



JBS S.A.

Financial statements and Independent auditors' report

As of June 30, 2015 and 2014



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

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the individual and consolidated interim financial information of **JBS S.A. ("Company")** contained within the Quarterly Financial Information - ITR, identified as Company and Consolidated, respectively, for the quarter ended on June 30, 2015, which comprise the balance sheet on June 30, 2015 and the related statements of income and comprehensive income for three and six-month periods then ended, and the statements of changes in equity and cash flows for the six-month period then ended, as well as a summary of the significant accounting practices and other notes.

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

Scope of the review

We conducted our review in accordance with Brazilian and International Standard on Review of interim financial information (NBC TR 2410 and ISRE2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the individual and consolidated interim financial information

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

Other issues

Interim statements of added value

We have also reviewed the individual and consolidated interim statement of added value for the six-month period ended June 30, 2015, prepared under the responsibility of the Company's management, whose disclosure in the interim financial information is required in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Financial Information - ITR and considered as supplemental information by the International Financial Accounting Standards (IFRS), which do not require the disclosure of the Statement of Added Value. This statement was submitted to the same review procedures previously described and based on our review, we are not aware of any fact that would lead us to believe that they have not been fairly stated, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

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

São Paulo, August 12, 2015.



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


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

JBS S.A.
Balance sheets
(In thousands of Reais)

		Company		Consolidated	
	Note	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	9,322,215	9,503,923	13,907,712	14,910,427
Trade accounts receivable, net	6	3,738,503	3,502,612	11,098,152	9,577,548
Inventories	7	1,976,138	2,417,608	9,579,785	8,273,110
Biological assets	8	-	-	1,922,674	1,567,866
Recoverable taxes	9	1,385,257	1,310,521	2,489,701	2,300,624
Prepaid expenses		32,462	17,449	228,630	181,881
Other current assets		356,800	416,599	785,008	730,776
TOTAL CURRENT ASSETS		16,811,375	17,168,712	40,011,662	37,542,232
NONCURRENT ASSETS					
Long-term assets					
Recoverable taxes	9	768,493	779,147	1,556,369	1,546,038
Biological assets	8	-	-	714,690	633,689
Credits with related parties	10	859,211	3,160,451	652,455	370,072
Other noncurrent assets		592,990	506,785	2,595,571	2,121,092
Total long-term assets		2,220,694	4,446,383	5,519,085	4,670,891
Investments in associate, subsidiaries and joint ventures	11	14,569,567	10,161,077	339,432	295,350
Property, plant and equipment, net	12	10,872,243	10,590,430	27,524,199	24,098,697
Intangible assets, net	13	9,551,388	9,550,264	19,374,507	15,436,512
TOTAL NONCURRENT ASSETS		37,213,892	34,748,154	52,757,223	44,501,450
TOTAL ASSETS		54,025,267	51,916,866	92,768,885	82,043,682

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

JBS S.A.
Balance sheets
(In thousands of Reais)

		Company		Consolidated	
	Note	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade accounts payable	14	1,148,892	1,567,402	7,839,712	6,942,933
Loans and financings	15	10,600,562	9,567,475	15,982,578	13,686,975
Income taxes	18	-	-	54,956	505,799
Payroll, social charges and tax obligation	18	441,253	369,756	2,276,728	2,105,278
Declared dividends	19	1,281	484,013	1,281	484,013
Payables related to facilities acquisitions	20	16,172	47,894	278,069	344,881
Other current liabilities		1,158,134	740,635	1,067,351	798,122
TOTAL CURRENT LIABILITIES		13,366,294	12,777,175	27,500,675	24,868,001
NONCURRENT LIABILITIES					
Loans and financings	15	13,152,455	13,689,084	32,749,202	26,392,165
Payroll, social charges and tax obligation	18	138,709	151,199	713,988	639,114
Payables related to facilities acquisitions	20	41,250	44,904	282,174	490,461
Deferred income taxes	21	831,584	1,172,511	2,521,300	2,839,966
Provision for lawsuits risk	22	187,143	178,426	932,675	705,844
Other noncurrent liabilities		29,308	29,744	549,798	465,606
TOTAL NONCURRENT LIABILITIES		14,380,449	15,265,868	37,749,137	31,533,156
EQUITY					
	23				
Capital stock		23,576,206	21,506,247	23,576,206	21,506,247
Treasury shares		(483,686)	(451,700)	(483,686)	(451,700)
Capital transaction		117,008	90,338	117,008	90,338
Capital reserve		230,664	212,793	230,664	212,793
Revaluation reserve		85,873	87,877	85,873	87,877
Profit reserves		2,191,856	4,261,815	2,191,856	4,261,815
Valuation adjustments to equity in subsidiaries		217,337	101,658	217,337	101,658
Accumulated translation adjustments in subsidiaries		(1,132,588)	(1,935,205)	(1,132,588)	(1,935,205)
Retained earnings		1,475,854	-	1,475,854	-
Attributable to controlling interest		26,278,524	23,873,823	26,278,524	23,873,823
Attributable to noncontrolling interest		-	-	1,240,549	1,768,702
TOTAL EQUITY		26,278,524	23,873,823	27,519,073	25,642,525
TOTAL LIABILITIES AND EQUITY		54,025,267	51,916,866	92,768,885	82,043,682

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

JBS S.A.
Statements of income for the six months period ended on June 30, 2015 and 2014
(In thousands of Reais)

	Note	Company		Consolidated	
		2015	2014	2015	2014
NET REVENUE	24	13,785,220	12,179,579	72,724,353	55,387,943
Cost of goods sold		<u>(11,186,945)</u>	<u>(9,414,829)</u>	<u>(62,073,773)</u>	<u>(47,711,171)</u>
GROSS INCOME		<u>2,598,275</u>	<u>2,764,750</u>	<u>10,650,580</u>	<u>7,676,772</u>
OPERATING INCOME (EXPENSE)					
General and administrative expenses		(722,843)	(588,377)	(1,785,861)	(1,396,034)
Selling expenses		(1,456,367)	(1,268,615)	(4,160,913)	(3,326,134)
Financial expense, net	25	(1,610,771)	(1,456,303)	(2,216,590)	(1,956,985)
Equity in earnings of subsidiaries	11	2,258,036	885,012	31,795	11,565
Other expenses, net	26	(7,525)	(7,531)	(2,076)	(2,130)
		<u>(1,539,470)</u>	<u>(2,435,814)</u>	<u>(8,133,645)</u>	<u>(6,669,718)</u>
NET INCOME BEFORE TAXES		<u>1,058,805</u>	<u>328,936</u>	<u>2,516,935</u>	<u>1,007,054</u>
Current income taxes	21	1,146	1,096	(1,507,428)	(804,134)
Deferred income taxes	21	413,899	(5,788)	770,810	268,556
		<u>415,045</u>	<u>(4,692)</u>	<u>(736,618)</u>	<u>(535,578)</u>
NET INCOME		<u>1,473,850</u>	<u>324,244</u>	<u>1,780,317</u>	<u>471,476</u>
ATTRIBUTABLE TO:					
Controlling interest				1,473,850	324,244
Noncontrolling interest				306,467	147,232
				<u>1,780,317</u>	<u>471,476</u>
Net income basic per thousand shares - in reais	27	<u>510.35</u>	<u>113.00</u>	<u>510.35</u>	<u>113.00</u>
Net income diluted per thousand shares - in reais	27	<u>509.81</u>	<u>113.00</u>	<u>509.81</u>	<u>113.00</u>

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

JBS S.A.
Statements of income for the three months period ended on June 30, 2015 and 2014
(In thousands of Reais)

	Note	Company		Consolidated	
		2015	2014	2015	2014
NET REVENUE	24	7,112,741	6,428,867	38,905,361	28,968,867
Cost of goods sold		(5,786,132)	(5,007,798)	(33,032,622)	(24,713,399)
GROSS INCOME		<u>1,326,609</u>	<u>1,421,069</u>	<u>5,872,739</u>	<u>4,255,468</u>
OPERATING INCOME (EXPENSE)					
General and administrative expenses		(373,326)	(295,007)	(942,571)	(707,989)
Selling expenses		(751,890)	(668,024)	(2,205,697)	(1,721,752)
Financial expense, net	25	(1,708,724)	(827,423)	(2,300,452)	(1,087,659)
Equity in earnings of subsidiaries	11	1,057,444	636,114	7,665	6,872
Other income (expenses), net	26	(3,570)	(6,905)	(4,162)	2,408
		<u>(1,780,066)</u>	<u>(1,161,245)</u>	<u>(5,445,217)</u>	<u>(3,508,120)</u>
NET INCOME BEFORE TAXES		<u>(453,457)</u>	<u>259,824</u>	<u>427,522</u>	<u>747,348</u>
Current income taxes	21	583	547	(667,274)	(580,891)
Deferred income taxes	21	533,005	(6,106)	491,984	185,008
		<u>533,588</u>	<u>(5,559)</u>	<u>(175,290)</u>	<u>(395,883)</u>
NET INCOME		<u><u>80,131</u></u>	<u><u>254,265</u></u>	<u><u>252,232</u></u>	<u><u>351,465</u></u>
ATTRIBUTABLE TO:					
Controlling interest				80,131	254,265
Noncontrolling interest				172,101	97,200
				<u>252,232</u>	<u>351,465</u>
Net income basic per thousand shares - in reais	27	<u>27.75</u>	88.61	<u>27.75</u>	88.61
Net income diluted per thousand shares - in reais	27	<u>27.71</u>	88.61	<u>27.71</u>	88.61

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

JBS S.A.

Statement of comprehensive income for the six months period ended on June 30, 2015 and 2014
(In thousands of Reais)

	Company		Consolidated	
	2015	2014	2015	2014
Net income	1,473,850	324,244	1,780,317	471,476
Other comprehensive income				
Valuation adjustments to equity in subsidiaries	115,679	(16,091)	115,679	(16,091)
Accumulated adjustment of conversion in subsidiaries	(98,506)	(47,768)	(98,506)	(47,768)
Exchange variation in subsidiaries	901,123	(378,889)	901,123	(378,889)
Total of comprehensive income	2,392,146	(118,504)	2,698,613	28,728
Total of comprehensive income attributable to:				
Controlling interest	2,392,146	(118,504)	2,392,146	(118,504)
Noncontrolling interest	-	-	306,467	147,232
	2,392,146	(118,504)	2,698,613	28,728

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

JBS S.A.

Statement of comprehensive income for the three months period ended on June 30, 2015 and 2014
(In thousands of Reais)

	Company		Consolidated	
	2015	2014	2015	2014
Net income	80,131	254,265	252,232	351,465
Other comprehensive income				
Valuation adjustments to equity in subsidiaries	124,704	(6,555)	124,704	(6,555)
Accumulated adjustment of conversion in subsidiaries	(213,228)	(2,941)	(213,228)	(2,941)
Exchange variation in subsidiaries	(165,356)	(166,427)	(165,356)	(166,427)
Total of comprehensive income	(173,749)	78,342	(1,648)	175,542
Total of comprehensive income attributable to:				
Controlling interest	(173,749)	78,342	(173,749)	78,342
Noncontrolling interest	-	-	172,101	97,200
	(173,749)	78,342	(1,648)	175,542

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

JBS S.A.
Statements of changes in equity for the six months period ended on June 30, 2015 and 2014
(In thousands of Reais)

	Capital stock	Capital transactions	Capital reserve	Revaluation reserve	Profit reserves		Treasury shares	Valuation adjustments to equity	Accumulated translation adjustments	Retained Earnings	Total	Noncontrolling interest	Total equity
					Legal	Investments statutory reserve							
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 period	-	-	-	-	-	-	-	-	-	324,244	324,244	147,232	471,476
Other comprehensive income of the period	-	-	-	-	-	-	-	(16,091)	(426,657)	-	(442,748)	-	(442,748)
Total of comprehensive income, net of taxes	-	-	-	-	-	-	-	(16,091)	(426,657)	324,244	(118,504)	147,232	28,728
Capital transaction	-	5,297	-	-	-	-	-	-	-	-	5,297	-	5,297
Change of treasury shares	-	-	-	-	-	-	208,384	-	-	-	208,384	-	208,384
Realization of revaluation reserve	-	-	-	(2,128)	-	-	-	-	-	2,128	-	-	-
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	(81,341)	(81,341)
BALANCE AS OF JUNE 30, 2014	21,506,247	91,741	211,879	90,099	90,060	2,615,024	(387,465)	116,696	(2,613,688)	326,372	22,046,965	1,247,357	23,294,322
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
Net income of the period	-	-	-	-	-	-	-	-	-	1,473,850	1,473,850	306,467	1,780,317
Other comprehensive income of the period	-	-	-	-	-	-	-	115,679	802,617	-	918,296	-	918,296
Total of comprehensive income, net of taxes	-	-	-	-	-	-	-	115,679	802,617	1,473,850	2,392,146	306,467	2,698,613
Capital transactions	-	26,670	-	-	-	-	-	-	-	-	26,670	-	26,670
Purchase of treasury shares	-	-	-	-	-	-	(31,986)	-	-	-	(31,986)	-	(31,986)
Stock option premium (Note 23b)	-	-	3,646	-	-	-	-	-	-	-	3,646	-	3,646
Stock option plan (Note 23b)	-	-	14,225	-	-	-	-	-	-	-	14,225	-	14,225
Realization of revaluation reserve	-	-	-	(2,004)	-	-	-	-	-	2,004	-	-	-
Capitalization of reserve	2,069,959	-	-	-	-	(2,069,959)	-	-	-	-	-	-	-
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	(834,620)	(834,620)
BALANCE AS OF JUNE 30, 2015	23,576,206	117,008	230,664	85,873	191,855	2,000,001	(483,686)	217,337	(1,132,588)	1,475,854	26,278,524	1,240,549	27,519,073

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

JBS S.A.

Statements of cash flows for six months period ended on June 30, 2015 and 2014
(In thousands of Reais)

	Company		Consolidated	
	2015	2014	2015	2014
Cash flow from operating activities				
Net income attributable to controlling interest	1,473,850	324,244	1,473,850	324,244
Adjustments to reconcile net income to cash provided on operating activities:				
Depreciation and amortization	329,147	280,815	1,615,606	1,220,447
Allowance for doubtful accounts	-	-	6,455	13,827
Equity in earnings of subsidiaries	(2,258,036)	(885,012)	(31,795)	(11,565)
Loss on assets sales	7,524	2,678	6,510	(1,181)
Deferred income taxes	(413,899)	5,788	(770,810)	(268,556)
Current and noncurrent financial charges	3,771,607	(387,246)	4,635,181	(169,151)
Provision for lawsuits risk	8,717	6,550	10,509	14,766
	2,918,910	(652,183)	6,945,506	1,122,831
Decrease (increase) in operating assets				
Trade accounts receivable	(188,204)	354,858	(32,814)	97,610
Inventories	441,470	(320,115)	(123,942)	(798,958)
Recoverable taxes	(75,496)	(36,751)	(122,643)	137,554
Other current and noncurrent assets	(28,580)	(224,356)	(340,799)	(476,814)
Related party receivable	1,391,748	638,312	(204,269)	17,142
Biological assets	-	-	(504,756)	(393,809)
Increase (decrease) operating liabilities				
Trade accounts payable	(438,107)	(129,493)	(414,293)	(3,265)
Other current and noncurrent liabilities	463,323	77,115	(286,699)	950,929
Noncontrolling interest	-	-	306,467	147,232
Valuation adjustments to equity in subsidiaries	-	-	(8,729)	(148,544)
Changes in operating assets and liabilities	1,566,154	359,570	(1,732,477)	(470,923)
Net cash provided by (used in) operating activities	4,485,064	(292,613)	5,213,029	651,908
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	(625,817)	(900,949)	(1,703,409)	(1,471,179)
Additions in investments in subsidiaries	(11,901)	(13,738)	-	-
Equity effect of acquired company	-	-	(4,997,545)	(266,550)
Net cash used in investing activities	(637,718)	(914,687)	(6,700,954)	(1,737,729)
Cash flow from financing activities				
Proceeds from loans and financings	7,265,665	6,966,164	21,254,471	12,935,620
Payments of loans and financings	(10,782,243)	(5,251,858)	(19,856,855)	(10,136,843)
Payments of dividends	(482,732)	(219,885)	(1,633,012)	(219,885)
Stock option premium received	2,242	-	2,242	-
Capital transactions	-	-	26,670	5,297
Shares acquisition of own emission	(31,986)	-	(31,986)	-
Net cash provided by (used in) financing activities	(4,029,054)	1,494,421	(238,470)	2,584,189
Effect of exchange variation on cash and cash equivalents	-	-	723,680	(213,768)
Variance in cash and cash equivalents	(181,708)	287,121	(1,002,715)	1,284,600
Cash and cash equivalents at the beginning of the period	9,503,923	5,223,978	14,910,427	9,013,147
Cash and cash equivalents at the end of the period	9,322,215	5,511,099	13,907,712	10,297,747

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

JBS S.A.
**Economic value added for the six months period ended on June 30, 2015 and 2014
(In thousands of Reais)**

	Company		Consolidated	
	2015	2014	2015	2014
Revenue				
Sales of goods and services	14,458,063	12,740,849	73,910,341	56,382,614
Other net income (expenses)	(2,862)	1,762	(179)	3,956
Allowance for doubtful accounts	-	-	(6,455)	(13,827)
	14,455,201	12,742,611	73,903,707	56,372,743
Goods				
Cost of services and goods sold	(9,431,004)	(8,033,408)	(47,257,061)	(37,287,439)
Materials, energy, services from third parties and others	(1,864,543)	(1,523,416)	(11,124,350)	(7,775,728)
Loss / Recovery of assets	-	-	-	(4,666)
	(11,295,547)	(9,556,824)	(58,381,411)	(45,067,833)
Gross added value	3,159,654	3,185,787	15,522,296	11,304,910
Depreciation and Amortization	(329,147)	(280,815)	(1,615,606)	(1,220,447)
Net added value generated by the company	2,830,507	2,904,972	13,906,690	10,084,463
Net added value by transfer				
Equity in earnings of subsidiaries	2,258,036	885,012	31,795	11,565
Financial income	3,501,586	3,235,071	3,893,883	3,395,953
Others	(14,566)	4,235	(66,202)	111,471
NET ADDED VALUE TOTAL TO DISTRIBUTION	8,575,563	7,029,290	17,766,166	13,603,452
DISTRIBUTION OF ADDED VALUE				
Labor				
Salaries	1,200,960	949,188	5,916,331	4,561,743
Benefits	80,213	109,265	1,107,507	845,361
FGTS (Brazilian Labor Social Charge)	48,806	43,536	117,006	54,482
	1,329,979	1,101,989	7,140,844	5,461,586
Taxes and contribution				
Federal	(178,501)	212,968	1,196,580	955,000
State	794,342	658,775	1,093,139	876,151
Municipal	8,128	9,382	10,471	11,010
	623,969	881,125	2,300,190	1,842,161
Capital Remuneration from third parties				
Interests and exchange variation	5,060,717	4,668,915	6,028,973	5,384,840
Rents	47,268	35,441	249,628	180,185
Others	39,780	17,576	266,214	263,204
	5,147,765	4,721,932	6,544,815	5,828,229
Owned capital remuneration				
Net income attributable to controlling interest	1,473,850	324,244	1,473,850	324,244
Noncontrolling interest	-	-	306,467	147,232
	1,473,850	324,244	1,780,317	471,476
ADDED VALUE TOTAL DISTRIBUTED	8,575,563	7,029,290	17,766,166	13,603,452

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

JBS S.A.

Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
(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&FBovespa S.A - Stock Exchange, Commodity and Forward as ticker symbol "JBSS3" and American Depositary 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-three 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 one harbor in the State of São Paulo.

Additionally, the Company operates in the segment of steel cans production, industrial waste management and plastic resin manufacturing; 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 Guaíçara, in the State of Goiás in the city of Lucas do Rio Verde, in the State of Mato Grosso, 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. (MSP), 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 from animal origin, industrialization and commercialization.

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 from animal origin, industrialization and commercialization.

JBS Foods business unit (JBS Foods) has as main operations raising broiler chickens and hogs for slaughtering; industrialization and commercialization of food products; and production of pet food and concentrates, with a total of fifty-two industrial facilities, based in the States of Bahia, Minas Gerais, Mato Grosso, Mato Grosso do Sul, Paraná, Pernambuco, Rio de Janeiro, Rio Grande do Sul, Santa Catarina, São Paulo and Distrito Federal.

JBS Foods also has fourteen distribution centers 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. JBS Foods also has two harbors, both based in the State of Santa Catarina.

Seara Alimentos Ltda. (Seara Alimentos), based in the State of São Paulo due to a reverse merger occurred in April, 2015, became the successor of JBS Foods S.A. Seara Alimentos consolidated includes, besides its own operating activities, the companies JBS Aves Ltda. (JBS Aves), Excelsior Alimentos S.A. (Excelsior), Braslo Produtos de Carnes Ltda. (Braslo), MBL Alimentos Ltda. (MBL), Sul Valle Alimentos Ltda. (Sul Valle), Avebom Indústria de Alimentos Ltda. (Avebom), Enersea Comercializadora de Energia Ltda. (Enersea), Novagro Granja Avícola Ltda. (Novagro), Macedo Agroindustrial Ltda. (Macedo), Agrícola Jandelle S.A., Nutribig Administração e Participações Sociais S.A., Penasul Alimentos Ltda. (Penasul), Agrofrango Ltda. (Agrofrango), DaGranja Industrial Ltda. (DaGranja), Ibirapuera Avícola Ltda. (Ibirapuera), and the holding JBS Foods S.A. due to the reverse merger.

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.

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. The products prepared by JBS USA include chilled meat in specific industrial standard cuts. 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, Asian and European market.

In the United States of America, JBS USA operates nine beef processing facilities, three pork processing facilities, one lamb slaughter facility, three value-added facilities and eleven feedyards. In Australia operates twelve processing facilities, six value-added facilities, seven distribution centers, forty-eight retail shops and five feedyards. The Company operates 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



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in NASDAQ, with operations in Mexico and Puerto Rico. Exporting chicken products 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 and other retail distributors, and export to Eastern Europe (including Russia), Far East (including China), Mexico and other world markets. The Company also operates thirty chicken processing facilities, supported by thirty-four feed mills, thirty-nine hatcheries, nine rendering facilities, seven 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 Global UK (Friboi), an indirect wholly-owned subsidiary of the Company, based in the United Kingdom, has import operations of "in natura" and processed beef, hogs, lambs, chicken and pork meat. The products are imported by the Company to the United Kingdom and sold throughout the European Union.

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 and frozen 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 others 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 sells in the Asian market and buys most of its products from JBS Group and third parties.

JBS Leather Italia S.R.L. (JBS Leather Italia), with its subsidiary Priante (Conceria Priante), both located in the city of Arzignano, Italy, operates in the leather segment, buying leather from JBS Group, benefiting and trading in domestic and European market.

Capital Joy Holding Limited (Capital Joy), based in British Virgin Islands, has one 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 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 through its subsidiaries the activity of purchase and sale of products to the foreign market, which main activity is in the European market. It also operates with three commercial offices, based in Japan, Singapore and Dubai.

Others operational events: According to the material fact of June, 2015, the Company established the terms and conditions for the acquisition of the business unit Moy Park owned by Moy Park Holdings Europe Ltd.. The transaction is subjected to customary approvals including approval of the antitrust authorities of the European Union.

Subsequent events: According to the material fact of July, 2015, the Company, through its indirect subsidiary Swift Pork Company, established an asset purchase agreement with Cargill Meat Solutions Corporation for the acquisition of determined assets related to breeding, purchasing and slaughtering hogs and processing and selling pork.

2 Elaboration and presentation of financial statements

a. Declaration of conformity

These quarterly interim financial statements includes:

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

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

The individual quarterly interim financial statements presents the evaluation of investments in associates, subsidiaries and joint ventures by the equity method.

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

b. Approval of quarterly interim financial statements

The approval of these quarterly interim financial statements was given at the Board of Directors' meeting held on August 12, 2015.

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c. Functional and presentation currency

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

3 Significant accounting policies

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

a. Statements of income

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

In the income statement revenue is net of taxes, returns, rebates and discounts, as well as of intercompany sales. On note 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 quarterly interim financial statements :

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

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

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

c. Cash and cash equivalents

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

d. Trade accounts receivable

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

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 reversed.

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.

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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 period.

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

In accordance with IAS 28/CPC 18 R2 - 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 IFRS 11/CPC 19 R2 - Interests in joint venture, Joint ventures are business jointly controlled whereby parties that hold the joint control have rights to the net assets of the business. The interests in joint ventures are treated as investment and recorded by the equity method, in accordance with IAS28/CPC 18 R2 - Investments in associates, subsidiaries and joint ventures.

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

i. Property, plant and equipment - PP&E

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

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

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

An item is disposed when sold or 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 quarterly interim financial 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 period. 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 with indefinite useful lives 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 period 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.

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

l. Other current and noncurrent assets

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

m. Trade accounts payable

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

n. Loans and financings

Loans and financings are recognized at fair value upon receipt of the proceeds, net of transaction costs, when applicable, plus charges, interests and monetary and exchange rate variation contractually defined, incurred until the end of each period, as shown in note 15.

o. Income tax and social contribution

Current taxes

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

Deferred taxes

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

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

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

p. Dividends

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

q. Current and noncurrent liabilities

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

r. Negotiation premium with trading options

The Company trade selling put option of "JBSS3" and 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:

- 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.

- 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 quarterly interim financial statements, noncontrolling interests are presented in the quarterly interim 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.

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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 quarterly interim financial statements includes individual quarterly interim financial statements of the Company and its subsidiaries. Control is obtained when an investor is exposed, or has rights to, variable returns from its involvement with the vested and has the capacity to affect those returns through its power over the vested (IFRS 10/CPC 36 R3).

When necessary, the quarterly interim financial statements of subsidiaries are adjusted according to the accounting policies established by the Group. All transactions, balances, income and expenses between Group companies are eliminated in the quarterly interim financial statements. Consolidated subsidiaries are detailed described on note 11.

