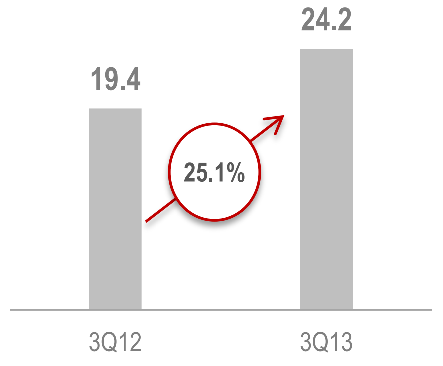
Results for 3Q13

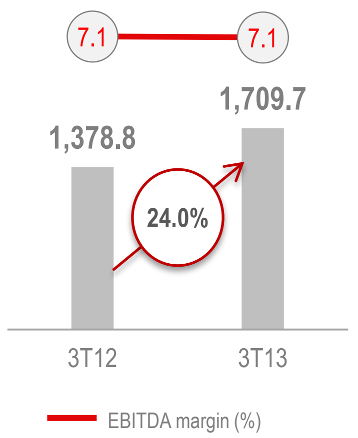
JBS S.A. (Bovespa: JBSS3; OTCQX: JBSAY) São Paulo, November 13th, 2013

3Q13 Highlights*

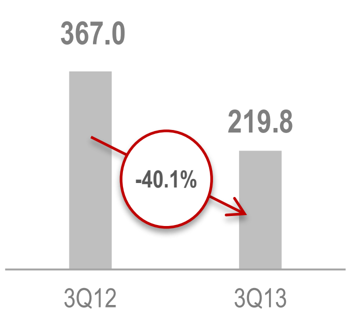
Net Revenue (R$ Billion)



EBITDA (R$ Million)



Net Income (R$ million)



- ✓ **Net revenue of R$24.2 billion, an increase of R$4.9 billion compared to 3Q12, or 25.1%, of which 87.6% came from organic growth.**
- ✓ **Consolidated EBITDA was R$1,709.7 million, an increase of 24.0% over 3Q12. EBITDA margin was 7.1%, stable in comparison with 3Q12.**
- ✓ **Net income of R$219.8 million.**
- ✓ **Free cash flow of R$806.9 million.**
- ✓ **Operating cash flow of R$1,241.0 million.**
- ✓ **JBS ended the quarter with R$7.8 billion in cash and cash equivalent.**
- ✓ **Leverage excluding the debt assumed in the Seara acquisition was 2.96x, as previously projected by the Company.**
- ✓ **Leverage ended the period at 4.03x, considering total debt assumed from Seara acquisition, but not including EBITDA from the acquisition.**

*Not including Seara results

Results for 3Q13

JBS S.A. (Bovespa: JBSS3; OTCQX: JBSAY) São Paulo, November 13th, 2013

3Q13 Highlights

✓ JBS posted **consolidated net revenue of R$24.2 billion**, an increase of R$4.9 billion or 25.1%, compared with 3Q12, **of which 87.6% came from organic growth**.

✓ **Consolidated EBITDA was R$1,709.7 million**, an increase of 24.0% over 3Q12. EBITDA margin was 7.1%, stable compared with the EBITDA margin of 2Q12.

> ➢ **JBS Mercosul posted net revenue of R$6.2 billion**, 35.2% above 3Q12. **EBITDA was R$687.5 million** with an **EBITDA margin of 11.1% in Mercosul and 11.7% in JBS Brazil (Parent Company).**
>
> ➢ **JBS USA Chicken (Pilgrim's Pride Corporation – "PPC")** maintained its positive momentum similar to the previous quarter**. Net revenue totaled US$2.1 billion**, **3.6% ahead of 3Q12. 3Q13 EBITDA came in at US$226.1 million,** an increase of 114.1% compared with 3Q12**. EBITDA margin was 10.6%.**

✓ JBS posted **net income** for the quarter of R$219.8 million, equivalent to R$76.69 per thousand shares.

✓ JBS generated positive **free cash flow** of R$806.9 million during 3Q13. The **net cash from operating activities** was R$1,241.0 million.

✓ The Company ended the quarter with **R$7,832.3 million in cash or cash equivalent**, corresponding to 73% of short-term debt.

✓ **Leverage** excluding the debt assumed at Seara acquisition was **2.96x**, as previously projected by the Company**.**

✓ **Leverage** (net debt / EBITDA) ended the period at 4.03x, including the assumption of the total debt from Seara acquisition**,** without considering EBITDA from the company acquired.

✓**JBS S.A. issued a US$1.0 billion Bond i**n October, 2013, maturing in 2020 and with a yield of 7.75% per annum.

Analysis of Consolidated Results

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

		3Q13	2Q13	∆%	3Q12	∆%
Net Revenue						
JBS USA Beef	US$	4,689.8	4,806.2	-2.4%	4,275.9	9.7%
JBS USA Pork	US$	903.3	868.5	4.0%	846.1	6.8%
JBS USA Chicken	US$	2,142.8	2,184.1	-1.9%	2,068.5	3.6%
JBS Mercosul	R$	6,214.4	5,432.8	14.4%	4,597.8	35.2%
EBITDA						
JBS USA Beef	US$	125.3	161.7	-22.5%	175.1	-28.4%
JBS USA Pork	US$	43.8	50.7	-13.7%	40.4	8.3%
JBS USA Chicken	US$	226.1	265.0	-14.7%	105.6	114.1%
JBS Mercosul	R$	687.5	543.5	26.5%	665.6	3.3%
EBITDA Margin						
JBS USA Beef	%	2.7%	3.4%	-	4.1%	-
JBS USA Pork	%	4.8%	5.8%	-	4.8%	-
JBS USA Chicken	%	10.6%	12.1%	-	5.1%	-
JBS Mercosul	%	11.1%	10.0%	-	14.5%	-

Performance by Business Unit

*JBS S.A. ("JBS") (Bovespa: JBSS3; OTCQX: JBSAY), the global leading producer of animal protein announces today its results for the third quarter of 2013 (3Q13). For the purpose of analysis, this report considers the results for the quarter ended September 30, 2012 (3Q12) and June 30, 2013 (2Q13). 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 September 30, 2013 (3Q13). The quantitative data, such as volumes and heads slaughtered, are not audited.

Consolidated analysis of the principal operational indicators of JBS

R$ million	3Q13	2Q13	Δ%	3Q12	Δ%
Net Revenue	**24,222.0**	**21,931.0**	**10.4%**	**19,366.6**	**25.1%**
Cost of Goods Sold	(21,093.6)	(18,981.1)	11.1%	(16,889.4)	24.9%
Gross Income	**3,128.4**	**2,949.9**	**6.1%**	**2,477.2**	**26.3%**
Gross Margin	12.9%	13.5%	-4.0%	12.8%	1.0%
Selling Expenses	(1,296.0)	(1,163.2)	11.4%	(999.9)	29.6%
General and Adm. Expenses	(632.9)	(592.1)	6.9%	(516.1)	22.6%
Net Financial Income (expense)	(874.9)	(659.6)	32.6%	(418.7)	109.0%
Other Income (expense)	(2.4)	95.9	-	(0.9)	171.2%
Operating Income	**322.3**	**630.9**	**-48.9%**	**541.6**	**-40.5%**
Income and social contribution taxes	(64.0)	(222.9)	-71.3%	(155.0)	-58.7%
Participation of non-controlling shareholders	(38.5)	(69.6)	-44.7%	(19.6)	96.3%
Net Income (Loss)[1]	**219.8**	**338.5**	**-35.1%**	**367.0**	**-40.1%**
EBITDA	**1,709.7**	**1,667.7**	**2.5%**	**1,378.8**	**24.0%**
EBITDA Margin	7.1%	7.6%	-	7.1%	-0.9%
Net Income (Loss) per 1.000 shares (Reais)	**76.69**	**118.13**	**-35.1%**	**125.69**	**-39.0%**

(1) Participation of Controlling Shareholders.

Number of Heads Slaughtered and Sales Volume

	3Q13	2Q13	Δ%	3Q12	Δ%
Heads processed (thousand)					
Cattle	4,853.3	4,794.7	1.2%	4,057.1	19.6%
Hogs	3,274.4	3,184.3	2.8%	3,302.5	-0.9%
Smalls*	1,147.4	1,223.7	-6.2%	978.9	17.2%
Volume Sold (thousand tons)**					
Domestic Market	**1,820.4**	**1,761.1**	**3.4%**	**1,663.6**	**9.4%**
Fresh and Chilled Products	1,572.0	1,524.2	3.1%	1,446.5	8.7%
Processed Products	58.2	57.9	0.4%	53.5	8.7%
Others	190.3	179.0	6.3%	163.6	16.3%
Exports	**695.4**	**615.3**	**13.0%**	**556.8**	**24.9%**
Fresh and Chilled Products	648.9	574.4	13.0%	518.9	25.1%
Processed Products	20.8	18.9	10.1%	19.5	6.6%
Others	25.7	22.0	16.9%	18.4	39.7%
TOTAL	**2,515.8**	**2,376.4**	**5.9%**	**2,220.4**	**13.3%**

*Not including poultry.
**Not including PPC.

Consolidated Results

Net Revenue

JBS posted consolidated net revenue of R$24,222.0 million in 3Q13, an increase of R$4,855.4 million or 25.1% compared to 3Q12, of which 87.6% came from organic growth. This expansion was primarily due to the increase in revenues from all business units, influenced by the 9.0% Real devaluation in the period. Mercosul operation had relevant net revenue growth of 35.2% compared with 3Q12, the main highlight of this quarter.

In 3Q13, approximately 73% of global sales were generated domestically in the markets that the Company is present and 27% came from exports.

EBITDA

3Q13 EBITDA was R$1,709.7 million, 24.0% above the previous year, with an EBITDA margin of 7.1%, stable compared with the EBITDA Margin of 3Q12.

R$ million	3Q13	3Q12	Δ%
Net income for the period	**258.3**	**386.6**	-33.2%
Financial income (expense), net	874.9	418.7	109.0%
Current and diferred income taxes	64.0	155.0	-58.7%
Depreciation and amortization	508.0	409.3	-
Equity in subsidiaries	-2.1	-0.6	229.8%
Restructuring, reorganization and donation	5.9	8.1	
Indemnity	0.7	1.8	
(=) EBITDA	**1,709.7**	**1,378.8**	

Net Financial Expense

The net financial expense in 3Q13 was R$874.9 million, primarily due to the cost of carrying the hedging instruments of assets and liabilities during the quarter.

Net Income

JBS posted net income of R$219.8 million for 3Q13, which represents R$76.69 per thousand shares.

Cash Generation

The Company generated R$806.9 million of free cash flow during the quarter, and net cash from operating activities of R$1,241.0 million.

Capital Expenditure

In 3Q13, total capital expenditure (CAPEX) of JBS in property, plant, and equipment was R$499.9 million. The main investments in North America were made in Brooks in Alberta facility, in Canada, and the Omaha, in Nebraska facility, in the US. In the Mercosul, the main investments were in improvements in productivity and in the expansion of operations.

Consolidated Results

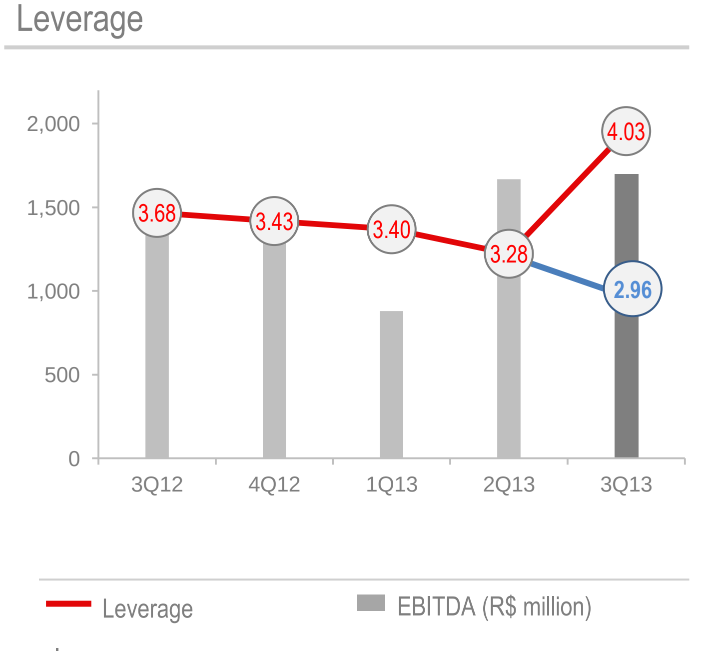
Indebtedness including debt assumption from Seara and not considering EBITDA from acquired company

JBS' leverage (net debt / EBITDA), including the assumption of R$5.85 billion in debt from Seara acquisition and not considering Seara EBITDA, ended the quarter at 4.03x.

R$ million	9/30/13	6/30/13	Var.%
Gross debt	**30,242.5**	**24,422.8**	**23.8%**
(+) Short Term Debt	10,694.0	8,470.1	26.3%
(+) Long Term Debt	19,548.5	15,952.7	22.5%
(-) Cash and Equivalents	7,832.3	7,202.9	8.7%
Net debt	**22,410.2**	**17,219.9**	**30.1%**
Net debt/EBITDA	**4.03x**	**3.28x**	

Leverage excluding the debt assumed from Seara acquisition was 2.96x, as previously indicated by the Company.

R$ million	9/30/13	6/30/13	
Net debt/EBITDA	**2.96x**	**3.28x**	



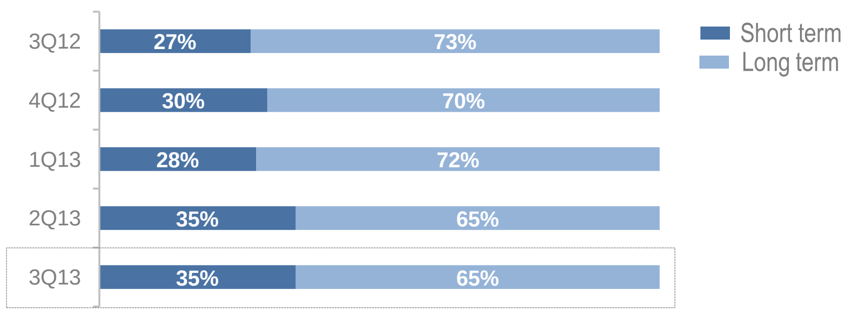
Consolidated Results

Indebtedness

The Company ended the quarter with R$7,832.3 million in cash or cash equivalent, corresponding to 73% of short-term debt. JBS USA Holdings ended the quarter with US$1.55 billion in available credit lines, equivalent to R$3.52 billion which added to JBS current cash position represents approximately 100% of short-term debt.

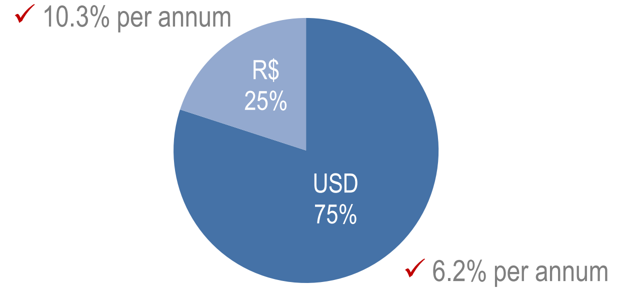
After the conclusion of the Seara acquisition, the percentage of short-term (ST) debt relative to total debt remained in 35% in 3Q13. In October 2013, JBS USA paid R$558.5 million regarding 2014 Bond allocated in short-term liabilities and JBS S.A. issued a US$1.0 billion Bond with maturity in seven years and 7.75% yield per annum, which will contribute to improve JBS debt profile in 4Q13.

Debt profile ST / LT

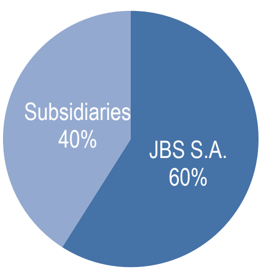


At the end of the period, 75% of JBS' consolidated debt was denominated in U.S. dollars, with an average cost of 6.2% per annum. The proportion of debt denominated in Reais, 25% of consolidated debt, has an average cost of 10.5% per annum.

Breakdown by Currency & Average Cost



Breakdown by Company



Updated Indebtedness Considering Subsequent Events to the Quarter

Considering the US$1.0 billion Bond issued by JBS S.A. in October in addition to the conclusion of agreements with banks involved in the Seara acquisition and considering that these funds will be used to pay down short-term debt, the debt profile shows relevant adjustments, such as:

- ✓ Short-term debt will reduce to 21% of total debt
- ✓ Cash and cash-equivalents will represent 116% of short-term debt
- ✓ Average maturity will extend to 53 months
- ✓ Average cost of dollar denominated debt remains at 6.2% per annum

Analysis of Results by Business Unit

JBS USA Beef (including Australia and Canada)

Net revenue was US$4,689.8 million in 3Q13, 9.7% higher than 3Q12, primarily due to an increase in exported volume. Compared to 2Q13, net revenue remained stable, with a slight decrease of 2.4%.

EBITDA for the period was US$125.3 million, 28.4% lower than 3Q12. The results of this quarter reflect the transfer of cattle prices increases from the industry to products in the domestic American market, in addition to the Company's improved performance in Australia.

The American market presented a decrease in beef imported during this period which contributed to a better pricing of beef in the US domestic market. USDA data shows a reduction in cow slaughter during recent weeks which is an important indicator towards herd growth in the medium and long term.

Operations in Australia presented a solid performance in exports and is benefiting from increased demand in the Chinese market.

Highlights (US GAAP)

US$ million	3Q13	2Q13	Δ%	3Q12	Δ%
Animals processed (thousand)	2,386.3	2,443.1	-2.3%	2,023.8	17.9%
Net Revenue	4,689.8	4,806.2	-2.4%	4,275.9	9.7%
EBITDA	125.3	161.7	-22.5%	175.1	-28.4%
EBITDA margin %	2.7%	3.4%	-	4.1%	-

Breakdown of Net Revenues

Domestic Market	3Q13	2Q13	Δ%	3Q12	Δ%
Net Revenue (US$ million)	3,353.4	3,491.7	-4.0%	3,139.3	6.8%
Volume (tons)	883.4	861.5	2.5%	848.1	4.2%
Average Price (US$/Kg)	3.80	4.05	-6.3%	3.70	2.6%

Exports	3Q13	2Q13	Δ%	3Q12	Δ%
Net Revenue (US$ million)	1,336.4	1,314.5	1.7%	1,136.6	17.6%
Volume (tons)	315.2	284.6	10.8%	250.0	26.1%
Average Price (US$/Kg)	4.24	4.62	-8.2%	4.55	-6.7%

Analysis of Results by Business Unit

JBS USA Pork

Net revenue in the pork business for the quarter totaled US$903.3 million, an increase of 6.8% year on year. This result reflects an increase in prices in both domestic and export markets, coupled with an increase in exports volume. Compared to 2Q13, net revenue increased 4.0%.

EBITDA was US$43.8 million in 3Q13, an increase of 8.3% compared to 3Q12, with EBITDA margin of 4.8%. The increase in EBITDA was primarily due to higher prices in the domestic market and in exports, partially offset by an increase in raw material prices.

Highlights (US GAAP)

US$ million	3Q13	2Q13	Δ%	3Q12	Δ%
Animals processed (thousand)	3,274.4	3,184.3	2.8%	3,302.5	-0.9%
Net Revenue	903.3	868.5	4.0%	846.1	6.8%
EBITDA	43.8	50.7	-13.7%	40.4	8.3%
EBITDA margin %	4.8%	5.8%	-	4.8%	-

Breakdown of Net Revenues

Domestic Market	3Q13	2Q13	Δ%	3Q12	Δ%
Net Revenue (US$ million)	765.4	738.3	3.7%	718.2	6.6%
Volume (thousand tons)	286.6	288.9	-0.8%	291.7	-1.7%
Average Price (US$/Kg)	2.67	2.56	4.5%	2.46	8.5%

Exports	3Q13	2Q13	Δ%	3Q12	Δ%
Net Revenue (US$ million)	137.9	130.1	6.0%	127.9	7.8%
Volume (thousand tons)	54.9	52.6	4.2%	54.5	0.7%
Average Price (US$/Kg)	2.51	2.47	1.6%	2.35	7.1%

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$2,142.8 million, 3.6% higher compared to the same period last year. This improved result comes from an increase of 4.4% in revenue from the US operations, due to an increase in revenue per pound sold, thanks to higher market prices, partially offset by a decrease in volumes sold and in the revenue from PPC Mexican operation, due to the normalization after a market recovery followed by AI issue.

EBITDA in the quarter was US$226.1 million, 114.1% higher than 3Q12. This improvement was possible due to the industry favorable scenario, which saw a decrease of 3.9% in costs at PPC US operations, coupled with efforts to reduce inventory, in addition to a decrease in freight and storage costs. EBITDA margin was 10.6%.

Net profit for the period was US$160.9 million, an increase of 275.0% compared to 3Q12 with free cash flow generation of US$285.8 million, enabling PPC to reduce its debt by US$252 million and its leverage to 0.87x (Net debt/ PPC LTM EBITDA).

"Our engagement with key customers continues to reflect the value they expect from Pilgrim's and is driving growth and success for our customers. We've also seen improvements in our margins as a result of the processes we've transformed through our commitment to operational excellence. We are close to achieving our operational improvement targets for the year and envision capturing even greater efficiencies in 2014. Our export model has enabled us to attain our goal of achieving 30% growth in value-added products year to date," stated Bill Lovette, Pilgrim's Chief Executive Officer.

Highlights (US GAAP)

US$ million	3Q13	2Q13	∆%	3Q12	∆%
Net Revenue	2,142.8	2,184.1	-1.9%	2,068.5	3.6%
Adjusted EBITDA	226.1	265.0	-14.7%	105.6	114.1%
EBITDA margin %	10.6%	12.1%	-	5.1%	-

Analysis of Results by Business Unit

JBS Mercosul

Net revenue of JBS Mercosul was R$6,214.4 million in the quarter, 35.2% superior to 3Q12, due to an increase of 21.3% in the volume of animals processed in the period, which reflected in an increase of 31.1% in the volume of beef in the domestic market and 30.1% in the international market. The highlight of the quarter was the increase of 40.5% in revenue in the domestic market, boosted by the Company's marketing campaign and a 28.5% increase in export revenues, thanks to the combination of growth in volume and prices, coupled with 9.0% of BRL devaluation in the period.

