subsidiary JBS Aves, referring to the acquisition of biological assets and items of property, plant and equipments occurred in June 2013 from Ana Rech Pork and Poultry Industrial Unit, R\$ 30,193 in the short term and R\$ 172,001 in the long term.

Marfrig and JBS's agreement - Seara and Zenda's acquisition

As the Material Fact disclosed to the market on June 10, 2013, the Company and Marfrig, celebrated on June 7, 2013, an Agreement for the Purchase and Sale of Equity Interests and Other Covenants through which was established the terms and conditions for such sale from Marfrig to the Company for:

- (i) The group that owns the business unit Seara Brazil (Seara); and
- (ii) The Company that owns the leather business group Marfrig in Uruguay (Zenda's Group).

The amount of Seara and Zenda's acquisition was set at R\$ 5,85 billion and will be paid through the debt assumption of Marfrig and Seara/Zenda by JBS, R\$ 1 billion would be assumed to advance until June 26, 2013, with the consent of the creditor banks.

The deal was segregated between Seara (R\$ 5,4 billion) and Zenda's Group (R\$ 450 million). Additionally, the assessment of Zenda Group was established based on the assumption that the contractual working capital acquired would be zero, and subsequently, as defined in the agreement, once identified the working capital it would be fully paid through debt assumption from Marfrig to the Company. On June 30, 2013, the Company had identified preliminarily, working capital on the amount of R\$ 151,903. Thus, the Company estimated that the total value of the transaction will be R\$ 601,903.

The transaction was approved by the Boards of Directors of both companies, however the agreement is conditional to approval by the competent authorities, including the CADE (Brazilian antitrust agency).

20 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	
	For the six months period ended on June 30,		For the six months period ended on June 30,	
	2013	2012	2013	2012
Income before income taxes	747,723	451,992	1,002,003	540,609
Income taxes - Nominal of 34%	-	-	-	-
Expectation of expense of the income taxes - Combined nominal of 34%	(254,226)	(153,677)	(340,681)	(183,807)
Adjust to demonstrate the effective rate				
Additions, mostly result on equity subsidiaries (tax equivalents in other countries)	72,863	(12,752)	(11,045)	(42,725)
Expense of the deferred income taxes	(181,363)	(166,429)	(351,726)	(226,532)
Effective rate	-24.26%	-36.82%	-35.10%	-41.90%
	Company		Consolidated	
	For the three months period ended on June 30,		For the three months period ended on June 30,	
	2013	2012	2013	2012
Income before income taxes	373,802	212,413	630,929	299,005
Income taxes				
Expectation of income (expense) of the income taxes - Combined nominal of 34%	(127,093)	(72,220)	(214,516)	(101,662)
Adjust to demonstrate the effective rate				
(Additions) write off, mostly result on equity subsidiaries (tax equivalents in other countries)	91,758	29,291	(8,363)	(12,785)
Income (expense) of the deferred income taxes	(35,335)	(42,929)	(222,879)	(114,447)
Effective rate	-9.45%	-20.21%	-35.33%	-38.28%

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Explanative notes

Composition of expenses of income tax and social contribution presented income statements of the Company and Consolidated results for the period ended on June 30, 2013 and 2012.

	Company		Consolidated	
	Six months period ended on June 30,		Six months period ended on June 30,	
	2013	2012	2013	2012
Current income taxes	1,195	1,209	(53,776)	(47,417)
Deferred income taxes	(182,558)	(167,638)	(297,950)	(179,115)
	(181,363)	(166,429)	(351,726)	(226,532)
	Company		Consolidated	
	Three months period ended on June 30,		Three months period ended on June 30,	
	2013	2012	2013	2012
Current income taxes	592	459	(34,970)	(64,060)
Deferred income taxes	(35,927)	(43,388)	(187,909)	(50,387)
	(35,335)	(42,929)	(222,879)	(114,447)

Composition of deferred income tax and social contribution

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
ASSETS				
. On tax losses and temporary differences	405,610	418,038	1,295,685	1,220,582
LIABILITIES				
. On revaluation reserve and temporary differences	1,412,738	1,243,819	2,959,456	2,497,338
Net	1,007,128	825,781	1,663,771	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, and
- 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.

21 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 June 30, 2013 and December 31, 2012, areas follows:

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Labor	55,608	53,838	74,101	75,685
Civil	9,581	9,277	30,736	33,524
Tax and Social Security	94,139	92,041	100,061	94,152
Total	159,328	155,156	204,898	203,361

Changes in provisions

	December 31, 2012	Additions	Gideny Acquisition	Reversals	Exchange rate variation	June 30, 2013
Company	155,156	4,172	-	-	-	159,328
Consolidated	203,361	9,948	4,311	(15,568)	2,846	204,898

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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\$ 1,373,551 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\$ 775,583.

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 861 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\$ 94,139 which are 100% provisioned.

Labor Proceedings

As of June 30, 2013 the Company was party to 9,759 labor and accident proceedings, involving total value of R\$ 1,378,403. Based on the opinion of the Company's external legal counsel, the Company's management recorded a provision in the amount of R\$ 55,608 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.

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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 Caceres on January 17, 2007. The judge of the Federal Court of Caceres 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 June 30, 2013, R\$ 8,981, has been provisioned.

Other proceedings

In June 30, 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.

22 Equity

a) Capital Stock

The Capital Stock on June 30, 2013 is represented by 2,943,644,008 ordinary shares, without nominal value. From this total, as described below in the letter f), 76,101,664 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 21,418,231 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.



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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)
Purchase of treasury shares	1,569,100	9,587
Balance as of June 30, 2013	76,101,664	603,072

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).

23 Net revenue

	Company		Consolidated	
	For the six months period ended on June 30,		For the six months period ended on June 30,	
	2013	2012	2013	2012
Gross sale revenue				
Products sales revenues				
Domestic sales	6,760,161	5,678,437	31,424,930	27,549,368
Foreign sales	3,417,806	2,408,609	11,363,762	8,214,211
	<u>10,177,967</u>	<u>8,087,046</u>	<u>42,788,692</u>	<u>35,763,579</u>
Sales deduction				
Returns and discounts	(345,787)	(292,775)	(730,271)	(632,568)
Sales taxes	(527,661)	(482,338)	(599,851)	(651,640)
	<u>(873,448)</u>	<u>(775,113)</u>	<u>(1,330,122)</u>	<u>(1,284,208)</u>
NET REVENUE	<u>9,304,519</u>	<u>7,311,933</u>	<u>41,458,570</u>	<u>34,479,371</u>
	Company		Consolidated	
	For the three months period ended on June 30,		For the three months period ended on June 30,	
	2013	2012	2013	2012
Gross sale revenue				
Products sales revenues				
Domestic sales	3,511,481	2,983,928	16,452,384	14,523,298
Foreign sales	1,729,531	1,381,794	6,159,681	4,608,508
	<u>5,241,012</u>	<u>4,365,722</u>	<u>22,612,065</u>	<u>19,131,806</u>
Sales deduction				
Returns and discounts	(189,642)	(154,893)	(386,669)	(329,356)
Sales taxes	(260,808)	(249,275)	(294,402)	(334,159)
	<u>(450,450)</u>	<u>(404,168)</u>	<u>(681,071)</u>	<u>(663,515)</u>
NET REVENUE	<u>4,790,562</u>	<u>3,961,554</u>	<u>21,930,994</u>	<u>18,468,291</u>

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24 Financial income (expense), net

	Company		Consolidated	
	For the six months period ended on		For the six months period ended on	
	June 30,		June 30,	
	2013	2012	2013	2012
Exchange rate variation	(795,199)	(455,061)	(609,404)	(459,214)
Results on derivatives	489,314	217,830	523,374	505,374
Interest expense	(471,237)	(531,434)	(853,510)	(861,634)
Interest income	178,925	221,538	241,840	349,344
Taxes, contribution, tariff and others	(17,638)	(37,956)	(40,092)	(79,057)
	(615,835)	(585,083)	(737,792)	(545,187)

	Company		Consolidated	
	For the three months period ended on		For the three months period ended on	
	June 30,		June 30,	
	2013	2012	2013	2012
Exchange rate variation	(825,518)	(674,177)	(679,880)	(689,218)
Results on derivatives	421,693	337,152	408,596	615,285
Interest - Loss	(235,771)	(275,447)	(441,413)	(428,754)
Interest - Gain	87,537	96,792	76,591	175,941
Taxes, contribution, tariff and others	(12,525)	(30,628)	(23,471)	(62,620)
	(564,584)	(546,308)	(659,577)	(389,366)

Results from daily settlements of future contracts used to protect assets and liabilities, as well as the marked to market value of instruments traded over the counter with the same purpose of protection are recognized under Results on Derivatives. For the three months period ended on June 30, 2013 the net effect in the results amounted to R\$ (403,825) in the Company level and R\$ (271,284) in the Consolidated level.

25 Other income

Other income for the six months period ended on June 30, 2013, in the consolidated, in the amount of R\$ 76,707 relates mainly to:

- i) Other expenses in JBS Argentina in the amount of R\$ 554, related to the labor indemnity and other pulverized;
- ii) Other income JBS USA in the amount of R\$ 80,245, basically due to rental income, income from sale of scrap and gain on bargain on the purchase of the assets of XL Foods, as described in note 4; and
- iii) Other expenses in the amount of R\$ 2,984 referring basically to the result of the sale of fixed assets.

26 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	
	Six months period ended on	
	June 30,	
	2013	2012
Net income attributable to shareholders - R\$	566,360	285,563
Average of the shares in the period - thousands	2,943,644	2,881,469
Average of the shares in the Treasury - thousands	(78,323)	(35,345)
Average of shares circulating - thousands	2,865,321	2,846,124
Net income per thousand shares - Basic - R\$	197.66	100.33

	Consolidated	
	Three months period ended on	
	June 30,	
	2013	2012
Net income attributable to shareholders - R\$	338,467	169,484
Average of the shares in the period - thousands	2,943,644	2,881,469
Average of the shares in the Treasury - thousands	(78,323)	(35,345)
Average of shares circulating - thousands	2,865,321	2,846,124
Net income per thousand shares - Basic - R\$	118.13	59.55

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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.

27 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 million and US\$ 200 million 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\$ 10,524 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 successor 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 June 30, 2013, because of accumulated amortization based on the recorded payments term period reduction, the Company has a residual amount of R\$ 10,079 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\$ 27,649 related to the transaction costs of the process of raising funds through issues of Senior Notes Offering (Bonds) in the amount of US\$ 500 million, which accounting is kept prominently in a reduction account of liability. On June 30, 2013 due to accumulated amortization of the amount based on the payments term period, the Company has a residual amount of R\$ 27,649 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\$ 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 June 30, 2013, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R\$ 4,721 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 June 30, 2013, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R\$ 175 of transaction cost related to debt that will continue to be amortized according to the period of the contract.

28 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\$1.5million (R\$ 3,049) and US\$3.1million (R\$ 5,783) for the six months period ended on June 30, 2013 and 2012, respectively. JBS USA's expenses, excluding Bertin USA, related to the matching provisions of the plan were US\$1.5 million (R\$ 3,049) and US\$3.0 million (5,597) for the six months period ended on June 30, 2013 and 2012, respectively. Bertin USA's expenses related to the matching provisions of the Bertin 401(k) Plan totaled approximately US\$31 thousand (R\$ 63) and US\$ 59 thousand (R\$ 110) thousand for the six months period ended on June 30, 2013 and 2012, respectively.