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

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

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 period.

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

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.

i. Financial assets at fair value through profit or loss

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

ii. 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".

iii. 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.

iv. 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 writes-off 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.

v. 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.

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vi. 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.

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. Stock option grant plan

The Company operates a stock option grant plan, settled with shares, which the entity receives services from the employees as received consideration for equity instruments (options) from the Company. Executive officers, directors and general managers are eligible to the plan.

The fair value of employees services, received in exchange from the granting of options, is recognized as expense offsetting from capital reserve. The total amount of the expense is recognized during the period in which the right is acquired being determined by reference to the fair value of the options granted, excluding the impact of any vesting conditions based in the service and performance that are not from the market.

At the balance sheet date, the Company reviews its estimates of the number of options which rights should be acquired and being required recognizes the impact from the review of the initial estimate from the income statement, with a corresponding adjustment in the equity.

The assumptions and the model used to estimate the fair value of the stock option plan are detailed in the note 23b.

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ac. 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.

ad. 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.

ae. Statement of comprehensive income

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

af. Economic Value Added

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

The 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.

ag. New pronouncements, issues, changes and interpretations

There are no 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 quarterly interim 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.

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 quarter of the balance that is being published on June 30, 2015; 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 that does not qualify under these conditions, are presented in the previous disclosures of the current period.

Following are the acquisitions that fit the assumptions described above:

In subsidiaries

4.1) Frinal S.A.'s acquisition

In Seara Alimentos, JBS Aves acquired all the shares of Frinal S.A. on April, 2014, by the amount of R\$59,926. In the consolidated, liabilities related to this transaction is kept under the caption Payables related to facilities acquisitions.

According to CPC 15 (R1)/IFRS 3, Seara Alimentos completed Frinal S.A. business combination adjustments and the fair value adjustments were recognized in the quarterly interim financial statements, as follows the table below:

ASSETS

Cash and cash equivalents	10,530
Trade accounts receivable	14,524
Inventories	6,493
Biological assets	18,355
Recoverable taxes	14,396
Other assets	319
Property, plant and equipment, net	29,415
Intangible assets, net	359
TOTAL ASSETS	94,391

JBS S.A.

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LIABILITIES AND EQUITY

Trade accounts payable	21,723
Loans and financings	49,110
Payroll, social charges and tax obligation	11,468
Provision for lawsuits risk	3,642
Other liabilities	1,317
Equity	7,131
TOTAL LIABILITIES AND EQUITY	94,391

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	59,926
(-) Fair value of equity in the date of acquisition	7,131
Goodwill (excess) of the transaction	52,795

Goodwill (excess) allocation in the transaction

Goodwill on client portfolio	5,624
Goodwill on trademark	11,875
Goodwill on fixed asset	2,779
Deferred income tax and social contribution	(6,894)
Goodwill amount to expectation of future earnings (note 13)	39,411
	52,795

The goodwill portion after the allocations above mentioned was registered as "Goodwill to expectation of future earnings", for accounting purposes, which is not amortized, and is subjected to annual impairment test in compliance with the IAS 36/CPC 01 (R1).

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

In Seara Alimentos, 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\$403,282 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, 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 noncurrent 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 noncurrent liabilities	53,989
Equity	342,294
TOTAL LIABILITIES AND EQUITY	576,093

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Estimated value of goodwill to expectation of future earnings:

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

Total amount paid	403,282
(-) Fair value of equity	342,294
Estimated value of goodwill to expectation of future earnings	60,988

4.3) AMSE02 Participações Ltda. (Grupo Big Frango)'s acquisition

In Seara Alimentos, JBS Aves acquired all the shares of AMSE02 Participações Ltda. on February, 2015 by the amount of R\$30,000 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 February, 2015:

ASSETS

Cash and cash equivalents	18,746
Trade accounts receivable	76,402
Inventories	32,077
Biological assets	42,483
Recoverable taxes	99,915
Other current and noncurrent assets	43,991
Property, plant and equipment, net	170,935
Intangible assets, net	385
TOTAL ASSETS	484,934

LIABILITIES AND EQUITY

Trade accounts payable	148,286
Loans and financings	553,345
Payroll, social charges and tax obligation	72,143
Deferred taxes (liabilities)	9,371
Provision for lawsuits risk	225,345
Equity	(523,556)
TOTAL LIABILITIES AND EQUITY	484,934

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	30,000
(-) Fair value of the equity	(523,556)
Estimated Goodwill to expectation of future earnings (note 13)	553,556

4.4) Conceria Priante S.p.A. ("Priante")' acquisition

JBS Leather Itália S.r.l, on April, 2015 acquired all the shares of Conceria Priante S.p.A ("Priante") by the amount of EUR9,300 (R\$32,181 on June 30, 2015).

JBS Leather Itália 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 April, 2015:

ASSETS

Cash and cash equivalents	5,886
Trade accounts receivable	20,741
Inventories	22,520
Deferred taxes (assets)	6,761
Recoverable taxes	1,391
Other current and noncurrent assets	4,977
Property, plant and equipment, net	32,501
Intangible assets, net	2,716
TOTAL ASSETS	97,493

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LIABILITIES AND EQUITY

Trade accounts payable	10,198
Loans and financings	61,926
Payroll, social charges and tax obligation	3,308
Other current and noncurrent liabilities	3,320
Equity	18,741
TOTAL LIABILITIES AND EQUITY	97,493

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 ^(*)	32,181
(-) Fair value of the equity ^(*)	18,741
Estimated value of goodwill to expectation of future earnings (note 13)	13,440

^(*) Both are converted by the rate of R\$3.4603 in June 30, 2015.

4.5 Australian Consolidated Food Holdings Pty. Ltd. ("Primo") acquisition

In JBS USA, the indirect subsidiary JBS Australia, on March, 2015 completed the acquisition of 100% of the shares of Australian Consolidated Food Holdings Pty. Ltd. ("Primo")., by the amount of US\$1.2 billion (R\$3,708,615 on June 30, 2015). 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.

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, 2015:

ASSETS

Cash and cash equivalents	14,669
Trade accounts receivable	344,944
Inventories	349,533
Deferred taxes (assets)	27,263
Prepaid expenses and other assets	35,252
Property, plant and equipment, net	964,431
Intangible assets, net	430,821
TOTAL ASSETS	2,166,913

LIABILITIES AND EQUITY

Deferred taxes (liabilities)	946
Trade accounts payable	352,126
Payroll, social charges and tax obligation and other liabilities	128,642
Equity	1,685,199
TOTAL LIABILITIES AND EQUITY	2,166,913

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 ^(*)	3,708,615
(-) Fair value of the equity ^(*)	1,685,199
Estimated Goodwill to expectation of future earnings (note 13)	2,023,416

^(*) Both are converted by the rate of R\$3.1026 in June 30, 2015.

4.6 Provemex Holding LLC ("Tyson México") acquisition

In JBS USA, the subsidiary Pilgrim's Pride - PPC, on June, 2015 completed the acquisition of Provemex Holding LLC ("Tyson México")., by the amount of US\$400 million (R\$1,241,040 on June 30, 2015). Pilgrim's Pride 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 June, 2015:

ASSETS

Cash and cash equivalents	17,173
Trade accounts receivable	154,351
Inventories	103,946
Biological assets	107,437
Prepaid expenses and other assets	11,340
Property, plant and equipment, net	489,441
Intangible assets, net	30,095
TOTAL ASSETS	913,783

LIABILITIES AND EQUITY

Trade accounts payable	66,861
Deferred taxes (liabilities)	118,947
Payroll, social charges and tax obligation and other liabilities	30,722
Equity	697,253
TOTAL LIABILITIES AND EQUITY	913,783

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 ^(*)	1,241,040
(-) Fair value of the equity ^(*)	697,253
Estimated Goodwill to expectation of future earnings (note 13)	543,787

^(*) Both are converted by the rate of R\$3.1026 in June 30, 2015.

5 Cash and cash equivalents

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

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Cash and banks	4,565,551	4,189,249	7,540,609	8,368,528
CDB-DI (bank certificates of deposit)	2,557,105	4,509,936	3,342,626	4,775,249
Investment funds	-	-	824,918	961,912
National treasury bill - LFT	2,199,559	804,738	2,199,559	804,738
	9,322,215	9,503,923	13,907,712	14,910,427

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

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

Investments funds - Consolidated

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

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6 Trade accounts receivable, net

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Current receivables	3,564,960	3,265,933	9,866,839	8,305,274
Overdue receivables:				
From 1 to 30 days	173,644	229,464	983,771	1,085,777
From 31 to 60 days	22,173	14,696	181,743	127,764
From 61 to 90 days	21,668	20,906	74,551	59,952
Above 90 days	49,838	60,198	212,027	191,148
Allowance for doubtful accounts	(93,780)	(88,585)	(220,779)	(192,367)
	173,543	236,679	1,231,313	1,272,274
	3,738,503	3,502,612	11,098,152	9,577,548

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

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Initial Balance	(88,585)	(88,585)	(192,367)	(210,443)
Additions	(5,195)	-	(31,873)	(2,674)
Exchange variation	-	-	(4,362)	(1,289)
Write-offs	-	-	7,823	22,039
Final Balance	(93,780)	(88,585)	(220,779)	(192,367)

7 Inventories

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Finished products	1,124,184	1,582,328	5,979,528	5,426,529
Work in process	400,267	311,547	959,435	754,389
Raw materials	312,124	390,944	1,273,126	1,047,788
Warehouse spare parts	139,563	132,789	1,367,696	1,044,404
	1,976,138	2,417,608	9,579,785	8,273,110

8 Biological assets

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

	Consolidated			
	June 30, 2015		December 31, 2014	
	Amount	Quantity (in thousands)	Amount	Quantity (in thousands)
Current biological assets (consumable):				
Chicken and eggs	1,324,799	542,484	1,059,805	453,046
Cattle	99,065	40	53,989	25
Hogs and lambs	498,810	2,562	454,072	2,528
	1,922,674	545,086	1,567,866	455,599
	Consolidated			
	June 30, 2015		December 31, 2014	
	Amount	Quantity (in thousands)	Amount	Quantity (in thousands)
Noncurrent biological assets (bearer assets):				
Chicken and eggs	642,278	35,372	566,476	32,120
Hogs	72,412	193	67,213	189
	714,690	35,565	633,689	32,309
	2,637,364	580,651	2,201,555	487,908

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Changes in biological assets:

	Current	Noncurrent
Current amount on December 31, 2014	1,567,866	633,689
Increase by reproduction (born) and costs absorptions	9,309,829	539,812
Increase by purchase	292,753	189,362
Fair value (mark to market)	14,885	-
Changes from current to noncurrent	262,409	(262,409)
Decrease by death	(4,570)	(1,124)
Reduction for slaughter, sale or consumption	(9,769,697)	(58,992)
Exchange rate variation	120,684	43,222
Amortization	-	(390,275)
Effect acquired companies	128,515	21,405
Current amount on June 30, 2015	1,922,674	714,690

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 noncurrent assets accounts.

Below, details of the biological assets of the Company:

	June 30, 2015		December 31, 2014	
	Amount	Quantity (in thousands)	Amount	Quantity (in thousands)
COMPANIES IN UNITED STATES OF AMERICA				
Current biological assets (consumable):				
Chicken and eggs	898,690	270,502	686,078	210,502
Cattle	25,376	7	18,965	6
Hogs and lambs	46,793	153	57,701	180
Total biological assets valued at cost	970,859	270,662	762,744	210,688
Noncurrent biological assets (bearer assets):				
Chicken and eggs	427,253	20,794	342,366	17,539
Total biological assets valued at cost	427,253	20,794	342,366	17,539

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 noncurrent assets besides being maintained at cost, are amortized according to the lifetime of the animals.

	June 30, 2015		December 31, 2014	
	Amount	Quantity (in thousands)	Amount	Quantity (in thousands)
COMPANIES IN BRAZIL				
Current biological assets (consumable):				
Cattle	73,689	33	35,024	19
Biological assets valued at market	73,689	33	35,024	19
Chicken and eggs	426,109	271,982	373,727	242,544
Hogs and lambs	452,017	2,409	396,371	2,348
Biological assets valued at cost	878,126	274,391	770,098	244,892
Total current biological assets	951,815	274,424	805,122	244,911
Noncurrent biological assets (bearer assets):				
Chicken and eggs	215,025	14,578	224,110	14,581
Hogs	72,412	193	67,213	189
Total noncurrent biological assets valued at cost	287,437	14,771	291,323	14,770

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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 noncurrent 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 (noncurrent) 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.

9 Recoverable taxes

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Value-added tax on sales and services (ICMS / IVA / VAT / GST)	952,519	944,751	1,985,219	1,791,298
Excise tax - IPI	43,813	44,037	112,043	110,688
Social contribution on billings - PIS and COFINS	872,077	817,737	1,554,537	1,552,775
Withholding income tax - IRRF/IRPJ	244,924	225,360	276,074	265,826
Reintegra	23,474	40,814	41,962	49,648
Other	16,943	16,969	76,235	76,427
	2,153,750	2,089,668	4,046,070	3,846,662
Current and Long-term:				
Current	1,385,257	1,310,521	2,489,701	2,300,624
Noncurrent	768,493	779,147	1,556,369	1,546,038
	2,153,750	2,089,668	4,046,070	3,846,662

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

Reintegra is a tax credit which aims to restore tax amounts related to exporting activities. Tax credit amounts are calculated by applying the percentage from gross revenue from the export of certain industrial products.

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\$212,537. As of this amount the Company received R\$51,787 and the remaining balance is R\$160,750.

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.

JBS S.A.

Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
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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	Transfer of administration and funding costs	June 30, 2015	December 31, 2014
Direct subsidiaries					
JBS Confinamento Ltda.	R\$	January 1, 2016	Corresponds to CDI + 1% p.m.	71,545	61,153
JBS Embalagens Metálicas Ltda.	R\$	January 1, 2016	Corresponds to CDI + 1% p.m.	102,262	91,459
JBS USA, Inc. ⁽¹⁾	US\$	March 25, 2016	Corresponds to Libor + 2,5% to 3% p.y.	(2,948,087)	(14,145)
Brazservice Wet Leather S.A.	R\$	January 1, 2016	Corresponds to CDI + 1% p.m.	19,198	17,942
Seara Alimentos Ltda. ⁽²⁾	R\$	March 31, 2015	-	-	1,837,576
Tannery do Brasil S.A.	R\$	June 24, 2016	Corresponds to CDI + 1% p.m.	37,093	28,442
JBS Global Investments S.A. ⁽³⁾	US\$	March 13, 2017	-	1,092,893	-
Seara Alimentos Ltda.	R\$	January 1, 2016	Corresponds to CDI	137,969	(126,550)
JBS Holding GMBH ⁽⁴⁾	EUR	-	-	353,179	-
JBS Global Meat S.A. ⁽³⁾	R\$	-	-	1,111	-
Indirect subsidiaries					
JBS Aves Ltda.	R\$	January 1, 2016	Corresponds to CDI	1,919,485	1,264,574
JBS Argentina S.A. ⁽³⁾	R\$	-	-	72,563	-
				859,211	3,160,451

⁽¹⁾ - On June 19, 2015, the Company exercised its right to repurchase the total amount of the Notes maturing in 2018 with an interest of 8,25% ("Notes 2018 of JBS S.A.") through funds provided by JBS USA, settling the loan and getting liabilities with JBS USA.

⁽²⁾ - Disposal through capitalization of the entire agreement balance (according to note 11 - Investments in associate, subsidiaries and joint ventures).

⁽³⁾ - Advances made with the purpose of future capitalization.

⁽⁴⁾ - Refers to participation rights of the Company in its subsidiary JBS Holding GMBH.

JBS S.A.

Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
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Intercompany balances shown in the balance sheet of the Company and statement of operations are as follows:

COMPANY	June 30, 2015		December 31, 2014	
	Trade accounts receivable	Trade accounts payable	Trade accounts receivable	Trade accounts payable
Direct subsidiaries				
JBS Confinamento Ltda.	514	18,916	197	44,892
JBS Leather Itália SRL	4,396	211	15,034	-
Brazservice Wet Leather S.A.	1,126	1,592	2,713	33
Tannery do Brasil S.A.	2,805	2,600	363	8,084
Seara Alimentos Ltda.	11,980	12,725	10,490	14,889
Indirect subsidiaries				
JBS Global (UK) Limited	51,771	35	59,907	73
JBS Argentina S.A.	-	-	-	1,809
Austrália Meat	-	94	-	108
JBS Toledo NV	26,788	-	31,893	-
JBS Aves Ltda.	2,076	61,392	22,494	40,624
Weddel Limited	3,014	-	1,472	-
Sampco Inc.	67,614	5	58,269	-
JBS Leather Europe	-	2	-	2
Meat Snacks Partners do Brasil Ltda.	5,555	242	9,280	23
Frigorífico Canelones S.A.	-	252	-	278
Rigamonti Salumificio Spa	-	9	513	8
Trump Asia Enterprise Ltd	50,199	-	31,229	-
JBS Paraguay	91	7,847	2,622	1,355
Zenda Leather S.A.	13,029	-	-	-
Braslo Produtos de Carnes Ltda.	9,491	33	9,581	-
Excelsior Alimentos S.A.	430	-	2	-
JBS Chile Ltda.	104	-	-	860
Other related parties				
S.A. Fabrica de Prod. Alimentícios Vigor	10,884	57,794	3,743	345
J&F Floresta Agropecuária Ltda.	-	-	1	-
Flora Produtos de Hig. Limp. S.A.	1,379	158	4,791	94
Flora Dist. Produtos de Hig. Limp. S.A.	13,491	60	24,159	9
Itambé Alimentos S.A.	642	-	909	32,344
	277,379	163,967	289,662	145,830

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Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
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Impacts of related party transactions on Income Statements of the Company:

	June 30, 2015			December 31, 2014		
	Financial and administrative transfer	Purchases	Sales of products	Financial and administrative transfer	Purchases	Sales of products
Direct subsidiaries						
JBS Confinamento Ltda.	4,302	73,048	3,275	6,484	95,714	3,381
JBS Embalagens Metálicas Ltda.	9,518	-	-	7,032	-	-
JBS USA, Inc	(1,599)	-	-	(3,312)	-	-
JBS Leather Itália SRL	-	-	84,654	-	-	46,643
Brazservice Wet Leather S.A.	1,931	46,626	33,146	717	25,865	18,304
Tannery do Brasil S.A.	2,993	34,064	30,384	-	-	-
JBS Leather Paraguay	-	1,882	153	-	-	-
JBS Global Investments S.A.	-	-	-	-	-	-
Seara Alimentos Ltda.	1,801	45,327	85,681	37,231	102,502	61,526
Indirect subsidiaries						
JBS Global (UK) Limited	-	-	128,122	-	90	82,437
JBS Argentina S.A.	-	7,405	-	-	4,390	-
Global Beef Trading SU Lda.	-	-	-	-	1,731	43,919
Beef Snacks Brasil Ind.Com. S.A.	-	-	-	5,340	-	-
Beef Snacks International	-	-	-	(6)	-	-
JBS Aves Ltda.	83,883	236,860	31,135	22,122	341,857	16,893
Australia Meat	-	26,166	-	-	13,099	-
JBS Toledo NV	-	-	117,094	-	-	97,592
Meat Snacks Partners do Brasil Ltda.	-	1,692	97,586	-	578	77,823
Weddel Limited	-	-	4,337	-	-	15,982
Sampco Inc.	-	-	233,942	-	-	93,752
Frigorífico Canelones S.A.	-	5,647	-	-	4,813	-
Trump Asia Enterprise Ltd	-	84	123,427	-	-	142,524
JBS Paraguay	-	50,850	85	-	33,624	2,680
Zenda Leather S.A.	-	750	15,076	374	-	17,477
Braslo Produtos de Carnes Ltda.	-	33	86,375	-	22	44,011
Excelsior Alimentos S.A.	-	-	36	-	-	32
JBS Leather Uruguay	-	-	-	-	-	11,286
MBL Alimentos S.A.	-	-	-	-	-	460
Rigamonti Salumificio Spa	-	-	514	-	-	-
Other related parties						
S.A. Fábrica de Prod. Alimentícios Vigor	-	85,684	33,396	-	36,741	26,833
J&F Floresta Agropecuária Ltda.	-	38	349	-	5,851	191
Flora Produtos de Hig. Limp. S.A.	-	162	22,051	-	91	37,057
Flora Dist. Produtos de Hig. Limp. S.A.	-	277	79,449	-	216	66,932
Itambé Alimentos S.A.	-	131,355	3,253	-	123,137	44
	102,829	747,950	1,213,520	75,982	790,321	907,779

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. On June 30, 2015 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. On June 30, 2015 the notes are guaranteed by JBS Hungary Holdings.

Notes 2020, Notes 2023 and Notes 2024 - JBS S.A.: On June 30, 2015, these guaranteed notes were registered on the Company, in an unsecured form, by the Company and JBS Hungary Holdings.

Notes 2020, Notes 2021, Notes 2024 and Notes 2025 - JBS USA, LLC: These notes are guaranteed, in an unsecured form, by the Company and by other restricted American subsidiaries of JBS USA, LLC (according to the definition on the indenture).

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Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
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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 period 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 and the sale of finished products to (trading companies), JBS Global (UK), JBS Toledo, and Sampco and of leather in different stages to the subsidiaries Trump Asia and JBS Leather Itália. 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 from JBS Group). The number of cattle supplied by these related parties is irrelevant comparing to the demanded volume by the Company, such as the volume of exported products by the Company over the volume of its exports.

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 periods ended on June 30, 2015 and December 31, 2014.

Consolidated - Credits with related parties

The consolidated amount of credits with related parties, of R\$652,455 on June 30, 2015 (R\$370,072 on December 31, 2014) 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:

- 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;
- 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.

On 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.

On 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 six months period ended on June 30, 2015 and 2014 is the following:

	June 30, 2015		December 31, 2014	
	Members	Value	Members	Value
Executive Board and Board of Directors				
Fixed remuneration of the period	12	4,412	13	4,415
	12	4,412	13	4,415

Additionally, the compensation amount paid to the Executive Board considers the variable compensation as presented below:

	June 30, 2015	June 30, 2014
Participation of results	2,500	1,300
Stock based compensation	2,500	1,900
	5,000	3,200

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.

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.

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Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
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11 Investments in associate, subsidiaries and joint ventures

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Investments in subsidiaries, associates and joint ventures	13,871,448	9,462,958	339,432	295,350
Goodwill (note 13)	698,119	698,119	-	-
	14,569,567	10,161,077	339,432	295,350

Relevant information about investments in the six months period ended on June 30, 2015:

	Participation	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Controlled:						
JBS Embalagens Metálicas Ltda.	99.00%	90,112	2	(17,713)	-	(8,716)
JBS Global Investments S.A.	100.00%	1,108,529	246,657	15,636	-	(11,005)
JBS Holding Internacional S.A.	100.00%	729,178	1,505,844	487,281	639,947	(16,731)
JBS USA, Inc.	100.00%	34,983,943	3,176,057	6,262,039	49,282,518	1,401,290
JBS Confinamento Ltda.	100.00%	640,202	599,401	512,416	34,265	(3,863)
JBS Slovakia Holdings, s.r.o.	100.00%	41,146	7,876	39,499	-	(1,035)
JBS Leather Itália S.R.L.	100.00%	308,819	40,423	33,302	131,609	(2,124)
JBS Leather Paraguay	97.50%	13,449	24	332	23,458	651
JBS Holding GMBH	100.00%	4,221,065	121	986,499	1,153,022	109,447
JBS Global Luxembourg S.à.r.l.	100.00%	508,152	256,543	205,990	550,706	(9,635)
FG Holding III Ltda.	100.00%	65	53	65	-	(1)
JBS Global Meat S.A.	100.00%	263,631	244,848	242,216	-	(2,632)
Columbus Netherlands B.V.	100.00%	503,968	331,925	199,351	229,939	(21,167)
Brazservice Wet Leather S.A.	100.00%	48,859	23,063	(4,220)	38,224	(1,358)
Seara Alimentos Ltda.	100.00%	16,584,069	4,259,089	4,547,398	8,334,061	805,527
Tannery do Brasil S.A.	99.51%	38,504	29,843	(3,484)	27,560	(12,625)
Associates:						
Vigor Alimentos S.A.	19.43%	2,929,320	1,347,636	1,542,224	1,074,446	117,152
Joint venture:						
Meat Snack Partners, LLC	50.00%	79,560	41,947	79,558	225,626	18,066

In consolidated quarterly interim 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 are recorded as intangible.

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Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
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In the Company:

	December 31, 2014	Addition (disposal)	Exchange rate variation (i)	Equity in subsidiaries		June 30, 2015
				Equity in subsidiaries (ii)	Income Statements	
JBS Embalagens Metálicas Ltda.	(8,907)	-	-	-	(8,629)	(17,536)
JBS Global Investments S.A.	23,236	-	3,405	-	(11,005)	15,636
JBS Holding Internacional S.A.	467,095	-	-	36,917	(16,731)	487,281
JBS USA, Inc.	4,240,732	-	780,730	(160,713)	1,401,290	6,262,039
JBS Confinamento Ltda.	516,279	-	-	-	(3,863)	512,416
JBS Slovakia Holdings, s.r.o.	36,649	-	2,610	1,275	(1,035)	39,499
JBS Leather Itália S.R.L	33,129	-	2,297	-	(2,124)	33,302
JBS S/A (DMCC Branch)	313	(313)	-	-	-	-
JBS Leather Paraguay	(292)	-	(19)	-	635	324
JBS Holding GMBH	1,443,790	(654,704)	62,511	25,455	109,447	986,499
JBS Global Luxembourg S.à.r.l.	196,790	-	13,802	5,033	(9,635)	205,990
FG Holding III Ltda.	66	-	-	-	(1)	65
JBS Global Meat S.A.	244,848	-	-	-	(2,632)	242,216
Vigor Alimentos S.A.	268,026	-	-	8,864	22,763	299,653
Columbus Netherlands B.V.	187,349	9,320	30,698	(6,849)	(21,167)	199,351
Brazservice Wet Leather S.A.	(2,862)	-	-	-	(1,358)	(4,220)
JBS Foods S.A. ^{(1) (2)}	1,768,296	(2,499,770)	-	150,495	580,979	-
Seara Alimentos Ltda. ⁽²⁾	-	4,337,659	-	(14,809)	224,548	4,547,398
Tannery do Brasil S.A.	9,036	135	-	(159)	(12,478)	(3,466)
Meat Snack Partners, LLC	27,324	-	5,089	(1,666)	9,032	39,779
Subtotal	9,450,897	1,192,327	901,123	43,843	2,258,036	13,846,226
Accrual for loss on investments (*)	12,061	-	-	-	-	25,222
Total	9,462,958					13,871,448

(*) Transfer of the negative investments for other noncurrent liabilities (Brazservice, JBS Embalagens and Tannery).

