



MANAGEMENT
REPORT

JBS2014

Message

From the **PRESIDENT**

JBS had great victories and achievements in 2014. We continued to harvest from the transformational movements that we performed in the last few years in order to transform our Company into a multinational of Brazilian origin. We feel certain that the timing of the relevant investments made by us could not have been better or more opportunistic. Today, these investments bring excellent results to our Company. We are confident that we built a unique global production platform, efficient and well positioned in countries that provide the most competitive environment to produce food products.

We reached more than R\$120 billion in consolidated net sales in 2014, an increase of 30% compared with 2013. This made us the largest Brazilian private company in terms of revenues. In 2014, we were also ranked as the second largest food company in the whole world. Our EBITDA was R\$11.1 billion, which represents an increase of 81% over the previous year, with an EBITDA margin of 9.2%. Our net income came in at R\$2.0 billion, also presenting an impressive improvement of 120% over 2013. In addition, we evolved in our cash generation from operations, which reached R\$9.0 billion, and in free cash generation, after investments, of R\$4.7 billion.

In the United States we have a well adjusted operation where we had an expressive result during last year. Pilgrim's Pride, our chicken business in the US, performed really well in 2014, as a result of a management committed to reduced production costs, high levels of productivity and rationalization of its sales mix. Net revenue for this business was US\$8.6 billion, with an EBITDA of US\$1.35 billion, representing a margin of 15.7%. In Mexico, where we already have operations, we announced the acquisition of the Tyson's assets there, which is still pending approval from local authorities. This transaction, when approved, will practically double our production capacity in that country.

We reorganized our beef operation in the US, splitting the management of fed cattle from the regional business which is more focused on the processing of cows and Holsteins. This strategy allowed us to have more agility and focus on the decision making process and flexibility to adapt to ever changing market conditions. Net revenues from this business unit, including operations in Canada and Australia, surpassed US\$21.6 billion, with EBITDA of US\$916.1 million, which represents a margin of 4.2%. In our pork unit, we posted US\$3.8 billion in revenues, with an EBITDA margin of 10.6%, the best result in the pork industry in the US.

We increased our Sales to Asia, a growing market in terms of consumption of meats, through our Australian operation, which presented an excellent performance during last year. Australia is a strategic region for food production in a global context and we decided to expand our operation there through the acquisition of the Primo Smallgoods Group, a leading company in the prepared and convenience meat category.

We achieved satisfactory results at the JBS Foods unit, one year after its creation. During this period, we implemented the necessary operational adjustments. We captured synergies, reformulated products, launched new products and initiated a broad marketing campaign, focusing on the Seara brand, with an emphasis on healthy products of superior quality, offering convenience and practicality to consumers. In the year, sales from JBS Foods reached R\$12.9 billion and EBITDA surpassed R\$2.05 billion, with a margin of 15.9%.





At JBS Mercosul, we expanded our customer base in Brazil as well as overseas and continued with our strategy of promoting the Friboi brand locally. Currently, we have a very well structured and competitive production platform in Brazil. In the other Mercosul countries where we operate, we have seen herd growth in Paraguay, with good perspectives to increase our participation in that market. Results from Uruguay have been very positive and the country enjoys privileged access to several markets. In Argentina, we stabilized our operations and significantly increased our market share of branded value added products. Last year, the JBS Mercosul business unit posted net revenues of R\$ 26.2 billion and an EBITDA of R\$ 2.32 billion, with a margin of 8.9%.

In 2014, our global exports totaled US\$16.2 billion, representing a growth of 38% in comparison to 2013. Our export sales confirm our ability to access 100% of the world's consumer markets and show consistent growth due to increased demand from emerging economies, particularly in Asia.

We reduced our leverage (net debt/EBITDA) from 3.7x at the end of 2013 to 2.1x as of December, 2014. We remain focused on deleveraging our company, aiming for a better perception of the company's risk profile and consequently a reduction in financial costs. In addition, we continue to maintain comfortable liquidity and a strong cash position, in addition to a well-structured hedge position that protects us from foreign exchange variation.

In the macroeconomic scenario, we observed a consistent recovery of the American economy through our US operations. The reduction in the cost of energy and a consequent improvement in disposable income of Americans households should positively influence protein consumption in that market. We believe that this dynamic will be extremely beneficial to our business.

We feel confident that the market has an increasing better perception of our business and our strategy. Our results for 2014 show that we are going in the right direction. In 2015, we will prioritize organic growth and focus on all aspects of improving our financial metrics, thus creating incremental value for our shareholders.

We thank all of our partners, suppliers, customers, investors and stakeholders for their trust and support in JBS. I would like to especially thank each and every one of our more than 215 thousand team members, ambassadors to our culture and our values. It is only through our team that we were able to get here and it is with them that we will be able to maintain our sustainable growth into the future.

Wesley Batista

JBS Global CEO

We reached **more than R\$120 billion in sales** an increase of **30%** compared with 2013. This made us the **largest Brazilian private company** in terms of revenues.



JBS

Corporate Profile

JBS S.A. is a food company with more than 61 years of tradition and a global leader in the processing of animal protein. Present in more than 20 countries, the Company has more than 300,000 customers in more than 150 countries through a diverse portfolio of products and brands.

Headquartered in Brazil, JBS employs more than 216,000 people throughout its production platforms and sales offices. The operational structure includes beef, pork, lamb, poultry and hides/leather processing facilities, in addition to feedlots.

JBS' main clients are wholesales and retailers chains, foodservice – restaurants, hotels, catering and others.

In addition to the Food Sector, JBS is present in the segments of Personal Hygiene and Cleaning Products, Collagen, Can Making, Sausage Casings, Biodiesel, Vegetables, Transports, Waste Management and Recycling.

The businesses are divided in five units, as follows:

Businesses Units

JBS Mercosul

Core business: beef and hides/leather processing, and related businesses: biodiesel, collagen, personal hygiene and cleaning products, and others in Brazil.

Countries where it is present: Brazil, Argentina, Paraguay and Uruguay. Hides/Leather operations of JBS Mercosul have, in addition, presence in Vietnam, China, Mexico and Germany.

Main brands: Friboi, Swift, Swift Black, Cabaña Las Lilas, Armour, Plate, among others.

JBS Foods

Core business: poultry and pork processing and production of prepared products.

Countries where it is present: Brazil.

Main brands: Seara, Rezende, Confiança, Turma da Mônica, LeBon, Excelsior, Wilson, Tekitos, Hot Hit, Texas Burger and Pena Branca.

JBS USA Beef

Core business: beef, lamb and hides/leather processing, transportation and trading.

Countries where it is present: Australia, Canada and the US.

Main brands: Aspen Ridge, 1855, 5star, Cedar River Farms, Swift, Swift Premium

Aves JBS USA (Pilgrim's Pride)

Core business: poultry processing.

Countries where it is present: the United States, Mexico and Puerto Rico.

Main brands: Pilgrim's Pride, Pierce Chicken, Wing Dings, Gold Kist Farms and Country Pride.

Suínos JBS USA

Core business: pork processing.

Countries where it is present: the United States.

Main brands: Swift Premium, Swift 1855 and La Herencia.



Investments and Corporate Event

In 2014, JBS has made important investments that add value to its portfolio of products and operational structure.

On January 23th, 2014, JBS, through its indirect subsidiary JBS Aves Ltda. ("JBS Aves"), celebrated an agreement for the Purchase and Sale of Equity Interests and Other Covenants, where the terms and conditions were established for the acquisition of 100% of total shares representing the capital stock of Frinal S.A. – Frigorífico e Integração Agrícola ("Frinal"). The total price to be paid by JBS Aves to the sellers is R\$103,500,000.00. The Brazilian Antitrust authority ("CADE") approved the operation on April 3rd, 2014 and the closing of this acquisition occurred on April 23rd, 2014. Frinal was headquartered in the city of Garibaldi, State of Rio Grande do Sul, and had as main activities the breeding, slaughter, processing and commercialization of birds and one day chicks. On August 1st, 2014, Frinal was incorporated into JBS Aves, which became its successor for all legal purposes.

On March 6th, 2014, JBS, through JBS Aves, celebrated an agreement for the Purchase and Sale of Equity Interests and Other Covenants, where the terms and conditions were established for the acquisition of 100% of total shares representing the capital stock of Sul Valle Alimentos Ltda. ("Sul Valle"). The total price to be paid by JBS Aves to the sellers is R\$24,000,000. Sul Valle was founded on September 27th, 2006, and is headquartered in the city of São Miguel do Oeste, State of Santa Catarina. Sul Valle has as main activities the breeding, production and commercialization of hogs and pork.

On May 14th, 2014, JBS, through JBS Aves, celebrated an agreement for the Purchase and Sale of Equity Interests and Other Covenants, where the terms and conditions were established for the acquisition of 100% of total shares representing the capital stock of DBF Participações Societárias Ltda. ("DBF"), owner of 100% of the capital stock of Avebom - Indústria de Alimentos Ltda ("Avebom"). The total price to be paid by JBS Aves to sellers is R\$105,000,000. CADE approved this transaction on July 21st, 2014 and the closing of this acquisition occurred on August 6th, 2014. DBF and Avebom were founded on September 21st, 2012 and in September 1st, 1998, respectively, and they both are headquartered in the cities of Londrina and Jaguapitã, respectively, State of Paraná. DBF is a holding company and Avebom has as main activities the breeding, slaughter and commercialization of birds.

On May 30th, 2014, JBS, through its subsidiary JBS Foods S.A. ("JBS Foods"), celebrated an agreement for the Purchase and Sale of Equity Interests and Other Covenants of quotas representing the totality of the capital stock of Comércio e Indústria de Massas Alimentícias Massa Leve Ltda. and of real estate properties ("Massa Leve"). The total amount paid by JBS to the sellers was R\$258,617,503.16 of which R\$203,531,014.00 were paid upon the delivery of 26,295,997 common shares, nominatives and with no par value, issued by JBS and held in treasury ("Shares"). The Antitrust authority ("CADE") approved the acquisition by JBS of quotas representing the totality of Massa Leve on May 30th, 2014, and the delivery of the Shares as part of the payment of the sale and purchase was approved by the CVM. Massa Leve was founded in 1992 and is located in the municipality of Rio Grande da Serra in the state of São Paulo. Massa Leve is the leading fresh pasta producer and the third largest in the ready-to-eat meals and sandwich category in Brazil and represents a relevant opportunity to capture synergies when operated by JBS Foods, a wholly owned subsidiary of JBS SA.

On July 14th, 2014, JBS Foods, wholly owned by JBS S.A., through Seara Alimentos Ltda., signed a binding agreement with Céu Azul Alimentos Ltda., and its related companies and individuals ("Céu Azul Group"), by which JBS Foods will acquire two poultry processing plants, including two feed mills and three incubators, located in Guapiaçu and Itapetininga, both in the state of São Paulo, with a combined processing capacity of 330,000 birds per day, and licenses to access the industry's global importing markets. This acquisition represented an important step under JBS Foods' strategy to increase its presence in the principal international markets, in addition to strengthening its position in Brazil's largest consumer center. Céu Azul Group was founded in 1974 in the city of Pereiras, state of São Paulo, as a poultry producer operating under a fully integrated production model, with well-known brands such as Céu Azul.

On July 21st, 2014, the public tender offer of common shares issued by Excelsior Alimentos S.A. for disposal of the controlling shareholders, under a differentiated procedure was concluded. After the termination of the period for adhesion to the Tender Offer, on July 21st, 2014, no adhesion by any shareholder of common shares of Excelsior under the Tender Offer was verified. As a result, the shareholding structure of Excelsior remained unchanged.



Investments and Corporate Event (cont.)

On November 20th, 2014, JBS, through its wholly owned subsidiary JBS Foods S.A., through JBS Aves Ltda., entered into an Agreement for the Purchase and Sale of Equity Interests with Condition Precedent and Other Covenants, by which conditions were established for the acquisition of the quotas representing the totality of the capital stock of AMSE02 Participações Ltda. ("AMSE02"). The Transaction has the final purpose of acquiring the totality of equity interest of AMSE02 in the companies Big Frango Indústria e Comércio de Alimentos Ltda., Nutribig Administração e Participações Sociais S.A. e Agrícola Jandelle S.A. ("Big Frango Group" and "Transaction", respectively). The totality of the capital interest in the Big Frango Group was acquired by AMSE02 as a result of a debt restructuring process and corporate restructuring promoted by the former Big Frango's quota holders and shareholders, coordinated by Werte Capital Reestruturação e Intermediação Financeira Ltda.

CADE approved this transaction on January 14th, 2015 and its conclusion occurred on February 1st, 2015. The Big Frango Group is one of the biggest groups in the poultry segment in southern Brazil, with more than 49 years of existence, which slaughters 460 thousand birds per day, in two plants approved to export to the principal international markets, and annual revenue of more than R\$ 1 billion. In this sense, its acquisition represents an important step towards the strengthening of JBS Foods in the Brazilian consumer market of poultry and related products.

JBS celebrated on November 20th, 2014, a definitive agreement to purchase 100% of the share capital of Primo Smallgoods Group ("Primo Group"). This acquisition, approved in March 2015 by the Australian regulatory authorities, was conducted by JBS Australia, a subsidiary of JBS S.A. The total amount to be paid is AU\$1,450 million (Australian dollars, equivalent to US\$1,250 million) on cash and debt free basis. Established in 1985, Primo Group is the leading producer of ham, bacon and smallgoods in Australia and New Zealand. It has a portfolio of well recognized and highly regarded brands including Primo Smallgoods, Hans, Beehive, Hunter Valley Quality Meats and Primo Quality Meats. The business currently employs in excess of 4,000 employees and operates from five manufacturing plants, seven distribution centers and 30 retail shops. Recognized by its high quality standards, Primo Group operates state-of-the-art facilities. JBS anticipates incremental annual revenue of approximately AU\$1,600 million and EBITDA of AU\$150 million as a result of the transaction. The Company expects to capture around AU\$30 million in synergies from this transaction, which will elevate projected EBITDA for 2015 to AU\$180 million, equivalent to an acquisition multiple of 8x EV/EBITDA post-synergies. "This acquisition is strongly aligned with our global strategy to expand our presence in the value-added product category and well-known brands. Primo Group is the leading company in this segment with strong brands and represents an outstanding opportunity to expand our business in Australia, considering the annual growth in consumption of prepared products and the prospects to increase exports of convenient products from Primo Group portfolio" commented Wesley Batista, Global CEO of JBS.

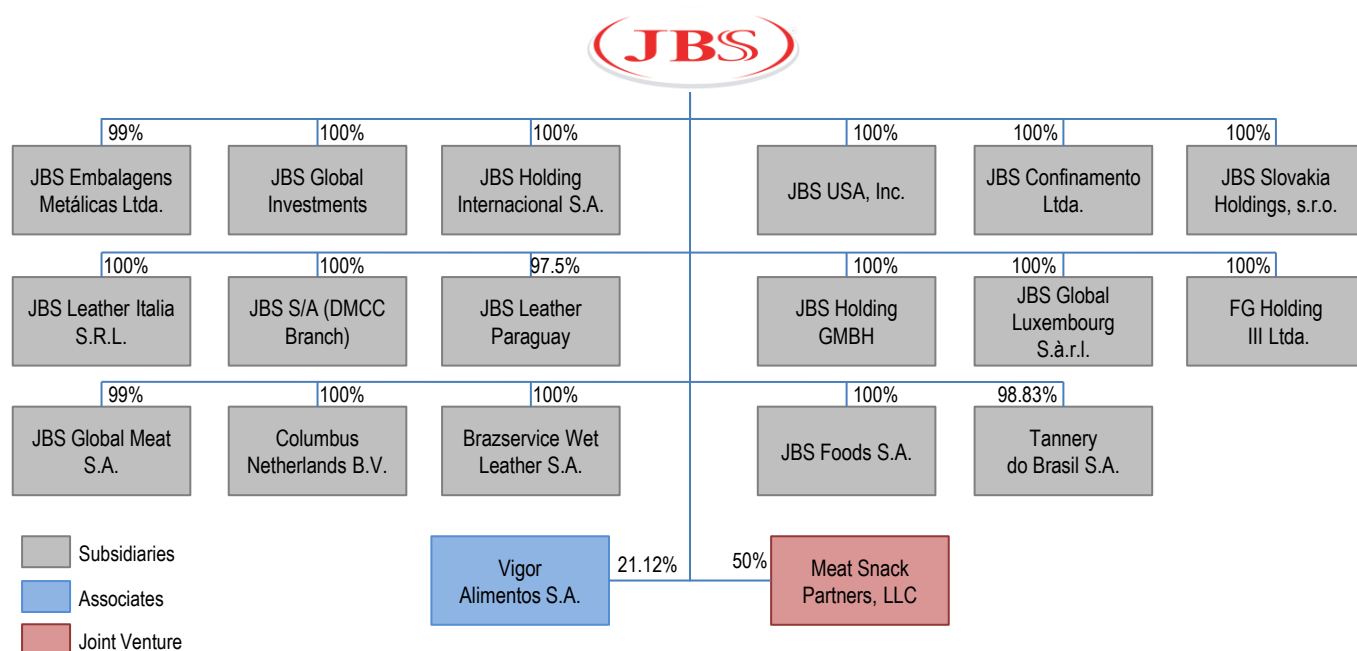
On July 28th, 2014, JBS, together with Pilgrim's Pride Corporation (NASDAQ: PPC, "PPC") announced that a definitive agreement has been entered into for the entities to purchase the totality of the poultry businesses of Tyson Foods, Inc. (NYSE: TSN) in Mexico and Brazil. The Mexican business was acquired through Pilgrim's Pride, whose majority owner is JBS USA Holdings, Inc., a wholly owned subsidiary of JBS S.A. The Brazilian business was acquired through JBS Foods S.A., also a wholly owned subsidiary of JBS S.A. The transaction is valued at US\$575 million, of which US\$400 million represents the Mexican transaction while the balance of US\$175 million represents the value of the Brazilian purchase. The Mexican entity, known as Tyson de México, is a vertically integrated poultry business based in Gomez Palacio in North Central México for more than 20 years. It has three plants and employs more than 5,400 team members in its plants, offices and 7 distribution centers. Pilgrim's Pride Mexico anticipates incremental annual revenue of approximately US\$650 million as a result of the transaction. The acquisition in Brazil involves 3 fully integrated production plants, two in the state of Santa Catarina and one in the state of Parana. Tyson do Brasil, which exists since 2008, employs 5,000 team members and is expected to generate annual revenues of about US\$350 million for JBS Foods. The acquisition of the poultry businesses of Tyson Foods, Inc. in Brazil was approved by CADE on October 23th, 2014, the acquisition of Tyson de México is pending regulatory approvals by the competent authorities.



Investments and Corporate Event (cont.)

Considering the acquisitions previously mentioned and adding investments in expansion and maintenance of processing facilities, JBS recorded in 2014 a total CAPEX of R\$4,276.8 million.

Investments in associate, subsidiaries and joint ventures



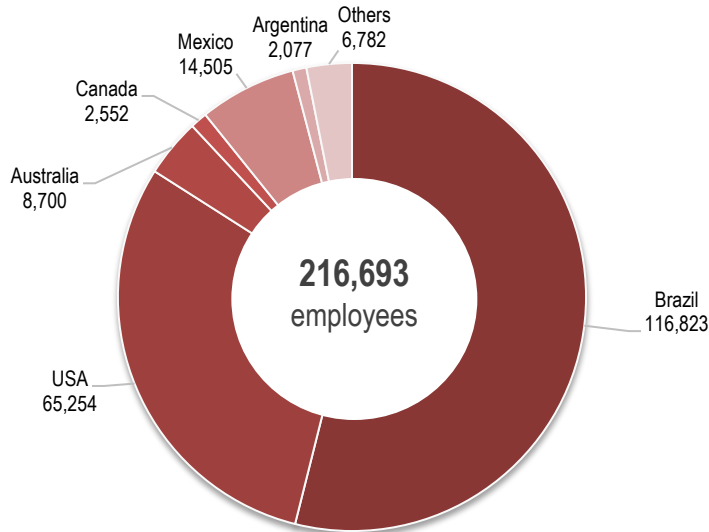
Principal Shareholders in 12/31/2014

Shareholders	Number of Shares	%
Controlling Shareholder (FB Participações SA et al)	1,210,305,341	41.12%
Treasury	54,829,482	1.86%
Free Float		
- BNDES Participações S.A. - BNDESPAR	723,780,418	24.59%
- Caixa Econômica Federal	296,392,500	10.07%
- Minority Stockholders	658,336,267	22.36%
Total Free Float	1,678,509,185	57.02%
TOTAL	2,943,644,008	100.00%

Human Capital

JBS believes that its employees are the main responsible for the Company's performance and growth, and, for this reason, gives this public the opportunity to grow and develop in its the different areas.

JBS ended 2014 with more than 216,000 employees distributed throughout its production facilities and sales offices, according to the following graph:



JBS' employees are those who carry and disseminate the Company's corporate culture, one of the fundamentals items that led JBS to be the world leader in its sector. Knowing the high value of this assets, the Company invests in the developments and in the continuous improvement of each employee through development programs. Focusing in retaining and enhancing its talents, JBS offers to its employees several programs to their professional development and to engage them in its culture.

Management of Leadership

Responsible to create conditions to attract, retain and develop leaders with business acumen and in accordance with the Values of JBS, the Company structured a corporate area of Leadership Management, responsible to bring knowledge and information to JBS' leadership.

Assessment of Individual Performance

JBS believes that the assessment of individual performance is an important tool to manage people, able to identify and measure employees' actions, in order to developed and accompany them in their functions. To assess the performance of its employees, JBS uses a 360° valuation system, which aims to diagnose and analyze the different aspects of each employee, such as its professional behavior, interpersonal relationship and the adherence of the employees skills with "JBS way of be".

Personal Development

Aims to map the leaders that act in the organization, allowing to know deep the talents, the future successors and the employees who need to develop or improve its performance.

JBS has as its one main competitive advantages the profound knowledge of its business, for this reason, it seeks to develop its employees in all hierarchical levels, such as:

❑ **Internal Talent Program:** focusing industrial facilities in Brazil and in the US, aiming to capacitate, develop and train the potential employees to assume the position of production supervisors.

Human Capital (cont.)

- ❑ **Breakfast with Culture:** a monthly gathering in São Paulo headquarter, for which all employees are invited. The speakers are special guests (intern or external) and talk about themes that are relevant to the development of JBS' employees.
- ❑ **Growing up:** JBS Couros (Hides/Leather) offers courses of professional development and elementary to high school to its employees. People who, before that, didn't know how to read and write were provided with formal education, and others, that had abandoned its studies prematurely, were able to study again, improving their knowledge and allowing them to achieve professional growth coupled with social development.
- ❑ **Trainees program:** JBS has a trainee program which offers opportunities to young professionals and incentivizes the formation of leaders, improving their technical and managing people knowledge. The participants have the chance to develop its careers in the processing facilities or in the corporate sector. The program lasts one year and a half, when the trainee will receive training to develop himself, in addition to participate in projects to improve the performance of the processing facilities under the supervision of a senior employee.

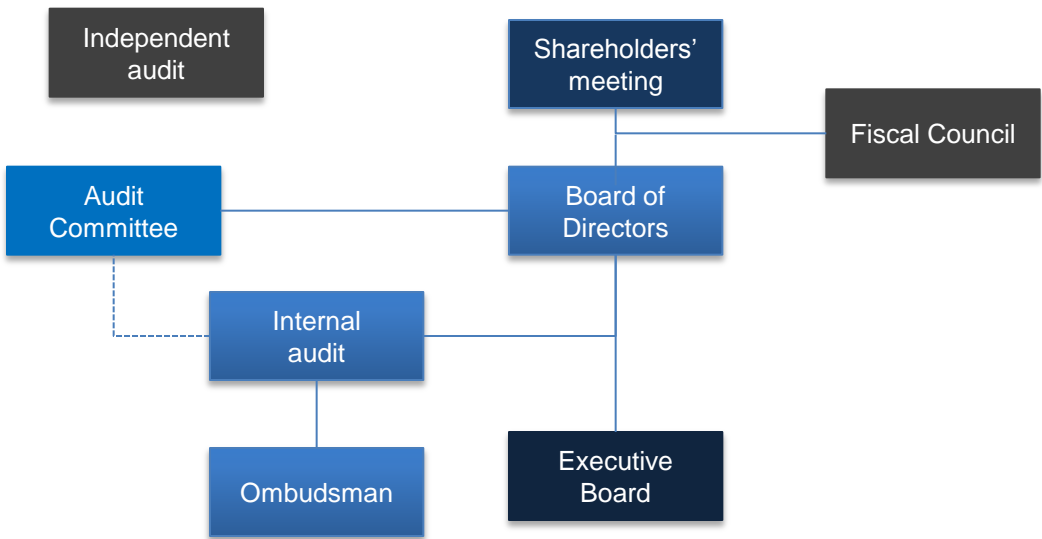
Corporate Governance

JBS has a structure of corporate governance, created to improve its decision-making process and ensure respect to all stakeholders. The company's shares are listed on the Novo Mercado Special Corporate Governance Listing Segment, BM&FBovespa's most rigorous level, and pursues to always be in compliance with the principles established by the Brazilian Institute of Corporate Governance (IBGC) hereby ensuring value creation and sustainable business development.

JBS Corporate Governance Structure

JBS's governance structure defines investment strategies and monitors the company's relationship with shareholders and stakeholders, thereby ensuring value creation and sustainable business development. This positioning is based on the principles of transparency, fairness, accountability and corporate responsibility established by the Brazilian Institute of Corporate Governance (IBGC).

Including the practices recommended by IBGC, JBS adopted: capital stock divided into common shares, granting voting rights to all shareholders; Independent audit firm to analyze balance sheets and financial statements; Permanent Fiscal Council; Summoning of shareholders' meetings to resolve on the election, removal from office and term of office of the members of the Board of Directors and Statutory Officers defined in the Bylaws; Transparency in the disclosure of the annual management report; and Free access to information and the company's facilities to the members of the Board of Directors.



Corporate Governance (cont.)

Fiscal Council

The Fiscal Council is independent from the company's management and external auditors, serving as a permanent body with powers and duties conferred by law. Composed by a minimum of three and a maximum of five members and their respective alternate members, its main responsibilities include: to oversee the acts and documents issued by JBS management and the Company itself, and, if necessary, to report errors, fraud or crimes to administration bodies and shareholders' meetings. The members of JBS' Fiscal Council may be or not shareholders, and are elected and dismissed through the shareholders' meetings.

In December 31st, 2014, JBS Fiscal Council was composed by the following members:

FISCAL COUNCIL	
Florisvaldo Caetano de Oliveira	Chairman of the Fiscal Council
José Paulo da Silva Filho	Member
Demetrius Nichele Macei	Member
Amoreti Franco Gibbon	Member
Sandro Domingues Raffai	Substitute
Adrion Lino Pires	Substitute
Marcos Godoy Brogiato	Substitute
Joaquim Dias de Castro	Substitute

Board of Directors

The Board of Directors is the highest organ of JBS' corporate governance and reunites in a quarterly basis (or in special sessions whenever necessary). The Board of Directors is composed by a minimum of five and a maximum of eleven members and its members are elected by the ASM, which can remove them from office, as well.

In compliance with the company's bylaws, the main responsibilities of JBS' Board of Directors (BoD) are: to establish policies and general business guidelines and long-term strategy; to elect executive officers and remove them from office and establish their duties; oversee the executive officers' management; to comment on the management report and management accounts; and elect independent auditors and remove them from office, among other functions.

In December 31st, 2014, JBS Board of Director was composed by the following members:

BOARD OF DIRECTORS	
Joesley Mendonça Batista	Chairman
Wesley Mendonça Batista	Vice-Chairman
José Batista Sobrinho	Member
Humberto Junqueira de Farias	Member
João Carlos Ferraz	Member
Carlos Alberto Caser	Independent Member
Tarek Mohamed Noshly Nasr Mohamed Farahat	Independent Member
Marcio Percival Alves Pinto	Member

Corporate Governance (cont.)

STATUTORY EXECUTIVE BOARD

Responsible for the policies and guidelines established by the Board of Directors, the Statutory Executive Board is authorized to practice all acts needed for the regular operation of the company.

The members of Statutory Executive Board are elected by the Board of Directors for a three-year term of office, who are eligible for reelection.

In December 31st, 2014, JBS Statutory Executive Board was composed by the following members:

STATUTORY EXECUTIVE BOARD	
Wesley Mendonça Batista	CEO
Francisco de Assis e Silva	Institutional Relations Officer
Jeremiah Alphonsus O'Callaghan	Investor Relations Officer
Eliseo Santiago Perez Fernandez	Administration and Control Officer

Board of Directors' Committees

With the function to support the Board of Directors and to make the Company's processes even more robusts, JBS has five committees that act together with its management.

Innovation and Marketing Committee: created in July 2013 with the mission of creating value for the company's brands by building its corporate image, portfolio and positioning of JBS' different operating segments. It also monitors the company's overall results and creates shareholder value by maximizing sales and profitable brands within JBS' portfolio.

Sustainability Committee: was remodeled in 2013 to advise the Board of Directors with respect to the risks and opportunities in sustainability initiatives. Accordingly, the committee is responsible for dealing with and connecting all topics related to the company's business in a global perspective, including: identification, addressing and treatment of critical issues that result in risks or business impact; monitoring and implementation of policies, strategies and specific initiatives; and evaluation of proposals of investments in sustainability.

Audit Committee: advises the Board of Directors about the norms, rules and procedures for disclosure and transparency of financial statements, being responsible also for evaluating the performance of internal control systems and internal and external audits. In 2013, the Committee reviewed the work conducted by the internal audit team and approved the guidelines and action plans for 2014, 2015 and 2016.

Financial and Risk Management Committee: this committee helps the Board of Directors and Executive Officers analyze the impacts of the global economic scenario on JBS' financial policy. In 2013, the Committee changed the risk management policy, improving rules and procedures for the control and management of market and credit risks. The aim was to reduce the risk of fluctuation in prices and create value for shareholders, in addition to mitigate other risks that the company is exposed to due to the regular course of its business.

Personnel Management Committee: proposes criteria for performance evaluation, compensation and meritocracy at all hierarchical levels of JBS. It also analyzes candidates to the Board of Directors , considering professional experience, expertise and economic, social and cultural representativeness.

Sustainability

JBS has a strong commitment to the environment and in the efficient use of natural resources. In practice, this commitment manifests itself through three ways:

The first one is the establishment of goals and daily monitoring of environmental indicators.; the second reflects the annual investment plan for the environmental improvements, where are defined the investments and projects, and the engagement of employees and suppliers in the corresponding themes and sensitive to that question. The third one regards the supply chain, which must be in total compliance with the policies and criteria established by the Company. To ensure a raw material purchase 100% responsible, JBS use contractual mechanisms and performs the social environment monitoring of farms that supplies cattle to JBS, through modern geospatial technologies, based on satellite images and maps of the properties.

JBS has been achieving important advances in sustainable management of its supply chain, supporting projects and testing new models of production, in order to be more sustainable.

A highlight of this process is the Program New Field, that promotes sustainable production practices in cattle farms in the Amazon. The goal of this program is to increase its productivity and enhance the local economy, to reduce the deforestation, in addition to preserve and recover the natural resources. This new productive model was tested in 2013 in 14 pilot farms in the Integrated Low Carbon Cattle Farming project in Alta Floresta and Cotriguaçu (MT), leaded by the NGO Instituto Centro de Vida with the financial support of Fundação Moore, Fundo Vale, FSP through Working Group on Sustainable Beef and the support of several partners, as the Rural Union of Alta Floresta, EMBPRA and JBS.

JBS Beef Brazil has an annual investment plan to improve the environment, focusing on the treatment of effluents, on the management of solid waste, on the atmospheric emissions and greenhouse gases and on the management of water use. This plan was based on a wide environmental diagnose performed by the Company in 2010, to identify opportunities to improve the environmental indicators of beef processing facilities in Brazil. This investment plan is annually updated since 2011 and has more than 360 projects concluded, totaling an amount of more than R\$42.8 million in investments. In addition, in 2014, JBS Beef Brazil invested more than R\$36 million in environmental management and in projects of improvements in order to reduce water and energy consumption, energy efficiency, effluents treatment, energy reuse of waste, and others.

In addition, since 2009, JBS measures and disclose direct and indirect emissions of Greenhouse Gases related to its operations in Brazil. From 2012, the Company started to measure and disclose its emissions in a global scale, comprising all of its operations in the world. The Company also participates in others voluntary initiatives regarding the report of information related to Greenhouse Gases emissions and related to the management and strategy regarding climate changes, as the Driving Sustainable Economies in the module of Climate Changes, and the Carbon Efficient Index (ICO2) from BM&FBOVESPA.

JBS also participates in Technical Working Group from the Brazilian Program GHG Protocol, which aims to deepen the discussions and the development of auxiliary tools to the measurement of GHG emissions in the value chain. In 2014, JBS contributed to the development of Agricultural GHG Protocol, which aims to make available a specific tool adapted to the measurement of GEG emissions in agricultural activities in Brazil. In 2015, JBS will support the work of partners as WRI in the training and field tests of this tool.