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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\$114 thousand (R\$ 232) and US\$223 thousand (R\$ 416) for the six months period ended on June 30, 2013 and 2012, respectively, and US\$102 thousand (R\$ 207) and US\$207 thousand (R\$ 386) for the six months period ended on June 30, 2013 and 2012, respectively. JBS USA also made contributions totaling US\$18 thousand (R\$ 37) and US\$36 thousand (R\$ 67) for the six months period ended on June 30, 2013 and 2012, respectively, and US\$17 thousand (R\$ 35) and US\$34 thousand (R\$ 63) for the six months period ended on June 30, 2013 and 2012, respectively, to a multi-employer pension plan related to former employees at the idled 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 six months period ended on June 30, 2013 and 2012 or June 30, 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. The JBS Austrália's expenses related to contributions to this fund totaled US\$7.7 million (R\$ 15,653) and US\$ 15.9 million (R\$ 29,663) for the six months period ended on June 30, 2013 and 2012, respectively. The JBS Austrália's expenses related to contributions to this fund totaled US\$8.2 million (R\$ 16,669) and US\$16.1 million (R\$ 30,036) for the six months period ended on June 30, 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\$ 3,862) and US\$3.8 million (R\$ 7,089) for the six months period ended on June 30, 2013 and 2012, respectively, and US\$2.1 million (R\$ 4,269) and US\$4.0 million (R\$ 7,462) for the six months period ended on June 30, 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:

Change in projected benefit obligation	For the six months period ended on June 30, 2013		For the six months period ended on June 30, 2012	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Projected benefit obligation, beginning of period	430,788	4,283	339,439	3,964
Service cost	44	-	51	-
Interest cost	8,811	86	8,360	97
Actuarial losses	(66,605)	(239)	24,146	283
Benefits paid	(6,997)	(175)	(6,274)	(168)
Projected benefit obligation, end of period	366,041	3,955	365,722	4,176

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	For the six months period ended on June 30, 2013		For the six months period ended on June 30, 2012	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Change in projected benefit assets				
Fair value of plan assets, beginning of the period	204,462	-	164,115	-
Actual return on plan assets	17,348	-	5,609	-
Contributions by employer	6,605	175	8,734	168
Benefits paid	(6,997)	(175)	(6,274)	(168)
Fair value of plan assets, end of period	221,418	-	172,184	-
	June 30, 2013		December 31, 2012	
Funded status	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
	(366,041)	(3,955)	(208,746)	(3,950)
	June 30, 2013		December 31, 2012	
Amounts recognized in the Consolidated Balance Sheets	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Accrued benefit cost, current	(16,799)	(352)	(13,602)	(323)
Accrued benefit cost, long-term	(127,825)	(3,603)	(195,144)	(3,627)
Net amount recognized	(144,624)	(3,955)	(208,746)	(3,950)

The accumulated benefit obligation for all defined benefit plans was US\$165.2 million (R\$ 336,000) and US\$194.4 million (R\$ 397,000) at June 30, 2013 and December 30, 2012, respectively. Each of PPC's defined benefit plans had accumulated benefit obligations in excess of plan assets at June 30, 2013 and December 30, 2012.

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

	For the six months period ended on June 30, 2013		For the six months period ended on June 30, 2012	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Net Periodic Benefit Cost				
Service cost	41	-	47	-
Interest cost	8,085	79	7,569	88
Estimated return on plan assets	(5,487)	-	(5,356)	-
Amortization of net loss	960	-	1,295	(2)
Net periodic benefit cost	3,599	79	3,555	86

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

	June 30, 2013		December 31, 2012	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Benefit obligation				
Discount rate	5.00%	5.00%	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:

	June 30, 2013	2012
Equity securities	67%	71%
Fixed income securities	33%	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.

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The fair value measurements of plan assets fell into the following levels of the fair value hierarchy as of June 30, 2013 and December 30, 2012:

	June 30, 2013			December 31, 2012		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and money market funds	151	-	151	147	-	147
Equity securities	-	148,687	148,687	-	132,977	132,977
Debt securities	-	72,581	72,581	-	55,457	55,457
Total assets	151	221,268	221,419	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 June 30, 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)	13,338	261
2014	26,086	354
2015	25,052	357
2016	25,194	359
2017	25,045	359
Thereafter	118,559	1,691
Total	233,274	3,381

During the six months period ended on June 30, 2013 and 2012, PPC contributed US\$ 2,8 million (R\$ 6,204) and US\$ 3,1 million (R\$ 6,868), respectively, to its defined benefit plans.

PPC anticipates contributing US\$ 6.7 million (R\$ 14,845) and US\$ 200 thousand (R\$ 443) to their pension and other postretirement plans, respectively, during 2013.

Unrecognized Benefit Amounts in Other Comprehensive Income

The amounts in accumulated other comprehensive income (loss) are as follows:

	For the six months period ended on June 30, 2013		For the six months period ended on June 30, 2012	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Net actuarial loss (gain), beginning of the period	(89,718)	(2)	43,660	(338)
Amortization	960	-	(1,403)	2
Actuarial loss (gain)	61,112	220	23,374	283
Asset loss (gain)	10,429	-	305	-
Net actuarial loss (gain), end of the period	(17,217)	218	65,936	(53)

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\$ 543). 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.

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PPC Incentive Compensation:

PPC also sponsors a performance-based, omnibus long-term incentive plan that provides for the grant of a broad range of long-term equity-based and cash-based awards to PPC's officers and other employees, members of the Board of Directors of PPC and any consultants (the "LTIP"). The equity-based awards that may be granted under the LTIP include "incentive stock options," within the meaning of the Internal Revenue Code, nonqualified stock options, stock appreciation rights, restricted stock awards ("RSAs") and restricted stock units ("RSUs"). At June 30, 2013, PPC has reserved approximately 6.6 million shares of common stock for future issuance under the LTIP.

The following awards existed during the twenty-six weeks ended June 30, 2013:

Award Type	Benefit Plan	Award Quantity	Grant Date	Vesting Condition	Vesting Date	Estimate Forfeiture Rate	Settlement Method
RSA	Employment	100,000	14/01/2011	Service	03/01/2013	-	Ações
RSA	Employment	100,000	14/01/2011	Service	03/01/2014	-	Ações
RSA	LTIP	72,675	27/08/2012	Service	27/04/2014	-	Ações
RSU	LTIP	608,561	04/02/2013	Service	31/12/2014	9.6559%	Ações
RSA	LTIP	15,000	25/02/2013	Service	24/02/2015	-	Ações
RSA	LTIP	15,000	25/02/2013	Service	24/02/2016	-	Ações
RSU	LTIP	206,933	26/02/2013	Service	31/12/2014	-	Ações

For the six months period ended on June 30, 2013 and 2012 and June 30, 2012, compensation costs charged as selling, general and administrative expense and the income tax benefit recognized for our share-based compensation arrangements were not material.

PPC's restricted share and restricted stock unit activity is included below:

	For the six months period ended on June 30, 2013		For the six months period ended on June 30, 2012	
	Number	Weighted Average	Number	Weighted Average
Outstanding at beginning of period	273	6.54	200	7.10
Granted	845	8.82	-	-
Vested	(100)	7.10	-	-
Outstanding at end of period	1,018	8.38	200	7.10

At June 30, 2013, the total unrecognized compensation cost related to all non-vested awards was US\$ 6,2 million (R\$ 13,737). That cost is expected to be recognized over a weighted average period of 1.48 years.

Historically, PPC has issued new shares to satisfy award conversions.

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. 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 six months period ended on June 30, 2013 and 2012 and June 30, 2012, service cost, interest cost, estimated return on plan assets and net periodic benefit cost were immaterial.

During the six months period ended on June 30, 2013 and 2012, Bertin USA funded US\$75 thousand (R\$ 152) and US\$150 thousand (R\$ 280) and US\$45 thousand (R\$ 91) and US\$119 thousand (R\$ 222), 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, who do not participate in the Quebec Pension Plan and whose earnings exceed the year's basic exemption of CADUS\$ 3,500 (R\$ 7,378). 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\$ 1,1 million (R\$ 2,236) and US\$ 2,2 million (R\$ 4,104) for the six months period ended on June 30, 2013 and 2012, respectively.

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 RRSP issued by Sun Life Assurance Company of Canada. JBS Canada's expenses related to the matching provisions of the plan were US\$ 200 thousand (R\$ 407) and US\$ 700 thousand (R\$ 1,036) for the six months period ended on June 30, 2013 and 2012, respectively.

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29 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 June 30, 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 June 30, 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 require the 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. The JBS USA was in compliance with all covenants as of June 30, 2013. During the second quarter of 2012, the customer ceased taking product from the JBS USA and, since the Supply Agreement makes no provision for an alternate form of calculating the repayment of the unamortized balance, the JBS USA continues to accrue interest on the unamortized balance. The JBS USA is in discussions with the customer; however, no agreement has been reached. The unamortized balance at both June 30, 2013 and December 30, 2012 was approximately US\$ 100,8 million (R\$ 223,332) and US\$ 100,8 million (R\$ 205,985). At June 30, 2013 and December 30, 2012, the JBS USA had accrued interest of US\$ 2,9 million (R\$ 6,425) and US\$ 1,7 million (R\$ 3,474), respectively. At June 30, 2013 and December 30, 2012, other deferred revenue was US\$ 3,5 million (R\$ 7,755) and US\$ 2,3 million (R\$ 4,700), respectively.

30 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 (Argentina, 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" meat 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 June 30, 2013 and 2012, are as following:

Net revenue by product line:

	For the six months period ended on June 30,		For the six months period ended on June 30,	
	2013	2012	2012	2011
Net revenue of the segment				
Beef	27,040,647	22,092,172	14,315,686	11,855,185
Chicken	9,409,166	7,212,629	4,997,138	3,887,327
Pork	3,484,759	3,170,433	1,804,381	1,658,222
Others	1,523,998	2,004,137	813,789	1,067,557
Total	41,458,570	34,479,371	21,930,994	18,468,291

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Depreciation by product line:

	For the six months period ended on June 30,		For the six months period ended on June 30,	
	2013	2012	2012	2011
Depreciation and amortization				
Beef	356,603	290,720	190,018	153,538
Chicken	419,976	199,371	214,698	106,707
Pork	36,066	30,791	18,827	16,435
Others	82,981	82,395	43,077	41,554
Total	895,626	603,277	466,620	318,234

Assets by segment:

	June 30, 2013	December 31, 2012
Assets		
Beef	39,349,889	34,547,272
Chicken	8,994,924	8,079,176
Pork	1,485,831	1,245,125
Others	7,691,534	5,884,620
Total	57,522,178	49,756,193

Revenues by geographic area:

	For the six months period ended on June 30,		For the six months period ended on June 30,	
	2013	2012	2012	2011
Net revenue				
United States of America	30,204,687	25,469,082	16,038,718	13,629,771
South America	10,402,405	8,145,131	5,432,847	4,317,731
Others	851,478	865,158	459,429	520,789
Total	41,458,570	34,479,371	21,930,994	18,468,291

Depreciation by geographic area:

	For the six months period ended on June 30,		For the six months period ended on June 30,	
	2013	2012	2012	2011
Depreciation and amortization				
United States of America	594,000	361,291	304,777	194,423
South America	287,821	238,505	149,960	121,951
Others	13,805	3,481	11,883	1,860
Total	895,626	603,277	466,620	318,234

Assets by geographic area:

	June 30, 2013	December 31,
Assets		
United States of America	18,502,566	16,195,669
South America	35,980,836	31,733,779
Others	3,038,776	1,826,745
Total	57,522,178	49,756,193

31 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	For the six months period ended on June 30,		For the six months period ended on June 30,	
	2013	2012	2012	2011
Depreciation and amortization	(895,626)	(603,277)	(466,620)	(318,234)
Personnel expense	(4,210,414)	(3,677,727)	(2,162,164)	(1,939,769)
Raw material use and consumption materials	(34,560,271)	(29,081,990)	(18,013,851)	(15,537,667)
Taxes, fees and contributions	(1,572,678)	(1,479,311)	(831,597)	(740,931)
Third party capital remuneration	(2,724,166)	(1,870,717)	(1,917,688)	(1,084,824)
Other income, net	3,480,525	2,774,260	2,067,456	1,452,139
	(40,482,630)	(33,938,762)	(21,324,464)	(18,169,286)

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Classification by function	For the six months period ended on June 30,		For the six months period ended on June 30,	
	2013	2012	2012	2011
Cost of goods sold	(36,472,153)	(30,708,013)	(18,981,123)	(16,350,838)
Selling expenses	(2,213,251)	(1,748,778)	(1,163,197)	(932,374)
General and administrative Expenses	(1,136,141)	(946,647)	(592,075)	(518,756)
Financial expense, net	(737,792)	(545,187)	(659,577)	(389,366)
Other expense, net	76,707	9,863	71,508	22,048
	(40,482,630)	(33,938,762)	(21,324,464)	(18,169,286)

32 Insurance coverage

As of June 30, 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 June 30, 2013 was of US\$ 32 million (equivalent to R\$ 70,899).