EBITDA totaled R$687.5 million in the quarter, an increase of 3.3% over 3Q12. EBITDA margin was 11.1% in Mercosul and 11.7% in JBS Brazil (Parent Company). This increase in EBITDA is a reflection of improved exports, coupled with real devaluation, partially offset by the maintenance of raw material costs.

JBS has a production and distribution platform in the Mercosul that permits efficiency and scale gains, that, allied with the focus on operational efficiencies, allows for solid and sustainable results.

Highlights

R$ million	3Q13	2Q13	Δ%	3Q12	Δ%
Animals processed* (thousand)	2,467.0	2,351.6	4.9%	2,033.3	21.3%
Net Revenue	6,214.4	5,432.8	14.4%	4,597.8	35.2%
EBITDA	687.5	543.5	26.5%	665.6	3.3%
EBITDA margin %	11.1%	10.0%	-	14.5%	-

*Cattle only

Breakdown of Net Revenues

Domestic Market	3Q13	2Q13	Δ%	3Q12	Δ%
Net Revenue (million R$)					
Fresh and Frozen Products	2,723.5	2,399.3	13.5%	1,924.9	41.5%
Processed Products	372.6	344.4	8.2%	256.4	45.3%
Others	478.0	421.2	13.5%	362.1	32.0%
TOTAL	**3,574.1**	**3,164.9**	**12.9%**	**2,543.5**	**40.5%**
Volume (thousand tons)					
Fresh and Frozen Products	402.0	373.8	7.5%	306.7	31.1%
Processed Products	58.2	57.9	0.4%	53.5	8.7%
Others	190.3	179.0	6.3%	163.6	16.3%
TOTAL	**650.4**	**610.7**	**6.5%**	**523.8**	**24.2%**
Average Price (R$/Kg)					
Fresh and Chilled Product	6.78	6.42	5.6%	6.28	8.0%
Processed Items	6.40	5.95	7.6%	4.79	33.6%
Others	2.51	2.35	6.8%	2.21	13.6%

Analysis of Results by Business Unit

JBS Mercosul

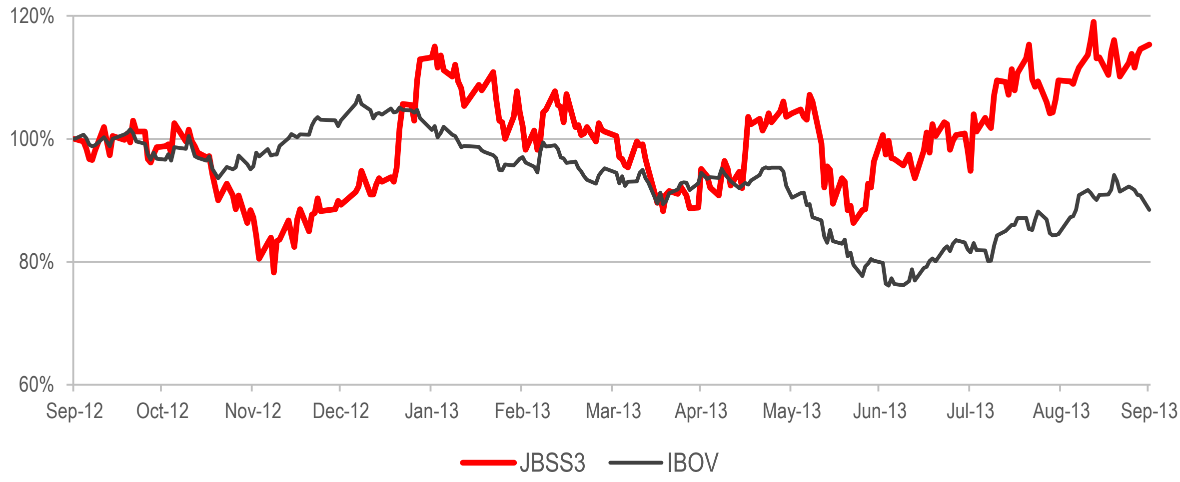
Exports	3Q13	2Q13	∆%	3Q12	∆%
Net Revenue (million R$)					
Fresh and Frozen Products	1,931.6	1,675.0	15.3%	1,498.3	28.9%
Processed Products	261.9	177.4	47.6%	204.6	28.0%
Others	446.9	415.6	7.5%	351.4	27.2%
TOTAL	**2,640.3**	**2,268.0**	**16.4%**	**2,054.3**	**28.5%**
Volume (thousand tons)					
Fresh and Frozen Products	278.8	237.2	17.6%	214.4	30.1%
Processed Products	20.8	18.9	10.1%	19.5	6.6%
Others	25.7	22.0	16.9%	18.4	39.7%
TOTAL	**325.3**	**278.1**	**17.0%**	**252.3**	**29.0%**
Average Price (R$/Kg)					
Fresh and Frozen Products	6.93	7.06	-1.9%	6.99	-0.9%
Processed Beef	12.57	9.37	34.1%	10.47	20.0%
Others	17.42	18.93	-8.0%	19.13	-9.0%

JBS Stock Performance

During the 12 months to September 30th, 2013, JBSS3 substantially outperformed the Ibovespa Index, increasing 15%, while the index decreased 12%.

The Average Daily Traded Financial Volume in 3Q13 was R$31.4 million, an increase of 22.4% compared to the same period of 2012.

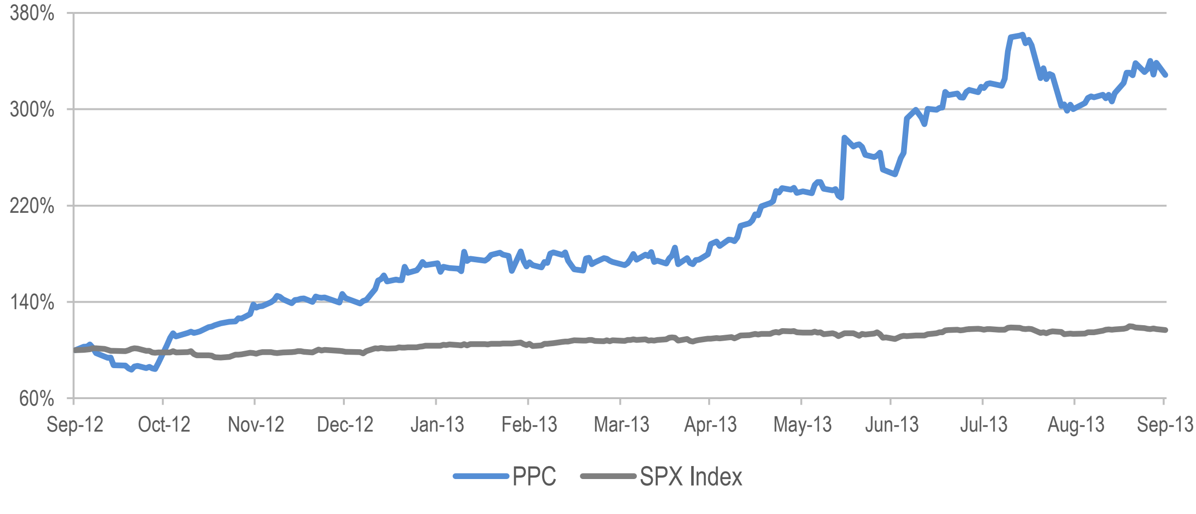
Current JBS' market cap is R$24.0 billion.



Pilgrim's Pride Corp. (PPC) Stock Performance (Controlled by JBS)

During the 12 months to September 30th, 2013, PPC stocks substantially outperformed the S&P 500 Index, increasing 228%, while the index increased 17%.

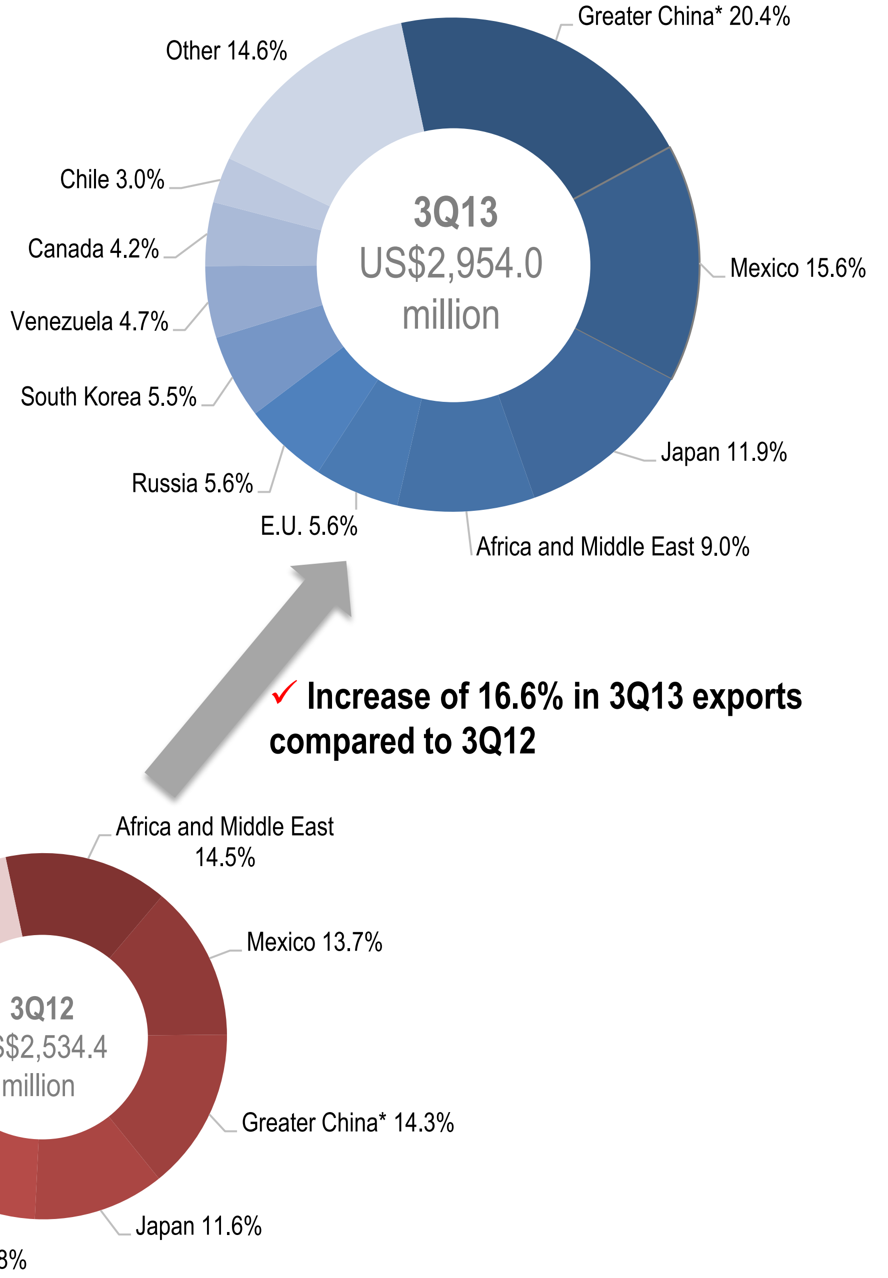
Current PPC's market cap is US$3.7 billion.



Source: Bloomberg, 100 = 09/28/2012

Tables and Charts

Graph I - JBS Consolidated Exports Breakdown in 3Q13 and 3Q12



*Considers China, Hong Kong and Vietnam

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

3Q13 (%)	Consolidated	JBS Mercosul	USA Beef	USA Pork	USA Chicken
Raw material (livestock)	81.1%	86.4%	87.4%	84.8%	58.0%
Processing (including ingredients and packaging)	9.9%	7.5%	5.2%	6.9%	25.6%
Labor Cost	8.9%	6.1%	7.4%	8.3%	16.4%

Indexes

To contact JBS:

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

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

Consolidated Financial Statements – JBS S.A.

JBS S.A.

Balance sheets
(In thousands of Reais)

	Company		Consolidated	
	September 30,	December 31, 2012	September 30,	December 31, 2012
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	**4,489,394**	3,564,984	**7,832,321**	5,383,087
Trade accounts receivable, net	**3,259,638**	2,753,737	**7,609,914**	5,688,648
Inventories	**2,539,367**	1,940,192	**7,383,185**	5,182,187
Biological assets	**-**	-	**1,593,364**	849,624
Recoverable taxes	**1,341,007**	1,309,995	**2,233,529**	1,676,267
Prepaid expenses	**11,351**	9,648	**153,184**	142,961
Other current assets	**320,389**	273,332	**601,331**	460,625
TOTAL CURRENT ASSETS	**11,961,146**	**9,851,888**	**27,406,828**	**19,383,399**
NON-CURRENT ASSETS				
Long-term assets				
Credits with related parties	**1,224,880**	808,062	**641,627**	548,909
Biological assets	**-**	-	**492,004**	304,309
Recoverable taxes	**632,466**	641,957	**1,022,002**	673,346
Other non-current assets	**259,144**	206,137	**905,404**	671,758
Total long-term assets	**2,116,490**	**1,656,156**	**3,061,037**	**2,198,322**
Investments in associate, subsidiaries and joint ventures	**11,035,307**	6,118,876	**304,192**	258,620
Property, plant and equipment, net	**9,243,611**	8,767,637	**20,574,063**	16,207,640
Intangible assets, net	**9,547,075**	9,531,964	**14,874,997**	11,708,212
TOTAL NON-CURRENT ASSETS	**31,942,483**	**26,074,633**	**38,814,289**	**30,372,794**
TOTAL ASSETS	**43,903,629**	**35,926,521**	**66,221,117**	**49,756,193**

Consolidated Financial Statements – JBS S.A.

JBS S.A.

Balance sheets
(In thousands of Reais)

	Company		Consolidated	
	September 30,	December 31,	September 30,	December 31,
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade accounts payable	**1,028,359**	1,000,273	**5,305,482**	3,564,270
Loans and financings	**7,484,378**	5,355,774	**10,694,003**	6,098,898
Income taxes	**-**	-	**31,423**	8,886
Payroll, social charges and tax obligation	**470,111**	361,741	**1,814,402**	1,276,009
Declared dividends	**353**	170,749	**353**	170,749
Payables related to facilities acquisitions	**126,642**	112,712	**348,110**	112,712
Other current liabilities	**924,070**	280,649	**1,175,696**	306,049
TOTAL CURRENT LIABILITIES	**10,033,913**	**7,281,898**	**19,369,469**	**11,537,573**
NON-CURRENT LIABILITIES				
Loans and financings	**10,584,778**	6,795,885	**19,548,503**	14,390,046
Payroll, social charges and tax obligation	**125,740**	137,847	**663,905**	524,230
Payables related to facilities acquisitions	**75,654**	95,142	**496,747**	95,142
Deferred income taxes	**984,583**	825,781	**2,001,498**	1,276,756
Provision for lawsuits risk	**161,585**	155,156	**819,327**	203,361
Other non-current liabilities	**23,387**	24,265	**343,527**	295,779
TOTAL NON-CURRENT LIABILITIES	**11,955,727**	**8,034,076**	**23,873,507**	**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	**84,265**	77,374	**84,265**	77,374
Capital reserve	**211,879**	211,879	**211,879**	211,879
Revaluation reserve	**93,389**	96,847	**93,389**	96,847
Profit reserves	**1,993,697**	1,993,697	**1,993,697**	1,993,697
Valuation adjustments to equity in subsidiaries	**151,300**	92,999	**151,300**	92,999
Accumulated translation adjustments in subsidiaries	**(2,313,358)**	(2,591,970)	**(2,313,358)**	(2,591,970)
Retained earnings	**789,642**	-	**789,642**	-
Attributable to controlling interest	**21,913,989**	**20,610,547**	**21,913,989**	**20,610,547**
Attributable to noncontrolling interest	**-**	**-**	**1,064,152**	**822,759**
TOTAL EQUITY	**21,913,989**	**20,610,547**	**22,978,141**	**21,433,306**
TOTAL LIABILITIES AND EQUITY	**43,903,629**	**35,926,521**	**66,221,117**	**49,756,193**

Consolidated Financial Statements – JBS S.A.

JBS S.A.

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

	Company		Consolidated	
	2013	2012	2013	2012
NET SALE REVENUE	**5,413,179**	**4,274,902**	**24,221,998**	**19,366,617**
Cost of goods sold	**(4,061,055)**	(3,135,692)	**(21,093,614)**	(16,889,422)
GROSS INCOME	**1,352,124**	**1,139,210**	**3,128,384**	**2,477,195**
OPERATING INCOME (EXPENSE)				
General and administrative expenses	**(275,031)**	(213,880)	**(632,862)**	(516,136)
Selling expenses	**(570,499)**	(412,130)	**(1,295,971)**	(999,940)
Financial expense, net	**(647,601)**	(268,596)	**(874,868)**	(418,657)
Equity in earnings of subsidiaries	**342,451**	239,599	**2,081**	631
Other income (expenses), net	**(4,163)**	10,605	**(4,465)**	(1,510)
	(1,154,843)	**(644,402)**	**(2,806,085)**	**(1,935,612)**
NET INCOME BEFORE TAXES	**197,281**	**494,808**	**322,299**	**541,583**
Current income taxes	**586**	604	**(18,337)**	(27,777)
Deferred income taxes	**21,957**	(128,413)	**(45,639)**	(127,193)
	22,543	**(127,809)**	**(63,976)**	**(154,970)**
NET INCOME OF THE PERIOD	**219,824**	**366,999**	**258,323**	**386,613**
ATTRIBUTABLE TO:				
Controlling interest			**219,824**	366,999
Noncontrolling interest			**38,499**	19,614
			258,323	**386,613**
Net income basic per thousand shares - in reais	**76.69**	125.69	**76.69**	125.69
Net income diluted per thousand shares - in reais	**76.69**	125.69	**76.69**	125.69

Consolidated Financial Statements – JBS S.A.

JBS S.A.

Statements of cash flows for the three months period ended September 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	**219,824**	366,998	**219,824**	366,998
Adjustments to reconcile net income to cash provided on operating activities				
. Depreciation and amortization	**131,810**	109,185	**507,994**	409,325
. Allowance for doubtful accounts	**-**	-	**(233)**	(1,270)
. Equity in earnings of subsidiaries	**(342,451)**	(239,599)	**(2,081)**	(631)
. Loss (gain) on assets sales	**4,165**	(2,164)	**3,866**	7,034
. Deferred income taxes	**(21,957)**	128,413	**45,639**	127,193
. Current and non-current financial charges	**112,911**	(53,397)	**173,136**	23,647
. Provision for lawsuits risk	**2,256**	2,900	**9,139**	4,941
	106,558	**312,336**	**957,284**	**937,237**
Decrease (increase) in operating assets				
Trade accounts receivable	**(473,527)**	(218,880)	**(368,560)**	(231,223)
Inventories	**(182,651)**	(36,705)	**(230,740)**	46,755
Recoverable taxes	**(69,560)**	83,587	**(251,595)**	102,467
Other current and non-current assets	**(46,016)**	27,396	**(6,683)**	(58,986)
Related party receivable	**334,794**	(205,631)	**87,748**	115,274
Biological assets	**-**	-	**(126,986)**	(148,367)
Increase (decrease) operating liabilities				
Trade accounts payable	**78,852**	(102,950)	**269,682**	(180,508)
Other current and non-current liabilities	**632,181**	(65,205)	**781,761**	(25,924)
Noncontrolling interest	**-**	-	**38,499**	19,614
Valuation adjustments to shareholders' equity in subsidiaries	**-**	-	**90,551**	-
Net cash provided by operating activities	**380,631**	**(206,052)**	**1,240,961**	**576,339**
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	**(265,655)**	(332,694)	**(499,911)**	(450,589)
Decrease in investments in subsidiaries	**976,076**	1,862	**-**	2,067
Net effect of working capital of acquired / merged company	**-**	-	**65,889**	-
Net cash provided by investing activities	**710,421**	**(330,832)**	**(434,022)**	**(448,522)**
Cash flow from financing activities				
Proceeds from loans and financings	**2,032,024**	1,329,699	**5,958,425**	2,663,469
Payments of loans and financings	**(2,553,225)**	(1,193,741)	**(6,193,272)**	(3,273,610)
Payments of dividends	**-**	(7)	**-**	(7)
Capital transactions	**-**	-	**1,351**	-
Net cash provided by financing activities	**(521,201)**	**135,951**	**(233,496)**	**(610,148)**
Effect of exchange variation on cash and cash equivalents	**-**	**-**	**55,954**	**18,455**
Variance in cash and cash equivalents	**569,851**	(400,933)	**629,397**	(434,577)
Cash and cash equivalents at the beginning of the period	**3,919,543**	3,955,539	**7,202,924**	5,475,236
Cash and cash equivalents at the end of the period	**4,489,394**	**3,554,606**	**7,832,321**	**5,040,659**

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..

JBS S.A.

Quarterly Interim Financial Statements and Independent auditors' report

As of September 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 September 30, 2013, which comprise the balance sheet on September 30, 2013 and the related statements of income and comprehensive income for the three and nine-month period then ended and changes in equity and cash flows for the nine-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 nine-month period ended September 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 nine-month period ended September 30, 2012, presented for comparison purposes, were reviewed by other independent auditors, whose report thereon was dated November 13, 2012 and which conclusion was unqualified.

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

São Paulo, November 13, 2013.

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

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

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

JBS S.A.