During 2014, JBS was recognized as the company from the food sector that achieved more advances in actions against deforestation in its supply chain. This information is present in the report "Deforestation-free supply chains: from commitments to action", prepared by CDP - Driving Economies Sustainable, module CPD Forest, a non governmental international entity which supports the development of sustainable economies and disclose information from corporate data about climate changes, water and forests for 240 global investors that represent US\$15 trillion in assets.

Yet in 2014, JBS took adherence to the CDP Supply Chain Working Group denominated Forest Program, which is composed by companies that are committed with the reduction of deforestation in their value chain. JBS participation in CDP is wider than the Investor module, since the Company is also present in the modules Forests, Water and Supply Chain, presenting information regarding its exposure to risks related to deforesting, sustainable corporate management of water and action strategies related to climate change .

Sustainability (cont.)

In addition to the initiatives in Brazil, JBS develops several projects related to the Sustainability area in the United States, as follows:

- ❑ **Air Emissions and Odor Control Systems:** JBS installed in its facility in Louisville, Kentucky pork processing plant, a new 40,000 cubic foot per minute (CFM) pack bed scrubbers to address “high intensity” processes and improve general room air. We then upgraded to a 75,000 CFM room air scrubber. In addition, the Company installed a softener for the scrubbers to minimize scaling and required water usage. Also, the grease tank was covered to minimize vapor to room air, in addition to the installation of two new shell and tube condensers to more efficiently recover waste energy. Louisville creates over 300,000 gallons per day of 140 degree water from waste heat. This hot water is then used to effectively clean the plant. By utilizing this waste heat, JBS reduces its usage of natural resources (i.e., natural gas) and its carbon footprint.
- ❑ **Reduction in Styrofoam:** JBS is shifting as many customers as it can from bulk boxed pork to single pack vacuum packaging, so that retailers no longer need to repack product in Styrofoam trays. This removes Styrofoam from the waste stream.
- ❑ **Reduction in Waste Product:** eight of the beef and pork facilities use centrifuges to capture waste grease from the wastewater flow stream, and then turn it into a salable product. Many of the chicken facilities capture excess material and produce a salable product, as well. This, in many cases, completely eliminates landfilling and land application operations, while providing a financial benefit to the company.
- ❑ **Land Nutrient Management:** JBS has been doing land nutrient management planning well before it was required by law. Most of the manure produced at JBS Five Rivers Cattle Feeding is applied to the land of neighboring farms or composted by third party composters for the commercial compost market. JBS applies all storm water to land that we own or control. Since the nutrients in storm water are less transportable, it requires that we very intensively manage the nutrients applied to the land, so that the land will be available for many years into the future. We employ three Certified Crop Consultants that ensure that the nutrients are utilized in a sustainable manner.

Social Commitment

Aware of the way it impacts and is impacted by its different stakeholders, JBS seeks to maintain an open and clear dialogue with them, based on its Values and Beliefs, and on the transparency of the information around its attitudes, conducts and its results.

JBS believes that the relationship of the communities in regions where it is presents is very important and contributes with local social and economic development. Its facilities and sales offices in Brazil maintains social partnerships with the communities around them, providing support for events and educational projects, promoting campaigns about quality of life, environmental education, and others. The Company also maintains available to the public in general a Phone Service to receive complaints and requests.

As a way to valorize the culture and the development of the communities where it is present, JBS favors the hiring of employees from the cities where its operations are located. In the case of a shut-down in one of its facilities, JBS has a "shut-down committee", which defines actions to minimize the social impacts in the local communities.

It is possible to know some of JBS initiatives with communities below:

- ❑ **Special Chefs Institute:** a partnership between JBS and Special Chefs Institute offers courses of gastronomy for people with Down syndrome as an aid in the development of these youngsters. In 2014, the project currently had over 300 students and a list with names of renowned chefs among the volunteers who teach the courses.
- ❑ **Tanning Course:** through the Program of Incentive to Qualification, JBS Couros offers to its employees that outstands in their positions the opportunity to attend the course of Tanning in SENAI Technical School. The course lasts two years and a half and, while attending classes, employees maintain their employment contracts, developing their activities in Montenegro facility (RS), close to the school. In 2014 the program had a total of 23 students who are having the opportunity to acquire more technical knowledge and grow professionally.
- ❑ **Social Fuel Seal:** through the Biodiesel Business, the company participates in the Social Fuel Seal, an initiative of Ministry of Mines and Energy which provides technical assistance and training for farmers related with the plantation of the raw material for the production of biodiesel. Through the Social Fuel Seal, the farmer families may have, for example, access to credit facilities for the purchase of oil seeds. JBS participates of this Seal since 2008, and in 2014 around 490 families were assisted by the Company.
- ❑ **American Cancer Society's:** through JBS USA, every year, JBS participates in the American Cancer Society's Relay for Life, a national event. Teams, in each community, pledge to "walk" for 24 hours, raising money for cancer research. At the JBS Corporate Office, a fundraising team puts together a variety of fun events to raise money for the cause.
- ❑ **JBS USA United Way:** JBS USA and its employees has been a proud sponsor of the United Way of Weld County for many years. Every year, the fundraising committee puts together several fundraisers to raise money for less fortunate families and children in the US. Fundraisers include: golf tournaments, silent auctions, cookbook sales, bake sales and others.
- ❑ **The Special Olympics:** in 2014, JBS USA have fed over 2,000 Special Olympians and volunteers in Northern Colorado during the Special Olympics, an event with more than 40 years of tradition, where athletes with intellectual disabilities have come together to compete. coaches, trainers, doctors, nurses and volunteers step forward to help the athletes. Young people with and without disabilities, come together to discuss diversity and acceptance.



Financial Performance

Economic Environment

According to UN World Economic Situation and Prospects 2015 report, the global economy grew 2.6% in 2014. The recovery of economy was affected by new challenges, which includes a number of unexpected shocks, such as the heightened geopolitical conflicts in different parts of the world. On the other hand, the global trading recorded an increase of 3.4%, forecasted to have a modest recover with the improvement in global output, with the volume of world imports of goods and services projected to grow by 4.7 per cent in 2015 and 5.0 per cent in 2016.

Information from the Bureau of Economic Analysis show that the US recorded a growth of 2.4% in GDP in 2014, as a reflection of positive contribution from personal consumption expenditures, nonresidential fixed investment, exports, state and local government spending, private inventory investment, and residential fixed investment that were partly offset by a negative contribution from federal government spending. Imports, which are a subtraction in the calculation of GDP, increased when compared to 2013.

In relation to meat in the US, USDA's Cattle report published on January 30th, 2015, revised the 2014 calf crop higher and pointed to a higher level of cattle outside feedlots on January 1, 2015, with fed cattle slaughter higher than forecast last month, partially offset by slower growth in carcass weights. . Cow slaughter is still expected to be below 2014. Pork production is raised as slaughter to date has been above expectations. This improvement is also due to the fact that the PED virus, which impacted the hog herds in 2013 and 2014, has been losing strength, mainly due to initiatives promoted by the farmers, such as a higher level of hygiene and a higher control of the access to animals, contributing to a better control of the disease. Broiler production should be higher as well, as lower feed costs and energy prices are expected to encourage higher production.

In Brazil, the Central Bank estimated a GDP increase of 0.2% in 2014, highlighting that the expansion rates has been lower than the potential growth in economy. In addition, according to Central Bank report, the inflation measured by the variation of IPCA in twelve months reached 6.56% in November, 0.79 basis point above LTM November 2013. In addition, the inflation for food and beverage segment was 7.83% (vs. 8.63% LTM November 2013) and in services – around 1/3 from the basket that composes IPCA – reached 8.29% (vs. 8.55% LTM November 2013) and still higher than the variation of free prices. Data from 2014 will be published in the end of March 2015.

In addition, cattle prices in Brazil increased 25% when compared to 2013, ending 2014 at R\$143.29/@. This increase in cattle prices is due to a higher demand in both markets, domestic and exports, highlighting beef exports, which recorded a growth of 4.1% in volume and 7.9% in revenues compared with 2013, reaching 2,675 thousand tons and US\$6,609.9 million, which in Reais corresponds to R\$13,673.1 million. According to Antônio Jorge Camardelli, president of Brazilian Association of Beef Exporters (ABIEC), the scenario for 2015 should remain positive, as, in addition to expected announcements of trade agreements with new export markets, such as the US, the association has been taken several initiatives to promote Brazilian beef around the world. Also, Camardelli mentioned the Brazilian presence in Gulfood in Dubai and highlighted that the Arab countries form an essential market for Brazilian beef, where in the last 10 years, sales for that region more than doubled, from US\$537 million to US\$1.3 billion, and pointed saying that Brazil has potential to grow even more.

According to the executive president of Brazilian Association of Animal Protein (ABPA), Francisco Turra, Brazil is, since 2005, the world's largest poultry exporter, shipping products for more than 150 countries. 2014 was positive for the poultry market, having as highlights the decrease in grain costs, mainly due to the international impact caused by the record crop of corn and soy in the US, in addition to good availability of grains in Brazil. In accordance with Cepea, this is a trend that should continue in 2015, as the market expects that the US, Argentina and Brazil have a record grain crop in 2014-2015. The reopening of new markets for poultry meat also contributed to the export mix in the second half of 2014, highlighting the Russian demand and the reopening of South Africa, indicating that Brazil continues to access new markets. Yet, the real devaluation against the US dollar benefited the poultry producers, since Brazil is the largest exporter of this protein in the world. In the domestic market, poultry meat currently is the most consumed protein. According to a survey supported by ABPA, this meat is present in 100% of Brazilian homes.

For 2015, JBS sees with optimism the recovery of economy in the developed countries, which combined with the constant growth in demand for proteins, especially in the emerging markets, indicates a promise environment for the year.

Source: JBS, BACEN, BEA, IBGE, ABIEC, ABPA, SECEX.



Analysis of Consolidated Results

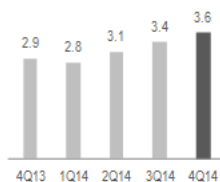
Analysis of the main financial indicators of JBS by Business Unit (in local currency)

		4Q14	3Q14	Δ%	4Q13	Δ%	2014	2013	Δ%
Net Revenue									
JBS Foods	R\$	3,649.0	3,376.8	8.1%	2,891.6	26.2%	12,890.3	n.a.	-
JBS Mercosul	R\$	7,545.7	6,470.5	16.6%	6,312.0	19.5%	26,191.7	21,445.4	22.1%
JBS USA Beef	US\$	5,923.7	5,849.3	1.3%	4,809.9	23.2%	21,625.2	18,621.2	16.1%
JBS USA Pork	US\$	964.0	937.8	2.8%	904.9	6.5%	3,827.0	3,518.7	8.8%
JBS USA Chicken	US\$	2,110.4	2,268.0	-6.9%	2,047.3	3.1%	8,583.4	8,411.1	2.0%
EBITDA									
JBS Foods	R\$	656.1	576.0	13.9%	227.3	188.7%	2,052.3	-	-
JBS Mercosul	R\$	534.1	554.6	-3.7%	692.4	-22.9%	2,319.0	2,385.1	-2.8%
JBS USA Beef	US\$	325.1	504.9	-35.6%	113.9	185.4%	916.1	375.8	143.8%
JBS USA Pork	US\$	95.7	113.2	-15.4%	86.3	10.9%	405.6	227.6	78.2%
JBS USA Chicken	US\$	367.8	435.4	-15.5%	196.6	87.1%	1,352.2	810.1	66.9%
EBITDA Margin									
JBS Foods	%	18.0%	17.1%	0.92 p.p.	7.9%	10.12 p.p.	15.9%	-	-
JBS Mercosul	%	7.1%	8.6%	-1.49 p.p.	11.0%	-3.89 p.p.	8.9%	11.1%	-2.27 p.p.
JBS USA Beef	%	5.5%	8.6%	-3.14 p.p.	2.4%	3.12 p.p.	4.2%	2.0%	2.22 p.p.
JBS USA Pork	%	9.9%	12.1%	-2.14 p.p.	9.5%	0.39 p.p.	10.6%	6.5%	4.13 p.p.
JBS USA Chicken	%	17.4%	19.2%	-1.77 p.p.	9.6%	7.83 p.p.	15.8%	9.6%	6.12 p.p.

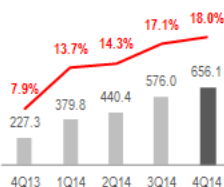
Performance by Business Unit


JBS Foods 

Net sales (R\$ billion)

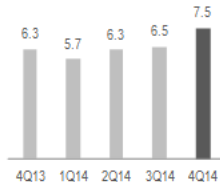


EBITDA (R\$ million)

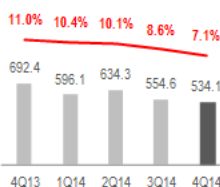


JBS Mercosul 

Net sales (R\$ billion)

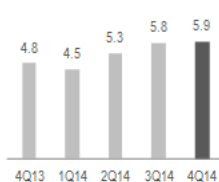


EBITDA (R\$ million)

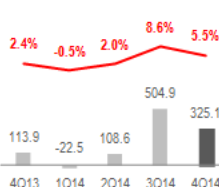


JBSUSA 
(Including Australia & Canada)

Net sales (US\$ billion)

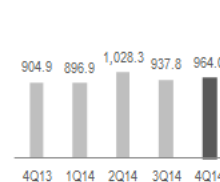


EBITDA (US\$ million)

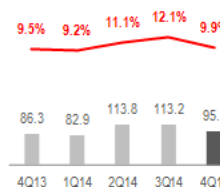


JBSUSA 

Net sales (US\$ million)

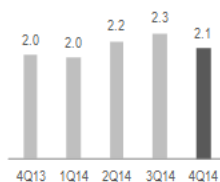


EBITDA (US\$ million)

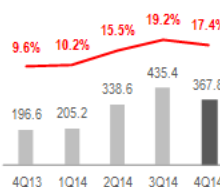


JBS USA (PPC) 

Net sales (US\$ billion)



EBITDA (US\$ million)



— EBITDA margin (%)

Analysis of Consolidated Results

Consolidated analysis of the main operational indicators of JBS

R\$ million	4Q14		3Q14		Δ%	4Q13		Δ%	2014		2013		Δ%
	R\$ MM	% NR	R\$ MM	% NR	4Q14 vs 3Q14	R\$ MM	% NR	4Q14 vs 4Q13	R\$ MM	% NR	R\$ MM	% NR	2014 vs 2013
Net Revenue	34,303.2	100.0%	30,778.6	100.0%	11.5%	27,222.2	100.0%	26.0%	120,469.7	100.0%	92,902.8	100.0%	29.7%
Cost of Goods Sold	(28,867.1)	-84.2%	(25,218.1)	-81.9%	14.5%	(23,490.3)	-86.3%	22.9%	(101,796.3)	-84.5%	(81,056.1)	-87.2%	25.6%
Gross Income	5,436.2	15.8%	5,560.5	18.1%	-2.2%	3,731.9	13.7%	45.7%	18,673.4	15.5%	11,846.7	12.8%	57.6%
Selling Expenses	(2,083.8)	-6.1%	(1,744.4)	-5.7%	19.5%	(1,753.0)	-6.4%	18.9%	(7,154.3)	-5.9%	(5,262.2)	-5.7%	36.0%
General and Adm. Expenses	(1,146.2)	-3.3%	(787.8)	-2.6%	45.5%	(751.0)	-2.8%	52.6%	(3,330.0)	-2.8%	(2,520.0)	-2.7%	32.1%
Net Financial Income (expense)	(702.0)	-2.0%	(978.7)	-3.2%	-28.3%	(767.7)	-2.8%	-8.6%	(3,637.6)	-3.0%	(2,380.3)	-2.6%	52.8%
Equity in earnings of subsidiaries	6.3	0.0%	8.2	0.0%	-23.7%	(21.4)	-0.1%	-	26.1	0.0%	6.7	0.0%	288.3%
Other Income (expense)	(142.1)	-0.4%	(241.4)	-0.8%	-	11.8	0.0%	-	(385.7)	-0.3%	84.1	0.1%	-
Operating Income	1,368.3	4.0%	1,816.4	5.9%	-24.7%	450.7	1.7%	203.6%	4,191.8	3.5%	1,775.0	1.9%	136.2%
Income and social contribution taxes	(661.4)	-1.9%	(588.4)	-1.9%	12.4%	(241.0)	-0.9%	174.5%	(1,785.4)	-1.5%	(656.7)	-0.7%	171.9%
Participation of non-controlling shareholders	(88.1)	-0.3%	(135.2)	-0.4%	-34.8%	(69.0)	-0.3%	27.7%	(370.5)	-0.3%	(191.4)	-0.2%	93.6%
Net Income (Loss)	618.8	1.8%	1,092.9	3.6%	-43.4%	140.7	0.5%	339.7%	2,035.9	1.7%	926.9	1.0%	119.6%
Adjusted EBITDA	3,289.7	9.6%	3,617.9	11.8%	-9.1%	1,873.5	6.9%	75.6%	11,090.0	9.2%	6,130.3	6.6%	80.9%
Net Income (Loss) per thousand shares	214.09		377.54		-43.3%	49.02		336.7%	706.49		323.32		118.5%

Number of Animals Processed

	4Q14	3Q14	Δ%	4Q13	Δ%	2014	2013	Δ%
Heads processed (thousand)								
Cattle	4,810.0	4,728.4	1.7%	4,678.2	2.8%	18,807.1	18,700.5	0.6%
Hogs	4,514.6	4,015.7	12.4%	4,615.6	-2.2%	16,827.0	14,593.7	15.3%
Birds ¹	255,166.3	241,167.5	5.8%	219,870.7	16.1%	953,648.7	n.a.	-
Smalls ²	1,468.5	1,273.5	15.3%	1,309.8	12.1%	5,375.7	4,881.1	10.1%

¹Not including PPC

²Not including poultry

Consolidated Results

Net Revenue

JBS' consolidated net revenue in 4Q14 totaled R\$34,303.2 million, an expansion of R\$7.081,0 million, or 26,0% higher than 4Q13. The main highlights were Mercosul, which recorded a 19.5% increase in revenue and JBS USA Beef and Pork operations, whose revenues increased 23.2% and 6.5% compared to the same period last year, respectively, and JBS Foods, with an increase of 26.2% compared to 4Q13.

In 2014, consolidated net sales was R\$120.5 billion, an increase of R\$27.6 billion, or 29.7% higher than in 2013. Approximately 74% of JBS global revenue were derived from domestic sales and 26% came from exports.

Adjusted EBITDA

Consolidated Adjusted EBITDA in 4Q14 was R\$3,289.7 million, an increase of 81.0% compared to 4Q13. EBITDA margin in the quarter was 9.6%. The main highlights were the performance of Chicken, Pork and Beef operations in the US, which registered an EBITDA increase of 87.1%, 10.9% and 185.4%, respectively, as well as JBS Foods, which recorded an EBITDA of R\$656.1 million, with an EBITDA margin of 18.0%.

R\$ million	4Q14	3Q14	Δ%	4Q13	Δ%	2014	2013	Δ%
Net income for the period	706.9	1,228.0	-42.4%	209.7	237.1%	2,406.4	1,118.3	115.2%
Financial income (expense), net	702.0	978.7	-28.3%	767.7	-8.6%	3,637.6	2,380.3	52.8%
Current and deferred income taxes	661.4	588.4	12.4%	241.0	174.5%	1,785.4	656.7	171.9%
Depreciation and amortization	715.3	611.1	17.1%	635.2	12.6%	2,546.8	2,038.8	24.9%
Equity in subsidiaries	-6.3	-8.2	-23.7%	21.4	-	-26.1	-6.7	288.3%
Restructuring, reorganization, donation and indemnity	510.4	220.0	132.0%	-1.4	-	745.5	-57.1	-
Premium due to early liquidation paid by JBS USA	0.0	0.0	-	0.0	-	-5.6	0.0	-
(=) EBITDA	3,289.7	3,617.9	-9.1%	1,873.5	75.6%	11,090.0	6,130.3	80.9%

Net Financial Expense

In 4Q14, JBS recorded net financial expense of R\$702.0 million, impacted by the exchange rate variation of R\$1,366.5 million, compensated by R\$1,398.9 million on derivative results (protection against exchange rate variation). Interest expense was R\$860.0 million, whilst interest revenue was R\$153.3 million. Taxes, contributions, tariffs and others resulted in an expense of R\$27.8 million. For the year, net financial expense amounted to R\$3,637.6 million.

Net Income

Net income in 4Q14, excluding non-controlling interest, was R\$618.8 million, an increase of 339.7% compared to 4Q13. Earnings per thousand shares were R\$214.1. In 2014, reported net income was R\$2,035.9 million, an increase of R\$1,109.0 million, or 119.6% higher over 2013, which represents earnings per thousand shares of R\$706.5.

Consolidated Results

CAPEX

In 4Q14, total capital expenditure (CAPEX) was R\$1.6 billion, of which R\$434.8 million due to net effect of working capital of acquired / merged company and R\$1,219.6 million in additions to property, plant and equipment and intangible assets. Approximately 40% was related to acquisitions and 60% in expansions, facilities modernization and in maintenance. In 2014, CAPEX was R\$4.3 billion.

Cash Generation

In 4Q14 the Company generated net cash flow from operations of R\$5.32 billion and free cash flow (after capex) of R\$3.66 billion, due to the strong performance of JBS' businesses units and the Company's protection strategy of exchange rate variation. In 2014, JBS generated R\$9.0 billion in net cash flow from operations and R\$4.7 billion in free cash flow.

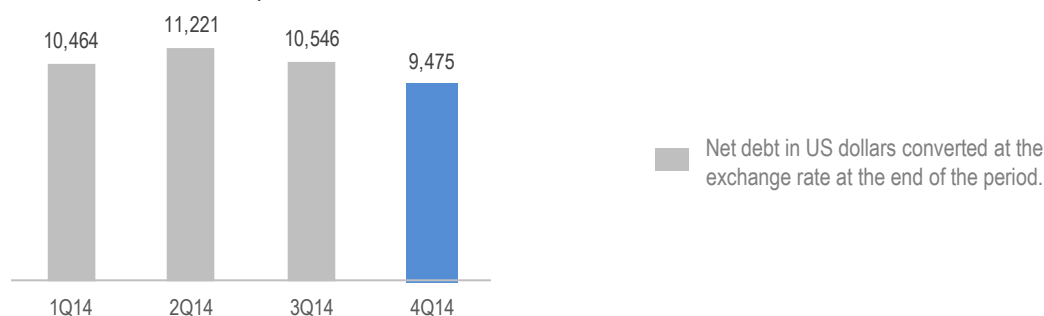
Indebtedness

JBS ended 4Q14 with leverage of 2.1x, compared to 2.5x in 3Q14 and 3.1x in 2Q14. The reduction in leverage is due to the improvement in operational performance of JBS in the last twelve months, as well as to the strong free cash generation in the quarter.

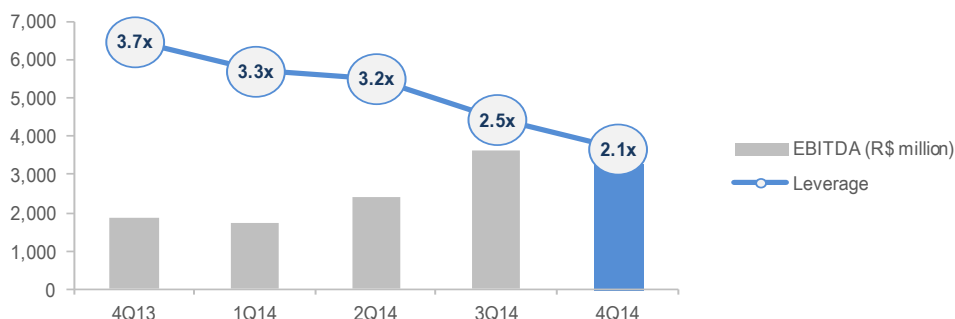
R\$ million	12/31/14	09/30/14	Var.%
Gross debt	40,079.1	38,426.7	4.3%
(+) Short Term Debt	13,687.0	11,483.4	19.2%
(+) Long Term Debt	26,392.2	26,943.3	-2.0%
(-) Cash and Equivalents	14,910.4	12,578.5	18.5%
Net debt	25,168.7	25,848.3	-2.6%
Net debt/EBITDA	2.1x	2.5x	

US\$ milhões

Net debt in US dollars reduced US\$1.0 billion in comparison with 3Q14.



Leverage

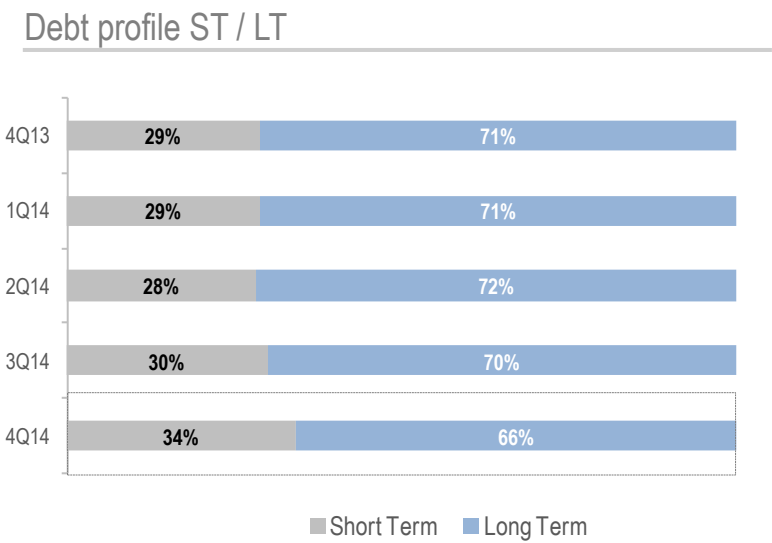


Consolidated Results

Indebtedness (cont.)

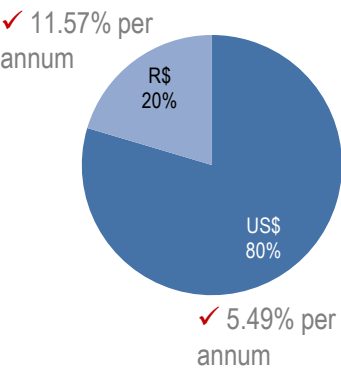
The Company ended the quarter with R\$14,910.4 million in cash, equivalent to approximately 109% of its short-term debt. In addition, JBS USA has US\$1.43 billion fully available under revolving credit facilities which, if added to the current cash position, represents 119% of short term debt.

The percentage of short term debt (ST) in relation to total debt was 34% in 4Q14.

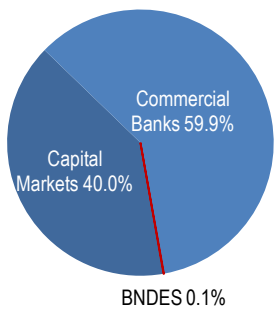


At the end of the period, 80% of JBS consolidated debt was denominated in U.S. dollars, with an average cost of 5.49% per year. The proportion of debt denominated in Reais, 20% of consolidated debt, has an average cost of 11.57% per year.

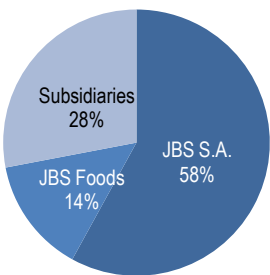
Breakdown by Currency & Average Cost



Breakdown by Source



Breakdown by Company



Analysis of Results by Business Unit

JBS Foods

JBS Foods posted net revenue of R\$3,649.0 million in 4Q14, an increase of 8.1% compared to 3Q14. Revenue on the domestic market was R\$1,923.3 million, an increase of 16.8% compared to last quarter, reflecting an increase in sales volumes in the three products category (pork, poultry and processed products). The main highlights were fresh chicken (+50.8% vs 3Q14). In the export market, net revenue was R\$1,725.7 million, stable compared to 3Q14. In this quarter, the main export markets included Asia, MENA and Russia.

EBITDA in 4Q14 totaled R\$656.1 million, which represents an increase of 13.9% over 3Q14. EBITDA margin was 18.0%, compared to 17.1% in the last quarter. This improvement in EBITDA is a result of a decrease in raw material costs, coupled with a seasonal increase in demand in chicken products due to the festive period. In addition, there was an improvement in chicken prices in the international market, which corresponds to 83% of sales in exports.

Throughout the quarter, JBS Foods continued to improve the number of sales points, which totaled 78.6 thousand at the end of this period and reflects one of the Company's strategic pillar regarding the pursuit for an even more efficient execution in the sales points.

In 2014, net revenue totaled R\$12,890.3 million and EBITDA was R\$2,052.3 million, with an EBITDA margin of 15.9%. During 2014, JBS Foods made important investments in the production process to attend the best quality standards and delight its customers. Over 100 new products were launched in order to innovate the portfolio, increase the value of the brands and increase consumer preference. The logistic model was redesigned, reducing costs, improving the service level and the presence of its products in the market.

Highlights

	4Q14		3Q14		Δ%	4Q13		Δ%	2014	
	R\$	% NR	R\$	% NR	QoQ	R\$	% NR	YoY	R\$	% NR
Net Revenue	3,649.0	100.0%	3,376.8	100.0%	8.1%	2,891.6	100.0%	26.2%	12,890.3	100.0%
COGS	(2,574.0)	-70.5%	(2,413.9)	-71.5%	6.6%	(2,201.1)	-76.1%	16.9%	(9,358.7)	-72.6%
Gross Profit	1,075.0	29.5%	962.9	28.5%	11.6%	690.5	23.9%	55.7%	3,531.5	27.4%
EBITDA	656.1	18.0%	576.0	17.1%	13.9%	227.3	7.9%	188.7%	2,052.3	15.9%

JBS Foods	4Q14	3Q14	Δ%	4Q13	Δ%	2014
Birds Processed (thousand)	255,166.3	241,167.5	5.8%	219,870.7	16.1%	953,648.7
Hogs processed (thousand)	1,185.8	1,138.5	4.2%	1,034.2	14.7%	4,435.0

Analysis of Results by Business Unit

Breakdown of Net Revenue

Domestic Market	4Q14	3Q14	Δ%	4Q13	Δ%	2014
Net Revenue (million R\$)						
Fresh Poultry	608.1	416.6	46.0%	309.6	96.4%	1,718.9
Fresh Pork	131.1	120.3	9.0%	87.5	49.9%	455.9
Processed / Prepared Products	1,064.6	1,024.0	4.0%	830.8	28.2%	3,699.8
Others	119.4	86.2	38.5%	19.1	525.4%	380.6
TOTAL	1,923.3	1,647.1	16.8%	1,247.0	54.2%	6,255.2
Volume (thousand tons)						
Fresh Poultry	113.3	75.2	50.8%	54.7	107.4%	319.7
Fresh Pork	23.1	22.2	3.9%	15.4	49.7%	81.6
Processed / Prepared Products	172.4	168.8	2.1%	149.2	15.5%	621.2
Others	-	-	-	-	-	-
TOTAL	308.8	266.2	16.0%	219.3	40.8%	1,022.5
Average Price (R\$/Kg)						
Fresh Poultry	5.37	5.54	-3.2%	5.67	-5.4%	5.38
Fresh Pork	5.68	5.42	4.9%	5.67	0.2%	5.59
Processed / Prepared Products	6.18	6.07	1.8%	5.57	10.9%	5.96
Others	-	-	-	-	-	-

Exports	4Q14	3Q14	Δ%	4Q13	Δ%	2014
Net Revenue (million R\$)						
Fresh Poultry	1,423.9	1,347.0	5.7%	1,342.5	6.1%	5,406.1
Fresh Pork	209.3	288.7	-27.5%	178.6	17.2%	848.0
Processed / Prepared Products	92.5	82.7	11.8%	121.3	-23.8%	369.8
Others	-	11.3	-	2.4	-	11.3
TOTAL	1,725.7	1,729.7	-0.2%	1,644.7	4.9%	6,635.1
Volume (thousand tons)						
Fresh Poultry	278.0	284.3	-2.2%	277.6	0.1%	1,118.3
Fresh Pork	23.5	31.4	-25.1%	26.1	-9.8%	105.5
Processed / Prepared Products	13.2	12.6	4.8%	14.4	-8.0%	54.2
Others	-	2.9	-	1.6	-	2.9
TOTAL	314.7	331.1	-5.0%	319.6	-1.5%	1,280.9
Average Price (R\$/Kg)						
Fresh Poultry	5.12	4.74	8.1%	4.84	5.9%	4.83
Fresh Pork	8.91	9.20	-3.2%	6.85	30.0%	8.04
Processed / Prepared Products	6.99	6.55	6.7%	8.43	-17.1%	6.82
Others	-	3.93	-	1.49	-	3.93

Analysis of Results by Business Unit

JBS Mercosul

JBS Mercosul posted net revenue of R\$7,545.7 million in 4Q14, 19.5% higher than 4Q13, influenced by an increase in volumes in the export market. Compared to 3Q14, net revenue increased 16.6%.

EBITDA totaled R\$534.1 million for the quarter, a decrease of 3.7% compared to 3Q14, due to an increase in cattle prices in the period, partially compensated by an increase in fresh beef prices in the domestic and international markets. EBITDA margin was 7.1%.