Regarding the subsidiary JBS USA, located in the USA, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for June 30, 2013 was of US\$ 200 million (equivalent to R\$ 443,120).

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

33 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 and 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 June 30, 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 R1.

Net liabilities and assets exposure to CDI rate:	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
NCE / Compror / Others	4,584,616	4,272,358	4,584,616	4,272,358
CDB-DI	(2,120,089)	(2,295,275)	(2,245,963)	(2,429,706)
Investment funds, LCA-DI and national treasury bill	(448,452)	(255,549)	(448,452)	(1,004,151)
Total	2,016,075	1,721,534	1,890,201	838,501

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Liabilities exposure to LIBOR/EURIBOR rate:

Working Capital - Euro	-	-	46,308	43,248
Working Capital - USD	-	-	252,658	120,260
Pre-payment	1,439,597	1,345,644	1,507,532	1,407,150
Others	-	-	1,020,223	295,167
Total	1,439,597	1,345,644	2,826,721	1,865,825

Liabilities exposure to TJLP rate:

FINAME / FINEM	236,100	235,436	239,315	239,082
BNDES Automatic	9,858	38,532	9,858	38,532
EXIM - export credit facility	50,930	87,012	50,930	87,012
CDC	10,021	13,750	10,021	13,750
Total	306,909	374,730	310,124	378,376

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 June 30, 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 99% and a horizon of one day. The results of this analysis are shown below:

			Effect on income - Company		
Exposure	Risk		Scenario (I) VaR	Scenario (II)	Scenario (III)
			99% I.C. 1 day	Variation - 25%	Variation - 50%
Contracts indexed to CDI	Increase on interest rate CDI		(8,064)	(504,019)	(1,008,038)
Contracts indexed to Libor / Euribor	Increase on interest rate Libor / Euribor		(144)	(359,899)	(719,799)
Contracts indexed to TJLP	Increase on interest rate TJLP		(61)	(76,727)	(153,455)
			<u>(8,269)</u>	<u>(940,645)</u>	<u>(1,881,292)</u>
			Effect on income - Consolidated		
Exposure	Risk		Scenario (I) VaR	Scenario (II)	Scenario (III)
			99% I.C. 1 day	Variation - 25%	Variation - 50%
Contracts indexed to CDI	Increase on interest rate CDI		(7,561)	(472,550)	(945,101)
Contracts indexed to Libor / Euribor	Increase on interest rate Libor / Euribor		(283)	(706,680)	(1,413,361)
Contracts indexed to TJLP	Increase on interest rate TJLP		(62)	(77,531)	(155,062)
			<u>(7,906)</u>	<u>(1,256,761)</u>	<u>(2,513,524)</u>
Premises	Risk	Current Scenario	Scenario (I) VaR	Scenario (II)	Scenario (III)
			99% I.C. 1 day	Variation - 25%	Variation - 50%
Interest rate CDI	Increase on interest rate	7.72000%	7.75088%	9.65000%	11.58000%
Interest Libor / Euribor	Increase on interest rate	0.69070%	0.69077%	0.86338%	1.03605%
Interest TJLP	Increase on interest rate	5.00000%	5.00100%	6.25000%	7.50000%

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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 73% 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 2% 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 June 30, 2013 and December 31, 2012 are presented below in accordance with the Risk Management Policy. However, in view of paragraph 35 of CPC 40 R1, 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.

On June 10, 2013 the Company announced a material fact related to the acquisition of Seara Brazil and Zenda, which payment will be through debt assumption. Part of this debt is denominated in US dollars, and once the acquisition is approved by the competent authorities and finalized, the Company will assume such debts by its value converted to Brazilian Reais by the exchange rate defined in the agreement. The Company is confident on the approval of such acquisition and believes that the exposure to be assumed is relevant and hedging is required. This understanding is reflected on the statements below:

EXPOSURE in US\$ - expressed in thousands of reais	Company	
	June 30, 2013	December 31, 2012
OPERATING		
Cash and cash equivalents	2,417,498	1,264,644
Trade accounts receivable	1,758,667	1,607,515
Inventories	56,968	56,763
Sales Orders	737,527	681,245
Suppliers	(26,380)	(85,906)
Subtotal	4,944,280	3,524,261
FINANCIAL		
Loans and financings	(10,087,193)	(7,482,846)
Subtotal	(10,087,193)	(7,482,846)
DERIVATIVES		
Future contracts	4,426,104	(16,348)
Non Deliverable Fowards (NDF's)	4,985,100	-
Swap (Assets)	78,250	97,872
Subtotal	9,489,454	81,524
TOTAL EXPOSURE	4,346,541	(3,877,061)

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EXPOSURE in €(EURO) - expressed in thousands of reais	Company	
	June 30, 2013	December 31, 2012
OPERATING		
Trade accounts receivable	114,686	97,233
Sales Orders	84,325	99,454
Liabilities	(14,755)	-
Subtotal	184,256	196,687
DERIVATIVES		
Future contracts	(45,258)	(144,894)
Non Deliverable Fowards (NDF's)	(144,135)	-
Subtotal	(189,393)	(144,894)
TOTAL EXPOSURE	(5,137)	51,793

EXPOSURE in £ (British Pound) - expressed in thousands of reais	Company	
	June 30, 2013	December 31, 2012
OPERATING		
Trade accounts receivable	39,120	30,157
Sales Orders	43,959	28,732
Subtotal	83,079	58,889
DERIVATIVES		
Future contracts	(81,496)	(65,897)
Subtotal	(81,496)	(65,897)
TOTAL EXPOSURE	1,583	(7,008)

a.2.1) Position balance in foreign exchange futures (Company)**US\$****June 30, 2013****Future Contracts - BM&F**

Risk factor	Instrument	Nature	Quantity	Notional	Market value
US\$	Future	Long	37,000	4,098,860	85,885
US\$	Term	Long	2,954	327,244	26,289
				4,426,104	112,174

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)**June 30, 2013****Future Contracts - BM&F**

Risk factor	Instrument	Nature	Quantity	Notional	Market value
Euro	Future	Short	(314)	(45,258)	(1,091)
				(45,258)	(1,091)

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December 31, 2012Future Contracts - Chicago stock market

Risk factor	Instrument	Nature	Quantity	Notional	Market value
Euro	Future	Short	(1,065)	(144,894)	402
				(144,894)	402

£ (British Pound)**June 30, 2013**Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
British Pound	Future	Short	(691)	(81,496)	(1,320)
				(81,496)	(1,320)

December 31, 2012Future 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\$	Notional R\$	Expiry date	Fair value (receivable) - R\$	Fair value (payable) - R\$	Open balance June 30, 2013
Feb 4, 2011	35,318	78,250	Feb 4, 2015	77,325	79,399	(2,074)
	35,318	78,250			Total	(2,074)
Initial date Swap	Notional US\$	Notional R\$	Expiry date	Fair value (receivable) - R\$	Fair value (payable) - R\$	Open balance June 30, 2013
Feb 4, 2011	47,850	97,782	Feb 4, 2015	89,353	92,083	(2,730)
	47,850	97,782			Total	(2,730)

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

Risk factor	Instrument	Nature	Notional - USD	Notional - R\$	Balance in 30.06.13	Balance in 31.12.12
Dolar	NDF	Long	2,250,000	4,985,100	3,475	-
			2,250,000	4,985,100	3,475	-

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

Risk factor	Instrument	Nature	Notional - €	Notional - R\$	Balance in 30.06.13	Balance in 31.12.12
Euro	NDF	Short	(50,000)	(144,135)	3,475	-
			(50,000)	(144,135)	3,475	-

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Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on June 30, 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 99% and a horizon of one day. The results of this analysis are shown below:

Exchange rate risk (US\$)

Exposure	Risk	Effect on income - Company		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) R\$ Depreciation - 25%	Scenario (III) R\$ Depreciation - 50%
Financial	R\$ Depreciation	(124,072)	(2,521,798)	(5,043,597)
Operation	R\$ Appreciation	60,815	1,236,070	2,472,140
Hedge derivatives	R\$ Appreciation	116,720	2,372,364	4,744,727
		53,463	1,086,636	2,173,270

Premises	Risk	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Dollar rate	R\$ depreciation	2.2156	2.2429	2.7695	3.3234

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)

Exposure	Risk	Effect on income - Company		
		Scenario (I) VaR 99% I.C. 1 day	Appreciation - 25%	Appreciation - 50%
Operation	R\$ Appreciation	2,948	46,064	92,128
Hedge derivatives	R\$ Depreciation	(3,030)	(47,348)	(94,697)
		(82)	(1,284)	(2,569)

Premises	Risk	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Euro rate	R\$ appreciation	2.8827	2.9288	3.6034	4.3241

Exchange rate risk (£ - British Pound)

Exposure	Risk	Effect on income - Company		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) R\$ Appreciation -	Scenario (III) R\$ Appreciation -
Operation	R\$ Appreciation	1,254	20,770	41,540
Hedge derivatives	R\$ Depreciation	(1,231)	(20,374)	(40,748)
		23	396	792

Premises	Risk	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
British Pound rate	R\$ appreciation	3.3697	3.4206	4.2121	5.0546

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.

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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 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 99%.

The Company understands that quantitative figures regarding the exposure risk on the cattle's arroba (15kg) price changes of the Company on June 30, 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 R1.

EXPOSURE	June 30, 2013	December 31, 2012
Firm Contracts of cattle purchase	206,454	4,255
TOTAL	206,454	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)	July to November, 2013	R\$	Cattle @ (15 kg)	BM&F	(186,205)	(872)

Price risk of cattle purchase

		Effect on income - Company		
Exposure	Risk	Scenario (I) VaR 99% I.C. 1 day	Appreciation - 25%	Appreciation - 50%
Operational	@ (15kg) appreciation	(2,108)	(51,614)	(103,227)
Hedging derivatives of cattle @ (15kg) price	@ (15kg) appreciation	1,901	46,551	93,103
		(207)	(5,063)	(10,124)

Premises	Risk	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Price quote of @ (15kg)	@ (15kg) appreciation	102.8500	103.9001	128.5625	154.2750

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.