Balance sheets
(In thousands of Reais)

	Note	Company		Consolidated	
		September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	**4,489,394**	3,564,984	**7,832,321**	5,383,087
Trade accounts receivable, net	6	**3,259,638**	2,753,737	**7,609,914**	5,688,648
Inventories	7	**2,539,367**	1,940,192	**7,383,185**	5,182,187
Biological assets	8	**-**	-	**1,593,364**	849,624
Recoverable taxes	9	**1,341,007**	1,309,995	**2,233,529**	1,676,267
Prepaid expenses		**11,351**	9,648	**153,184**	142,961
Other current assets		**320,389**	273,332	**601,331**	460,625
TOTAL CURRENT ASSETS		**11,961,146**	**9,851,888**	**27,406,828**	**19,383,399**
NON-CURRENT ASSETS					
Long-term assets					
Credits with related parties	10	**1,224,880**	808,062	**641,627**	548,909
Biological assets	8	**-**	-	**492,004**	304,309
Recoverable taxes	9	**632,466**	641,957	**1,022,002**	673,346
Other non-current assets		**259,144**	206,137	**905,404**	671,758
Total long-term assets		**2,116,490**	**1,656,156**	**3,061,037**	**2,198,322**
Investments in associate, subsidiaries and joint ventures	11	**11,035,307**	6,118,876	**304,192**	258,620
Property, plant and equipment, net	12	**9,243,611**	8,767,637	**20,574,063**	16,207,640
Intangible assets, net	13	**9,547,075**	9,531,964	**14,874,997**	11,708,212
TOTAL NON-CURRENT ASSETS		**31,942,483**	**26,074,633**	**38,814,289**	**30,372,794**
TOTAL ASSETS		**43,903,629**	**35,926,521**	**66,221,117**	**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	September 30, 2013	December 31,	September 30, 2013	December 31,
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade accounts payable	14	**1,028,359**	1,000,273	**5,305,482**	3,564,270
Loans and financings	15/16	**7,484,378**	5,355,774	**10,694,003**	6,098,898
Income taxes	17	**-**	-	**31,423**	8,886
Payroll, social charges and tax obligation	17	**470,111**	361,741	**1,814,402**	1,276,009
Declared dividends	18	**353**	170,749	**353**	170,749
Payables related to facilities acquisitions	19	**126,642**	112,712	**348,110**	112,712
Other current liabilities		**924,070**	280,649	**1,175,696**	306,049
TOTAL CURRENT LIABILITIES		**10,033,913**	**7,281,898**	**19,369,469**	**11,537,573**
NON-CURRENT LIABILITIES					
Loans and financings	15/16	**10,584,778**	6,795,885	**19,548,503**	14,390,046
Payroll, social charges and tax obligation	17	**125,740**	137,847	**663,905**	524,230
Payables related to facilities acquisitions	19	**75,654**	95,142	**496,747**	95,142
Deferred income taxes	20	**984,583**	825,781	**2,001,498**	1,276,756
Provision for lawsuits risk	21	**161,585**	155,156	**819,327**	203,361
Other non-current liabilities		**23,387**	24,265	**343,527**	295,779
TOTAL NON-CURRENT LIABILITIES		**11,955,727**	**8,034,076**	**23,873,507**	**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		**84,265**	77,374	**84,265**	77,374
Capital reserve		**211,879**	211,879	**211,879**	211,879
Revaluation reserve		**93,389**	96,847	**93,389**	96,847
Profit reserves		**1,993,697**	1,993,697	**1,993,697**	1,993,697
Valuation adjustments to equity in subsidiaries		**151,300**	92,999	**151,300**	92,999
Accumulated translation adjustments in subsidiaries		**(2,313,358)**	(2,591,970)	**(2,313,358)**	(2,591,970)
Retained earnings		**789,642**	-	**789,642**	-
Attributable to controlling interest		**21,913,989**	**20,610,547**	**21,913,989**	**20,610,547**
Attributable to noncontrolling interest		**-**	**-**	**1,064,152**	**822,759**
TOTAL EQUITY		**21,913,989**	**20,610,547**	**22,978,141**	**21,433,306**
TOTAL LIABILITIES AND EQUITY		**43,903,629**	**35,926,521**	**66,221,117**	**49,756,193**

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

JBS S.A.

Statements of income for the nine months period ended on September 30, 2013 and 2012
(In thousands of Reais)

	Note	Company		Consolidated	
		2013	2012	2013	2012
NET REVENUE	23	**14,717,698**	**11,586,835**	**65,680,568**	**53,845,988**
Cost of goods sold		**(11,050,331)**	(8,485,260)	**(57,565,767)**	(47,597,435)
GROSS INCOME		**3,667,367**	**3,101,575**	**8,114,801**	**6,248,553**
OPERATING INCOME (EXPENSE)					
General and administrative expenses		**(779,764)**	(596,607)	**(1,769,003)**	(1,462,783)
Selling expenses		**(1,533,149)**	(1,092,441)	**(3,509,222)**	(2,748,718)
Financial expense, net	24	**(1,263,436)**	(853,679)	**(1,612,660)**	(963,844)
Equity in earnings of subsidiaries	11	**861,133**	369,933	**28,144**	631
Other income (expenses), net	25	**(7,147)**	18,019	**72,242**	8,353
		(2,722,363)	**(2,154,775)**	**(6,790,499)**	**(5,166,361)**
NET INCOME BEFORE TAXES		**945,004**	**946,800**	**1,324,302**	**1,082,192**
Current income taxes	20	**1,781**	1,813	**(72,113)**	(75,194)
Deferred income taxes	20	**(160,601)**	(296,051)	**(343,589)**	(306,308)
		(158,820)	**(294,238)**	**(415,702)**	**(381,502)**
NET INCOME OF THE PERIOD		**786,184**	**652,562**	**908,600**	**700,690**
ATTRIBUTABLE TO:					
Controlling interest				**786,184**	652,562
Noncontrolling interest				**122,416**	48,128
				908,600	**700,690**
Net income basic per thousand shares - in reais	26	**274.29**	223.49	**274.29**	223.49
Net income diluted per thousand shares - in reais	26	**274.29**	223.49	**274.29**	223.49

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 on September 30, 2013 and 2012
(In thousands of Reais)

		Company		Consolidated	
	Note	2013	2012	2013	2012
NET SALE REVENUE	23	**5,413,179**	**4,274,902**	**24,221,998**	**19,366,617**
Cost of goods sold		**(4,061,055)**	(3,135,692)	**(21,093,614)**	(16,889,422)
GROSS INCOME		**1,352,124**	**1,139,210**	**3,128,384**	**2,477,195**
OPERATING INCOME (EXPENSE)					
General and administrative expenses		**(275,031)**	(213,880)	**(632,862)**	(516,136)
Selling expenses		**(570,499)**	(412,130)	**(1,295,971)**	(999,940)
Financial expense, net	24	**(647,601)**	(268,596)	**(874,868)**	(418,657)
Equity in earnings of subsidiaries	11	**342,451**	239,599	**2,081**	631
Other income (expenses), net	25	**(4,163)**	10,605	**(4,465)**	(1,510)
		(1,154,843)	**(644,402)**	**(2,806,085)**	**(1,935,612)**
NET INCOME BEFORE TAXES		**197,281**	**494,808**	**322,299**	**541,583**
Current income taxes	20	**586**	604	**(18,337)**	(27,777)
Deferred income taxes	20	**21,957**	(128,413)	**(45,639)**	(127,193)
		22,543	**(127,809)**	**(63,976)**	**(154,970)**
NET INCOME OF THE PERIOD		**219,824**	**366,999**	**258,323**	**386,613**
ATTRIBUTABLE TO:					
Controlling interest				**219,824**	366,999
Noncontrolling interest				**38,499**	19,614
				258,323	**386,613**
Net income basic per thousand shares - in reais	26	**76.69**	125.69	**76.69**	125.69
Net income diluted per thousand shares - in reais	26	**76.69**	125.69	**76.69**	125.69

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

JBS S.A.

Statement of comprehensive income for the nine months period ended on September 30, 2013 and 2012
(In thousands of Reais)

	Company		Consolidated	
	2013	2012	2013	2012
Net income of the period	**786,184**	**652,562**	**908,600**	**700,690**
Other comprehensive income				
Valuation adjustments to equity in subsidiaries	**58,301**	(22,880)	**58,301**	(22,880)
Accumulated adjustment of conversion in subsidiaries	**(121,706)**	60,030	**(121,706)**	60,030
Exchange variation in subsidiaries	**400,318**	190,814	**400,318**	190,814
Total of comprehensive income	**1,123,097**	**880,526**	**1,245,513**	**928,654**
Total of comprehensive income attributable to:				
Controlling interest	**1,123,097**	880,526	**1,077,705**	864,868
Noncontrolling interest	**-**	-	**167,808**	63,786
	1,123,097	**880,526**	**1,245,513**	**928,654**

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 on September 30, 2013 and 2012
(In thousands of Reais)

	Company		Consolidated	
	2013	2012	2013	2012
Net income of the period	**219,824**	**366,999**	**258,323**	**386,613**
Other comprehensive income				
Valuation adjustments to shareholders' equity in subsidiaries	**(63,419)**	(4,390)	**(63,419)**	(4,390)
Accumulated adjustment of conversion in subsidiaries	**138,654**	30,410	**138,654**	30,410
Exchange variation in subsidiaries	**42,843**	40,245	**42,843**	40,245
Total of comprehensive income	**337,902**	**433,264**	**376,401**	**452,878**
Total of comprehensive income attributable to:				
Controlling interest	**337,902**	433,264	**320,304**	432,286
Noncontrolling interest	**-**	-	**56,097**	20,592
	337,902	**433,264**	**376,401**	**452,878**

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

JBS S.A.

Statements of changes in equity for the nine months period ended on September 30, 2013 and 2012
(In thousands of Reais)

	Capital stock	Capital transactions	Capital reserve	Revaluation reserve	Profit reserves: Legal	Profit reserves: For expansion	Treasury shares	Valuation adjustments to equity	Accumulated translation adjustments	Retained Earnings	Total	Noncontrolling interest	Total equity
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	-	89,498	-	-	-	-	-	-	-	-	**89,498**	-	**89,498**
Purchase of treasury shares	-	-	-	-	-	-	(939,717)	-	-	-	**(939,717)**	-	**(939,717)**
Convertible debentures	-	-	-	-	-	-	(324)	-	-	-	**(324)**	-	**(324)**
Cancellation of treasury shares	-	-	(774,065)	-	-	-	774,065	-	-	-	**-**	-	**-**
Realization of revaluation reserve	-	-	-	(3,523)	-	-	-	-	-	3,523	**-**	-	**-**
Valuation adjustments in subsidiaries equity	-	-	-	-	-	-	-	(22,880)	-	-	**(22,880)**	-	**(22,880)**
Accumulated translation adjustments in subsidiaries equity	-	-	-	-	-	-	-	-	60,030	-	**60,030**	-	**60,030**
Investments exchange rate variations, net	-	-	-	-	-	-	-	-	190,814	-	**190,814**	-	**190,814**
Net income of the period	-	-	-	-	-	-	-	-	-	652,562	**652,562**	48,128	**700,690**
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	**-**	(153,764)	**(153,764)**
BALANCE AS OF SEPTEMBER 30, 2012	**21,506,247**	**79,286**	**211,879**	**98,033**	**7,768**	**1,433,031**	**(776,526)**	**104,191**	**(2,626,189)**	**656,085**	**20,693,805**	**829,730**	**21,523,535**
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	-	6,891	-	-	-	-	-	-	-	-	**6,891**	-	**6,891**
Transfer of treasury shares	-	-	-	-	-	-	173,454	-	-	-	**173,454**	-	**173,454**
Realization of revaluation reserve	-	-	-	(3,458)	-	-	-	-	-	3,458	**-**	-	**-**
Valuation adjustments in subsidiaries equity	-	-	-	-	-	-	-	58,301	-	-	**58,301**	-	**58,301**
Accumulated translation adjustments in subsidiaries equity	-	-	-	-	-	-	-	-	(121,706)	-	**(121,706)**	-	**(121,706)**
Investments exchange rate variations, net	-	-	-	-	-	-	-	-	400,318	-	**400,318**	-	**400,318**
Net income of the period	-	-	-	-	-	-	-	-	-	786,184	**786,184**	122,416	**908,600**
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	118,977	**118,977**
BALANCE AS OF SEPTEMBER 30, 2013	**21,506,247**	**84,265**	**211,879**	**93,389**	**43,715**	**1,949,982**	**(603,072)**	**151,300**	**(2,313,358)**	**789,642**	**21,913,989**	**1,064,152**	**22,978,141**

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

JBS S.A.

Statements of cash flows for the nine months period ended on September 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	**786,184**	652,562	**786,184**	652,562
Adjustments to reconcile net income to cash provided on operating activities				
. Depreciation and amortization	**380,567**	321,431	**1,403,620**	1,163,957
. Allowance for doubtful accounts	**375**	(2,632)	**2,518**	(2,911)
. Equity in earnings of subsidiaries	**(861,133)**	(369,933)	**(28,144)**	(631)
. Loss (gain) on assets sales	**5,937**	(9,578)	**1,948**	8,677
. Deferred income taxes	**160,601**	296,051	**343,589**	306,308
. Current and non-current financial charges	**824,749**	338,565	**1,034,006**	290,440
. Provision for lawsuits risk	**6,342**	6,919	**19,001**	8,011
. Gain on bargain	**-**	-	**(72,337)**	-
. Impairment	**-**	-	**-**	8,112
	1,303,622	**1,233,385**	**3,490,385**	**2,434,525**
Decrease (increase) in operating assets				
Trade accounts receivable	**(702,462)**	(538,920)	**(1,020,714)**	(487,763)
Inventories	**(419,776)**	(404,593)	**(907,591)**	(723,045)
Recoverable taxes	**(47,953)**	21,472	**(278,367)**	(127,654)
Other current and non-current assets	**(185,259)**	(49,245)	**(190,976)**	(93,098)
Related party receivable	**46,617**	(559,614)	**(28,861)**	658
Biological assets	**-**	-	**(393,186)**	(366,294)
Increase (decrease) operating liabilities				
Trade accounts payable	**2,204**	101,348	**445,895**	(51,807)
Other current and non-current liabilities	**704,984**	304,160	**921,602**	70,073
Noncontrolling interest	**-**	-	**122,416**	48,128
Valuation adjustments to equity in subsidiaries	**-**	-	**25,657**	(27,344)
Changes in operating assets and liabilities	**(601,645)**	**(1,125,392)**	**(1,304,125)**	**(1,758,146)**
Net cash provided by operating activities	**701,977**	**107,993**	**2,186,260**	**676,379**
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	**(697,749)**	(842,372)	**(1,152,090)**	(1,145,614)
Net effect of Joint Venture deconsolidation	**-**	-	**(8,623)**	(211,856)
Decrease in investments in subsidiaries	**6,380**	888,902	**1,540**	2,067
Net effect of working capital of acquired / merged company	**915**	-	**(161,517)**	(24,408)
Net cash provided by investing activities	**(690,454)**	**46,530**	**(1,320,690)**	**(1,379,811)**
Cash flow from financing activities				
Proceeds from loans and financings	**6,228,493**	4,217,594	**15,331,499**	13,133,073
Payments of loans and financings	**(5,135,623)**	(4,428,019)	**(13,763,004)**	(12,770,072)
Payments of dividends	**(170,396)**	(7)	**(170,396)**	(7)
Capital transactions	**-**	-	**6,891**	(6,848)
Shares acquisition of own emission	**(9,587)**	(2,352)	**(9,587)**	(2,352)
Net cash provided by financing activities	**912,887**	**(212,784)**	**1,395,403**	**353,794**
Effect of exchange variation on cash and cash equivalents	**-**	**-**	**188,261**	**102,103**
Variance in cash and cash equivalents	**924,410**	(58,261)	**2,449,234**	(247,535)
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	**4,489,394**	**3,554,606**	**7,832,321**	**5,040,659**

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

JBS S.A.

Economic value added for the nine months period ended on September 30, 2013 and 2012
(In thousands of Reais)

	Company		Consolidated	
	2013	2012	2013	2012
Revenue				
Sales of goods and services	**15,510,668**	12,325,957	**66,586,397**	54,780,647
Other net income	**1,827**	25,631	**(632)**	32,334
Allowance for doubtful accounts	**(375)**	2,632	**(2,518)**	2,911
	15,512,120	**12,354,220**	**66,583,247**	**54,815,892**
Goods				
Cost of services and goods sold	**(9,105,599)**	(6,987,227)	**(45,271,601)**	(37,012,886)
Materials, energy, services from third parties and others	**(2,449,529)**	(1,795,377)	**(9,402,967)**	(7,870,128)
	(11,555,128)	**(8,782,604)**	**(54,674,568)**	**(44,883,014)**
Gross added value	**3,956,992**	**3,571,616**	**11,908,679**	**9,932,878**
Depreciation and Amortization	**(380,567)**	(321,431)	**(1,403,620)**	(1,163,957)
Net added value generated by the company	**3,576,425**	**3,250,185**	**10,505,059**	**8,768,921**
Net added value by transfer				
Equity in earnings of subsidiaries	**861,133**	369,933	**28,144**	631
Financial income	**3,082,138**	798,103	**3,736,054**	1,365,806
Others	**5,056**	(661)	**89,192**	(5,505)
NET ADDED VALUE TOTAL TO DISTRIBUTION	**7,524,752**	**4,417,560**	**14,358,449**	**10,129,853**
Distribution of added value				
Labor				
Salaries	**1,196,813**	924,564	**5,408,581**	4,609,485
Benefits	**143,468**	109,401	**1,087,775**	998,802
FGTS (Brazilian Labor Social Charge)	**59,311**	47,208	**70,947**	56,794
	1,399,592	**1,081,173**	**6,567,303**	**5,665,081**
Taxes and contribution				
Federal	**218,392**	387,416	**535,602**	539,250
State	**717,836**	614,476	**802,667**	689,817
Municipal	**12,226**	12,549	**13,273**	13,920
	948,454	**1,014,441**	**1,351,542**	**1,242,987**
Capital Remuneration from third parties				
Interests	**4,323,705**	1,609,326	**5,243,150**	2,234,874
Rents	**52,073**	47,826	**216,802**	207,469
Others	**14,744**	12,232	**71,052**	78,752
	4,390,522	**1,669,384**	**5,531,004**	**2,521,095**
Owned capital remuneration				
Net income of the period attributable to controlling interest	**786,184**	652,562	**786,184**	652,562
Noncontrolling interest	**-**	-	**122,416**	48,128
	786,184	**652,562**	**908,600**	**700,690**
ADDED VALUE TOTAL DISTRIBUTED	**7,524,752**	**4,417,560**	**14,358,449**	**10,129,853**

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

1 Operating activities

JBS S.A (JBS, the Company) is a listed company in the "Novo Mercado" segment, based in the city of São Paulo, Brazil, which requires the highest level of corporate governance in the Brazilian market and its shares are traded on the BM&F Bovespa S.A - Stock Exchange, Commodity and Forward as ticker symbol "JBSS3" and American Depository Receipts traded over the counter as "JBSAY".

The Company and its subsidiaries have the following operational activities:

a) Activities in Brazil

In Company

The Company is engaged in the operation of slaughter facilities, cold storage of cattle meat, meat processing operations for the production of beef, meat by-products and canned goods, through forty-nine industrial facilities based in the states: 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 twenty industrial facilities based in the States of Espirito Santo, Goiás, Minas Gerais, Mato Grosso, Mato Grosso do Sul, Pará, Rio Grande do Sul, Rondônia, São Paulo, Tocantins and Ceará. JBS has one distribution center based in the State of Mato Grosso do Sul and a warehouse in the State of São Paulo.

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 the State of São Paulo in the city of Castilho and Guaiçara, State of Goiás in the city of Nazário and Aruanã, in the State of Mato Grosso in the city of Lucas do Rio Verde and Terenos, and also in the State of Rondônia in the city of Ariquemes, 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 Imbitura Ltda (Agil).

Pine Point Participações Ltda. (Pine), based in the city of São Paulo, is a holding of Marfrig Alimentos S.A.'s acquired subsidiaries, related to the business of Seara Brazil, explores in these subsidiaries the activity of industrialization and commercialization of food products, breeding activity of broiler chickens and hogs for slaughtering, production of pet food and concentrates and meat industrialization. It operates twenty-nine industrial facilities based in the States of Minas Gerais, Mato Grosso, Mato Grosso do Sul, Paraná, Rio de Janeiro, Rio Grande do Sul, Santa Catarina, São Paulo and Distrito Federal and twenty warehouses in the States of Bahia, Ceará, Goiás, Minas Gerais, Mato Grosso, Mato Grosso do Sul, Pernambuco, Paraná, Rio de Janeiro, Rio Grande do Sul, Santa Catarina, São Paulo and Distrito Federal. Despite the foreign operations are under control of Seara Holding, Pine also operates units based in United Kingdom and Cayman, which main activity is trading for foreign market.

Excelsior Alimentos S.A. (Excelsior) (direct and indirect subsidiary of the holding Baumhardt Comércio e Participação Ltda (Baumhardt)), based in the State of Rio Grande do Sul, in the city of Santa Cruz do Sul, has as main activity the production of industrialized products. It operates an industrial facilities in the State of Rio Grande do Sul.

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 eleven 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, seven rendering facilities and three pet food facilities in the United States and Mexico.

(Expressed in thousands of reais)

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, selling cooked meat. Additionally, it develops logistics operations, warehousing, customization and new products development.

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

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

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

The 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), base 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 focused on Central 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.

The indirect subsidiary Capital Joy Holding Limited (Capital Joy), based in British Virgin Islands, has a leather processing plant in the city of Juangmen in China, whose activity consists in the process of leather industrialization to be sold mostly to the Asian market of production of shoes and artifacts, buying the Wet Blue stage from

Columbus Netherlands B.V. (Columbus), based in Netherlands, is a holding of Marfrig Alimentos S.A.'s acquired subsidiaries, related to the business of Zenda's Group, operates in these subsidiaries 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.

Seara Holding Europe B.V. (Seara Holding), based in the city of Amsterdam, is a holding of Marfrig Alimentos S.A.'s acquired subsidiaries, related to the business of Seara in the foreign market, operates in these subsidiaries the activity of sale e purchase of products to the foreign market, which main activity is in the European market. It also operates with two commercial offices, based in Japan and Singapore, for a direct sale in the Japanese and Asian markets.

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 September 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, in September, 2013, the incorporated assets from Novaprom represented 0.09% of the Company's asset, the liabilities represented 0.12% of the Company's liabilities and the shareholders equity represented 0.05% of the Company's investments.

Accounting information from Novaprom incorporated in Company:

	May 31, 2012
ASSETS	38,391
LIABILITIES	27,241
EQUITY	11,150

(Expressed in thousands of reais)

c.3) Capital Joy's acquisition:

In July 2013, the subsidiary JBS Holding GMBH acquired 60% of shares of Capital Joy by its direct subsidiary JBS Holding Inc, in the amount of USD 12,973 (R$ 28,930).