In the Consolidated:

	December 31, 2014	Equity in subsidiaries		June 30, 2015
		Equity in subsidiaries (ii)	Income Statements	
Vigor Alimentos S.A.	268,026	8,864	22,763	299,653
Meat Snack Partners, LLC	27,324	3,423	9,032	39,779
Total	295,350	12,287	31,795	339,432

(i) - As defined in IAS 21/CPC 2 R1 - The effects of changes in foreign exchanges rates, refers to the exchange rate variation of foreign currency investments that are accounted under the equity method, which was accounted directly to equity of the Company on the line "Accumulated translation adjustments".

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

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

(1) - JBS Foods S.A. - On March, 2015, the Company made a capital increase through a loan capitalization, in the amount of R\$1,837,888.

(2) - JBS Foods S.A. and Seara Alimentos - On April, 2015 JBS Foods S.A. and Seara Alimentos Ltda., in a simplifying process of its corporate structure were merged through a reverse merger.

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12 Property, plant and equipment, net

Company	Cost	Revaluation	Accumulated depreciation	Net amount	
				June 30, 2015	December 31, 2014
Buildings	3,372,757	116,620	(623,127)	2,866,250	2,745,594
Land	1,171,110	9,305	-	1,180,415	1,148,691
Machinery and equipment	5,359,541	44,116	(1,689,229)	3,714,428	3,529,824
Facilities	1,502,518	21,731	(356,980)	1,167,269	1,088,839
Computer equipment	209,007	679	(129,503)	80,183	84,340
Vehicles	625,489	51	(184,134)	441,406	452,938
Construction in progress	1,224,207	-	-	1,224,207	1,347,217
Other	238,595	1,233	(41,743)	198,085	192,987
	13,703,224	193,735	(3,024,716)	10,872,243	10,590,430

Consolidated	Cost	Revaluation	Accumulated depreciation	Net amount	
				June 30, 2015	December 31, 2014
Buildings	11,433,051	116,620	(2,482,452)	9,067,219	7,801,751
Land	3,279,077	9,305	-	3,288,382	2,925,379
Machinery and equipment	16,367,840	44,116	(7,169,564)	9,242,392	8,019,236
Facilities	2,148,027	21,731	(623,107)	1,546,651	1,462,634
Computer equipment	510,706	679	(281,199)	230,186	198,971
Vehicles	1,011,351	51	(452,702)	558,700	526,644
Construction in progress	2,792,617	-	-	2,792,617	2,457,998
Other	1,369,175	1,233	(572,356)	798,052	706,084
	38,911,844	193,735	(11,581,380)	27,524,199	24,098,697

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

	Average annual depreciation rates as of June 30,			
	2015		2014	
	Company	Consolidated	Company	Consolidated
Buildings	3.39%	3.31%	3.09%	3.79%
Land	-	-	-	-
Machinery and equipment	6.58%	8.91%	6.48%	9.12%
Facilities	5.47%	5.78%	5.24%	5.55%
Computer equipment	11.22%	16.60%	11.94%	15.26%
Vehicles	10.69%	10.04%	10.07%	9.85%
Other	2.59%	12.78%	2.37%	7.86%

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Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
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Changes in property, plant and equipment

Company	December 31, 2014	Additions net of transfereces	Disposals	Depreciation	June 30, 2015
Buildings	2,745,594	179,883	(16)	(59,211)	2,866,250
Land	1,148,691	31,724	-	-	1,180,415
Machinery and equipment	3,529,824	364,384	(2,067)	(177,713)	3,714,428
Facilities	1,088,839	120,094	(1)	(41,663)	1,167,269
Computer equipment	84,340	7,636	(26)	(11,767)	80,183
Vehicles	452,938	38,860	(16,945)	(33,447)	441,406
Construction in progress ⁽¹⁾	1,347,217	(123,010)	-	-	1,224,207
Other	192,987	8,247	(45)	(3,104)	198,085
	10,590,430	627,818	(19,100)	(326,905)	10,872,243

⁽¹⁾ - Changes of construction in progress are presented for quarterly interim financial statements purposes, net of transfers, being composed on June 30, 2015 as follow:

(+) Additions in the period: R\$195,717;
(-) Transfer to a proper property plant item: (R\$318,727);
(=) Net balance: (R\$123,010).

Consolidated	December 31, 2014	Acquisitions ⁽²⁾	Additions net of transfereces ⁽³⁾	Disposals	Adjustments IFRS 3/CPC 15	Depreciation	Exchange rate variation	June 30, 2015
Buildings	7,801,751	674,326	263,831	(17,612)	22,116	(187,108)	509,915	9,067,219
Land	2,925,379	203,454	54,065	-	-	-	105,484	3,288,382
Machinery and equipment	8,019,236	650,785	823,415	(15,780)	20,777	(705,780)	449,739	9,242,392
Facilities	1,462,634	7,101	147,962	(6,867)	(1,100)	(62,710)	(369)	1,546,651
Computer equipment	198,971	9,651	58,170	(212)	90	(41,726)	5,242	230,186
Vehicles	526,644	41,706	69,450	(36,545)	278	(49,567)	6,734	558,700
Construction in progress	2,457,998	45,271	174,220	-	11	-	115,117	2,792,617
Other	706,084	25,014	68,881	(1,221)	2,126	(86,176)	83,344	798,052
	24,098,697	1,657,308	1,659,994	(78,237)	44,298	(1,133,067)	1,275,206	27,524,199

IFRS 3/CPC 15 adjustments

According to the standard IFRS 3 (R)/CPC 15 (R1) - Business Combination, Seara Alimentos performed the accounting valuation at fair value of the business combination of the companies Sul Valle and Avebom. 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\$1,657,308 refers to Grupo Big Frango in the consolidated of Seara Alimentos, Primo and Tyson in the consolidated of JBS USA and Priante.

⁽³⁾ - The additions of R\$1,659,994 are composed by several acquisitions and pulverized construction in progress, including the amount of R\$627,818 in the Company referring to a beef processing facility implementation recently acquired, awaiting physical inventory by a specialized company; R\$656,640 in the subsidiary JBS USA and R\$320,362 in the subsidiary Seara Alimentos.

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.

Until December 2007, revaluations were performed on property, plant and equipment items of several Company's plants, and offsetting entries were made to the revaluation reserve account and the provision for deferred income and social contribution taxes. The method and assumption applied to estimate the fair value of the assets were determined based on current market prices. As of June 30, 2015, the total amount of property, plant and equipment revaluation is R\$193,735, which the revaluation reserve is R\$85,873 and the provision for deferred income and social contribution taxes is R\$39,551. For revalued property, plant and equipment, the Company recorded accumulated depreciation of R\$68,311.

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.

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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 June 30, 2015 and December 31, 2014 are shown below:

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Construction in progress	1,137,129	1,283,834	2,609,424	2,323,934
(+) capitalized borrowing costs	87,078	63,383	183,193	134,064
	1,224,207	1,347,217	2,792,617	2,457,998

In the period ended on June 30, 2015, the amount of capitalized interest on construction in progress including the amount of the additions is R\$29,165 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	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Goodwill (incorporations and subsidiaries)	9,085,970	9,085,970	16,337,123	12,985,834
Trademarks	452,578	452,578	1,706,154	1,179,287
Software	12,840	11,716	69,988	52,780
Water rights	-	-	105,005	90,346
Client portfolio	-	-	1,148,092	1,122,591
Other	-	-	8,145	5,674
	9,551,388	9,550,264	19,374,507	15,436,512

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 depreciation rates as of June 30,			
	2015		2014	
	Company	Consolidated	Company	Consolidated
Trademarks	-	9%	-	9%
Software	20%	23%	20%	23%
Water rights	-	9%	-	9%
Client portfolio	-	13%	-	13%
Other	-	23%	-	23%

Changes in intangible assets

Company	December 31, 2014	Additions	Disposal	Amortization	June 30, 2015
Goodwill	9,085,970	-	-	-	9,085,970
Trademarks	452,578	-	-	-	452,578
Software	11,716	3,510	(144)	(2,242)	12,840
	9,550,264	3,510	(144)	(2,242)	9,551,388

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Consolidated	December 31, 2014	Acquisitions ⁽¹⁾	Additions ⁽²⁾	Disposal ⁽³⁾	Adjustments IFRS 3/CPC 15	Amortization	Exchange rate variation	June 30, 2015
Goodwill	12,985,834	15,479	3,195,187	-	(42,325)	-	182,948	16,337,123
Trademarks	1,179,287	471,782	-	-	15,521	(4,550)	44,114	1,706,154
Software	52,780	-	24,906	(366)	-	(8,528)	818	69,988
Water rights	90,346	-	-	-	-	(68)	14,727	105,005
Client portfolio	1,122,591	-	-	-	6,061	(78,475)	97,915	1,148,092
Other	5,674	2,716	-	(159)	-	(643)	547	8,145
	15,436,512	490,355	3,220,103	(525)	(20,743)	(92,264)	341,069	19,374,507

IFRS 3/CPC 15 adjustments

According to the standard IFRS 3 (R)/CPC 15 (R1) - Business Combination, the Company and Seara Alimentos performed the accounting valuation at fair value of the business combination of the companies Sul Valle and Avebom. 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\$490,355 refers to the balances arising from Grupo Big Frango that were consolidated in the period of six months period ended on June 30, 2015, in the consolidated of Seara Alimentos, Primo and Tyson in the consolidated of JBS USA and Priante.

⁽²⁾ - The additions in goodwill for the period refers to the goodwill arising by the indirect subsidiary JBS Aves by Macedo's acquisition in the amount of R\$60,988 and the Grupo Big Frango in the amount of R\$553,556, by the subsidiary JBS Leather Italia refers the acquisition on Priante in the amount of R\$13,440, by the JBS USA subsidiary by the acquisition on Primo in the amount of R\$2,023,416 and by Tyson in the amount of R\$543,787.

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 quarterly interim 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)

On 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 the 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)

On 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 June 30, 2015.

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

Consolidated- Recorded as intangible (Goodwill)

JBS USA has goodwill of US\$1,040,086 thousand, equivalent to R\$3,226,971 as of June 30, 2015, arising mainly from the acquisition in 2008 of Smithfield beef, Tasman and Five Rivers; Andrews Meat in 2014, Primo, Knox Skins and Tyson.

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 ARS\$14,110 thousand Argentinean pesos, equivalent to R\$4,819 as of June 30, 2015. Goodwill is based upon expected future earnings of the acquired businesses.

JBS Global Luxembourg has goodwill of EUR5,188 thousands, equivalent to R\$17,952 as June 30, 2015, arising from the acquisition of the Toledo Group, based on the appreciation of the assets.

JBS Leather Itália has goodwill of EUR3,884 thousands, equivalent to R\$13,440 as June 30, 2015, arising from the acquisition of the Priante, based upon expected future earnings of the acquired businesses.

The subsidiary Seara Alimentos has other goodwill arising from the acquisition of companies based on expected future earnings in the amount of R\$3,094,009, as follows:

- R\$11,111 by the acquisition of Seara Alimentos through Cargill Alimentos in 2004;
- R\$8,591 by the acquisition of MBL in March, 2008;
- R\$4,889 by the acquisition of Pena Branca in June, 2008;
- R\$89,675 by the acquisition of Mas do Brasil (Braslo, Penasul e Agrofrango) in September, 2008;
- R\$13,147 by the historical balance of Braslo when the company was acquired in September, 2008;



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- vi. R\$6,822 by the acquisition of Brusand in September, 2008;
- vii. R\$9,974 by the acquisition of Penasul which is part of the historical balance when the company was acquired in September, 2008;
- viii. R\$28,343 by the acquisition of Agrofrango which is part of the historical balance when the company was acquired in September, 2008;
- ix. R\$1,309,382 by the acquisition of JBS Foods Participações Ltda in September de 2013;
- x. R\$2,035 by the acquisition of Sul Valle Alimentos Ltda. in February, 2014;
- xi. R\$196,920 by the acquisition of Comércio e Indústria de Massas Alimentícias - Massa Leve Ltda. in June, 2014;
- xii. R\$12,835 by the acquisition of Excelsior Alimentos S.A. in August, 2014;
- xiii. R\$33,618 by the acquisition of Agrovêneto in March, 2013;
- xiv. R\$47 by the acquisition of Agil in June, 2013;
- xv. R\$39,411 by the acquisition of Frinal S.A. in April, 2014;
- xvi. R\$47,658 by the acquisition of Avebom Indústria de Alimentos Ltda. in August, 2014;
- xvii. R\$2,874 by the acquisition of Granja Eleven Ltda. in September, 2014;
- xviii. R\$24,180 by the acquisition of Novagro Granja Avícola Ltda. in October, 2014;
- xix. R\$60,988 by the acquisition of Macedo Agroindustrial Ltda. in December, 2014;
- xx. R\$553,556 by the acquisition of Big Frango in February, 2015;
- xxi. R\$630,389 (US\$203,181 in June 30, 2015) of Parc Castell Ltd., by the acquisition of Valores Catalanes SA (Dagranja, Protinal and Ibirapuera) in March, 2008;
- xxii. R\$7,564 (US\$2,438 in June 30, 2015) of Brusand, by the acquisition of Penasul UK which is part of the historical balance when the company was acquired in September, 2008.

The others Company's subsidiaries have another goodwill arising from the acquisition of companies, based on expected future earnings of R\$127,635, for the following investments:

- i. JBS Handels GmbH by acquisition of the subsidiary Holding Inc. - R\$28,909;
- ii. Itaholb International B.V. by acquisition of the subsidiary Rigamonti - R\$80,058;
- iii. Capital Joy Holding Limited - R\$8,197;
- iv. Trump Asia Enterprises Ltd by acquisition of the subsidiary Wonder Best - R\$3,053;
- v. JBS Paraguay S.A. by acquisition of the subsidiary IFPSA - R\$7,418.

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 six months period ended on June 30, 2015, 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.

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14 Trade accounts payable

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Commodities - cattle	527,788	971,093	2,539,817	2,903,724
Materials and services	553,443	510,910	5,073,715	3,755,967
Finished products	67,661	85,399	226,180	283,242
	1,148,892	1,567,402	7,839,712	6,942,933

15 Loans and financing

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

Current liabilities		Company	
		June 30, 2015	December 31, 2014
Type	Annual rate of interest and commissions		
Foreign currency			
ACC - Advances on exchange contracts	Exchange variation + interest from 2.14% to 3.13%	7,672,875	5,843,516
Prepayment	Exchange variation, Libor and interest from 2.25% to 7%	1,123,163	577,838
144-A	Exchange variation + interest from 6.25% to 10.50%	177,595	243,038
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	194,063	166,640
		9,167,696	6,831,032
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	87,164	94,973
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	486,136	960,027
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	3,111	2,771
Credit note - export	Interest from 1.2% to 8.54% or 100% to 118% of CDI	847,635	1,418,330
FNO - North Fund	Interest of 10.00%	4,056	4,053
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	3,024	9,270
FINEP	Interest of 4% to 5%	1,740	1,733
Debentures	127.6% of CDI and IPCA + 9%	-	245,286
		1,432,866	2,736,443
		10,600,562	9,567,475

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Noncurrent liabilities		Company	
Type	Annual rate of interest and commissions	June 30, 2015	December 31, 2014
Foreign currency			
Prepayment	Exchange variation, Libor and interest from 2.25% to 7%	1,464,501	358,971
144-A (*)	Exchange variation + interest from 6.25% to 10.50%	8,868,261	10,075,940
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	-	54,777
		10,332,762	10,489,688
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	236,958	265,731
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	682,373	1,080,440
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	81,971	35,421
Credit note - export	Interest from 1.2% to 8.54% or 100% to 118% of CDI	1,733,591	1,730,805
FNO - North Fund	Interest of 10.00%	6,687	8,678
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	3,217	2,628
FINEP	Interest of 4% to 5%	74,896	75,693
		2,819,693	3,199,396
		13,152,455	13,689,084
Breakdown:			
Current liabilities		10,600,562	9,567,475
Noncurrent liabilities		13,152,455	13,689,084
		23,753,017	23,256,559
Maturities of noncurrent liabilities are as follows:			
	2016	1,920,270	3,276,569
	2017	1,858,749	981,247
2018 (*)		930,804	2,605,336
	2019	343,061	53,299
	2020	3,258,389	2,667,061
	2021	16,933	14,513
Maturities thereafter 2021		4,824,249	4,091,059
		13,152,455	13,689,084

(*) - As mentioned in the explanative note 10 - Related parties transactions, the reduction in the long term refers to the fact that that the Company exercised its right to repurchase the total amount of the Notes maturing in 2018 with an interest of 8,25% ("Notes 2018 of JBS S.A.") through funds provided by JBS USA.

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Current liabilities		Consolidated	
Type	Annual rate of interest and commissions	June 30, 2015	December 31, 2014
Foreign currency			
ACC - Advances on exchange contracts	Exchange variation + interest from 2.14% to 3.13%	8,890,080	6,456,114
Prepayment	Exchange variation, Libor and interest from 2.25% to 7%	2,736,878	2,032,200
144-A	Exchange variation + interest from 6.25% to 10.50%	177,595	243,038
Credit note - import	Exchange variation + interest of 11.25%	31,077	17,029
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	194,063	166,640
Canadian Credit Facility	ForEx variation + CDOR/RBC Prime/Libor + applic. Interest	56	141
Canadian Credit Facility - term loan	Exchange variation + Interest of 3.65%	2,411	2,149
Canadian Bank Facility	Exchange variation + Interest of 3.5%	-	2,869
Credit note - LCAL	Exchange variation + Interest of 3.9%	34	32
Andrews Meat Secured Facility	Exchange variation + BBSY + 0.8%	10,260	12,941
		12,042,454	8,933,153
Local Currency			
FINAME	TJLP and interest from 1% to 8.5%	101,719	109,856
JBS Mortgage	Interest from 5.8% to 8.4%	31,147	29,101
US revolver	Libor or Prime + applicable rate	921	507
JBS Term Loan due to 2018	Alternate Base Rate ("ABR")+1.75% or Libor +2.75%	7,936	10,189
Five Rivers term loan	Libor + 2.50% or Prime + 1.25%	16,236	13,831
Senior notes due 2020	Interest of 8.25%	73,662	63,064
Senior notes due 2021	Interest of 7.25%	20,121	17,225
Senior notes due 2024	Interest of 5.875%	62,278	59,820
Senior notes due 2025	Interest of 5.75%	11,151	-
PPC - Senior note due 2025	Interest of 5.75%	26,760	-
PPC - EUA Credit Facility - term loan	Libor + 1.25% to 2.75% or ABR + 0.25% to 1.75%	1,120	-
PPC - US bonds	Interest from 7.625% to 9.25%	-	449
Plainwell Bond	Interest of 4.39%	6,565	5,533
Marshalltown	Interest of 2.34%	56	-
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	518,717	1,050,457
Working capital - US dollars	Libor +interest from 1.10% to 3.20%	418,261	286,365
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	181,518	162,874
Working capital - Argentine Pesos	Interest of 18.77%	3,304	3,096
Credit note - export	Interest from 1.2% to 8.54% or 100% to 118% of CDI	1,345,840	1,742,824
FCO - Middle West Fund	Interest of 10.00%	1,629	1,636
FNO - North Fund	Interest of 10.00%	4,056	4,053
Credit note - import	Interest of 4.44% (LIBOR and interest of 2.80%)	335,123	244,127
Finep - Financing of Studies and Projects	Interest of 4% to 5%	5,721	5,719
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	3,024	9,270
Rural - Credit note	Interest of 5.5%	-	203,829
ACC - Advances on exchange contracts	Interest de 1%	1,120	4,407
Rural - Credit note	Interest of 5,5%	715,005	442,225
Term loan due to 2020	Alternate Base Rate ("ABR")+1.75% or Libor +2.75%	26,974	14,787
Debentures	127.6% of CDI and IPCA + 9%	-	245,286
CCB - BNDES	Interest of 5.98% + UMBNDES until 8.7%	20,160	23,275
Others		-	17
		3,940,124	4,753,822
		15,982,578	13,686,975

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Noncurrent liabilities		Consolidated	
Type	Annual rate of interest and commissions	June 30, 2015	December 31, 2014
Foreign currency			
Prepayment	Exchange variation, Libor and interest from 2.25% to 7%	3,244,517	2,180,904
144-A	Exchange variation + interest from 6.25% to 10.50%	8,868,261	10,075,940
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	-	54,777
Canadian Credit Facility	ForEx variation + CDOR/RBC Prime/Libor + applic. Interest	183,928	174,207
Canadian Credit Facility - term loan	Exchange variation + interest of 3.65%	35,795	33,558
Credit note - LCAL	Exchange variation + Interest of 3.9%	10,415	9,456
		12,342,916	12,528,842
Local Currency			
FINAME	TJLP and interest from 1% to 8.5%	250,774	288,529
JBS Mortgage	Interest from 5.8% to 8.4%	7,148	6,338
US revolver	Libor or Prime + applicable rate	46,722	335,024
JBS Term Loan due 2018	Alternate Base Rate ("ABR")+1.75% or Libor +2.75%	1,257,794	1,075,086
Five Rivers term loan	Libor + 2.50% or Prime + 1.25%	285,483	250,697
Senior note due 2020	Interest of 8.25%	2,137,223	1,826,493
Senior note due 2021	Interest of 7.25%	3,510,911	3,001,673
Senior notes due 2024	Interest of 5.875%	2,308,055	1,975,066
Senior notes due 2025	Interest of 5.75%	2,766,775	-
PPC - Senior note due 2025	Interest of 5.75%	1,536,479	-
PPC - EUA Credit Facility - term loan	Libor + 1.25% to 2.75% or ABR + 0.25% to 1.75%	1,520,553	-
PPC - US bonds	Interest from 7.625% to 9.25%	-	9,342
Plainwell Bond	Interest of 4.39%	22,339	21,834
Marshalltown	Interest of 2.34%	29,999	25,675
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	686,245	1,083,081
Working capital - US dollars	Libor +interest from 1.10% to 3.20%	22,494	29,883
Working capital - Euro	Euribor + interest from 0.15% to 1.75%	88,837	35,421
Working capital - Argentine Pesos	Interest of 18.77%	1,202	2,689
Credit Note - export	Interest from 1.2% to 8.54% or 100% to 118% of CDI	2,301,840	2,464,580
FCO - Middle West Fund	Interest of 10.00%	3,849	4,645
FNO - North Fund	Interest of 10.00%	6,687	8,678
Finpe - Financing of Studies and Projects	Interest of 4% to 5%	89,382	92,154
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	3,217	2,628
Term loan due 2020	Alternate Base Rate ("ABR")+1.75% or Libor +2.75%	1,495,956	1,285,994
Rural - Credit note	Interest of 5.5%	-	4,008
CCB - BNDES	Interest of 5.98% + UMBNDES until 8.7%	26,322	33,805
		20,406,286	13,863,323
		32,749,202	26,392,165
Breakdown:			
Current liabilities		15,982,578	13,686,975
Noncurrent liabilities		32,749,202	26,392,165
		48,731,780	40,079,140

Maturities of noncurrent liabilities are as follows:

2016	2,866,399	4,625,423
2017	2,770,593	1,770,675
2018	3,017,132	4,773,027
2019	733,944	337,812
2020	8,361,332	5,747,090
2021	3,528,734	3,038,449
Maturities thereafter 2021	11,471,068	6,099,689
	32,749,202	26,392,165

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Subsequent events: As announced to the Market on July, 2015, the Company through its subsidiary JBS USA, LLC, received a commitment for up to US\$1.2 billion of long-term financing (Term-loan) with a maturity of seven years and is currently expected to accrue interest at a rate per annum equal to Libor plus 2.75%, that with the cash on hand, will be used in the acquisition of the Cargill Pork business in the United States.

ACC – Advances on exchange contracts are credit facilities obtained from financial institutions by the Company, its subsidiary JBS Argentina and Seara Alimentos subsidiaries, in the amount of US\$2,865,726 on June 30, 2015 (US\$2,432,242 on December 31, 2014), 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 five 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 year; (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 year, (iii) Note 2020 - JBS S.A., in the amount of US\$1 billion with an interest rate of 7.75% per year, (iv) Notes 2023 - JBS S.A. in the amount of US\$775 million with an interest rate of 6.25% per year and (v) Notes 2024 - JBS S.A. in the amount of US\$750 million with an interest rate of 7.25% per year.

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

Rural credit note – Refers to the capture the subsidiary Seara Alimentos 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 August 15, 2014 the subsidiary JBS USA, LLC entered into a credit agreement consisting of a term loan commitment of US\$900 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 due to 2016 - On November 7, 2014 the indirect subsidiary JBS Five Rivers added a term loan of US\$100 million with a payment term of 5 years and LIBOR + 2.50% or Prime + 1.25% 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 7 years and cost of ABR plus 1.75% or LIBOR + 2.75% per year.

Notes 8,25% due to 2020 - On 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- On 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 – On 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.

Notes 5.75% due to 2025 from PPC - On March 11, 2015, the subsidiary PPC issued notes 5,75% due to 2025, with the principal amount of US\$500 million with a term of 10 years and cost of 5.75% per year.