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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 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 99%.

The Company understands that quantitative figures regarding the exposure risk on the corn's sacks price changes of the Company on June 30, 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 R1.

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)	November, 2013	Corn sacks	R\$	BM&F	(240)	(15)

Price risk of corn purchase

		Effect on income - Company		
Exposure	Risk	Scenario (I) VaR 99% I.C. 1 day	Appreciation - 25%	Appreciation - 50%
Hedging derivatives of corn sacks price	Corn sacks appreciation	7	60	120
		7	60	120

Premises	Risk	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Price quote of corn sacks	Corn sacks appreciation	26.1600	26.8705	32.7000	39.2400

a.3.3) Position balance in commodities derivatives financial instruments

The Company understands that quantitative figures regarding the exposure risk of the commodities' price changes of the subsidiary JBS USA on June 30, 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 R1.

EXPOSURE	JBS USA subsidiary	
	31.03.13	31.12.12
Operational	1,826,556	(2,043,500)
Firm contracts - R\$	(5,167,156)	31,186
TOTAL	(3,340,600)	(2,012,314)

Commodities risk

		Effect on income - JBS USA subsidiary		
Exposure	Risk	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Operational	Commodities price appreciation	(29,225)	(456,639)	(913,278)
Hedging derivatives	Commodities price depreciation	82,674	1,291,789	2,583,578
		53,449	835,150	1,670,300

Premises	Risk	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Commodities price	Price increase	-	1.600%	25.000%	50.000%

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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:

		Company		Consolidated	
	Note	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Assets					
Cash and cash equivalents	5	3,919,543	3,564,984	7,202,924	5,413,087
Trade accounts receivable	6	3,042,118	2,753,737	6,641,675	5,688,648
Credits with related parties	10	1,308,968	808,062	721,118	548,909
Derivatives		63,235	25,281	41,093	26,154
		<u>8,333,864</u>	<u>7,152,064</u>	<u>14,606,810</u>	<u>11,676,798</u>
Loss on reduction of accounts receivable recoverable value					
		Company		Consolidated	
		June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Current receivables		<u>2,901,907</u>	<u>2,529,365</u>	<u>6,022,640</u>	<u>4,970,194</u>
Overdue receivables:					
From 1 to 30 days		96,881	191,144	486,722	584,276
From 31 to 60 days		24,839	17,060	78,866	75,746
From 61 to 90 days		16,227	18,380	36,857	33,411
Above 90 days		90,849	94,721	147,028	156,709
Allowance for doubtful accounts		<u>(88,585)</u>	<u>(96,933)</u>	<u>(130,438)</u>	<u>(131,688)</u>
		<u>140,211</u>	<u>224,372</u>	<u>619,035</u>	<u>718,454</u>
		3,042,118	2,753,737	6,641,675	5,688,648

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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	
	June 30, 2013	December 31, 2012
Cash and cash equivalents	7,202,924	5,413,087
Loans and financings - Current	8,470,139	5,948,898
Modified liquidity indicator	0.85	0.91
Leverage indicator	3,3x	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

June 30, 2013	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Fair Value
Trade accounts payable	944,101	-	-	-	944,101
Loans and financings	6,167,339	3,956,664	3,152,411	1,721,374	14,997,788
Derivatives financing liabilities (assets)	(63,841)	606	-	-	(63,235)
TOTAL	7,047,599	3,957,270	3,152,411	1,721,374	15,878,654

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

June 30, 2013	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Fair Value
Trade accounts payable	4,002,441	-	-	-	4,002,441
Loans and financings	6,939,228	6,916,682	5,890,396	4,676,492	24,422,798
Derivatives financing liabilities (assets)	(41,699)	606	-	-	(41,093)
TOTAL	10,899,970	6,917,288	5,890,396	4,676,492	28,384,146

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	5,948,898	4,395,577	3,660,103	6,484,366	20,488,944
Derivatives financing liabilities (assets)	(27,293)	941	198	-	(26,154)
TOTAL	9,485,875	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.

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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 June 30, 2013 is R\$ 607,912 (R\$ 253,740 at December 30, 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 June 30, 2013 is R\$ 350,213 (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: 15 - Loans and financings, and 16 - 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	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Assets					
Fair value through profit or loss					
Cash and cash equivalents	5	3,919,543	3,564,984	7,202,924	5,413,087
Loans and receivables					
Trade accounts receivable	6	228,796	2,753,737	749,473	5,688,648
Credits with related parties	10	1,308,968	808,062	721,118	548,909
Fair value through profit or loss					
Receivables derivatives		63,235	25,281	41,093	26,154
Total		5,520,542	7,152,064	8,714,608	11,676,798
Liabilities					
Liabilities at amortized cost					
Loans and financings	15/16	14,997,788	12,151,659	24,422,798	20,488,944
Trade accounts payable	14	944,101	1,000,273	4,002,441	3,564,270
Total		15,941,889	13,151,932	28,425,239	24,053,214

During this period 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 R1/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:

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Fair value hierarchy

		June 30, 2013		
		Company		
		Level 1	Level 2	Level 3
Current assets				
Cash and banks		1,351,002	-	-
Financial investments		-	2,568,541	-
Derivatives		26,289	36,946	-
		Consolidated		
		Level 1	Level 2	Level 3
Current assets				
Cash and banks		2,584,921	-	-
Financial investments		-	4,618,003	-
Derivatives		-	41,093	-
		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		1,979,230	-	-
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:

		June 30, 2013		December 31, 2012	
Company	Note	Book value	Fair value	Book value	Fair value
Cash and banks	5	1,351,002	1,351,002	1,044,160	1,044,160
Financial investments	5	2,568,541	2,568,541	2,550,824	2,550,824
Trade accounts receivable	6	228,796	228,796	2,753,737	2,753,737
Related parties receivable	10	1,308,968	1,308,968	808,062	808,062
Derivatives		63,235	63,235	25,281	25,281
Total financial assets		5,520,542	5,520,542	7,182,064	7,182,064
Trade accounts payable	14	944,101	944,101	1,000,273	1,000,273
Loans and financings	15/16	14,997,788	14,997,788	12,151,659	12,151,659
Total financial liabilities		15,941,889	15,941,889	13,151,932	13,151,932
		(10,421,347)	(10,421,347)	(5,969,868)	(5,969,868)
		June 30, 2013		December 31, 2012	
Consolidated	Note	Book value	Fair value	Book value	Fair value
Cash and banks	5	2,584,921	2,584,921	1,979,230	1,979,230
Financial investments	5	4,618,003	4,618,003	3,433,857	3,433,857
Trade accounts receivable	6	749,473	749,473	5,688,648	5,688,648
Related parties receivable	10	721,118	721,118	548,909	548,909
Derivatives		41,093	41,093	26,154	26,154
Total financial assets		8,714,608	8,714,608	11,676,798	11,676,798
Trade accounts payable	14	4,002,441	4,002,441	3,564,270	3,564,270
Loans and financings	15/16	24,422,798	24,422,798	20,488,944	20,488,944
Total financial liabilities		28,425,239	28,425,239	24,053,214	24,053,214
		(19,710,631)	(19,710,631)	(12,376,416)	(12,376,416)

JBS S.A.

Notes to the quarterly interim financial statements for the six months period ended June 30, 2013 and 2012
(Expressed in thousands of reais)

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 notes 15 and 16. 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	
	Six months period ended on June 30,		Six months period ended on June 30,	
	2013	2012	2013	2012
Gains (losses) by category of financial instrument				
<i>Fair value through profit or loss</i>	599,625	320,139	678,725	767,335
<i>Loans and receivables</i>	127,852	135,957	301,125	111,630
<i>Liabilities at amortized cost</i>	(1,343,312)	(1,041,149)	(1,717,642)	(1,424,152)
Total	(615,835)	(585,053)	(737,792)	(545,187)

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

Humberto Junqueira de Farias

Marcus Vinicius Pratini de Moraes

João Carlos Ferraz

Carlos Alberto Caser

Peter Dvorsak

* * * * *



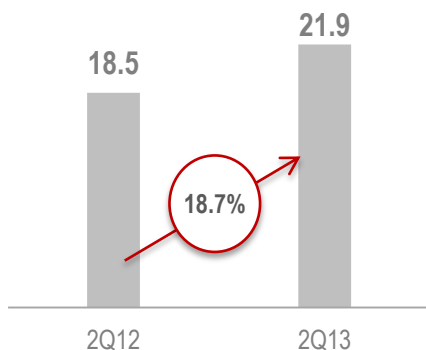
Results for 2Q13

JBS S.A. (Bovespa: JBSS3)

São Paulo, August 14th, 2013

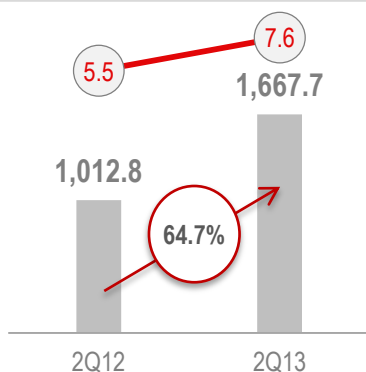
2Q13 Highlights

Net Revenue (R\$ Billion)



✓ Net revenue of R\$21.9 billion, an increase of R\$3.4 billion compared to 2Q12, or 18.7%, of which 70% came from organic growth.

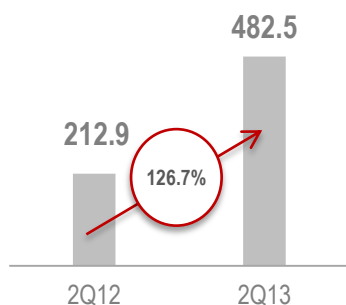
EBITDA (R\$ Million)



✓ Consolidated EBITDA was R\$1,667.7 million, an increase of 64.7% over 2Q12. EBITDA margin was 7.6%, compared with an EBITDA margin of 5.5% in 2Q12.

— EBITDA margin (%)

Adjusted Net Income (R\$ million)



✓ Adjusted net income of R\$482.5 million.

✓ Free cash flow of R\$563.0 million.

✓ Operating cash flow of R\$886.7 million.

✓ JBS ended the quarter with R\$7.2 billion in cash and cash equivalent, corresponding to 85% of short-term debt.

✓ Leverage ended the period in 3.28x, considering R\$324.7 million of debt assumed from Seara acquisition. Excluding this amount, the leverage was 3.21x.

✓ Leverage considering debt and results in dollar and excluding the debt assumed from Seara acquisition, ended the period in 3.03x.