The consolidated quarterly interim financial statements reflect the Company's acquisition of Capital Joy accounted in accordance with IFRS 3 (R)/CPC 15 R1.

c.4) Disposal of the investment of LLC Lesstor:

In July 2013, the Company sold its 70% stake on LLC Lesstor, by the amount of USD 9,130 (R$ 21,029) in the date of the receiving, recording a result in the operation, as described below (recorded in the rubric of Others in the income statement):

	July 31, 2013
INVESTMENT IN SUBSIDIARIES	15,921
GOODWILL	13,461
ACCUMULATED TRANSLATION ADJUSTMENTS IN SUBSIDIARIES	(5,878)
AMOUNT RECEIVED	21,029
RESULT OF THE OPERATION - LOSS	(2,475)

c.5) Conclusion of the acquisition of the operations of Zenda's Group and Seara's Group:

In September 2013, the Company completed the acquisition of Zenda's Group (through the holding Columbus), which operates the leather activity and of Seara's Group (through the holdings Pine, Baumhardt and Seara Holding), consisting of equity interests in Seara's Groups business and of certain rights held by Marfrig Alimentos S.A. on these societies.

Zenda's Group acquisition occurred on June 30, 2013, being concluded the acquisition of Seara's Group operations in September 30, 2013 after the approval of the transaction by antitrust agencies in Brazil and Europe.

According to the material fact published to the Market on October 1, 2013, the purchase price of Zenda's Group and Seara's Group was fixed in an amount R$ 5.85 billion by a debt assumption from Marfrig Alimentos S.A. by the Company, and for purposes of business, the amount of the debt assumption in U.S. Dollars was converted by the exchange rate of R$ 2.1247. In addition, the purchase price may suffer adjustment due to working capital items to be verified by the Company within 90 days from September 30, 2013 (the closing date of the transaction), as follow:

(i) Working capital adjustment of Zenda's Group and Seara's Group: the agreement signed on June, 2013 provides a mechanism of evaluation and confirmation of the working capital of Zenda's Group and Seara's Group. If after such review and confirmation is given that the working capital is greater than the closing of the transaction, the Company will have to assume the debt from Marfrig Alimentos S.A. in the amount of this positive difference. In case of the working capital in the closing of the transaction is less than the working capital of the closing, Marfrig Alimentos S.A. will have to repay the Company the difference.

(ii) Adjustment of the balance as of September 30, 2013 for the debts assumed by the Company: In September 30, 2013, Marfrig Alimentos S.A. submitted to the Company part of the debts incurred, and such adjusted balance will be a confirmation object and possible differences higher or lower will be agreed between the parties in the same moment of the working capital adjustment described above.

As described above, the total amount paid by the Company (by debt assumption) is subject to adjustments due to working capital verification from Zenda's Group and Seara's Group, and of the amount updated until September, 30 of the debts assumed by the Company, these adjustments will be informed to Marfrig Alimentos S.A. Alimentos S.A. within 90 days after the closing of the transaction. On September 30, 2013, considering the information that the Company has the updated value of the assumptions at the rate of R$ 2.1247 is R$ 5.96 billion.

Conciliation of the debt assumption:

	Debts 2,1247 Balance 30.06 - Zenda Balance 30.09 - Seara	Debts converted at the effective rate of entry:
Marfrig Alimentos S.A. debt assumption for the Company [(1)]:	3,602	3,899
Marfrig Alimentos S.A. debt recorded in Seara's Group [(2)]:	137	143
Marfrig Alimentos S.A. debt assumption recorded in Zenda's Group:	2,221	2,251
	5,960	**6,293**

[(1)] - For the debt assumption, the Company also incurred in costs of transaction in the amount of R$ 4.6 million that comprised the purchase cost. As described, the Company has 90 days from the date of the closing of the transaction to adjust the purchase price.

[(2)] - Is composed by the amount of R$ 2,310 of loans plus debts of Marfrig Alimentos S.A. x BRF in the amount of R$ 201, less ACE (advance against draft presentation) of R$ 260.

The consolidated quarterly interim financial statements of the Company reflects the acquisitions of Zenda's Group (composed by the holding Columbus) and Seara's Group (composed by the holdings Pine, Seara Holding and Baumhardt) which are booked as a purchase in accordance with IFRS 3 (R)/CPC 15 R1, as described in note 4.

Due to the fact of the participations in these investments have not been consolidated in the comparative period of December 31, 2012 and were consolidated in the nine months period ended on September 30, 2013, for comparison purposes, below is the balance "pro-forma" excluding the carrying amounts of the consolidated participations on September 30, 2013, allowing readers and users a better comparability.

(Expressed in thousands of reais)

Balance Sheets - Consolidated:

	September 30, 2013				December 31, 2012
	Consolidated	Debt assumption (1)	Seara's Group	Pro-forma Consolidated	Consolidated
ASSET					
Cash and cash equivalents	**7,832,321**	-	129,238	**7,675,395**	**5,383,087**
Trade accounts receivable, net	**7,609,914**	-	807,653	**6,728,497**	**5,688,648**
Inventories	**7,383,185**	-	890,413	**6,349,506**	**5,182,187**
Biological assets	**2,085,368**	-	662,669	**1,422,699**	**1,153,933**
Recoverable taxes	**3,255,531**	-	522,944	**2,699,900**	**2,349,613**
Other current and non-current assets	**2,301,546**	-	143,891	**2,143,479**	**1,824,253**
Investments in associate	**304,192**	-	-	**304,192**	**258,620**
Property, plant and equipment, net	**20,574,063**	-	3,099,408	**17,334,720**	**16,207,640**
Intangible assets, net	**14,874,997**	1,397,242	1,480,637	**11,997,078**	**11,708,212**
TOTAL ASSETS	**66,221,117**	**1,397,242**	**7,736,853**	**56,655,466**	**49,756,193**
LIABILITIES AND EQUITY					
Trade accounts payable	**5,305,482**	-	1,078,831	**4,177,986**	**3,564,270**
Loans and financings	**30,242,506**	3,608,534	2,405,275	**24,133,445**	**20,488,944**
Payroll, social charges and tax obligation	**4,511,228**	-	627,875	**3,863,481**	**3,085,881**
Other current and non-current liabilities	**3,183,760**	-	1,406,169	**1,625,646**	**1,183,792**
Equity	**22,978,141**	(2,211,292)	2,218,703	**22,854,908**	**21,433,306**
TOTAL LIABILITIES AND EQUITY	**66,221,117**	**1,397,242**	**7,736,853**	**56,655,466**	**49,756,193**

(1) - Debt assumption and estimated value of goodwill, as described in note 4, item 4.6.

For comparison purposes, the pro-forma income statement is not presented, since the results of the Seara's Group had not been consolidated in the nine months period ended on September 30, 2013 and the results of Zenda's Group, consolidated in the three months period ended on September 30, 2013, are not material for comparison purposes (Net Revenue R$ 117 million and Losses of R$ 12 million).

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

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, 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 consolidated quarterly financial statements prepared in accordance with IFRSs and constants in the individual quarterly financial statements prepared in accordance with accounting practices adopted in Brazil (BR GAAP), the Company opted to present these statements in a single set side by side.

Transitional Tax Regime (Regime Tributário Transitório - RTT) - The amounts presented in quarterly interim financial statements as of September 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.

Approval of financial statements

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.

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.

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.

<u>Goodwill arising from business combination</u>

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.

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 consider 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.

x) Financial instruments

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

• Financial assets at fair value through profit or loss

Financial asset are classified by its fair value on the financial report if it is classified as held for trading or designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair values in accordance with a documented risk management and investment strategy of the Company. Transaction costs, after initial recognition are recognized in income statement when 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 a loss estimate. Subsequent recoveries of amounts previously written off are credited to the loss estimate. Changes in the carrying value of the loss estimate 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 at the instruments.

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

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

y) Business combinations

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

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

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

z) Employee benefits

Defined Contribution Plans:

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

Defined benefit plans

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

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

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

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

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

aa) Segment reporting

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

ab) Statements of Cash flow

The statements of cash flows have been prepared by the indirect method in accordance with the instructions contained in IAS 7/CPC 3 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 nine months period and previous year.

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

(Expressed in thousands of reais)

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:

	December 31, 2012	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 nine months period 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 nine months period 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 nine months period 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's adoption effects in the period ended on December 31, 2012, and its effects were not representative. Considering the cost versus benefits of adjusting the comparative periods, the Company decided to apply the effects of this standard in a prospective way in the financial statements.

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.

• IAS 36 - "Impairment of Assets", In May, 2013, IASB issued a revised IAS 36. This change requires disclosure of discount rates that were used in the current and previous evaluation of impairment of assets, if the recoverable amount of the asset is based on a valuation technique to present value based on the fair value less the cost of low. This standard is effective for annual periods beginning on or after January 1, 2014. The Company is evaluating the impact of adopting these amendments in its quarterly interim financial statements.

• IAS 39 - "Changes in Continuity of Derivatives and Hedge Accounting", in June 2013, the IASB issued a revised IAS 39. This change is intended to clarify when an entity is required to discontinue a hedge, in situations where this instrument expires, is sold, terminated or exercised. This standard is effective for annual periods beginning on or after January 1, 2014. The Company is evaluating the impact of adopting these amendments in its quarterly interim financial statements.

• IFRIC 21 - "Taxes", in May 2013, the IASB issued an interpretation of IFRIC 21. This interpretation addresses issues related to the recognition of a tax liability when it originates from application of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. This interpretation is effective for annual periods beginning on or after January 1, 2014. The Company is evaluating the impact of adopting these amendments in its quarterly interim financial statements.

(Expressed in thousands of reais)

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 September 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**

<u>Estimated value of goodwill to expectation of future earnings:</u>

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 September 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**

<u>Estimated value of goodwill to expectation of future earnings:</u>

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

(Expressed in thousands of reais)

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$ 246,477).

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**

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	246,477
Estimated fair value of net assets acquired	317,225
Gain on bargain [1]	70,748

[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 September 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**

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) Capital Joy's acquisition:

In July 2013, the subsidiary JBS Holding GMBH acquired 60% of the shares of Capital Joy by its direct subsidiary JBS Holding Inc, in the amount of USD 12,973 (R$ 28,930).

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

(Expressed in thousands of reais)

ASSETS	
Cash and cash equivalents	457
Trade accounts receivable, net	66,456
Inventories	2,130
Prepaid expenses	943
TOTAL ASSETS	**69,986**
LIABILITIES AND EQUITY	
Trade accounts payable	33,087
Payroll, social charges and tax obligation and income and deferred taxes	265
Other current and noncurrent liabilities	515
Equity	36,119
TOTAL LIABILITIES AND EQUITY	**69,986**

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 related to 60% of equity of reference, calculated based on the identified assets and liabilities assumed in a business combination:

Total amount paid	28,930
Estimated fair value of net assets acquired	21,671
Estimated value of goodwill to expectation of future earnings (note 13)	7,259

4.6) Conclusion of the acquisition of the operations of Zenda's Group and Seara's Group:

In September 2013, the Company completed the acquisition of Zenda's Group (by the holding Columbus) and of Seara's Group (by the holdings Pine, Baumhardt and Seara Holding).

As described in the operating activities of the Company, item 1 c.5) the purchase price was fixed in the amount R$ 5.85 billion in the terms of the closing date of the transaction, by a debt assumption from Marfrig Alimentos S.A. by the Company, and the total cost assumed by the Company for these investments acquisition was in the amount of R$ 3.609 billion, as described below:

Detailing of the acquisition cost (expressed in R$ billions):

(+) Marfrig Alimentos S.A. debt assumption by the Company	3,899
(+) Costs incurred in the assumptions	5
(-) Receivables from related parties ceded [1]	295
(=) Costs of acquisition of investments received from Marfrig Alimentos S.A.:	**3,609**

[1] - These credits were received in exchange for the assignment of debts that are part of the value of Zenda's Group and Seara's Group, as described in note 10.

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. The numbers below represent 100% of the financial statements of the entities, not considering the equity participation.

	Seara's Group			**Zenda's Group**
	Pine	**Seara Holding**	**Baumhardt ***	**Columbus**
ASSETS	**September, 2013**	**September, 2013**	**September, 2013**	**June, 2013**
Cash and cash equivalents	94,176	1,429	5,945	29,193
Trade accounts receivable, net	642,798	77,861	13,230	68,774
Inventories	701,314	41,293	4,540	121,736
Biological assets	662,669	-	-	-
Recoverable taxes	470,083	18,091	2,083	37,661
Other current and non-current assets	125,805	732,193	2,948	7,305
Property, plant and equipment, net and Intangible assets, net	4,381,934	73	58,058	143,691
TOTAL ASSETS	**7,078,779**	**870,940**	**86,804**	**408,360**
LIABILITIES AND EQUITY				
Trade accounts payable	900,216	118,502	11,448	29,658
Loans and financings	2,271,841	31,142	7,040	142,931
Payroll, social charges and tax obligation	585,060	370	22,573	31,165
Other current and non current liabilities	1,898,518	80,691	6,241	84,477
Equity	1,423,144	640,235	39,502	120,129
TOTAL LIABILITIES AND EQUITY	**7,078,779**	**870,940**	**86,804**	**408,360**

* Includes direct and indirect participation of the Company in Excelsior.

Estimated value of goodwill to expectation of future earnings:

Because it is a single negotiation in which the Company acquired more than one shareholding, the Company decided to carry out the Business Combination on a combined basis, segregating the total amount paid in accordance with assumptions at the date of closing of the transaction and based on the expected future profitability of each shareholding.

(Expressed in thousands of reais)

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:

	Seara's Group			Zenda's Group	
	Pine	Seara Holding	Baumhardt	Columbus	Total
Total amount paid through debt assumption	2,776,636	640,235	29,402	162,261	**3,608,534**
Estimated fair value of net assets acquired	1,421,721	640,235	29,207	120,129	**2,211,292**
Estimated value of goodwill to expectation of future earnings (note 13)	**1,354,915**	**-**	**195**	**42,132**	**1,397,242**

Purchase price allocation:

Pine (Seara's Group) - Holding of Seara's Group, which has the business units more relevant, as Seara Alimentos Ltda, Athena Alimentos Ltda and Frigorífico Mabella Ltda. The price allocated corresponds to the difference between the price allocated in other companies and the total price of the agreement, since Pine has main part of the estimated value of goodwill to expectation of future earnings generated in the operation.

Seara Holding (Seara's Group) - Holding of the foreign operations of Seara's Group - Seara Japan, Seara Singapore and Seara Food Europe. It has the purchase price allocated as the fair value of assets acquired.

Baumhardt (Seara's Group) - Holding of Excelsior, being the acquisition of the total shareholding, direct and indirect in Excelsior, of 64.57% by the price of R$ 29,402 as defined in the agreement.

Columbus (Zenda's Group) - Holding of Zenda's Group, with the purchase price was set by the value of working capital preliminarily determined, subject to contractual adjustments as already detailed.

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	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Cash and banks	**1,378,633**	1,014,160	**4,118,527**	1,949,230
CDB-DI (bank certificates of deposit)	**2,758,062**	2,295,275	**2,819,418**	2,429,706
Investment funds	**-**	-	**541,677**	748,602
National treasury bill - LFT	**352,699**	255,549	**352,699**	255,549
	4,489,394	**3,564,984**	**7,832,321**	**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.

6 Trade accounts receivable, net

	Company		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Current receivables	**3,163,115**	**2,529,365**	**6,936,503**	**4,970,194**
Overdue receivables:				
From 1 to 30 days	**94,070**	191,144	**538,262**	584,276
From 31 to 60 days	**6,521**	17,060	**66,571**	75,746
From 61 to 90 days	**3,466**	18,380	**37,946**	33,411
Above 90 days	**81,051**	94,721	**233,698**	156,709
Allowance for doubtful accounts	**(88,585)**	(96,933)	**(203,066)**	(131,688)
	96,523	**224,372**	**673,411**	**718,454**
	3,259,638	**2,753,737**	**7,609,914**	**5,688,648**

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

	Company		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Initial balance	**(96,933)**	**(113,182)**	**(131,688)**	**(149,919)**
Additions	**-**	**-**	**(16,011)**	**-**
Effect of the acquisition of Zenda's Group and Seara's Group	**-**	-	**(73,261)**	-
Exchange variation	**-**	-	**(2,377)**	1,011
Write-offs	**8,348**	16,249	**20,271**	17,220
Final balance	**(88,585)**	**(96,933)**	**(203,066)**	**(131,688)**

(Expressed in thousands of reais)

7 Inventories

	Company		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Finished products	**1,968,029**	1,509,526	**5,258,404**	3,564,257
Work in process	**131,790**	64,199	**480,766**	333,100
Raw materials	**307,127**	234,934	**836,417**	668,387
Warehouse spare parts	**132,421**	131,533	**807,598**	616,443
	2,539,367	**1,940,192**	**7,383,185**	**5,182,187**

8 Biological assets

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

	Consolidated	
Current biological assets:	September 30, 2013	December 31, 2012
Chicken	**993,030**	668,314
Cattle	**196,810**	125,818
Hogs and Lamb	**400,535**	52,203
Plants for harvest	**2,989**	3,289
	1,593,364	**849,624**

	Consolidated	
Non-Current biological assets:	September 30, 2013	December 31, 2012
Chicken	**442,663**	304,309
Hogs and Lamb	**49,341**	-
	492,004	**304,309**

	Current	Non-current
Current amount on December 31, 2012	**849,624**	**304,309**
Increase by reproduction (born) and costs absorptions	**8,333,455**	230,181
Increase by Purchase	**467,678**	146,291
Fair value (Mark to market)	**47,141**	1,004
Changes from current to noncurrent	**(797)**	797
Decrease by Death	**(5,580)**	(65)
Reduction for slaughter, sale or consumption	**(8,698,718)**	(48,081)
Exchange rate variation	**66,143**	10,329
Amortization	**-**	(301,344)
Impact of acquisition Agrovêneto	**14,095**	6,236
Impact of acquisition Seara	**520,323**	142,347
Current amount on September 30, 2013	**1,593,364**	**492,004**

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	September 30, 2013	December 31, 2012
Current biological assets:		
Chicken	**704,990**	620,683
Cattle	**45,209**	56,956
Hogs and Lamb	**45,644**	52,203
Total biological assets valued at cost	**795,843**	**729,842**
Noncurrent biological assets:		
Chicken	**295,105**	265,527
Total biological assets valued at cost	**295,105**	**265,527**

(Expressed in thousands of reais)

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 JBS USA 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	**September 30, 2013**	**December 31, 2012**
Current biological assets:		
Cattle	**151,601**	68,862
Biological assets valued at market:	**151,601**	**68,862**
Chicken	**288,040**	47,631
Hogs	**354,891**	-
Plants for harvest	**2,989**	3,289
Biological assets valued at cost:	**645,920**	**50,920**
Total current biological assets	**797,521**	**119,782**
Noncurrent biological assets:		
Chicken	**147,558**	38,782
Hogs	**49,341**	-
Total noncurrent biological assets valued at cost	**196,899**	**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.

9 Recoverable taxes

	Company		**Consolidated**	
	September 30, 2013	**December 31, 2012**	**September 30, 2013**	**December 31, 2012**
Value-added tax on sales and services (ICMS / IVA / VAT / GST)	**938,406**	994,229	**1,416,439**	1,128,245
Excise tax - IPI	**45,081**	63,392	**110,786**	129,736
Social contribution on billings - PIS and COFINS	**725,924**	650,654	**976,258**	681,341
Withholding income tax - IRRF/IRPJ	**168,281**	172,048	**586,245**	303,024
Reintegra	**91,782**	50,828	**124,418**	52,515
Other	**3,999**	20,801	**41,385**	54,752
	1,973,473	**1,951,952**	**3,255,531**	**2,349,613**
Current and Long-term:				
Current	**1,341,007**	1,309,995	**2,233,529**	1,676,267
Noncurrent	**632,466**	641,957	**1,022,002**	673,346
	1,973,473	**1,951,952**	**3,255,531**	**2,349,613**

(Expressed in thousands of reais)

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$ 194,944. As of this amount the Company received R$ 51,787 and the remaining balance is R$ 143,157.

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:

				September 30, 2013	December 31, 2012
COMPANY	**Currency**	**Maturity**	**Annual rate**	**Mutual contracts**	**Mutual contracts**
Direct subsidiaries					
JBS Aves Ltda.	R$	Sep 18, 2014	CDI + 1%	**487,316**	268,903
JBS Confinamento Ltda.	R$	Apr 01, 2014	CDI + 4%	**129,447**	100,289
JBS Embalagens Metálicas Ltda.	R$	Dec 31, 2013	CDI + 12%	**71,940**	63,682
JBS USA, Inc	US$	Mar 25, 2014	Libor + 2.5% to 3%	**(99,775)**	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$	-	-	**160,210**	-
Indirect subsidiaries					
Zenda Leather S.A.	US$	Jul 16, 2014	3%	**24,683**	-
Beef Snacks Brasil Ind.Com. S.A.	R$	Jan 24, 2014	CDI	**106,126**	102,127
Beef Snacks International BV	US$	Dec 31, 2013	Libor + 2% to 3%	**5,744**	5,049
JBS Global Meat S.A (2)	R$	-	-	**43,760**	-
Seara Alimentos Ltda (3)	R$	-	-	**220,751**	-
Zenda Leather S.A. (4)	US$	-	-	**74,678**	-
				1,224,880	**808,062**

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

(2) - JBS Global Meat S.A - Advance made with the purpose of capitalization.

(3) - Seara Alimentos Ltda - Refers to credits granted to the Company by Marfrig Alimentos S.A., due to the acquisition of the business in Seara's Group, such credits were received in exchange for the assignment of debts.

(4) - Zenda Leather S.A. - Refers to credits granted to the Company by Marfrig Alimentos S.A., due to the acquisition of the business in Seara's Group, such credits were received in exchange for the assignment of debts.