In 2014, JBS Mercosul net revenue was R\$26,191.7 million, an improvement of 22.1% as compared to 2013. EBITDA was R\$2,319.0 million, a decrease of 2.8% compared to the previous year. JBS maintained its strategy of investing in brands and in products innovation in the domestic market. The launching of convenience beef products reflected in an increase in the sales price in this category (processed products) of 16.1% in the domestic market..

Paraguay and Uruguay operations maintained the good performance presented in the last quarters as a result of the initiatives related to loyalty programs for the suppliers, attending niche markets and focus in cost reduction and better utilization of production capacity. In Argentina, JBS continues focused in rationalizing its product portfolio and reducing costs and increasing the value added products portfolio.

Highlights

	4Q14		3Q14		Δ%	4Q13		Δ%	2014		2013		Δ%
	R\$	% NR	R\$	% NR	QoQ	R\$	% NR	YoY	R\$	% NR	R\$	% NR	YoY
Net Revenue	7,545.7	100.0%	6,470.5	100.0%	16.6%	6,312.0	100.0%	19.5%	26,191.7	100.0%	21,445.4	100.0%	22.1%
COGS	(5,956.2)	-78.9%	(4,979.2)	-77.0%	19.6%	(4,768.6)	-75.5%	24.9%	(20,190.0)	-77.1%	(16,165.3)	-75.4%	24.9%
Gross Profit	1,589.5	21.1%	1,491.3	23.0%	6.6%	1,543.5	24.5%	3.0%	6,001.8	22.9%	5,280.2	24.6%	13.7%
EBITDA	534.1	7.1%	554.6	8.6%	-3.7%	692.4	11.0%	-22.9%	2,319.0	8.9%	2,385.1	11.1%	-2.8%

JBS Mercosul	4Q14	3Q14	Δ%	4Q13	Δ%	2014	2013	Δ%
Bovine processed (thousand)	2,471.4	2,316.7	6.7%	2,362.6	4.6%	9,381.5	9,391.5	-0.1%

Analysis of Results by Business Unit

Breakdown of Net Revenue

Domestic Market	4Q14	3Q14	Δ%	4Q13	Δ%	2014	2013	Δ%
Net Revenue (million R\$)								
Fresh and Chilled Products	3,436.3	2,605.9	31.9%	2,562.0	34.1%	11,309.0	9,574.2	18.1%
Processed Products	330.7	335.6	-1.5%	276.7	19.5%	1,298.7	1,087.6	19.4%
Others	474.9	449.0	5.8%	425.5	11.6%	1,784.3	1,680.9	6.2%
TOTAL	4,242.0	3,390.5	25.1%	3,264.3	29.9%	14,392.0	12,342.7	16.6%
Volume (thousand tons)								
Fresh and Chilled Products	369.4	322.7	14.5%	353.7	4.4%	1,310.4	1,388.0	-5.6%
Processed Products	40.3	45.6	-11.6%	42.6	-5.3%	172.8	168.0	2.8%
Others	181.3	161.3	12.4%	181.6	-0.1%	667.2	705.5	-5.4%
TOTAL	590.9	529.6	11.6%	577.8	2.3%	2,150.4	2,261.5	-4.9%
Average Price (R\$/Kg)								
Fresh and Chilled Product	9.30	8.08	15.1%	7.24	28.5%	8.63	6.90	25.1%
Processed Items	8.21	7.36	11.5%	6.50	26.3%	7.52	6.47	16.1%
Others	2.62	2.78	-5.8%	2.34	12.0%	2.67	2.38	12.2%

Exports	4Q14	3Q14	Δ%	4Q13	Δ%	2014	2013	Δ%
Net Revenue (million R\$)								
Fresh and Chilled Products	2,174.6	1,980.7	9.8%	1,918.5	13.4%	7,603.0	6,156.2	23.5%
Processed Products	237.9	201.1	18.3%	333.9	-28.7%	854.4	936.8	-8.8%
Others	891.2	898.1	-0.8%	795.4	12.1%	3,342.2	2,009.7	66.3%
TOTAL	3,303.7	3,080.0	7.3%	3,047.7	8.4%	11,799.7	9,102.7	29.6%
Volume (thousand tons)								
Fresh and Chilled Products	191.2	187.9	1.8%	192.9	-0.9%	734.7	694.6	5.8%
Processed Products	18.3	15.6	17.4%	12.6	45.0%	63.8	60.5	5.5%
Others	68.8	74.0	-6.9%	61.7	11.5%	278.0	127.2	118.6%
TOTAL	278.3	277.4	0.3%	267.2	4.2%	1,076.5	882.3	22.0%
Average Price (R\$/Kg)								
Fresh and Chilled Beef	11.37	10.54	7.9%	9.95	14.4%	10.35	8.86	16.8%
Processed Beef	13.02	12.92	0.8%	26.50	-50.9%	13.40	15.50	-13.5%
Others	12.95	12.14	6.6%	12.89	0.5%	12.02	15.80	-23.9%

Analysis of Results by Business Unit

JBS USA Beef (including Australia and Canada)

Net revenue in 4Q14 for this business unit was US\$5,923.7 million, an increase of 23.2% compared to the same period in 2013. This improvement is due to an increase in prices of 26.4% and 25.8% in the domestic and international markets, respectively, partially compensated by a decrease in volume in both markets. Compared with 3Q14, net revenue was moderately stable and increased 1.3%.

EBITDA was US\$325.1 million in the quarter, an increase of 78.2% over 4Q13, with an EBITDA margin of 5.5%.

This quarter results is a reflection of the Company' strategy regarding the purchase of cattle, which permitted the improvement in COGS, coupled with better beef prices in some markets that JBS operates. Domestic sales in Australia and exports from the US were highlights in the quarter, with significant price increases. The operation in Canada also improved compared to the same period last year and presented volume and price growth on exports. The main destinations of this business unit were Mexico, the US (exports from Australia and Canada), Japan, Colombia, South Korea and Greater China¹.

In 2014, net sales from this business unit was US\$21,625.2 million, a 16.1% growth in relation to 2013. EBITDA was US\$916.1 million, an increase of 143.8% over 2013. EBITDA margin was 4.2% compared to 2.0% in 2013.

Annual results demonstrate initiatives adopted by the Company and implemented during the year. The US beef operation was reorganized, splitting the management of the fed cattle business and the regional business. This initiative provided more agility in decision making and flexibility to adjust the business according to market conditions. In addition, there was reduction in production costs, product mix and sales chain rationing, as well as investments in innovation and efficiency gains.

Highlights (US GAAP)

	4Q14		3Q14		Δ%	4Q13		Δ%	2014		2013		Δ%
	US\$	% NR	US\$	% NR		US\$	% NR		US\$	% NR	US\$	% NR	
Net Revenue	5,923.7	100.0%	5,849.3	100.0%	1.3%	4,809.9	100.0%	23.2%	21,625.2	100.0%	18,621.2	100.0%	16.1%
COGS	(5,594.8)	-94.4%	(5,343.0)	-91.3%	4.7%	(4,709.8)	-97.9%	18.8%	(20,723.8)	-95.8%	(18,268.5)	-98.1%	13.4%
Gross Profit	328.9	5.6%	506.3	8.7%	-35.0%	100.1	2.1%	228.7%	901.4	4.2%	352.6	1.9%	155.6%
EBITDA	325.1	5.5%	504.9	8.6%	-35.6%	113.9	2.4%	185.4%	916.1	4.2%	375.8	2.0%	143.8%

JBS USA Beef (including AUS and CAN)	4Q14	3Q14	Δ%	4Q13	Δ%	2014	2013	Δ%
Bovine processed (thousand)	2,338.6	2,411.7	-3.0%	2,315.5	1.0%	9,425.6	9,308.9	1.3%

Breakdown of Net Revenue

Domestic Market	4Q14	3Q14	Δ%	4Q13	Δ%	2014	2013	Δ%
Net Revenue (US\$ million)	4,163.4	4,203.8	-1.0%	3,429.8	21.4%	15,462.8	13,500.2	14.5%
Volume (tons)	876.2	903.3	-3.0%	912.1	-3.9%	3,524.4	3,540.6	-0.5%
Average Price (US\$/Kg)	4.75	4.65	2.1%	3.76	26.4%	4.39	3.81	15.1%

Exports	4Q14	3Q14	Δ%	4Q13	Δ%	2014	2013	Δ%
Net Revenue (US\$ million)	1,760.3	1,645.5	7.0%	1,380.1	27.5%	6,162.4	5,121.0	20.3%
Volume (tons)	317.6	332.0	-4.3%	324.1	-2.0%	1,267.7	1,180.8	7.4%
Average Price (US\$/Kg)	5.54	4.96	11.8%	4.41	25.8%	4.86	4.20	15.8%

Note 1. Considers China and Hong Kong



Analysis of Results by Business Unit

JBS USA Pork

Net revenue in the quarter totaled US\$964.0 million, an increase of 6.5% compared to 4Q13. This result is due to an increase of sales prices, coupled with a 4.0% increase in the export volume. Compared with 3Q14, net revenue grew 2.8%, due to an increase of 60.9% in volume sold in the international market.

EBITDA for 4Q14 was US\$95.7 million, an increase of 10.9% when compared to 4Q13, with an EBITDA margin of 9.9%. This result reflects an increase in prices of 10.3% the domestic market and 8.7% on exports. The main destinations were Mexico, Japan, Greater China¹, South Korea and Canada.

In 2014, net revenue for this business unit was US\$3,827.0 million, an increase of 8.8% compared to 2013. EBITDA was US\$405.6 million, 78.2% higher over the same period last year.

Highlights (US GAAP)

	4Q14		3Q14		Δ%	4Q13		Δ%	2014		2013		Δ%
	US\$	% NR	US\$	% NR	QoQ	US\$	% NR	YoY	US\$	% NR	US\$	% NR	YoY
Net Revenue	964.0	100.0%	937.8	100.0%	2.8%	904.9	100.0%	6.5%	3,827.0	100.0%	3,518.7	100.0%	8.8%
COGS	(863.2)	-89.5%	(820.0)	-87.4%	5.3%	(815.3)	-90.1%	5.9%	(3,413.1)	-89.2%	(3,284.2)	-93.3%	3.9%
Gross Profit	100.8	10.5%	117.8	12.6%	-14.4%	89.6	9.9%	12.6%	414.0	10.8%	234.5	6.7%	76.5%
EBITDA	95.7	9.9%	113.2	12.1%	-15.4%	86.3	9.5%	10.9%	405.6	10.6%	227.6	6.5%	78.2%

JBS US Pork	4Q14	3Q14	Δ%	4Q13	Δ%	2014	2013	Δ%
Hogs Processed (thousand)	3,328.8	2,877.3	15.7%	3,581.4	-7.1%	12,392.0	13,559.5	-8.6%

Breakdown of Net Revenue

Domestic Market	4Q14	3Q14	Δ%	4Q13	Δ%	2014	2013	Δ%
Net Revenue (US\$ million)	799.8	825.4	-3.1%	759.6	5.3%	3,244.0	2,962.3	9.5%
Volume (thousand tons)	294.9	260.4	13.3%	308.9	-4.5%	1,121.1	1,190.7	-5.8%
Average Price (US\$/Kg)	2.71	3.17	-14.4%	2.46	10.3%	2.89	2.49	16.3%

Exports	4Q14	3Q14	Δ%	4Q13	Δ%	2014	2013	Δ%
Net Revenue (US\$ million)	164.2	112.4	46.1%	145.3	13.0%	583.1	556.4	4.8%
Volume (thousand tons)	62.7	39.0	60.9%	60.3	4.0%	216.5	226.3	-4.3%
Average Price (US\$/Kg)	2.62	2.88	-9.2%	2.41	8.7%	2.69	2.46	9.5%

Note 1. Considers China and Hong Kong



Analysis of Results by Business Unit

JBS USA Chicken (Pilgrim's Pride Corporation - "PPC")

PPC recorded a net revenue of US\$2,110.4 million in 4Q14, an increase of 3.1% compared with 4Q13, prevented from higher sales in the US (2.8%) and Mexico (5.7%). In 2014, net sales was US\$8,583.4 million, 2.0% higher in relation to 2013.

EBITDA in 4Q14 was US\$367.8 million, an increase of 87.1% over 4Q13, with an EBITDA margin of 17.4%. This results reflects a significant improvement in PPC gross margin, due to a reduction in grain prices, combined with better sales mix and efficiencies at operational level. In 2014, EBITDA was US\$1,352.2 million, 66.9% greater than 2013. EBITDA margin was 15.8%, compared to 9.6% in the previous year.

Net income in the quarter was US\$167.2 million and reflects US\$48.0 million adjustment due to the early retirement of the 2018 notes and a non-cash foreign exchange loss due to the Mexican Peso devaluation. The 2014 net income reflects an improvement of 17% compared to the same period in 2013. Pilgrim's recognized US\$711.7 million in net income for the full year with earnings per share of US\$2.74, demonstrating consistently solid performance over the entire year.

Highlights (US GAAP)

	4Q14		3Q14		Δ%	4Q13		Δ%	2014		2013		Δ%
	US\$	% NR	US\$	% NR		US\$	% NR		US\$	% NR	US\$	% NR	
Net Revenue	2,110.4	100.0%	2,268.0	100.0%	-6.9%	2,047.3	100.0%	3.1%	8,583.4	100.0%	8,411.1	100.0%	2.0%
COGS	(1,731.3)	-82.0%	(1,817.8)	-80.1%	-4.8%	(1,839.4)	-89.8%	-5.9%	(7,189.4)	-83.8%	(7,565.7)	-89.9%	-5.0%
Gross Profit	379.1	18.0%	450.3	19.9%	-15.8%	207.9	10.2%	82.3%	1,394.0	16.2%	845.4	10.1%	64.9%
EBITDA	367.8	17.4%	435.4	19.2%	-15.5%	196.6	9.6%	87.1%	1,352.2	15.8%	810.1	9.6%	66.9%

Tables and Charts

Graph I - JBS Consolidated Exports Breakdown in 2014 and 2013

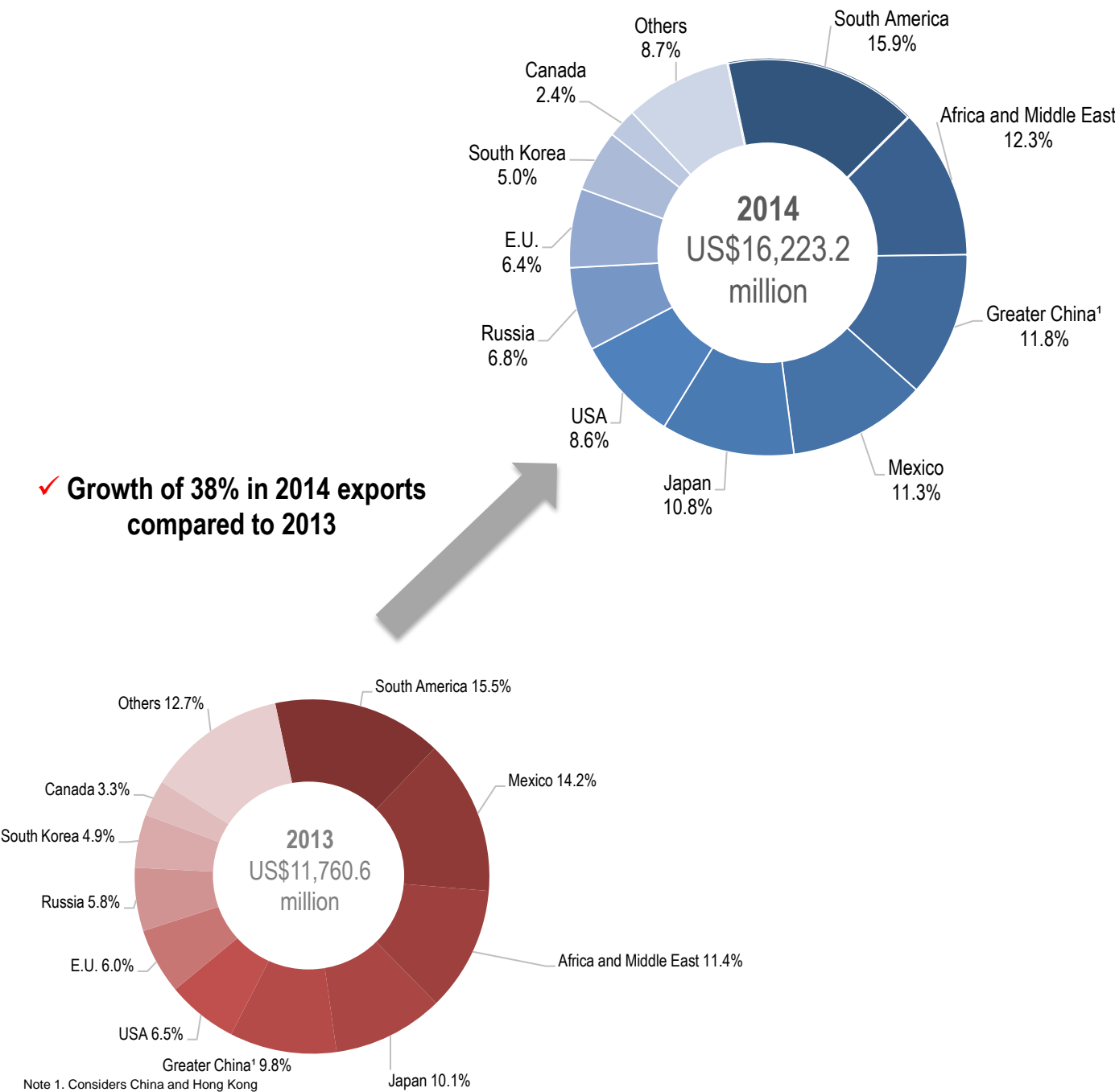


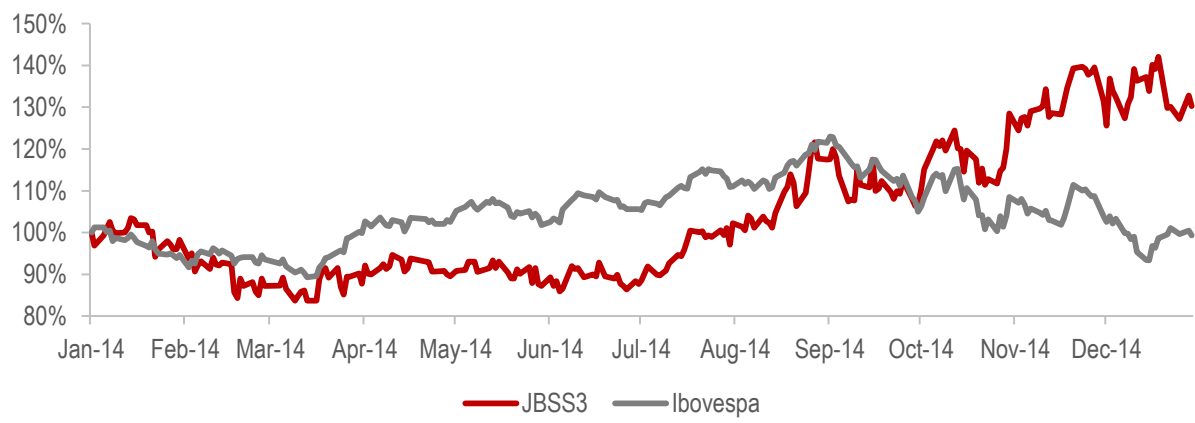
Table I – 4Q14 Breakdown of Production Costs by Business Unit (%)

4Q14 (%)	Consolidated	JBS Mercosul	JBS Foods	USA Beef	USA Pork	USA Chicken
Raw material (livestock)	82.7%	86.2%	59.7%	88.1%	83.6%	53.2%
Processing (including ingredients and packaging)	8.8%	7.3%	28.5%	5.0%	7.0%	28.9%
Labor Cost	8.5%	6.5%	11.8%	6.9%	9.4%	17.9%

Capital Markets

JBS share price ended 2014 quoted at R\$11.20 in the São Paulo Stock Exchange (BM&FBovespa), an appreciation of 27.7% compared with 2013. The Company's market value totaled R\$32,968.8 million in 2014.

JBS stock was among the 10 shares with the best performance in the Ibovespa index and one of the largest performance in the food sector. Ibovespa index decreased 2.9% last year



Dividend Policy and Payment Evolution

The minimum mandatory dividend of JBS is 25% of net income as provided for in the Corporations Act and by the Company's bylaws, based upon the non consolidated financial statements. The declaration of annual dividends, including dividends in excess of the minimum mandatory dividend, requires approval at the Annual General Shareholders Meeting by a majority vote of the shareholders of JBS and will depend on various factors. These factors include operational results, financial condition, cash requirements and future prospects of the Company among other factors that the board of directors and shareholders of JBS deem relevant.

JBS distributed dividends and interest on shareholders' equity to its shareholders in the amount of R\$0.8 million for 2002, R\$21.8 million for 2004, R\$31.7 million for 2005, R\$11.2 million related to 2006, R\$17.5 million for 2007, R\$12.3 million for 2008 and R\$61.5 million for 2009. There were no dividend payments for 2010 and 2011, since the Company recorded losses in this period, in 2012 JBS distributed R\$170.7 million and in 2013 distributed R\$220,1 million.

The company has declared dividends in December 31, 2014 of R\$483.5 million to be submitted at the General Meeting of Shareholders, calculated as follows:

	In thousand R\$	
	2014	2013
Net income of the year	2,035,910	926,907
Legal reserve - (5%)	(101,795)	(46,345)
Adjusted base for dividends calculation	1,934,115	880,562
Mandatory dividends (25%)	483,529	220,140
Declared dividends	483,529	220,140

Adherence to the Arbitration Chamber

The Company, its shareholders, directors and members of the Fiscal Council undertake to resolve through arbitration any dispute or controversy that may arise between them related to or resulting from in particular the application, validity, effectiveness, interpretation, violation and effects of the provisions contained in the Contract of the Novo Mercado, the Listing Rules of the Novo Mercado, the Bylaws, the shareholders' agreements filed at the Company's headquarters under Corporate Law, the regulations issued by the National Monetary Council, by the Central Bank of Brazil, by the CVM, by BOVESPA and any other rules applicable to the operation of the capital market in general to the market Arbitration Chamber in accordance with Commitment Clauses and Arbitration Rules, conducted in accordance with the Chamber Regulation.

Relationship with External Audit

BDO RCS Auditores Independentes SS was hired by JBS SA for the provision of external audit services related to audits of financial statements of JBS SA, individual and consolidated.

JBS policy to hire eventual services not related to external audit from the independent auditor is based on principles that preserve the independency of the auditor, such as: (a) the auditor should not audit its own work, (b) the auditor should not exercise managerial functions in its client and (c) the auditor should not promote the interests of its client.

The auditor's payment refers to professional services related to the audit process of consolidated financial statements, quarterly revisions of the Company's financial statements, corporate audits and some temporary revisions of certain subsidiaries, as per request by the appropriate legislation. Payments related to the audit process refers to services of due diligence traditionally performed by an external auditor in acquisitions and advisory regarding accountancy standards and transactions.

Payments not related to audit process corresponds to, mainly, services provided of compliance with the tax requirements to the Company's subsidiaries out of Brazil.

Aiming to be in compliance with CVM Instruction 381/200, JBS S.A. informs that BDO RCS Auditores Independentes did not provide any other services unrelated to the audit that represented more than 5% of its total payment regarding audit process during 2014.



JBS S.A.
Financial statements and Independent
auditors' report
As of December 31, 2014 and 2013



INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To
The Shareholders, Board of Directors and Management of
JBS S.A.
São Paulo - SP

We have audited the individual and consolidated financial statements of **JBS S.A.** (the "Company"), identified as Company and Consolidated, respectively, which include the balance sheet as of December 31, 2014, and the related statements of income, statements of comprehensive income, statement of changes in shareholders' equity and cash flows statements for the year then ended, as well as a summary of the main accounting practices and related notes.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the fair presentation and preparation of the individual and consolidated financial statements in accordance with Brazilian accounting practices and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as for the internal controls considered necessary to allow the preparation of financial statements free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Individual and Consolidated Financial Statements

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of **JBS S.A.** as of December 31, 2014, as well as the individual and consolidated results of its operations and individual and consolidated cash flows for the year the ended, in conformity with the Brazilian accounting practices and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Other matters

Statements of value added

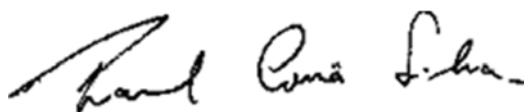
We have also examined the individual and consolidated statements of value added for the year ended December 31, 2014, prepared under the responsibility of the Company's management, whose reporting is required by Brazilian legislation for public companies but is considered supplementary information by the International Financial Reporting Standards (IFRS), which do not require the presentation of the statement of value added. These statements were subjected to the same auditing procedures previously described and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

São Paulo, March 09, 2015.



BDO RCS Auditores Independentes SS
CRC 2 SP 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	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	9,503,923	5,223,978	14,910,427	9,013,147
Trade accounts receivable, net	6	3,502,612	4,087,073	9,577,548	8,919,926
Inventories	7	2,417,608	2,414,148	8,273,110	6,904,616
Biological assets	8	-	-	1,567,866	1,419,343
Recoverable taxes	9	1,310,521	1,275,614	2,300,624	2,003,256
Prepaid expenses		17,449	10,171	181,881	152,425
Other current assets		416,599	309,988	730,776	500,770
TOTAL CURRENT ASSETS		17,168,712	13,320,972	37,542,232	28,913,483
NON-CURRENT ASSETS					
Long-term assets					
Credits with related parties	10	3,160,451	1,784,948	370,072	733,958
Biological assets	8	-	-	633,689	496,903
Recoverable taxes	9	779,147	682,571	1,546,038	1,149,725
Other non-current assets		506,785	294,254	2,121,092	1,182,302
Total long-term assets		4,446,383	2,761,773	4,670,891	3,562,888
Investments in associate, subsidiaries and joint ventures	11	10,161,077	11,594,353	295,350	277,571
Property, plant and equipment, net	12	10,590,430	9,392,336	24,098,697	20,940,616
Intangible assets, net	13	9,550,264	9,547,037	15,436,512	14,975,663
TOTAL NON-CURRENT ASSETS		34,748,154	33,295,499	44,501,450	39,756,738
TOTAL ASSETS		51,916,866	46,616,471	82,043,682	68,670,221

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



JBS S.A.

Balance sheets (In thousands of Reais)

	Note	Company		Consolidated	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade accounts payable	14	1,567,402	1,371,205	6,942,933	5,342,388
Loans and financings	15/16	9,567,475	6,839,122	13,686,975	9,430,892
Income taxes	18	-	-	505,799	19,760
Payroll, social charges and tax obligation	18	369,756	382,741	2,105,278	1,741,536
Declared dividends	19	484,013	220,494	484,013	220,494
Payables related to facilities acquisitions	20	47,894	95,853	344,881	264,264
Other current liabilities		740,635	535,352	798,122	689,535
TOTAL CURRENT LIABILITIES		12,777,175	9,444,767	24,868,001	17,708,869
NON-CURRENT LIABILITIES					
Loans and financings	15/16	13,689,084	13,753,849	26,392,165	23,330,449
Payroll, social charges and tax obligation	18	151,199	125,166	639,114	705,179
Payables related to facilities acquisitions	20	44,904	62,754	490,461	463,485
Deferred income taxes	21	1,172,511	1,090,973	2,839,966	2,119,594
Provision for lawsuits risk	22	178,426	164,051	705,844	849,324
Other non-current liabilities		29,744	23,123	465,606	360,067
TOTAL NON-CURRENT LIABILITIES		15,265,868	15,219,916	31,533,156	27,828,098
EQUITY					
	23				
Capital stock		21,506,247	21,506,247	21,506,247	21,506,247
Treasury shares		(451,700)	(595,849)	(451,700)	(595,849)
Capital transaction		90,338	86,444	90,338	86,444
Capital reserve		212,793	211,879	212,793	211,879
Revaluation reserve		87,877	92,227	87,877	92,227
Profit reserves		4,261,815	2,705,084	4,261,815	2,705,084
Valuation adjustments to equity in subsidiaries		101,658	132,787	101,658	132,787
Accumulated translation adjustments in subsidiaries		(1,935,205)	(2,187,031)	(1,935,205)	(2,187,031)
Attributable to controlling interest		23,873,823	21,951,788	23,873,823	21,951,788
Attributable to noncontrolling interest		-	-	1,768,702	1,181,466
TOTAL EQUITY		23,873,823	21,951,788	25,642,525	23,133,254
TOTAL LIABILITIES AND EQUITY		51,916,866	46,616,471	82,043,682	68,670,221

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



JBS S.A.
Statements of income for the years ended on December 31, 2014 and 2013
(In thousands of Reais)

	Note	Company		Consolidated	
		2014	2013	2014	2013
NET REVENUE	24	26,110,898	20,975,955	120,469,719	92,902,798
Cost of goods sold		<u>(20,401,293)</u>	<u>(15,808,619)</u>	<u>(101,796,347)</u>	<u>(81,056,088)</u>
GROSS INCOME		5,709,605	5,167,336	18,673,372	11,846,710
OPERATING INCOME (EXPENSE)					
General and administrative expenses		(1,610,677)	(1,072,208)	(3,330,042)	(2,519,993)
Selling expenses		(2,739,927)	(2,183,117)	(7,154,335)	(5,262,199)
Financial expense, net	25	(2,851,395)	(1,648,833)	(3,637,620)	(2,380,331)
Equity in earnings of subsidiaries	11	3,903,909	939,189	26,103	6,722
Other income (expenses), net	26	(403,721)	(10,251)	(385,655)	84,086
		<u>(3,701,811)</u>	<u>(3,975,220)</u>	<u>(14,481,549)</u>	<u>(10,071,715)</u>
NET INCOME BEFORE TAXES		2,007,794	1,192,116	4,191,823	1,774,995
Current income taxes	21	46,851	2,380	(1,656,879)	(166,231)
Deferred income taxes	21	(18,735)	(267,589)	(128,517)	(490,439)
		<u>28,116</u>	<u>(265,209)</u>	<u>(1,785,396)</u>	<u>(656,670)</u>
NET INCOME		2,035,910	926,907	2,406,427	1,118,325
ATTRIBUTABLE TO:					
Controlling interest				2,035,910	926,907
Noncontrolling interest				<u>370,517</u>	<u>191,418</u>
				2,406,427	1,118,325
Net income basic per shares - in reais	27	706.49	323.32	706.49	323.32
Net income diluted per shares - in reais	27	706.49	323.32	706.49	323.32

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



JBS S.A.

Statement of comprehensive income for the years ended on December 31, 2014 and 2013
(In thousands of Reais)

	Company		Consolidated	
	2014	2013	2014	2013
Net income	2,035,910	926,907	2,406,427	1,118,325
Other comprehensive income				
Valuation adjustments to equity in subsidiaries	(31,129)	39,788	(31,129)	39,788
Accumulated adjustment of conversion in subsidiaries	(120,022)	(272,239)	(120,022)	(272,239)
Exchange variation in subsidiaries	371,848	677,178	371,848	677,178
Total of comprehensive income	2,256,607	1,371,634	2,627,124	1,563,052
Total of comprehensive income attributable to:				
Controlling interest	2,256,607	1,371,634	2,256,607	1,371,634
Noncontrolling interest	-	-	370,517	191,418
	2,256,607	1,371,634	2,627,124	1,563,052

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

JBS S.A.

Statements of changes in equity for the years ended on December 31, 2014 and 2013

(In thousands of Reais)

	Capital stock	Capital transactions	Capital reserve	Revaluation reserve	Profit reserves		Treasury shares	Valuation adjustments to equity	Accumulated translation adjustments	Retained Earnings	Total	Noncontrollin interest	Total equity
					Legal	Statutory for expansion							
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
Net income of the year	-	-	-	-	-	-	-	-	-	926,907	926,907	191,418	1,118,325
Other comprehensive income of the year	-	-	-	-	-	-	-	39,788	404,939	-	444,727	-	444,727
Total of comprehensive income, net of taxes	-	-	-	-	-	-	-	39,788	404,939	926,907	1,371,634	191,418	1,563,052
Capital transaction	-	9,070	-	-	-	-	-	-	-	-	9,070	-	9,070
Transfer of treasury shares	-	-	-	-	-	-	180,677	-	-	-	180,677	-	180,677
Realization of revaluation reserve	-	-	-	(4,620)	-	-	-	-	-	4,620	-	-	-
Proposed dividends	-	-	-	-	-	-	-	-	-	(220,140)	(220,140)	-	(220,140)
Legal reserve	-	-	-	-	46,345	-	-	-	-	(46,345)	-	-	-
Statutory for expansion	-	-	-	-	-	665,042	-	-	-	(665,042)	-	-	-
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	167,289	167,289
BALANCE AS OF DECEMBER 31, 2013	21,506,247	86,444	211,879	92,227	90,060	2,615,024	(595,849)	132,787	(2,187,031)	-	21,951,788	1,181,466	23,133,254
Net income of the year	-	-	-	-	-	-	-	-	-	2,035,910	2,035,910	370,517	2,406,427
Other comprehensive income of the year	-	-	-	-	-	-	-	(31,129)	251,826	-	220,697	-	220,697
Total of comprehensive income, net of taxes	-	-	-	-	-	-	-	(31,129)	251,826	2,035,910	2,256,607	370,517	2,627,124
Capital transactions	-	3,894	-	-	-	-	-	-	-	-	3,894	-	3,894
Purchase of treasury shares	-	-	-	-	-	-	(64,235)	-	-	-	(64,235)	-	(64,235)
Transfer of treasury shares	-	-	-	-	-	-	208,384	-	-	-	208,384	-	208,384
Stock option premium (Note 23b)	-	-	914	-	-	-	-	-	-	-	914	-	914
Realization of revaluation reserve	-	-	-	(4,350)	-	-	-	-	-	4,350	-	-	-
Proposed dividends	-	-	-	-	-	-	-	-	-	(483,529)	(483,529)	-	(483,529)
Legal reserve	-	-	-	-	101,795	-	-	-	-	(101,795)	-	-	-
Statutory for expansion	-	-	-	-	-	1,454,936	-	-	-	(1,454,936)	-	-	-
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	216,719	216,719
BALANCE AS OF DECEMBER 31, 2014	21,506,247	90,338	212,793	87,877	191,855	4,069,960	(451,700)	101,658	(1,935,205)	-	23,873,823	1,768,702	25,642,525

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



JBS S.A.