Results for 2Q13

JBS S.A. (Bovespa: JBSS3)

São Paulo, August 14th, 2013

2Q13 Highlights

- ✓ JBS posted **consolidated net revenue of R\$21.9 billion**, an increase of R\$3.4 billion compared to 2Q12, or 18.7%, **of which 70% came from organic growth**.
- ✓ **Consolidated EBITDA was R\$1,667.7 million**, an increase of 64.7% over 2Q12. EBITDA margin was 7.6%, compared with an EBITDA margin of 5.5% in 2Q12.
 - **JBS USA Beef posted net revenue of US\$4.8 billion**, 12.6% above 2Q12. **EBITDA was US\$161.7 million**, reversing a net loss of US\$9.1 million same period last year. **EBITDA margin was 3.4%**.
 - **JBS USA Chicken (Pilgrim's Pride Corporation – "PPC") net revenue totaled US\$2.2 billion**, 10.6% ahead of 2Q12. **2Q13 EBITDA came in at US\$265.0 million**, with an EBITDA margin of 12.1%.
- ✓ JBS posted **adjusted net income** for the quarter of R\$482.5 million, excluding deferred income tax due to goodwill of R\$35.9 million at the Parent Company and NOLs (Net Operating Losses) at JBS USA in the amount of R\$108.1 million, both of which don't represent cash disbursement. The reported net income in 2Q13 was R\$338.5 million, R\$118.13 per thousand shares.
- ✓ JBS generated positive **free cash flow** of R\$563.0 million during 2Q13. The **net cash from operating activities** was R\$886.7 million.
- ✓ The Company ended the quarter with **R\$7.2 billion in cash or cash equivalent**, corresponding to 85% of short-term debt.
- ✓ **Leverage** (net debt / EBITDA) ended the period in 3.28x, including the anticipation of the assumption of R\$324.7 million in debt from Seara Brasil and Zenda acquisitions. **Excluding the debt from these acquisitions, JBS leverage was 3.21x.**
- ✓ **Leverage in dollar**: considering EBITDA converted to the dollar from the last day of each of the last four quarters and Net Debt converted to the dollar of the end of the period, including debt from Seara Brasil and Zenda acquisitions, **leverage was 3.09x. Excluding the debt from the transaction mentioned above, JBS' leverage reduced to 3.03x.**





Results for 2Q13

Analysis of Consolidated Results

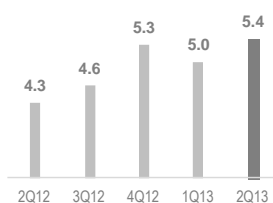
Analysis of the principal financial indicators of JBS by Business Unit (in local currency)

		2Q13	1Q13	Δ%	2Q12	Δ%
Net Revenue						
JBS USA Beef	US\$	4,806.2	4,315.2	11.4%	4,266.9	12.6%
JBS USA Pork	US\$	868.5	842.0	3.1%	844.0	2.9%
JBS USA Chicken	US\$	2,184.1	2,036.9	7.2%	1,974.5	10.6%
JBS Mercosul	R\$	5,432.8	4,969.6	9.3%	4,317.7	25.8%
EBITDA						
JBS USA Beef	US\$	161.7	-25.1	-	-9.1	-
JBS USA Pork	US\$	50.7	46.8	8.4%	49.2	3.2%
JBS USA Chicken	US\$	265.0	117.7	125.1%	125.7	110.8%
JBS Mercosul	R\$	543.5	561.7	-3.2%	630.3	-13.8%
EBITDA Margin						
JBS USA Beef	%	3.4%	-0.6%	-	-0.2%	-
JBS USA Pork	%	5.8%	5.6%	-	5.8%	-
JBS USA Chicken	%	12.1%	5.8%	-	6.4%	-
JBS Mercosul	%	10.0%	11.3%	-	14.6%	-

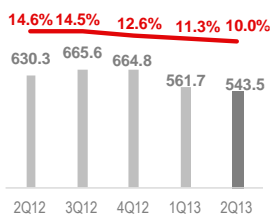
Performance by Business Unit

JBS Mercosul   

Net sales (R\$ billion)

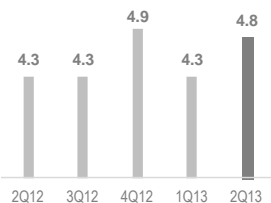


EBITDA (R\$ million)

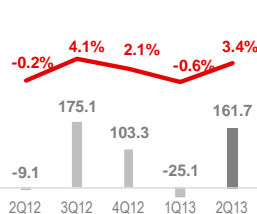


JBS USA  
(Including Australia and Canada)

Net sales (US\$ billion)

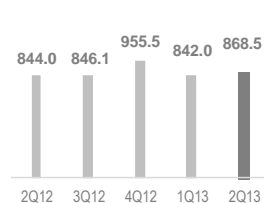


EBITDA (US\$ million)

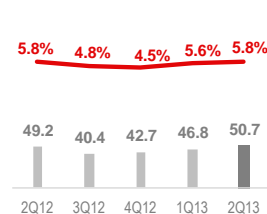


JBS USA 

Net sales (US\$ million)

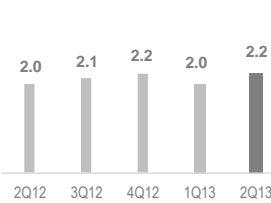


EBITDA (US\$ million)

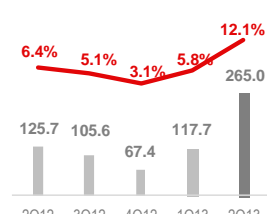


JBS USA (PPC) 

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 second quarter of 2013 (2Q13). For the purpose of analysis, this report considers the results for the quarter ended June 30, 2012 (2Q12) and March 31, 2013 (1Q13). 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 June 30, 2013 (2Q13). The quantitative data, such as volumes and heads slaughtered, are not audited.





Results for 2Q13

Consolidated analysis of the principal operational indicators of JBS

R\$ million	2Q13	1Q13	Δ%	2Q12	Δ%
Net Revenue	21,931.0	19,527.6	12.3%	18,468.3	18.7%
Cost of Goods Sold	(18,981.1)	(17,491.0)	8.5%	(16,350.8)	16.1%
Gross Income	2,949.9	2,036.5	44.8%	2,117.5	39.3%
Gross Margin	13.5%	10.4%	29.0%	11.5%	17.3%
Selling Expenses	(1,163.2)	(1,050.1)	10.8%	(932.4)	24.8%
General and Adm. Expenses	(592.1)	(544.1)	8.8%	(518.8)	14.1%
Net Financial Income (expense)	(659.6)	(78.2)	743.3%	(389.4)	69.4%
Other Income (expense)	95.9	6.9	1297.5%	22.0	335.0%
Operating Income	630.9	371.1	70.0%	299.0	111.0%
Income and social contribution taxes	(222.9)	(128.8)	73.0%	(114.4)	94.7%
Participation of non-controlling shareholders	(69.6)	(14.3)	385.4%	(15.1)	361.6%
Net Income (Loss)⁽¹⁾	338.5	227.9	48.5%	169.5	99.7%
Adjusted Net Income (Loss)⁽²⁾	482.5	374.5	28.8%	212.9	126.6%
EBITDA	1,667.7	879.4	89.6%	1,012.8	64.7%
EBITDA Margin	7.6%	4.5%	-	5.5%	-
Net Income (Loss) per 1.000 shares (Reais)	118.13	79.64	48.3%	59.55	98.4%

(1) Participation of Controlling Shareholders.

(2) Excluding deferred income tax liabilities due to goodwill at the parent Company and NOLs at JBS USA, both of which don't represent cash disbursement.

Number of Heads Slaughtered and Sales Volume

	2Q13	1Q13	Δ%	2Q12	Δ%
Heads processed (thousand)					
Cattle	4,794.7	4,374.3	9.6%	4,083.8	17.4%
Hogs	3,184.3	3,519.4	-9.5%	3,147.5	1.2%
Smalls*	1,223.7	1,200.2	2.0%	1,000.9	22.3%
Volume Sold (thousand tons)**					
Domestic Market	1,761.1	1,747.7	0.8%	1,723.7	2.2%
Fresh and Chilled Products	1,524.2	1,521.0	0.2%	1,447.5	5.3%
Processed Products	57.9	62.6	-7.5%	35.8	62.0%
Others	179.0	164.1	9.1%	240.4	-25.6%
Exports	615.3	563.8	9.1%	516.7	19.1%
Fresh and Chilled Products	574.4	525.8	9.2%	479.9	19.7%
Processed Products	18.9	20.2	-6.3%	15.8	19.8%
Others	22.0	17.8	23.0%	21.0	4.5%
TOTAL	2,376.4	2,311.5	2.8%	2,240.5	6.1%

*Not including poultry.

**Not including PPC.



Results for 2Q13

Consolidated Results

Net Revenue

JBS posted consolidated net revenue of R\$21,931.0 million in 2Q13, an increase of R\$3,462.7 million compared to 2Q12, or 18.7%, of which 70% came from organic growth. This expansion was primarily due to price increases in North America operations, especially in the Poultry Business, as well as the increase in volume sold in both domestic and export markets of Mercosul, in addition to a higher capacity utilization of JBS' beef processing facilities in Canada.

In 2Q13, approximately 73% of global sales were generated domestically in the markets that the Company is present and 27% came from exports.

EBITDA

2Q13 EBITDA was R\$1,667.7 million, 64.7% above the previous year. This performance was due to improved results at Pilgrim's Pride (JBS USA Chicken) and JBS USA Beef. 2Q13 EBITDA margin was 7.6%, compared with an EBITDA Margin of 5.5% in 2Q12.

R\$ million	2Q13	2Q12	Var. %
Net income before taxes	630.9	299.0	111.0%
Financial income (expense), net	659.6	389.4	69.4%
Depreciation and amortization	466.6	318.2	46.6%
Equity in subsidiaries	-24.4	0.0	-
Restructuring, reorganization and purchase bargaining gain	-65.4	4.8	-
Indemnity	0.3	1.4	-76.4%
EBITDA	1,667.7	1,012.8	64.7%

Net Income

JBS posted adjusted net income of R\$482.5 million for 2Q13, excluding deferred income tax due to goodwill at the parent Company and NOLs at JBS USA, both of which don't represent cash disbursement. Reported net income for the period was R\$338.5 million, R\$118.13 per thousand shares.

Cash Generation

The Company generated R\$563.0 million of free cash flow during the quarter, and net cash from operating activities of R\$886.7 million.

Capital Expenditure

In 2Q13, total capital expenditure (CAPEX) of JBS in property, plant, and equipment was R\$369.7 million. The main focus of investments were improvements in productivity, expansion of activities in Mercosul and in Canada and an increase in storage capacity and distribution over all regions.





Results for 2Q13

Consolidated Results

Indebtedness

JBS' leverage (net debt / EBITDA), including the anticipation of the assumption of R\$324.7 million in debt from Seara Brasil and Zenda acquisitions, reduced from 3.40x in 1Q13 to 3.28x at the end of 2Q13. The reduction in leverage is a result of the increase in LTM EBITDA as well as the free cash flow of R\$563.0 million in the quarter.

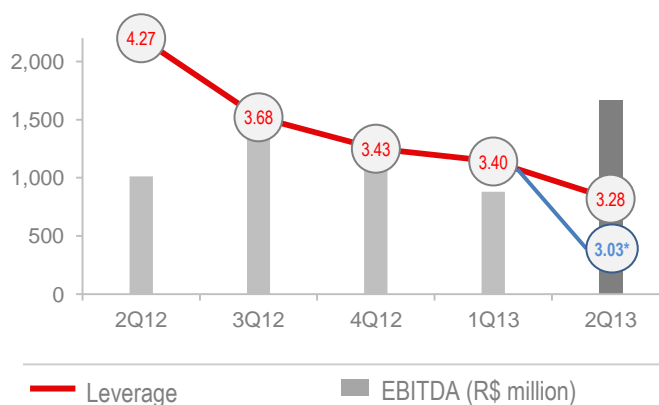
R\$ million	6/30/13	3/31/13	Var.%
Gross debt	24,422.8	21,195.8	15.2%
(+) Short Term Debt	8,470.1	5,901.4	43.5%
(+) Long Term Debt	15,952.7	15,294.4	4.3%
(-) Cash and Equivalents	7,202.9	5,516.9	30.6%
Net debt	17,219.9	15,678.9	9.8%
Net debt/EBITDA	3.28x	3.40x	

Excluding debt from Seara Brasil and Zenda acquisitions, JBS' leverage reduced to 3.21x. Due to the high exchange rate variation, the Company presents scenarios for analysis. Taking into consideration the results converted to USD, the leverage was 3.09x and, excluding the debt from Seara Brasil and Zenda acquisition, the leverage reduced to 3.03x.