(Expressed in thousands of reais)

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

	September 30, 2013		December 31, 2012	
COMPANY	**Trade accounts receivable**	**Trade accounts payable**	**Trade accounts receivable**	**Trade accounts payable**
Direct subsidiaries				
JBS Aves Ltda.	**1,779**	**29,650**	1,924	5,982
JBS Confinamento Ltda.	**920**	**48,549**	360	29,836
JBS USA, Inc	**-**	**357**	186	393
JBS Itália SRL	**-**	**-**	29,523	-
Novaprom Food Ingredients Ltda	**-**	**-**	1,800	408
Indirect subsidiaries				
JBS Global (UK) Limited	**56,869**	**-**	52,824	210
JBS Argentina S.A.	**-**	**137**	-	103
Global Beef Trading SU Lda.	**3,139**	**-**	2,956	-
Austrália Meat	**-**	**1,080**	-	982
Toledo International NV	**39,615**	**-**	39,540	1
Weddel Limited	**8,750**	**-**	4,709	-
Sampco Inc.	**38,979**	**-**	5,961	-
JBS Leather Europe	**1,990**	**-**	1,779	-
Meat Snacks Partners do Brasil Ltda	**10,438**	**-**	3,410	198
Frigorífico Canelones S.A.	**-**	**-**	-	1,313
Rigamonti Salumificio Spa	**-**	**24**	-	21
Trump Asia Enterprise Ltd	**3**	**-**	11,195	-
JBS Paraguay	**-**	**1,013**	-	2,412
Zenda Leather S.A	**4,602**	**-**	-	-
Braslo Produtos de Carnes Ltda	**300**	**-**	-	-
Excelsior Alimentos S.A.	**8**	**-**	-	-
Seara Alimentos Ltda	**838**	**-**	-	-
Other related parties				
S.A. Fabrica de Prod. Alimentícios Vigor	**3,465**	**301**	11,681	1
J&F Floresta Agropecuária Ltda	**1**	**1,421**	42	-
Flora Produtos de Hig. Limp. S.A.	**5,776**	**33**	8,567	474
Flora Dist. Produtos de Hig. Limp. S.A.	**18,284**	**40**	23,317	10
	195,756	**82,605**	**199,774**	**42,344**

(Expressed in thousands of reais)

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

	September 30, 2013			September 30, 2012		
	Financial income (expenses)	Purchases	Sales of products	Financial income (expenses)	Purchases	Sales of products
Direct subsidiaries						
JBS Aves Ltda.	40,966	89,485	23,017	8,659	-	17,693
JBS Confinamento Ltda.	15,013	215,283	7,747	10,351	128,101	2,323
JBS Embalagens Metálicas Ltda.	7,962	-	-	7,292	2,354	-
JBS USA, Inc	3,210	-	-	22,390	-	229,088
JBS Slovakia Holdings s.r.o.	(758)	-	-	(1,454)	-	-
JBS Itália SRL	-	-	79,651	-	8,762	54,505
Cascavel Couros Ltda	-	-	-	1,583	11,258	109,962
Novaprom Food Ingredients Ltda	(18)	2,098	7,559	1,612	2,884	9,247
Indirect subsidiaries						
JBS Global (UK) Limited	-	-	120,124	-	-	86,696
JBS Argentina S.A	-	9,947	-	-	8,440	-
Global Beef Trading SU Lda.	-	2,804	48,774	-	426	37,374
Beef Snacks Brasil Ind.Com. S.A.	5,688	-	-	6,256	-	-
Beef Snacks International	419	-	-	345	-	-
JBS HU Ltd	-	-	-	(868)	-	-
Australia Meat	-	18,943	-	-	17,065	-
Toledo International BV	-	-	184,131	-	-	123,477
JBS Leather Europe	-	-	18,826	-	-	51,031
Meat Snacks Partners do Brasil Ltda	-	-	92,348	-	-	17,326
JBS Chile Ltda	-	-	361	-	-	-
Agrovêneto S.A. Indústria de Alimentos	-	1,209	2,121	-	-	-
Weddel Limited	-	-	16,147	-	-	14,225
Sampco Inc.	-	-	160,958	-	-	110,078
Frigorífico Canelones S.A.	-	9,653	562	-	6,317	-
Rigamonti Salumificio Spa	-	-	-	-	-	15,607
Wonder Best Holding Company	-	-	-	-	-	14,301
Trump Asia Enterprise Ltd	45	30	159,950	-	-	104,106
Trustful Leather	-	-	-	-	-	30,976
JBS Paraguay	-	56,690	-	180	32,096	8
Itaholb International	-	-	-	-	-	1,553
Zenda Leather S.A.	158	-	4,504	-	-	-
Other related parties						
S.A. Fabrica de Prod. Alimentícios Vigor	-	625	43,497	-	7,897	104,331
J&F Floresta Agropecuária Ltda	-	14,388	211	-	15,874	124
Flora Produtos de Hig. Limp. S.A.	-	10,096	60,559	-	246	51,833
Flora Dist. Produtos de Hig. Limp. S.A.	-	567	103,474	-	4	132,631
	72,685	431,818	1,134,521	56,346	241,724	1,318,495

Guarantees provided and / or received

The Company guarantees the amount of notes 8,25% issued by its direct subsidiary JBS USA, expiring in 2020.

The Company guarantees the amount of notes 7,25% issued by its direct subsidiary JBS USA, expiring in 2021.

JBS USA and its subsidiaries JBS USA LLC, JBS USA Holdings and Swift Beef Company, along with JBS Hungary Holdings are guarantors of the amount of the notes of the Company in 2016.

JBS Hungary Holdings guarantees the amount of notes 2016 of the incorporated Bertin.

Details of transactions with related parties

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

Among the transactions between related parties more representative, we emphasize the purchase of cattle for slaughter between the Company and it subsidiary JBS Confinamento, related party J&F Floresta Agropecuária Ltda. 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 September 30, 2013 and December 31, 2012.

Consolidated - Credits with related parties

The consolidated amount of credits with related parties, of R$ 641,627 in September 30, 2013 (R$ 548,909 in December 31, 2012) arises from the use of the credit of up to US$ 450 million between the indirect subsidiary JBS Five Rivers (subsidiary of JBS USA) and J&F Oklahoma (subsidiary of J&F Participações S.A., which is not consolidated in the Company).

This transaction has interest and J&F Oklahoma uses this credit to purchase cattle for fattening, which are allocated in the JBS Five Rivers feedyards for fattening until ready for slaughter.

(Expressed in thousands of reais)

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.

In June 2011, J&F Australia entered into a purchase and sale of cattle to JBS Australia, according to this agreement, J&F Australia should sell for JBS Australia and this one should buy at least 200,000 head of cattle from J&F Australia per year.

In January 2013, J&F Canada entered into a purchase and sale of cattle to JBS Canada, according to this agreement, J&F Canada should sell for JBS Canada and this one should buy at least 50,000 head of cattle from J&F Canada per 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 September 30, 2013 and year ended December 31, 2012 is the following:

	September 30, 2013		December 31, 2012	
	Members	Value	Members	Value
Executive Board and Board of Directors	**12**	**5,454**	15	7,268
	12	**5,454**	**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	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Investments in subsidiaries, associates and joint ventures	**8,918,234**	5,431,545	**304,192**	258,620
Goodwill (note 13)	**2,117,073**	687,331	**-**	-
	11,035,307	**6,118,876**	**304,192**	**258,620**

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

	Participation	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Controlled:						
JBS Embalagens Metálicas Ltda.	99.00%	85,515	2	9,007	-	(7,647)
JBS Global Investments S.A.	100.00%	136,885	162,790	136,885	-	122,798
JBS Holding Internacional S.A.	100.00%	577,589	1,218,645	265,694	642,886	14,788
JBS Aves Ltda	100.00%	1,219,485	55,173	36,305	1,483,440	16,858
JBS USA, Inc.	100.00%	20,555,248	2,282,798	4,117,296	47,696,558	732,723
JBS Confinamento Ltda.	100.00%	703,258	473,401	419,968	268,198	(8,082)
JBS Slovakia Holdings, s.r.o.	100.00%	50,851	142,029	36,597	33,522	2,229
JBS Leather Italia S.R.L.	100.00%	130,571	35,257	25,810	113,456	(1,842)
JBS S/A (DMCC Branch)	100.00%	78	1,752	31	-	(610)
JBS Leather Paraguay	97.50%	36	20	13	-	(8)
JBS Holding GMBH	100.00%	4,407,706	513,383	1,185,748	1,176,084	(18,366)
JBS Global Luxembourg S.à.r.l.	100.00%	392,087	102,624	62,688	723,949	8,257
FG Holding III Ltda.	100.00%	68	53	68	-	(1)
JBS Global Meat S.A	100.00%	266,263	135,001	135,000	-	-
Columbus Netherlands B.V. (Zenda's Group)	100.00%	431,556	157,204	115,822	117,271	(11,985)
Seara Holding (Europe) B.V. (Seara's Group)	100.00%	870,940	1,261,248	640,235	-	-
Baumhardt Comércio e Particip. Ltda (Seara's Group)	73.94%	86,805	1,240	39,502	-	-
Pine Point Participações Ltda. (Seara's Group)	99.90%	7,159,900	2,569,703	1,423,144	-	-
Associates:						
Vigor Alimentos S.A.	21.12%	3,886,520	1,191,378	1,326,579	1,695,114	106,731

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

* Includes direct and indirect participation of Company in Excelsior.

JBS S.A.

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

In the Company:

	December 31, 2012	Addition (disposal)	Exchange rate variation (i)	Equity in subsidiaries: Equity in subsidiaries (ii)	Equity in subsidiaries: Income Statements	September 30, 2013
JBS Embalagens Metálicas Ltda.	**16,488**	-	-	-	(7,571)	**8,917**
JBS Global Investments S.A.	**6,959**	-	7,128	-	122,798	**136,885**
JBS Holding Internacional S.A.	**278,551**	-	-	(27,645)	14,788	**265,694**
JBS Aves Ltda	**19,447**	-	-	-	16,858	**36,305**
JBS USA, Inc.	**3,095,648**	-	323,067	(34,141)	732,723	**4,117,297**
JBS Confinamento Ltda.	**428,050**	-	-	-	(8,082)	**419,968**
JBS Slovakia Holdings, s.r.o. [1]	**80,819**	(51,390)	5,249	(310)	2,229	**36,597**
JBS Leather Italia S.R.L	**24,830**	-	2,822	-	(1,842)	**25,810**
LLC Lesstor [2]	**25,955**	(15,921)	371	-	(10,405)	**-**
JBS S/A (DMCC Branch)	**25**	610	6	-	(610)	**31**
JBS Leather Paraguay	**20**	-	1	-	(8)	**13**
JBS Holding GMBH	**1,147,302**	362	62,027	(5,577)	(18,366)	**1,185,748**
JBS Global Luxembourg S.à.r.l.	**37,639**	7,611	4,994	4,187	8,257	**62,688**
FG Holding III Ltda.	**75**	-	-	(6)	(1)	**68**
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)	-	602	22,546	**280,228**
Columbus Netherlands B.V. (Zenda's Group) [5]	**-**	120,129	147	7,531	(11,985)	**115,822**
Seara Holding Europe B.V. (Seara's Group) [6]	**-**	640,235	-	-	-	**640,235**
Baumhardt Comércio e Particip. Ltda (Seara's Group) [7]	**-**	29,207	-	-	-	**29,207**
Pine Point Participações Ltda. (Seara's Group) [8]	**-**	1,421,721	-	-	-	**1,421,721**
Subtotal	**5,431,545**	**2,275,103**	**405,812**	**(55,359)**	**861,133**	**8,918,234**

In the Consolidated:

	December 31, 2012	Addition (disposal)	Equity in subsidiaries: Equity in subsidiaries (ii)	Equity in subsidiaries: Income Statements	September 30, 2013
Vigor Alimentos S.A.	**258,620**	(1,540)	602	22,546	**280,228**
Meat Snacks Partners Ltda. [9]	**-**	17,816	550	5,598	**23,964**
Total	**258,620**	**16,276**	**1,152**	**28,144**	**304,192**

(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 disposals of investments during the period:

[1] - JBS Slovakia Holdings, s.r.o. - In June, 2013 the Company made capital reduction of R$ 51,390, through settlement of loans between the Company and JBS Slovakia.

[2] - LLC Lesstor - As described in the operating activities, it refers to the sale of the entire 70% participation of the company LLC Lesstor, occurred in July 2013, in the amount of USD 9,130 (R$ 21,029) on the date of receiving.

[3] - JBS Global Meat S.A. - In January 2013 the Company made a capital increase in the amount of R$ 135,000 in Global Meat, by the acquisition of Midtown, which holds the assets of Independência.

[4] - Novaprom Foods e Ingredientes Ltda - As described in the operating activities, in May 2013, the Company incorporated this subsidiary integrally.

[5] - Columbus Netherlands B.V. - As described in the operating activities, in September 2013, the Company acquired all of the shares of Zenda's Group.

[6] - Seara Holding (Europe) B.V. - As described in the operating activities, in September 2013, the Company acquired all the shares of Seara Holding.

[7] - Baumhardt Comércio e Particip. Ltda - As described in the operating activities, in September 2013, the Company acquired shares in Baumhardt and Excelsior and rights related to the Baumhardt acquisition.

[8] - Pine Point Participações Ltda. - As described in the operating activities, in September 2013, the Company acquired shares of Pine.

[9] - Meat Snacks Partners Ltda. - Refers to the desconsolidation of 50% from Meat Snacks.

(Expressed in thousands of reais)

12 Property, plant and equipment, net

Company	Cost	Revaluation	Accumulated depreciation	Net amount September 30, 2013	Net amount December 31, 2012
Buildings	3,028,938	116,616	(440,770)	**2,704,784**	2,601,780
Land	929,941	9,305	-	**939,246**	924,612
Machinery and equipment	4,523,060	44,404	(1,137,003)	**3,430,461**	3,188,539
Facilities	1,032,021	21,737	(233,017)	**820,741**	697,131
Computer equipment	191,089	716	(90,384)	**101,421**	112,382
Vehicles	423,329	33	(140,401)	**282,961**	268,081
Construction in progress	797,027	-	-	**797,027**	831,154
Other	197,938	1,242	(32,210)	**166,970**	143,958
	11,123,343	**194,053**	**(2,073,785)**	**9,243,611**	**8,767,637**

Consolidated	Cost	Revaluation	Accumulated depreciation	Net amount September 30, 2013	Net amount December 31, 2012
Buildings	8,596,695	116,615	(1,509,645)	**7,203,665**	5,452,710
Land	2,263,944	9,305	-	**2,273,249**	1,885,072
Machinery and equipment	11,676,587	44,404	(4,443,388)	**7,277,603**	5,901,489
Facilities	1,575,368	21,737	(403,959)	**1,193,146**	703,427
Computer equipment	430,724	716	(222,374)	**209,066**	210,917
Vehicles	690,986	33	(344,448)	**346,571**	334,270
Construction in progress	1,443,271	-	-	**1,443,271**	1,220,139
Other	938,646	1,242	(312,396)	**627,492**	499,616
	27,616,221	**194,052**	**(7,236,210)**	**20,574,063**	**16,207,640**

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

	Average annual depreciation rates as of September 30, 2013		2012	
	Company	Consolidated	Company	Consolidated
Buildings	4.37%	3.38%	2.94%	3.58%
Land	0.00%	0.00%	0.00%	1.67%
Machinery and equipment	8.57%	7.36%	6.03%	8.24%
Facilities	5.31%	3.59%	5.16%	5.14%
Computer equipment	16.00%	14.93%	10.64%	14.17%
Vehicles	10.44%	10.35%	11.86%	11.49%
Other	3.77%	3.63%	2.92%	6.98%

Changes in property, plant and equipment

Company	December 31, 2012	Additions net of transferences	Novaprom incorporation	Disposals	Depreciation	September 30, 2013
Buildings	2,601,780	167,520	4,511	-	(69,027)	**2,704,784**
Land	924,612	14,634	-	-	-	**939,246**
Machinery and equipment	3,188,539	447,011	8,427	(1,827)	(211,689)	**3,430,461**
Facilities	697,131	162,702	1,390	(14)	(40,468)	**820,741**
Computer equipment	112,382	6,877	72	(394)	(17,516)	**101,421**
Vehicles	268,081	93,816	92	(44,464)	(34,564)	**282,961**
Construction in progress [(1)]	831,154	(34,063)	486	(550)	-	**797,027**
Other	143,958	27,620	158	(59)	(4,707)	**166,970**
	8,767,637	**886,117**	**15,136**	**(47,308)**	**(377,971)**	**9,243,611**

[(1)] - Additions of construction in progress are presented for accounting purposes, net of transfers, being composed in September 30, 2013 as follow:

(+) Additions in the period: R$ 466,871;
(-) Transfer to a proper property plant item: (R$ 500,934);
(=) Additions net of transfers: (R$ 34,063).

(Expressed in thousands of reais)

Consolidated	December 31, 2012	Acquisition [1]	Additions net of transferences [2]	Disposals	Depreciation	Exchange rate variation	September 30, 2013
Buildings	5,452,710	1,507,034	314,378	(22,863)	(224,031)	176,437	**7,203,665**
Land	1,885,072	257,864	94,494	(2,291)	-	38,110	**2,273,249**
Machinery and equipment	5,901,489	985,011	968,682	(71,920)	(649,829)	144,170	**7,277,603**
Facilities	703,427	369,176	165,045	(1,142)	(43,419)	59	**1,193,146**
Computer equipment	210,917	4,438	39,851	(766)	(48,324)	2,950	**209,066**
Vehicles	334,270	3,265	113,919	(56,072)	(53,714)	4,903	**346,571**
Construction in progress	1,220,139	31,109	177,637	(16,044)	-	30,430	**1,443,271**
Other	499,616	24,757	109,094	(15,497)	(23,918)	33,440	**627,492**
	16,207,640	**3,182,654**	**1,983,100**	**(186,595)**	**(1,043,235)**	**430,499**	**20,574,063**

(1) - The acquisitions of R$ 3,182,654, include the acquisition of Agrovêneto in the amount of R$ 77,216, Agil in the amount of R$ 2,362, Zenda's Group in the amount of R$ 143,608 and Seara's Group in the amount of R$ 2,959,468.

(2) - The addition of R$ 1,983,031 include the additions of XL Foods in the amount of R$ 312,368, Ana Rech in the amount of R$ 120,000 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 September 30, 2013, the total amount of property, plant and equipment revaluation is R$ 194,053 which the revaluation reserve is R$ 93,389 and the provision for deferred income and social contribution taxes is R$ 43,537. For revalued property, plant and equipment, the Company recorded accumulated depreciation of R$ 57,127.

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

	Company		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Construction in progress	**760,479**	790,883	**1,363,724**	1,147,013
(+) capitalized borrowing costs	**36,548**	40,271	**79,547**	73,126
	797,027	**831,154**	**1,443,271**	**1,220,139**

In the period ending on September 30, 2013, the amount of capitalized interest on construction in progress including the amount of the additions is R$ 15,051 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	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Goodwill (incorporations and subsidiaries)	**9,085,970**	9,069,926	**12,640,387**	10,351,556
Trademarks	**452,578**	452,578	**1,537,255**	687,165
Software	**8,527**	9,460	**35,179**	15,810
Water rights	**-**	-	**71,579**	66,326
Client portfolio	**-**	-	**588,189**	584,551
Other	**-**	-	**2,408**	2,804
	9,547,075	**9,531,964**	**14,874,997**	**11,708,212**

(Expressed in thousands of reais)

Changes in intangible assets

Company	December 31, 2012	Additions	Novaprom Incorporation	Amortization (1)	September 30, 2013
Goodwill	9,069,926	-	16,044	-	**9,085,970**
Trademarks	452,578	-	-	-	**452,578**
Software	9,460	1,661	2	(2,596)	**8,527**
	9,531,964	**1,661**	**16,046**	**(2,596)**	**9,547,075**

Consolidated	December 31, 2012	Acquisition (1)	Additions (2)	Disposals (3)	Amortization (4)	Exchange rate variation	September 30, 2013
Goodwill (2)	10,351,556	631,082	1,643,667	(38,881)	-	52,963	**12,640,387**
Trademarks	687,165	829,441	1,681	-	(944)	19,912	**1,537,255**
Software	15,810	20,156	2,494	(4)	(3,954)	677	**35,179**
Water rights	66,326	-	-	-	(70)	5,323	**71,579**
Client portfolio	584,551	-	6,717	-	(53,454)	50,375	**588,189**
Other	2,804	-	-	-	(619)	223	**2,408**
	11,708,212	**1,480,679**	**1,654,559**	**(38,885)**	**(59,041)**	**129,473**	**14,874,997**

(1) - The acquisitions of R$ 1,480,679 include the acquisitions related to Zenda's Group in the amount of R$ 82 in software and Seara's Group in the amount of R$ 1,480,597, is composed by R$ 631.082 of goodwill, R$ 829.441 of trademark and R$ 20.074 of software. The amount recorded as acquisitions reflects the goodwill that were recorded in the companies in the period and were consolidated:

i) Parc Castell by acquisition of Valores Catalanes S.A. in the amount of R$ 453,094
ii) Frigorífico Mabella Ltda by acquisition of the subsidiaries Pena Branca, MBL, Mas do Brasil, Braslo and Brusand - R$ 123,124
iii) Masfrangos Part. Ltda by acquisition of Agrofrango - R$ 28,343
iv) Babicora Holding Part. Ltda by acquisition of Seara Alimentos - R$ 11,111
v) Mas do Brasil Part Ltda by acquisition of Penasul Ltda - R$ 9,974
vi) Brusand LTD by acquisition of the subsidiary Penasul UK - R$ 5,436

(2) - The additions for the nine months period ended on September 30, 2013, refers to the acquisition of the shares of the Seara's and Zenda's Group in the amount of R$ 1,397,243, JBS Global Meat in the amount of R$ 62,004 and in JBS Global Meat refers to the acquisition of the subsidiary JBS Midtown in the amount of R$ 131,262, Agrovêneto in the amount of R$ 45,852, Capital Joy in the amount of R$ 7,259 and Agil in the amount of R$ 47.

(3) - As described in the note 1, the Company sold all the shares of 70% of LLC Lesstor, in July, 2013, in the amount of USD 9,130 (R$ 21,029).

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

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 September 30, 2013.

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 September 2013, a preliminary goodwill was calculated arising from the acquisition of Columbus, holding of Zenda's Group in the amount of R$ 42,132 subject to changes which may occur within maximum of one year, pursuant defined in IFRS 3 (R)/CPC15 R1.

In September 2013, a preliminary goodwill was calculated arising from the acquisition of Excelsior through Baumhardt, in the amount of R$ 195 subject to changes that may occur within a year, as defined in IFRS 3 (R)/R1 CPC15.

In September 2013, a preliminary goodwill was calculated arising from the acquisition of Pine, in the amount of R$ 1,354,915 subject to changes that may occur within a year, as defined in IFRS 3 (R)/CPC15 R1.