Statements of cash flows for the years ended on December 31, 2014 and 2013 (In thousands of Reais)

	Company		Consolidated	
	2014	2013	2014	2013
Cash flow from operating activities				
Net income attributable to controlling interest	2,035,910	926,907	2,035,910	926,907
Adjustments to reconcile net income to cash provided on operating activities				
. Depreciation and amortization	570,514	515,215	2,546,777	2,038,817
. Allowance for doubtful accounts	495	375	(9,218)	11,459
. Equity in earnings of subsidiaries	(3,903,909)	(939,189)	(26,103)	(6,722)
. Loss on assets sales	6,623	8,220	1,905	7,984
. Deferred income taxes	18,735	267,589	128,517	490,439
. Current and non-current financial charges	3,249,521	1,354,307	3,871,245	1,591,257
. Provision for lawsuits risk	14,375	8,895	(104,597)	52,477
. Gain on bargain purchase	-	-	-	(72,337)
	1,992,264	2,142,319	8,444,436	5,040,281
Decrease (increase) in operating assets				
Trade accounts receivable	977,377	(1,387,750)	241,816	(2,026,347)
Inventories	(3,460)	(294,557)	(890,300)	(142,024)
Recoverable taxes	(137,020)	(6,283)	(22,302)	(171,962)
Other current and non-current assets	(309,299)	(234,389)	(717,206)	(297,446)
Related party receivable	1,227,184	(500,820)	484,621	(84,879)
Biological assets	-	-	(720,305)	(338,899)
Increase (decrease) operating liabilities				
Trade accounts payable	148,951	331,204	1,113,016	340,744
Other current and non-current liabilities	219,384	224,367	745,835	85,512
Noncontrolling interest	-	-	370,517	191,418
Valuation adjustments to equity in subsidiaries	-	-	(63,093)	(55,351)
Changes in operating assets and liabilities	2,123,117	(1,868,228)	542,599	(2,499,234)
Net cash provided by operating activities	4,115,381	274,091	8,987,035	2,541,047
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	(1,790,441)	(1,019,292)	(3,569,434)	(1,737,313)
Net effect of Joint Venture deconsolidation	-	-	-	(8,623)
Decrease in investments in subsidiaries	1,927,565	(281,975)	-	1,540
Net effect of working capital of acquired / merged company	-	915	(707,411)	(161,517)
Net cash provided by (used in) investing activities	137,124	(1,300,352)	(4,276,845)	(1,905,913)
Cash flow from financing activities				
Proceeds from loans and financings	10,512,737	10,745,707	24,655,475	21,703,197
Payments of loans and financings	(10,204,309)	(7,887,692)	(23,501,506)	(18,833,041)
Payments of dividends	(219,885)	(170,396)	(219,885)	(170,396)
Stock option premium received	3,132	-	3,132	-
Capital transactions	-	-	3,894	9,070
Shares acquisition of own emission	(64,235)	(2,364)	(64,235)	(2,364)
Net cash provided by financing activities	27,440	2,685,255	876,875	2,706,466
Effect of exchange variation on cash and cash equivalents	-	-	310,215	288,460
Variance in cash and cash equivalents	4,279,945	1,658,994	5,897,280	3,630,060
Cash and cash equivalents at the beginning of the year	5,223,978	3,564,984	9,013,147	5,383,087
Cash and cash equivalents at the end of the year	9,503,923	5,223,978	14,910,427	9,013,147

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



JBS S.A.

Economic value added for the years ended on December 31, 2014 and 2013 (In thousands of Reais)

	Company		Consolidated	
	2014	2013	2014	2013
Revenue				
Sales of goods and services	27,284,701	22,064,641	122,582,175	94,293,533
Other net income (expenses)	3,382	3,240	(7,249)	(4,166)
Allowance for doubtful accounts	(495)	(375)	9,218	(11,459)
	27,287,588	22,067,506	122,584,144	94,277,908
Goods				
Cost of services and goods sold	(17,008,255)	(13,176,463)	(79,448,209)	(63,579,294)
Materials, energy, services from third parties and others	(3,769,725)	(3,438,424)	(16,901,535)	(13,660,224)
	(20,777,980)	(16,614,887)	(96,349,744)	(77,239,518)
Gross added value	6,509,608	5,452,619	26,234,400	17,038,390
Depreciation and Amortization	(570,514)	(515,215)	(2,546,777)	(2,038,817)
Net added value generated by the company	5,939,094	4,937,404	23,687,623	14,999,573
Net added value by transfer				
Equity in earnings of subsidiaries	3,903,909	939,189	26,103	6,722
Financial income	4,578,894	4,746,460	5,965,140	5,467,859
Others	4,106	5,997	335,322	122,661
	14,426,003	10,629,050	30,014,188	20,596,815
NET ADDED VALUE TOTAL TO DISTRIBUTION				
Distribution of added value				
Labor				
Salaries	2,414,735	1,609,547	10,113,201	7,683,492
Benefits	117,200	203,659	1,615,262	1,480,071
FGTS (Brazilian Labor Social Charge)	91,546	80,240	118,249	96,442
	2,623,481	1,893,446	11,846,712	9,260,005
Taxes and contribution				
Federal	495,456	383,583	2,667,638	976,463
State	1,750,215	974,663	2,322,523	1,124,151
Municipal	17,564	15,408	21,041	17,327
	2,263,235	1,373,654	5,011,202	2,117,941
Capital Remuneration from third parties				
Interests and exchange variation	7,373,316	6,342,572	9,880,970	7,681,477
Rents	93,434	68,381	396,095	312,606
Others	36,627	24,090	472,782	106,461
	7,503,377	6,435,043	10,749,847	8,100,544
Owned capital remuneration				
Net income attributable to controlling interest	2,035,910	926,907	2,035,910	926,907
Noncontrolling interest	-	-	370,517	191,418
	2,035,910	926,907	2,406,427	1,118,325
ADDED VALUE TOTAL DISTRIBUTED	14,426,003	10,629,050	30,014,188	20,596,815

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



JBS S.A.

Notes to the financial statements for the years ended on December 31, 2014 and 2013
(Expressed in thousands of reais)

1 Operating activities

JBS S.A (JBS, the Company) is a listed company in the "Novo Mercado" segment, based in the city of São Paulo, Brazil, which requires the highest level of corporate governance in the Brazilian market and its shares are traded on the BM&F Bovespa S.A - Stock Exchange, Commodity and Forward 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 fifty-two industrial facilities based in the States of Acre, Bahia, Goiás, Maranhão, Minas Gerais, Mato Grosso do Sul, Mato Grosso, Pará, Rio de Janeiro, Rondônia and São Paulo.

The Company distributes its products through eleven distribution centers based in the States of Amazonas, Bahia, Ceará, 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 Bahia, Ceará, Espírito Santo, Goiás, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Pará, Rio Grande do Sul, Rondônia, São Paulo and Tocantins. 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 steel cans production, industrial waste management and plastic resin manufacturing; bar soap and soap production for its own brands of cleaning and hygiene segment; production of biodiesel, glycerin, olein and fatty acid; purchase and sale of soybeans, tallow, palm oil, caustic soda, stearin; industrialization and sale of cattle tripe; own transport operations for retail sale, cattle for slaughter and export products; industrialization of collagen; industrialization of dog biscuits. The Company also has stores named "Mercado da Carne" that sell meat and barbecue related items directly to customers. 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 Guaíçara, 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 also in the State of Mato Grosso do Sul in the city of Terenos, 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 the Company 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.

Brazservice Wet Leather S.A. (Brazservice), based in the State of Mato Grosso, in the city of Pedra Preta, has as main activity the process of leather industrialization and marketing.

Tannery do Brasil S.A. (Tannery), based in the State of Mato Grosso, in the city of Cáceres, has as main activity the process of leather industrialization and marketing.

In JBS Foods S.A., the subsidiary Seara Alimentos Ltda. (Seara Alimentos) based in the State of São Paulo, explores 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 thirty industrial facilities based in the States of Bahia, Minas Gerais, Mato Grosso, Mato Grosso do Sul, Paraná, Rio de Janeiro, Rio Grande do Sul, Santa Catarina, São Paulo and Distrito Federal and twelve warehouses in the States of Bahia, Ceará, Minas Gerais, Mato Grosso, Mato Grosso do Sul, Pernambuco, Rio de Janeiro, Paraná, Rio Grande do Sul, Rio Grande do Norte, São Paulo and Distrito Federal. It also has a private warehouse based in the State of Santa Catarina.

In JBS Foods S.A., the subsidiary JBS Aves Ltda. (JBS Aves), based in State of São Paulo, explores the activity of industrialization and commercialization of food products, breeding activity of broiler chickens and hogs for slaughtering, production of pet food and meat industrialization. It operates eight industrial facilities base in the States of Rio Grande do Sul, Santa Catarina, Paraná e Mato Grosso do Sul and two warehouses in the States of Rio Grande do Sul and São Paulo. JBS Aves also operates the activities of exploring warehouses through the subsidiary Agil Armazéns Gerais Imituba Ltda.

In JBS Foods S.A., the subsidiary Braslo de Produtos de Carnes Ltda. (Braslo), based in the State of São Paulo, has as main activity the industrialization and commercialization of food products in two industrial facilities based in the State of São Paulo e Distrito Federal.

In JBS Foods S.A., the subsidiary Comércio e Indústria de Massas Alimentícias - Massa Leve Ltda. (Massa Leve), based in the State of São Paulo, has as main activity the industrialization and market of fresh pasta and industrialized products. It operates in two industrial facilities based in the States of São Paulo and Pernambuco.

In JBS Foods S.A., the subsidiary Excelsior Alimentos S.A. (Excelsior), direct subsidiary of JBS Foods S.A. and indirect 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 of built-in meat in the State of Rio Grande do Sul.

In JBS Foods, S.A., the subsidiary Macedo Agroindutrial Ltda. (Tyson), based in Curitiba, State of Paraná, has as main activity the industrialization and commercialization of food products, breeding activity of broiler chickens for slaughtering, production of pet food and meat processing operations for the production of beef, meat by-products in three industrial facilities based in the State of Santa Catarina.

In addition, JBS Foods S.A. also operates the following companies with less representativeness through Enersea Comercializadora de Energia Ltda. (Enersea), in which has as main activity the commercialization of energy; DBF Participações Societárias Ltda. (Avebom), in which has as main activity the industrialization and commercialization of food products, breeding activity of broiler chickens and hogs for slaughtering, production of pet food and concentrates and meat industrialization; MBL Alimentos Ltda. (MBL), in which has breeding activity of hogs; Sul Valle Alimentos Ltda., has as main activity commercialization and the industrialization of derivative products of breeding activity of hogs for slaughtering; Novagro Granja Avícola Ltda., in which has as main activity the commercialization of food products, breeding activity of broiler chickens for slaughtering, production of pet food and concentrates. The companies, Penasul Alimentos Ltda., Agrofrango Ltda., DaGranja Industrial Ltda., and Ibirapuera Avícola Ltda., in which have their operations performed by Seara Alimentos Ltda., by leasing its industrial facilities.

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.



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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).

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, three value-added facilities and eleven feedyards. In Australia operated ten processing facilities, four value-added facilities and five feedyards, composed by (four of the processing facilities process beef and lamb; one facility processes beef, lamb, and pork; and the remaining five facilities process solely beef). The Company operated one beef processing facility and one feedyard in Canada.

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 seven chicken processing facilities, supported by twenty eight feed mills, thirty six hatcheries, eight rendering facilities, five processing facilities and three pet food facilities in the United States and Mexico.

The indirect subsidiary Nawelur S.A., based in São José, Uruguay, is engaged in the trading of leathers in the local market.

JBS Toledo NV (Toledo), an indirect wholly-owned subsidiary of the Company, 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.

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

Frigorífico Canelones S.A (Frigorífico Canelones), an indirect wholly-owned subsidiary of the Company, 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.

Rigamonti Salumificio SpA (Rigamonti), an indirect wholly-owned subsidiary of the Company, 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.

Trump Asia Enterprises Limited (Trump), an indirect wholly-owned subsidiary of the Company, has one leather processing plant, based in Bien Hoa, Vietnam, engaged in the leather industrialization for the furniture market. It has two sales offices in Hong Kong and Dongguan, which sell in the Asian market and buy most of its products from JBS Group and third parties.

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.

Capital Joy Holding Limited (Capital Joy), based in British Virgin Islands, has a leather processing plant in the city of Jiangmen 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 JBS Group.

Columbus Netherlands B.V. (Columbus), based in Netherlands, operates in its 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.

The indirect subsidiary Seara Holding Europe B.V. (Seara Holding), based in the city of Amsterdam, operates in its subsidiaries the activity of sale and 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.

c) Acquisition of the operations of Zenda's Group and Seara's Group:

The consolidated financial statements of the Company of the years ended on December 31, 2014 and 2013, reflect the acquisitions of Zenda's Group (through the holding Columbus) and Seara's Group (through the holdings JBS Foods Ltda., Seara Holding and Baumhardt).

Due to the fact of the Statements of Income for the year ended on December 31, 2014 include the results of the twelve months of Zenda and Seara's Group, and in the previous year the investment of Zenda's Group include only the result of six months, equivalent to the second 2013 semester of Zenda's Group and three months, equivalent to the fourth 2013 semester of Seara's Group, for comparison purposes, below is presented the statement of income excluding the first semester of the year 2014 of Zenda's Group, and nine months of the year 2014 of Seara's Group consolidated participations on December 31, 2014, allowing readers and users a better comparability.



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Statements of Income:

	2014	Nine months period ended on December 2014	Six months period ended on June, 2014	2014	2013
	Consolidated	Seara's Group	Zendá's Group	Consolidated excluding Seara and Zendá's Group	Consolidated excluding Seara and Zendá's Group
Net sales revenue	120,469,719	7,322,043	278,847	112,868,829	92,902,798
Cost of goods sold	(101,796,347)	(5,414,652)	(249,493)	(96,132,202)	(81,056,088)
GROSS INCOME	18,673,372	1,907,391	29,354	16,736,627	11,846,710
General, administrative and selling expenses	(10,484,377)	(1,134,328)	(22,886)	(9,327,163)	(7,782,192)
Financial expense, net	(3,637,620)	(289,613)	177	(3,348,184)	(2,380,331)
Other income (expenses), net	(385,655)	(29,113)	(1,493)	(355,049)	84,086
Equity in earnings of subsidiaries	26,103	-	-	26,103	6,722
Income taxes	(1,785,396)	(95,196)	(3,020)	(1,687,180)	(656,670)
NET INCOME	2,406,427	359,141	2,132	2,045,154	1,118,325
ATTRIBUTABLE TO:					
Controlling interest	2,035,910	359,885	2,132	1,673,893	926,907
Noncontrolling interest	370,517	(744)	-	371,261	191,418
Net income	2,406,427	359,141	2,132	2,045,154	1,118,325

* Composed by the results of the subsidiaries Baumhardt, Seara Holding and JBS Foods Ltda.

2 Elaboration and presentation of financial statements

a. Declaration of conformity

These financial statement includes:

- The Company 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 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 financial statements present the evaluation of investments in associates, subsidiaries and joint ventures by the equity method.

IAS 27 (Separate Financial Statements) was reissued in 2014, allowing that under international accounting practices (IFRS) the equity pickup method can be used to measure the investments in subsidiaries, joint ventures and associates. In December 2014, CVM issued the Resolution 733/2014, which approved the Document for Review of Accounting Pronouncements 7 referring to pronouncements CPC 18, CPC 35 and CPC 37 issued by Brazilian Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis - CPC), including IAS 27 review, and started allowing such adoption at year ending on or after December 31, 2014. Thereby, the individual financial statements of the parent Company started to comply with IFRS, as from this year.

The 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.

b. Normative Statement nº 1.397 and Law 12.973/14 (conversion of Provisory Measure (Medida Provisória - MP) nº 627 of 2013)

In November 11, 2013 the Provisory Measure (Medida Provisória - MP) 627 was published, in which the conversion into Law 12.973 occurred in May 13, 2014. This Law revokes the Transition Tax Regime (Regime Tributário de Transição - RTT), new regulation in regards to taxation of foreign income and among other issues.

The providences of Provisory Measure will take effect in 2015, however it is allowed that the taxpayer opts for anticipating the effects in 2014. The Company and its subsidiaries, based on the opinion of legal advisors, did not opt by adoption for the Financial Statements as of December, 2014 and it is not expected that its adoption, in 2015, has relevant effects in its Financial Statements.

c. Approval of financial statements

The approval of these financial statements was given at the Board of Directors' meeting held on March 9, 2015.

d. Functional and presentation currency

These individual and 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 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.



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In the income statement revenue is net of taxes, returns, rebates and discounts, as well as of intercompany sales. On note 24 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 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 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.

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 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 - 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 IAS 28/CPC 18 R2 - Investments in associates, subsidiaries and joint ventures.



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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 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 which the Company assumes substantially all the risks and benefits of ownership are classified as financial leases, which are registered as financed purchase, recognizing, at its beginning, a fixed asset and a financial liability. If there is no significant transfer of the risks and inherent benefits of the property, the leases are classified as operational leases, and are recognized as expenses over the leasing period.

In the Company's individual statements there are only operational leases, the value recognized as financial leasing in the consolidated refers to JBS USA figures.

k) Intangible assets

Consist mostly of goodwill recorded in accordance with IAS 38/CPC 4 R1 - Intangible assets by cost or formation, less amortization and any applicable losses due to impairment. Amortization, when applicable, is recognized using straight-line method based on the useful lives of assets. The estimated useful lives and amortization method are reviewed at the end of each financial year and the effect of any changes in estimated are accounted for prospectively.

Goodwill arising from business combination

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

Goodwill is subject to annual impairment testing or more frequently when impairment indications are identified. If the recoverable amount of the cash-generating unit is less than the carrying value, an impairment loss is recorded. Any impairment loss on the recoverable amount of goodwill is directly recognized in income statement of the year. 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 identified, 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.



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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) Negotiation premium with trading options

The Company, until the year ended on December 31, 2014, only traded selling Put option of "JBSS3". Thereby, recognizes the premium received as a liability, being registered on other current liabilities account. On the maturity date (i) the option is in the money and it is exercised or (ii) the options is out of the money and it is not exercised. Thus, these situations are detailed below:

(i) When the Put option is exercised (JBSS3 stock price is below the strike price of the option) the Company has the obligation to purchase shares at the strike price minus the premium received at the trade date. The shares are then held in treasury.

(ii) When the Put option is not exercised (JBSS3 stock price is above the strike price of the option), the Put option value is zero and the premium is recognized on a capital reserve account.

s) Noncontrolling interest

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

t) 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.

u) Adjustment of assets and liabilities to present value

The Company presents, when relevant, assets and liabilities at present value long-term assets and liabilities, according to CPC12 - Present value adjustment. The present value is calculated timely by the Company, and recorded if relevant, being detailed in the notes in which these assets and liabilities refers to.

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.

v) Consolidation

The financial statements includes 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 financial statements. Consolidated subsidiaries are detailed described on note 11.

The 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.

w) 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 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.

x) 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 year.

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 year, adjusted for the effects of all dilutive potential common shares, adjusted for own shares held.

y) Financial instruments

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



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• Financial assets at fair value through profit or loss

Financial assets 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 year. The financial instruments classified in this category are "Financial investments" and "Derivatives".

• Loans granted and receivables

Loans granted 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 "cash and cash equivalents", "trade accounts receivables" and "credits with 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, declared dividends, payables related to facilities acquisitions 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, and others, 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.

z) 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.

aa) 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

The amount of the defined benefit plans that will be received by the beneficiaries are previously defined, calculated individually for each of the plan by using actuarial assumptions. The contributions can be adjusted in order to guarantee the payment of these benefits.

The recognized obligation for these contributions is the present value of the obligation defined in the closing, less the fair value of the assets of the plan, adjusted by actuarial gains or losses and past service costs.



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The discount rate is yield at the reporting date on funds that have maturity dates approximating the terms of the appropriate indirect subsidiary PPC'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.

ab) 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.

ac) 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.

ad) Statement of comprehensive income

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

ae) Economic Value Added

In accordance with CPC 9 - Statement of Economic Value Added, the Company included in the financial statements, the Statement of Value Added (EVA), and as additional information in the financial statements, because it is not a compulsory statement according to IFRS.

The EVA, 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.

af) New IFRS pronouncements, issues, changes and interpretations issued by the IASB and CPC

Following changes in the existing rules were published during the year of 2014 and have initial adoption to subsequent accounting periods, thereby, from January 1, 2015. There was no anticipated adoption from the Company.

- 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 2010 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.

In July, 2014, the IFRS 9 issued a complete standard, in which includes the requisition previously issued and additional changes to introduce a new model of impairment losses and changes (limited) for classification and measurement of financial assets. This change concludes the project of IASB in regards to financial instruments and the date of adoption is applicable to periods beginning on January 1, 2018, with earlier adoption permitted (subject to local requirements). The Company does not expect any impact related to the adoption of this review in its financial statements.

- IAS 16 and IAS 41 – "Property, Plant and Equipment and Agriculture", in July, 2014, the IASB issued a review of IAS 16 and IAS 41 - Property, Plant and Equipment and Agriculture, to include the Biological Assets that meet the definition of "Bearer plants" (which are used solely to grow produce over several periods), this amendment requires that "Bearer plants" are recorded as fixed assets in accordance with IAS 16, recording the historical cost rather than being measured at fair value, as is required by IAS 41. Revised standard is effective for annual periods beginning on/after July 1, 2016. The Company does not expect any impact related to the adoption of this review in its financial statements.

- IFRS 10 and IAS 28 – "Sale or contribution of assets between and investor and its associate or joint venture", on September, 2014, the IASB issued a revised IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures, these changes have as consequences the recognized inconsistencies between the IFRS 10 demands and those ones to handle the sale of assets or the entry of the assets of an investor, associate or joint venture. The main consequence of the amendments is that the gain or loss is recognized when a transaction involves a business (if it is installed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitutes a business, even if these assets were allocated in a subsidiary. The amendments will be effective for annual periods beginning on/after July 01, 2016. The Company does not expect any impact related to the adoption of this review in its financial statements.

There are not other rules, amendments and interpretations that are not in force in which the Company expects to have a relevant impact arising from its application on its financial statements.

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.



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

The Company includes in this note the acquisitions that: i) have been implemented in the period of three months ended on December 31, 2014; ii) have changed the amount paid or the fair value of the assets since the date of acquisition until the maturity of the business combination and; iii) the acquisition were concluded after one year. Thus, the other acquisitions of the year that does not qualify under these conditions, are presented in the quarterly disclosures of that year.

In subsidiaries

4.1) Sul Valle's acquisition

In JBS Foods S.A., the indirect subsidiary Seara Alimentos Ltda. (Seara Alimentos) assumed the control of Sul Valle Alimentos Ltda. (Sul Valle) in March, 2014, by the total amount of R\$ 24,000. In addition, the purchase price may suffer adjustments due to certain working capital items to be verified by the Company. In the consolidated, liabilities related to this transaction is kept under the caption Payables related to facilities acquisitions.

Seara Alimentos 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 March 31, 2014:

ASSETS

Cash and cash equivalents	1,000
Inventories	1,496
Biological assets	12,174
Recoverable taxes	21,839
Prepaid expenses and other assets	139
Property, plant and equipment, net	20,212
Intangible assets, net	21
TOTAL ASSETS	56,881

LIABILITIES AND EQUITY

Trade accounts payable	9,000
Loans and financings	23,542
Payroll, social charges and tax obligation	3,229
Equity	21,110
TOTAL LIABILITIES AND EQUITY	56,881

Estimated value of goodwill to expectation of future earnings:

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

Total amount paid	24,000
Estimated fair value of net assets acquired	21,110
Estimated Goodwill to expectation of future earnings (note 13)	2,890

4.2) Novagro Granja Avícola Ltda.' acquisition

In JBS Foods S.A., JBS Aves acquired all the shares of Novagro on October, 2014 by the amount of R\$ 38,000. In the consolidated, liabilities related to this transaction is kept under the caption Payables related to facilities acquisitions, by the remaining amount of R\$ 23,000.

JBS Aves 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 December 31, 2014:

ASSETS

Cash and cash equivalents	140
Trade accounts receivable	6,482
Inventories	469
Biological assets	8,516
Recoverable taxes	1,344
Other current and non current assets	637
Property, plant and equipment, net	11,458
TOTAL ASSETS	29,046



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LIABILITIES AND EQUITY

Trade accounts payable	2,938
Loans and financings	10,374
Payroll, social charges and tax obligation and current and deferred income taxes	742
Other current and non current liabilities	18
Equity	14,974
TOTAL LIABILITIES AND EQUITY	29,046

Estimated value of goodwill to expectation of future earnings:

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

Total amount paid	38,000
Fair value of the equity	14,974
Estimated Goodwill to expectation of future earnings (note 13)	23,026

4.3) Macedo Agroindustrial Ltda. (Operações Tyson)'s acquisition

In JBS Foods S.A., JBS Aves acquired all the shares of Macedo Agroindustrial Ltda., previously called Tyson Foods do Brasil Ltda. on December, 2014 by the amount of R\$ 333,711 fully paid.

JBS Aves 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 December 31, 2014:

ASSETS

Cash and cash equivalents	14,729
Trade accounts receivable	117,993
Inventories	86,357
Biological assets	47,699
Recoverable taxes	124,948
Other current and non current assets	16,253
Property, plant and equipment, net	166,914
Intangible assets, net	1,200
TOTAL ASSETS	576,093

LIABILITIES AND EQUITY

Trade accounts payable	52,199
Loans and financings	116,126
Payroll, social charges and tax obligation and current and deferred income taxes	11,485
Other current and non current liabilities	53,989
Equity	342,294
TOTAL LIABILITIES AND EQUITY	576,093

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	332,711
Estimated fair value of net assets acquired	342,294
Gain on bargain	(9,583)

4.5) Andrews Meat' acquisition

In JBS USA, the indirect subsidiary JBS Australia, acquired 80% of controlling from Andrews Meat Industries, based in Sidney, by the approximate amount of US\$ 33,8 millions (R\$ 89,780 on December 31, 2014). JBS Australia 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.



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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 December 31, 2014:

ASSETS

Trade accounts receivable	22,762
Inventories	30,197
Deferred taxes (assets)	1,532
Prepaid expenses and other assets	154
Property, plant and equipment, net	17,170
Intangible assets, net	15,910
TOTAL DO ATIVO	87,726

LIABILITIES AND EQUITY

Deferred taxes (liabilities)	6,857
Payroll, social charges and tax obligation and other liabilities	25,359
Noncontrolling	22,475
Equity	33,036
TOTAL LIABILITIES AND EQUITY	87,726

Estimated value of goodwill to expectation of future earnings:

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

Total amount paid (converted the rate of R\$ 2,6562 on December 31, 2014)	89,780
Estimated fair value of net assets acquired	33,036
Estimated Goodwill to expectation of future earnings (note 13)	56,744

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	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Cash and banks	4,189,249	1,789,254	8,368,528	4,713,369
CDB-DI (bank certificates of deposit)	4,509,936	3,148,005	4,775,249	3,236,034
Investment funds	-	-	961,912	777,025
National treasury bill - LFT	804,738	286,719	804,738	286,719
	9,503,923	5,223,978	14,910,427	9,013,147

On December 31, 2014, as cash and banks line it is included part of the USD 500 millions amount, received on the last week of the year as dividends from the subsidiary JBS USA.

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	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Current receivables	3,265,933	3,981,264	8,305,274	7,866,991
Overdue receivables:				
From 1 to 30 days	229,464	111,388	1,085,777	840,843
From 31 to 60 days	14,696	9,527	127,764	109,287
From 61 to 90 days	20,906	2,990	59,952	80,982
Above 90 days	60,198	70,489	191,148	232,266
Allowance for doubtful accounts	(88,585)	(88,585)	(192,367)	(210,443)
	236,679	105,809	1,272,274	1,052,935
	3,502,612	4,087,073	9,577,548	8,919,926

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

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Initial balance	(88,585)	(96,933)	(210,443)	(131,688)
Additions	-	-	(2,674)	(97,729)
Exchange variation	-	-	(1,289)	(3,901)
Write-offs	-	8,348	22,039	22,875
Final balance	(88,585)	(88,585)	(192,367)	(210,443)

7 Inventories

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Finished products	1,582,328	1,796,484	5,426,529	4,713,790
Work in process	311,547	169,326	754,389	507,475
Raw materials	390,944	314,429	1,047,788	830,847
Warehouse spare parts	132,789	133,909	1,044,404	852,504
	2,417,608	2,414,148	8,273,110	6,904,616

8 Biological assets

The Company's biological assets are composed by live animals, which detail is as follows:

	Consolidated			
	December 31, 2014		December 31, 2013	
	Amount	Quantity (in thousands)	Amount	Quantity (in thousands)
Current biological assets (consumable):				
Chicken and eggs	1,059,805	453,046	923,778	415,306
Cattle	53,989	25	61,371	39
Hogs and lambs	454,072	2,528	430,645	2,414
Plants for harvest	-	-	3,549	-
	1,567,866	455,599	1,419,343	417,759

	Consolidated			
	December 31, 2014		December 31, 2013	
	Amount	Quantity (in thousands)	Amount	Quantity (in thousands)
Non-Current biological assets (bearer assets):				
Chicken and eggs	566,476	32,120	442,966	28,286
Hogs	67,213	189	53,937	188
	633,689	32,309	496,903	28,474
	2,201,555	487,908	1,916,246	446,233

Changes in biological assets:**Current amount on December 31, 2013**

Increase by reproduction (born) and costs absorptions	
Increase by Purchase	
Fair value (Mark to market)	
Changes from current to noncurrent	
Decrease by Death	
Reduction for slaughter, sale or consumption	
Exchange rate variation	
Amortization	
Effect acquired companies	

Current amount on December 31, 2014

	Current	Non-current
	1,419,343	496,903
	15,275,995	863,021
	590,401	247,478
	28,728	-
	345,124	(345,124)
	(12,469)	(2,339)
	(16,233,175)	(113,868)
	78,654	(10,084)
	-	(599,724)
	75,265	97,426
	1,567,866	633,689

The current biological assets consist mainly of eggs awaiting hatching and animals, mostly of feedlots and maturity period for slaughtering, which remain in development for a period of 30 to 48 days, for chicken, and 90 to 120 days, mainly cattle and 170 to 175 days, for hogs and lambs, until they reach maturity and therefore sent for slaughter units. Due to this fact they are classified on current assets.

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 68 weeks for chickens and 28 months for hogs, and for this reason, classified under non-current assets accounts.

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Below, details of the biological assets of the Company:

	December 31, 2014		December 31, 2013	
	Amount	Quantity (in thousands)	Amount	Quantity (in thousands)
COMPANIES IN UNITED STATES OF AMERICA				
Current biological assets (consumable):				
Chicken and eggs	686,078	210,502	624,274	231,481
Cattle	18,965	6	8,891	3
Hogs and lambs	57,701	180	50,457	183
Total biological assets valued at cost	762,744	210,688	683,622	231,667
Noncurrent biological assets (bearer assets):				
Chicken and eggs	342,366	17,539	297,503	17,660
Total biological assets valued at cost	342,366	17,539	297,503	17,660

Chicken and eggs – 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 between the period of 75-100 days. The active market for cattle in feedlot just over 180 days.

Hogs and lambs - JBS USA keeps hogs and lambs in the feedlot system.

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.

	December 31, 2014		December 31, 2013	
	Amount	Quantity (in thousands)	Amount	Quantity (in thousands)
COMPANIES IN BRAZIL				
Current biological assets (consumable):				
Cattle	35,024	19	52,480	36
Biological assets valued at market:	35,024	19	52,480	36
Chicken and eggs	373,727	242,544	299,504	183,825
Hogs and lambs	396,371	2,348	380,188	2,231
Plants for harvest	-	-	3,549	-
Biological assets valued at cost:	770,098	244,892	683,241	186,056
Total current biological assets	805,122	244,911	735,721	186,092
Noncurrent biological assets (bearer assets):				
Chicken and eggs	224,110	14,581	145,463	10,626
Hogs	67,213	189	53,937	188
Total noncurrent biological assets valued at cost	291,323	14,770	199,400	10,814

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.