Leverage Scenarios	6/30/13
In Reais (R\$)	
With Seara and Zenda	3.28x
Ex - Seara and Zenda ¹	3.21x
In USD²	
With Seara and Zenda	3.09x
Ex - Seara and Zenda ^{1&2}	3.03x

- (1) Excludes R\$324.7 million referent to debt from Seara Brasil and Zenda acquisitions
 (2) Considers EBITDA and the Net Debt converted to the dollar of the end of the period.

Leverage



* Excludes R\$324.7 million which refers to the debt from Seara Brasil and Zenda acquisitions and considers EBITDA converted to the dollar from the last day of each of the last four quarters and Net Debt converted to the dollar of the end of the period.



Results for 2Q13

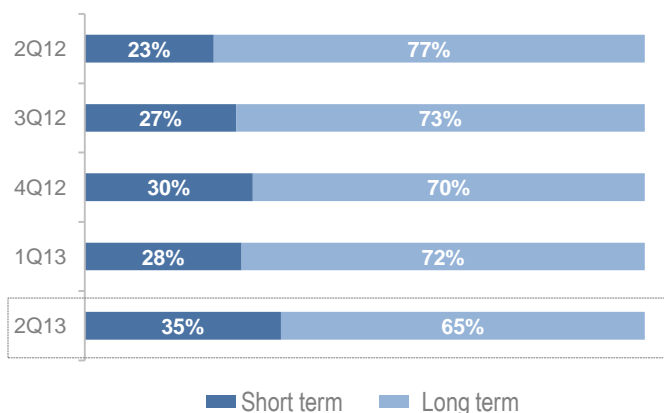
Consolidated Results

Indebtedness

The Company ended the quarter with R\$7,202.9 million in cash or cash equivalent, corresponding to 85% of short-term debt.

The percentage of short-term (ST) debt relative to total debt increased from 28% in 1Q13 to 35% in 2Q13. The increase in ST debt is primarily due to the Bond issued at JBS USA, maturing in May 2014, in the amount of US\$700 million. Nevertheless, JBS has available committed lines of US\$1.2 billion, all of which demonstrates comfortable liquidity.

Debt profile ST / LT

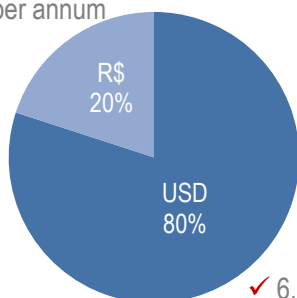


At the end of the period, 80% of JBS' consolidated debt was denominated in U.S. dollars, with an average cost of 6.95% per annum. The proportion of debt denominated in reais, 20% of consolidated debt, has an average cost of 8.00% per annum.

After the end of this quarter, Pilgrim's Pride Corporation ("PPC") completed an amendment and restatement to its existing U.S. Credit Facility. This amendment replaced its existing U.S. Credit Agreement and will provide a US\$700.0 million revolving credit facility and Term B loan with terms more advantageous to PPC, including an extension through 2018, reduced interest costs and less restrictive covenants.

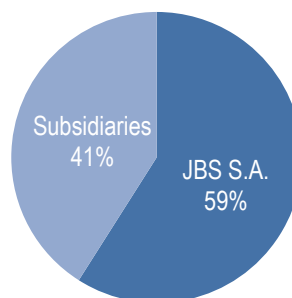
Breakdown by Currency & Average Cost

✓ 8.00% per annum



✓ 6.95% per annum

Breakdown by Company





Results for 2Q13

Analysis of Results by Business Unit

JBS USA Beef (including Australia and Canada)

Net revenue for this business unit in the quarter was US\$4,806.2 million, outperforming 2Q12 by 12.6%, due to a higher capacity utilization in JBS' operations in Canada, coupled with an increase in sales prices in both domestic and export markets. Compared to 1Q13, net revenue was 11.4% higher, due to significant growth in both volumes and prices of exports.

EBITDA was US\$161.7 million, reversing a net loss of US\$9.1 million presented in 2Q12, as a result of the increase in prices of beef cuts in the U.S. and of a better balance between supply and demand, which could be observed by the stability of cattle prices. The EBITDA margin for the quarter was 3.4%.

The results of this quarter reflect a greater demand for beef combined with an increase in export volumes, especially to the Japanese market, which grew 40% compared to 1Q13. In addition, the management of JBS highlights the performance of Australian exports, with emphasis on an increase of 22% in exports to the Chinese market compared with the previous quarter.

Highlights (US GAAP)

US\$ million	2Q13	1Q13	Δ%	2Q12	Δ%
Animals processed (thousand)	2,443.1	2,164.1	12.9%	2,027.3	20.5%
Net Revenue	4,806.2	4,315.2	11.4%	4,266.9	12.6%
EBITDA	161.7	-25.1	-	-9.1	-
EBITDA margin %	3.4%	-0.6%	-	-0.2%	-

Breakdown of Net Revenues

Domestic Market	2Q13	1Q13	Δ%	2Q12	Δ%
Net Revenue (US\$ million)	3,491.7	3,225.3	8.3%	3,138.8	11.2%
Volume (tons)	861.5	883.7	-2.5%	833.7	3.3%
Average Price (US\$/Kg)	4.05	3.65	11.0%	3.76	7.7%

Exports	2Q13	1Q13	Δ%	2Q12	Δ%
Net Revenue (US\$ million)	1,314.5	1,089.9	20.6%	1,128.1	16.5%
Volume (tons)	284.6	256.9	10.8%	286.7	-0.7%
Average Price (US\$/Kg)	4.62	4.24	8.9%	3.93	17.4%



Results for 2Q13

Analysis of Results by Business Unit

JBS USA Pork

Net revenue in the pork business for the quarter totaled US\$868,5 million, an increase of 2.9% year on year. This result reflects an increase in prices in both domestic and export markets, partially offset by a decrease in export volume. Compared to 1Q13, net revenue recorded an increase of 3.1%, primarily due to a 12.0% increase in domestic prices.

EBITDA was US\$50.7 million in 2Q13, an increase of 3.2% compared to 2Q12, with EBITDA margin of 5.8%. The increase in EBITDA was primarily due to higher prices in the domestic market and in exports. Compared to 1Q13, EBITDA increased by 8.4%.

The results of this quarter reflect an increase in demand for the period, which caused a gradual increase in sales prices and consequent increase in hogs in a period of seasonally reduced availability.

Highlights (US GAAP)

US\$ million	2Q13	1Q13	Δ%	2Q12	Δ%
Animals processed (thousand)	3,184.3	3,519.4	-9.5%	3,147.5	1.2%
Net Revenue	868.5	842.0	3.1%	844.0	2.9%
EBITDA	50.7	46.8	8.4%	49.2	3.2%
EBITDA margin %	5.8%	5.6%	-	5.8%	-

Breakdown of Net Revenues

Domestic Market	2Q13	1Q13	Δ%	2Q12	Δ%
Net Revenue (US\$ million)	738.3	698.9	5.6%	687.7	7.4%
Volume (thousand tons)	288.9	306.3	-5.7%	287.6	0.4%
Average Price (US\$/Kg)	2.56	2.28	12.0%	2.39	6.9%

Exports	2Q13	1Q13	Δ%	2Q12	Δ%
Net Revenue (US\$ million)	130.1	143.0	-9.0%	156.3	-16.7%
Volume (thousand tons)	52.6	58.5	-10.0%	67.6	-22.2%
Average Price (US\$/Kg)	2.47	2.45	1.1%	2.31	7.0%



Results for 2Q13

Analysis of Results by Business Unit

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

Net revenue for the quarter was US\$2,184.3 million, 10.6% higher compared to the same period last year. This increase is primarily due to the incremental of 8.2% in revenues from the U.S. domestic market, coupled with an increase of 32.6% in revenues from the PPC operation in Mexico, thanks to the improvement in revenue per pound sold in both countries. The increase in chicken prices is primarily due to the growth in demand, boosted by promotional activities at retail and foodservice in the U.S.

EBITDA in 2Q13 was US\$265.0 million, 110.8% higher than 2Q12. This improvement was possible due to the favorable scenario for the industry, coupled with internal improvements at the Company, such as efficiency gains and operational improvements, in addition to a decrease of 3.5% in Sales, General and Administrative expenses (SG&A). EBITDA margin for the quarter was 12.1%. Net profit for the period was US\$190.7 million, an increase of 175.0% compared to 2Q12 with a free cash flow generation of US\$265.0 million, which resulted in the reduction of PPC's leverage to 1.5x net debt/EBITDA.

The focus on key customers and the ability to adapt to changing market conditions have helped PPC to gain a significant business in strategic channels to improve its sales mix. The management of the Company continues to reap the benefit of operational excellence through cost reduction and efficiency gains, which contributed to the good results presented in the period.

Highlights (US GAAP)

US\$ million	2Q13	1Q13	Δ%	2Q12	Δ%
Net Revenue	2,184.1	2,036.9	7.2%	1,974.5	10.6%
Adjusted EBITDA	265.0	117.7	125.1%	125.7	110.8%
EBITDA margin %	12.1%	5.8%	-	6.4%	-



Results for 2Q13

Analysis of Results by Business Unit

JBS Mercosul

Net revenue of JBS Mercosul was R\$5,432.8 million in the quarter, 25.8% superior to 2Q12, due to an increase of 14.3% in the volume of animals processed in the period and an increase in capacity utilization of facilities acquired or leased over the last year in Brazil. The highlight of the quarter was Fresh and Frozen Products exports, which increased 63.3% compared with the same period of 2012. Compared to 1Q13, net revenue increased by 9.3%.

EBITDA totaled R\$543.5 million in the quarter, a reduction of 13.8% over 2Q12. EBITDA margin was 10.0% in Mercosul and 11.2% in JBS Brasil. This reduction in EBITDA reflects a more challenging environment in Uruguay, combined with the ramp up process of new facilities in Brazil, which have not yet reached their optimum level of efficiency as well as an increase in raw material costs, which have come in advance of the benefits from the devaluation of the Real in the export market.

The current JBS production platform in Mercosul permits a significant reduction in fixed costs that combined with efficiency improvements and a focus on operational detail will permit the Company to have solid and sustainable results in the long term.