Consolidated- Recorded as intangible (Goodwill)

JBS USA has goodwill of US$ 223,398 thousand, equivalent to R$ 498,178 as of September 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$ 5,434 as of September 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$ 15,658 as September 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.

In January 2013, the subsidiary JBS Global Meat S.A. calculated a preliminary goodwill in the acquisition of JBS Midtown in the amount of R$ 131,262, subject o changes that may occur within a year, as defined in IFRS 3 (R)/CPC 15 R1.

The subsidiary Pine, acquired in September 2013 by the Company possesses other goodwill of a less representation arising from the acquisition of companies, and based on expectation of future earnings in the amount of R$ 631,082, as follows:

i) Parc Castell by acquisition of Valores Catalanes S.A. in the amount of R$ 453,094
ii) Frigorífico Mabella Ltda by acquisition of the subsidiaries Pena Branca, MBL, Mas do Brasil, Braslo and Brusand - R$ 123,124
iii) Masfrangos Part. Ltda by acquisition of Agrofrango - R$ 28,343
iv) Babicora Holding Part. Ltda by acquisition of Seara Alimentos - R$ 11,111
v) Mas do Brasil Part Ltda by acquisition of Penasul Ltda - R$ 9,974
vi) Brusand LTD by acquisition of the subsidiary Penasul UK - R$ 5,436

The Company's subsidiaries have another goodwill whit less representation arising from the acquisition of companies, based on expected future earnings of R$ 109.831, for the following investments:

i) JBS Handels GmbH by acquisition of the subsidiary Holding Inc. - R$ 25,225
ii) Itaholb International B.V. by acquisition of the subsidiary Rigamonti - R$ 69,821
iii) Capital Joy Holding Limited - R$ 7,259
iv) Trump Asia Enterprises Ltd by acquisition of the subsidiary Wonder Best - R$ 2,194
v) JBS Paraguay S.A. by acquisition of the subsidiary IFPSA - R$ 5,332

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

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

Impairment test of goodwill

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

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

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

(Expressed in thousands of reais)

14 Trade accounts payable

	Company		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Commodities - cattle	**599,748**	621,664	**1,701,823**	1,658,863
Materials and services	**360,721**	331,373	**3,354,367**	1,667,392
Finished products	**67,890**	47,236	**249,292**	238,015
	1,028,359	**1,000,273**	**5,305,482**	**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

Type	Average annual rate of interest and commissions	Company	
		September 30, 2013	December 31, 2012
Foreign currency			
ACC - (advances on exchange contracts)	Exchange variation + interest from 2.30% to 6.80%	**3,717,844**	2,866,405
Prepayment	Exchange rate, Libor and interest from 1% to 8.75%	**1,357,131**	721,888
144-A	Exchange variation + interest from 6.25% to 10.50%	**93,066**	107,459
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	**10,929**	8,837
		5,178,970	**3,704,589**
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	**71,608**	61,542
EXIM - export credit facility	TJLP and interest of 5.81%	**-**	87,012
BNDES automatic - TJLP	TJLP and interest from 3.1% to 5.44%	**4,814**	32,495
BNDES automatic - Currency basket	Currency basket BNDES + interest from 2% to 3.1%	**542**	4,597
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	**794,694**	156,201
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	**6**	-
Credit note - export	Interest from 1.2% to 8.54% or 100% to 118.5% of CDI	**1,196,856**	1,297,734
FCO - Middle West Fund	Interest of 10.00%	**201**	617
FNO - North Fund	Interest of 10.00%	**4,062**	4,416
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	**4,087**	6,571
FINEP	TJLP and interest of 4.0% to 4.5%	**1,727**	-
Others		**226,811**	-
		2,305,408	**1,651,185**
		7,484,378	**5,355,774**

Noncurrent liabilities

Type	Average annual rate of interest and commissions	Company	
		September 30, 2013	December 31, 2012
Foreign currency			
Prepayment	Exchange rate, Libor and interest from 1% to 8.75%	**1,062,105**	623,756
144-A	Exchange variation + interest from 6.25% to 10.50%	**5,144,017**	3,145,834
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	**183,950**	8,667
		6,390,072	**3,778,257**
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	**198,667**	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 120% of CDI	**2,117,220**	2,082,037
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	**40,843**	-
Credit note - export	Interest from 1.2% to 8.54% or 100% to 118.5% of CDI	**1,585,509**	736,386
FCO - Middle West Fund	Interest of 10.00%	**-**	50
FNO - North Fund	Interest of 10.00%	**13,655**	16,642
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	**4,447**	7,179
FINEP	TJLP and interest of 4% to 4.5%	**7,554**	-
Others		**226,811**	-
		4,194,706	**3,017,628**
		10,584,778	**6,795,885**

Breakdown:		
Current liabilities	**7,484,378**	5,355,774
Noncurrent liabilities	**10,584,778**	6,795,885
	18,069,156	**12,151,659**

(Expressed in thousands of reais)

Maturities of non-current liabilities are as follows:

2014	**504,288**	1,479,962
2015	**2,384,761**	1,382,980
2016	**3,312,574**	1,915,630
2017	**593,074**	164,877
2018	**2,016,752**	1,848,336
2019	**4,522**	2,880
2020	**2,410**	1,046
2021	**1,541**	174
Maturities thereafter 2021	**1,764,856**	-
	10,584,778	**6,795,885**

Current liabilities

		Consolidated	
Type	**Average annual rate of interest and commissions**	**September 30, 2013**	**December 31, 2012**
Foreign currency			
ACC - (advances on exchange contracts)	Exchange variation + interest from 2.30% to 6.80%	**4,675,119**	2,906,352
Prepayment	Exchange rate, Libor and interest from 1% to 8.75%	**1,669,808**	783,394
144-A	Exchange variation + interest from 6.25% to 10.50%	**93,066**	107,459
Credit note - import	Exchange variation + interest of 11.25%	**22,349**	-
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	**10,929**	8,837
Canadian Credit Facility	CDOR or RBC Prime + applicable interest	**350**	-
Canadian term loan due 2018	Exchange variation + interest of 3.65%	**1,940**	-
		6,473,561	**3,806,042**
Local Currency			
FINAME	TJLP and interest from 1% to 8.5%	**72,725**	62,435
Installment note corp aircraft (payable notes)	Libor and interest from 1.75%	**-**	13,534
JBS Mortgage	Interest from 5.8% to 8.4%	**4,112**	3,545
EXIM - export credit facility	TJLP and interest of 5.81%	**-**	87,012
BNDES automatic - TJLP	TJLP and interest from 3.1% to 5.44%	**5,516**	32,495
BNDES automatic - Currency basket	Currency basket + interest from 2% to 3.1%	**542**	4,597
US revolver	Libor or Prime + applicable rate	**899**	631
JBS Term Loan due to 2018	Alternate Base Rate ("ABR")+1.75% or Eurodollar+2.75%	**11,190**	19,550
Five Rivers term loan	Libor + 2.75% or Prime + 1.5%	**13,072**	11,991
Senior notes due 2014	Interest of 11.625%	**558,475**	28,178
Senior notes due 2020	Interest of 8.25%	**21,107**	49,173
Senior notes due 2021	Interest of 7.25%	**61,459**	8,025
PPC - US Senior note 2018	Interest of 7.875%	**25,609**	3,576
PPC - US credit facility - revolving credit facility	Interest from 2.4% to 4,5%	**-**	727
PPC - US credit facility - term loans	Interest from 4.8% to 9.0%	**11,175**	47,160
PPC - US bonds	Interest from 7.625% to 9.25%	**1,017**	915
Plainwell Bond	Interest of 4.39%	**4,471**	4,007
Marshaltown	Interest of 2.34%	**42**	41
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	**883,231**	156,201
Working capital - US dollars	Libor +interest from 1.10% to 3.20%	**171,045**	95,805
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	**50,590**	39,536
Working capital - Argentine Pesos	Interest of 18.77%	**-**	129,007
Credit note - export	Interest from 1.2% to 8.54% or 100% to 118.5% of CDI	**1,533,295**	1,297,734
FCO - Middle West Fund	Interest of 10.00%	**2,758**	617
FNO - North Fund	Interest from 10.00%	**4,062**	4,416
Credit note - import	Interest of 4.44% (LIBOR and interest of 2.80%)	**167,564**	106,527
Finep - Financing of Studies and Projects	Interest of 4.5% to 4.5%	**5,668**	1,747
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	**4,087**	6,571
Rural - Credit note	Interest of 5.5%	**106,522**	50,125
ACC - (advances on exchange contracts)	Interest de 1%	**29**	-
Rural - Credit note	Interest of 5,5%	**262,117**	-
Term loan due to 2020	Alternate Base Rate ("ABR")+1.75% or Eurodollar+2.75%	**10,312**	-
Others		**227,751**	26,978
		4,220,442	**2,292,856**
		10,694,003	**6,098,898**

(Expressed in thousands of reais)

Noncurrent liabilities

Type	Average annual rate of interest and commissions	Consolidated September 30, 2013	Consolidated December 31, 2012
Foreign currency			
Prepayment	Exchange rate, Libor and interest from 1% to 8.75%	**1,244,407**	623,756
144-A	Exchange variation + interest from 6.25% to 10.50%	**5,144,017**	3,145,834
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	**183,950**	8,667
ACC - (advances on exchange contracts)	Exchange variation + interest from 2.3% to 6.8%	**22,687**	-
Canadian Credit Facility	CDOR or RBC Prime + applicable interest	**155,645**	-
Term Loan from Canada due 2018	Exchange variation + interest of 3.65%	**34,275**	-
		6,784,981	**3,778,257**
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	**200,792**	176,647
JBS Mortgage	Interest from 5.8% to 8.4%	**30,834**	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	**-**	16,182
JBS Term Loan due 2020	Alternate Base Rate ("ABR")+1.75% or Eurodollar+2.75%	**1,014,099**	933,526
Five Rivers term loan	Libor + 2.75% or Prime + 1.5%	**150,485**	146,302
Senior note due 2014	Interest of 11.625%	**-**	1,400,846
Senior note due 2020	Interest of 8.25%	**1,526,654**	1,395,253
Senior note due 2021	Interest of 7.25%	**2,472,836**	1,291,968
PPC - US Senior note due 2018	Interest of 7.875%	**1,093,634**	999,408
PPC - US credit facility - revolving credit facility	Interest from 2.4% to 4,5%	**-**	196,595
PPC - US credit facility - term loans	Interest from 4.8% to 9.0%	**871,569**	1,091,517
PPC - US bonds	Interest from 7.625% to 9.25%	**8,102**	7,424
Plainwell Bond	Interest of 4.39%	**23,803**	24,692
Marshaltown	Interest of 2.34%	**21,437**	19,581
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	**2,136,049**	2,082,037
Working capital - US dollars	Libor +interest from 1.10% to 3.20%	**58,700**	24,455
Working capital - Euro	Euribor + interest from 0.15% to 1.75%	**42,961**	3,712
Credit Note - export	Interest from 1.2% to 8.54% or 100% to 118.5% of CDI	**1,740,509**	736,386
FCO - Middle West Fund	Interest of 10.00%	**6,636**	50
FNO - North Fund	Interest of 10.00%	**13,655**	16,642
Finep - Financing of Studies and Projects	Interest of 4% to 4.5%	**28,781**	8,837
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	**4,447**	7,179
Term loan due 2020	Alternate Base Rate ("ABR")+1.75% or Eurodollar+2.75%	**1,054,319**	-
Others		**263,220**	-
		12,763,522	**10,611,789**
		19,548,503	**14,390,046**
Breakdown:			
Current liabilities		**10,694,003**	**6,098,898**
Noncurrent liabilities		**19,548,503**	**14,390,046**
		30,242,506	**20,488,944**

Maturities of non-current liabilities are as follows:

	September 30, 2013	December 31, 2012
2014	**1,491,254**	4,245,577
2015	**2,735,102**	1,411,281
2016	**3,464,259**	2,072,807
2017	**607,591**	176,015
2018	**4,322,037**	3,762,264
2019	**24,280**	2,880
2020	**2,596,645**	1,412,395
2021	**2,526,142**	1,292,142
Maturities thereafter 2021	**1,781,193**	14,685
	19,548,503	**14,390,046**

ACC – (advances on exchange contracts) are credit facilities obtained from financial institutions by the Company, its subsidiary JBS Argentina and Seara's Group, in the amount of US$ 2,106,639 on September 30, 2013 (US$ 1,422,242 on December 31, 2012), to finance export transactions.

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

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

144-A – Refers to three issuances of 144-A notes: (i) Notes 2016 - JBS S.A. in the amount of US$ 300 million with an interest rate of 10.50% per annum; (ii) Notes 2016 of Bertin (an enterprise of which the Company is the 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.

Rural credit note – Refers to the capture the subsidiary Seara Alimentos Ltda (Group Seara) with resources of Banco Itau, Banco do Brazil, Santander, Bradesco and Caixa for the purpose of fostering the supply chain (rural). Payment will be made within one year, with interest rate of 5.50%.

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 due to 2018 - 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 ABL + 1,75% or LIBOR + 2,75% 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% or Prime + 1,5% per year.

Term Loan due 2020: On September 18, 2013 the subsidiary JBS USA, LLC made the raising of US$ 500 million with a term of seven years and cost of: (i) ABR plus 1.75% or (ii) LIBOR + 2.75%.

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.

Subsequent event: As announced to the market on October 23, 2013, the Company issued in October 28, 2013 the Notes 2020 in the amount of US$ 1.0 billion and a coupon of 7.75% in the same terms as the other notes under Rule 144-A.

16 Credit operations, guarantees and covenants

On September 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Additionally, according to Notes 2018, the Company will not be able, directly or indirectly, to declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) there has been default in relation to the notes 2018; (ii) the Company can incur at least US$ 1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed (a) 50% of the amount of the net income accrued on a cumulative basis during the period, taken as one accounting period, beginning on the first day of the fiscal quarter in which the issue date of the Notes 2018 occurs and ending on the last day of JBS' most recently completed fiscal quarter for which interim financial statements are publicly available, or if 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, JBS Investments GmbH (formally known as 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.

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 on a cumulative basis during the period, taken as one accounting period, beginning on the first day of the fiscal quarter in which the issue date of the Notes 2023 occurs and ending on the last day of JBS' most recently completed fiscal quarter for which interim financial statements are publicly available, or if 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.

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

Availability: Availability under the Revolving Facility is subject to a borrowing base. The borrowing base is based on certain JBS USA wholly-owned subsidiaries' assets as described below, with the exclusion of JBS Five Rivers. The borrowing base consists of percentages of eligible accounts receivable, inventory and supplies less certain eligibility and availability reserves. As of September 30, 2013, there were US$97.8 million of outstanding letters of credit and borrowing availability of US$752.2 million.

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

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

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

Events of Default: The Revolving Facility also contains customary events of default, including failure to perform or observe terms, covenants or agreements included in the Revolving Facility, payment of defaults on other indebtedness, defaults on other indebtedness if the effect is to permit acceleration, entry of unsatisfied judgments or orders against a loan party or its subsidiaries, failure of any collateral document to create or maintain a priority lien and certain events related to bankruptcy and insolvency or environmental matters. If an event of default occurs the lenders may, among other things, terminate their commitments, declare all outstanding borrowings to be immediately due and payable together with accrued interest and fees and exercise remedies under the collateral documents relating to the Revolving Facility. At September 30, 2013, JBS USA was in compliance with all covenants.

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 September 30, 2013, there were US$22.0 million outstanding letters of credit and borrowing availability of US$51.2 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 September, 2013, JBS USA and JBS USA Finance commenced a cash tender offer (the "Tender Offer") for any and all of the then-outstanding principal balance of the 11.625% notes due 2014. In conjunction with the Tender Offer, JBS USA and JBS USA Finance also solicited consents of the holders of the 11.625% notes due 2014 to eliminate substantially all of the restrictive covenants and certain events of defaults and related provisions contained in the indenture governing these notes. The aggregate outstanding principal amount of approximately US$459.9 million was tendered and accepted by JBS USA pursuant to the early purchase option of the Tender Offer. JBS USA paid the above mentioned outstanding principal amount and the outstanding accrued interest amount of approximately US$20.3 million. The Tender Offer and consent solicitation expired on September 30, 2013 with JBS USA and JBS USA Finance receiving the required consents necessary to implement the proposed amendments. On September 18, 2013, JBS USA notified the trustee party to the indenture governing the 11.625% notes due 2014 of its intent to redeem such outstanding notes on October 18, 2013. The Company redeemed the outstanding amount of the notes on October 18, 2013.

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 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.

Covenants: The indenture for the 7.25% senior unsecured notes due 2021 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 September 30, 2013, JBS USA and JBS USA Finance, Inc. were 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 September 30, 2013, JBS USA was in compliance with all covenants.

US$500 million term loan due 2020 – On September 18, 2013, JBS USA executed an increased facility activation notice consisting of a term loan commitment of US$500.0 million pursuant to the US$475 million term loan due 2018, among JBS USA, as borrower, and the lenders and agents thereto. The proceeds from the issuance of these notes are being used to repay the outstanding principal amount of the 11.625% notes due 2014 and to repay a portion of the borrowings under the Revolving Facility. 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 ABR loans or Eurodollar loans at the election of the Company. Interest on the ABR loans is based on ABR plus 1.75% with a 1.75% ABR floor or interest on the Eurodollar loans is based on LIBOR plus 2.75% with a 1.00% 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 December 31, 2013 and continuing until maturity, 0.25% of the initial principal amount of US$500.0 million will be payable on the last business day of each calendar quarter. The outstanding principal is payable on September 18, 2020. The original issue discount of US$2.5 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. At September 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 September 30, 2013, JBS Five Rivers was in compliance with all covenants.

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

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 September 30, 2013, there were no outstanding letters of credit and borrowing availability of US$29.7 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 CAD$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 September 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. 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 September 30, 2013, JBS Canada was in compliance with all covenants.

Guarantee of J&F Oklahoma's revolving credit facility – On October, 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 September 30, 2013 was 2.5%. As of September 30, 2013, no borrowings were used towards letters of credit and borrowing availability was US$70.6 million. As of September 30, 2013 and December 31, 2012, J&F Oklahoma had US$833.9 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 September 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%. On September 10, 2010, the facility was amended to extend the mature date to September 11, 2016. On June 14, 2011, the facility was amended 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 to fund working capital needs. The additional funds will be used for working capital needs. The interest rate at September 30, 2013 was 3.0%.

Variable interest entities – 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 September 30, 2013, the carrying value of JBS Five Rivers' net assets is US$468.6 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.

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

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 September 30, 2013 was 4.6%.

US$10 million loan receivable from Weddel Limited - On May 10, 2011, JBS USA Holdings executed a US$10.0 million related party revolving promissory note with Weddell Limited ("Weddell"), a wholly-owned subsidiary of JBS USA Holdings, with interest based on the U.S. prime rate plus a margin of 2.0% and a maturity date of May 10, 2012. On May 8, 2012, the note was amended to extend the maturity date to March 31, 2013. On March 26, 2013, the note was amended to extend the maturity date to March 31, 2014. On July 26, 2013, the note was amended to convert the loan from a US$-denominated loan to a CAD$10.0 million loan and amend the interest rate to be the Canadian Prime Rate plus 2.0%. While this loan eliminates upon consolidation, the CAD$-denominated loan will be reported by the Company in US$; therefore, this amended loan will generate foreign currency transaction gains or losses due to fluctuations in the period end CAD$ to US$ exchange rate. The interest rate at September 29, 2013 was 5.0%.

Revolving intercompany note to JBS USA Holding - On June, 2011, JBS USA, LLC 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, LLC 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, LLC at any time on or after June 30, 2015. The interest rate at September 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, LLC 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 nine months period ended September 30, 2013, PPC reimbursed JBS USA, LLC US$0.6 million and US$1.8, million, respectively.

Note to Sampco - On March 15, 2012 Sampco executed a U$20.0 million revolving promissory note with JBS USA Holdings with interest based on the three-month LIBOR plus a margin of 3.0%. On May 22, 2012, the note was amended to increase the maximum amount available to US$50 million. On September 18, 2012, the note was amended to increase the maximum amount available to US$100.0 million. Principal and interest are payable upon demand by Sampco at any time on or after March 31, 2014. At September 30, 2013 the interest rate was 3.3%. The revolving promissory note eliminates upon consolidation.

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. The interest rate at September 30, 2013 was 3.3%. This note eliminates upon consolidation.

Note to JBS Canada - 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 September 30, 2013 was 4.2%. 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 was amended and restated on August 7, 2013. The US Credit Facility provides a US$700.0 million revolving credit facility and a Term B facility (“Term B”) and a delayed draw term loan commitment of up to US$400,0 million (the "Delayed Draw Term Loan"). PPC can draw upon the Delayed Draw Term commitment, in one or more advances, between May 1, 2014 and December 28, 2014. 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$250.0 million and to increase the aggregate Delayed Draw Term commitment by up to an additional US$500.0 million, in each case subject to the satisfaction of certain conditions, including obtaining the lenders' agreement to participate in the increase and an aggregate limit on all commitments under the US Credit Facility of US$1.9 billion. The US Credit Facility also provides for a US$100 million sub-limit for swing line loans and a US$200.0 million sub-limit for letters of credit. The Term B loans mature on December 28, 2014 with all principal and unpaid interest due at maturity. The revolving loan commitment under the U.S. Credit Facility matures on August 7, 2018. Any Delayed Draw Term Loans would be payable in quarterly installments beginning in fiscal year 2015 equal to 1.875% of the principal outstanding as of December 28, 2014, with all remaining principal and interest due at maturity on August 7, 2018.

On August 7, 2013, PPC paid loan costs totaling US$5.0 million related to the amendment and restatement to the U.S. Credit Facility. PPC amortizes these capitalized costs to interest expense over the life of the U.S. Credit Facility.

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

Actual borrowings by PPC under the revolving credit commitment component of the US Credit Facility are subject to a borrowing base, which is a formula based on certain eligible inventory, eligible receivables and restricted cash under the control of CoBank ACB. As of September 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. The US Credit Facility requires PPC to comply with a minimum level of tangible net worth covenant. PPC is currently in compliance with this financial covenants.

The US Credit Facility provides that PPC may not incur capital expenditures in excess of US$350.0 million in any fiscal year.

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, (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 September 30, 2013, the U.S. dollar-equivalent of the loan commitment under the Mexico Credit Facility was US$42.4 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 September 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.