PPC US Credit Facility - On February 11, 2015, PPC and its subsidiaries, To-Ricos, Ltd. and To-Ricos Distribution, Ltd., entered into an amendment of the USA Credit Line, which predicts for a revolving loan commitment of at least US\$700 million and a term loan commitment of up to US\$1 billion. This line of credit expires in 2020 and the cost of this is LIBOR + 1.25% to 2.75% or ABR + 0.25% to 1.75% per year.

Notes 5,75% due to 2025 - On May 20, 2015 the subsidiaries JBS USA, LLC and JBS USA Finance, issued the Notes 5,75% due to 2025, with the principal amount of US\$900 millions with a payment term of 10 years and cost of 5,75% per year.

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

16 Credit operations, guarantees and covenants

On June 30, 2015, 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. On March 23, 2015 and June 23, 2015 the Company canceled US\$13.8 million and US\$8.9 million, respectively, in aggregate principal amount of the Notes 2016 which it has repurchased in the secondary market.

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;

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- . 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 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 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. On March 23, 2015 and June 23, 2015 the Company cancelled US\$6.6 million and US\$7.0 million, respectively, in aggregate principal amount of the Bertin's Notes 2016 which it has repurchased in the secondary market.

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.

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

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

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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 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 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 can only, 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) it is not in 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.

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 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 Credit Agreement 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. At June 30, 2015 and June 30, 2014, the interest rate was 2.7% and 3.9%, respectively.

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 June 30, 2015, there were US\$93.9 million of outstanding letters of credit and borrowing availability of US\$787.3 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, enter into certain acquisitions or sell or dispose of certain assets.

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 June 30, 2015, JBS USA was in compliance with all covenants.

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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 an A\$20.0 million money market facility, subject to an annual review. On September 16, 2013, the facility was restated to provide for an 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 June 30, 2015, there were US\$37.1 million of outstanding letters of credit and borrowing availability of US\$42.1 million. At June 30, 2015 and June 30, 2014, the interest rate was 3.0% and 3.6%, respectively.

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. Principal and interest are payable quarterly beginning on April 1, 2011.

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 other assets within the Condensed 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 - On 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. At both June 30, 2015 and June 30, 2014, the corporate building loans contained two mortgages payable at 5.8% and 8.4%.

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.

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 were used to repay debt. The original issue discount of US\$2.5 million is being accreted over the life of the notes.

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 certain additional indebtedness, enter into certain acquisitions or sell or dispose of certain assets.

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 June 30, 2015, 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 1.75% with a 1.75% ABR floor or interest on the Eurodollar loans is based on LIBOR plus 2.75% with a 1.0% 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. At both June 30, 2015 and June 30, 2014, the interest rate was 3.8%. 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. Commencing on March 29, 2013 and continuing until maturity, payments of approximately US\$1.2 million will be payable on the last business day of each calendar quarter. At June 30, 2015, 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 outstanding debt. 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 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. At both June 30, 2015 and June 30, 2014, the interest rate was 3.8%. 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 Amended and Restated Revolving Facility. At June 30, 2015, JBS USA was in compliance with all covenants.

JBS Five Rivers term loan - On June 14, 2011, JBS Five Rivers obtained an US\$85.0 million term loan which had a maturity date of June 14, 2016. On November 7, 2014, JBS Five Rivers amended their term loan facility ("Amended Term Loan") to, among other things, increase the term loan to US\$100.0 million through a term loan reload and extend the maturity date to November 7, 2019. Repayment of the Amended Term Loan is required to be made in 20 quarterly installments 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 Amended Term Loan bear interest at variable rates based on applicable LIBOR plus 2.50%, or based on the prime rate plus 1.25%. At June 30, 2015 and June 30, 2014, the interest rate was 2.7% and 2.9%, respectively. The proceeds from the Amended Term Loan were advanced to J&F Oklahoma Holdings, Inc. ("J&F Oklahoma"), an unconsolidated affiliate of a parent of the Company, under the note receivable from J&F Oklahoma. The Amended

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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 Amended 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 Amended Term Loan as part of its guarantee, it is not probable at this time. The Amended Term Loan contains customary negative covenants that limit JBS Five Rivers and its restricted subsidiaries' ability to, among other things, incur certain additional indebtedness, enter into certain acquisitions or sell or dispose of certain assets.

Events of default - The Amended Term Loan also contains customary events of default, including failure to perform or observe terms, covenants or agreements included in the 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 Amended Term Loan. At June 30, 2015, 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 June 30, 2015, 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 fixed based on a margin plus the rate determined by LCAL at the time of borrowing to be equivalent to the Australian Financial Markets Association interest rate swap for a three year period of 3.9%. The facility 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. At June 30, 2015, the revolving credit facility contained one revolving loan payable at 3.0% for CAD\$ borrowings and 4.5% for US\$ borrowings. At June 30, 2014, the revolving credit facility contained one revolving loan payable at 3.3% for CAD\$ borrowings and 4.5% for US\$ borrowings.

The Canadian Credit Facility also provides for a CAD\$17.0 million term loan with a fixed interest rate of 3.7%. 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 June 30, 2015, there were no outstanding letters of credit and borrowing availability of US\$29.5 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, incur certain additional indebtedness, enter into certain acquisitions or sell or dispose of certain assets.

Events of default: The Canadian Credit Facility also contains customary events of default, including failure to perform or observe terms, covenants or agreements included in the Canadian Credit Facility, payment of defaults on other indebtedness, defaults on other indebtedness if the effect is to permit acceleration, entry of unsatisfied judgments or orders against a loan party or its subsidiaries, failure of any collateral document to create or maintain a priority lien and certain events related to bankruptcy and insolvency or environmental matters. If an event of default occurs the lenders may, among other things, terminate their commitments, declare all outstanding borrowings to be immediately due and payable together with accrued interest and fees and exercise remedies under the collateral documents relating to the Canadian Credit Facility. At June 30, 2015, 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 of short- and medium-term debt of 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 as listed under the 7.25% senior unsecured notes due 2021. At June 30, 2015, 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. 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. All principal and interest are due on or before October 24, 2015. At June 30, 2015, the interest rate was 2.9%.

5.75% senior unsecured notes due 2025 - On May 20, 2015, JBS USA, LLC and JBS USA Finance issued 5.75% notes due 2025 in an aggregate principal amount of US\$900.0 million primarily to redeem JBS S.A.'s 2018 Notes. 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 June 15 and December 15 of each year, beginning on December 15, 2015. The principal amount of these notes is payable in full on June 15, 2025. 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 June 30, 2015, JBS USA was in compliance with all covenants.

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.

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On June 14, 2011, J&F Oklahoma and JBS Five Rivers executed an amendment to increase the availability to US\$1.0 billion and to add J&F Australia as a borrower under the facility. On March 6, 2012, J&F Oklahoma and JBS Five Rivers executed an amendment to increase the availability up to US\$1.2 billion. On January 24, 2013, J&F Oklahoma executed an amendment 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 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 June 30, 2015 and June 30, 2014 was 2.7% and 2.8%, respectively. As of June 30, 2015, no borrowings were used towards letters of credit and the borrowing availability was US\$40.9 million. As of June 30, 2015 and December 31, 2014, J&F Oklahoma had US\$1.4 billion and US\$1.3 billion, 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 June 30, 2015.

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 January 24, 2013, the agreement was amended to extend the facility up to US\$450.0 million to fund working capital needs. On November 7, 2014, the facility was amended to extend the maturity date to December 31, 2019. The interest rate at both June 30, 2015 and June 30, 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 Sompco - On April 1, 2010, JBS USA Holdings executed a US\$60.0 million related party revolving promissory note with Sompco, Inc. ("Sompco"), 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 Sompco amended the related party revolving promissory note to increase the interest rate to the three-month LIBOR plus a 3.0% 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. This note eliminates upon consolidation.

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 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 both June 30, 2015 and June 30, 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 three months and the six months ended June 30, 2015, PPC reimbursed JBS USA, LLC US\$0.2 million and US\$0.4 million, respectively. During the three months and the six months ended June 30, 2014, PPC reimbursed JBS USA, LLC US\$0.3 million and US\$0.6 million, respectively.

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. On June 1, 2015, the note was amended to extend the maturity date to June 15, 2018. The interest rate at June 30, 2015 and June 30, 2014 was 3.3% and 3.2%, respectively. 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 3.0% 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 June 30, 2015 and June 30, 2014 was 3.8% and 4.4%, respectively. 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.

Note to JBS Holdco Australia - On October 23, 2014, JBS Australia issued an intercompany promissory note to JBS Holdco Australia Pty. Ltd. (a wholly-owned subsidiary of JBS USA LLC) for US\$149.0 million with an annual interest rate of 1.85% and a maturity date of October 1, 2022. While this note eliminates upon consolidation, the note is denominated in US\$, but reported by JBS Australia in A\$. Therefore, the note generates foreign currency transaction gains or losses due to fluctuations in the period end A\$ to US\$ exchange rate.

Note to JBS Holdco Australia - On February 20, 2015, JBS Australia issued an intercompany promissory note to JBS Holdco Australia Pty. Ltd. (a wholly-owned subsidiary of JBS USA LLC) for US\$149.9 million with an annual interest rate of 1.85% and a maturity date of October 1, 2022. While this note eliminates upon consolidation, the note is denominated in US\$, but reported by JBS Australia in A\$. Therefore, the note generates foreign currency transaction gains or losses due to fluctuations in the period end A\$ to US\$ exchange rate.

Note to JBS Smallgoods - On March 30, 2015, JBS Smallgoods Holdco Australia Pty. Ltd. (a wholly-owned subsidiary of JBS USA) issued an interest-free, intercompany promissory note to JBS Australia for A\$671.7 million with a maturity date of December 31, 2018. This note eliminates upon consolidation.

Description of Indebtedness of PPC

5.75% senior unsecured notes due 2025 - On March 11, 2015, PPC completed a sale of US\$500.0 million aggregate principal amount of its 5.75% senior notes due 2025 (the "Senior Notes"). PPC used the net proceeds from the sale of the Senior Notes to repay US\$350.0 million and US\$150.0 million of the term loan indebtedness under the 2015 US Credit Facility on March 12, 2015 and April 22, 2015, respectively. The Senior Notes were sold to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and outside the United States to non-US persons pursuant to Regulation S under the Securities Act.

The Senior Notes are governed by, and were issued pursuant to, an indenture dated as of March 11, 2015 by and among PPC, its guarantor subsidiary and Wells Fargo Bank, National Association, as trustee (the "Indenture"). The Indenture provides, among other things, that the Senior Notes will bear interest at a rate of 5.75% per annum from the date of issuance until maturity, payable semi-annually in cash in arrears, beginning on September 15, 2015. The Senior Notes are guaranteed on a senior unsecured basis by PPC's guarantor subsidiary.

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In addition, any of PPC's other existing or future domestic restricted subsidiaries that incur or guarantee any other indebtedness (with limited exceptions) must also guarantee the Senior Notes. The Senior Notes and related guarantees are unsecured senior obligations of PPC and its guarantor subsidiary and rank equally with all of PPC's and its guarantor subsidiary's other unsubordinated indebtedness. The Senior Notes and the Indenture also contain customary covenants and events of default, including failure to pay principal or interest on the Senior Notes when due, among others.

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 28, 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 could draw upon the Delayed Draw Term Loan commitment, in one or more advances until December 28, 2014. The US Credit Facility also included an accordion feature that allowed 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 provided 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.

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 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 required PPC to use the proceeds it received 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.

On February 11, 2015, PPC and its subsidiaries, To-Ricos, Ltd. and To-Ricos Distribution, Ltd., entered into a Second Amended and Restated Credit Agreement (the "2015 US Credit Facility") with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland, New York Branch, as administrative agent, and the other lenders party thereto. The 2015 US Credit Facility amends and restates the US Credit Facility.

The 2015 US Credit Facility provides for a revolving loan commitment of at least US\$700.0 million and a term loan commitment of up to US\$1.0 billion (the "Term Loan"). The 2015 US Credit Facility also includes an accordion feature that allows PPC, at any time, to increase the aggregate revolving loan and term loan commitments by up to an additional US\$1.0 billion, subject to the satisfaction of certain conditions, including obtaining the lenders' agreement to participate in the increase.

The revolving loan commitment under the 2015 US Credit Facility matures on February 10, 2020. All principal on the Term Loan is due at maturity on February 11, 2020. Because PPC prepaid US\$350.0 million of the term loan indebtedness with proceeds from the Senior Notes, PPC is not required to pay quarterly installments. Covenants in the 2015 US Credit Facility also require 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 2015 US Credit Facility.

The 2015 US Credit Facility includes a US\$75.0 million sub-limit for swingline loans and a US\$125.0 million sub-limit for letters of credit. Outstanding borrowings under the revolving loan commitment and the Term Loan bear interest at a per annum rate equal to (i) in the case of LIBOR loans, LIBOR plus 1.50% through March 29, 2015 and, based on PPC's net senior secured leverage ratio, between LIBOR plus 1.25% and LIBOR plus 2.75% and (ii) in the case of alternate base rate loans, the base rate plus 0.50% through June 30, 2015 and, based on our net senior secured leverage ratio, between the base rate plus 0.25% and base rate plus 1.75% thereafter. At June 30, 2015 the Term Loan interest rate was 1.4%.

Actual borrowings by PPC under the 2015 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 Rabobank, in its capacity as administrative agent. The borrowing base formula will be reduced by the sum of (i) inventory reserves, (ii) rent and collateral access reserves, and (iii) any amount more than 15 days past due that is owed by PPC or its subsidiaries to any person on account of the purchase price of agricultural products or services (including poultry and livestock) if that person is entitled to any grower's or producer's lien or other security arrangement. Revolving loan availability under the borrowing base also will be limited to an aggregate of US\$25.0 million with respect to the To-Ricos borrowers. As of June 30, 2015, the applicable borrowing base was US\$700.0 million and the amount available for borrowing under the revolving loan commitment was US\$679.9 million. PPC had letters of credit of US\$20.1 million and no outstanding borrowings under the revolving loan commitment as of June 30, 2015.

The 2015 U.S. 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 the Company and the Company's other affiliates, merge, consolidate and/or sell or dispose of all or substantially all of PPC's assets. The 2015 U.S. Credit Facility requires PPC to comply with a minimum level of tangible net worth covenant. The 2015 U.S. Credit Facility also provides that PPC may not incur capital expenditures in excess of US\$500.0 million in any fiscal year. PPC is currently in compliance with the covenants under the 2015 U.S. Credit Facility.

All obligations under the 2015 US Credit Facility will continue to be unconditionally guaranteed by certain of PPC's subsidiaries and will continue to be secured by a first priority lien on (i) the domestic (including Puerto Rico) accounts and inventory of PPC and its subsidiaries, (ii) 100.0% of the equity interests in PPC's domestic subsidiaries and 65% of the equity interests in the PPC's direct foreign subsidiaries, (iii) substantially all of the assets of PPC and the guarantors under the 2015 US Credit Facility.

17 Operating and Finance leases

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

a. Operating Leases (recognized as expenses):

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 Seara Alimentos through its subsidiary 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.

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

	Company	Consolidated
	June 30, 2015	June 30, 2015
For the years ending in :		
2015	16,764	152,985
2016	30,126	263,098
2017	18,729	228,758
2018	14,048	184,549
2019	14,016	164,038
Thereafter 2020	55,591	224,452
Total	149,274	1,217,880

The operational leases payments recognized as expenses at the periods ended on June 30, 2015 and 2014 totaled R\$20,473 and R\$12,586, in the Company and R\$196,701 and R\$129,153 in the consolidated.

b. Finance Leases (recognized as an asset):
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	June 30, 2015	December 31, 2014
Others - Wastewater treatment facility	11%	118,395	(36,511)	81,884	69,568
Total		118,395	(36,511)	81,884	69,568

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

	Consolidated		
	June 30, 2015		
	Present Value	Adjustment to present value	Future payments
For the years ending in:			
2015	5,572	419	5,991
2016	9,516	648	10,164
2017	7,322	313	7,635
2018	5,457	124	5,581
2019	3,745	37	3,782
Thereafter 2020	42,375	16	42,391
Total	73,987	1,557	75,544

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18 Income taxes, payroll, social charges and tax obligation

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Payroll and related social charges	123,706	120,057	585,744	637,780
Accrual for labor liabilities	234,017	159,038	1,765,059	1,499,047
Income taxes	-	-	54,956	505,799
Withholding income taxes	439	1,848	13,210	7,128
ICMS / VAT / GST tax payable	15,626	12,913	39,437	80,297
PIS / COFINS tax payable	282	208	1,830	828
Taxes in installments	181,026	190,984	246,099	221,699
Others	24,866	35,907	339,337	297,613
	579,962	520,955	3,045,672	3,250,191
Breakdown:				
Current liabilities	441,253	369,756	2,331,684	2,611,077
Noncurrent liabilities	138,709	151,199	713,988	639,114
	579,962	520,955	3,045,672	3,250,191

19 Declared dividends

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Declared dividends	1,281	484,013	1,281	484,013
	1,281	484,013	1,281	484,013
Proposed dividends on 2012 - Residual			230	230
Proposed dividends on 2013 - Residual			251	254
Proposed dividends on 2014- Residual			800	483,529
			1,281	484,013

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	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Current	16,172	47,894	278,069	344,881
Noncurrent	41,250	44,904	282,174	490,461
	57,422	92,798	560,243	835,342

In Company:

The payables related to facilities acquisitions in the Company is related primarily to acquisitions of property 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\$124,000 in the indirect subsidiary JBS Aves related to the acquisition on 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\$48,000 classified in the short term and R\$76,000 classified in the long term.
- ii. R\$128,773 in the subsidiary Seara Alimentos 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 were transferred along with the debits to JBS S.A., being R\$33,843 classified in the short term and R\$94,930 classified in the long term.
- iii. R\$82,474 in the subsidiary Seara Alimentos refers to the acquisition of the slaughtering plant and pigs processing in Carambei, classified as short term.
- iv. R\$29,341 in the indirect subsidiary JBS Aves is related to the acquisition on 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\$22,847 in the indirect subsidiary JBS Aves refers to the Frinal's acquisition occurred on June, 2014, which is engaged in the activity of creating, slaughtering and marketing of pork, being R\$11,451 classified as short term and R\$11,396 classified as long term.
- vi. R\$20,303 in the subsidiary JBS Global Meat related to debts to Midtown acquisition, classified as short term.
- vii. R\$19,000 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, being R\$7,000 classified in the short term and R\$12,000 classified in the long term.
- viii. R\$9,000 in the subsidiary Seara Alimentos refers to the Sul Valle's acquisition occurred on March, 2014, which is engaged in the activity of creating, slaughtering and marketing of pork, classified as short term.
- ix. R\$24,807 in the indirect subsidiary JBS Aves is related to the acquisition on October, 2014 of the company Novagro, which explores raising broiler chickens for slaughtering, production of pet food and concentrates, being R\$7,550 classified as short term and R\$17,257 classified as long term.
- x. R\$42,276 in the subsidiary Seara Alimentos is related to the acquisition of Property, plant and equipment on October, 2014 of the company Céu Azul, classified as short term.

21 Income taxes - Nominal and effective tax rate reconciliation

Income tax and social contribution, current and deferred, 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.

a. Reconciliation of income tax and social contribution expense:

	Company		Consolidated	
	For the six months period ended on June 30,		For the six months period ended on June 30,	
	2015	2014	2015	2014
Profit (loss) before income taxes (PBT)	1,058,805	328,936	2,516,935	1,007,054
Nominal rate	34%	34 %	34 %	34 %
Expected tax expense	(359,994)	(111,838)	(855,758)	(342,398)
Adjustments to reconcile taxable income:				
Earnings and losses on equity	767,732	300,904	10,810	3,932
Loss carryforwards	-	-	304,260	13,496
Domestic production activities deduction - USA	-	-	67,467	-
Difference on tax rates for foreign subsidiaries	-	-	44,249	(26,772)
Dividends paid abroad	-	-	(250,685)	-
Others permanent differences	7,307	(193,758)	(56,962)	(183,836)
Current and deferred income tax and social contribution (expense) benefit	415,045	(4,692)	(736,618)	(535,578)
Current income tax and social contribution	1,146	1,096	(1,507,428)	(804,134)
Deferred income tax and social contribution	413,899	(5,788)	770,810	268,556
	415,045	(4,692)	(736,618)	(535,578)
% IT/PBT	39.20%	(1.43)%	(29.27)%	(53.18)%
Adjustments to reconcile taxable income ⁽¹⁾:				
Goodwill amortization - deferred	131,020	-	131,593	-
Prior years loss carryforwards - deferred	-	-	(304,260)	(13,496)
Dividends paid abroad - deferred	-	-	250,685	-
Current and deferred income tax and social contribution (expense) benefit - ADJUSTED	546,065	(4,692)	(658,600)	(549,074)
Effective rate	51.57%	(1.43)%	(26.17)%	(54.52)%

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	Company		Consolidated	
	For the three months period ended on June 30,		For the three months period ended on June 30,	
	2015	2014	2015	2014
Profit (loss) before income taxes - PBT	(453,457)	259,824	427,522	747,348
Nominal rate	34%	34 %	34 %	34 %
Expected tax expense	154,175	(88,340)	(145,357)	(254,098)
Adjustments to reconcile taxable income:				
Earnings and losses on equity	359,531	216,279	2,606	2,336
Domestic production activities deduction - USA	-	-	18,593	-
Difference on tax rates for foreign subsidiaries	-	-	13,145	(19,932)
Others permanent differences	19,882	(133,498)	(64,277)	(124,189)
Current and deferred income tax and social contribution (expense) benefit	533,588	(5,559)	(175,290)	(395,883)
Current income tax and social contribution	583	547	(667,274)	(580,891)
Deferred income tax and social contribution	533,005	(6,106)	491,984	185,008
	533,588	(5,559)	(175,290)	(395,883)
% IT/PBT	117.67%	(2.14)%	(41.00)%	(52.97)%
Adjustments to reconcile taxable income ⁽¹⁾:				
Goodwill amortization - deferred	-	-	-	-
Prior years loss carryforwards - deferred	-	-	-	-
Dividends paid abroad - current	-	-	-	-
Current and deferred income tax and social contribution (expense) benefit - ADJUSTED	533,588	(5,559)	(175,290)	(395,883)
Effective rate	117.67 %	(2.14)%	(41.00)%	(52.97)%

⁽¹⁾ - The Company believes that on effective tax rate calculation and presentation should be excluded the following items: i) deferred tax expense arising from goodwill amortization, ii) current tax over dividends paid abroad (once such expense is unrelated to our business), and iii) deferred tax assets on tax losses from prior years (recognized in the current year because companies became profitable and prior had no profitability perspective, not meeting criteria for recognition).

b. Composition of deferred income tax and social contribution

	Company		Consolidated	
	30.06.15	31.12.14	30.06.15	31.12.14
ASSETS	927,169	382,251	1,888,682	1,071,404
. On tax losses and negative basis of social contribution	813,155	283,615	1,435,051	646,293
. On temporary differences:				
Provision for contingencies	63,628	60,665	218,009	248,979
Allowance for doubtful accounts	34,412	30,287	44,021	36,472
Tax credit carryforwards	-	-	44,687	47,966
Other temporary differences	15,974	7,684	146,914	91,694
LIABILITIES	1,758,753	1,554,762	4,409,982	3,911,370
. On goodwill amortization	1,404,219	1,273,199	1,408,602	1,277,009
. On temporary differences:				
Business combinations	-	-	1,946,905	1,694,666
Market inventory valuation for absorption	-	-	37,259	83,681
Realization of revaluation reserve / deemed cost	280,417	281,563	797,987	788,789
Other temporary differences	74,117	-	219,229	67,225
Total, net	831,584	1,172,511	2,521,300	2,839,966

The Company presents the deferred income tax net in noncurrent liabilities.

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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 June 30, 2015 are as follows:

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Labor	67,332	63,845	321,930	241,104
Civil	10,045	11,103	116,727	78,261
Tax and Social Security	109,766	103,478	494,018	386,479
Total	187,143	178,426	932,675	705,844

Changes in provisions

	December 31, 2014	Acquisitions ⁽¹⁾	Additions	Reversals	Exchange rate variation	June 30, 2015
Company	178,426	-	8,717	-	-	187,143
Consolidated	705,844	225,345	8,987	(9,188)	1,687	932,675

⁽¹⁾ - The acquisitions in the amount of R\$225,345, primarily, refers to Grupo Big Frango in the consolidated of Seara Alimentos.

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 217 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\$1,766,139 in the aggregate on June 30, 2015. 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, considering as a remote loss.

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

Social Contributions – On January 2001, the Company filed an injunction to suspend the collectability retention and transfer 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 18 infringement notices, in the amount of R\$948,536.

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 advisers 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 1,102 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\$109,766 which are 100% accrued on June 30, 2015.

Labor Proceedings

As of June 30, 2015 the Company was part to 13,749 labor and accident proceedings, involving total value of R\$2,141,875. Based on the opinion of the Company's external legal counsel, the Company's management recorded a provision in the amount of R\$67,332 for losses arising from such proceedings. Most of these lawsuits were filed by former employees of the Company seeking overtime payments and payments relating to their exposure to health hazards.

Civil Proceedings

a. Slaughter facility at Araputanga

In 2001, the Company (formerly known as Friboi Ltda.), entered into a purchase agreement 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.

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On 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.

Recently a new and extremely rigorous forensic accounting evidence that examined only payments proved by documents was produced, and it concluded that Agropecuária Friboi paid almost the total price stipulated the Commitment to Buy and Sell Properties in Araputanga, State of Mato Grosso. The Parties expressed an interest in producing testimonial evidence and the Federal Court of Cáceres/MT pronouncement on this matter is pending. As the chances of defeat are remote, no provisioning 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 S.A. 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. In its preliminary defense, the Company argued there is other lawsuit that is already under discussion claiming defense subject (the subject of this mentioned lawsuit contains the subject of the lawsuit here in described) in view that the claims are related to the main suit. On the merits, it was demonstrated that the mark was used only in a given period, upon contractual authorization and in response to a request from Frigoara which had been required to prove to SUDAM that the investments were being duly used and to obtain the Consent or the Certificate of Implemented Undertaking.