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9 Recoverable taxes

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Value-added tax on sales and services (ICMS / IVA / VAT / GST)	944,751	919,691	1,791,298	1,460,744
Excise tax - IPI	44,037	43,937	110,688	109,792
Social contribution on billings - PIS and COFINS	817,737	720,362	1,552,775	975,294
Withholding income tax - IRRF/IRPJ	225,360	164,310	265,826	425,600
Reintegra	40,814	105,917	49,648	124,753
Other	16,969	3,968	76,427	56,798
	2,089,668	1,958,185	3,846,662	3,152,981
Current and Long-term:				
Current	1,310,521	1,275,614	2,300,624	2,003,256
Noncurrent	779,147	682,571	1,546,038	1,149,725
	2,089,668	1,958,185	3,846,662	3,152,981

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 remaining foreign tax credits 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, according to the Law 12.546 from December 14, 2011, and later Provisory Measure nº 651 from July 10, 2014, aims to restore partial or full amounts related to tax costs of the production chain of exporting companies.

According to established in Ordinance nº 428/2014, the amount of the credits is calculated by applying the percentage of 3% from gross revenue from the export of certain industrial products, from October 1, 2014.

General comments

Company and JBS Embalagens recorded the monetary adjustment of their PIS, COFINS, IPI and IRPJ tax credits based on SELIC (Sistema Especial de Liquidação e de Custódia - Special Settlement and Custody System), in the amount of R\$ 203,599. As of this amount the Company received R\$ 51,787 and the remaining balance is R\$ 151,812.

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

Refers to agreements between related parties recorded on the balance sheet of the Company as credits and debits with related parties, as follows:

COMPANY	Currency	Maturity	Management and borrowing costs	December 31, 2014	December 31, 2013
Direct subsidiaries					
JBS Confinamento Ltda. ⁽¹⁾	R\$	Jan 1, 2016	Corresponds to CDI + 1% p.m.	61,153	81,349
JBS Embalagens Metálicas Ltda.	R\$	Jan 1, 2016	Corresponds to CDI + 1% p.m.	91,459	75,309
JBS USA, Inc. ⁽²⁾	US\$	Mar 25, 2016	Corresponds to Libor + 2.5% to 3% p.y.	(14,145)	(201,070)
Brazservice Wet Leather S.A.	R\$	Jan 1, 2016	Corresponds to CDI + 1% p.m.	17,942	-
JBS Global Meat S.A. ⁽³⁾	R\$	-	-	-	87,862
JBS Foods S.A. ⁽⁴⁾	R\$	Mar 31, 2015	-	1,837,576	-
Tannery do Brasil S.A.	R\$	Apr 30, 2015	Corresponds to CDI + 1% p.m.	28,442	-
Indirect subsidiaries					
Zenda Leather S.A.	US\$	Jan 1, 2016	Corresponds to 3% p.y.	-	26,082
Seara Alimentos Ltda.	R\$	Jan 1, 2016	Corresponds to CDI	(126,550)	679,386
Beef Snacks Brasil Ind.Com. S.A. ⁽³⁾	R\$	Jan 23, 2015	Corresponds to CDI	-	107,768
Beef Snacks International BV ⁽³⁾	US\$	Dec 31, 2014	Corresponds to Libor + 2% to 3% p.y.	-	6,117
JBS Aves Ltda.	R\$	Jan 1, 2016	Corresponds to CDI	1,264,574	622,946
Seara Alimentos Ltda.	R\$	Jan 1, 2016	-	-	220,751
Zenda Leather S.A. ⁽³⁾	US\$	-	-	-	78,448
				3,160,451	1,784,948

⁽¹⁾ - Disposal through capital increase in the subsidiary (according to note 11 - Investments in associate, subsidiaries and joint ventures).

⁽²⁾ - Disposal through dividends distribution (according to note 11 - Investments in associate, subsidiaries and joint ventures).

⁽³⁾ - Disposal through capitalization of the entire agreement balance (according to note 11 - Investments in associate, subsidiaries and joint ventures).

⁽⁴⁾ - Refers to remaining credits related to the selling of the equity participation and assets (according to note 11 - Investments in associate, subsidiaries and joint ventures).



JBS S.A.

Notes to the financial statements for the years ended on December 31, 2014 and 2013
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Intercompany balances shown in the balance sheet of the Company and statement of operations are as follows:

COMPANY	December 31, 2014		December 31, 2013	
	Trade accounts receivable	Trade accounts payable	Trade accounts receivable	Trade accounts payable
Direct subsidiaries				
JBS Confinamento Ltda.	197	44,892	355	44,778
JBS Leather Itália SRL	15,034	-	3,466	-
Brazservice Wet Leather S.A.	2,713	33	-	-
Tannery do Brasil S.A.	363	8,084	-	-
Indirect subsidiaries				
JBS Global (UK) Limited	59,907	73	52,470	-
JBS Argentina S.A.	-	1,809	-	48
Global Beef Trading SU Ltda.	-	-	2,798	-
Austrália Meat	-	108	-	1,804
JBS Toledo NV	31,893	-	15,990	-
JBS Aves Ltda.	22,494	40,624	1,524	109,790
Weddel Limited	1,472	-	2,118	-
Sampco Inc.	58,269	-	33,904	-
JBS Leather Europe	-	2	4,255	-
Meat Snacks Partners do Brasil Ltda.	9,280	23	9,989	113
Frigorífico Canelones S.A.	-	278	-	-
Rigamonti Salumificio Spa	513	8	-	20
Trump Asia Enterprise Ltd	31,229	-	6,197	701
JBS Paraguay	2,622	1,355	-	1,415
Zenda Leather S.A.	-	-	2,713	-
Braslo Produtos de Carnes Ltda.	9,581	-	2,894	-
Excelsior Alimentos S.A.	2	-	7	-
Seara Alimentos Ltda.	10,490	14,889	2,265	69,429
MBL Alimentos S.A.	-	-	23	-
JBS Chile Ltda.	-	860	-	-
Other related parties				
S.A. Fabrica de Prod. Alimentícios Vigor	3,743	345	4,057	18,547
J&F Floresta Agropecuária Ltda.	1	-	181	-
Flora Produtos de Hig. Limp. S.A.	4,791	94	5,453	1
Flora Dist. Produtos de Hig. Limp. S.A.	24,159	9	11,932	58
Itambé Alimentos S.A.	909	32,344	1	13,884
	289,662	145,830	162,592	260,588

JBS S.A.

Notes to the financial statements for the years ended on December 31, 2014 and 2013
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Impacts of related party transactions on Income Statements of the Company:

	December 31, 2014			December 31, 2013		
	Financial income (expenses)	Purchases	Sales of products	Financial income (expenses)	Purchases	Sales of products
Direct subsidiaries						
JBS Confinamento Ltda.	15,405	380,724	7,120	20,207	396,904	8,688
JBS Embalagens Metálicas Ltda.	15,522	-	-	11,210	-	-
JBS USA, Inc	(7,868)	-	-	3,995	-	-
JBS Slovakia Holdings s.r.o.	-	-	-	(758)	-	-
JBS Leather Itália SRL	-	-	72,730	-	-	116,318
Novaprom Food Ingredients Ltda.	-	-	-	(18)	2,098	7,559
Brazservice Wet Leather S.A.	1,598	66,791	55,573	-	-	-
Tannery do Brasil S.A.	1,032	31,511	34,371	-	-	-
JBS Leather Paraguay	-	3,554	-	-	-	-
Indirect subsidiaries						
JBS Global (UK) Limited	-	90	188,705	-	-	167,052
JBS Argentina S.A	-	10,917	-	-	13,934	-
Global Beef Trading SU Ltda.	-	1,731	44,314	-	3,441	81,338
Beef Snacks Brasil Ind.Com. S.A.	10,460	-	-	8,137	-	-
Beef Snacks International	575	-	-	626	-	-
JBS Aves Ltda.	53,623	626,622	57,097	59,396	206,503	33,109
Australia Meat	-	33,588	-	-	28,870	-
JBS Toledo NV	-	-	164,725	-	-	246,919
JBS Leather Europe	-	-	-	-	-	20,953
Meat Snacks Partners do Brasil Ltda.	-	1,486	175,275	-	241	129,944
JBS Chile Ltda.	-	-	-	-	-	361
Agrovêneto S.A. Indústria de Alimentos	-	-	-	-	1,209	2,121
Weddel Limited	-	-	31,674	-	-	20,554
Sampco Inc.	-	-	205,850	-	-	212,223
Frigorífico Canelones S.A.	-	8,833	-	-	11,915	562
Trump Asia Enterprise Ltd	-	-	187,399	45	714	192,622
JBS Paraguay	-	68,775	7,473	-	65,937	-
Zenda Leather S.A.	704	241	28,040	348	-	20,409
Braslo Produtos de Carnes Ltda.	-	39	123,936	-	-	10,550
Excelsior Alimentos S.A	-	-	49	-	-	21
Seara Alimentos Ltda.	55,056	213,568	141,775	27,029	70,949	12,142
JBS Leather Uruguay	-	-	11,286	-	-	48,854
MBL Alimentos S.A	-	-	460	-	-	114
Rigamonti Salumificio Spa	-	-	529	-	-	-
Other related parties						
S.A. Fabrica de Prod. Alimentícios Vigor	-	90,693	53,603	-	19,897	55,543
J&F Floresta Agropecuária Ltda.	-	20,480	325	-	20,430	392
Flora Produtos de Hig. Limp. S.A.	-	301	66,149	-	10,102	73,022
Flora Dist. Produtos de Hig. Limp. S.A.	-	404	156,091	-	677	135,316
Itambé Alimentos S.A.	-	274,013	3,004	-	13,884	1
	146,107	1,834,361	1,817,553	130,217	867,705	1,596,687

Guarantees provided and / or received

Notes 2016 - JBS S.A.: The indenture of these notes requires that any significant subsidiary (according to the definition on the indentures) of the Company to guarantee the notes in an unsecured form, subject to certain exceptions. Currently the notes are guaranteed by JBS Hungary Holdings, Swift Beef Company, JBS USA Holdings and JBS USA LLC.

Notes 2016 - Bertin (JBS S.A. is the successor through merger): The indenture of these notes requires that any material subsidiary (according to the definition on the indenture) of the Company to guarantee the notes in an unsecured form, subject to certain exceptions. Currently the notes are guaranteed by JBS Hungary Holdings.

Notes 2018, Notes 2020, Notes 2023 and Notes 2024 - JBS S.A.: these registered notes on the Company are guaranteed, in an unsecured form, by the Company and JBS Hungary Holdings.

Notes 2020, Notes 2021 and Notes 2024 - JBS USA, LLC: these notes are guaranteed, in an unsecured form, by the Company, JBS Hungary Holding, JBS USA Holdings and by "other restricted American subsidiaries of JBS USA, LLC (according to the definition on the indenture)".

Details of transactions with related parties

The main assets and liabilities balances, as well as the transactions that had impact on income statements of the year related with related parties transactions, which Management considers that were accomplished in the usual market conditions for similar types of operations of trade accounts receivable and trade accounts payable and for related parties operations of only pass the borrowing costs, in addition to the operational expenses that support these contracts.

Among the transactions between related parties more representative, we emphasize the purchase of cattle for slaughter between the Company and its subsidiary JBS Confinamento, related party 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 related parties contracts are calculated management and borrowing costs, exchange rate and interests, when applicable.

No allowance for doubtful accounts or bad debts expenses relating to related-party transactions were recorded for the years ended on December 31, 2014 and December 31, 2013.



JBS S.A.

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Consolidated - Credits with related parties

The consolidated amount of credits with related parties, of R\$ 370,072 in December 31, 2014 (R\$ 733,958 in December 31, 2013) 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.

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 800,000 animals/year, starting from 2009 up to 2019.

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 years ended on December 31, 2014 and 2013 is the following:

	December 31, 2014		December 31, 2013	
	Members	Value	Members	Value
Executive Board and Board of Directors	13	7,487	13	7,426
	13	7,487	13	7,426

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	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Investments in subsidiaries, associates and joint ventures	9,462,958	9,457,375	295,350	277,571
Goodwill (note 13)	698,119	2,136,978	-	-
	10,161,077	11,594,353	295,350	277,571



JBS S.A.

Notes to the financial statements for the years ended on December 31, 2014 and 2013
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Relevant information about investments in the in the period of December 31, 2014:

	Participation	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Controlled:						
JBS Embalagens Metálicas Ltda.	99.00%	88,957	2	(8,997)	-	(12,747)
JBS Global Investments S.A.	100.00%	23,236	211,168	23,236	-	2,766
JBS Holding Internacional S.A.	100.00%	596,173	1,505,844	467,095	986,734	(25,114)
JBS USA, Inc.	100.00%	24,939,588	2,719,088	4,240,732	79,206,777	2,843,937
JBS Confinamento Ltda.	100.00%	626,400	599,401	516,279	112,000	(14,826)
JBS Slovakia Holdings, s.r.o.	100.00%	44,732	7,345	36,649	-	(1,705)
JBS Leather Italia S.R.L.	100.00%	249,734	37,698	33,129	195,503	4,496
JBS S/A (DMCC Branch)	100.00%	338	3,074	313	-	(419)
JBS Leather Paraguay	97.50%	3,239	22	(299)	8,731	(283)
JBS Holding GMBH	100.00%	4,904,064	513,390	1,443,790	2,125,125	196,448
JBS Global Luxembourg S.à.r.l.	100.00%	405,827	239,247	196,790	989,798	(37,224)
FG Holding III Ltda.	100.00%	66	53	66	-	(2)
JBS Global Meat S.A	100.00%	266,263	244,848	244,848	-	-
Columbus Netherlands B.V.	100.00%	441,401	276,200	187,349	515,139	(21,342)
Brazservice Wet Leather S.A.	100.00%	49,548	23,063	(2,862)	54,862	(914)
JBS Foods S.A.	100.00%	14,104,219	841,035	1,768,296	10,110,264	836,748
Tannery do Brasil S.A.	98.83%	45,101	29,843	9,142	38,721	(10,506)
Associates:						
Vigor Alimentos S.A.	21.12%	3,624,683	1,191,378	1,268,814	1,889,668	66,112
Joint venture:						
Meat Snack Partners LLC	50.00%	56,909	35,912	54,651	-	3,024

In consolidated financial statements, 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 Novaprom, and the rest allocated to investments. Consolidated all goodwill re recorded as intangible.

In the Company:

	December 31, 2013	Addition (disposal)	Exchange rate variation (i)	Equity in subsidiaries (ii)	Income Statements	December 31, 2014
JBS Embalagens Metálicas Ltda.	3,713	-	-	-	(12,620)	(8,907)
JBS Global Investments S.A.	2,513	15,974	1,983	-	2,766	23,236
JBS Holding Internacional S.A. ⁽¹⁾	433,319	99,525	-	(40,635)	(25,114)	467,095
JBS Aves Ltda. ⁽²⁾	62,819	(110,878)	-	-	48,059	-
JBS USA, Inc. ⁽³⁾	4,590,739	(3,319,447)	363,197	(237,694)	2,843,937	4,240,732
JBS Confinamento Ltda. ⁽⁴⁾	465,105	66,000	-	-	(14,826)	516,279
JBS Slovakia Holdings, s.r.o.	36,630	-	3	1,721	(1,705)	36,649
JBS Leather Italia S.R.L.	28,477	-	156	-	4,496	33,129
JBS S/A (DMCC Branch)	33	650	49	-	(419)	313
JBS Leather Paraguay	11	-	(27)	-	(276)	(292)
JBS Holding GMBH ⁽⁵⁾	1,212,493	3,568	7,173	24,108	196,448	1,443,790
JBS Global Luxembourg S.à.r.l. ⁽⁶⁾	70,893	125,897	1,566	35,658	(37,224)	196,790
FG Holding III Ltda.	68	-	-	-	(2)	66
JBS Global Meat S.A. ⁽⁷⁾	135,001	109,847	-	-	-	244,848
Vigor Alimentos S.A.	257,376	(3,316)	-	-	13,966	268,026
Columbus Netherlands B.V. ⁽⁸⁾	110,523	82,714	18,206	(2,752)	(21,342)	187,349
Seara Holding Europe B.V. ⁽²⁾	652,530	(636,555)	(22,273)	224	6,074	-
Baumhardt Com. Particip. Ltda.	31,030	(34,388)	-	(425)	3,783	-
JBS Foods Particip. Ltda. ⁽²⁾	1,364,102	(1,421,759)	-	(13,278)	70,935	-
Brazservice Wet Leather S.A.	-	(1,948)	-	-	(914)	(2,862)
JBS Foods S.A. ⁽²⁾	-	841,034	-	90,514	836,748	1,768,296
Tannery do Brasil S.A.	-	19,421	-	(13)	(10,372)	9,036
Meat Snack Partners LLC ⁽⁹⁾	-	28,683	1,815	(4,685)	1,511	27,324
Subtotal	9,457,375	(4,134,978)	371,848	(147,257)	3,903,909	9,450,897
Accrual for loss	-	-	-	-	-	12,061
Total	9,457,375					9,462,958

⁽¹⁾ Transfer of the negative investments for other non-current liabilities (Brazservice, JBS Embalagens and Leather Paraguay).



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Notes to the financial statements for the years ended on December 31, 2014 and 2013
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In the Consolidated:

	December 31, 2013	Addition (disposal)	Equity in subsidiaries		December 31, 2014
			Equity in subsidiaries (ii)	Income Statements	
Vigor Alimentos S.A. ⁽¹⁰⁾	257,376	(3,316)	-	13,966	268,026
Meat Snack Partners, LLC ⁽¹⁰⁾	20,195	(3,000)	(2,008)	12,137	27,324
Total	277,571	(6,316)	(2,008)	26,103	295,350

(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 year:

⁽¹⁾ - JBS Holding Internacional S.A. – On December, 2014 the Company made a capital contribution through the entire loan balance capitalization.

⁽²⁾ - On March 31, 2014 a corporate restructuring was initiated through sale, by book value, of the company JBS Foods Ltda. and capitalization of the Company's investments in the subsidiaries JBS Aves and Seara Holding to JBS Foods S.A., created to receive these operations. The total amount of the sale of investment in JBS Foods Ltda. was in the amount of R\$ 1,421,759 plus goodwill in the amount of R\$ 1,376,660 summarizing the total amount of R\$ 2,798,419 and the capitalization of the investments in JBS Aves and Seara Holding in the total amount of R\$ 841,034. In addition, on August, 2014 the Company sold all the shares of the holding Baumhardt, as well as its direct investments in the subsidiary Excelsior by the amount of R\$ 47,224, being the amount arising from the transfer of investments of R\$ 34,388 and goodwill in the amount of R\$ 12,836.

⁽³⁾ - JBS USA, Inc. – At the year ended on December 31, 2014, JBS USA remitted in cash the amount of US\$ 1,264,375 and US\$ 230,000 as a debt forgiveness, equivalent to dividends and capital reduction.

⁽⁴⁾ - JBS Confinamento Ltda. – On December, 2014 the Company made a capital increase through the partial loan capitalization.

⁽⁵⁾ - JBS Holding GMBH – The Company made a capital increase through capitalization of commercial receivables.

⁽⁶⁾ - JBS Global Luxembourg S.à.r.l. – On the year ended on December 31st of 2014, the Company made a cash capital increase for working capital purposes and also a capitalization of Beef Snacks International BV and Beef Snacks Brasil Ind. Com. S.A. loans.

⁽⁷⁾ - JBS Global Meat S.A. – On December, 2014 the Company made a capital contribution through the entire loan balance capitalization.

⁽⁸⁾ - Columbus Netherlands B.V. - On September, 2014 the Company made a capital contribution through the entire loan balance capitalization.

⁽⁹⁾ - Meat Snack Partners LLC (MSP) - In October 2014, as a matter of corporate simplification the Company transferred the MSP joint controlled investment to become a direct joint controlled investment between the Company and Jack Link.

⁽¹⁰⁾ - Vigor Alimentos S.A. e Meat Snack Partners, LLC – Basically relating the dividends distribution, recorded in the Company under the caption of other current assets.

Subsequent events:

On January 14, 2015, the Council of Economic Defense (CADE) approved the acquisition of AMSE02 participações, company of Big Frango Group, by JBS Aves, subsidiary of JBS Foods. Such approval is published at Official Gazette of the Federal Executive (Diário Oficial da União) without restrictions. The final objective of the operation is the acquisition of the total shares of AMSE02 in the companies Big Frango Indústria and Comércio de Alimentos Ltda., Nutribig Administração e Participações Sociais S.A. and Agrícola Jandelle S.A. ("Big Frango Group" and "Operation", respectively).

On February 5, 2015, the Australian Competition and Consumer Commission ("ACCC") announced the approval of the acquisition of Australian Consolidated Food Holdings Pty. Ltd. ("Primo") through JBS Smallgoods HoldCo Australia Pty. Ltd. (wholly subsidiary of the Company, through the subsidiary JBS USA). The Foreign Investment Review Board (FIRB) continues to evaluate the operation. The consideration for the proposed acquisition is approximately AU\$ 1.450 millions. The proposed acquisition is not conditional upon any external funding approval.

On February 27, 2015, JBS Foods requested, the cancellation of the registration for the initial public offering of primary distribution the issued common shares and the registration of the securities issuer, based on the current market conjuncture. Management will keep its shareholders and the market informed when a favorable situation is identified.

12 Property, plant and equipment, net

Company	Cost	Revaluation	Accumulated depreciation	Net amount	
				December 31, 2014	December 31, 2013
Buildings	3,192,895	116,620	(563,921)	2,745,594	2,757,435
Land	1,139,386	9,305	-	1,148,691	988,544
Machinery and equipment	5,000,084	44,140	(1,514,400)	3,529,824	3,424,150
Facilities	1,381,955	21,731	(314,847)	1,088,839	826,721
Computer equipment	201,993	682	(118,335)	84,340	96,871
Vehicles	617,844	51	(164,957)	452,938	293,104
Construction in progress	1,347,217	-	-	1,347,217	828,605
Other	230,491	1,234	(38,738)	192,987	176,906
	13,111,865	193,763	(2,715,198)	10,590,430	9,392,336



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Notes to the financial statements for the years ended on December 31, 2014 and 2013
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Consolidated	Cost	Revaluation	Accumulated depreciation	Net amount	
				December 31, 2014	December 31, 2013
Buildings	9,756,278	116,620	(2,118,947)	7,753,951	7,369,250
Land	2,963,874	9,305	-	2,973,179	2,399,488
Machinery and equipment	13,982,956	44,140	(6,007,860)	8,019,236	7,337,010
Facilities	1,990,337	21,731	(549,434)	1,462,634	1,195,665
Computer equipment	428,614	682	(230,325)	198,971	200,588
Vehicles	934,070	51	(407,477)	526,644	352,418
Construction in progress	2,457,998	-	-	2,457,998	1,430,774
Other	1,160,974	1,234	(456,124)	706,084	655,423
	33,675,101	193,763	(9,770,167)	24,098,697	20,940,616

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

	Average annual depreciation rates as of December 31,			
	2014		2013	
	Company	Consolidated	Company	Consolidated
Buildings	3.03%	3.54%	2.88%	4.12%
Land	0.00%	0.00%	0.00%	0.00%
Machinery and equipment	6.23%	8.12%	6.20%	8.39%
Facilities	4.64%	4.98%	5.14%	4.92%
Computer equipment	11.41%	17.54%	12.07%	15.53%
Vehicles	9.38%	9.00%	10.88%	10.34%
Other	2.41%	7.21%	2.89%	4.46%

Changes in property, plant and equipment

Company	December 31, 2013	Additions net of transferences	Disposals	Depreciation	December 31, 2014
Buildings	2,757,435	88,469	(172)	(100,138)	2,745,594
Land	988,544	160,147	-	-	1,148,691
Machinery and equipment	3,424,150	430,224	(10,184)	(314,366)	3,529,824
Facilities	826,721	327,630	(358)	(65,154)	1,088,839
Computer equipment	96,871	10,824	(235)	(23,120)	84,340
Vehicles	293,104	253,918	(36,112)	(57,972)	452,938
Construction in progress ⁽¹⁾	828,605	518,612	-	-	1,347,217
Other	176,906	21,818	(162)	(5,575)	192,987
	9,392,336	1,811,642	(47,223)	(566,325)	10,590,430

⁽¹⁾ - Additions of construction in progress are presented for financial statements purposes, net of transfers, being composed in December 31, 2014 as follow:

(+) Additions in the period: R\$ 823,094;
(-) Transfer to a proper property plant item: (R\$ 304,482);
(=) Additions net of transfers: R\$ 518,612.

Consolidated	December 31, 2013	Acquisitions ⁽²⁾	Additions net of transferences ⁽³⁾	Disposals	Adjustments IFRS 3/CPC 15	Depreciation	Exchange rate variation	December 31, 2014
Buildings	7,369,250	88,357	347,981	(20,444)	17,403	(349,085)	300,489	7,753,951
Land	2,399,488	35,507	469,350	(6,959)	-	-	75,793	2,973,179
Machinery and equipment	7,337,010	106,452	1,504,587	(62,588)	3,650	(1,138,937)	269,062	8,019,236
Facilities	1,195,665	17,963	357,851	(10,066)	(25)	(100,126)	1,372	1,462,634
Computer equipment	200,588	2,044	67,568	(608)	(731)	(75,311)	5,421	198,971
Vehicles	352,418	1,738	305,383	(52,020)	3	(84,086)	3,208	526,644
Construction in progress	1,430,774	7,175	944,561	-	-	-	75,488	2,457,998
Other	655,423	15,385	90,474	(5,043)	(21)	(83,852)	33,718	706,084
	20,940,616	274,621	4,087,755	(157,728)	20,279	(1,831,397)	764,551	24,098,697

IFRS 3/CPC 15 adjustments

According to the standard IFRS 3 (R)/CPC 15 (R1) - Business Combination, JBS Foods S.A. performed the accounting valuation at fair value of the business combination of the companies of the Seara's Group and Massa Leve. To proceed with the evaluation of the fair value, a specialized company was hired to issue the technical evaluation report.

⁽²⁾ - The acquisitions of R\$ 274,621 refers to Sul Valle, Massa Leve, Frinal, Avebom, Eleven, Tyson and Novagro in the consolidated of JBS Foods S.A.



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⁽³⁾ - The additions of R\$ 4,087,755 are composed by various acquisitions and pulverized construction in progress, including the amount of R\$ 337,542 in the Company referring to a beef processing facility implementation recently acquired, awaiting physical inventory by a specialized company, including Kaiowa, R\$ 215,062 in the subsidiary JBS Foods S.A. related to the acquisition of the plant in Carambei and R\$ 131,262 related to the ending of the business combination of the Global Meat and Midtown's acquisition.

The balance of construction in progress refers to investments for expansion, modernization and adaptation of plants for the maintenance, increasing productivity and obtaining 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 20.

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 December 31, 2014, the total amount of property, plant and equipment revaluation is R\$ 193,763, which the revaluation reserve is R\$ 87,877 and the provision for deferred income and social contribution taxes is R\$ 40,697. For revalued property, plant and equipment, the Company recorded accumulated depreciation of R\$ 65,189.

The Company and its subsidiaries reviewed the useful lives of their property, plant and equipment, by hiring a specialized company. 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 and indirectly 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 December 31, 2014 and 2013 are shown below:

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Construction in progress	1,283,834	788,961	2,323,934	1,345,960
(+) capitalized borrowing costs	63,383	39,644	134,064	84,814
	1,347,217	828,605	2,457,998	1,430,774

In the year ended on December 31, 2014, the amount of capitalized interest on construction in progress including the amount of the additions is R\$ 38,229. in the Company.

Impairment test of assets

In compliance with the requirements of IAS 36/CPC 01 R1 - Impairment of assets, the Company performed the annual impairment test of the tangible and intangible assets on December 31, 2014, 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	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Goodwill (incorporations and subsidiaries)	9,085,970	9,085,970	12,985,834	12,702,971
Trademarks	452,578	452,578	1,179,287	1,553,916
Software	11,716	8,489	52,780	34,672
Water rights	-	-	90,346	74,844
Client portfolio	-	-	1,122,591	603,152
Other	-	-	5,674	6,108
	9,550,264	9,547,037	15,436,512	14,975,663

The amortization, when applicable, is recognized linearly based on the estimated useful lives. The estimated useful life and the amortization method are reviewed at each year end and the effect of any changes in the estimates are recorded prospectively. The average amortization rates of assets comprising each group are as follows:

	Average annual amortization rates as of December 31,			
	2014		2013	
	Company	Consolidated	Company	Consolidated
Trademarks	-	9%	-	9%
Software	20%	23%	20%	26%
Water rights	-	9%	-	9%
Client portfolio	-	13%	-	12%
Other	-	23%	-	24%

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Changes in intangible assets

Company	December 31, 2013	Additions	Disposal	Amortization	December 31, 2014
Goodwill	9,085,970	-	-	-	9,085,970
Trademarks	452,578	-	-	-	452,578
Software	8,489	8,389	(973)	(4,189)	11,716
	9,547,037	8,389	(973)	(4,189)	9,550,264

Consolidated	December 31, 2013	Acquisitions ⁽¹⁾	Additions ⁽²⁾	Disposal ⁽³⁾	Adjustments IFRS 3/CPC 15	Amortization	Exchange rate variation	December 31, 2014
Goodwill	12,702,971	-	406,920	(194,966)	(46,249)	-	117,158	12,985,834
Trademarks	1,553,916	210	18,514	-	(420,806)	(4,407)	31,860	1,179,287
Software	34,672	2,591	34,190	(974)	-	(16,546)	(1,153)	52,780
Water rights	74,844	-	6,216	-	-	(104)	9,390	90,346
Client portfolio	603,152	-	8,675	-	535,692	(93,658)	68,730	1,122,591
Other	6,108	1,136	70	(1,146)	-	(941)	447	5,674
	14,975,663	3,937	474,585	(197,086)	68,637	(115,656)	226,432	15,436,512

IFRS 3/CPC 15 adjustments

According to the standard IFRS 3 (R)/CPC 15 (R1) - Business Combination, JBS Foods S.A. performed the accounting valuation at fair value of the business combination of the companies of the Seara's Group and Massa Leve. To proceed with the evaluation of the fair value, a specialized company was hired to issue the technical evaluation report.

⁽¹⁾ - The acquisitions in the amount of R\$ 3,937 refers to Sul Valle, Massa Leve, Frinal, Avebom, Eleven, Tyson and Novagro in the consolidated of JBS Foods S.A.

⁽²⁾ - The additions in goodwill for the year refers to the goodwill arising by the indirect subsidiary Seara Alimentos by the Sul Valle's acquisition in the amount of R\$ 2,890 and Massa Leve's acquisition in the amount of R\$ 196,922; and by the indirect subsidiary JBS Aves by the Frinal's acquisition in the amount of R\$ 52,795 and Avebom's acquisition in the amount of R\$ 71,669 and Eleven's acquisition in the amount of R\$ 2,874 and Novagro's acquisition in the amount of R\$ 23,026; and by the JBS USA subsidiary by the acquisition of participation on Andrews Meat in the amount of R\$ 56,744.

⁽³⁾ - The disposal in the intangible asset in the line of Goodwill is reflected as a fixed asset addition and refers to the finalization of the business combination of the Global Meat and Midtown's acquisition, where the preliminary goodwill was allocated in a final way as a fair value on the fixed asset, being recorded as tangible asset, according to note 12.

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 Novaprom, and the rest allocated to investments. Consolidated all goodwill are recorded as intangible.

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 based on future profitability 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\$ 248,654, showing a net carrying amount of R\$ 657,827 as of December 31, 2014.

In September 2013, the Company acquired the company Columbus, holding of Zenda's Group, with a goodwill in the amount of 40,292, based on the expectation of future earnings.

Consolidated- Recorded as intangible (Goodwill)

JBS USA has goodwill of US\$ 240,250 thousand, equivalent to R\$ 638,152 as of December 31, 2014, arising mainly from the acquisition in 2008 of Smithfield beef, Tasman and Five Rivers and in 2014 of Andrews Meat.

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\$ 4,476 as of December 31, 2014. Goodwill is based upon expected future earnings of the acquired businesses.

JBS Global Luxembourg has goodwill of EUR 5,188 thousands, equivalent to R\$ 16,742 as December 31, 2014, arising from the acquisition of the Toledo Group, based on the appreciation of the assets.