(Expressed in thousands of reais)

17 Income taxes, payroll, social charges and tax obligation

	Company		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Payroll and related social charges	**107,914**	99,782	**441,984**	319,532
Accrual for labor liabilities	**221,240**	116,946	**1,273,252**	989,110
Income taxes	**-**	-	**31,423**	8,886
Withholding income taxes	**804**	88	**1,965**	892
ICMS / VAT / GST tax payable	**13,231**	10,196	**40,080**	20,539
PIS / COFINS tax payable	**71**	4	**7,207**	131
Taxes in installments	**160,414**	184,738	**387,284**	185,470
Others	**92,177**	87,834	**326,535**	284,565
	595,851	**499,588**	**2,509,730**	**1,809,125**
Breakdown:				
Current liabilities	**470,111**	361,741	**1,845,825**	1,284,895
Noncurrent liabilities	**125,740**	137,847	**663,905**	524,230
	595,851	**499,588**	**2,509,730**	**1,809,125**

18 Declared dividends

	Company		Consolidated	
	September 30, 2013	December 31, 2012	September 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	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Current	**126,642**	112,712	**348,110**	112,712
Noncurrent	**75,654**	95,142	**496,747**	95,142
	202,296	**207,854**	**844,857**	**207,854**

In Company:

The payables related to facilities acquisitions in the Company is relate to primarily to acquisitions of assets and other industrial complexes based in the States of Acre, Minas Gerais, Mato Grosso, Rondônia, Paraná, Goiás and São Paulo.

In the Consolidated

i) R$ 2,386 in the subsidiary JBS Aves is related to the acquisition in June 2013 of the company Agil, which explores the activity of warehouses, where the amount is recorded in the short term;

ii) R$ 108,564 in the subsidiary JBS Aves is related to the acquisition in March, 2013 of the company Agrovêneto that explores an activity similar to JBS Aves, R$ 6,403 in the short term and R$ 102,161 in the long term, and

iii) R$ 206,469 in the subsidiary JBS Aves related to the acquisition in June, 2013 of assets and industrial complexes of Ana Rech, to implement the activity of hogs slaughtering and refrigeration, as well as industrialization and sub-products, R$ 46,469 in the short term and R$ 160,000 in the long term.

iv) R$ 87,502 in the subsidiary JBS Global Meat related to debts to Midtown acquisition.

i) R$ 201,261 in the subsidiary Pine refers to the debts of subsidiary Pine with Marfrig Alimentos S.A. S.A., due to the acquisition of the transfer of certain assets of the Seara's Group, R$ 42,329 in the short term and R$ 158,931 in the long term.

vi) R$ 36,379 refers to debts in the subsidiary Pine arising from the lease agreement, with option to buy, of the unit Carambeí, in the State of Paraná, classified as short term.

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).

(Expressed in thousands of reais)

	Company - For the nine months period ended on September 30, 2013	2012	Consolidated - For the nine months period ended on September 30, 2013	2012
Income before income taxes	**945,004**	946,800	**1,324,302**	1,082,192
Income taxes - Nominal of 34%	**-**	-	**-**	-
Expectation of expense of the income taxes - Combined nominal of 34%	**(321,301)**	(321,912)	**(450,263)**	(367,945)
Adjust to demonstrate the effective rate				
Additions, mostly result on equity subsidiaries (tax equivalents in other countries)	**162,481**	27,674	**34,561**	(13,557)
Expense of the deferred income taxes	**(158,820)**	**(294,238)**	**(415,702)**	**(381,502)**
Effective rate	**-16.81%**	-31.08%	**-31.39%**	-35.25%

	Company - For the three months period ended on September 30, 2013	2012	Consolidated - For the three months period ended on September 30, 2013	2012
Income before income taxes	**197,281**	**494,808**	**322,299**	**541,583**
Income taxes				
Expectation of income (expense) of the income taxes - Combined nominal of 34%	**(67,076)**	(168,235)	**(109,582)**	(184,138)
Adjust to demonstrate the effective rate				
(Additions) write off, mostly result on equity subsidiaries (tax equivalents in other countries)	**89,619**	40,426	**45,606**	29,168
Income (expense) of the deferred income taxes	**22,543**	**(127,809)**	**(63,976)**	**(154,970)**
Effective rate	**11.43%**	-25.83%	**-19.85%**	-28.61%

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 September 30, 2013 and 2012.

	Company - For the nine months period ended on September 30, 2013	2012	Consolidated - For the nine months period ended on September 30, 2013	2012
Current income taxes	**1,781**	1,813	**(72,113)**	(75,194)
Deferred income taxes	**(160,601)**	(296,051)	**(343,589)**	(306,308)
	(158,820)	**(294,238)**	**(415,702)**	**(381,502)**

	Company - For the three months period ended on September 30, 2013	2012	Consolidated - For the three months period ended on September 30, 2013	2012
Current income taxes	**586**	604	**(18,337)**	(27,777)
Deferred income taxes	**21,957**	(128,413)	**(45,639)**	(127,193)
	22,543	**(127,809)**	**(63,976)**	**(154,970)**

Composition of deferred income tax and social contribution

	Company - September 30, 2013	December 31, 2012	Consolidated - September 30, 2013	December 31, 2012
ASSETS				
. On tax losses and temporary differences	**427,567**	418,038	**1,033,582**	1,220,582
LIABILITIES				
. On revaluation reserve and temporary differences	**1,412,150**	1,243,819	**3,035,080**	2,497,338
Net	**984,583**	**825,781**	**2,001,498**	**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

(Expressed in thousands of reais)

- 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 September 30, 2013 and December 31, 2012, areas follows:

	Company		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Labor	**56,643**	53,838	**201,571**	75,685
Civil	**9,761**	9,277	**41,353**	33,524
Tax and Social Security	**95,181**	92,041	**576,403**	94,152
Total	**161,585**	**155,156**	**819,327**	**203,361**

Changes in provisions

	December 31, 2012	Acquisitions of Seara's Group Zenda's Group	Additions	Reversals	Exchange rate variation	September 30, 2013
Company	**155,156**	-	6,429	-	-	**161,585**
Consolidated	**203,361**	628,373	41,658	(57,812)	3,747	**819,327**

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$ 1,374,584 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$ 660,902. 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 943 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$ 95,181 which are 100% provisioned.

Labor Proceedings

As of September 30, 2013 the Company was party to 9,666 labor and accident proceedings, involving total value of R$ 1,417,492. Based on the opinion of the Company's external legal counsel, the Company's management recorded a provision in the amount of R$ 56,642 for losses arising from such proceedings. Most of these lawsuits were filed by former employees of the Company seeking overtime payments and payments relating to their exposure to health hazards.

Civil Proceedings

a) Slaughter facility at Araputanga

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

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

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

b) Trademark Infringement

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

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

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

c) Other civil proceedings

The Company is also part to other civil proceedings that in the opinion of the Management and its legal advisers. The expected loss on September 30, 2013, R$ 9,161, has been provisioned.

Other proceedings

In September 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 September 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.

(Expressed in thousands of reais)

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.

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 September 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 R3 - 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 nine months period ended on September 30,		For the nine months period ended on September 30,	
	2013	2012	2013	2012
Gross sale revenue				
Products sales revenues				
Domestic sales	**10,572,665**	8,719,814	**49,615,188**	42,384,044
Foreign sales	**5,478,850**	4,046,328	**18,123,436**	13,355,922
	16,051,515	**12,766,142**	**67,738,624**	**55,739,966**
Sales deduction				
Returns and discounts	**(540,847)**	(440,184)	**(1,152,227)**	(959,321)
Sales taxes	**(792,970)**	(739,123)	**(905,829)**	(934,657)
	(1,333,817)	**(1,179,307)**	**(2,058,056)**	**(1,893,978)**
NET REVENUE	**14,717,698**	**11,586,835**	**65,680,568**	**53,845,988**

	Company		Consolidated	
	For the three months period ended on September 30,		For the three months period ended on September 30,	
	2013	2012	2013	2012
Gross sale revenue				
Products sales revenues				
Domestic sales	**3,812,504**	3,041,377	**18,190,258**	14,834,676
Foreign sales	**2,061,044**	1,637,719	**6,759,674**	5,141,711
	5,873,548	**4,679,096**	**24,949,932**	**19,976,387**
Sales deduction				
Returns and discounts	**(195,060)**	(147,409)	**(421,956)**	(326,753)
Sales taxes	**(265,309)**	(256,785)	**(305,978)**	(283,017)
	(460,369)	**(404,194)**	**(727,934)**	**(609,770)**
NET REVENUE	**5,413,179**	**4,274,902**	**24,221,998**	**19,366,617**

(Expressed in thousands of reais)

24 Financial income (expense), net

	Company		Consolidated	
	For the nine months period ended on September 30,		For the nine months period ended on September 30,	
	2013	2012	2013	2012
Exchange rate variation	**(830,621)**	(531,204)	**(659,154)**	(544,564)
Results on derivatives	**101,626**	183,480	**142,092**	488,766
Interest expense	**(784,505)**	(807,368)	**(1,371,943)**	(1,289,747)
Interest income	**277,619**	343,868	**337,674**	476,477
Taxes, contribution, tariff and others	**(27,555)**	(42,455)	**(61,329)**	(94,776)
	(1,263,436)	**(853,679)**	**(1,612,660)**	**(963,844)**

	Company		Consolidated	
	For the three months period ended on September 30,		For the three months period ended on September 30,	
	2013	2012	2013	2012
Exchange rate variation	**(35,422)**	(76,143)	**(49,750)**	(85,350)
Results on derivatives	**(387,688)**	(34,350)	**(381,282)**	(16,608)
Interest - Loss	**(313,268)**	(275,934)	**(518,433)**	(428,113)
Interest - Gain	**98,694**	122,330	**95,834**	127,133
Taxes, contribution, tariff and others	**(9,917)**	(4,499)	**(21,237)**	(15,719)
	(647,601)	**(268,596)**	**(874,868)**	**(418,657)**

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 September 30, 2013 the net effect in the results amounted to R$ (423,110) in the Company level and R$ (431,032) in the Consolidated level.

25 Other income

Other income for the nine months period ended on September 30, 2013, in the consolidated, in the amount of R$ 72,242 relates mainly to:

i) Other expenses in JBS Argentina in the amount of R$ 1,140, related to the labor indemnity and other pulverized;

ii) Other income JBS USA in the amount of R$ 80,533, 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$ 7,151 referring basically to the result of the sale of fixed assets and decrease of investment from Lesstor.

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	
	For the nine months period ended on September 30,	
	2013	2012
Net income attributable to shareholders - R$	**786,184**	**652,562**
Average of the shares in the period - thousands	**2,943,644**	2,970,146
Average of the shares in the Treasury - thousands	**(77,424)**	(50,288)
Average of shares circulating - thousands	**2,866,220**	**2,919,858**
Net income per thousand shares - Basic - R$	**274.29**	223.49

	Consolidated	
	For the three months period ended on September 30,	
	2013	2012
Net income attributable to shareholders - R$	**219,824**	**366,999**
Average of the shares in the period - thousands	**2,943,644**	2,970,146
Average of the shares in the Treasury - thousands	**(77,424)**	(50,288)
Average of shares circulating - thousands	**2,866,220**	**2,919,858**
Net income per thousand shares - Basic - R$	**76.69**	125.69

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$ 9,621 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 September 30, 2013, because of accumulated amortization based on the recorded payments term period reduction, the Company has a residual amount of R$ 9,305 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$ 775 million in March, 2013, which accounting is kept prominently in a reduction account of liability. On September 30, 2013 due to accumulated amortization of the amount based on the payments term period, the Company has a residual amount of R$ 27,048 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 September 30, 2013, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R$ 4,426 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. In September 30, the Company had amortized these costs integrally.

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$ 1.6 million (R$ 3,389) and US$ 4.7 million (R$ 9,955) for the three and nine months period ended on September 30, 2013, respectively. Bertin USA's expenses related to the matching provisions of the Bertin 401(k) Plan totaled approximately US$ 29 thousand (R$ 56) and US$ 88 thousand (R$ 169) for the three and nine months period ended on September 30, 2012, respectively. JBS USA's expenses, excluding Bertin USA, related to the matching provisions of the plan were US$ 1.5 million (R$ 2,880) and US$ 4.5 million (R$ 8,640) for the three and nine months period ended on September 30, 2012, respectively.

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$ 102 thousand (R$ 216) and US$ 325 thousand (R$ 688) for the three and nine months period ended on September 30, 2013, respectively, and US$ 101 thousand (R$ 194) and US$ 308 thousand (R$ 591) for the three and nine months period ended on September 30, 2012, respectively. JBS USA also made contributions totaling US$ 18 thousand (R$ 38) and US$ 54 thousand (R$ 114) for the three and nine months period ended on September 30, 2013, respectively, and US$ 17 thousand (R$ 33) and US$ 51 thousand (R$ 98) for the three and nine months period ended on September 30, 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 three and nine months period ended on September 30, 2013 or 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. Effective July 1, 2013, the superannuation rate was increased to 9.25% of employee cash compensation. JBS USA's expenses related to contributions to this fund totaled US$ 7.8 million (R$ 16,520) and US$ 23.7 million (R$ 50,197) for the three and nine months period ended on September 30, 2013, respectively. JBS USA's expenses related to contributions to this fund totaled US$ 8.0 million (R$ 15,360) and US$ 24.1 million (R$ 46,271) for the three and nine months period ended on September 30, 2012, respectively.

(Expressed in thousands of reais)

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$ 4,024) and US$ 5.7 million (R$ 12,073) for the three and nine months period ended on September 30, 2013, respectively, and US$ 2.0 million (R$ 3,840) and US$ 6.0 million (R$ 11,520) for the three and nine months period ended on September 30, 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:

	For the nine months period ended on September 30, 2013		For the nine months period ended on September 30, 2012	
Change in projected benefit obligation	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Projected benefit obligation, beginning of period	**433,588**	**4,311**	**341,001**	**3,982**
Service cost	**-**	**-**	77	-
Interest cost	**13,300**	**129**	12,598	146
Actuarial losses	**(69,783)**	**(252)**	38,171	461
Benefits paid	**(10,570)**	**(263)**	(9,666)	(252)
Projected benefit obligation, end of period	**366,535**	**3,925**	**382,181**	**4,337**

	For the nine months period ended on September 30, 2013		For the nine months period ended on September 30, 2012	
Change in projected benefit assets	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Fair value of plan assets, beginning of the period	**205,791**	**-**	**164,871**	**-**
Actual return on plan assets	**17,849**	**-**	14,066	-
Contributions by employer	**14,100**	**263**	18,905	252
Benefits paid	**(10,570)**	**(263)**	(9,666)	(252)
Fair value of plan assets, end of period	**227,170**	**-**	**188,176**	**-**

	September 30, 2013		December 31, 2012	
Funded status	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Unfunded benefit obligation	**(366,534)**	**(3,925)**	**(208,746)**	**(3,950)**

	September 30, 2013		December 31, 2012	
Amounts recognized in the Consolidated Balance Sheets	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Accrued benefit cost, current	**(13,634)**	**(355)**	(13,602)	(323)
Accrued benefit cost, long-term	**(125,730)**	**(3,570)**	(195,144)	(3,627)
Net amount recognized	**(139,364)**	**(3,925)**	**(208,746)**	**(3,950)**

(Expressed in thousands of reais)

The accumulated benefit obligation for all defined benefit plans was US$ 164.4 million (R$ 367) and US$ 194.4 million (R$ 397) at September 30, 2013 and December 31, 2012, respectively. Each of PPC's defined benefit plans had accumulated benefit obligations in excess of plan assets at September 30, 2013 and December 31, 2012.

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

	For the nine months period ended on September 30, 2013		For the nine months period ended on September 30, 2012	
Net Periodic Benefit Cost	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Service cost	**-**	**-**	73	-
Interest cost	**12,634**	**125**	11,911	138
Estimated return on plan assets	**(8,574)**	**-**	(9,594)	-
Amortization of net loss	**1,500**	**-**	273	(4)
Net periodic benefit cost	**5,560**	**125**	**2,663**	**134**

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

	September 30, 2013		December 31, 2012	
	Pension Benefits	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Benefit obligation				
Discount rate	**5.07%**	**5.07%**	4.22%	4.22%

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

	September 30, 2013	December 31, 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.

The fair value measurements of plan assets fell into the following levels of the fair value hierarchy as of September 30, 2013 and December 31, 2012:

	September 30, 2013			December 31, 2012		
	Level 1	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Cash and money market funds	**18**	**-**	**18**	147	-	**147**
Equity securities	**-**	**153,433**	**153,433**	-	132,977	**132,977**
Debt securities	**-**	**73,719**	**73,719**	-	55,457	**55,457**
Total assets	**18**	**227,152**	**227,170**	**147**	**188,434**	**188,581**

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 September 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)	**6,712**	**263**
2014	**26,256**	**357**
2015	**25,215**	**359**
2016	**25,357**	**361**
2017	**25,208**	**361**
Thereafter	**119,330**	**1,701**
Total	**228,078**	**3,402**

During the three and nine months period ended on September 30, 2013, PPC contributed US$ 3.3 million (R$ 7,359) and US$ 6.4 million (R$ 14,272), respectively, to its defined benefit plans. PPC anticipates contributing US$ 6.7 million (R$ 14,941) and US$ 0.2 million (R$ 446) to their pension and other postretirement plans, respectively, during 2013.

(Expressed in thousands of reais)

Unrecognized Benefit Amounts in Other Comprehensive Income

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

	For the nine months period ended on September 30, 2013		For the nine months period ended on September 30, 2012	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Net actuarial loss (gain), beginning of the period	**(93,476)**	**(2)**	43,861	(339)
Amortization	**1,500**	**-**	(288)	4
Actuarial loss (gain)	**66,279**	**239**	38,171	461
Asset loss (gain)	**8,379**	**-**	(5,156)	-
Net actuarial loss (gain), end of the period	**(17,318)**	**237**	**76,588**	**126**

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$ 546). 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 JBS USA 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.

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 September 30, 2013, PPC has reserved approximately 6.6 million shares of common stock for future issuance under the LTIP.

The following awards existed at September 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

The following table presents compensation costs and the income tax benefit recognized for our share-based compensation arrangements:

	For the nine months period ended on September 30, 2013		For the nine months period ended on September 30, 2012	
Share-based compensation costs:				
Costs of goods sold	**255**	**-**	102	-
Selling, general and administrative expenses	**2,160**	**464**	711	166
Total	**-**	**-**	**-**	**-**
Income tax benefit	**488**	**-**	**151**	**-**

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

	For the nine months period ended on September 30, 2013		For the nine months period ended on September 30, 2012	
	Number	Weighted Average	Number	Weighted Average
RSAs:				
Outstanding at beginning of period	**273**	**6.54**	200	7.10
Granted	**30**	**8.72**	-	-
Vested	**(100)**	**7.10**	-	-
Outstanding at end of period	**203**	**6.59**	**200**	**7.10**
RSUs:				
Granted	**815**	**8.82**	**-**	**-**
Vested	**(72)**	**8.89**	**-**	**-**
Outstanding at end of period	**743**	**8.81**	**-**	**-**

In September 30, 2013, the total unrecognized compensation cost related to all non-vested awards was US$ 5.5 million (R$ 12,265). That cost is expected to be recognized over a weighted average period of 1 year and three months.

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

During the three and nine months period ended on September 30, 2013 and September 30, 2012, Bertin USA funded US$ 63 thousand (R$ 133) and US$ 213 thousand (R$ 451) and US$ 78 thousand (R$ 150) and US$ 197 thousand (R$ 378), 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 CAD$ 3,500 (R$ 7,317). 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$ 2,330) and US$ 3.3 million (R$ 6,989) for the three and nine months period ended on September 30, 2013, respectively.

JBS Canada also provides a group of Registered Retirement Savings Plans ("RRSP") to union and non-union employees. A RRSP is an arrangement between an individual and an issuer (e.g. an insurance JBS USA or a trust JBS USA) 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. JBS Canada offers a group of RRSPs issued by Sun Life Assurance JBS USA of Canada. JBS Canada's expenses related to the matching provisions of the plan were US$ 0.2 million (R$ 424) and US$ 0.9 million (R$ 1,906) for the three and nine months period ended on September 30, 2013, respectively.

29 Deferred revenue

On October 22, 2008, JBS USA received a deposit in cash from a customer of $175.0 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 31, 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 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 September 30, 2013 was 2.2%. 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 September 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 JBS USA to, among other things: maintain defined market share; maintain certain tangible net worth levels; and comply in all material respects with the Supply Agreement. JBS USA was in compliance with all covenants as of September 30, 2013. During the second quarter of 2012, the customer ceased taking product from JBS USA and, since the Supply Agreement makes no provision for an alternate form of calculating the repayment of the unamortized balance, JBS USA continues to accrue interest on the unamortized balance. JBS USA is in discussions with the customer; however, no agreement has been reached. The unamortized balance at both September 30, 2013 and December 31, 2012 was approximately US$ 100.8 million (R$ 224.784) and US$ 100.8 million (R$ 205,985). At September 30, 2013 and December 31, 2012, JBS USA had accrued interest of US$ 3.5 million (R$ 7,805) and US$ 1.7 million (R$ 3,474), respectively. At September 30, 2013 and December 31, 2012, other deferred revenue was US$ 3.1 million (R$ 6,913) 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 (Argentine, Paraguay and Uruguay).