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 Industrial 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 June 30, 2015, 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 June 30, 2015, R\$9,445, has been provisioned.

Other proceedings

On June 30, 2015, the Company had other ongoing civil, labor and tax proceedings, on the approximately amounting of R\$125,160, 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 subsidiary Seara Alimentos

Labor Proceedings

As of June 30, 2015 the subsidiaries of Seara Alimentos were part of 12,863 labor proceedings, involving the total amount of R\$1,015,721. Based on the opinion of the company's external legal council, the management recorded a provision in the amount of R\$245,652 for losses arising from such proceedings. Most of these lawsuits are related to actions that deal with seeking damages for occupational disease, physical and esthetical damage, seeking overtime payments, payments relating to their exposure to health hazards, commuting time, interval for thermal recovery, seeking damages by accidents and exchanging uniform.

Civil proceedings

As of June 30, 2015 the subsidiaries of Seara Alimentos were part of 2,381 civil and administrative proceedings, involving the total amount of R\$332,916. Based on the opinion of the company's external legal council, the company's management recorded a provision in the amount of R\$104,007 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 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\$162,419.

b. Others tax proceedings

On June 30, 2015 the companies of Seara Alimentos were part of others 2,380 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\$214,693.

23 Equity

a. Capital Stock

The Capital Stock on June 30, 2015 is R\$23,576,206 and it is represented by 2,944,425,560 ordinary shares, without nominal value. From this total, as described below in the letter f), 57,309,482 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.

The Company is authorized to increase its capital by an additional 1,375,853,183 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.



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b. Capital reserve

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

b1. 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 BM&F 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 with maturity for the six months period ended on June 30, 2015:

Date	Number of option	Class and type of shares	Maturity of options	Premiums received	Mark-to-Market
Oct 14, 2014	2,000,000	JBSSM92	Jan 19, 2015	550	550
Nov 27, 2014	1,000,000	JBSSN40	Feb 09, 2015	185	185
Dec 1, 2014	2,000,000	JBSSN40	Feb 09, 2015	518	518
Dec 03, 2014	1,000,000	JBSSN40	Feb 09, 2015	285	285
Dec 22, 2014	1,000,000	JBSSN40	Feb 09, 2015	330	330
Dec 22, 2014	2,000,000	JBSSO10	Mar 16, 2015	350	350
Jan 06, 2015	1,000,000	JBSSO10	Mar 16, 2015	450	450
Feb 11, 2015	1,000,000	JBSSP10	Apr 20, 2015	230	230
Feb 11, 2015	1,000,000	JBSSP10	Apr 20, 2015	240	240
Mar 12, 2015	1,200,000	JBSSQ41	May 18, 2015	300	300
Mar 12, 2015	800,000	JBSSQ41	May 18, 2015	208	208
Total kept in capital reserve:					3,646

b2. Stock option grant plan

The Company Board of Directors approved the stock option plan with the purpose of awake the sense of ownership and personal involvement in the development and in the Company's financial success. The Executive Officers, Directors and General Managers are eligible for the plan. The Company's Chairman establishes the criteria of granting the options, selecting the participating employees.

The stock option plan may only be exercised upon service condition, after the vesting period, from issuance date established in the agreements, and have the maximum term of ten years varying in accordance with each individual agreement. All options must be liquidated by physical delivery of the stocks.

The quantity of option that each beneficiary is entitled was calculated on the average of the Company's stock price in the three months before the issuance date.

The average fair value of each options granted was estimated at the issuance date based on the pricing model of Black&Scholes-Merton. The main premisses considered in the model were:

Grants					Fair value assumptions			
Program	Quantity of options	Fair value of the option	Exercise price in R\$	Expected exercise term	Risk free interest rate	Volatility	Price of the share in the grant date	Dividend Yield
May-14	2,235,786	R\$ 7,58 to R\$ 7,74	0.00001	3 years	10,98% to 12,16%	42.16%	7.80	1.05%
Sep-14	200,000	R\$ 9,59 to R\$ 9,99	0.00001	5 years	11,05% to 11,25%	42.16%	10.10	1.05%
May-15	1,916,859	R\$ 15,36 to R\$ 15,58	0.00001	3 years	13,25% to 13,68%	55.69%	15.66	0.72%
	4,352,645							

Minimum deadline for exercise:

Represents the minimum period in which the options may be exercised (vesting). The beneficiaries of May 2014 and May 2015 programs, according to the Plan's terms established with each beneficiary, may exercise the first installment, equals to 1/3 of the total of the options in the 1° year, from February of the following year, and the remaining installments of 1/3 each, in the 2° and 3° year from the same period. The beneficiaries of September 2014 program, may exercise the first installment, equal to 1/5 of the total of the options after 1 year and the remaining installments of 1/5 each, after each following year until the 5° year.

Risk free interest rate:

The Company uses as risk free interest rate the projection obtained from interpolation of BMF's index Pré x DI in the date of the calculation with equivalent maturity to option term.

Volatility:

The estimated volatility of the company shares was obtained in a market data terminal (Bloomberg).

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Dividends yield:

The dividend yield used was obtained in a market data terminal (Bloomberg) based on the payment expectation of dividends per share for the next 12 months.

The available position of grant option is:

Program	Grant	Acquisition date	Granted options	Options exercised	Options forfeiture	Options available	Option fair value
							Unit price
May-14	May 1, 2014	1/3 per year with final maturity in May 1,2017	2,235,786	(781,552)	(47,719)	1,406,515	R\$ 7,58 to R\$ 7,74
Sep-14	September 1,2014	1/5 per year with final maturity in Sep 1,2019	200,000	-	-	200,000	R\$ 9,59 to R\$ 9,99
May-15	May 1, 2015	1/3 per year with final maturity in May 1,2018	1,916,859	-	-	1,916,859	R\$ 15,36 to R\$ 15,58
			4,352,645	(781,552)	(47,719)	3,523,374	

In 2015, the expense with options plan totally R\$14,225 recorded in the result under the caption "General and administrative expenses" , with the respective offsetting in "Capital Reserve".

c. Profit reserves

Legal reserve

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

Investments statutory reserve

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

d. Revaluation reserve

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

e. Dividends

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

f. Treasury shares

Below is presented the changes on treasury shares:

	Quantity	R\$ thousand
Balance as of December 31, 2014	54,829,482	451,700
Purchase of treasury shares	2,480,000	31,986
Balance as of June 30, 2015	57,309,482	483,686

g. The Effects of Changes in Foreign Exchange Rates

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

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

h. Capital Transactions

According to IAS 27/CPC 36 R3 - Quarterly 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 (i.e 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).

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24 Net revenue

	Company		Consolidated	
	For the six months period ended on June 30,		For the six months period ended on June 30,	
	2015	2014	2015	2014
GROSS SALE REVENUE				
Products sales revenues				
Domestic sales	9,626,807	8,039,067	53,220,414	40,469,362
Foreign sales	5,460,259	5,203,952	22,356,607	17,035,047
	<u>15,087,066</u>	<u>13,243,019</u>	<u>75,577,021</u>	<u>57,504,409</u>
SALES DEDUCTION				
Returns and discounts	(629,003)	(502,170)	(1,666,680)	(1,121,795)
Sales taxes	(672,843)	(561,270)	(1,185,988)	(994,671)
	<u>(1,301,846)</u>	<u>(1,063,440)</u>	<u>(2,852,668)</u>	<u>(2,116,466)</u>
NET REVENUE	<u>13,785,220</u>	<u>12,179,579</u>	<u>72,724,353</u>	<u>55,387,943</u>

	Company		Consolidated	
	For the three months period ended on June 30,		For the three months period ended on June 30,	
	2015	2014	2015	2014
GROSS SALE REVENUE				
Products sales revenues				
Domestic sales	4,794,427	4,054,984	28,196,416	20,434,317
Foreign sales	2,968,041	2,897,780	12,199,248	9,599,162
	<u>7,762,468</u>	<u>6,952,764</u>	<u>40,395,664</u>	<u>30,033,479</u>
SALES DEDUCTION				
Returns and discounts	(321,136)	(246,468)	(901,150)	(559,087)
Sales taxes	(328,591)	(277,429)	(589,153)	(505,525)
	<u>(649,727)</u>	<u>(523,897)</u>	<u>(1,490,303)</u>	<u>(1,064,612)</u>
NET REVENUE	<u>7,112,741</u>	<u>6,428,867</u>	<u>38,905,361</u>	<u>28,968,867</u>

25 Financial income (expense), net

	Company		Consolidated	
	For the six months period ended on June 30,		For the six months period ended on June 30,	
	2015	2014	2015	2014
Exchange rate variation	(3,027,414)	883,846	(3,395,582)	896,166
Results on derivatives	2,073,360	(1,607,714)	2,483,352	(1,557,340)
Interest expense	(1,001,005)	(951,604)	(1,701,242)	(1,492,179)
Interest income	395,927	250,975	495,012	272,100
Taxes, contribution, tariff and others	(51,639)	(31,806)	(98,130)	(75,732)
	<u>(1,610,771)</u>	<u>(1,456,303)</u>	<u>(2,216,590)</u>	<u>(1,956,985)</u>

	Company		Consolidated	
	For the three months period ended on June 30,		For the three months period ended on June 30,	
	2015	2014	2015	2014
Exchange rate variation	357,610	254,697	361,401	267,150
Results on derivatives	(1,773,736)	(649,844)	(2,005,621)	(654,680)
Interest expense	(492,175)	(538,905)	(875,665)	(798,196)
Interest income	221,767	127,331	265,612	133,482
Taxes, contribution, tariff and others	(22,190)	(20,702)	(46,179)	(35,415)
	<u>(1,708,724)</u>	<u>(827,423)</u>	<u>(2,300,452)</u>	<u>(1,087,659)</u>

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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 six and three months period ended on June 30, 2015 the net effect in the results amounted to (R\$954,054) in the Company and (R\$937,448) in the Consolidated level and (R\$1,416,126) in the Company and (R\$1,669,438) in the Consolidated level, respectively.

The amount of interest expense of R\$1,001,005 for the six months period ended June 30, 2015 includes the premium payment of US\$37,125 (R\$113,127) referring the redemption of the notes due to 2018.

26 Other income (expenses)

Other expenses for the six months period ended on June 30, 2015, in the consolidated, in the amount of R\$2,076 relates mainly to: in the Company the expenses in the amount of R\$7,525 of the result of the sale of fixed assets and, others with less representativeness; and, in the consolidated to other revenues in the amount of R\$5,449 referring to JBS Argentina, JBS USA and Seara Alimentos.

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	
For the six months period ended on June 30,	
2015	2014
Net income attributable to shareholders	
Average of the shares in the period - thousands	
Average of the shares in the treasury - thousands	
Average of shares circulating - thousands	
Net income per thousand shares - Basic - R\$	
1,473,850	324,244
2,944,253	2,943,644
(56,341)	(74,314)
2,887,912	2,869,330
510.35	113.00

Consolidated	
For the three months period ended on June 30,	
2015	2014
Net income attributable to shareholders	
Average of the shares in the period - thousands	
Average of the shares in the treasury - thousands	
Average of shares circulating - thousands	
Net income per thousand shares - Basic - R\$	
80,131	254,265
2,944,407	2,943,644
(57,309)	(74,314)
2,887,098	2,869,330
27.75	88.61

Diluted

The diluted income is calculated by dividing net income attributable to common shareholders of the parent by the weighted average number of shares outstanding during the year, adjusted for the effects of all dilutive potential common shares in common shares, adjusted for own shares held.

Consolidated	
For the six months period ended on June 30,	
2015	2014
Net profit attributable to shareholders	
Weighted average number of ordinary shares (basic) - R\$	
Effect of conversion of stock option plan - thousands	
Weighted average number of ordinary shares (diluted)	
Net profit per thousand shares - Diluted - R\$	
1,473,850	324,244
2,887,912	2,869,330
3,075	—
2,890,987	2,869,330
509.81	113.00

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	Consolidated	
	For the three months period ended on June 30,	
	2015	2014
Net profit attributable to shareholders	80,131	254,265
Weighted average number of ordinary shares (basic) - R\$	2,887,098	2,869,330
Effect of conversion of stock option plan - thousands	4,353	—
Weighted average number of ordinary shares (diluted)	2,891,451	2,869,330
Net profit per thousand shares - Diluted - R\$	27.71	88.61

For the six months period ended on June 30, 2014 the Company did not present the net income per share - diluted as required by the IAS 33/CPC 41 - Earnings per share, due to the fact it did not have potentially dilutive ordinary shares. The deferred revenue transaction (Note 30) through historical analysis is expected to be settled upon future delivery and, therefore is not potentially dilutive, thus the amounts of the net income of the share are equal in the basic and diluted.

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)

On 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")

On 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)

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 June 30, 2015, because of accumulated amortization based on the recorded payments term period reduction, the Company has a residual amount of R\$1,609 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 on March, 2013, which accounting is kept prominently in a reduction account of liability. On June 30, 2015 due to accumulated amortization of the amount based on the payments term period, the Company has a residual amount of R\$22,021 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 on October 2013, which accounting is kept prominently in a reduction account of liability. On June 30, 2015 due to accumulated amortization of the amount based on the payments term period, the Company has a residual amount of R\$11,750 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 June 30, 2015 due to accumulated amortization of the amount based on the payments term period, the Company has a residual amount of R\$8,915 of transaction cost related to the debt that will continue to be amortized in accordance with the period of the contract.

d. Other Funding

On 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 June 30, 2015, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R\$2,700 of transaction cost related to debt that will continue to be amortized according to the period of the contract.

On 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 June 30, 2015, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R\$493 of transaction cost related to debt that will continue to be amortized according to the period of the contract.

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29 Defined Benefit and Contribution Plans

JBS USA Plans

JBS USA sponsors a tax-qualified employee savings and retirement plan (the "401(k) Savings Plan") covering its US based employees, both union and non-union, excluding PPC employees. Pursuant to the 401(k) Savings Plan, eligible employees may elect to reduce their current compensation by up to the lesser of 75% of their annual compensation or the statutorily prescribed annual limit and have the amount of such reduction contributed to the 401(k) Savings Plan. The 401(k) Savings Plan provides for additional matching contributions by JBS USA, based on specific terms contained in the 401(k) Savings Plan. The trustee of the 401(k) Savings Plan, at the direction of each participant, invests the assets of the 401(k) Savings Plan in participant designated investment options. The 401(k) Savings Plan is intended to qualify under Section 401 of the Internal Revenue Code ("IRC").

One of JBS USA's facilities participates in a multi-employer pension plan. Pursuant to a settlement agreement, JBS USA also participates in a multi-employer pension plan related to former employees at the idle Nampa, Idaho plant. One of JBS USA's facilities participates in a supplemental executive retirement plan.

Employees of JBS Australia do not participate in JBS USA's 401(k) Savings Plan. Under Australian law, JBS Australia contributes a percentage of employee compensation to a Superannuation fund as required under 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.

Pilgrim's Pride Plans - PPC

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.

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. On 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:

	June 30, 2015		June 30, 2014	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Change in projected benefit obligation				
Projected benefit obligation, beginning of the period	590,738	5,141	390,533	3,916
<i>Interest cost</i>	12,029	102	9,307	92
<i>Actuarial losses</i>	(21,821)	(81)	34,140	181
<i>Benefits paid</i>	(9,249)	(199)	(14,208)	(170)
<i>Curtailments and settlements</i>	(40,377)	-	-	-
Projected benefit obligation, end of the period	531,320	4,963	419,772	4,019

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	June 30, 2015		June 30, 2014	
Change in plan assets	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Fair value of plan assets, beginning of the period	352,306	-	249,199	-
<i>Actual return on plan assets</i>	<i>10,719</i>	<i>-</i>	<i>6,838</i>	<i>-</i>
<i>Contributions by employer</i>	<i>9,857</i>	<i>199</i>	<i>7,644</i>	<i>170</i>
<i>Benefits paid</i>	<i>(9,249)</i>	<i>(199)</i>	<i>(14,208)</i>	<i>(170)</i>
<i>Curtailments and settlements</i>	<i>(40,377)</i>	<i>-</i>	<i>-</i>	<i>-</i>
Fair value of plan assets, end of the period	323,256	-	249,473	-

	June 30, 2015		December 31, 2014	
Funded status	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Unfunded benefit obligation, end of the period	(208,064)	(4,963)	(204,126)	(4,401)

	June 30, 2015		December 31, 2014	
Amounts recognized in the Consolidated Balance Sheets	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Current payroll, taxes and social charges	(29,051)	(398)	(24,896)	(342)
Noncurrent payroll, taxes and social charges	(179,013)	(4,564)	(179,230)	(4,059)
Net amount recognized	(208,064)	(4,963)	(204,126)	(4,401)

	June 30, 2015		December 31, 2014	
Amounts recognized in the Consolidated Income Statement	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Net actuarial losses	74,531	(320)	91,787	(203)

The accumulated benefit obligation for the defined benefit pension plans was US\$171.3 million (R\$531,475) and US\$190 million (R\$504,678) at June 30, 2015 and December 31, 2014, respectively. Each of PPC's defined benefit pension plans had accumulated benefit obligations that exceeded the fair value of plan assets at June 30, 2015 and December 31, 2014.

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

	June 30, 2015		June 30, 2014	
Net Periodic Benefit Cost	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Interest cost	12,064	106	9,307	92
Estimated return on plan assets	(10,399)	-	(7,320)	-
Settlement loss (gain)	10,182	-	-	-
Amortization of net loss (gain)	1,049	-	14	-
Net periodic benefit cost	12,896	106	2,001	92

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

	June 30, 2015		December 31, 2014	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Assumptions used to measure benefit obligation at end of the period:				
Discount rate	4.56%	4.56%	4.22%	4.22%

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	June 30, 2015		June 30, 2014	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Assumptions used to measure net pension and other postretirement costs:				
Discount rate	4.22%	4.22%	4.35%	4.35%
Expected return on plan assets	6.00%	NA	6.00%	NA

Discount rates were determined based on current investment yields on high-quality corporate long-term bonds. 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:

	June 30, 2015	December 31, 2014
Equity securities	65%	66%
Fixed income securities	35%	34%
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.

The fair value measurements of plan assets fell into the following levels of the fair value hierarchy on June 30, 2015 and December 31, 2014:

	June 30, 2015			December 31, 2014		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and money market funds	58	-	58	88	-	88
Equity securities	-	209,553	209,553	-	199,303	199,303
Debt securities	-	113,645	113,645	-	102,227	102,227
Total assets	58	323,198	323,256	88	301,529	301,617

Benefit Payments

The following table reflects the benefits as of June 30, 2015 expected to be paid through 2024 from PPC's pension and other postretirement plans. Because PPC's 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 their own assets.

	Pension Benefits	Other Benefits
2015 (remaining)	20,877	199
2016	40,138	403
2017	38,789	403
2018	36,514	403
2019	34,991	403
Thereafter	161,822	1,945
Total	333,131	3,756

PPC anticipates contributing US\$6.2 million (R\$19,236) and US\$100 thousand (R\$310), as required by funding regulations or laws, to their pension and other postretirement plans, respectively, during 2015.

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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:

	June 30, 2015		June 30, 2014	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Net actuarial loss (gain), beginning of the period	107,896	(239)	17,872	(175)
Amortization	(1,046)	-	(14)	-
Curtailment and settlement adjustments	(10,152)	-	-	-
Liability loss (gain)	(21,820)	(81)	-	-
Asset loss (gain)	(347)	-	34,140	181
Net actuarial loss (gain), end of the period	-	-	482	-
	74,531	(320)	52,480	6

PPC expects to recognize in net pension cost throughout the remainder of 2015 an actuarial loss of \$400 thousand (R\$1,245) that was recorded in accumulated other comprehensive loss at June 30, 2015.

Defined Contribution Plans

PPC currently sponsors two defined contribution retirement savings plans:

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

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

Under the RS Plan, eligible US employees may voluntarily contribute a percentage of their compensation. PPC matches up to 30% of the first 2.14% to 6% of salary based on the salary deferral and compensation levels up to US\$245 thousand (R\$760). 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 short-term incentive plan that provides the grant of either cash or share-based bonus awards payable upon achievement of specified performance goals (the "STIP"). Full-time, salaried exempt employees of the Company and its affiliates who are selected by the administering committee are eligible to participate in the STIP. PPC has accrued \$14.8 million (R\$46,054) in costs related to the STIP at June 30, 2015 related to cash bonus awards that could potentially be awarded during the remainder of 2015 and 2016.

The following awards existed at June 30, 2015:

Award Type	Benefit Plan	Award Quantity	Grant Date	Vesting Condition	Vesting Date	Estimate Forfeiture Rate	Awards Forfeited to Date	Settlement Method	Grant Date Fair Value per Award (i)	Vesting Date Fair Value per Award (i)
RSU	LTIP	608.561	February 4, 2013	Service	December 31, 2014	9.66%	144.382	Stock	8.89	32.79
RSA	LTIP	15.000	February 25, 2013	Service	February 24, 2015	-	-	Stock	8.72	27.55
RSA	LTIP	15.000	February 25, 2013	Service	February 24, 2016	-	15,000	Stock	8.72	-
RSU	LTIP	206.933	February 26, 2013	Service	December 31, 2014	-	-	Stock	8.62	32.79
RSU	LTIP	462.518	February 19, 2014	Service	December 31, 2016	13.49%	61.669	Stock	16.7	-
RSU	LTIP	269.662	March 3, 2014	Performance / Service	December 31, 2017	12.34%	23.499	Stock	17.18	-
RSU	LTIP	158.226	February 26, 2015	Performance / Service	December 31, 2018	(ii)	13.158	Stock	27.51	-

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

(ii) The estimated forfeiture rate for these awards will be set if or when performance conditions associated with the awards are satisfied.

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

	June 30, 2015	June 30, 2014
Share-based compensation costs:		
Costs of goods sold	825	393
Selling, general and administrative expenses	3,121	5,067
Total	3,946	5,460
Income tax benefit	1,117	1,185

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

	June 30, 2015		June 30, 2014	
	Number	Weighted Average Grant Date Fair Value	Number	Weighted Average Grant Date Fair Value
RSAs:				
Outstanding at beginning of the period	30	27	203	15
Vested	(15)	27	(173)	14
Forfeited	(15)	27	-	-
Outstanding at end of the period	-	-	30	20
RSUs:				
Outstanding at beginning of the period	1,120	37	729	20
Granted	428	65	462	38
Vested	(671)	27	-	-
Forfeited	(85)	58	(24)	20
Outstanding at end of the period	792	19	1,167	27

The total fair value of shares vested during each of the six months period ended on June 30, 2015 and 2014 was US\$22.4 million (R\$69,498) and US\$3.2 thousand (R\$7,048), respectively.

At June 30, 2015, the total unrecognized compensation cost related to all nonvested awards was US\$10.9 million (R\$33,918). That cost is expected to be recognized over a weighted average period of 3 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. ("JBS USA Trading"), formerly known as SB Holdings, Inc., doing business as The Tupman Thurlow Co., Inc. Bertin USA has elected immediate recognition of the unfunded accumulated postretirement benefit obligation in conjunction with the purchase of the common stock of JBS USA Trading. The postretirement payments are funded in monthly installments.

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\$8,707). 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 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.

Seara Alimentos Plans

a. Pension plan

Seara Alimentos offered to its employees supplementary retirement plans, given that the plans were settled in June 2015. Before its settlement, the calculated amounts in the technical report were receivable values, in other words, there it was no need of accounting record according to the requirements of IFRS 19/ CPC 33(R1).

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In the settlement, the scenario presented in the technical report was achieved and there was no disbursement by Seara Alimentos, because the amount in the pension plan fund was sufficient to cover such disbursement.

b. Medical assistance plan

Seara Alimentos and its subsidiary Braslo offer to their employees supplementary plans of medical assistance.

The technical report used to calculate the necessity of new provisions is held annually, given that the last one was held on December 31, 2014, therefore no change is needed in the period. On June 30, 2015, this liability is registered in the amount of R\$11,728.

30 Deferred revenue

On October 22, 2008, JBS USA received a deposit in cash from a customer of US\$175 million for the customer to secure an exclusive right to collect a certain by-product of the beef fabrication process in all of JBS USA 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.

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 June 30, 2015 was 2.3%. In the event of default, the Supply Agreement provides for a conversion into shares of common stock of JBS USA Holdings based on a formula stipulated in the Supply Agreement. Assuming default had occurred on June 30, 2015, 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 June 30, 2015. 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 June 30, 2015 and December 31, 2014 was approximately US\$100.8 million, being R\$312,742 and R\$267,745, respectively. At June 30, 2015 and December 31, 2014, JBS USA had accrued interest of US\$7.7 million (R\$23,890) and US\$6.5 million (R\$17,265), respectively. At June 30, 2015 and December 31, 2014, other deferred revenue was US\$13.2 million (R\$40,954) and US\$9.4 million (R\$24,968), respectively.