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The subsidiary JBS Foods S.A. possesses other goodwill arising from the acquisition of companies, and based on expectation of future earnings in the amount of R\$ 1,102,534, as follows:

- i) Parc Castell by acquisition of Valores Catalanes S.A. in the amount of R\$ 539,657
- ii) Seara Alimentos by acquisition of the subsidiary Massa Leve - R\$ 196,922
- iii) Seara Alimentos, successor by merger of Frigorífico Mabella Ltda. - R\$ 123,124
- iv) JBS Aves by acquisition of the subsidiary Avebom - R\$ 71,669
- v) JBS Aves by acquisition of the subsidiary Frinal S.A. - R\$ 52,795
- vi) JBS Aves by acquisition of the subsidiary Agrovêneto - R\$ 33,618
- vii) Masfrangos Part. Ltda. by acquisition of Agrofrango - R\$ 28,351
- viii) JBS Aves by acquisition of the subsidiary Novagro - R\$ 23,026
- ix) Babicora Holding Part. Ltda. by acquisition of Seara Alimentos - R\$ 11,111
- x) Mas do Brasil Part Ltda. by acquisition of Penasul Ltda. - R\$ 9,974
- xi) Seara Alimentos by acquisition of the subsidiary Sul Valle - R\$ 2,890
- xii) Brusand LTD by acquisition of the subsidiary Penasul UK - R\$ 6,476
- xiii) JBS Aves by acquisition of the subsidiary Eleven - R\$ 2,874
- xiv) JBS Aves by acquisition of the subsidiary Aqil - R\$ 47

JBS Foods S.A. has a goodwill in the amount of R\$ 1,309,382 referring to the acquisition of JBS Foods Ltda. and R\$ 12,835 referring to the acquisition of Excelsior Alimentos Ltda., both of them based on the expectation of future earnings.

The others Company's subsidiaries have another goodwill arising from the acquisition of companies, based on expected future earnings of R\$ 117,624, for the following investments:

- i) JBS Handels GmbH by acquisition of the subsidiary Holding Inc. - R\$ 26,981
- ii) Itaholb International B.V. by acquisition of the subsidiary Rigamonti - R\$ 74,660
- iii) Capital Joy Holding Limited - R\$ 7,018
- iv) Trump Asia Enterprises Ltd by acquisition of the subsidiary Wonder Best - R\$ 2,614
- v) JBS Paraguay S.A. by acquisition of the subsidiary IFPSA - R\$ 6,351

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, future working capital and discount rates. The assumptions about growth projections, cash flow and future cash flows are based on Management's 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 weighted average 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 8.9% to 10.3% 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 2015 to 2024 considering the growth in volume and the price 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 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 with the projections made on the quarterly financial statements of December 31, 2014, growth prospects and results of operations for the year ended on December 31, 2014, there were no indications of possible losses or losses, as the estimated value in use is higher than the carrying amount at the valuation date.

14 Trade accounts payable

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Commodities - cattle	971,093	770,546	2,903,724	1,902,201
Materials and services	510,910	541,944	3,755,967	3,096,015
Finished products	85,399	58,715	283,242	344,172
	1,567,402	1,371,205	6,942,933	5,342,388



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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	Annual rate of interest and commissions	Company	
		December 31, 2014	December 31, 2013
Foreign currency			
ACC - (advances on exchange contracts)	Exchange variation + interest from 1.98% to 3.50%	5,843,516	3,008,575
Prepayment	Exchange variation, Libor and interest from 1% to 7%	577,838	1,300,677
144-A	Exchange variation + interest from 6.25% to 10.50%	243,038	199,341
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	166,640	12,025
		6,831,032	4,520,618
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	94,973	77,967
BNDES automatic - TJLP	TJLP and interest from 3.1% to 5.44%	-	1,222
BNDES automatic - Currency basket	Currency basket BNDES + interest from 2% to 3.1%	-	124
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	960,027	862,188
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	2,771	354
Credit note - export	Interest from 1.2% to 8.54% or 100% to 118.5% of CDI	1,418,330	1,112,611
FCO - Middle West Fund	Interest of 10.00%	-	50
FNO - North Fund	Interest of 10.00%	4,053	4,075
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	9,270	3,148
FINEP	Interest of 4.0% to 4.5%	1,733	1,726
Debentures	127.6% of CDI and IPCA + 9%	245,286	255,039
		2,736,443	2,318,504
		9,567,475	6,839,122

Noncurrent liabilities

Type	Annual rate of interest and commissions	Company	
		December 31, 2014	December 31, 2013
Foreign currency			
Prepayment	Exchange variation, Libor and interest from 1% to 7%	358,971	1,412,126
144-A	Exchange variation + interest from 6.25% to 10.50%	10,075,940	7,738,003
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	54,777	193,238
		10,489,688	9,343,367
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	265,731	225,639
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	1,080,440	1,940,536
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	35,421	43,765
Credit note - export	Interest from 1.2% to 8.54% or 100% to 118.5% of CDI	1,730,805	1,962,434
FNO - North Fund	Interest of 10.00%	8,678	12,660
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	2,628	4,066
FINEP	TJLP and interest of 4% to 4.5%	75,693	7,127
Debentures	127.6% of CDI and IPCA + 9%	-	214,255
		3,199,396	4,410,482
		13,689,084	13,753,849
Breakdown:			
Current liabilities		9,567,475	6,839,122
Noncurrent liabilities		13,689,084	13,753,849
		23,256,559	20,592,971

Maturities of noncurrent liabilities are as follows:

2015	-	2,514,791
2016	3,276,569	3,947,468
2017	981,247	698,546
2018	2,605,336	2,326,206
2019	53,299	5,498
2020	2,667,061	2,373,563
2021	14,513	2,471
Maturities thereafter 2021	4,091,059	1,885,306
	13,689,084	13,753,849

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Current liabilities

Type	Annual rate of interest and commissions	Consolidated	
		December 31, 2014	December 31, 2013
Foreign currency			
ACC - (advances on exchange contracts)	Exchange variation + interest from 1.98% to 3.50%	6,456,114	3,069,450
Prepayment	Exchange variation, Libor and interest from 1% to 7%	2,032,200	1,418,119
144-A	Exchange variation + interest from 6.25% to 10.50%	243,038	199,341
Credit note - import	Exchange variation + interest of 11.25%	17,029	23,424
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	166,640	12,025
Canadian Credit Facility	CDOR or RBC Prime or Libor + applicable interest	141	351
Canadian Credit Facility - term loan	Interest of 3.65%	2,149	1,994
Canadian Bank Facility	Interest of 3.5%	2,869	14,822
Credit note - LCAL	Interest of 3.9%	32	-
Andrews Meat Secured Facility	BBSY + 0.8%	12,941	-
		8,933,153	4,739,526
Local Currency			
FINAME	TJLP and interest from 1% to 8.5%	109,856	78,796
JBS Mortgage	Interest from 5.8% to 8.4%	29,101	4,416
BNDES automatic - TJLP	TJLP and interest from 3.1% to 5.44%	-	1,222
BNDES automatic - Currency basket	Currency basket + interest from 2% to 3.1%	-	124
US revolver	Libor or Prime + applicable rate	507	169
JBS Term Loan due to 2018	Alternate Base Rate ("ABR")+1.75% or Libor +2.75%	10,189	21,273
Five Rivers term loan	Libor + 2.75% or Prime + 1.5%	13,831	13,707
Senior notes due 2020	Interest of 8.25%	63,064	55,993
Senior notes due 2021	Interest of 7.25%	17,225	15,733
Senior notes due 2024	Interest of 5.875%	59,820	-
PPC - US Senior note 2018	Interest of 7.875%	-	3,844
PPC - US credit facility - term loans	Interest from 2.4% to 9.0%	-	972,220
PPC - US bonds	Interest from 7.625% to 9.25%	449	131
Plainwell Bond	Interest of 4.39%	5,533	4,734
Marshalltown	Interest of 2.34%	-	42
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	1,050,457	866,662
Working capital - US dollars	Libor +interest from 1.10% to 3.20%	286,365	252,987
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	162,874	137,829
Working capital - Argentine Pesos	Interest of 18.77%	3,096	7,297
Credit note - export	Interest from 1.2% to 8.54% or 100% to 118.5% of CDI	1,742,824	1,120,735
FCO - Middle West Fund	Interest of 10.00%	1,636	1,803
FNO - North Fund	Interest of 10.00%	4,053	4,075
Credit note - import	Interest of 4.44% (LIBOR and interest of 2.80%)	244,127	202,308
Finep - Financing of Studies and Projects	Interest of 4.0% to 4.5%	5,719	5,719
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	9,270	3,148
Rural - Credit note	Interest of 5.5%	203,829	160,325
ACC - (advances on exchange contracts)	Interest de 1%	4,407	47
Rural - Credit note	Interest of 5,5%	442,225	486,993
Term loan due to 2020	Alternate Base Rate ("ABR")+1.75% or Libor +2.75%	14,787	13,055
Debentures	127.6% of CDI and IPCA + 9%	245,286	255,039
CCB - BNDES	Interest of 5.98% + UMBNDES until 8.7%	23,275	-
Others		17	940
		4,753,822	4,691,366
		13,686,975	9,430,892

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Noncurrent liabilities

		Consolidated	
Type	Annual rate of interest and commissions	December 31, 2014	December 31, 2013
Foreign currency			
Prepayment	Exchange variation, Libor and interest from 1% to 7%	2,180,904	2,553,208
144-A	Exchange variation + interest from 6.25% to 10.50%	10,075,940	7,738,003
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	54,777	193,238
ACC - (advances on exchange contracts)	Exchange variation + interest from 1.98% to 3.50%	-	23,436
Canadian Credit Facility	CDOR or RBC Prime or Libor + applicable interest	174,207	142,554
Canadian Credit Facility - term loan	Exchange variation + interest of 3.65%	33,558	34,134
Credit note - LCAL	Interest of 3.9%	9,456	-
		12,528,842	10,684,573
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	288,529	227,570
JBS Mortgage	Interest from 5.8% to 8.4%	6,338	31,257
US revolver	Libor or Prime + applicable rate	335,024	-
JBS Term Loan due 2018	Alternate Base Rate ("ABR")+1.75% or Libor +2.75%	1,075,086	1,063,330
Five Rivers term loan	Libor + 2.75% or Prime + 1.5%	250,697	154,874
Senior note due 2020	Interest of 8.25%	1,826,493	1,605,161
Senior note due 2021	Interest of 7.25%	3,001,673	2,584,448
Senior notes due 2024	Interest of 5.875%	1,975,066	-
PPC - US Senior note due 2018	Interest of 7.875%	-	1,116,598
PPC - US bonds	Interest from 7.625% to 9.25%	9,342	8,511
Plainwell Bond	Interest of 4.39%	21,834	23,878
Marshalltown	Interest of 2.34%	25,675	22,545
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	1,083,081	1,958,748
Working capital - US dollars	Libor +interest from 1.10% to 3.20%	29,883	47,197
Working capital - Euro	Euribor + interest from 0.15% to 1.75%	35,421	45,475
Working capital - Argentine Pesos	Interest of 18.77%	2,689	-
Credit Note - export	Interest from 1.2% to 8.54% or 100% to 118.5% of CDI	2,464,580	2,405,592
FCO - Middle West Fund	Interest of 10.00%	4,645	6,238
FNO - North Fund	Interest of 10.00%	8,678	12,660
Finep - Financing of Studies and Projects	Interest of 4% to 4.5%	92,154	27,539
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	2,628	4,066
Term loan due 2020	Alternate Base Rate ("ABR")+1.75% or Libor +2.75%	1,285,994	1,080,901
Rural - Credit	Interest of 5.5%	4,008	-
Debentures	127.6% of CDI and IPCA + 9%	-	214,255
CCB - BNDES	Interest of 5.98% + UMBNDES until 8.7%	33,805	-
Others		-	5,033
		13,863,323	12,645,876
		26,392,165	23,330,449
Breakdown:			
Current liabilities		13,686,975	9,430,892
Noncurrent liabilities		26,392,165	23,330,449
		40,079,140	32,761,341

Maturities of noncurrent liabilities are as follows:

2015	-	3,000,141
2016	4,625,423	4,557,716
2017	1,770,675	1,083,776
2018	4,773,027	5,029,761
2019	337,812	32,617
2020	5,747,090	5,073,542
2021	3,038,449	2,651,133
Maturities thereafter 2021	6,099,689	1,901,763
	26,392,165	23,330,449

ACC – (advances on exchange contracts) are credit facilities obtained from financial institutions by the Company, its subsidiary JBS Argentina and JBS Foods S.A. subsidiaries, in the amount of US\$ 2,432,242 on December 31, 2014 (US\$ 1,320,299 on December 31, 2013), 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.

144-A – Refers to six issuances under the rules of 144-A notes and Reg S: (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, (iv) Note 2020 - JBS S.A., in the amount of US\$ 1 billion with an interest rate of 7.75% per annum, (v) Notes 2023 - JBS S.A. in the amount of US\$ 775 million with an interest rate of 6.25% per annum and (v) Notes 2024 - JBS S.A. in the amount of US\$ 750 million with an interest rate of 7.25% per annum.

In June and July, 2014 there was a partial repurchase of the Notes 2016, in the amount of US\$ 116,387 (R\$ 256,342) of the principal and Bertin's Notes 2016, in the amount of US\$ 147,716 (R\$ 325,344) of principal, made by JBS USA on behalf of JBS S.A. The Company, also incurred in payments of US\$ 40,901 (R\$ 108,641) for early settlement of such Notes, such amount is recorded on interest liabilities.

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



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Rural credit note – Refers to the capture the subsidiary Seara Alimentos Ltda. (Group Seara) with resources of Banco Itau, Banco do Brasil, 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% per year.

Senior Secured Credit Facility – On June 30, 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 or Prime plus applicable margins.

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 due to 2016 - 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 to 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% per year.

Notes 8,25% due to 2020 - In January 30, 2012, the subsidiaries JBS USA, LLC and JBS USA Finance, issued the Notes 8,25% due to 2020, with the principal amount of US\$ 700 millions with a payment term of 8 years and cost of 8,25% per year.

Notes 7,25% due to 2021- In May 27, 2011, the subsidiaries JBS USA and JBS USA Finance issued the Notes 7,25% due to 2021, with the principal amount of US\$ 650 millions with a payment term of 10 years and cost of 7,25% per year.

Notes 5.875% due to 2024 – In June 25, 2014, the subsidiary JBS USA, LLC and JBS USA Finance issued the Notes 5.875% maturing in 2024, at the principal amount of US\$ 750 million with a payment term of 10 years and cost of 5.875% per year.

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

Subsequent events: As announced to the Market on March 05, 2015, the subsidiary Pilgrim's Pride Corporation (American publicly held company controlled by JBS USA Holdings), issued in the same day the Notes 2025 in the amount of US\$ 500 million with interest rate of 5.75% in the same terms as the other notes under rule 144-A.

16 Credit operations, guarantees and covenants

On December 31, 2014, 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 July 10, 2014 the Company concluded the tender in connection with its previously announced cash tender offers and related consent solicitations for any or all of the outstanding Notes 2016. As a result of the tender, the Company purchased approximately US\$116.4 million in aggregate principal amount of the Notes 2016, representing approximately 38.8% of the then outstanding Notes 2016. The Company has not obtained the requisite consents for the execution of a supplemental indenture to amend the indenture governing the Notes 2016. Accordingly, a supplemental indenture to the indenture governing the Notes 2016 was not executed.

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

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

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

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



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

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

On December 14, 2009, Bertin successfully concluded a consent solicitation relating to the 2016 Bertin Notes. The consent solicitation (1) amended certain provisions in the indenture governing the 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 July 10, 2014 the Company announced the tender results in connection with its previously announced cash tender offers and related consent solicitations for any or all of the outstanding Bertin's Notes 2016. As a result of the tender, the Company purchased approximately US\$147.7 million in aggregate principal amount of the Bertin's Notes 2016, representing approximately 42.2% of the then outstanding Notes 2016. The Company has not obtained the requisite consents for the execution of a supplemental indenture to amend the indenture governing the Bertin's Notes 2016. Accordingly, a supplemental indenture to the indenture governing the Bertin's Notes 2016 was not executed.

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 ratio;
- . 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 ratio;
- . 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.



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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 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 Notes 2018, 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 Notes 2018.

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 2020 - On October 28, 2013, JBS Investments GmbH, a wholly-owned subsidiary of the Company, issued Notes 2020 maturing in 2020, at the principal amount of US\$1 billion. The interest rate applicable to the notes is 7.75% per annum and are semiannually paid on April 28 and October 28 of each year, beginning April 28, 2014. The principal amount of the Notes 2020 should be fully paid by October 28, 2020.

The Notes 2020 are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company) and by JBS S.A.

Covenants: The indenture of Notes 2020 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 ratio;
- . 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 2020.

As mentioned above, the terms and conditions for Notes 2020 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 2020 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 2020, 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 2020; (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 January 1, 2013 and ending on the last day of JBS' most recently completed fiscal quarter for which 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 Notes 2020, 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 Notes 2020.

Events of default: The indenture of Notes 2020 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, 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:



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- . incur additional debt if the net debt/EBITDA ratio is higher than a determined ratio;
- . 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 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 Notes 2023, 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 Notes 2023.

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.

Notes 2024 - On April 3, 2014, JBS Investments GmbH, a wholly-owned subsidiary of the Company, issued Notes 2024 maturing in 2024, at the principal amount of US\$750 million. The interest rate applicable to the notes is 7.25% per annum and are semiannually paid on April 3 and October 3 of each year, beginning October 3, 2014. The principal amount of the Notes 2024 should be fully paid by April 3, 2024.

The Notes 2024 are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company) and by JBS S.A.

Covenants: The indenture of Notes 2024 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 ratio;
- . 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 2024.

As mentioned above, the terms and conditions for Notes 2024 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 2024 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 2024, 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 2024; (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 January 1, 2013 and ending on the last day of JBS' most recently completed fiscal quarter for which 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 Notes 2024, 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 Notes 2024.

Events of default: The indenture of Notes 2024 contains customary events of default. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If an event of default occurs, the trustee or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accrued interest on the notes.

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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 includes a swingline sub-facility of US\$80.0 million for the Company. 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 primarily to include a US\$35.0 million swingline sub-facility for JBS Australia which allows JBS Australia to obtain same day funding.

On August 15, 2014, JBS USA and JBS Australia executed the Senior Secured Revolving Credit Facility (the "Amended and Restated Revolving Facility") to amend and restate the Revolving Facility to increase the maximum borrowing availability to US\$900.0 million available in three tranches of US\$675.0 million, US\$150.0 million and US\$75.0 million. The facility includes swingline sub-facilities of US\$75.0 million for JBS USA Holdings and US\$35.0 million for JBS Australia. The facility matures on August 15, 2019. Loans bear interest at applicable LIBOR or the prime rate plus applicable margins that are based on utilization of the facility.

Availability: Availability under the Amended and Restated 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 December 31, 2014, there were US\$97.5 million of outstanding letters of credit and borrowing availability of US\$664.5 million.

Security and Guarantees: Borrowings made by JBS USA under the Amended and Restated 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 other 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 Amended and Restated 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 10.0% of the maximum borrowing amount or \$70.0 million. The Amended and Restated Revolving 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 Amended and Restated Revolving Facility also contains customary events of default, including failure to perform or observe terms, covenants or agreements included in the Amended and Restated 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 Amended and Restated Revolving Facility. At December 31, 2014, JBS USA was in compliance with all covenants.

ANZ credit 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 of A\$32.5 million and a A\$20.0 million money market facility, subject to an annual review. On September 16, 2013, the facility was restated to provide for a A\$55.0 million trade finance loan facility limit and a A\$23.7 million standby letter of credit limit. On June 18, 2014, the facility was restated to increase the standby letter of credit limit to A\$24.9 million. As of December 31, 2014, there were US\$20.1 million of outstanding letters of credit and borrowing availability of US\$44.6 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 on April 1, 2011. Principal is payable quarterly.

Marshalltown NMTC – On March 10, 2011, Swift Pork entered into the Marshalltown NMTC transaction to finance the construction of a distribution center. Swift Pork borrowed US\$9.8 million at a 2.34% annual interest rate 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 others 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 loans – 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\$17.0 million and US\$3.1 million. The mortgages are repayable in monthly installments, beginning on November 1, 2010. The mortgages mature on September 1, 2015 and June 1, 2020.

7.25% senior unsecured notes due 2021 - On May 27, 2011 JBS USA and JBS USA Finance. 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 Amended and Restated Revolving Facility (subject to certain exceptions). If certain conditions are met, JBS S.A. may be released from its guarantees.



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Interest on these notes is payable semi-annually in arrears on June 1 and December 1 of each year. 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.

On September 18, 2013, JBS USA and JBS USA Finance, issued US\$500.0 million in aggregate principal as a follow on to its 7.25% senior notes due 2021 under the indenture dated May 27, 2011. The proceeds from the issuance of these additional 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 original issue discount of US\$2.5 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 25.0% 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 December 31, 2014, JBS USA and JBS USA Finance 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 Amended and Restated 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 or 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. 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 Amended and Restated Revolving Facility. On February 22, 2013, JBS USA amended the loan to reduce the ABR loan interest rate to ABR plus 1.75% with a 1.75% ABR floor and to reduce the Eurodollar loan interest rate to LIBOR plus 2.75% with a 1.0% LIBOR floor. Commencing on March 29, 2013 and continuing until maturity, approximately US\$1.2 million will be payable on the last business day of each calendar quarter. At December 31, 2014, JBS USA was in compliance with all covenants.

Subsequent to the end of each fiscal year, a portion of JBS USA, LLC's cash flow must be used to repay outstanding principal amounts under the US\$475 million term loan due 2018. On March 31, 2014 JBS USA, LLC paid approximately US\$54 million of its cash flow from 2013 toward the outstanding principal under the US\$475 million term loan due 2018. The excess cash flow payment was applied to the minimum required installments with the remaining amount applied to the outstanding principal amount. As a result of the excess cash flow payment, we are no longer required to make the quarterly installment payments.

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 in addition to the US\$475.0 million term loan due 2018. The proceeds from the issuance of this loan were 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, payments of approximately US\$1.3 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 December 31, 2014, JBS USA was in compliance with all covenants.

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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. On November 7, 2014, JBS Five Rivers amended their term loan facility to, among other things, increase the term loan to US\$100.0 million through a term loan reload and extend the maturity to November 7, 2019. In addition to the amendment to the interest rate, amount and maturity, the repayment of the term loan will continue to be repaid in 20 quarterly installments but will now be in the amount of US\$1.25 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 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 December 31, 2014, JBS Five Rivers was in compliance with all covenants.

8.25% senior unsecured notes due 2020 – On January 30, 2012, JBS USA, LLC and JBS USA Finance 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 Amended and Restated Revolving Facility (subject to certain exceptions). If certain conditions are met, JBS S.A. may be released from its guarantees. Interest on these notes is payable semi-annually in arrears on February 1 and August 1 of each year. 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 these notes contain customary negative covenants and customary events of default listed under the 7.25% senior unsecured notes due 2021. At December 31, 2014, JBS USA was in compliance with all covenants.

LCAL facility —On March 3, 2013, JBS Australia entered into a secured facility which provides up to A\$4.4 million with Low Carbon Australia Limited ("LCAL"), to fund a capital investment in energy efficiency technology and practices at JBS Australia's processing plant located in Dinmore, Queensland. Interest under this facility is based on the rate determined by LCAL to be equivalent to the Australian Financial Markets Association interest rate swap for a three year period and has a maturity date of September 30, 2017.

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

The Canadian Credit Facility also provides for a CAD\$17.0 million term loan. The loan is guaranteed by JBS USA Holdings and JBS S.A. The loan amortizes over a 15 year period with principal and interest due monthly. The outstanding principal is payable on May 15, 2018. This loan is secured by certain real property of JBS Canada. The covenants for this note contain customary negative covenants and customary events of default listed under the Canadian Credit Facility.

Availability: Actual borrowings under this facility are subject to a borrowing base, which is a formula based on eligible receivables, inventory, machinery and equipment and real estate less certain eligibility and availability reserves. As of December 31, 2014, there were no outstanding letters of credit and borrowing availability of US\$28.5 million.

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

Covenants: The Canadian Credit Facility contains customary representations, warranties and a springing financial covenant that requires a minimum fixed charge coverage ratio of not less than 1.00 to 1.00. This ratio is applicable if borrowing availability causes a covenant trigger period, which only occurs when borrowing availability falls below the greater of 10% of the maximum borrowing amount or 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:

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- 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 December 31, 2014, JBS Canada was in compliance with all covenants.

5.875% senior unsecured notes due 2024 – On June 25, 2014, JBS USA, LLC and JBS USA Finance issued 5.875% notes due 2024 in an aggregate principal amount of US\$750.0 million primarily to make an intercompany loan to JBS USA Holdings, for further transfer to JBS S.A. to fund the repayment short- and medium-term debt of JBS S.A. During the year ended December 31, 2014, the Company transferred approximately US\$744.4 million of the proceeds to JBS S.A.. These notes are guaranteed by the JBS USA Holdings, JBS S.A., JBS Hungary Holdings Kft., and each of the U.S. restricted subsidiaries that guarantee the Amended and Restated Revolving Facility (subject to certain exceptions). If certain conditions are met, JBS S.A. may be released from its guarantees. Interest on these notes is payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2015. The principal amount of these notes is payable in full on July 15, 2024. The covenants for these notes contain customary negative covenants and customary events of default listed under the 7.25% senior unsecured notes due 2021. At December 31, 2014, JBS USA was in compliance with all covenants.

Andrews Meat Secured Facility - On October 24, 2014, Andrews Meat entered into a secured facility to fund working capital needs. The facility includes a cash advance facility limit of A\$6.0 million with interest based on the BBSY plus 0.8%, subject to an annual review. The facility is secured by certain real property of Andrews Meat. On October 24, 2014, Andrews Meat borrowed A\$6.0 million on the facility. All interest and principal are due on or before October 24, 2015.

Guarantee of J&F Oklahoma's revolving credit facility – On October 7, 2008, J&F Oklahoma entered into a US\$600.0 million secured revolving credit facility. This credit facility and the guarantee thereof are secured solely by the assets of J&F Oklahoma and the net assets of JBS Five Rivers. This credit facility is used to acquire cattle which are then fed in the JBS Five Rivers' feedyards pursuant to the cattle supply and feeding agreement. The finished cattle are sold to JBS USA 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 the maturity date 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. On November 7, 2014, J&F Oklahoma and JBS Five Rivers executed an amendment to the fourth amended and restated credit agreement to increase the availability up to US\$1.4 billion and extend the maturity date to November 7, 2019. Borrowings under the facility bear interest at variable rates based on applicable LIBOR plus 1.75% to 2.25%, or based on the prime rate plus 0.5% to 1.0%. The interest rate at December 31, 2014 was 3.1%. As of December 31, 2014, no borrowings were used towards letters of credit and the borrowing availability was US\$115.5 million. As of December 31, 2014 and December 31, 2013, J&F Oklahoma had US\$ 1.3 billion and US\$880.9 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, the 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 keep-well 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 keep-well 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 the financial covenants under this credit facility as of December 31, 2014.

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' feedyards 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 maturity 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 interest rate at December 31, 2014 was 3.0%.

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. On March 6, 2014, the note was amended to extend the maturity date to March 31, 2016. The interest rate at December 31, 2014 was 3.2%. This note eliminates upon consolidation.



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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 Weddel Limited ("Weddel"), 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 note from a US\$-denominated note to a CAD\$10.0 million note and amend the interest rate to be the Canadian Prime Rate plus 2.0%. On March 6, 2014, the note was amended to extend the maturity date to March 31, 2016. While this note eliminates upon consolidation, the CAD\$-denominated note will be reported by the Company in US\$; therefore, this amended note will generate foreign currency transaction gains or losses due to fluctuations in the period end CAD\$ to US\$ exchange rate. The interest rate at December 31, 2014 was 5.0%.

Revolving intercompany note to JBS USA Holdings - On June 2, 2011, JBS USA, LLC issued a US\$2.0 billion revolving intercompany note to JBS USA Holdings. The note bears interest at a variable rate equal to LIBOR plus 3.0%. On January 25, 2012, JBS USA, LLC amended the revolving intercompany note to increase the maximum amount available under the note to US\$3.0 billion. On September 30, 2013, JBS USA, LLC amended the revolving intercompany note to JBS USA Holdings to increase the maximum amount available under the note to US\$3.5 billion. On June 17, 2014 JBS USA, LLC amended the revolving intercompany note to increase the maximum amount available under the note to US\$4.0 billion to allow for the transfer of funds to JBS S.A. to fund the repayment of short and medium-term debt. On August 20, 2014, JBS USA amended the revolving intercompany note to increase the maximum amount available under the note to US\$4.25 billion. On December 17, 2014, JBS USA amended the revolving intercompany note to increase the maximum amount available under the note to US\$5.5 billion. Principal and accrued interest are due and payable upon demand by JBS USA, LLC at any time on or after August 20, 2016. The interest rate at December 31, 2014 was 3.2%. This 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 these letters of credit, PPC is reimbursing JBS USA for the cost PPC would have otherwise incurred. During the year ended December 31, 2014, and December 31, 2013, PPC reimbursed JBS USA, LLC US\$1.3 million and US\$2.0 million, respectively.

Note to Sampco - On March 15, 2012 Sampco executed a US\$20.0 million revolving promissory note to JBS USA Holdings with interest based on the three-month LIBOR plus a margin of 3%. 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 due and payable upon demand by Sampco at any time on or after March 31, 2014. On March 6, 2014, the note was amended to increase the maximum amount available to US\$120.0 million and to extend the maturity date to March 31, 2016. The interest rate at December 31, 2014 was 3.2%. This note eliminates upon consolidation.

Note to JBS Five Rivers - On April 20, 2012, JBS USA Holdings issued a US\$100.0 million intercompany revolving promissory note to 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 December 31, 2014 was 3.2%. This note eliminates upon consolidation.

Note to JBS Canada - On January 2, 2013, JBS USA Holdings issued an intercompany revolving promissory note to JBS Canada for CAD\$200.0 million with interest based on the CDOR plus 3% and a maturity date of December 31, 2014 to fund working capital needs and general corporate purposes. On December 31, 2014 the note was amended to extend the maturity date to December 31, 2017. The interest rate at December 31, 2014 was 4.3%. While this note eliminates upon consolidation, the CAD\$-denominated note will be reported by the JBS USA Holdings in US\$; therefore, this note will generate foreign currency transaction gains or losses due to fluctuations in the period end CAD\$ to US\$ exchange rate.

Description of Indebtedness of PPC

US Credit Facility – PPC and certain of its subsidiaries entered into a credit agreement (the "US Credit Facility") with CoBank ACB, as administrative agent and collateral agent, and other lenders party thereto, which was amended and restated on August 7, 2013. As of December 31, 2014, the US Credit Facility provided for a US\$700.0 million revolving credit facility 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 Loan commitment, in one or more advances until 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 Loan 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 swingline loans and a US\$200.0 million sub-limit for letters of credit. 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.

Subsequent to the end of each fiscal year, a portion of PPC's cash flow was required to be used to repay outstanding principal amounts under the Term B loans. On December 30, 2013, PPC paid US\$204.9 million of its cash flow toward the outstanding principal under the Term B loans. On April 28, 2014, PPC paid US\$205.2 million of its cash flow toward the outstanding principal under the Term B loans. Following this payment, PPC had no outstanding principal under the Term B loans. 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.

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 December 31, 2014, the applicable borrowing base was US\$700.0 million. As of December 31, 2014, there were US\$20.1 million of outstanding letters of credit and borrowing availability of US\$680.0 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 covenant.

All other financial covenants were eliminated in connection with the August 7, 2013 amendment and restatement to the US Credit Facility. The US Credit Facility also 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 interests 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.



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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 to, among other things, 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 ING Credit Facility - On October 19, 2011, Avícola PPSRLCV and certain other Mexican subsidiaries, entered into an amended and restated credit agreement (the "Mexico ING Credit Facility") with ING Bank (México), S.A. Institución de Banca Múltiple, ING Grupo Financiero, as lender and ING Capital, LLC, as administrative agent. The Mexico ING Credit Facility had a final maturity date of September 25, 2014. The Mexico ING Credit Facility was secured by substantially all of the assets of PPC's Mexican subsidiaries. The Mexico ING Credit Facility was terminated on July 23, 2014.

Mexico Bancomer Credit Facility - On July 23, 2014, Avícola and certain Mexican subsidiaries entered into an unsecured credit agreement (the "Mexico Credit Facility") with BBVA Bancomer, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, as a replacement of the Mexico ING Credit Facility. The loan commitment under the Mexico Credit Facility is 560.0 million Mexican pesos. Outstanding borrowings under the Mexico Credit Facility accrue interest at a rate equal to the Interbank Equilibrium Interest Rate plus 1.05%. The Mexico Credit Facility has a maturity date on July 23, 2017. As of December 31, 2014, the US dollar equivalent of the loan commitment under the Mexico Credit Facility was US\$38.1 million. There are currently no outstanding borrowings under the Mexico Credit Facility.

17 Operating and Finance leases

The Company and its subsidiaries have operating leases and financial leases agreements, as described below:

Operating Leases:

In the Company:

The Company has operational leases agreements of industrial complexes, tanneries and distribution centers based in the states of Bahia, Goiás, Maranhão, Mato Grosso, Mato Grosso do Sul, Pará, Rio de Janeiro e São Paulo.

In the Consolidated

The subsidiary JBS USA has operational lease agreements for warehouses, commercial offices and vehicles maintenance facilities in the United States of America, as well marketing offices in Asia, distribution centers and warehouses in Australia. Additionally, JBS USA leases equipments, over the road transportation vehicles and other assets.

The subsidiary JBS Foods through its subsidiaries Seara Alimentos and JBS Aves is a tenant of productive units in the states of Rio de Janeiro, Rio Grande do Sul, Mato Grosso do Sul, Santa Catarina, Paraná and São Paulo.