Highlights

R\$ million	2Q13	1Q13	Δ%	2Q12	Δ%
Animals processed* (thousand)	2,351.6	2,210.2	6.4%	2,056.6	14.3%
Net Revenue	5,432.8	4,969.6	9.3%	4,317.7	25.8%
EBITDA	543.5	561.7	-3.2%	630.3	-13.8%
EBITDA margin %	10.0%	11.3%	-	14.6%	-

*Cattle only

Breakdown of Net Revenues

Domestic Market	2Q13	1Q13	Δ%	2Q12	Δ%
Net Revenue (million R\$)					
Fresh and Frozen Products	2,399.3	2,173.8	10.4%	1,965.4	22.1%
Processed Products	344.4	306.7	12.3%	197.8	74.1%
Others	421.2	371.4	13.4%	585.9	-28.1%
TOTAL	3,164.9	2,851.9	11.0%	2,749.1	15.1%
Volume (thousand tons)					
Fresh and Frozen Products	373.8	331.0	13.0%	326.3	14.6%
Processed Products	57.9	62.6	-7.5%	35.8	62.0%
Others	179.0	164.1	9.1%	240.4	-25.6%
TOTAL	610.7	557.6	9.5%	602.4	1.4%
Average Price (R\$/Kg)					
Fresh and Chilled Product	6.42	6.57	-2.3%	6.02	6.6%
Processed Items	5.95	4.90	21.4%	5.53	7.6%
Others	2.35	2.26	4.0%	2.44	-3.7%





Results for 2Q13

Analysis of Results by Business Unit

JBS Mercosul

Exports	2Q13	1Q13	Δ%	2Q12	Δ%
Net Revenue (million R\$)					
Fresh and Frozen Products	1,675.0	1,565.7	7.0%	1,025.6	63.3%
Processed Products	177.4	197.3	-10.1%	190.4	-6.9%
Others	415.6	354.7	17.2%	352.6	17.9%
TOTAL	2,268.0	2,117.7	7.1%	1,568.6	44.6%
Volume (thousand tons)					
Fresh and Frozen Products	237.2	210.4	12.7%	125.6	88.9%
Processed Products	18.9	20.2	-6.3%	15.8	19.8%
Others	22.0	17.8	23.0%	21.0	4.5%
TOTAL	278.1	248.4	11.9%	162.4	71.2%
Average Price (R\$/Kg)					
Fresh and Frozen Products	7.06	7.44	-5.1%	8.17	-13.5%
Processed Beef	9.37	9.77	-4.1%	12.06	-22.3%
Others	18.93	19.88	-4.8%	16.78	12.8%

Events Subsequent to June 30, 2013

✓ **Celebration of the Agreement for the Purchase and Sale of Seara Brasil and Zenda**

On June 7, 2013, JBS and Marfrig entered into an Agreement for the Purchase and Sale of Equity Interests and Other Covenants, which established the main terms and conditions for: (i) the divestment by Marfrig of certain equity interests in companies of the group that own the Seara Brasil business unit to JBS; and (ii) the divestment by Marfrig of 100% of the capital that it holds in the leather business of the Marfrig Group, Zenda, in Uruguay to JBS.

The aggregate value of Seara Brasil and Zenda was established at R\$5.85 billion and will be paid via the assumption by JBS of debt held by Marfrig. The Agreement is subject to approval by the competent authorities, including Brazil's antitrust agency (Conselho Administrativo de Defesa Econômica - CADE).

✓ **Voluntary Public Tender Offer for the Acquisition of Common Shares Issued by Vigor in Exchange for Common Shares Issued by JBS**

On July 24, 2013, JBS and Vigor announced to the market the commitment of FB Participações S.A., controlling shareholder of both companies, to conduct a Voluntary Public Tender Offer for the Acquisition of Common Shares Issued by Vigor in Exchange for Common Shares Issued by JBS, aimed at one hundred percent (100%) of the outstanding shares of Vigor, with mixed liquidation, being one (1) common share issued by Vigor exchanged by one (1) common share issued by JBS, plus R\$0.010812573 per share, an amount equivalent to the difference between the dividends declared by JBS and Vigor in the period. Such amount shall be adjusted by the CDI variation from its payment date to the date of the Auction.

Such commitment of FB intends to ensure the possibility to all shareholders of Vigor to equally and voluntarily choose to hold shares with more liquidity. BNDESPAR has made a firm commitment to fully adhere to the Exchange Offer.

Aware of the obligation set forth in item 3.1 (vi) of the Regulations of the Novo Mercado listing segment of BM&FBOVESPA, FB and Vigor will apply for an authorization to be granted by BM&FBOVESPA to maintain a Minimal Free Float Percentage, as defined therein, at a level below twenty five percent (25%) after the liquidation of the Exchange Offer and for a period to be established by BM&FBOVESPA.

In this sense, FB will timely submit the request of registration of the Exchange Offer to CVM and BM&FBOVESPA.

✓ **Amendment and restatement of PPC's U.S. Credit Facility**

On July 31, 2013, PPC announced the conclusion of an amendment and restatement to its existing U.S. Credit Facility. This amendment replaced its existing U.S. Credit Agreement and will provide a \$700.0 million revolving credit facility and Term B loan at terms more advantageous to Pilgrim's, including an extension through 2018, reduced interest costs and less restrictive covenants.

✓ **JBS Appoints a President for its South American Operations**

On August 12, 2013, JBS announced that Miguel Gularte was appointed as President of its South American operations. This step gives continuity to the strategy of the Company to constantly strengthen its team of executives in search of management excellence and in the professionalization of its top management.



Results for 2Q13

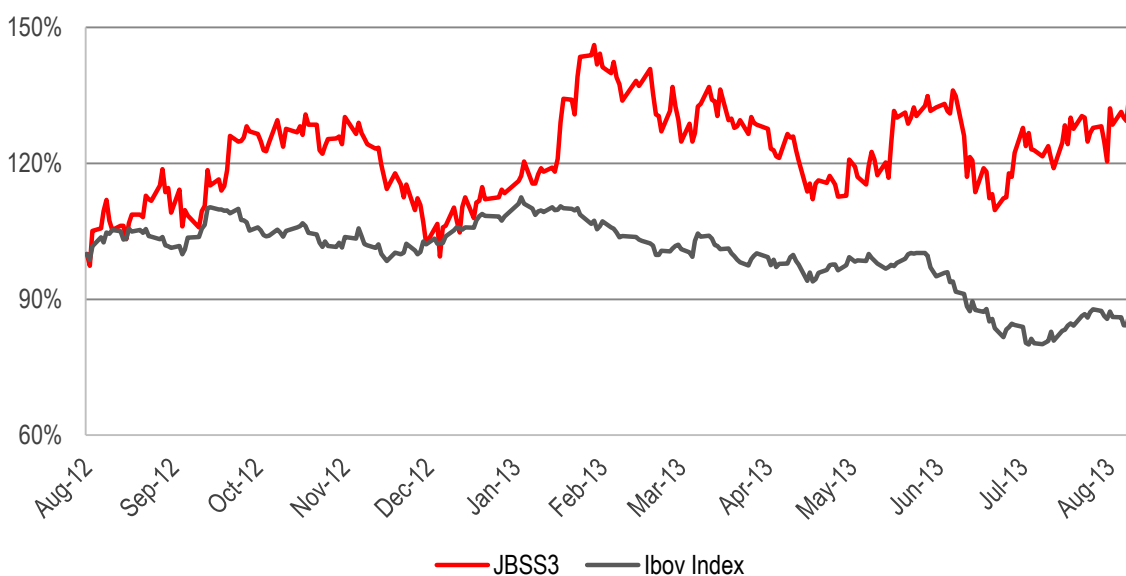
JBS Stock Performance

During the last 12 months to August 09, 2013, JBSS3 substantially outperformed the Ibovespa Index.

The Average Daily Trading Financial Volume in 2Q13 was R\$36.4 million, an increase of 33.0% compared to the same period of 2012.

The current JBS' market cap is R\$22.0 billion.

Performance of JBSS3 vs IBOV



Source: Bloomberg, 100 = 08/01/2012



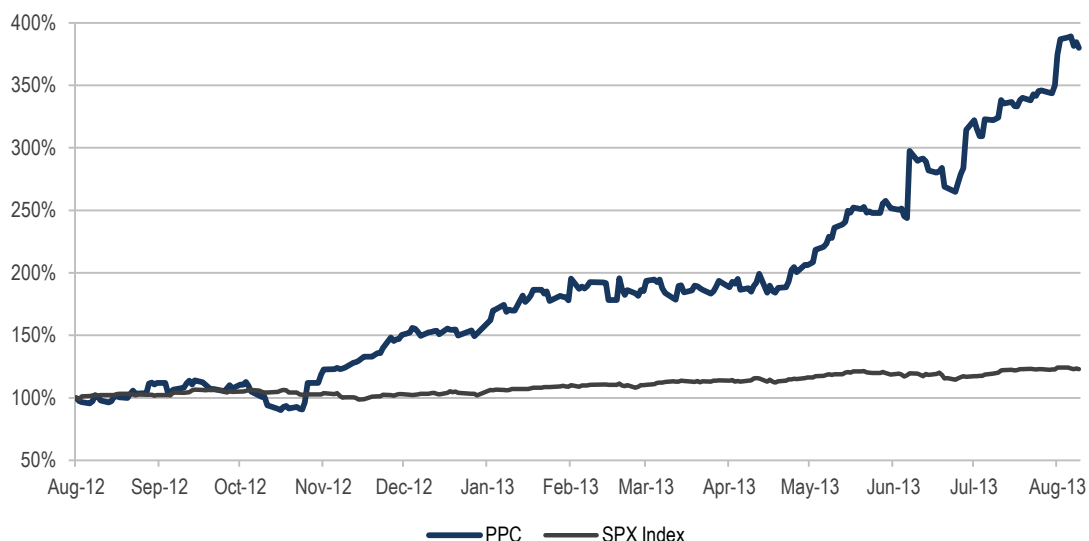
Results for 2Q13

PPC Stock Performance (Controlled by JBS S.A.)

During the last 12 months to August 09, 2013, PPC substantially outperformed the S&P 500 Index, increasing 280% while the index increased only 23%.

In one year, JBS' stake in PPC increased approximately R\$6.0 billion, representing an increase of R\$2.00 in the value of JBS S.A. shares.