31 Operating segments

According to IFRS 8/CPC 22 - Operating segments, Management has defined the operational segments that are reported from 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 considers the operational performance of its unities in the 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, attending 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 United States of America, attending 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 six months and three months period ended on June 30, 2015 and 2014, are as following:

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Net revenue by product modality:

	For the six months period ended on June 30,		For the three months period ended on June 30,	
	2015	2014	2015	2014
Net revenue of the segment				
Beef	45,478,943	33,498,972	24,542,286	17,423,927
Chicken	17,927,442	14,092,856	9,212,205	7,500,889
Pork	5,498,158	5,813,802	2,777,531	2,920,624
Others	3,819,810	1,982,313	2,373,339	1,123,427
Total	72,724,353	55,387,943	38,905,361	28,968,867

Depreciation by product modality:

	For the six months period ended on June 30,		For the three months period ended on June 30,	
	2015	2014	2015	2014
Depreciation and amortization				
Beef	515,850	397,255	268,925	200,254
Chicken	850,500	587,064	440,027	277,873
Pork	94,196	128,721	43,089	73,912
Others	155,060	107,407	87,175	54,330
Total	1,615,606	1,220,447	839,216	606,369

Assets by modality of product:

	June 30, 2015	December 31, 2014
Assets		
Beef	40,095,521	38,750,314
Chicken	21,195,975	18,986,167
Pork	6,122,203	6,136,535
Others	25,355,186	18,170,666
Total	92,768,885	82,043,682

Net revenues by geographic area:

	For the six months period ended on June 30,		For the three months period ended on June 30,	
	2015	2014	2015	2014
Net revenue				
United States of America	49,282,518	36,249,577	26,645,035	18,904,803
South America	22,321,716	18,040,078	11,664,950	9,534,743
Others	1,120,119	1,098,288	595,376	529,321
Total	72,724,353	55,387,943	38,905,361	28,968,867

Depreciation by geographic area:

	For the six months period ended on June 30,		For the three months period ended on June 30,	
	2015	2014	2015	2014
Depreciation and amortization				
United States of America	899,527	677,681	477,390	332,063
South America	710,366	538,704	358,762	272,245
Others	5,713	4,062	3,064	2,061
Total	1,615,606	1,220,447	839,216	606,369

Assets by geographic area:

	June 30, 2015	December 31, 2014
Assets		
United States of America	33,884,333	23,823,509
South America	57,075,719	57,708,970
Others	1,808,833	511,203
Total	92,768,885	82,043,682

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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	For the six months period ended on June 30,		For the three months period ended on June 30,	
	2015	2014	2015	2014
Depreciation and amortization	(329,147)	(280,815)	(158,959)	(140,780)
Personnel expense	(1,329,979)	(1,101,989)	(694,099)	(597,201)
Raw material use and consumption materials	(11,295,547)	(9,556,824)	(5,847,490)	(5,071,788)
Taxes, fees and contributions	(623,969)	(881,125)	25,741	(436,794)
Third party capital remuneration	(5,147,765)	(4,721,932)	1,236,807	(1,996,850)
Other income (expense), net	3,741,956	3,807,030	(3,185,642)	1,438,256
	(14,984,451)	(12,735,655)	(8,623,642)	(6,805,157)

Classification by function	For the six months period ended on June 30,		For the three months period ended on June 30,	
	2015	2014	2015	2014
Cost of goods sold	(11,186,945)	(9,414,829)	(5,786,132)	(5,007,798)
Selling expenses	(1,456,367)	(1,268,615)	(751,890)	(668,024)
General and administrative Expenses	(722,843)	(588,377)	(373,326)	(295,007)
Financial expense, net	(1,610,771)	(1,456,303)	(1,708,724)	(827,423)
Other operational income (expense), net	(7,525)	(7,531)	(3,570)	(6,905)
	(14,984,451)	(12,735,655)	(8,623,642)	(6,805,157)

Consolidated Classification by nature	For the six months period ended on June 30,		For the three months period ended on June 30,	
	2015	2014	2015	2014
Depreciation and amortization	(1,615,606)	(1,220,447)	(839,216)	(606,369)
Personnel expense	(7,140,844)	(5,461,586)	(3,688,526)	(3,145,955)
Raw material use and consumption materials	(58,381,411)	(45,063,167)	(31,064,099)	(22,927,577)
Taxes, fees and contributions	(2,300,190)	(1,842,161)	(945,451)	(1,053,169)
Third party capital remuneration	(6,544,815)	(5,828,229)	1,603,560	(2,677,334)
Other income (expense), net	5,743,653	5,023,136	(3,551,772)	2,182,013
	(70,239,213)	(54,392,454)	(38,485,504)	(28,228,391)

Classification by function	For the six months period ended on June 30,		For the three months period ended on June 30,	
	2015	2014	2015	2014
Cost of goods sold	(62,073,773)	(47,711,171)	(33,032,622)	(24,713,399)
Selling expenses	(4,160,913)	(3,326,134)	(2,205,697)	(1,721,752)
General and administrative Expenses	(1,785,861)	(1,396,034)	(942,571)	(707,989)
Financial expense, net	(2,216,590)	(1,956,985)	(2,300,452)	(1,087,659)
Other operational income (expense), net	(2,076)	(2,130)	(4,162)	2,408
	(70,239,213)	(54,392,454)	(38,485,504)	(28,228,391)

33 Insurance coverage

As of June 30, 2015, 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 June 30, 2015 was of US\$37 million (equivalent to R\$114,796).

Regarding the subsidiary JBS USA, located in the USA, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for June 30, 2015 was of US\$250 million (equivalent to R\$775,650).

Regarding the Seara Alimentos, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for June 30, 2015 was of R\$150,000.

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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.

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 stock exchange.

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 June 30, 2015 and December 31, 2014 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	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Net liabilities and assets exposure to the CDI rate:				
NCE / Compror / Others	(3,943,798)	(5,656,305)	(5,046,705)	(6,807,645)
CDB-DI	2,557,105	4,509,936	3,342,626	4,775,249
Investment funds, LCA-DI and national treasury bill	2,199,559	804,738	3,024,477	1,766,650
Total	812,866	(341,631)	1,320,398	(265,746)
Liabilities exposure to the LIBOR/EURIBOR rate:				
Working Capital - Euro	(85,082)	(38,192)	(270,355)	(198,295)
Working Capital - USD	-	-	(790,117)	(916,307)
Pre-payment	(2,587,664)	(936,809)	(5,981,395)	(4,213,104)
Others	-	-	(519,107)	(418,475)
Total	(2,672,746)	(975,001)	(7,560,974)	(5,746,181)
Liabilities exposure to TJLP rate:				
FINAME	(324,122)	(360,704)	(352,493)	(398,385)
CDC	(6,241)	(11,898)	(6,241)	(11,898)
Total	(330,363)	(372,602)	(358,734)	(410,283)
Liabilities exposure to UMBNDES:				
CCB - BNDES	-	-	(46,482)	(57,080)
Total	-	-	(46,482)	(57,080)

Sensitivity analysis

The Company's operations are exposed to the fluctuation of pre-fixed and post-fixed interests, being the post-fixed interests represented by 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 June 30, 2015, below is a simulation of possible changes of 25% and 50% in the relevant variables of risk, in relation to the closing prices used in the measurement of assets and liabilities, based on the date of these quarterly interim financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk analysis (VaR) for a confidence interval of 99% and a horizon of one day. The results of this analysis are shown below:

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			Effect on income - Company		
Exposure	Risk		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Interest rate variation - 25%	Scenario (III) Interest rate variation - 50%
Contracts indexed to CDI	Decrease on interest rate CDI		537	27,719	55,437
Contracts indexed to Libor / Euribor	Increase on interest rate Libor / Euribor		(5)	(5,156)	(10,311)
Contracts indexed to TJLP	Increase on interest rate TJLP		(5)	(4,955)	(9,911)
			527	17,608	35,215

			Effect on income - Consolidated		
Exposure	Risk		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Interest rate variation - 25%	Scenario (III) Interest rate variation - 50%
Contracts indexed to CDI	Decrease on interest rate CDI		873	45,026	90,051
Contracts indexed to Libor / Euribor	Increase on interest rate Libor / Euribor		(15)	(14,585)	(29,170)
Contracts indexed to TJLP	Increase on interest rate TJLP		(6)	(5,381)	(10,762)
Contracts indexed to UMBNDES	Increase on UMBNDES		(921)	(11,621)	(23,241)
			(69)	13,439	26,878

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	13.6400%	13.7061%	17.0500%	20.4600%
Interest Libor / Euribor	Increase on interest rate	0.7715%	0.7717%	0.9644%	1.1573%
Interest TJLP	Increase on interest rate	6.0000%	6.0016%	7.5000%	9.0000%
UMBNDDES	Increase on UMBNDES	0.0612	0.0624	0.0765	0.0919

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, export estimate, 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 disclosures as a combined way its exposure in relation on each indexer based on the functional currency of the country, highlighting the operations of JBS USA's subsidiaries indexed to the US Dollars (US\$), in Australia, which the functional currency is Australian Dollar (AUD), Mexico, which the functional currency is the Mexican Pesos (MXN) and exposures in Japanese Yen (JPY) and New Zealand Dollars (NZD), of less representativeness.

The Board understands that quantitative figures regarding the foreign currency exposure risk of the Company on June 30, 2015 and December 31, 2014 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. It was observed that during the period between March 31, 2015 and June 30, 2015, within the normal operational flow of business, the reduction of the operational exposure and the increase of financial exposure, partly balanced by the derivative position. As explained in the material fact, the acquisitions occurred during July, 2015, may affect the Company's exposures to the american dollar.

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A) EXPOSURE in US\$ (American Dollar)	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
OPERATING				
Cash and cash equivalents	1,397,857	2,178,112	1,801,362	3,448,839
Trade accounts receivable	2,014,031	2,406,882	3,669,614	3,384,133
Sales orders	770,182	705,399	1,971,430	1,271,129
Trade accounts payable	(120,457)	(63,515)	(357,901)	(140,452)
Purchase orders	-	-	(516,169)	(256,393)
Subtotal	4,061,613	5,226,878	6,568,336	7,707,256
FINANCIAL				
Related parties transaction (net)	(1,855,194)	(14,145)	(1,855,194)	-
Net debt in subsidiaries	(15,788,328)	-	(15,788,328)	-
Loans and financings	(19,500,458)	(17,320,720)	(24,819,062)	(22,299,809)
Subtotal	(37,143,980)	(17,334,865)	(42,462,584)	(22,299,809)
Total exposure	(33,082,367)	(12,107,987)	(35,894,248)	(14,592,553)
DERIVATIVES				
Future contracts	15,549,610	6,820,724	17,204,847	7,786,253
Non Deliverable Forwards (NDF's)	18,269,660	12,165,396	19,696,310	13,662,776
Swap (Assets)	-	22,464	1,603,788	139,460
Swap (Liabilities)	-	(22,758)	(1,328,222)	(22,758)
Total of derivatives	33,819,270	18,985,826	37,176,723	21,565,731
NET EXPOSURE	736,903	6,877,839	1,282,475	6,973,178

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on June 30, 2015, below is a simulation of possible changes of 25% and 50% in the relevant variables of risk, in relation to the closing prices used in the measurement of assets and liabilities, based on the date of these quarterly interim financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk 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\$ 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%
Financial	R\$ depreciation	(974,512)	(9,286,594)	(18,571,990)
Operating	R\$ appreciation	106,561	1,015,469	2,030,807
Hedge derivatives	R\$ appreciation	887,284	8,455,363	16,909,635
		19,333	184,238	368,452
		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%
Financial	R\$ depreciation	(1,114,051)	(10,616,330)	(21,231,292)
Operating	R\$ appreciation	172,327	1,642,190	3,284,168
Hedge derivatives	R\$ appreciation	975,371	9,294,780	18,588,362
		33,647	320,640	641,238
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	3.1026	3.1840	3.8783	4.6539

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B) EXPOSURE in C\$ (Canadian Dollar)	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
OPERATING				
Cash and cash equivalents	971	3,274	2,097	3,277
Trade accounts receivable	2,670	1,165	27,717	10,217
Trade accounts payable	(11)	(10)	(11)	(10)
Subtotal	3,630	4,429	29,803	13,484
Total exposure	3,630	4,429	29,803	13,484
DERIVATIVES				
Future contracts	(5,224)	(4,126)	(5,224)	(4,126)
Non Deliverable Forwards (NDF's)	-	-	(50,659)	(32,360)
Total of derivatives	(5,224)	(4,126)	(55,883)	(36,486)
NET EXPOSURE	(1,594)	303	(26,080)	(23,002)

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on June 30, 2015, below is a simulation of possible changes of 25% and 50% in the relevant variables of risk, in relation to the closing prices used in the measurement of assets and liabilities, based on the date of these quarterly interim financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk 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)

Exposure of R\$ (Real) - Company		Risk	Effect on income - Company		
			Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Operating		R\$ appreciation	98	907	1,815
Derivatives		R\$ depreciation	(140)	(1,306)	(2,612)
			(42)	(399)	(797)

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	801	7,450	14,902
Hedge derivatives		R\$ depreciation	(1,503)	(13,970)	(27,943)
			(702)	(6,520)	(13,041)

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		2.4877	2.5546	3.1096	3.7316

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C) EXPOSURE in € (EURO)	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
OPERATING				
Cash and cash equivalents	63,801	43,904	100,169	44,061
Trade accounts receivable	85,649	43,671	211,689	73,603
Sales orders	268	1,505	27,504	3,153
Trade accounts payable	(19,707)	(18,965)	(256,453)	(30,384)
Purchase orders	-	-	-	(9,898)
Subtotal	130,011	70,115	82,909	80,535
FINANCIAL				
Related parties transaction (net)	353,179	-	353,179	706,148
Subtotal	353,179	-	353,179	706,148
Total exposure	483,190	70,115	436,088	786,683
DERIVATIVES				
Future contracts	(49,309)	32,270	(164,364)	48,405
Non Deliverable Forwards (NDF's)	-	-	7,245	(1,474)
Total of derivatives	(49,309)	32,270	(157,119)	46,931
NET EXPOSURE	433,881	102,385	278,969	833,614

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on June 30, 2015, below is a simulation of possible changes of 25% and 50% in the relevant variables of risk, in relation to the closing prices used in the measurement of assets and liabilities, based on the date of these quarterly interim financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk 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)

Exposure of R\$ (Real) - Company		Effect on income - Company		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Financial	R\$ appreciation	10,278	88,297	176,595
Operating	R\$ appreciation	3,784	32,504	65,007
Hedge derivatives	R\$ depreciation	(1,435)	(12,328)	(24,655)
		12,627	108,473	216,947

Exposure of R\$ (Real) - Consolidated		Effect on income - Consolidated		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Financial	R\$ appreciation	10,278	88,297	176,595
Operating	R\$ appreciation	2,413	20,728	41,456
Hedge derivatives	R\$ depreciation	(4,572)	(39,281)	(78,562)
		8,119	69,744	139,489

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	3.4603	3.561	4.3254	5.1905

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D) EXPOSURE in £ (British Pound)	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
OPERATING				
Cash and cash equivalents	-	-	711	4,126
Trade accounts receivable	47,295	49,969	114,738	104,154
Sales orders	1,699	1,149	1,699	97,186
Trade accounts payable	(48)	(195)	(1,075)	(195)
Subtotal	48,946	50,923	116,073	205,271
Total exposure	48,946	50,923	116,073	205,271
DERIVATIVES				
Future contracts	(8,539)	(21,738)	(8,539)	(31,158)
Non Deliverable Forwards (NDF's)	(30,741)	(103,513)	(112,026)	(186,025)
Total of derivatives	(39,280)	(125,251)	(120,565)	(217,183)
NET EXPOSURE	9,666	(74,328)	(4,492)	(11,912)

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on June 30, 2015, below is a simulation of possible changes of 25% and 50% in the relevant variables of risk in relation to the closing prices used in the measurement of assets and liabilities based on the date of these quarterly interim financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk 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)

Exposure of R\$ (Real) - Company		Effect on income - Company		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Operating	R\$ appreciation	1,298	12,237	24,474
Hedge derivatives	R\$ depreciation	(1,042)	(9,820)	(19,640)
		256	2,417	4,834

Exposure of R\$ (Real) - Consolidated		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	3,078	29,019	58,038
Hedge derivatives	R\$ depreciation	(3,197)	(30,142)	(60,284)
		(119)	(1,123)	(2,246)

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	4.8795	5.0089	6.0994	7.3193

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a.2.1. Position balance in foreign exchange futures
US\$ (American Dollar)
June 30, 2015

Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market Value
US\$ (American Dollar)	Future	Long	5,540	859,420	(11,515)
DDI	Future	Long	94,696	14,690,190	(74,221)
				15,549,610	(85,736)

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)

C\$ (Canadian Dollar)
June 30, 2015

Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market Value
Canadian Dollar	Future	Short	35	(5,224)	4
				(5,224)	4

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)
June 30, 2015

Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market Value
Euro	Future	Short	285	(49,309)	923
				(49,309)	923

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)

£ (British Pound)
June 30, 2015

Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market Value
British Pound	Future	Short	50	(8,539)	5
				(8,539)	5

December 31, 2014

Future Contracts - BM&F

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

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a.2.2. Position Balance in foreign exchange swaps

Swaps are derivatives used to hedge net exchange exposures of financial 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. On June 30, 2015 the Company had no position balance of derivatives financial instruments related to the foreign exchange swaps.

Swap (US\$)

Initial date Swap	Notional - US\$	Notional - R\$	Expiry date	Fair value (receivable) - R\$	Fair value (payable) - R\$	December 31, 2014
February 3, 2009	26,317	69,903	February 4, 2015	22,464	(22,758)	(294)
	26,317	69,903		22,464	(22,758)	(294)

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

US\$ (American Dollar)

Risk factor	Instrument	Nature	Notional - USD	Notional - R\$	June 30, 2015	December 31, 2014
American Dollar	NDF	Long	5,888,500	18,269,660	(563,883)	(147,741)
			5,888,500	18,269,660	(563,883)	(147,741)

£ (British Pound)

Risk factor	Instrument	Nature	Notional - £	Notional - R\$	June 30, 2015	December 31, 2014
British Pound	NDF	Short	(6,300)	(30,741)	(179)	(2,903)
			(6,300)	(30,741)	(179)	(2,903)

a.3. Commodity price risk

The Company and its subsidiaries operate globally 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, soybean complex, 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.3.1. Position balance in commodities (cattle) contracts of the Company

The field of activity of the Company is exposed to volatility in cattle prices, which changes arise from factors beyond the Company's control, such as climate, the supply volume, transportation costs, agricultural policies and others. The Company, in accordance with its policy of stock 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 June 30, 2015 and December 31, 2014 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	June 30, 2015	December 31, 2014
Firm Contracts of cattle purchase	96,156	36,953
TOTAL	96,156	36,953

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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 and Option (BM&F)	July, 2015 to December, 2015	R\$	Cattle @ (15 kg)	BM&F	(115,398)	2,504
					(115,398)	2,504

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	1,011	24,039	48,078
Hedging derivatives of cattle @ (15kg) price	@ (15kg) Appreciation	(1,213)	(28,850)	(57,699)
		(202)	(4,811)	(9,621)

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)	147.0500	148.5961	183.8125	220.5750

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.3.2. Position balance in commodities (corn) derivatives financial instruments of the Company and Seara Alimentos

The business segment of the Company in its division Confinamento and its subsidiary Seara Alimentos 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, CME and Over the Counter (OTC), through Non Deliverable Forwards (NDF's), 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 its subsidiary Seara Alimentos on June 30, 2015 and December 31, 2014 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 (in Commodities Corn)		Seara Alimentos June 30, 2015	
OPERACIONAL			
Purchase orders			459,910
Subtotal			459,910
DERIVATIVES			
Non Deliverable Forwards (NDF's)			(26,775)
Subtotal			(26,775)
TOTAL EXPOSURE			433,135

Sensitivity analysis
Commodities risk Seara Alimentos

Exposure	Risk	Effect on income - Seara Alimentos		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Price variation - 25%	Scenario (III) Price Variation - 50%
Operational	Depreciation of corn price	16,411	114,978	229,955
Hedging derivatives	Appreciation of corn price	(955)	(6,694)	(13,388)
		15,456	108,284	216,567

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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 corn price	414	428.77	517.5	621

a.3.2.1. Position balance in financial instruments of corn

June 30, 2015

Non Deliverable Forwards (NDF's)

Risk factor	Instrument	Nature	Quantity	Notional	Market value
Corn	NDF	Short	400	(26,775)	(1,943)
				(26,775)	(1,943)

a.3.3. 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 June 30, 2015 and December 31, 2014 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	
	June 30, 2015	December 31, 2014
OPERATIONAL		
Forwards - commodities	(1,960,955)	(3,936,680)
Subtotal	(1,960,955)	(3,936,680)
DERIVATIVES		
Future and option commodity contracts	5,154,340	5,662,129
Subtotal	5,154,340	5,662,129
TOTAL EXPOSURE	3,193,385	1,725,449

Sensitivity analysis
Commodities risk JBS USA

		Effect on income - JBS USA		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Price variation - 25%	Scenario (III) Price Variation - 50%
Operational	Commodities price appreciation	(21,518)	(490,239)	(980,477)
Hedging derivatives	Commodities price depreciation	56,560	1,288,585	2,577,170
		35,042	798,346	1,596,693

Premises	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Increase of commodities price	1.0973%	25.00%	50.00%

b. Credit risk

The Company and its subsidiaries are potentially subject to credit risk related to accounts receivable, investments and hedging contracts. In the case of trade accounts receivable, 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 counter party of a financial operation is a financial institution (investments and hedging contracts), the Company employs exposure limits set by the Risk Management Committee, based on risk ratings (ratings) of specialized international agencies.

Amounts invested in private bonds (notably bank certificates of deposit) and accumulated fair values receivables in hedging transactions contracted with banks, must comply with the following table limits, in order that, the total volume does not exceed a specified percentage of the equity of the financial institution (% Equity). In conjunction, the maturity of the application should be no longer than the maximum horizon.

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Category	% Equity	Maximum horizon
Triple A	2%	5 years
Double A	1%	3 years
Single A	0.5%	2 years
Triple B	0.25%	1 year

Observations:

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

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	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Assets					
Cash and cash equivalents	5	9,322,215	9,503,923	13,907,712	14,910,427
Trade accounts receivable	6	3,738,503	3,502,612	11,098,152	9,577,548
Credits with related parties	10	3,807,298	3,301,146	652,455	370,072
		16,868,016	16,307,681	25,658,319	24,858,047

Trade accounts receivable, net

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Current receivables	3,564,960	3,265,933	9,812,781	8,305,274
Overdue receivables:				
From 1 to 30 days	173,644	229,464	972,773	1,085,777
From 31 to 60 days	22,173	14,696	183,597	127,764
From 61 to 90 days	21,668	20,906	138,897	59,952
Above 90 days	49,838	60,198	210,883	191,148
Allowance for doubtful accounts	(93,780)	(88,585)	(220,779)	(192,367)
	173,543	236,679	1,285,371	1,272,274
	3,738,503	3,502,612	11,098,152	9,577,548

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 financial 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	
	June 30, 2015	December 31, 2014
Cash and cash equivalents	13,907,712	14,910,427
Loans and financings - Current	15,982,578	13,686,975
Acid test ratio	0.87	1.09
Leverage indicator	2,4x	2,1x

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

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

Company	June 30, 2015				Fair Value
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	
Trade accounts payable	(1,148,892)	-	-	-	(1,148,892)
Debits with related parties	-	-	-	(2,948,087)	(2,948,087)
Loans and financings	(10,600,562)	(4,244,421)	(4,075,319)	(4,832,715)	(23,753,017)
Derivatives financing (liabilities) assets	(647,176)	-	-	-	(647,176)
TOTAL	(12,396,630)	(4,244,421)	(4,075,319)	(7,780,802)	(28,497,172)

	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)

Consolidated	June 30, 2015				Fair Value
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	
Trade accounts payable	(7,839,712)	-	-	-	(7,839,712)
Loans and financings	(15,982,578)	(7,145,558)	(12,368,209)	(13,235,435)	(48,731,780)
Derivatives financing (liabilities) assets	(337,532)	-	-	-	(337,532)
TOTAL	(24,159,822)	(7,145,558)	(12,368,209)	(13,235,435)	(56,909,024)

	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)

d. Estimated market values

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

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

e. Guarantees provided and guarantees received
Guarantees provided

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at June 30, 2015 is R\$ 2,274,639 (R\$ 1,122,266 at December 31, 2014). This guarantee is superior to the need presented for these operations.

The indirect subsidiary JBS USA and its subsidiaries, has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at June 30, 2015 is R\$ 190,810 (R\$ 316,088 at December 31, 2014). This guarantee is superior to the need presented for these operations.

Other guarantees considered relevant are described in detail in the note 15 - Loans and financings.

Guarantees received

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

JBS S.A.

Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
(Expressed in thousands of reais)

f. Financial instruments

All transactions with financial instruments are recognized in the quarterly interim financial statements, as described below:

		Company		Consolidated	
	Notes	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Assets					
Fair value through profit or loss					
Financial investments	5	4,756,664	5,314,674	6,367,103	6,541,899
Loans and receivables					
Cash and banks	5	4,565,551	4,189,249	7,540,609	8,368,528
Trade accounts receivable	6	3,738,503	3,502,612	11,098,152	9,577,548
Credits with related parties	10	3,807,298	3,301,146	652,455	370,072
Total		16,868,016	16,307,681	25,658,319	24,858,047
Liabilities					
Liabilities at amortized cost					
Loans and financings	15	(23,753,017)	(23,256,559)	(48,731,780)	(40,079,140)
Trade accounts payable	14	(1,148,892)	(1,567,402)	(7,839,712)	(6,942,933)
Debits with related parties	10	(2,948,087)	(140,695)	-	-
Fair value through profit or loss					
Payables derivatives		(647,176)	(279,890)	(337,532)	(241,899)
Total		(28,497,172)	(25,244,546)	(56,909,024)	(47,263,972)

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

g. Fair value of financial instruments

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

JBS S.A.

Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
(Expressed in thousands of reais)

Fair value hierarchy

	June 30, 2015					
	Company			Consolidated		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Current assets						
National treasury bill - LFT	2,199,559	-	-	3,024,477	-	-
Financial investments	-	2,557,105	-	-	3,342,626	-
Current liabilities						
Payables derivatives	-	(647,176)	-	-	(337,532)	-
	December 31, 2014					
	Company			Consolidated		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Current assets						
National treasury bill - LFT	804,738	-	-	1,766,650	-	-
Financial investments	-	4,509,936	-	-	4,775,249	-
Current liabilities						
Payables derivatives	-	(279,890)	-	-	(241,899)	-

JBS S.A.

Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
(Expressed in thousands of reais)

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:

Company	Note	June 30, 2015		December 31, 2014	
		Book value	Fair value	Book value	Fair value
Cash and banks	5	4,565,551	4,565,551	4,189,249	4,189,249
Financial investments	5	4,756,664	4,756,664	5,314,674	5,314,674
Trade accounts receivable	6	3,738,503	3,738,503	3,502,612	3,502,612
Related parties receivable	10	3,807,298	3,807,298	3,301,146	3,301,146
Total financial assets		16,868,016	16,868,016	16,307,681	16,307,681
Trade accounts payable	14	(1,148,892)	(1,148,892)	(1,567,402)	(1,567,402)
Debits with related parties	10	(2,948,087)	(2,948,087)	(140,695)	(140,695)
Derivatives		(647,176)	(647,176)	(279,890)	(279,890)
Loans and financings	15	(23,753,017)	(23,753,017)	(23,256,559)	(23,256,559)
Declared dividends	19	(1,281)	(1,281)	(484,013)	(484,013)
Payables related to facilities acquisitions	20	(57,422)	(57,422)	(92,798)	(92,798)
Total financial liabilities		(28,555,875)	(28,555,875)	(25,821,357)	(25,821,357)
		(11,687,859)	(11,687,859)	(9,513,676)	(9,513,676)

Consolidated	Note	June 30, 2015		December 31, 2014	
		Book value	Fair value	Book value	Fair value
Cash and banks	5	7,540,609	7,540,609	8,368,528	8,368,528
Financial investments	5	6,367,103	6,367,103	6,541,899	6,541,899
Trade accounts receivable	6	11,098,152	11,098,152	9,577,548	9,577,548
Related parties receivable	10	652,455	652,455	370,072	370,072
Total financial assets		25,658,319	25,658,319	24,858,047	24,858,047
Trade accounts payable	14	(7,839,712)	(7,839,712)	(6,942,933)	(6,942,933)
Derivatives		(337,532)	(337,532)	(241,899)	(241,899)
Loans and financings	15	(48,731,780)	(48,731,780)	(40,079,140)	(40,079,140)
Declared dividends	19	(1,281)	(1,281)	(484,013)	(484,013)
Payables related to facilities acquisitions	20	(560,243)	(560,243)	(835,342)	(835,342)
Total financial liabilities		(57,470,548)	(57,470,548)	(48,583,327)	(48,583,327)
		(31,812,229)	(31,812,229)	(23,725,280)	(23,725,280)

The loans and financing presented in the table above include the values of working capital in Reais and working capital in foreign currency (bonds), as shown in detail in notes 15 and 16. In the Management opinion the loans and financing, which are measured at their amortized cost values do not present significant variation regarding to their fair values. These loans and financing are restated with bases in contracted rates and interest through the date of closing of quarterly interim financial statements, the outstanding balance is recognized by an amount close to fair value. Since there is no active market for such instruments, the differences that could occur if these values were for amounts paid in advance would be unrepresentative.

	Company		Consolidated	
	2015	2014	2015	2014
Gains (losses) by category of financial instrument				
<i>Fair value through profit or loss</i>	2,327,808	(1,341,892)	2,950,635	(1,270,393)
<i>Loans and receivables</i>	260,076	22,666	285,197	34,986
<i>Liabilities at amortized cost</i>	(4,147,017)	(105,271)	(5,354,293)	(645,846)
Total	(1,559,133)	(1,424,497)	(2,118,461)	(1,881,253)

JBS S.A.

Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
(Expressed in thousands of reais)

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

Aginaldo 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 Noshy Nasr Mohamed Farahat

FISCAL COUNCIL REPORT

The Fiscal Council reviewed the quarterly interim financial statements of the Company for the period ended on June 30, 2015.

Our review included: (a) analysis of the quarterly financial statements prepared by the Company; (b) monitoring of the review done by the external independent auditors through questions and discussions; and (c) questions about relevant actions and transactions made by the Management of the Company.

Based on our review, according to the information and explanations received, and considering the Independent Auditors Review, the Fiscal Council is not aware of any fact that would lead to believe that the quarterly Financial Statements above mentioned do not reflect at all relevant aspects of the information contained therein and are in condition to be disclosed by the Company, wherein do not have any qualified opinion or comments.

São Paulo, August 12, 2015

Florisvaldo Caetano de Oliveira
Chairman

José Paulo da Silva Filho

Demetrius Nichele Macei

Francisco Vicente Santana Silva Telles

JBS S.A.

Notes to the quarterly interim financial statements for the six months period ended on June 30, 2015 and 2014
(Expressed in thousands of reais)

STATEMENT OF OFFICERS ON THE QUARTTERLY INTERIM 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 quarterly interim financial statements for the period ended on June 30, 2015, and
- (ii) They reviewed, discussed and agreed with the quarterly interim financial statements for the period ended on June 30, 2015.

São Paulo, August 12, 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

JBS reports R\$3.6 billion in EBITDA and net revenue of R\$38.9 billion in 2Q15

JBS S.A. announces results for its second quarter 2015 with EBITDA of R\$3.6 billion, 47% higher than 2Q14. Net revenue totaled R\$38.9 billion, an increase of 34.3% compared with 2Q14.

“The numbers for this quarter once again demonstrate the solidity and consistence of our results, thanks to a business model developed throughout the years, with the construction of a diversified production platform, with extensive access to consumers across the globe and a broad and diversified portfolio of products. Our focus on operational excellence and our financial discipline has permitted us to mitigate the effects of volatility associated with our business”, commented Wesley Batista, Global CEO of JBS.

“We continue focused on operational excellence, the quality of our products, the expansion of our costumer base, the optimization of our sales channels, the expansion of our portfolio of prepared and high value added products, while investing in our brands”, concluded Wesley Batista.

JBS S.A. conference call information

English	Portuguese
August 14th, 2015	August 14th, 2015
10am (New York Time)	08am (New York Time)
11am (Brasilia Time)	09am (Brasilia Time)
Brazil: +55 11 3193-1001 and 2820-4001	Brazil: +55 11 3193-1001
International: +1 412 317-6029	+55 11 2820-4001
Password: JBS	Password: JBS
Replay: +55 11 3193-1012 and 2820-4012	Replay: +55 11 3193-1012 and 2820-4012
Replay password: 6847446#	Replay password: 2346109#

2Q15 Highlights



Net revenue in the period was **R\$38.9 billion**, which represents **an increase of 34.3%** compared with 2Q14.



Gross profit in 2Q15 was **R\$5.9 billion**, **38.0% higher** than the same period last year.

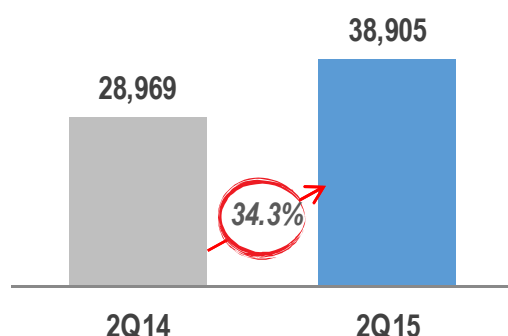


EBITDA in 2Q15 was **R\$3.6 billion**, **an increase of 47.0%** over 2Q14. **EBITDA margin** was **9.2%**.



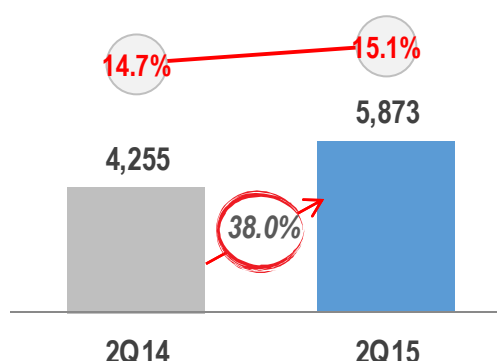
JBS posted **net income** of **R\$80.1 million** in 2Q15, equivalent to **R\$0.028 per share**.

Consolidated Net Revenue (R\$ Million)



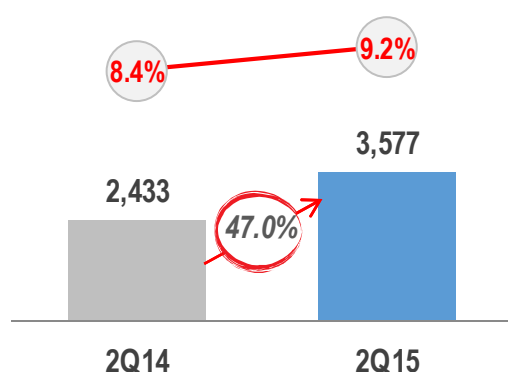
Consolidated Gross Profit (R\$ Million)

Gross margin (%)



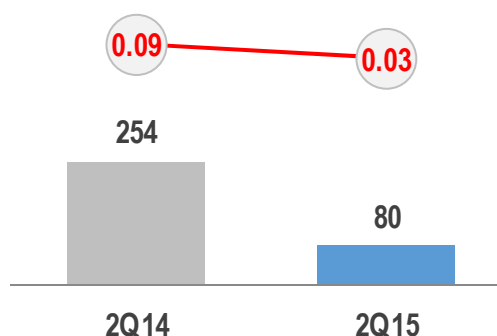
Consolidated EBITDA (R\$ Million)

EBITDA margin (%)



Consolidated Net Income (R\$ Million)

Earnings per share (R\$)



2Q15 Highlights



In 2Q15, net operating cash generation was R\$675.1 million, an increase of 358.4% in relation to 2Q14.



JBS ended 2Q15 with net debt of R\$34.8 billion. Net debt translated to US dollars was **US\$11.2 billion**, stable when compared with 2Q14.

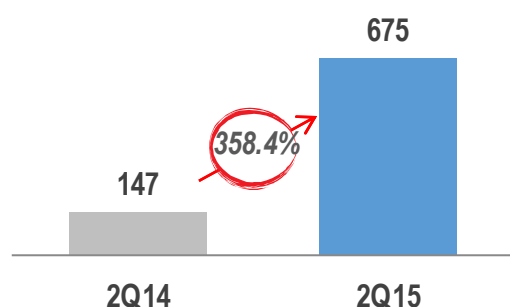


Leverage at the end of this quarter was 2.4x. Including proforma results from acquisitions made since 2H14 (Tyson in Brazil and Mexico, Big Frango, Céu Azul and Primo Group), equivalent to an incremental EBITDA of R\$1.0 billion, **leverage was 2.3x.**

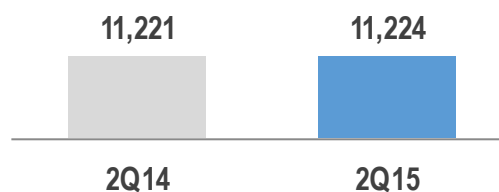


In June 2015, JBS USA issued Notes maturing in 2025, in the total amount of **US\$900.0 million**, with a **coupon of 5.75%**, for the repurchase of the outstanding 2018 Notes, that carried a coupon of 8.25%.

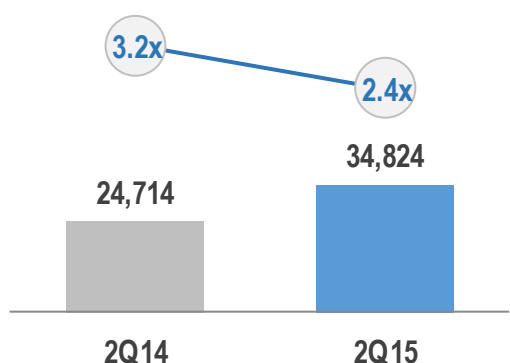
Net Operating Cash Generation (R\$ Million)



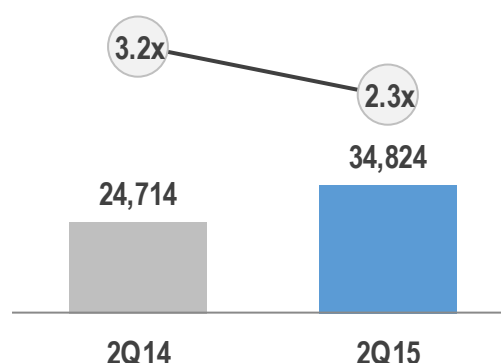
Net Debt in US\$ (million)



Net Debt (R\$ Million) and Leverage



Net Debt (R\$ Million) and Proforma Leverage Including Acquisitions



2Q15 Highlights

Net Revenue and EBITDA Evolution



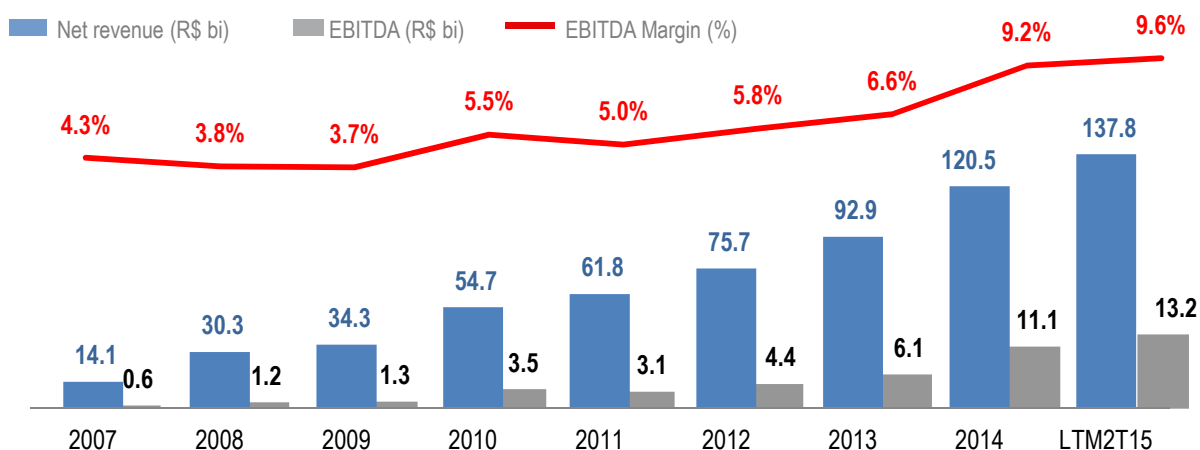
LTM, JBS reached **R\$137.8 billion** in net revenue and EBITDA of **R\$13.2 billion**, equivalent to an **EBITDA margin of 9.6%**.



Updating the results using FX at the end of 2Q15 and adding proforma revenue and results from recent acquisitions (Tyson in Brazil and Mexico, Big Frango, Céu Azul and Primo Group), **EBITDA LTM was R\$15.2 billion and net revenue reached R\$160 billion**.



The focus on operational excellence permitted JBS to expand its consolidated operational margin with sustainable sales' growth. The results for this quarter demonstrate consistency of JBS performance, thanks to its diversification in geographies and in products, which includes diverse proteins and a range of value added products as well as its access to a global customer base.

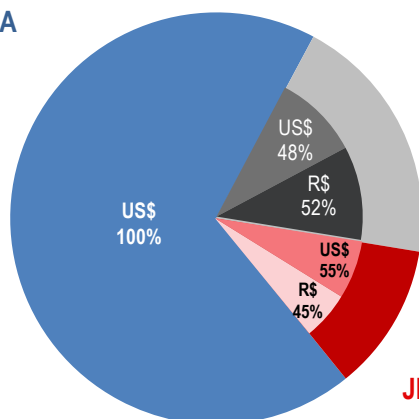


Revenue Breakdown by Location and Currency



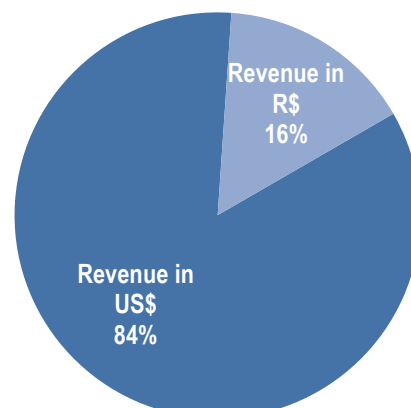
84% of JBS net revenue is in US\$

JBS USA
69.8%



JBS
Mercosul
18.7%

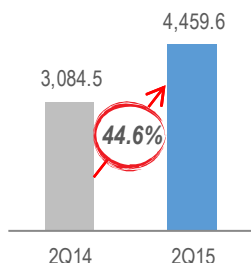
JBS Foods
11.5%



Business Units 2Q15 Highlights

JBS Foods

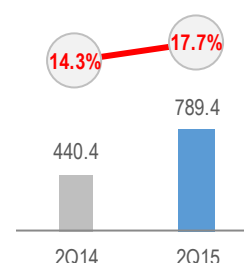
Net Revenue (R\$ million)



✓ In 2Q15, **JBS Foods** net revenue reached **R\$4.5 billion**, an increase of 44.6% over 2Q14.

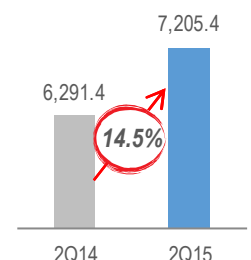
✓ **EBITDA** in 2Q15 was **R\$789.4 million**, 79.3% higher than 2Q14. **EBITDA margin** was 17.7%.

EBITDA (R\$ million) and Margin (%)



JBS Mercosul

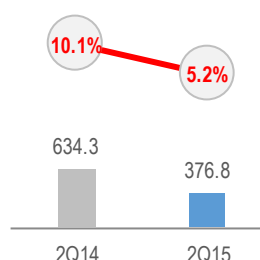
Net Revenue (R\$ million)



✓ In 2Q15, **JBS Mercosul** had net revenue of **R\$7.2 billion**, an increase of 14.5% compared with 2Q14.

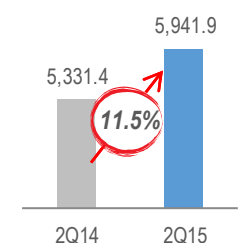
✓ **EBITDA** in 2Q15 was **R\$376.8 million**, a decrease of 40.6% over 2Q14. **EBITDA margin** was 5.2%.

EBITDA (R\$ million) and Margin (%)



JBS USA Beef (Including Canada and Australia)

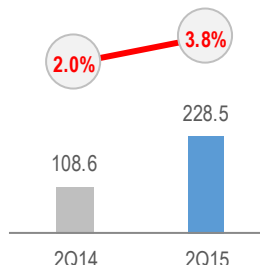
Net Revenue (US\$ million)



✓ In 2Q15, **JBS USA Beef** posted net revenue of **US\$5.9 billion**, 11.5% higher than 2Q14.

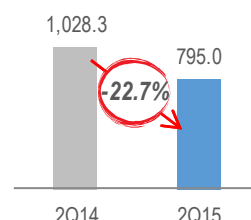
✓ **EBITDA** in 2Q15 was **US\$228.5 million**, an increase of 110.4% in relation to 2Q14. **EBITDA margin** was 3.8%.

EBITDA (US\$ million) and Margin (%)



JBS USA Pork

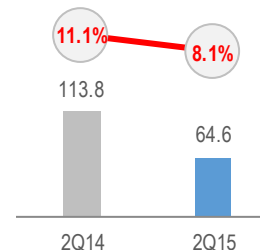
Net Revenue (US\$ million)



✓ In 2Q15, **JBS USA Pork** had net revenue of **US\$795.0 million**, a decrease of 22.7% in relation to 2Q14.

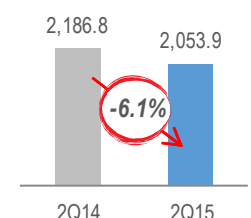
✓ **EBITDA** in 2Q15 was **US\$64.6 million**, 43.2% lower than 2Q14. **EBITDA margin** was 8.1%.

EBITDA (US\$ million) and Margin (%)



JBS USA Chicken – Pilgrim's Pride “PPC”

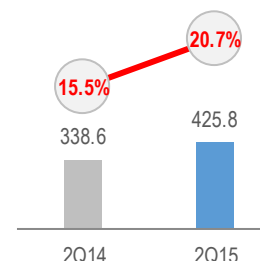
Net Revenue (US\$ million)



✓ In 2Q15, **PPC** reported net revenue of **US\$2.05 billion**, a reduction of 6.1% compared to 2Q14.

✓ **EBITDA** in 2Q15 was **US\$425.8 million**, 25.7% higher than 2Q14. **EBITDA margin** was 20.7%.

EBITDA (US\$ million) and Margin (%)



Analysis of Consolidated Results

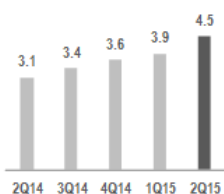
Analysis of the main financial indicators of JBS by Business Unit (in local currency)

Million		2Q15	1Q15	Δ%	2Q14	Δ%
Net Revenue						
JBS Foods	R\$	4,459.6	3,874.5	15.1%	3,084.5	44.6%
JBS Mercosul	R\$	7,205.4	6,782.3	6.2%	6,291.4	14.5%
JBS USA Beef	US\$	5,941.9	5,190.5	14.5%	5,331.4	11.5%
JBS USA Pork	US\$	795.0	762.3	4.3%	1,028.3	-22.7%
JBS USA Chicken	US\$	2,053.9	2,052.9	0.0%	2,186.8	-6.1%
EBITDA						
JBS Foods	R\$	789.4	616.0	28.2%	440.4	79.3%
JBS Mercosul	R\$	376.8	376.4	0.1%	634.3	-40.6%
JBS USA Beef	US\$	228.5	186.6	22.5%	108.6	110.4%
JBS USA Pork	US\$	64.6	93.2	-30.7%	113.8	-43.2%
JBS USA Chicken	US\$	425.8	363.5	17.1%	338.6	25.7%
EBITDA Margin						
JBS Foods	%	17.7%	15.9%	1.80 p.p.	14.3%	3.43 p.p.
JBS Mercosul	%	5.2%	5.6%	-0.32 p.p.	10.1%	-4.85 p.p.
JBS USA Beef	%	3.8%	3.6%	0.25 p.p.	2.0%	1.81 p.p.
JBS USA Pork	%	8.1%	12.2%	-4.10 p.p.	11.1%	-2.94 p.p.
JBS USA Chicken	%	20.7%	17.7%	3.02 p.p.	15.5%	5.25 p.p.

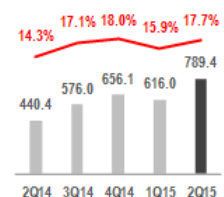
Performance by Business Unit

JBS Foods

Net sales (R\$ billion)

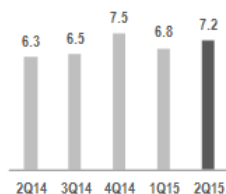


EBITDA (R\$ million)

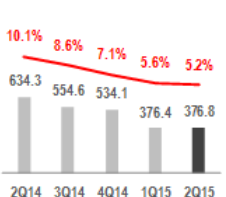


JBS Mercosul

Net sales (R\$ billion)



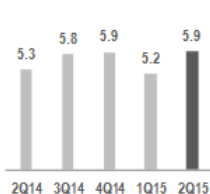
EBITDA (R\$ million)



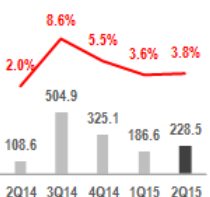
JBS USA Beef

(Including Australia & Canada)

Net sales (US\$ billion)

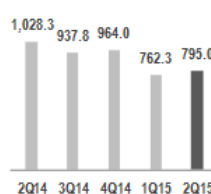


EBITDA (US\$ million)

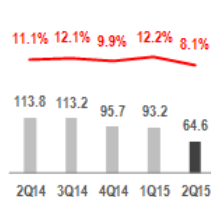


JBS USA Pork

Net sales (US\$ million)

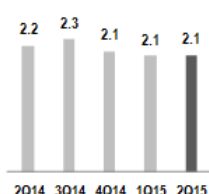


EBITDA (US\$ million)

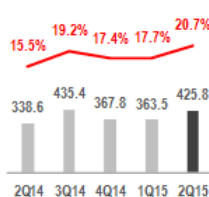


JBS USA (PPC)

Net sales (US\$ billion)



EBITDA (US\$ million)



— EBITDA margin (%)

Consolidated Results

Consolidated analysis of the main operational indicators of JBS

R\$ million	2Q15		1Q15		Δ%	2Q14		Δ%
	R\$ MM	% NR	R\$ MM	% NR	2Q15 vs 1Q15	R\$ MM	% NR	2Q15 vs 2Q14
Net Revenue	38,905.4	100.0%	33,819.0	100.0%	15.0%	28,968.9	100.0%	34.3%
Cost of Goods Sold	(33,032.6)	-84.9%	(29,041.2)	-85.9%	13.7%	(24,713.4)	-85.3%	33.7%
Gross Income	5,872.7	15.1%	4,777.8	14.1%	22.9%	4,255.5	14.7%	38.0%
Selling Expenses	(2,205.7)	-5.7%	(1,955.2)	-5.8%	12.8%	(1,721.8)	-5.9%	28.1%
General and Adm. Expenses	(942.6)	-2.4%	(843.3)	-2.5%	11.8%	(708.0)	-2.4%	33.1%
Net Financial Income (expense)	(2,300.5)	-5.9%	83.9	0.2%	-	(1,087.7)	-3.8%	111.5%
Equity in earnings of subsidiaries	7.7	0.0%	24.1	0.1%	-68.2%	6.9	0.0%	11.5%
Other Income (expense)	(4.2)	0.0%	2.1	0.0%	-	2.4	0.0%	-
Operating Income	427.5	1.1%	2,089.4	6.2%	-79.5%	747.3	2.6%	-42.8%
Income and social contribution taxes	(175.3)	-0.5%	(561.3)	-1.7%	-68.8%	(395.9)	-1.4%	-55.7%
Participation of non-controlling shareholders	(172.1)	-0.4%	(134.4)	-0.4%	28.1%	(97.2)	-0.3%	77.1%
Net Income (Loss)	80.1	0.2%	1,393.7	4.1%	-94.3%	254.3	0.9%	-68.5%
Adjusted EBITDA	3,577.1	9.2%	2,757.8	8.2%	29.7%	2,432.7	8.4%	47.0%
Net Income per share (R\$)	0.03		0.48		125.4%	0.09		1877.7%

Net Revenue

JBS consolidated net revenue in 2Q15 totaled R\$38,905.4 million, an increase of R\$9,936.49 million, or 34.3% higher than 2Q14.