The future minimum payments of noncancellable operational leases of with terms exceeding one year are as follows:

	Company	Consolidated
	December 31, 2014	December 31, 2013
For the years ending December:		
2015	32,631	232,782
2016	30,126	207,475
2017	18,729	174,737
2018	14,048	127,281
2019	14,016	122,621
Thereafter 2020	55,591	189,331
Total	165,141	1,054,227

The operational leases payments recognized as expenses at the years ended in December 31, 2014 and 2013 totaled R\$ 31,006 and R\$ 22,566 in the Company and R\$ 276,629 and R\$ 245,073 in the consolidated.

Finance Leases:

In the consolidated

The subsidiary JBS USA has financial lease agreements referring to wastewater treatment facility in Kentucky and Texas, which the book value recorded on property, plant and equipment is detailed below:

	Annual Depreciation Rates	Cost	Accumulated Depreciation	December 31, 2014	December 31, 2013
Wastewater treatment facility	9%	97,214	(27,646)	69,568	67,101
Total		97,214	(27,646)	69,568	67,101



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The future minimum payments of noncancellable finance leases with terms exceeding one year are as follows:

	Consolidated		
	December 31, 2014		
	Present value	Adjustment to present value	Future payments
For the years ending December:			
2015	7,552	401	7,953
2016	7,050	258	7,308
2017	4,274	101	4,375
2018	3,251	56	3,307
2019	3,118	32	3,150
Thereafter 2020	36,284	8	36,292
Total	61,529	856	62,385

18 Income taxes, payroll, social charges and tax obligation

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Payroll and related social charges	120,057	111,665	637,780	476,293
Accrual for labor liabilities	159,038	138,898	1,499,047	1,217,222
Income taxes	-	-	505,799	19,760
Withholding income taxes	1,848	1,073	7,128	3,221
ICMS / VAT / GST tax payable	12,913	11,712	80,297	54,925
PIS / COFINS tax payable	208	261	828	1,657
Taxes in installments	190,984	152,189	221,699	382,393
Others	35,907	92,109	297,613	311,004
	520,955	507,907	3,250,191	2,466,475
Breakdown:				
Current liabilities	369,756	382,741	2,611,077	1,761,296
Noncurrent liabilities	151,199	125,166	639,114	705,179
	520,955	507,907	3,250,191	2,466,475

19 Declared dividends

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Declared dividends	484,013	220,494	484,013	220,494
	484,013	220,494	484,013	220,494
Proposed dividends on 2012 - Residual				230
Proposed dividends on 2013 - Residual				254
Proposed dividends on 2014				483,529
				484,013

The Company has declared dividends in December 31, 2014 of R\$ 483,529 to be submitted to the General Meeting of Shareholders for approval according to the calculation presented below:

	2014	2013
Net income of the year	2,035,910	926,907
Legal reserve - (5%)	(101,795)	(46,345)
Adjusted base for dividends calculation	1,934,115	880,562
Mandatory dividends (25%)	483,529	220,140
Declared dividends	483,529	220,140

The residual amount of dividends corresponds to the unpaid dividends due to lack of updated bank information. These pending items by some minority shareholders avoid the realization of fully payment. The Company sent notification to such shareholders to update their information so the amount would be paid. The liability will be maintained during the statutory period in the short term, since once the register is updated, the payment is automatic.

20 Payables related to facilities acquisitions

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Current	47,894	95,853	344,881	264,264
Noncurrent	44,904	62,754	490,461	463,485
	92,798	158,607	835,342	727,749

In Company:

The payables related to facilities acquisitions in the Company is related primarily to acquisitions of assets and other industrial complexes based in the States of Acre, Bahia, Mato Grosso, Mato Grosso do Sul, Rondônia and Goiás.



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- i) R\$ 149,350 in the indirect 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, being R\$ 49,350 classified in the short term and R\$ 100,000 classified in the long term.
- ii) R\$ 150,552 in the subsidiary JBS Foods S.A. related to the remaining debit assumed by Marfrig S.A. with BR Foods S.A. by the time of the acquisition of the assets. With the sale of Seara by Marfrig, the assets bought was transferred along with the debits to JBS S.A., being R\$ 36,013 classified in the short term and R\$ 114,359 classified in the long term.
- iii) R\$ 158,098 in the subsidiary JBS Foods S.A. refers to the acquisition of the plant of slaughtering and processing of pigs in Carambeí - PR that was leased by BR Foods S.A. on May 31, 2014, being R\$ 79,049 classified in the short term and R\$ 79,049 classified in the long term.
- iv) R\$ 102,178 in the indirect subsidiary JBS Aves is related to the acquisition in March, 2013 of the company Agrovêneto that explores an activity similar to JBS Aves, where the amount is recorded in the long term.
- v) R\$ 22,808 in the indirect subsidiary JBS Aves refers to the Frinal's acquisition occurred on June, 2014, which is engaged in the activity of creating, slaughter and marketing of pork, being R\$ 10,808 classified as short term and R\$ 12,000 classified as long term.
- vi) R\$ 21,415 in the subsidiary JBS Global Meat related to debts to Midtown acquisition, classified as short term.
- vii) R\$ 8,000 in the subsidiary JBS Aves refers to the Avebom's acquisition occurred on August, 2014, which is engaged in 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, classified as short term.
- viii) R\$ 9,768 in the indirect subsidiary Seara Alimentos refers to the Sul Valle's acquisition occurred on March, 2014, which is engaged in the activity of creating, slaughter and marketing of pork, classified as short term.
- ix) R\$ 28,645 in the indirect subsidiary JBS Aves is related to the acquisition in October, 2014 of the company Novagro, which explores the activity of commercialization of food products, breeding activity of broiler chickens for slaughtering, production of pet food and concentrates, being R\$ 7,115 classified as short term and R\$ 21,530 classified as long term.
- ix) R\$ 91,730 in the indirect subsidiary Seara Alimentos is related to the acquisition of Property, plant and equipment in October, 2014 of the company Céu Azul, being R\$ 75,469 classified as short term and R\$ 16,261 classified as long term.

21 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 and fiscal loss. Income tax and social contribution tax-liabilities were recorded on the revaluation reserves established by the Company and on temporary differences.

	Company		Consolidated	
	2014	2013	2014	2013
Income before income taxes	2,007,794	1,192,116	4,191,823	1,774,995
Expectation of expense of the income taxes - Combined nominal of 34%	(682,650)	(405,319)	(1,425,220)	(603,498)
Adjust to demonstrate the effective rate				
Additions, mostly result on equity subsidiaries, foreign income, goodwill amortization and tax equivalents in other countries	710,766	140,110	(360,176)	(53,172)
Income (expense) of the deferred income taxes	28,116	(265,209)	(1,785,396)	(656,670)
Effective rate	1.40%	-22.25%	-42.59%	-37.00%

Explanative notes

Composition of expenses of income tax and social contribution presented income statements of the Company and Consolidated results for the years ended on December 31, 2014 and 2013.

	Company		Consolidated	
	2014	2013	2014	2013
Current income taxes	46,851	2,380	(1,656,879)	(166,231)
Deferred income taxes	(18,735)	(267,589)	(128,517)	(490,439)
	28,116	(265,209)	(1,785,396)	(656,670)

Composition of deferred income tax and social contribution

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
ASSETS				
. On tax losses and temporary differences	382,251	417,598	962,294	1,027,330
LIABILITIES				
. On goodwill amortization, revaluation reserve and temporary differences	1,554,762	1,508,571	3,802,260	3,146,924
Net	1,172,511	1,090,973	2,839,966	2,119,594

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:



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

22 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 December 31, 2014 are as follows:

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Labor	63,845	57,769	241,104	163,466
Civil	11,103	9,951	78,261	75,035
Tax and Social Security	103,478	96,331	386,479	610,823
Total	178,426	164,051	705,844	849,324

Changes in provisions

	December 31, 2013	Sul Valle, Frinal, Massa Leve, Avebom and Eleven's Acquisition	Additions	Reversals	Exchange rate variation	December 31, 2014
Company	164,051	-	14,375	-	-	178,426
Consolidated	849,324	18,668	24,300	(178,368)	(8,080)	705,844

⁽¹⁾ - The acquisitions in the amount of R\$ 18,668 refers to Sul Valle, Massa Leve, Frinal, Avebom and Eleven in the consolidated of JBS Foods S.A.

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 215 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\$ 1,752,138 in the aggregate in December 31, 2014. 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.

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). This sentence was reformulated by the Federal Regional Court of 3rd region. The Company filed an extraordinary appeal, which was halted on the basis of Article 543-B, § 1 of the Code of Civil Procedure, until the final decision of the Supreme Court on the matter. To avoid the institution to lose the right to require the contribution to the New Funrural, INSS released tax notifications, in a total of 20 infringement notices, in the amount of R\$ 949,192.

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 1030 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\$ 103,478 which are 100% accrued in December 31, 2014.

Labor Proceedings

As of December 31, 2014 the Company was party to 12.994 labor and accident proceedings, involving total value of R\$ 1,964,220. Based on the opinion of the Company's external legal counsel, the Company's management recorded a provision in the amount of R\$ 63,845 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.

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Civil Proceedings

a) Slaughter facility at Araputanga

In 2001, the Company (formerly known as Friboi Ltda.), entered into a purchase agreement with Frigorífico Araputanga S.A. (Frigorífico Araputanga) for the acquisition of one property and slaughter facilities located in Araputanga, State of Mato Grosso. Frigorífico Araputanga was a beneficiary of certain tax benefits and the property was floating charge, for this reason it was required the consent of SUDAM (Superintendência de Desenvolvimento da Amazônia) for the registration of the public deed with the applicable real estate notary.

In September, 2004, Frigorífico Araputanga filed a lawsuit against the Company, alleging that the Company had not paid the price and had not obtained the consent of that authority, requiring the ineffectiveness of the contract. The case was referred to the Federal Court of Cáceres, due to the Union's interest in the dispute. The Company obtained the consent of UGFIN, successor SUDAM, according to the 5^a Chamber of the Federal Court of the 1^a Region decision, thereby obtaining effective registration of the deed of purchase and sale.

The second forensic accounting were presented which, like the first, confirmed that the Company paid the purchase price of the property and industrial facilities located in Araputanga, MT. The parties have spoken about the forensic accounting report and the case was taken in charge by AGU for the manifestation of the forensic accounting report. The probability of loss is considered remote, no provision was recorded.

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\$ 100,000 and punitive damages in the amount of R\$ 26,938. 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, 2014, R\$ 600, has been provisioned.

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 December 31, 2014, R\$ 10,503, has been provisioned.

Other proceedings

In December 31, 2014, the Company had other ongoing civil, labor and tax proceedings, on the approximately amounting of R\$ 105,969, 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.

In JBS Foods Ltda.

Labor Proceedings

As of December 31, 2014 the subsidiaries of JBS Foods S.A. was party to 7,678 labor proceedings, involving total amount of R\$ 685,957. Based on the opinion of the company's external legal council, the management recorded a provision in the amount of R\$ 167,473 for losses arising from such proceedings. Most of these lawsuits are related to actions that deal with seeking damages for occupational disease, physical and aesthetical damage, seeking overtime payments, payments relating to their exposure to health hazards, commuting time, interval for thermal recovery, seeking damages for accidents and exchanging uniform.

Civil proceedings

As of December 31, 2014 the subsidiaries of JBS Foods S.A. was party to 2,326 civil and administrative proceedings, involving total amount of R\$ 287,867. Based on the opinion of the company's external legal council, the company's management recorded a provision in the amount of R\$ 63,025 for losses arising from such proceedings. Most of the lawsuits are related to indemnity for collective seeking damages, seeking damages for improper protest, repairing damages for termination of partner poultry or pigs integration, cancellation of industry or trade mark complaints and consumer contracts - product quality.

Tax Proceedings

a) Risk in the glosses of claims - PIS/COFINS

In between the years of 2003 to 2013 the indirect subsidiary Seara Alimentos has sent requests for electronics reimbursement of PIS/COFINS to the Federal Revenue of Brazil. The tax authorities have assessed the applications for compensation for periods relating to the 4th quarter of 2009 and perpetuated an initial gloss of about 47% of the value, causing fiscal proceedings with probable losses in the approximately amount of R\$ 166,534.

b) Others tax proceedings

On December 31, 2014 the companies of JBS Foods S.A. was party of others 374 tax proceedings, in which the contingencies individually do not present relevant in their contexts. We emphasize that the proceedings considered as probable of losses are properly provisioned, in the amount of R\$ 109,340.

23 Equity

a) Capital Stock

The Capital Stock on December 31, 2014 is R\$ 21,506,247 and it is represented by 2,943,644,008 ordinary shares, without nominal value. From this total, as described below in the letter f), 54,829,482 shares are held in treasury.

The Capital Stock is presented with a net effect in the balance sheet in the amount of expenses of R\$ 54,865, being expenses of the period of 2010 in the amount of R\$ 37,477 related to the costs of the transaction for securing resources to Initial Public Offering, and expenses in the amount of R\$ 17,388 regarding the debentures issuance for the period of 2011.



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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.

- Negotiation Premiums with trading options of "JBSS3"

The Board of Directors of the Company approved on October 2, 2014, the possibility of selling Put options on JBSS3 shares in Bovespa, in accordance to the guidelines of CVM Instruction 390, which among other terms, determines that i) the maturity of the Put option must not exceed six months from the trade date, and ii) the premium received by selling Put options on JBSS3 should be allocated as collateral on BMF&Bovespa. The Board of Directors also authorized the execution of other operations with shares and options referenced on JBSS3, exclusively for protecting the position of open options or to unwind them.

Below is the summary of the operations executed at the year ended in December 31, 2014:

Date	Number of option	Class and type of shares	Maturity of options	Premiums received	Mark-to-Market
Oct 3, 2014	1,350,700	JBSSW6	Nov 17, 2014	189	189
Oct 14, 2014	2,000,000	JBSSM92	Jan 19, 2015	550	-
Oct 15, 2014	80,000	JBSSW6	Nov 17, 2014	4	4
Oct 16, 2014	1,569,300	JBSSW6	Nov 17, 2014	78	78
Oct 20, 2014	1,000,000	JBSSX9	Dec 15, 2014	212	212
Oct 21, 2014	1,000,000	JBSSW6	Nov 17, 2014	83	83
Oct 27, 2014	1,000,000	JBSSW6	Nov 17, 2014	40	40
Oct 27, 2014	1,000,000	JBSSX9	Dec 15, 2014	308	308
Nov 27, 2014	1,000,000	JBSSN40	Feb 9, 2015	185	-
Dec 1, 2014	2,000,000	JBSSN40	Feb 9, 2015	518	-
Dec 3, 2014	1,000,000	JBSSN40	Feb 9, 2015	285	-
Dec 22, 2014	1,000,000	JBSSN40	Feb 9, 2015	330	-
Dec 22, 2014	2,000,000	JBSSO10	Mar 16, 2015	350	-
Total kept in capital reserve:					914

c) Profit reserves

Legal reserve

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

Statutory 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.

Subsequent events: On March 9, 2015, the Board of Directors approved to submit for approval of Ordinary and Extraordinary Shareholders' General Meeting 2015 of the Company: i) the amendment of the title of this reserve to "Statutory reserve for investments", for greater clarity purposes, ii) Partial capitalization of this reserve's balance accrued until December 31, 2013, without the issuance of new shares and iii) Approval of amendment in the Company's bylaws so that, among other amendments, the balance applied in this reserve be annually and systematically capitalized, by annual approval of the Board of Directors, without the need of approval in a General Meeting.

d) Revaluation reserve

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

e) Dividends

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

f) Treasury shares

On June 24, 2014, the Board of Directors approved the transference of 26,295,997 treasury shares, pursuant to Article 19, section XVI of the Social Statute, as part of the acquisition of the total shares of Comércio e Indústrias de Massas Alimentícias Massa Leve Ltda. "Massa Leve", in which the amount agreed by the transference of the treasury shares was in the amount of R\$ 203,531.

Below is presented the changes on treasury shares:

	Quantity	R\$ thousand
Balance as of December 31, 2013	75,190,179	595,849
Transfer of treasury shares	(26,295,997)	(208,384)
Purchase of treasury shares	5,935,300	64,235
Balance as of December 31, 2014	54,829,482	451,700



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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 - 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).

24 Net revenue

	Company		Consolidated	
	2014	2013	2014	2013
Gross sale revenue				
Products sales revenues				
Domestic sales	17,166,154	14,596,188	86,957,361	70,562,815
Foreign sales	11,190,836	8,247,513	38,185,927	25,461,185
	28,356,990	22,843,701	125,143,288	96,024,000
Sales deduction				
Returns and discounts	(1,072,289)	(779,060)	(2,561,113)	(1,730,467)
Sales taxes	(1,173,803)	(1,088,686)	(2,112,456)	(1,390,735)
	(2,246,092)	(1,867,746)	(4,673,569)	(3,121,202)
NET REVENUE	26,110,898	20,975,955	120,469,719	92,902,798

25 Financial income (expense), net

	Company		Consolidated	
	2014	2013	2014	2013
Exchange rate variation	(1,752,952)	(1,371,351)	(1,891,811)	(1,369,979)
Results on derivatives	330,391	580,518	982,011	679,903
Interest expense	(1,874,857)	(1,212,346)	(3,167,087)	(2,165,588)
Interest income	506,324	413,573	556,265	575,992
Taxes, contribution, tariff and others	(60,301)	(59,227)	(116,998)	(100,659)
	(2,851,395)	(1,648,833)	(3,637,620)	(2,380,331)

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 year ended on December 31, 2014 the net effect in the results amounted to (R\$ 1,422,561) in the Company and (R\$ 909,800) in the Consolidated level.

The amount of interest expense of R\$ 1,874,857 for the year ended on December 31, 2014 includes the payment of the early extinguishment fee of US\$ 40,901 (R\$ 108,641) related to the early extinguishment of JBS S.A.'s Notes 2016 and Bertin S.A.'s Notes 2016.

26 Other income (expenses)

Other income for the year ended on December 31, 2014, in the consolidated, in the amount of R\$ 385,655 relates mainly to:

i) Other expenses in JBS Argentina in the amount of R\$ 10,173, related to the labor indemnity, result of the sale of fixed assets and others with less sprayed representativeness;

ii) Other income in JBS USA in the amount of R\$ 30,690, basically due to rental income and income from sale of fixed assets and scrap;

iii) Other expenses in JBS Foods in the amount of R\$ 2,451, basically due to donations to political parties, gain on sale of fixed assets and others with less representativeness;

iv) Other expenses in the Company in the amount of R\$ 403,721 referring basically due to the donations to political parties, result of the sale of fixed assets and others, individually with less representativeness.

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27 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	
	2014	2013
Net income attributable to shareholders - R\$	2,035,910	926,907
Average of the shares in the period - thousands	2,943,644	2,943,644
Average of the shares in the Treasury - thousands	(61,907)	(76,762)
Average of shares circulating - thousands	2,881,737	2,866,882
Net income per thousand shares - Basic - R\$	706.49	323.32

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 30) through historical analysis is expected to be settled by future delivery, and therefore is not potentially dilutive.

28 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, 2014, due to accumulated amortization of the amount based on the payments period, the Company has a residual amount of R\$ 4,919 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 from Bertin S.A. through the consent of the holders of such Notes. These costs are maintained prominently in a reduction account of the liability. On December 31, 2014, because of accumulated amortization based on the recorded payments term period reduction, the Company has a residual amount of R\$ 2,646 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 December 31, 2014 due to accumulated amortization of the amount based on the payments term period, the Company has a residual amount of R\$ 23,458 of transaction cost related to the debt that will continue to be amortized in accordance with the period of the contract.

On October 2013, the Company incurred in R\$ 15,630 related to the transaction costs of the process of raising funds through issues of Senior Notes Offering (Bonds) in the amount of US\$ 1 billion in October 2013, which accounting is kept prominently in a reduction account of liability. On December 31, 2014 due to accumulated amortization of the amount based on the payments term period, the Company has a residual amount of R\$ 12,852 of transaction cost related to the debt that will continue to be amortized in accordance with the period of the contract.

On April, 2014, the Company incurred in R\$ 9,924 related to the transaction costs of the process of raising funds through issues of Senior Notes Offering (Bonds) in the amount of US\$ 750 million in April 2014, which accounting is kept prominently in a reduction account of liability. On December 31, 2014 due to accumulated amortization of the amount based on the payments term period, the Company has a residual amount of R\$ 9,420 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 billion, which accounting is maintained in a reduction account of the loan. On December 31, 2014, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R\$ 2,951 of transaction cost related to debt that will continue to be amortized according to the period of the contract.

In October 2013, the Company incurred in R\$ 4,800 related to the transaction costs of the processes of funding Working capital in the amount of R\$ 800,000 which accounting is maintained in a reduction account of the loan. On December 31, 2014, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R\$ 3,300 of transaction cost related to debt that will continue to be amortized according to the period of the contract.



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In February 2014, the Company incurred in R\$ 843 related to the transaction costs of the processes of funding prepayment export (PPE) in the amount of R\$ 144,471 which accounting is maintained in a reduction account of the loan. On December 31, 2014, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R\$ 685 of transaction cost related to debt that will continue to be amortized according to the period of the contract.

29 Defined Benefit and Contribution Plans

JBS Plans

The Company 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 the Company, 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 ("IRC"). The Company's expenses related to the matching provisions of the plan were \$7.1 million (R\$ 18,739) and \$6.4 million (R\$ 13,809) for the years ended December 31, 2014 and 2013, respectively.

One of the Company's facilities participates in a multi-employer pension plan. The Company's contributions to this plan, which are included in cost of goods sold in the Consolidated Statements of Income, were \$440 thousand (R\$ 1,161) and \$426 thousand (R\$ 919) for the years ended on December 31, 2014 and 2013, respectively. Pursuant to a settlement agreement, the Company also participates in a multi-employer pension plan related to former employees at the idle Nampa, Idaho plant. The Company made contributions to this plan of \$75 thousand (R\$ 198) and \$71 thousand (R\$ 153) for the years ended on December 31, 2014 and 2013, respectively.

One of the Company's facilities participates in a supplemental executive retirement plan. During the years ended on December 31, 2014 and 2013, the Company recognized expense for this plan of \$594 thousand (R\$ 1,568) and \$54 thousand (R\$ 117), respectively, which is included in general and administrative expenses in the Consolidated Statements of Income.

Employees of JBS Australia do not participate in the Company's 401(k) Savings Plan. Under Australian law, JBS Australia contributes a percentage of employee compensation to a Superannuation fund as required by the Australian "Superannuation Act of 1997". Effective July 1, 2013, the superannuation rate was increased to 9.25% of employee cash compensation. Effective July 1, 2014, the superannuation rate was increased to 9.5% of employee cash compensation. As the funds are administered by a third party, once this contribution is made to the Superannuation fund, JBS Australia has no obligation for payments to participants or oversight of the fund. The Company's expenses related to contributions to this fund totaled \$27.3 million (R\$ 72,055) and \$31.5 million (R\$ 67,965) for the years ended December 31, 2014 and 2013, respectively.

PPC Plans

PPC sponsors programs that provide retirement benefits to most of their employees. These programs include qualified defined benefit pension plans, non-qualified defined benefit retirement plans, a defined benefit postretirement life insurance plan and defined contribution retirement savings plans. Under all of PPC's retirement plans, PPC's expenses were \$5.9 million (R\$ 15,572) and \$7.5 million (R\$ 16,182) for the years ended December 31, 2014 and 2013, respectively.

Qualified Defined Benefit Pension Plans:

- the Pilgrim's Pride Retirement Plan for Union Employees (the "Union Plan");
- 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 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 IRC 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 "Retiree Life Plan").

PPC also assumed defined benefit postretirement medical and life insurance obligations, including the Retiree Life 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 change in benefit obligation, change in fair value of plan assets, funded status and amounts recognized in the Consolidated Balance Sheets for these plans were as follows:

Change in projected benefit obligation	December 31, 2014		December 31, 2013	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Projected benefit obligation, beginning of year	451,634	4,529	455,481	4,528
Interest cost	21,523	215	18,633	183
Actuarial losses	65,528	(27)	(56,960)	(216)
Benefits paid	(32,283)	-	(18,842)	-
Curtailments and settlements	(659)	(316)	-	(501)
Projected benefit obligation, end of year	505,743	4,401	398,312	3,994



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	December 31, 2014		December 31, 2013	
Change in plan assets	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Fair value of plan assets, beginning of the year	288,187	-	216,182	-
Actual return on plan assets	10,476	-	38,627	-
Contributions by employer	35,896	316	18,195	501
Benefits paid	(32,283)	-	(18,842)	-
Curtailments and settlements	(659)	(316)	-	(501)
Fair value of plan assets, end of year	301,617	-	254,162	-

	December 31, 2014		December 31, 2013	
Funded status	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Unfunded benefit obligation	(204,126)	(4,401)	(144,150)	(3,994)

	December 31, 2014		December 31, 2013	
Amounts recognized in the Consolidated Balance Sheets	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Accrued benefit cost, current	(24,896)	(342)	(21,426)	(347)
Accrued benefit cost, long-term	(179,230)	(4,059)	(122,724)	(3,647)
Net amount recognized	(204,126)	(4,401)	(144,150)	(3,994)

	December 31, 2014		December 31, 2013	
Amounts recognized in the Consolidated Income Statement	Pension Benefits	Other Benefits	Benefits	Other Benefits
Net actuarial losses	91,787	(203)	36,587	(272)

The accumulated benefit obligation for the defined benefit pension plans was \$190 million (R\$ 504,678) and \$170 million (R\$ 398,242) at December 31, 2014 and 2013, respectively. Each of PPC's defined benefit pension plans had an accumulated benefit obligation that exceeded the fair value of plan assets at both December 31, 2014 and 2013.

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

	December 31, 2014		December 31, 2013	
Net Periodic Benefit Cost	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Interest cost	21,387	214	17,162	168
Estimated return on plan assets	(16,821)	-	(11,636)	-
Settlement loss (gain)	245	(24)	-	(32)
Amortization of net loss (gain)	29	-	2,035	-
Net periodic benefit cost	4,840	190	7,561	136

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

	December 31, 2014		December 31, 2013	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Benefit obligation				
Discount rate	4.22%	4.22%	4.95%	4.95%
Net pension and other postretirement costs:				
Discount rate	4.95%	4.95%	4.22%	4.22%
Rate of compensation increase	NA	NA	NA	NA
Expected return on plan assets	6.00%	NA	6.00%	NA

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

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

	December 31, 2014	December 31, 2013
Equity securities	66%	68%
Fixed income securities	34%	32%
Total assets	100%	100%

Absent regulatory or statutory limitations, the target asset allocation for the investment of pension assets in the pooled separate accounts is 50% in each of fixed income securities and equity securities and the target asset allocation for the investment of pension assets in the common collective trust funds is 30% in fixed income securities and 70% in equity securities. The plans only invest in fixed income and equity instruments for which there is a ready public market. PPC develops their expected long-term rate of return assumptions based on the historical rates of returns for equity and fixed income securities of the type in which PPC's plans invest.

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The fair value measurements of plan assets fell into the following levels of the fair value hierarchy in December 31, 2014 and 2013:

	December 31, 2014			December 31, 2013		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and money market funds	88	-	88	644	-	644
Equity securities	-	199,303	199,303	-	171,431	171,431
Debt securities	-	102,227	102,227	-	82,087	82,087
Total assets	88	301,529	301,617	644	253,518	254,162

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 December 31, 2014 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
2015	35,747	302
2016	34,363	305
2017	33,208	305
2018	31,261	305
2019	29,957	305
Thereafter	138,539	1,469
Total	303,075	2,989

PPC anticipates contributing \$9.4 million (R\$ 24,968) and \$100 thousand (R\$ 234) to their pension and other postretirement plans, respectively, during the remainder of 2015.

Unrecognized Benefit Amounts in Other Comprehensive Income

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

	December 31, 2014		December 31, 2013	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Net actuarial loss (gain), beginning of the year	20,537	(201)	95,225	2
Amortization	(29)	-	(2,035)	-
Curtailment and settlement adjustments	(245)	24	-	32
Liability loss (gain)	65,113	(26)	(52,463)	-
Asset loss (gain)	6,411	-	(23,939)	(199)
Net actuarial loss (gain), end of the year	91,787	(203)	16,788	(165)

Defined Contribution Plans

PPC currently

- 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% of the first 2.14% to 6% of salary based on the salary deferral and compensation levels up to \$245 thousand (R\$ 651). The To-Ricos Plan is maintained for certain eligible Puerto Rican employees. Under the To-Ricos Plan, eligible employees may voluntarily contribute a percentage of their compensation and there are various company matching provisions.

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

PPC Incentive Compensation:

PPC 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 IRC, nonqualified stock options, stock appreciation rights, restricted stock awards ("RSAs") and restricted stock units ("RSUs"). At December 31, 2014, PPC has reserved approximately 6.6 million shares of common stock for future issuance under the LTIP.

The following awards existed at December 31, 2014:

Award Type	Benefit Plan	Award Quantity	Grant Date	Vesting Condition	Vesting Date	Estimate Forfeiture Rate	Settlement Method
RSA	Employment	100,000	Jan 14, 2011	Service	Jan 03, 2014	-	Stock
RSA	LTIP	72,675	Aug 27, 2012	Service	Apr 27, 2014	-	Stock
RSU	LTIP	608,561	Feb 4, 2013	Service	Dec 31, 2014	9.66%	Stock
RSA	LTIP	15,000	Feb 25, 2013	Service	Feb 24, 2015	-	Stock
RSA	LTIP	15,000	Feb 25, 2013	Service	Feb 24, 2016	-	Stock
RSU	LTIP	206,933	Feb 26, 2013	Service	Dec 31, 2014	-	Stock
RSU	LTIP	462,518	Feb 19, 2014	Service	Dec 31, 2016	13.49%	Stock

The fair value of each RSA and RSU granted represents the closing price of PPC's common stock on the respective grant date.



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

	December 31, 2014	December 31, 2013
Share-based compensation costs:		
Costs of goods sold	1,043	779
Selling, general and administrative expenses	11,964	6,441
Total	13,007	7,220
Income tax benefit	3,500	1,016

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

	December 31, 2014		December 31, 2013	
	Number	Weighted Average	Number	Weighted Average
RSAs:				
Outstanding at beginning of year	203	17	273	14
Granted	-	-	30	19
Vested	(173)	16	(100)	15
Outstanding at end of year	30	23	203	14
RSUs:				
Outstanding at beginning of year	729	23	-	-
Granted	463	44	815	19
Forfeited	(72)	27	(86)	19
Outstanding at end of year	1,120	32	729	19

The total fair value of shares vested during the years ended on December 31, 2014 and 2013 was \$1.1 million (R\$ 2,922) and \$700 thousand (R\$ 1,640), respectively.

At December 31, 2014, the total unrecognized compensation cost related to all nonvested awards was \$5.9 million (R\$ 15,572). That cost is expected to be recognized over a weighted average period of 2 years.

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

Bertin USA Plans

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

Bertin USA also provides certain health care and life insurance benefits for certain retired and terminated employees based on contractual obligations incurred by the previous owners of JBS USA Trading, Inc., formerly known as SB Holdings, Inc., doing business as The Tupman Thurlow Co., Inc. Bertin USA has elected immediate recognition of the unfunded accumulated postretirement benefit obligation in conjunction with the purchase of the common stock of JBS USA Trading. The postretirement payments are funded in monthly installments. For the years ended December 31, 2014 and 2013, service cost, interest cost, estimated return on plan assets and net periodic benefit cost were immaterial.

During the years ended December 31, 2014 and 2013, Bertin USA funded \$271 thousand (R\$ 715) and \$287 thousand (R\$ 619), 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\$ 7,454). 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 \$4.6 million (R\$12,141) and \$4.4 million (R\$ 9,278) for the years ended on December 31, 2014 and 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 company or a trust company) under which contributions are made by individuals and a retirement income is payable at maturity. Contributions are tax deductible and investment earnings are tax-free. Payments out of a RRSP are taxable upon receipt. JBS Canada offers a group of RRSPs issued by Sun Life Assurance Company of Canada. JBS Canada's expenses related to the matching provisions of the plan were \$900 thousand (R\$ 2,375) and \$1.3 million (R\$ 2,805) for the years ended on December 31, 2014 and 2013, respectively.

JBS Foods Plans

JBS Foods offers to its employees additional benefit pension plan. The Pension Plan is closed and managed by Multipensions Bradesco. Since May 20, 2010, the defined benefit plan is closed to new members.

In addition, the plan guarantees the employee the right to continue health care after shutdown of the company. On December 31, 2014 this liability is recorded in the amount of R\$ 11,728.

The technical report used to calculate the need for new provisions is held annually, being the last calculation performed on December 31, 2014 and is therefore not expect significant changes for the short-term due to the immateriality of the balances.

30 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 30, 2016. The customer's 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.



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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 December 31, 2014 was 2.3%. In the event of default, the Supply Agreement provides for a conversion into shares of common stock of JBS USA Holdings based on a formula stipulated in the Supply Agreement. Assuming default had occurred on December 31, 2014, 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 December 31, 2014. 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 December 31, 2014 and 2013 was approximately \$100.8 million, being R\$ 267,745 and R\$ 236,134, respectively. At December 31, 2014 and 2013, JBS USA had accrued interest of \$6.5 million (R\$ 17.265) and \$4.1 million (R\$ 9.605), respectively. At December 31, 2014 and 2013, other deferred revenue was \$9.4 million (R\$ 24.968) and \$2.5 million (R\$ 5.857), respectively.