Performance of PPC vs S&P 500



Source: Bloomberg, 100 = 08/01/2012

Tables and Charts

Graph I - JBS Consolidated Exports Breakdown in 2Q13 and 2Q12

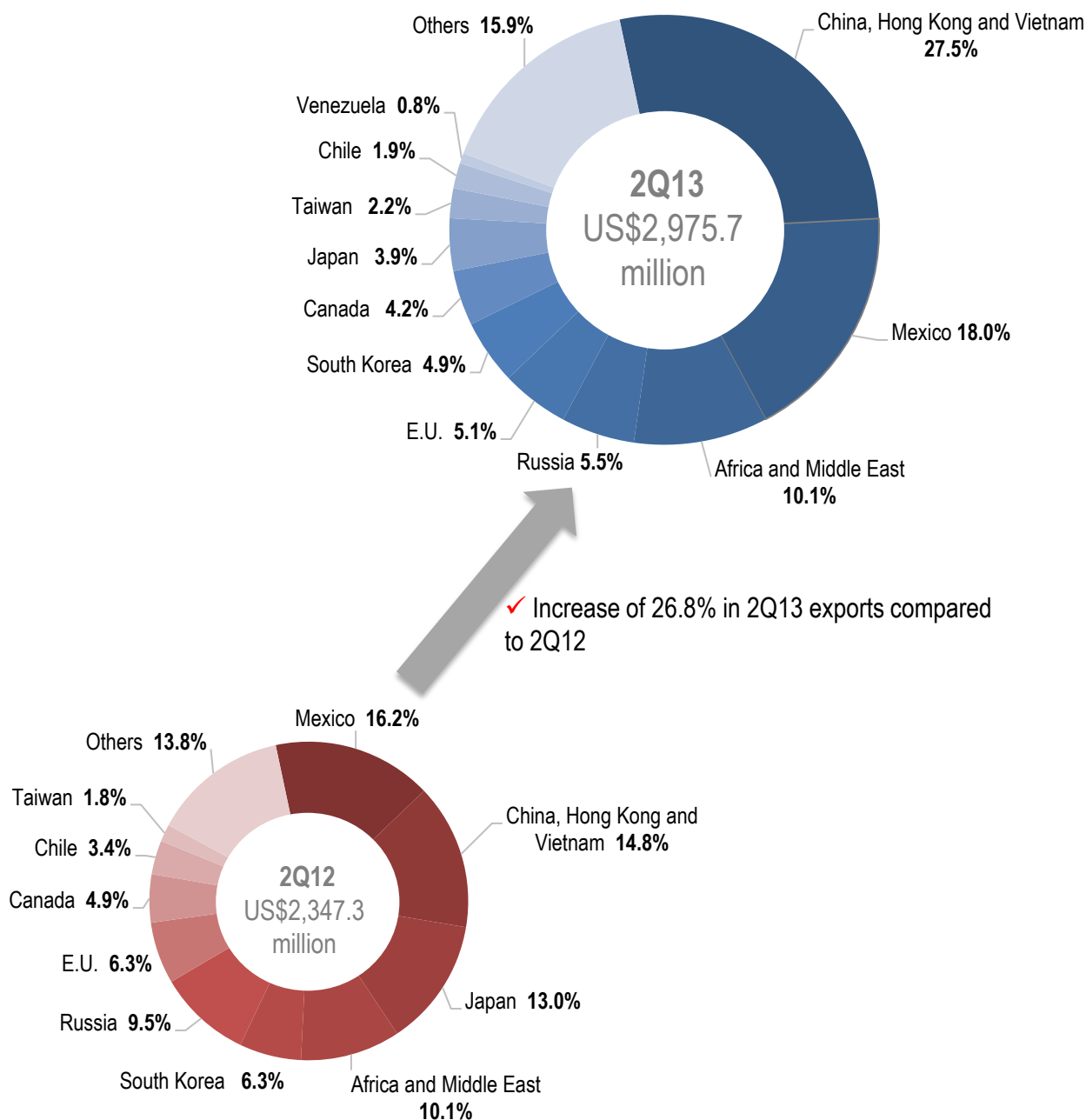


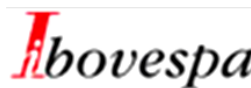
Table I - Breakdown of Production Costs by Business Unit (%)

2Q13 (%)	Consolidated	JBS Mercosul	USA Beef	USA Pork	USA Chicken
Raw material (livestock)	80.6%	84.6%	87.5%	84.6%	58.4%
Processing (including ingredients and packaging)	10.2%	8.8%	5.1%	7.0%	25.2%
Labor Cost	9.1%	6.7%	7.4%	8.5%	16.4%



Results for 2Q13

Indexes



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Results for 2Q13

Consolidated Financial Statements – JBS S.A.

JBS S.A.

Balance sheets

(In thousands of Reais)

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	3,919,543	3,564,984	7,202,924	5,383,087
Trade accounts receivable, net	3,042,118	2,753,737	6,641,675	5,688,648
Inventories	2,179,519	1,940,192	6,199,980	5,182,187
Biological assets	-	-	1,070,725	849,624
Recoverable taxes	1,275,858	1,309,995	1,854,379	1,676,267
Prepaid expenses	14,870	9,648	141,903	142,961
Other current assets	298,823	273,332	534,255	460,625
TOTAL CURRENT ASSETS	10,730,731	9,851,888	23,645,841	19,383,399
NON-CURRENT ASSETS				
Long-term assets				
Credits with related parties	1,308,968	808,062	721,118	548,909
Biological assets	-	-	344,040	304,309
Recoverable taxes	647,207	641,957	678,757	673,346
Other non-current assets	315,255	206,137	873,387	671,758
Total long-term assets	2,271,430	1,656,156	2,617,302	2,198,322
Investments in associate, subsidiaries and joint ventures	9,724,252	6,118,876	1,474,239	258,620
Property, plant and equipment, net	9,014,519	8,767,637	17,414,836	16,207,640
Intangible assets, net	9,547,341	9,531,964	12,369,960	11,708,212
TOTAL NON-CURRENT ASSETS	30,557,542	26,074,633	33,876,337	30,372,794
TOTAL ASSETS	41,288,273	35,926,521	57,522,178	49,756,193



Results for 2Q13

Consolidated Financial Statements – JBS S.A.

JBS S.A.

Balance sheets

(In thousands of Reais)

	Company		Consolidated	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade accounts payable	944,101	1,000,273	4,002,441	3,564,270
Loans and financings	6,167,339	5,355,774	8,470,139	6,098,898
Income taxes	-	-	28,940	8,886
Payroll, social charges and tax obligation	443,696	361,741	1,481,496	1,276,009
Declared dividends	353	170,749	353	170,749
Payables related to facilities acquisitions	109,793	112,712	148,775	112,712
Other current liabilities	337,396	280,649	371,744	306,049
TOTAL CURRENT LIABILITIES	8,002,678	7,281,898	14,503,888	11,537,573
NON-CURRENT LIABILITIES				
Loans and financings	8,830,449	6,795,885	15,952,659	14,390,046
Payroll, social charges and tax obligation	125,968	137,847	474,445	524,230
Payables related to facilities acquisitions	1,564,917	95,142	1,839,079	95,142
Deferred income taxes	1,007,128	825,781	1,663,771	1,276,756
Provision for lawsuits risk	159,328	155,156	204,898	203,361
Other non-current liabilities	23,069	24,265	311,671	295,779
TOTAL NON-CURRENT LIABILITIES	11,710,859	8,034,076	20,446,523	16,785,314
EQUITY				
Capital stock	21,506,247	21,506,247	21,506,247	21,506,247
Treasury shares	(603,072)	(776,526)	(603,072)	(776,526)
Capital transaction	82,914	77,374	82,914	77,374
Capital reserve	211,879	211,879	211,879	211,879
Revaluation reserve	94,529	96,847	94,529	96,847
Profit reserves	1,993,697	1,993,697	1,993,697	1,993,697
Valuation adjustments to equity in subsidiaries	214,719	92,999	214,719	92,999
Accumulated translation adjustments in subsidiaries	(2,494,855)	(2,591,970)	(2,494,855)	(2,591,970)
Retained earnings	568,678	-	568,678	-
Attributable to controlling interest	21,574,736	20,610,547	21,574,736	20,610,547
Attributable to noncontrolling interest	-	-	997,031	822,759
TOTAL EQUITY	21,574,736	20,610,547	22,571,767	21,433,306
TOTAL LIABILITIES AND EQUITY	41,288,273	35,926,521	57,522,178	49,756,193



Results for 2Q13

Consolidated Financial Statements – JBS S.A.

JBS S.A.

Statements of income for the three months period ended June 30, 2013 and 2012
(In thousands of Reais)

	Company		Consolidated	
	2013	2012	2013	2012
NET SALE REVENUE	4,790,562	3,961,554	21,930,994	18,468,291
Cost of goods sold	(3,602,992)	(2,897,927)	(18,981,123)	(16,350,838)
GROSS INCOME	1,187,570	1,063,627	2,949,871	2,117,453
OPERATING INCOME (EXPENSE)				
General and administrative expenses	(262,403)	(220,255)	(592,075)	(518,756)
Selling expenses	(512,590)	(353,286)	(1,163,197)	(932,374)
Financial expense, net	(564,584)	(546,308)	(659,577)	(389,366)
Equity in earnings of subsidiaries	530,860	261,296	24,399	-
Other income (expenses), net	(5,051)	7,339	71,508	22,048
	(813,768)	(851,214)	(2,318,942)	(1,818,448)
NET INCOME BEFORE TAXES	373,802	212,413	630,929	299,005
Current income taxes	592	459	(34,970)	(64,060)
Deferred income taxes	(35,927)	(43,388)	(187,909)	(50,387)
	(35,335)	(42,929)	(222,879)	(114,447)
NET INCOME OF THE PERIOD	338,467	169,484	408,050	184,558
ATTRIBUTABLE TO:				
Controlling interest			338,467	169,484
Noncontrolling interest			69,583	15,074
			408,050	184,558
Net income basic per thousand shares - in reais	118.13	59.55	118.13	59.55
Net income diluted per thousand shares - in reais	118.13	59.55	118.13	59.55



Results for 2Q13

Consolidated Financial Statements – JBS S.A.

JBS S.A.

Statements of cash flows for the three months period ended June 30, 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	338,467	169,484	338,467	169,484
Adjustments to reconcile net income to cash provided on operating activities				
. Depreciation and amortization	128,779	107,162	466,620	318,234
. Allowance for doubtful accounts	3,432	(2,633)	6,258	446
. Equity in earnings of subsidiaries	(530,860)	(261,296)	(24,399)	-
. Loss (gain) on assets sales	(5,727)	(7,339)	(6,243)	(4,471)
. Deferred income taxes	35,927	43,388	187,909	50,387
. Current and non-current financial charges	767,588	689,955	774,210	486,294
. Provision for lawsuits risk	2,078	2,669	3,491	3,085
. Gain on bargain	-	-	(72,337)	-
. Impairment	-	-	-	3,968
	739,684	741,390	1,673,976	1,027,427
Decrease (increase) in operating assets				
Trade accounts receivable	(153,387)	(363,974)	(509,040)	(466,601)
Inventories	(333,494)	(220,591)	(458,185)	(496,041)
Recoverable taxes	(13,597)	(17,522)	(18,517)	(5,005)
Other current and non-current assets	(70,715)	(45,635)	(93,271)	(36,551)
Related party receivable	(158,654)	(6,618)	(29,295)	(159,307)
Biological assets	-	-	(158,486)	(99,946)
Increase (decrease) operating liabilities				
Trade accounts payable	50,156	37,144	372,896	233,652
Other current and non-current liabilities	51,554	268,805	116,466	73,950
Noncontrolling interest	-	-	69,583	15,074
Valuation adjustments to shareholders' equity in subsidiaries	-	-	(79,415)	(3,824)
Net cash provided by operating activities	111,547	392,999	886,712	82,828
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	(256,644)	(282,687)	(369,675)	(403,060)
Net effect of Vigor deconsolidation	-	-	-	(211,856)
Decrease in investments in subsidiaries	522	14,618	1,540	-
Net effect of working capital of acquired / merged company	915	-	44,437	-
Net cash provided by investing activities	(255,207)	(268,069)	(323,698)	(614,916)
Cash flow from financing activities				
Proceeds from loans and financings	1,986,139	2,434,131	4,942,813	6,048,442
Payments of loans and financings	(792,579)	(1,780,881)	(3,832,667)	(5,284,937)
Payments of dividends	(170,396)	-	(170,396)	-
Capital transactions	-	450	6,128	(7,070)
Shares acquisition of own emission	(9,587)	(324)	(9,587)	(324)
Net cash provided by financing activities	1,013,577	653,376	936,291	756,111
Effect of exchange variation on cash and cash equivalents	-	-	186,705	100,385
Variance in cash and cash equivalents	869,917	778,306	1,686,010	324,408
Cash and cash equivalents at the beginning of the period	3,049,626	3,177,231	5,516,914	5,150,828
Cash and cash equivalents at the end of the period	3,919,543	3,955,537	7,202,924	5,475,236



Results for 2Q13

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..