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

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

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

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

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

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

(Expressed in thousands of reais)

The information per businesses' operational segment, analyzed by the Executive Board of Officers, and related to the periods ended on September 30, 2013 and 2012, are as following:

Net revenue by product line:

	For the nine months period ended on September 30,		For the nine months period ended on September 30,	
	2013	2012	2012	2011
Net revenue of the segment				
Beef	**43,564,584**	34,453,187	**16,523,937**	12,361,015
Chicken	**14,766,547**	11,699,391	**5,357,381**	4,486,762
Pork	**5,596,004**	4,887,365	**2,111,245**	1,716,932
Others	**1,753,433**	2,806,045	**229,435**	801,908
Total	**65,680,568**	**53,845,988**	**24,221,998**	**19,366,617**

Depreciation by product line:

	For the nine months period ended on September 30,		For the nine months period ended on September 30,	
	2013	2012	2012	2011
Depreciation and amortization				
Beef	**542,871**	447,068	**186,268**	156,348
Chicken	**661,333**	548,117	**241,357**	197,391
Pork	**57,095**	47,926	**21,029**	17,135
Others	**142,321**	120,846	**59,340**	38,451
Total	**1,403,620**	**1,163,957**	**507,994**	**409,325**

Assets by segment:

	September 30, 2013	December 31, 2012
Assets		
Beef	**39,830,314**	34,547,272
Chicken	**12,731,590**	8,079,176
Pork	**3,785,521**	1,245,125
Others	**9,873,692**	5,884,620
Total	**66,221,117**	**49,756,193**

Revenues by geographic area:

	For the nine months period ended on September 30,		For the nine months period ended on September 30,	
	2013	2012	2012	2011
Net revenue				
United States of America	**47,677,615**	39,765,716	**17,472,928**	14,296,634
South America	**16,616,840**	12,742,887	**6,214,435**	4,597,756
Others	**1,386,113**	1,337,385	**534,635**	472,227
Total	**65,680,568**	**53,845,988**	**24,221,998**	**19,366,617**

Depreciation by geographic area:

	For the nine months period ended on September 30,		For the nine months period ended on September 30,	
	2013	2012	2012	2011
Depreciation and amortization				
United States of America	**938,518**	792,435	**344,518**	279,789
South America	**449,536**	366,107	**161,715**	127,602
Others	**15,566**	5,415	**1,761**	1,934
Total	**1,403,620**	**1,163,957**	**507,994**	**409,325**

Assets by geographic area:

	September 30, 2013	December 31, 2012
Assets		
United States of America	**19,443,142**	16,195,669
South America	**44,641,681**	31,733,779
Others	**2,136,294**	1,826,745
Total	**66,221,117**	**49,756,193**

(Expressed in thousands of reais)

31 Expenses by nature

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

	For the nine months period ended on September 30,		For the nine months period ended on September 30,	
Classification by nature	**2013**	**2012**	**2012**	**2011**
Depreciation and amortization	**(1,403,620)**	(1,163,957)	**(507,994)**	(409,325)
Personnel expense	**(6,567,303)**	(5,665,081)	**(2,356,889)**	(1,987,354)
Raw material use and consumption materials	**(54,674,568)**	(44,883,014)	**(20,114,297)**	(15,809,747)
Taxes, fees and contributions	**(2,257,371)**	(2,177,644)	**(684,693)**	(698,333)
Third party capital remuneration	**(5,531,004)**	(2,521,095)	**(2,806,838)**	(650,377)
Other income, net	**6,049,456**	3,646,364	**2,568,931**	729,471
	(64,384,410)	**(52,764,427)**	**(23,901,780)**	**(18,825,665)**

	For the nine months period ended on September 30,		For the nine months period ended on September 30,	
Classification by function	**2013**	**2012**	**2012**	**2011**
Cost of goods sold	**(57,565,767)**	(47,597,435)	**(21,093,614)**	(16,889,422)
Selling expenses	**(3,509,222)**	(2,748,718)	**(1,295,971)**	(999,940)
General and administrative Expenses	**(1,769,003)**	(1,462,783)	**(632,862)**	(516,136)
Financial expense, net	**(1,612,660)**	(963,844)	**(874,868)**	(418,657)
Other expense, net	**72,242**	8,353	**(4,465)**	(1,510)
	(64,384,410)	**(52,764,427)**	**(23,901,780)**	**(18,825,665)**

32 Insurance coverage

As of September 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 September 30, 2013 was of US$ 32 million (equivalent to R$ 71,360).

Regarding the subsidiary JBS USA, located in the USA, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for September 30, 2013 was of US$ 200 million (equivalent to R$ 446,000).

Regarding the Seara's Group, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for September 30, 2013 was of R$ 200 million.

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 ad commodity prices, which directly affect the value of financial assets and liabilities, future cash flow and net investments in operations abroad. In these cases the Company and its subsidiaries may use financial hedge instruments, including derivatives, given the approval by the Risk Management Committee.

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

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

a.1) Interest rate risk

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

The Board understands that quantitative figures regarding the exposure risk to interest rates of the Company and its subsidiaries on September 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.

(Expressed in thousands of reais)

	Company		Consolidated	
Net liabilities and assets exposure to CDI rate:	**September 30, 2013**	**December 31, 2012**	**September 30, 2013**	**December 31, 2012**
NCE / Compror / Others	**5,889,159**	4,272,358	**6,487,964**	4,272,358
CDB-DI	**(2,758,062)**	(2,295,275)	**(2,819,418)**	(2,429,706)
Investment funds, LCA-DI and national treasury bill	**(352,699)**	(255,549)	**(894,376)**	(1,004,151)
Total	**2,778,398**	**1,721,534**	**2,774,170**	**838,501**
Liabilities exposure to LIBOR/EURIBOR rate:				
Working Capital - Euro	**40,849**	-	**93,551**	43,248
Working Capital - USD	**-**	-	**229,745**	120,260
Pre-payment	**2,419,235**	1,345,644	**2,914,215**	1,407,150
Others	**-**	-	**332,020**	295,167
Total	**2,460,084**	**1,345,644**	**3,569,531**	**1,865,825**
Liabilities exposure to TJLP rate:				
FINAME / FINEM	**279,556**	235,436	**307,966**	239,082
BNDES Automatic	**5,356**	38,532	**6,058**	38,532
EXIM - export credit facility	**-**	87,012	**-**	87,012
CDC	**8,534**	13,750	**8,534**	13,750
Total	**293,446**	**374,730**	**322,558**	**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 September 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 99% I.C. 1 day**	**Scenario (II) Variation - 25%**	**Scenario (III) Variation - 50%**
Contracts indexed to CDI	Increase on interest rate CDI	(13,733)	(694,600)	(1,389,199)
Contracts indexed to Libor / Euribor	Increase on interest rate Libor / Euribor	(12,160)	(615,021)	(1,230,042)
Contracts indexed to TJLP	Increase on interest rate TJLP	(1,450)	(73,362)	(146,723)
		(27,343)	**(1,382,983)**	**(2,765,964)**

		Effect on income - Consolidated		
Exposure	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) Variation - 25%**	**Scenario (III) Variation - 50%**
Contracts indexed to CDI	Increase on interest rate CDI	(13,712)	(693,543)	(1,387,085)
Contracts indexed to Libor / Euribor	Increase on interest rate Libor / Euribor	(17,644)	(892,383)	(1,784,766)
Contracts indexed to TJLP	Increase on interest rate TJLP	(1,594)	(80,640)	(161,279)
		(32,950)	**(1,666,566)**	**(3,333,130)**

Premises	**Risk**	**Current Scenario**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) Variation - 25%**	**Scenario (III) Variation - 50%**
Interest rate CDI	Increase on interest rate	8.710%	8.753%	10.888%	13.065%
Interest Libor / Euribor	Increase on interest rate	0.626%	0.629%	0.783%	0.939%
Interest TJLP	Increase on interest rate	5.000%	5.025%	6.250%	7.500%

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 dollar, 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 dollar, 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 September 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.

	Company	
EXPOSURE in US$ - expressed in thousands of reais	**September 30, 2013**	**December 31, 2012**
OPERATING		
Cash and cash equivalents	**1,480,352**	1,264,644
Trade accounts receivable	**2,365,807**	1,607,515
Inventories	**50,541**	56,763
Sales Orders	**844,980**	681,245
Suppliers	**(36,389)**	(85,906)
Subtotal	**4,705,291**	**3,524,261**
FINANCIAL		
Loans and financings	**(11,569,041)**	(7,482,846)
Subtotal	**(11,569,041)**	**(7,482,846)**
DERIVATIVES		
Future contracts	**2,125,248**	(16,348)
Non Deliverable Forwards (NDF´s)	**5,352,000**	-
Swap (Assets)	**281,688**	97,872
Subtotal	**7,758,936**	**81,524**
TOTAL EXPOSURE	**895,186**	**(3,877,061)**

	Company	
EXPOSURE in € (EURO) - expressed in thousands of reais	**September 30, 2013**	**December 31, 2012**
OPERATING		
Trade accounts receivable	**87,909**	97,233
Sales Orders	**95,780**	99,454
Liabilities	**(24,798)**	-
Subtotal	**158,891**	**196,687**
DERIVATIVES		
Future contracts	**26,477**	(144,894)
Non Deliverable Forwards (NDF´s)	**(150,905)**	-
Subtotal	**(124,428)**	**(144,894)**
TOTAL EXPOSURE	**34,463**	**51,793**

	Company	
EXPOSURE in £ (British Pound) - expressed in thousands of reais	**September 30, 2013**	**December 31, 2012**
OPERATING		
Trade accounts receivable	**64,506**	30,157
Sales Orders	**40,837**	28,732
Subtotal	**105,343**	**58,889**
DERIVATIVES		
Future contracts	**(106,570)**	(65,897)
Subtotal	**(106,570)**	**(65,897)**
TOTAL EXPOSURE	**(1,227)**	**(7,008)**

(Expressed in thousands of reais)

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

US$

September 30, 2013

Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
US$	Future	Long	19,000	2,125,248	(71,317)
				2,125,248	**(71,317)**

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)

September 30, 2013

Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
Euro	Future	Long	175	26,477	(456)
				26,477	**(456)**

December 31, 2012

Future 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)

September 30, 2013

Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
British Pound	Future	Short	(839)	(106,570)	1,426
				(106,570)	**1,426**

December 31, 2012

Future Contracts - Chicago stock market

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

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

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

Swap (Assets US$)

Initial date Swap	Notional US$	Notional R$	Expiry date	Fair value (receivable) - R$	Fair value (payable) - R$	Open balance September 30, 2013
Feb 3, 2009	26,317	58,688	Feb 4, 2015	57,292	58,581	(1,289)
May 29, 2013	100,000	223,000	Sep 5, 2014	224,691	225,279	(588)
	126,317	**281,688**			**Total**	**(1,877)**

(Expressed in thousands of reais)

Initial date Swap	Notional US$	Notional R$	Expiry date	Fair value (receivable) - R$	Fair value (payable) - R$	Open balance September 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$	September 30, 2013	December 31, 2012
Dollar	NDF	Long	2,400,000	5,352,000	**(442,630)**	-
			2,400,000	**5,352,000**	**(442,630)**	**-**

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

Risk factor	Instrument	Nature	Notional - €	Notional - R$	September 30, 2013	December 31, 2012
Euro	NDF	Short	(50,000)	(150,905)	**10,904**	-
			(50,000)	**(150,905)**	**10,904**	**-**

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on September 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$)

		Effect on income - Company		
Exposure	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) R$ Depreciation - 25%**	**Scenario (III) R$ Depreciation - 50%**
Financial	R$ Depreciation	(220,251)	(2,892,260)	(5,784,521)
Operation	R$ Appreciation	89,579	1,176,323	2,352,646
Hedge derivatives	R$ Appreciation	147,715	1,939,734	3,879,468
		17,043	**223,797**	**447,593**

Premises	Risk	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Dollar rate	R$ depreciation	2.2300	2.2699	2.7875	3.3450

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

Exchange rate risk (€ - EURO)

		Effect on income - Company		
Exposure	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Appreciation - 25%**	**Appreciation - 50%**
Operation	R$ Appreciation	3,278	39,723	79,446
Hedge derivatives	R$ Depreciation	(2,567)	(31,107)	(62,214)
		711	**8,616**	**17,232**

Premises	Risk	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Euro rate	R$ appreciation	3.0181	3.0804	3.7726	4.5272

Exchange rate risk (£ - British Pound)

		Effect on income - Company		
Exposure	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) R$ Appreciation -**	**Scenario (III) R$ Appreciation -**
Operation	R$ Appreciation	2,216	26,336	52,672
Hedge derivatives	R$ Depreciation	(2,241)	(26,643)	(53,285)
		(25)	**(307)**	**(613)**

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	3.6077	3.6836	4.5096	5.4116

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.

(Expressed in thousands of reais)

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 September 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	September 30, 2013	December 31, 2012
Firm Contracts of cattle purchase	224,321	4,255
TOTAL	**224,321**	**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)	October, 2013 to May, 2014	R$	Cattle @ (15 kg)	BM&F	(177,169)	499

Price risk of cattle purchase

Exposure	Risk	Effect on income - Company: Scenario (I) VaR 99% I.C. 1 day	Appreciation - 25%	Appreciation - 50%
Operational	@ (15kg) appreciation	(1,655)	(56,080)	(112,161)
Hedging derivatives of cattle @ (15kg) price	@ (15kg) appreciation	1,308	1,308	88,585
		(347)	**(54,772)**	**(23,576)**

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	112.8000	113.6325	141.0000	169.2000

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

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

The business segment of the Company in its division Confinamento is exposed to price volatility of corn, which changes arise from factors beyond the Company's control, such as climate, the supply volume, transportation costs, agricultural policies and others.

The Company, in accordance with its policy of 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 September 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.

(Expressed in thousands of reais)

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 to January, 2014	Corn sacks	R$	BM&F	5,582	(67)

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	(135)	(1,396)	(2,791)
		(135)	**(1,396)**	**(2,791)**

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	24.3100	24.9001	30.3875	36.4650

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 September 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.

	JBS USA subsidiary	
EXPOSURE	**September 30, 2013**	**December 31, 2012**
Operational	**443,560**	(2,043,500)
Firm contracts - R$	**(2,083,150)**	31,186
TOTAL	**(1,639,590)**	**(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	(3,711)	(110,890)	(221,780)
Hedging derivatives	Commodities price depreciation	17,428	520,788	1,041,575
		13,717	**409,898**	**819,795**

Premises	Risk	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Commodities price	Price increase	-	0.837%	25.000%	50.000%

b) Credit risk

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

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

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

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

Observations:

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

(Expressed in thousands of reais)

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 quarterly interim financial statement date was:

	Note	Company		Consolidated	
		September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Assets					
Cash and cash equivalents	5	**4,489,394**	3,564,984	**7,832,321**	5,413,087
Trade accounts receivable	6	**3,259,638**	2,753,737	**7,609,914**	5,688,648
Credits with related parties	10	**1,224,880**	808,062	**641,627**	548,909
Derivatives		**-**	25,281	**-**	26,154
		8,973,912	**7,152,064**	**16,083,862**	**11,676,798**

Loss on reduction of accounts receivable recoverable value	Company		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Current receivables	**3,163,115**	**2,529,365**	**6,936,503**	**4,970,194**
Overdue receivables:				
From 1 to 30 days	**94,070**	191,144	**538,262**	584,276
From 31 to 60 days	**6,521**	17,060	**66,571**	75,746
From 61 to 90 days	**3,466**	18,380	**37,946**	33,411
Above 90 days	**81,051**	94,721	**233,698**	156,709
Allowance for doubtful accounts	**(88,585)**	(96,933)	**(203,066)**	(131,688)
	96,523	**224,372**	**673,411**	**718,454**
	3,259,638	**2,753,737**	**7,609,914**	**5,688,648**

c) Liquidity risk

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

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

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

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

The index of liquidity and leverage consolidated are shown below:

	Consolidated	
	September 30, 2013	December 31, 2012
Cash and cash equivalents	**7,832,321**	5,413,087
Loans and financings - Current	**11,691,572**	5,948,898
Modified liquidity indicator	**0.67**	0.91
Leverage indicator	**4,0x**	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

September 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	1,028,359	-	-	-	1,028,359
Loans and financings	7,484,378	5,373,480	3,441,361	1,769,937	18,069,156
Derivatives financing liabilities (assets)	513,311	224	-	-	513,535
TOTAL	**9,026,048**	**5,373,704**	**3,441,361**	**1,769,937**	**19,611,050**

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**

(Expressed in thousands of reais)

Consolidated

September 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	5,305,482	-	-	-	5,305,482
Loans and financings	10,694,003	6,824,550	5,813,903	6,910,050	30,242,506
Derivatives financing liabilities (assets)	513,311	224	-	-	513,535
TOTAL	**16,512,796**	**6,824,774**	**5,813,903**	**6,910,050**	**36,061,523**

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.

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 September 30, 2013 is R$ 599,110 (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 September 30, 2013 is R$ 294,826 (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 quarterly interim financial statements as described below:

		Company		**Consolidated**	
	Notes	**September 30, 2013**	**December 31, 2012**	**September 30, 2013**	**December 31, 2012**
Assets					
Fair value through profit or loss					
Cash and cash equivalents	5	**4,489,394**	3,564,984	**7,832,321**	5,413,087
Loans and receivables					
Trade accounts receivable	6	**3,259,638**	2,753,737	**7,609,914**	5,688,648
Credits with related parties	10	**1,224,880**	808,062	**641,627**	548,909
Fair value through profit or loss					
Payables derivatives		**-**	**25,281**	**-**	**26,154**
Total		**8,973,912**	**7,152,064**	**16,083,862**	**11,676,798**
Liabilities					
Liabilities at amortized cost					
Loans and financings	15/16	**18,069,156**	12,151,659	**30,242,506**	20,488,944
Trade accounts payable	14	**1,028,359**	1,000,273	**5,305,482**	3,564,270
Fair value through profit or loss					
Payables derivatives		**513,535**	-	**513,535**	-
Total		**19,611,050**	**13,151,932**	**36,061,523**	**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.

(Expressed in thousands of reais)

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:

__Fair value hierarchy__

	September 30, 2013		
	Company		
	Level 1	Level 2	Level 3
Current assets			
Cash and banks	1,378,633	-	-
Financial investments	-	3,110,761	-
Derivatives	-	-	-

	Consolidated		
	Level 1	Level 2	Level 3
Current assets			
Cash and banks	4,118,527	-	-
Financial investments	-	3,713,794	-
Derivatives	-	-	-

	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:

		September 30, 2013		December 31, 2012	
Company	Note	Book value	Fair value	Book value	Fair value
Cash and banks	5	**1,378,633**	**1,378,633**	1,044,160	1,044,160
Financial investments	5	**3,110,761**	**3,110,761**	2,550,824	2,550,824
Trade accounts receivable	6	**3,259,638**	**3,259,638**	2,753,737	2,753,737
Related parties receivable	10	**1,224,880**	**1,224,880**	808,062	808,062
Derivatives		**-**	**-**	25,281	25,281
Total financial assets		**8,973,912**	**8,973,912**	**7,182,064**	**7,182,064**
Trade accounts payable	14	**1,028,359**	**1,028,359**	1,000,273	1,000,273
Derivatives		**513,535**	**513,535**	-	-
Loans and financings	15/16	**18,069,156**	**18,069,156**	12,151,659	12,151,659
Total financial liabilities		**19,611,050**	**19,611,050**	**13,151,932**	**13,151,932**
		(10,637,138)	**(10,637,138)**	**(5,969,868)**	**(5,969,868)**

(Expressed in thousands of reais)

		September 30, 2013		December 31, 2012	
Consolidated	**Note**	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and banks	5	**4,118,527**	**4,118,527**	1,979,230	1,979,230
Financial investments	5	**3,713,794**	**3,713,794**	3,433,857	3,433,857
Trade accounts receivable	6	**7,609,914**	**7,609,914**	5,688,648	5,688,648
Related parties receivable	10	**641,627**	**641,627**	548,909	548,909
Derivatives		**-**	**-**	26,154	26,154
Total financial assets		**16,083,862**	**16,083,862**	**11,676,798**	**11,676,798**
Trade accounts payable	14	**5,305,482**	**5,305,482**	3,564,270	3,564,270
Derivatives		**513,535**	**513,535**	-	-
Loans and financings	15/16	**30,242,506**	**30,242,506**	20,488,944	20,488,944
Total financial liabilities		**36,061,523**	**36,061,523**	**24,053,214**	**24,053,214**
		(19,977,661)	**(19,977,661)**	**(12,376,416)**	**(12,376,416)**

The loans and financing presented in the table above include the values of working capital in Reais and working capital in foreign currency (bonds), as shown in detail in 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	
	For the nine months period ended on September 30,		For the nine months period ended on September 30,	
	2013	**2012**	**2013**	**2012**
Gains (losses) by category of financial instrument				
Fair value through profit or loss	**361,948**	334,005	**605,682**	798,772
Loans and receivables	**83,229**	160,437	**153,844**	158,305
Liabilities at amortized cost	**(1,708,613)**	(1,348,121)	**(2,372,186)**	(1,920,921)
Total	**(1,263,436)**	**(853,679)**	**(1,612,660)**	**(963,844)**

Agnaldo dos Santos Moreira Jr.
Accountant CRC: 244207/O-4

BOARD OF DIRECTORS

Joesley Mendonça Batista
Chairman

Wesley Mendonça Batista
Vice-Chairman

José Batista Sobrinho

Humberto Junqueira de Farias

Marcus Vinicius Pratini de Moraes

João Carlos Ferraz

Carlos Alberto Caser

Peter Dvorsak

FISCAL COUNCIL REPORT

The Fiscal Council reviewed the Management Report and the quarterly interim Financial Statements of the Company for the nine months period ended on September 30, 2013.

Our examination included: a) analysis of the quarter interim financial statements prepared by the Company; b) monitoring the review done by the external independent auditors; and c) questions about relevant actions and transactions made by the management.

Based on our examination, according to the information and explanations received, and considering the Independent Auditors Report, the Fiscal Council is not aware of any fact that would lead to believe that the Management Report and the quarterly interim Financial Statements above mentioned do not reflect at all relevant aspects of the information contained therein.

São Paulo, November 13, 2013.

Florisvaldo Caetano de Oliveira
Chairman

Sandro Domingues Raffai
Member

Demetrius Nichele Macei
Member

Luis Eduardo Frisoni Junior
Member

STATEMENT OF OFFICERS ON THE QUARTERLY INTERIM FINANCIAL STATEMENTS AND ON THE INDEPENDENT AUDITORS REPORT

The Company's Officers declare for the purposes of paragraph 1, Article 25, item V and VI of CVM Instruction No. 480 of December 7, 2009, that:

(i) They reviewed, discussed and agreed with the views expressed in the opinion of the independent auditors on the quarterly interim financial statements for the period ended on September 30, 2013, and

(ii) They reviewed, discussed and agreed with the quarterly interim financial statements for the nine months period ended on September 30, 2013.

São Paulo, November 13, 2013.

Wesley Mendonça Batista
Chief Executive Officer

Eliseo Santiago Perez Fernandez
Administrative and Control Officer

Jeremiah Alphonsus O'Callaghan
Investor Relations Officer

Francisco de Assis e Silva
Institutional Relations Executive Officer

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