31 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 (Brazil, Argentina, Paraguay and Uruguay).

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

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

The Pork segment is presented by the segment of slaughters, processing, cold storage of pork meat, delivers "in natura" meat and manufacture of products and subproducts of the same origin. It operates in Brazil and Unites States of America, servicing the internal and the foreign market. The products also include specific industrial standards cuts, refrigerated.

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

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

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

The information per businesses' operational segment, analyzed by the Executive Board of Officers, and related to the period ended on December 31, 2014 and 2013, are as following:

Net revenue by product modality:

	2014	2013
Net revenue of the segment		
Beef	74,296,387	60,428,280
Chicken	29,084,489	21,038,991
Pork	12,288,497	7,927,262
Others	4,800,346	3,508,265
Total	120,469,719	92,902,798

Depreciation by product modality:

	2014	2013
Depreciation and amortization		
Beef	827,963	763,589
Chicken	1,241,583	957,224
Pork	229,181	93,156
Others	248,050	224,848
Total	2,546,777	2,038,817

Assets by modality of product:

	December 31, 2014	December 31, 2013
Assets		
Beef	38,750,314	41,218,032
Chicken	18,986,167	13,817,172
Pork	6,136,535	4,516,202
Others	18,170,666	9,118,815
Total	82,043,682	68,670,221

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Net revenues by geographic area:

	2014	2013
Net revenue		
United States of America	79,206,777	65,126,919
South America	39,082,053	25,820,529
Others	2,180,889	1,955,350
Total	120,469,719	92,902,798

Depreciation by geographic area:

	2014	2013
Depreciation and amortization		
United States of America	1,411,684	1,305,725
South America	1,125,484	715,315
Others	9,609	17,777
Total	2,546,777	2,038,817

Assets by geographic area:

	December 31, 2014	December 31, 2013
Assets		
United States of America	23,823,509	19,889,926
South America	57,708,970	46,696,020
Others	511,203	2,084,275
Total	82,043,682	68,670,221

32 Expenses by nature

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

Company Classification by nature	Company		Consolidated	
	2014	2013	2014	2013
Depreciation and amortization	(570,514)	(515,215)	(2,546,777)	(2,038,817)
Personnel expense	(2,623,481)	(1,893,446)	(11,846,712)	(9,260,005)
Raw material use and consumption materials	(20,777,980)	(16,614,887)	(96,349,744)	(77,239,518)
Taxes, fees and contributions	(2,263,235)	(2,462,340)	(5,011,202)	(3,508,676)
Third party capital remuneration	(7,503,377)	(6,435,043)	(10,749,847)	(8,100,544)
Other income, net	5,731,574	7,197,903	10,200,283	9,013,035
	(28,007,013)	(20,723,028)	(116,303,999)	(91,134,525)
Classification by function	2014	2013	2014	2013
Cost of goods sold	(20,401,293)	(15,808,619)	(101,796,347)	(81,056,088)
Selling expenses	(2,739,927)	(2,183,117)	(7,154,335)	(5,262,199)
General and administrative Expenses	(1,610,677)	(1,072,208)	(3,330,042)	(2,519,993)
Financial expense, net	(2,851,395)	(1,648,833)	(3,637,620)	(2,380,331)
Other expense, net	(403,721)	(10,251)	(385,655)	84,086
	(28,007,013)	(20,723,028)	(116,303,999)	(91,134,525)

33 Insurance coverage

As of December 31, 2014, in the Company, 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 December 31, 2014 was of US\$ 32 million (equivalent to R\$ 84,998).

Regarding the subsidiary JBS USA, located in the USA, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for December 31, 2014 was of US\$ 250 million (equivalent to R\$ 664,050).

Regarding the JBS Foods S.A., the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for December 31, 2014 was of R\$ 150,000.

34 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 Financial and Commodities Risk Management Policy defined by the Risk Management Committee and approved by the Board of 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. Their proposals are submitted to the Risk Management Committee for further submission to the Board of Directors, which supervises the implementation of new solutions, noting limitations of scope and guidelines of the Financial and Commodities Risk Management Policy.



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a) Market Risk

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

It is the function of the Risk Management Department to ensure that other areas of operations are within the exposure limits set by management, are financially protected against price fluctuations, centralizing the exposures and applying the Financial and Commodities 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 (VaR) to measure the net exposure as well as the cash flow risk with 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 - Interbank Deposit Certificate), TJLP (Taxa de Juros de Longo Prazo - Long Term Interest Rate), UMBNDES (Unidade Monetária do BNDES - BNDES Monetary Unit), LIBOR (London Interbank Offer Rate) and EURIBOR (Euro Interbank Offer Rate), among others. The Financial and Commodities Risk Management Policy does not define the proportion between float and fixed exposures, but the Risk Management Department monitors market conditions and may propose to the Risk Management Committee strategies to rebalance the exposure.

The Board understands that quantitative figures regarding the exposure to interest rate risks of the Company and its subsidiaries on December 31, 2014 and 2013 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period in accordance with paragraph 35 of CPC 40 R1.

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Net liabilities and assets exposure to CDI rate:				
NCE / Compror / Others	(5,656,305)	(6,552,326)	(6,807,645)	(7,026,294)
CDB-DI	4,509,936	3,148,005	4,775,249	3,236,034
Investment funds, LCA-DI and national treasury bill	804,738	286,719	1,766,650	1,063,744
Total	(341,631)	(3,117,602)	(265,746)	(2,726,516)
Liabilities exposure to LIBOR/EURIBOR rate:				
Working Capital - Euro	(38,192)	(44,119)	(198,295)	(183,304)
Working Capital - USD	-	-	(916,307)	(314,060)
Pre-payment	(936,809)	(2,712,803)	(4,213,104)	(3,971,327)
Others	-	-	(418,475)	(357,182)
Total	(975,001)	(2,756,922)	(5,746,181)	(4,825,873)
Liabilities exposure to TJLP rate:				
FINAME	(360,704)	(303,606)	(398,385)	(333,905)
BNDES Automatic	-	(1,222)	-	(1,222)
CDC	(11,898)	(7,214)	(11,898)	(7,214)
Total	(372,602)	(312,042)	(410,283)	(342,341)
Liabilities exposure to UMBNDES:				
CCB - BNDES	-	-	(57,080)	-
Total	-	-	(57,080)	-

Sensitivity analysis

The Company's operations are indexed to float rates such as TJLP, CDI, Libor, Euribor and UMBNDES. 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 December 31, 2014, 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 financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk analysis (VaR) for a confidence interval of 99% and a horizon of one day. The results of this analysis are shown below:

Exposure	Risk	Effect on income - Company		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Interest rate variation - 25%	Scenario (III) Interest rate variation - 50%
Contracts indexed to CDI	Increase on interest rate CDI	(157)	(9,882)	(19,763)
Contracts indexed to Libor / Euribor	Increase on interest rate Libor / Euribor	(1)	(1,533)	(3,065)
Contracts indexed to TJLP	Increase on interest rate TJLP	-	(4,658)	(9,315)
		(158)	(16,073)	(32,143)

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Exposure	Risk	Effect on income - Consolidated		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Interest rate variation - 25%	Scenario (III) Interest rate variation - 50%
Contracts indexed to CDI	Increase on interest rate CDI	(123)	(7,687)	(15,373)
Contracts indexed to Libor / Euribor	Increase on interest rate Libor / Euribor	(6)	(9,033)	(18,066)
Contracts indexed to TJLP	Increase on interest rate TJLP	-	(5,129)	(10,257)
Contracts indexed to UMBNDES	Increase on UMBNDES	(1,031)	(14,270)	(28,540)
		(1,160)	(36,119)	(72,236)

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	11.5700%	11.6161%	14.4625%	17.3550%
Interest Libor / Euribor	Increase on interest rate	0.6288%	0.6289%	0.7860%	0.9432%
Interest TJLP	Increase on interest rate	5.0000%	5.0000%	6.2500%	7.5000%
UMBNDDES	Increase on UMBNDES	0.0518	0.0528	0.0648	0.0777

a.2) Exchange rate risk of Company

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 exchange rate, however the Financial and Commodities 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 by the Board of Directors 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. In the Company, the main exposures to exchange rate risk are in US Dollars (US\$), Canadian Dollars (C\$), Euros (€) and the British Pound (£). In the consolidated, the Company discloses its exposure in relation on each indexer based on the functional currency of the country, highlighting the operations indexed to the US Dollars (US\$), in Australia, which the functional currency is Australian Dollar (AUD) and Mexico, which the functional currency is the Mexican Pesos (MXN) of JBS USA's subsidiaries. In addition, the others JBS USA's subsidiaries also have exposures in Japanese Yen (JPY) e New Zealand Dollars (NZD), of less representativeness.

The Board understands that quantitative figures regarding the foreign currency exposure risk of the Company on December 31, 2014 and 2013 are presented below in accordance with the Financial and Commodities 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 exchange as a result of financial and commercial operations.

A) EXPOSURE in US\$ (American Dollar)	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
OPERATING				
Cash and cash equivalents	2,178,112	1,512,407	3,448,839	1,933,060
Trade accounts receivable	2,406,882	2,960,113	3,384,133	4,902,755
Inventories	-	39,705	-	39,705
Sales orders	705,399	753,257	1,271,129	1,100,522
Trade accounts payable	(63,515)	(39,462)	(140,452)	(1,271,573)
Purchase orders	-	-	(256,393)	(189,284)
Subtotal	5,226,878	5,226,020	7,707,256	6,515,185
FINANCIAL				
Related parties transaction (net)	(14,145)	-	-	-
Loans and financings	(17,320,720)	(13,863,985)	(22,299,809)	(14,965,671)
Subtotal	(17,334,865)	(13,863,985)	(22,299,809)	(14,965,671)
Total exposure	(12,107,987)	(8,637,965)	(14,592,553)	(8,450,486)
DERIVATIVES				
Future contracts	6,820,724	4,110,677	7,786,253	4,110,677
Non Deliverable Forwards (NDF's)	12,165,396	7,383,641	13,662,776	7,383,641
Swap (Assets)	22,464	358,393	139,460	733,209
Swap (Liabilities)	(22,758)	(360,553)	(22,758)	(360,553)
Total of derivatives	18,985,826	11,492,158	21,565,731	11,866,974
NET EXPOSURE	6,877,839	2,854,193	6,973,178	3,416,488

The Board understands that quantitative figures regarding the foreign currency exposure risk of the Company on December 31, 2014 and 2013 are presented above in accordance with the Financial and Commodities Risk Management Policy approved by the Board of Directors.

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Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on December 31, 2014, 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 financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk analysis (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 of R\$ (Real) - Company	Risk	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Financial	R\$ depreciation	(343,278)	(4,334,043)	(8,667,433)
Operating	R\$ appreciation	103,506	1,306,818	2,613,439
Hedge derivatives	R\$ appreciation	375,971	41,067,505	9,492,913
		136,199	38,040,280	3,438,919
Effect on income - Consolidated		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Exposure of R\$ (Real) - Consolidated	Risk			
Financial	R\$ depreciation	(441,597)	(5,575,372)	(11,149,905)
Operating	R\$ appreciation	152,625	1,926,959	3,853,628
Hedge derivatives	R\$ appreciation	427,060	5,391,839	10,782,866
		138,088	1,743,426	3,486,589
Premises	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Depreciation of the R\$ against dollar	2.6562	2.7088	3.3203	3.9843

B) EXPOSURE in C\$ (Canadian Dollar)	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
OPERATING				
Cash and cash equivalents	3,274	-	3,277	1
Trade accounts receivable	1,165	1,357	10,217	4,197
Trade accounts payable	(10)	-	(10)	-
Subtotal	4,429	1,357	13,484	4,198
Total exposure	4,429	1,357	13,484	4,198
DERIVATIVES				
Future contracts	(4,126)	-	(4,126)	-
Non Deliverable Forwards (NDF's)	-	-	(32,360)	-
Total of derivatives	(4,126)	-	(36,486)	-
NET EXPOSURE	303	1,357	(23,002)	4,198

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on December 31, 2014, 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 financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk analysis (VaR) for a confidence interval of 99% and a horizon of one day. The results of this analysis are shown below:

Exchange rate risk (C\$ - Canadian Dollar)		Effect on income - Company		
Exposure of R\$ (Real) - Company	Risk	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Operating	R\$ appreciation	82	1,107	2,215
Hedge derivatives	R\$ depreciation	(76)	(1,032)	(2,063)
		6	75	152

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Exposure of R\$ (Real) - Consolidated	Risk	Effect on income - Consolidated		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Operating	R\$ appreciation	249	3,371	6,742
Hedge derivatives	R\$ depreciation	(675)	(9,122)	(18,243)
		(426)	(5,751)	(11,501)
Premises	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Depreciation of the R\$ against Canadian dollar	2.2920	2.3344	2.8650	3.4380

C) EXPOSURE in €(EURO)	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
OPERATING				
Cash and cash equivalents	43,904	73,890	44,061	74,581
Trade accounts receivable	43,671	128,347	73,603	142,536
Sales orders	1,505	269,236	3,153	269,236
Trade accounts payable	(18,965)	(20,095)	(30,384)	(21,062)
Purchase orders	-	-	(9,898)	-
Subtotal	70,115	451,378	80,535	465,291
FINANCIAL				
Loans and financings	-	-	706,148	682,187
Subtotal	-	-	706,148	682,187
Total exposure	70,115	451,378	786,683	1,147,478
DERIVATIVES				
Future contracts	32,270	(282,619)	48,405	(282,619)
Non Deliverable Forwards (NDF's)	-	(161,325)	(1,474)	(161,325)
Total of derivatives	32,270	(443,944)	46,931	(443,944)
NET EXPOSURE	102,385	7,434	833,614	703,534

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on December 31, 2014, 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 financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk analysis (VaR) for a confidence interval of 99% and a horizon of one day. The results of this analysis are shown below:

Exchange rate risk (€- EURO)		Effect on income - Company		
Exposure of R\$ (Real) - Company	Risk	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Operating	R\$ appreciation	1,521	17,530	35,058
Hedge derivatives	R\$ appreciation	700	8,068	16,135
		2,221	25,598	51,193
		Effect on income - Consolidated		
Exposure of R\$ (Real) - Consolidated	Risk	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Operating	R\$ appreciation	1,747	20,135	40,268
Financial	R\$ appreciation	15,318	176,548	353,074
Hedge derivatives	R\$ appreciation	1,018	11,733	23,466
		18,083	208,416	416,808
Premises	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Depreciation of the R\$ against euro	3.2270	3.2970	4.0338	4.8405

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D) EXPOSURE in £ (British Pound)	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
OPERATING				
Cash and cash equivalents	-	1,853	4,126	3,820
Trade accounts receivable	49,969	49,840	104,154	102,609
Sales orders	1,149	54,542	97,186	97,736
Trade accounts payable	(195)	-	(195)	-
Subtotal	50,923	106,235	205,271	204,165
Total exposure	50,923	106,235	205,271	204,165
DERIVATIVES				
Future contracts	(21,738)	(105,404)	(31,158)	(105,404)
Non Deliverable Forwards (NDF's)	(103,513)	-	(186,025)	-
Total of derivatives	(125,251)	(105,404)	(217,183)	(105,404)
NET EXPOSURE	(74,328)	831	(11,912)	98,761

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on December 31, 2014, 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 financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk analysis (VaR) for a confidence interval of 99% and a horizon of one day. The results of this analysis are shown below:

Exchange rate risk £ (British Pound)		Effect on income - Company		
Exposure of R\$ (Real) - Company	Risk	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Operating	R\$ appreciation	1,032	12,730	25,462
Hedge derivatives	R\$ depreciation	(2,538)	(31,312)	(62,627)
		(1,506)	(18,582)	(37,165)
		Effect on income - Consolidated		
Exposure of R\$ (Real) - Consolidated	Risk	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Operating	R\$ appreciation	4,159	51,317	102,638
Hedge derivatives	R\$ depreciation	(4,401)	(54,294)	(108,594)
		(242)	(2,977)	(5,956)
Premises	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Depreciation of the R\$ against British pound	4.1405	4.2244	5.1756	6.2108

a.2.1) Position balance in foreign exchange futures
US\$ (American Dollar)
December 31, 2014
Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
US\$ (American Dollar)	Future	Long	14,760	1,960,276	(33,215)
DDI	Future	Long	36,597	4,860,448	(117,438)
				6,820,724	(150,653)

December 31, 2013
Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
US\$	Future	Long	35,095	4,110,677	37,476
				4,110,677	37,476



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C\$ (Canadian Dollar)**December 31, 2014**Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
Canadian Dollar	Future	Short	30	(4,126)	71
				(4,126)	71

€(EURO)**December 31, 2014**Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
Euro	Future	Long	200	32,270	(601)
				32,270	(601)

December 31, 2013Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
Euro	Future	Short	1,720	(282,619)	(2,693)
				(282,619)	(2,693)

£ (British Pound)**December 31, 2014**Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
British Pound	Future	Long	150	(21,738)	404
				(21,738)	404

December 31, 2013Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
British Pound	Future	Short	766	(105,404)	(928)
				(105,404)	(928)

a.2.2) Position Balance in foreign exchange swaps

Swaps are derivatives used to hedge net exchange exposures of assets and liabilities of the Company and its subsidiaries and are classified as financial assets or liabilities measured at fair value through profit or loss.

Swap (US\$)

Initial date Swap	Notional US\$	Notional R\$	Expiry date	Fair value (receivable) - R\$	Fair value (payable) - R\$	December 31, 2014
Feb 3, 2009	26,317	69,903	Feb 4, 2015	22,464	(22,758)	(294)
	26,317	69,903		22,464	(22,758)	(294)
Initial date Swap	Notional US\$	Notional R\$	Expiry date	Fair value (receivable) - R\$	Fair value (payable) - R\$	December 31, 2013
Feb 3, 2009	26,317	61,650	Feb 4, 2015	60,994	(62,387)	(1,393)
Aug 22, 2013	25,000	58,565	Aug 27, 2014	59,573	(59,680)	(107)
May 29, 2013	100,000	234,260	Sep 05, 2014	237,826	(238,486)	(660)
	151,317	354,475		358,393	(360,553)	(2,160)

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a.2.3) NDF's (Non deliverable forwards)
US\$ (American Dollar)

Risk factor	Instrument	Nature	Notional - USD	Notional - R\$	December 31, 2014	December 31, 2013
Dollar	NDF	Long	4,580,000	12,165,396	(147,741)	119,380
			4,580,000	12,165,396	(147,741)	119,380

€(EURO)

Risk factor	Instrument	Nature	Notional - €	Notional - R\$	December 31, 2014	December 31, 2013
Euro	NDF	Short	-	-	-	(6,831)
			-	-	-	(6,831)

£ (British Pound)

Risk factor	Instrument	Nature	Notional - €	Notional - R\$	December 31, 2014	December 31, 2013
British Pound	NDF	Short	(25,000)	(103,513)	(2,903)	-
			(25,000)	(103,513)	(2,903)	-

a.4) 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 Committee is responsible for mapping the exposures to commodity prices of the Company and its subsidiaries and propose strategies to the Risk Management Committee, in order to mitigate such exposures.

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 this purchase, ensuring minimum price and volume to the materials purchased for a planning horizon pre-defined by the Risk Management Committee and approved by the Board of Directors, 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.4.1) 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 management, 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 anticipated purchases contracts for future delivery through future contracts of cattle on BM&F, aimed at bringing the position to zero 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 December 31, 2014 and 2013 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period in accordance with paragraph 35 of CPC 40 R1.

EXPOSURE	December 31, 2014	December 31, 2013
Firm Contracts of cattle purchase	36,953	36,241
TOTAL	36,953	36,241

Composition of derivative financial instruments to hedge of cattle purchase price

Derivative	Maturity	Receivable	Payable	Counterpart of the principal amount	Reference value (notional R\$)	Market Value R\$
Future contracts (BM&F)	January, 2015 to October, 2015	R\$	Cattle @ (15 kg)	BM&F	(25,871)	9
					(25,871)	9

Sensitivity analysis
Price risk of cattle purchase

Exposure	Risk	Effect on income - Company		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) @ Variation - 25%	Scenario (III) @ Variation - 50%
Operational	@ (15kg) Depreciation	355	9,238	18,477
Hedging derivatives of cattle @ (15kg) price	@ (15kg) Appreciation	(248)	(6,468)	(12,936)
		107	2,770	5,541

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Premises	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) @ Variation - 25%	Scenario (III) @ Variation - 50%
Appreciation of the price quote of @ (15kg)	147.1300	148.5416	183.9125	220.6950

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

a.4.2) Position balance in commodities (corn) derivatives financial instruments of the Company

The business segment of the Company in its division Confinamento and its subsidiary JBS Foods S.A. 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 hedging with 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 December 31, 2014 and 2013 are presented below in accordance with the Financial and Commodities Risk Management Policy. On December 31, 2014 the Company had no position balance of derivatives financial instruments related to the commodity price risk of corn.

a.4.3) Position balance in commodities derivatives financial instruments of JBS USA

The Company understands that quantitative figures regarding the exposure risk of the commodities' price changes of the subsidiary JBS USA on December 31, 2014 and 2013 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of exposure incurred during the period in accordance with paragraph 35 of CPC 40 R1.

EXPOSURE	JBS USA subsidiary	
	December 31, 2014	December 31, 2013
OPERACIONAL		
Forwards - commodities	(3,936,680)	(7,129,630)
Subtotal	(3,936,680)	(7,129,630)
DERIVATIVES		
Future and option commodity contracts	5,662,129	4,840,304
Subtotal	5,662,129	4,840,304
TOTAL EXPOSURE	1,725,449	(2,289,326)

Sensitivity analysis

Commodities risk JBS USA		Effect on income - JBS USA subsidiary		
Exposure	Risk	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Price variation - 25%	Scenario (III) Price Variation - 50%
Operational	Commodities price depreciation	(55,445)	(984,170)	(1,968,340)
Hedging derivatives	Commodities price appreciation	79,746	1,415,532	2,831,064
		24,301	431,362	862,724
Premises		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Increase of commodities price		1.408%	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 Financial and Commodities 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.

In case of the counterparty of a financial operation is a financial institution (investments and hedging contracts), the Company employs exposure limits set by the Risk Management Committee and approved by the Board of Directors, 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 (% Equity). In conjunction, the maturity of the application should be no longer than the maximum horizon.

Category	% Equity	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



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Observations:

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

Besides private bonds, the Company can also invest funds in federal national treasury bill: LFT, LTN, NTN-F and NTN-B. For these cases there is no pre-established limits. It is also permitted to invest in fixed income funds of low risk that have policy of investment applications in assets directly related to the basic interest rate (SELIC).

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

		Company		Consolidated	
	Note	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Assets					
Cash and cash equivalents	5	9,503,923	5,223,978	14,910,427	9,013,147
Trade accounts receivable	6	3,502,612	4,087,073	9,577,548	8,919,926
Credits with related parties	10	3,301,146	1,784,948	370,072	733,958
		16,307,681	11,095,999	24,858,047	18,667,031
Trade accounts receivable, net					
		Company		Consolidated	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Current receivables		3,265,933	3,981,264	8,305,274	7,866,991
Overdue receivables:					
From 1 to 30 days		229,464	111,388	1,085,777	840,843
From 31 to 60 days		14,696	9,527	127,764	109,287
From 61 to 90 days		20,906	2,990	59,952	80,982
Above 90 days		60,198	70,489	191,148	232,266
Allowance for doubtful accounts		(88,585)	(88,585)	(192,367)	(210,443)
		236,679	105,809	1,272,274	1,052,935
		3,502,612	4,087,073	9,577,548	8,919,926

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 acid test ratio, 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 the Company would like to achieve.

The index of liquidity and leverage consolidated are shown below:

	Consolidated	
	December 31, 2014	December 31, 2013
Cash and cash equivalents	14,910,427	9,013,147
Loans and financings - Current	13,686,975	9,430,892
Acid test ratio	1.09	0.96
Leverage indicator	2,1x	3,7x

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.

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

Company	December 31, 2014				Fair Value
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	
Trade accounts payable	(1,567,402)	-	-	-	(1,567,402)
Debits with related parties	-	-	-	(140,695)	(140,695)
Loans and financings	(9,567,475)	(3,276,569)	(3,639,882)	(6,772,633)	(23,256,559)
Derivatives financing (liabilities) assets	(279,890)	-	-	-	(279,890)
TOTAL	(11,414,767)	(3,276,569)	(3,639,882)	(6,913,328)	(25,244,546)

	December 31, 2013				Fair Value
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	
Trade accounts payable	(1,371,205)	-	-	-	(1,371,205)
Loans and financings	(6,839,122)	(2,514,791)	(6,972,220)	(4,266,838)	(20,592,971)
Derivatives financing (liabilities) assets	(9,958)	(247)	-	-	(10,205)
TOTAL	(8,220,285)	(2,515,038)	(6,972,220)	(4,266,838)	(21,974,381)

Consolidated	December 31, 2014				Fair Value
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	
Trade accounts payable	(6,942,933)	-	-	-	(6,942,933)
Loans and financings	(13,686,975)	(4,625,423)	(6,881,514)	(14,885,228)	(40,079,140)
Derivatives financing (liabilities) assets	(241,899)	-	-	-	(241,899)
TOTAL	(20,871,807)	(4,625,423)	(6,881,514)	(14,885,228)	(47,263,972)

	December 31, 2013				Fair Value
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	
Trade accounts payable	(5,342,388)	-	-	-	(5,342,388)
Loans and financings	(9,430,892)	(3,000,141)	(10,671,253)	(9,659,055)	(32,761,341)
Derivatives financing (liabilities) assets	(12,311)	(560)	(1,413)	-	(14,284)
TOTAL	(14,785,591)	(3,000,701)	(10,672,666)	(9,659,055)	(38,118,013)

d) Estimated market values

The assets and liabilities are represented in the 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 December 31, 2014 is R\$ 1,122,266 (R\$ 551,303 at December 31, 2013). 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 December 31, 2014 is R\$ 316,088 (R\$ 226,829 at December 31, 2013). 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.

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f) Financial instruments

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

		Company		Consolidated	
	Notes	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Assets					
Fair value through profit or loss					
Financial investments	5	5,314,674	3,434,724	6,541,899	4,299,778
Loans and receivables					
Cash and banks	5	4,189,249	1,789,254	8,368,528	4,713,369
Trade accounts receivable	6	3,502,612	4,087,073	9,577,548	8,919,926
Credits with related parties	10	3,301,146	1,784,948	370,072	733,958
Total		16,307,681	11,095,999	24,858,047	18,667,031
Liabilities					
Liabilities at amortized cost					
Loans and financings	15/16	(23,256,559)	(20,592,971)	(40,079,140)	(32,761,341)
Trade accounts payable	14	(1,567,402)	(1,371,205)	(6,942,933)	(5,342,388)
Debits with related parties	10	(140,695)	-	-	-
Fair value through profit or loss					
Payables derivatives		(279,890)	(10,205)	(241,899)	(14,284)
Total		(25,244,546)	(21,974,381)	(47,263,972)	(38,118,013)

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

g) Fair value of financial instruments

The assets and liabilities are represented in the financial statements at cost and their appropriations of revenues and expenses are accounted for in accordance with its expected realization or settlement. The future derivatives fair values are calculated based on daily settlements as a result of changes in market prices of futures and commodities. The swap is obtained by calculating independently the assets and liabilities legs, bringing them to 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

	December 31, 2014		
	Company		
	Level 1	Level 2	Level 3
Current assets			
National treasury bill - LFT	804,738	-	-
Financial investments	-	4,509,936	-
Current liabilities			
Payables derivatives	-	(279,890)	-
	Consolidated		
	Level 1	Level 2	Level 3
	Level 1	Level 2	Level 3
Current assets			
National treasury bill - LFT	1,766,650	-	-
Financial investments	-	4,775,249	-
Current liabilities			
Payables derivatives	-	(241,899)	-

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December 31, 2013			
Company			
	Level 1	Level 2	Level 3
Current assets			
National treasury bill - LFT	286,719	-	-
Financial investments	-	3,148,005	-
Current liabilities			
Payables derivatives	-	(10,205)	-
Consolidated			
	Level 1	Level 2	Level 3
Current assets			
National treasury bill - LFT and Financial investments	1,063,744	-	-
Financial investments	-	3,236,034	-
Current liabilities			
Payables derivatives	-	(14,284)	-

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:

		December 31, 2014		December 31, 2013	
Company	Note	Book value	Fair value	Book value	Fair value
Cash and banks	5	4,189,249	4,189,249	1,789,254	1,789,254
Financial investments	5	5,314,674	5,314,674	3,148,005	3,148,005
Trade accounts receivable	6	3,502,612	3,502,612	4,087,073	4,087,073
Related parties receivable	10	3,301,146	3,301,146	1,784,948	1,784,948
Total financial assets		16,307,681	16,307,681	10,809,280	10,809,280
Trade accounts payable	14	(1,567,402)	(1,567,402)	(1,371,205)	(1,371,205)
Debits with related parties	10	(140,695)	(140,695)	-	-
Derivatives		(279,890)	(279,890)	(10,205)	(10,205)
Loans and financings	15/16	(23,256,559)	(23,256,559)	(20,592,971)	(20,592,971)
Declared dividends	19	(484,013)	(484,013)	(220,494)	(220,494)
Payables related to facilities acquisitions	20	(92,798)	(92,798)	(158,607)	(158,607)
Total financial liabilities		(25,821,357)	(25,821,357)	(22,353,482)	(22,353,482)
		(9,513,676)	(9,513,676)	(11,544,202)	(11,544,202)

		December 31, 2014		December 31, 2013	
Consolidated	Note	Book value	Fair value	Book value	Fair value
Cash and banks	5	8,368,528	8,368,528	4,713,369	4,713,369
Financial investments	5	6,541,899	6,541,899	3,236,034	3,236,034
Trade accounts receivable	6	9,577,548	9,577,548	8,919,926	8,919,926
Related parties receivable	10	370,072	370,072	733,958	733,958
Total financial assets		24,858,047	24,858,047	17,603,287	17,603,287
Trade accounts payable	14	(6,942,933)	(6,942,933)	(5,342,388)	(5,342,388)
Derivatives		(241,899)	(241,899)	(14,284)	(14,284)
Loans and financings	15/16	(40,079,140)	(40,079,140)	(32,761,341)	(32,761,341)
Declared dividends	19	(484,013)	(484,013)	(220,494)	(220,494)
Payables related to facilities acquisitions	20	(835,342)	(835,342)	(727,749)	(727,749)
Total financial liabilities		(48,583,327)	(48,583,327)	(39,066,256)	(39,066,256)
		(23,725,280)	(23,725,280)	(21,462,969)	(21,462,969)

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 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.

JBS S.A.

Notes to the financial statements for the years ended on December 31, 2014 and 2013
(Expressed in thousands of reais)

	Company		Consolidated	
	2014	2013	2014	2013
Gains (losses) by category of financial instrument				
<i>Fair value through profit or loss</i>	1,174,324	944,553	1,974,768	1,036,903
<i>Loans and receivables</i>	314,355	316,320	314,464	432,538
<i>Liabilities at amortized cost</i>	(4,279,773)	(2,909,706)	(5,809,854)	(3,849,772)
Total	(2,791,094)	(1,648,833)	(3,520,622)	(2,380,331)

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EXECUTIVE BOARD

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

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

BOARD OF DIRECTORS

Joesley Mendonça Batista
Chairman

Wesley Mendonça Batista
Vice-Chairman

José Batista Sobrinho

Humberto Junqueira de Farias

Carlos Alberto Caser

João Carlos Ferraz

Marcio Percival Alves Pinto

Tarek Mohamed Noshay Nasr Mohamed Farahat

AUDIT COMMITTEE

Humberto Junqueira de Farias
Chairman

Paulo Sérgio Dortas

Silvio Roberto R. de Menezes Júnior

FISCAL COUNCIL REPORT

The Fiscal Council, in compliance with the legal and statutory requirements, reviewed the Annual Management Report and the financial statements of the Company for the period ended on December 31, 2014 and approved by the Board of Directors of the Company on March 9, 2015.

Based on our review, information and clarification received during the year and considering the Independent Auditors Review issued unqualified opinion by BDO RCS Auditores Independentes SS, dated on March 9, 2015, the Fiscal Council expresses the opinion that the documents are in conditions to be appreciate by the Ordinary and Extraordinary Shareholders Meeting

São Paulo, March 9, 2015.

Florisvaldo Caetano de Oliveira
Chairman

José Paulo da Silva Filho
Member

Demetrius Nichele Macei
Member

Amoreti Franco Gibbon
Member



JBS S.A.

Notes to the financial statements for the years ended on December 31, 2014 and 2013
(Expressed in thousands of reais)

STATEMENT OF OFFICERS ON THE FINANCIAL STATEMENTS AND ON THE INDEPENDENT AUDITORS REVIEW REPORT

The Company's Officers declare for the purposes of Article 25, paragraph 1, 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 review report of the independent auditors on the financial statements for the period ended on December 31, 2014, and

(ii) They reviewed, discussed and agreed with the financial statements for the period ended on December 31, 2014.

São Paulo, March 9, 2015.

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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