The business units which recorded an increase in sales in 2Q15 were: JBS Foods, which recorded an increase of 44.6%, JBS Mercosul, with an increase of 14.5% and JBS USA Beef, which recorded an increase of 11.5% (in US dollars), compared with 2Q14.

In 2Q15, approximately 70% of JBS global sales derived from domestic sales and 30% came from exports.

Consolidated Results

EBITDA

EBITDA for the quarter was R\$3,577.1 million, an increase of 47.0% compared with 2Q14, with an EBITDA margin of 9.2%. This result is due to the strong growth in EBITDA of JBS USA Beef, JBS Foods and JBS USA Chicken (PPC), which recorded an increase of 110.4%, 79.3% and 25.7%, respectively, when compared with 2Q14.

R\$ million	2Q15	1Q15	Δ%	2Q14	Δ%
Net income for the period	252.2	1,528.1	-83.5%	351.5	-28.2%
Financial income (expense), net	2,300.5	-83.9	-	1,087.7	111.5%
Current and deferred income taxes	175.3	561.3	-68.8%	395.9	-55.7%
Depreciation and amortization	839.2	776.4	8.1%	606.4	38.4%
Equity in subsidiaries	-7.7	-24.1	-68.2%	-6.9	11.5%
Restructuring, reorganization, donations and indemnity	17.6	0.0	-	3.9	356.3%
(=) EBITDA	3,577.1	2,757.8	29.7%	2,432.7	47.0%

Net Financial Results

JBS registered net financial expenses of R\$2,300.5 million in 2Q15. Revenues from FX variation were R\$361.4 million, while derivative results which include expenses related to the Company's instruments to protect its balance sheet from FX variation, amounted R\$2,005.6 million. Interest expense was R\$875.7 million, impacted by the premium of R\$115.0 million paid in the repurchase of 2018 Notes, while interest revenue was R\$265.6 million. Taxes, contributions, tariffs and others resulted in an expense of R\$46.2 million.

Income Tax and Social Contribution

In 2Q15, Income tax and social contribution (IT/SC) was R\$175.3 million, equivalent to an effective tax rate of 41.0%, a reduction of 12 percentage points in comparison with the tax rate recorded in 2Q14.

Net Income

Net income in 2Q15, was R\$80.1 million, equivalent to earnings per share of R\$0.03.

CAPEX

In 2Q15, total Capital Expenditure (CAPEX) was R\$2,090.6 million, of which R\$1,092.3 million related to the acquisition of Tyson de Mexico. Additions to property, plant and equipment and intangible assets totaled R\$998.3 million. Approximately 50% was related to acquisitions, expansion and facility modernization and 50% to maintenance.

Consolidated Results

Cash Generation

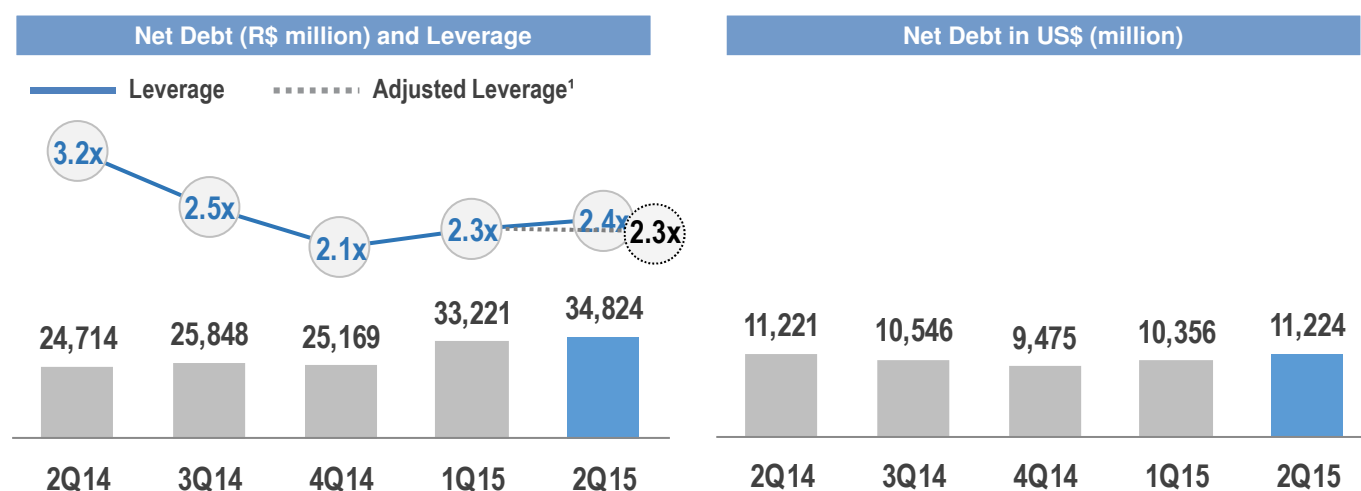
In 2Q15, JBS generated R\$675.1 million in net cash from operations. Free Cash Flow after CAPEX was R\$1,415.6 million negative, due to the payment of Tyson de Mexico acquisition at the end of the quarter, in the total amount of US\$400.0 million, equivalent to R\$1.24 billion, and due to the impact of hedging expenses.

Indebtedness

JBS ended 2Q15 with a net debt of R\$34.8 billion and leverage of 2.4x. Including proforma results from acquisitions made since 2H14 (Tyson in Brazil and Mexico, Big Frango, Céu Azul and Primo Group), equivalent to an incremental EBITDA of R\$1.0 billion, leverage was 2.3x

In June 2015, JBS USA issued Notes in the total amount of US\$900.0 million, maturing in June 2025 and with a coupon of 5.75% and used the proceeds to repurchase the 2018 Notes in the amount of US\$900.0 million with a coupon of 8.25%. Due to this transaction, the Company extended its debt maturity and reduced its financing costs.

R\$ million	06/30/15	03/31/15	Var.%
Gross debt	48,731.8	47,341.9	2.9%
(+) Short Term Debt	15,982.6	13,547.5	18.0%
(+) Long Term Debt	32,749.2	33,794.4	-3.1%
(-) Cash and Equivalents	13,907.7	14,120.8	-1.5%
Net debt	34,824.1	33,221.1	4.8%
Net debt/EBITDA	2.4x	2.3x	



Note 1: Leverage including proforma results from acquisitions made since 2H14 (Tyson in Brazil and Mexico, Big Frango, Céu Azul and Primo Group), equivalent to an incremental EBITDA of R\$1.0 billion.

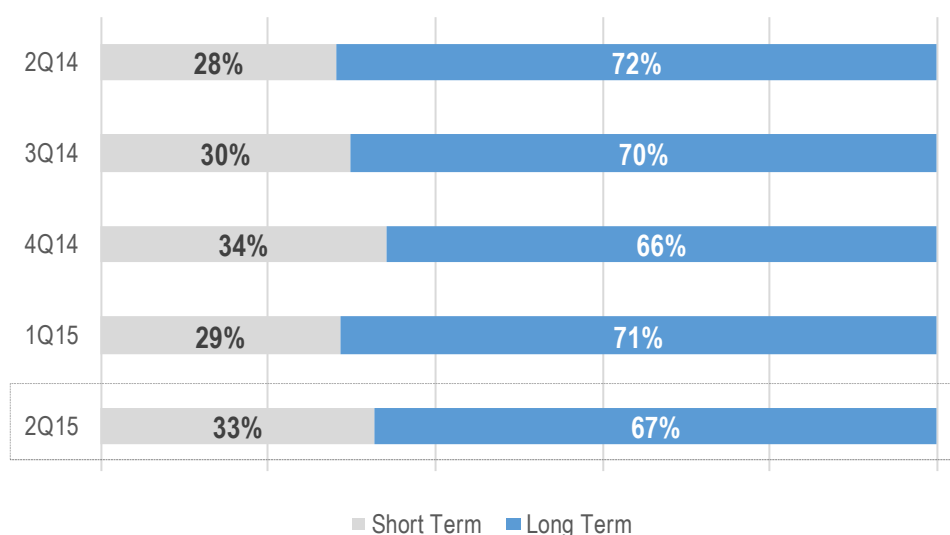
Consolidated Results

Indebtedness (cont.)

The Company ended the quarter with R\$13,907.7 million in cash, equivalent to approximately 87% of its short-term debt. In addition, JBS USA has a US\$1.6 billion fully available line under its revolving credit facilities which, if added to the current cash position, represents 118% of short term debt.

The percentage of short-term debt (ST) in relation to total debt was 33% in 2Q15.

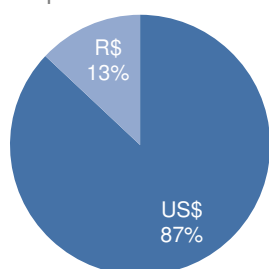
Debt profile ST / LT



At the end of the period, 87% of JBS consolidated debt was denominated in U.S. dollars, with an average cost of 4.92% per annum. The proportion of debt denominated in Reais, 13% of the consolidated, carried an average cost of 13.14% per annum.

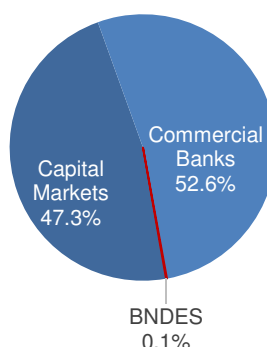
Breakdown by Currency & Average Cost

✓ 13.14% p.a.

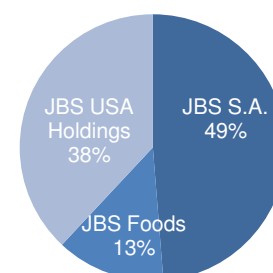


✓ 4.92% p.a.

Breakdown by Source



Breakdown by Company



Analysis of Results by Business Unit

JBS Foods

JBS Foods posted a net revenue of R\$4,459.6 million in 2Q15, an increase of 44.6% in relation to 2Q14, due to organic growth, with market share gains, and due to the integration of acquired companies, which resulted in an increase of volume sold in all operational segments. In comparison to the 1Q15, net revenue increased by 15.1%, with volume growths in both the domestic and export markets.

In the domestic market, a highlight was the growth in processed products which increased by 29.9% in comparison to the 2Q14 and 7.3% over 1Q15. Despite the strong level of promotions in the market during the quarter, JBS Foods managed to obtain this level of growth. Management remained adherent to its strategy of building value by prioritizing average price increase, which grew by 5.1% in comparison to 1Q15. JBS Foods continued to gain market share thanks to its strategic discipline with focus on gaining consumer preference, brand repositioning, innovation, offering quality products and improving the level of service and execution at the point of sale. A 14.0% increase in poultry volumes over 1Q15 was mainly driven by acquisitions which resulted in a decrease in average sales prices. In the pork business, prime cuts were directed towards the export markets, also reducing average sales prices domestically.

In exports, JBS Foods posted a net revenue 45.4% higher than 2Q14, with highlight in the poultry segment which grew by 52.1%, as a result of an increase of 21.9% in volume and 24.8% in sales prices. The pork and processed products segments also registered increase in revenues, mainly due to higher sales prices. In comparison to 1Q15, it is important to highlight the higher volumes sold in certain markets, such as the Middle East, Russia and Asia, which resulted in a export revenue growth of 27.3%, with larger volumes in all categories.

The focus on operational excellence and in the reduction of production costs throughout the last number of quarters contributed to a gross margin expansion which was 25.6% in 2Q14 and increased to 27.3% in 2Q15. EBITDA for JBS Foods totaled R\$789.4 million, an increase of 79.3% in relation to 2Q14, as a result of lower SG&A expenses as a percentage of net revenue. EBITDA margin was 17.7%, compared to 14.3% in 2Q14 and 15.9% in 1Q15, which confirms the consistent evolution of the Company's operational results.

JBS Foods continues to extract synergies from recently integrated operations through the reduction of operational costs and G&A expenses. Management remains focused on cost reductions, continuous improvements in product quality, excellence in service level, expansion and optimization of its customer base and on gaining consumer preference, with emphasis on increasing business profitability.

Highlights

R\$ Million	2Q15		1Q15		Δ%	2Q14		Δ%
	R\$	% NR	R\$	% NR	QoQ	R\$	% NR	YoY
Net Revenue	4,459.6	100.0%	3,874.5	100.0%	15.1%	3,084.5	100.0%	44.6%
COGS	(3,241.5)	-72.7%	(2,881.1)	-74.4%	12.5%	(2,294.3)	-74.4%	41.3%
Gross Profit	1,218.1	27.3%	993.4	25.6%	22.6%	790.2	25.6%	54.1%
EBITDA	789.4	17.7%	616.0	15.9%	28.2%	440.4	14.3%	79.3%

JBS Foods	2Q15	1Q15	Δ%	2Q14	Δ%
Birds Processed (thousand)	327,357.5	253,086.4	29.3%	229,868.5	42.4%
Hogs processed (thousand)	1,208.2	1,113.4	8.5%	1,077.5	12.1%

Analysis of Results by Business Unit

JBS Foods

Breakdown of Net Revenue¹

Domestic Market	2Q15	1Q15	Δ%	2Q14	Δ%
Net Revenue (million R\$)					
Fresh Poultry	748.0	663.3	12.8%	360.6	107.5%
Fresh Pork	108.7	111.2	-2.2%	97.1	12.0%
Processed / Prepared Products	1,096.0	1,021.6	7.3%	844.0	29.9%
Others	64.2	158.9	-59.6%	103.5	-38.0%
TOTAL	2,016.9	1,954.9	3.2%	1,405.1	43.5%
Volume (thousand tons)					
Fresh Poultry	155.9	136.8	14.0%	63.7	144.9%
Fresh Pork	15.9	15.6	2.2%	15.0	6.2%
Processed / Prepared Products	168.1	164.7	2.1%	143.2	17.4%
Others	24.1	23.9	0.7%	6.0	298.0%
TOTAL	364.0	340.9	6.8%	227.9	59.7%
Average Price (R\$/Kg)					
Fresh Poultry	4.80	4.85	-1.1%	5.66	-15.2%
Fresh Pork	6.82	7.13	-4.3%	6.47	5.5%
Processed / Prepared Products	6.52	6.20	5.1%	5.89	10.7%
Others	2.67	6.65	-59.9%	17.11	-84.4%
Exports					
	2Q15	1Q15	Δ%	2Q14	Δ%
Net Revenue (million R\$)					
Fresh Poultry	2,109.0	1,704.9	23.7%	1,386.3	52.1%
Fresh Pork	231.9	128.2	80.9%	193.3	19.9%
Processed / Prepared Products	101.8	86.5	17.7%	99.8	2.1%
Others	-	-	-	-	-
TOTAL	2,442.7	1,919.5	27.3%	1,679.4	45.4%
Volume (thousand tons)					
Fresh Poultry	366.1	304.5	20.2%	300.3	21.9%
Fresh Pork	28.8	16.8	71.2%	26.7	8.0%
Processed / Prepared Products	11.7	9.4	24.3%	15.1	-22.3%
Others	-	-	-	-	-
TOTAL	406.6	330.8	22.9%	342.0	18.9%
Average Price (R\$/Kg)					
Fresh Poultry	5.76	5.60	2.9%	4.62	24.8%
Fresh Pork	8.06	7.62	5.6%	7.25	11.1%
Processed / Prepared Products	8.69	9.18	-5.3%	6.62	31.3%
Others	-	-	-	-	-

Note 1. certain categories were reclassified due to a change in the criteria of classification.

Analysis of Results by Business Unit

JBS Mercosul

JBS Mercosul net revenue was R\$7,205.4 million, 14.5% higher than 2Q14. In the domestic market, fresh beef sales recorded price increases of 22.7% when compared with 2Q14, with stable volumes (-1.3%). The highlight of the period was the industrialized/further processed category, which posted increase in volumes and prices as a result of investments in marketing and in innovation of the product portfolio. Compared to 1Q15, revenue increased 6.2%.

Businesses in Paraguay and Uruguay presented an increase in revenue of 45.0% and 18.0%, respectively, in relation to 2Q14. Argentina recorded an increase of 23% in the number of livestock processed and export volumes increased 19% in comparison with 2Q14.

EBITDA for JBS Mercosul was R\$376.8 million, a decrease of 40.6% when compared with 2Q14, reflecting a reduction in gross margin which decreased from 24.2% in 2Q14 to 19.5% in 2Q15. EBITDA margin was 5.2%. In relation to 1Q15, EBITDA remained stable.

JBS Mercosul exports its products to more than 130 countries. In June 2014, JBS reinitiated its beef exports from Brazil to China, a market with great potential in terms of consumption of animal protein. JBS currently has seven of the nine beef facilities that are certified to export to the Chinese market, representing 80% of all trade capacity. The Company's management believes that the better balance between supply and demand for beef in the domestic market observed in the first half of the year, coupled with the opening of important export markets should benefit JBS Mercosul businesses in the coming quarters.

Highlights

R\$ Million	2Q15		1Q15		Δ%	2Q14		Δ%
	R\$	% NR	R\$	% NR	QoQ	R\$	% NR	YoY
Net Revenue	7,205.4	100.0%	6,782.3	100.0%	6.2%	6,291.4	100.0%	14.5%
COGS	(5,801.8)	-80.5%	(5,455.2)	-80.4%	6.4%	(4,769.5)	-75.8%	21.6%
Gross Profit	1,403.6	19.5%	1,327.1	19.6%	5.8%	1,521.8	24.2%	-7.8%
EBITDA	376.8	5.2%	376.4	5.6%	0.1%	634.3	10.1%	-40.6%

JBS Mercosul	2Q15	1Q15	Δ%	2Q14	Δ%
Bovines processed (thousand)	2,165.9	2,287.6	-5.3%	2,348.7	-7.8%

Analysis of Results by Business Unit

JBS Mercosul

Breakdown of Net Revenue

Domestic Market	2Q15	1Q15	Δ%	2Q14	Δ%
Net Revenue (million R\$)					
Fresh and Chilled Products	3,130.5	3,240.0	-3.4%	2,585.4	21.1%
Processed Products	405.1	371.1	9.2%	313.4	29.3%
Others	521.4	482.9	8.0%	451.0	15.6%
TOTAL	4,056.9	4,094.0	-0.9%	3,349.8	21.1%
Volume (thousand tons)					
Fresh and Chilled Products	314.2	347.6	-9.6%	318.5	-1.3%
Processed Products	45.9	43.6	5.2%	42.9	7.0%
Others	144.0	155.7	-7.6%	161.5	-10.8%
TOTAL	504.1	547.0	-7.8%	522.8	-3.6%
Average Price (R\$/Kg)					
Fresh and Chilled Product	9.96	9.32	6.9%	8.12	22.7%
Processed Items	8.83	8.51	3.8%	7.31	20.8%
Others	3.62	3.10	16.8%	2.79	29.7%
Exports					
	2Q15	1Q15	Δ%	2Q14	Δ%
Net Revenue (million R\$)					
Fresh and Chilled Products	1,982.9	1,626.2	21.9%	1,868.7	6.1%
Processed Products	254.7	259.8	-1.9%	202.8	25.6%
Others	910.7	802.3	13.5%	870.0	4.7%
TOTAL	3,148.4	2,688.3	17.1%	2,941.6	7.0%
Volume (thousand tons)					
Fresh and Chilled Products	146.2	146.8	-0.4%	182.2	-19.8%
Processed Products	18.7	18.7	0.3%	16.6	12.6%
Others	57.7	44.6	29.3%	89.4	-35.4%
TOTAL	222.6	210.1	6.0%	288.2	-22.8%
Average Price (R\$/Kg)					
Fresh and Chilled Beef	13.56	11.08	22.4%	10.25	32.3%
Processed Beef	13.60	13.91	-2.2%	12.19	11.5%
Others	15.79	17.98	-12.2%	9.73	62.2%

Analysis of Results by Business Unit

JBS USA Beef (including Australia and Canada)

Net revenue at JBS USA Beef in 2Q15 totaled US\$5,941.9 million, an increase of 11.5% over 2Q14, driven by a relevant improvement in the performance of the domestic market, both in volumes and in prices, coupled with an increase in exported volumes in the period (+4.2%). Additionally, the Primo Group in Australia was consolidated in this quarter. Net revenue in the quarter was 14.5% higher than 1Q15 due to an increase in the number of animals processed and, consequently, higher sales volumes.

EBITDA for the quarter was US\$228.5 million, 110.4% higher than the same period last year, with an EBITDA margin of 3.8%. The performance of this business unit reflects the improvement in the demand for beef in the US, coupled with a slight reduction in cattle prices during this period. USDA data forecasts growth in the cattle herd in the US which, combined with the recovery of the American economy, tends to boost the Company's businesses in the country.

In Australia, the Company registered an increase in volume sold through exports primarily to the USA, Japan, South Korea and New Zealand while sales to China remained stable. The increase in raw material costs has been compensated by the AUD devaluation in relation to USD which helped maintain the profitability of the Australian operation. The integration with Primo Group, initiated in 2Q15, is occurring as scheduled and the management of JBS is optimistic in relation to the synergies to be captured.

Highlights (US GAAP)

US\$ Million	2Q15		1Q15		Δ%	2Q14		Δ%
	US\$	% NR	US\$	% NR	QoQ	US\$	% NR	YoY
Net Revenue	5,941.9	100.0%	5,190.5	100.0%	14.5%	5,331.4	100.0%	11.5%
COGS	(5,694.7)	-95.8%	(5,005.7)	-96.4%	13.8%	(5,229.5)	-98.1%	8.9%
Gross Profit	247.2	4.2%	184.8	3.6%	33.8%	101.9	1.9%	-
EBITDA	228.5	3.8%	186.6	3.6%	22.5%	108.6	2.0%	110.4%
JBS USA Beef (including AUS and CAN)								
			2Q15	1Q15	Δ%	2Q14	Δ%	
Bovines processed (thousand)			2,422.1	2,206.4	9.8%	2,445.2	-0.9%	

Breakdown of Net Revenue

Domestic Market	2Q15	1Q15	Δ%	2Q14	Δ%
Net Revenue (US\$ million)	4,338.4	3,818.3	13.6%	3,812.1	13.8%
Volume (tons)	952.3	849.4	12.1%	892.6	6.7%
Average Price (US\$/Kg)	4.56	4.50	1.3%	4.27	6.7%
Exports	2Q15	1Q15	Δ%	2Q14	Δ%
Net Revenue (US\$ million)	1,603.5	1,372.2	16.9%	1,519.3	5.5%
Volume (tons)	349.1	294.9	18.4%	335.1	4.2%
Average Price (US\$/Kg)	4.59	4.65	-1.3%	4.53	1.3%

Analysis of Results by Business Unit

JBS USA Pork

Net revenue in the pork business was US\$795.0 million, a reduction of 22.7% compared to 2Q14 due to a decrease in sales prices, as a result of an increase in the number of hogs available to process and a consequent increase in the supply of pork products. Exports volume grew a substantial 34.5% with main destinations Japan, Mexico and South Korea, the latter presenting an expressive increase in volume during the period. In comparison with 1Q15, revenue increased 4.3%, mainly due to a greater supply diversification and the sale of products with a higher value added component, which increased sales prices in the domestic market by 5.3%.

EBITDA was US\$64.6 million, with EBITDA margin of 8.1%. This result is due to a reduction in gross margin, while SG&A remained stable as a percentage of net revenue.

Highlights (US GAAP)

US\$ Million	2Q15		1Q15		Δ%	2Q14		Δ%
	US\$	% NR	US\$	% NR	QoQ	US\$	% NR	YoY
Net Revenue	795.0	100.0%	762.3	100.0%	4.3%	1,028.3	100.0%	-22.7%
COGS	(729.1)	-91.7%	(668.2)	-87.7%	9.1%	(914.5)	-88.9%	-20.3%
Gross Profit	65.9	8.3%	94.1	12.3%	-30.0%	113.8	11.1%	-42.1%
EBITDA	64.6	8.1%	93.2	12.2%	-30.7%	113.8	11.1%	-43.2%
JBS US Pork								
			2Q15	1Q15	Δ%	2Q14		Δ%
Hogs Processed (thousand)			3,315.0	3,436.4	-3.5%	2,915.3		13.7%

Breakdown of Net Revenue

Domestic Market	2Q15	1Q15	Δ%	2Q14	Δ%
Net Revenue (US\$ million)	643.2	613.9	4.8%	877.5	-26.7%
Volume (thousand tons)	299.7	301.2	-0.5%	276.1	8.6%
Average Price (US\$/Kg)	2.15	2.04	5.3%	3.18	-32.5%
Exports					
	2Q15	1Q15	Δ%	2Q14	Δ%
Net Revenue (US\$ million)	151.8	148.5	2.2%	150.8	0.7%
Volume (thousand tons)	70.3	63.6	10.5%	52.3	34.5%
Average Price (US\$/Kg)	2.16	2.34	-7.5%	2.89	-25.1%

Analysis of Results by Business Unit

JBS USA Chicken ("PPC")

JBS USA Chicken ("PPC") reported net revenue of US\$2,053.9 million in 2Q15, a decrease of 6.1% compared to 2Q14 as a reflection of a reduction in sales prices in both exports from the US and sales in Mexico which were impacted by the devaluation of Mexican Peso in relation to US dollar.

EBITDA totaled US\$425.8 million, an increase of 25.7% over the same period last year and shows the commitment of PPC's management in the relentless pursuit of operational excellence and value creation through the focus on strategic customers and the optimization of its product portfolio. Compared with 1Q15, EBITDA increased 17.1%.

Operations in Mexico presented a strong performance in the quarter with a gross margin of 22.2%, despite the devaluation of the Mexican Peso. The integration of Tyson into PPC in Mexico are progressing as scheduled and will permit Pilgrim's Pride to benefit from the growing demand for chicken products in the region.

Net income for PPC in the quarter was US\$241.5 million, an improvement of 27% compared to 2Q14. Free cash flow generation was US\$246.0 million. The diversification through various sales channels, a broad geographic presence and a rich product portfolio (big birds, small birds and case ready), has been optimizing the risk management and the pricing of products in the entire business, reducing dependency on specific markets.

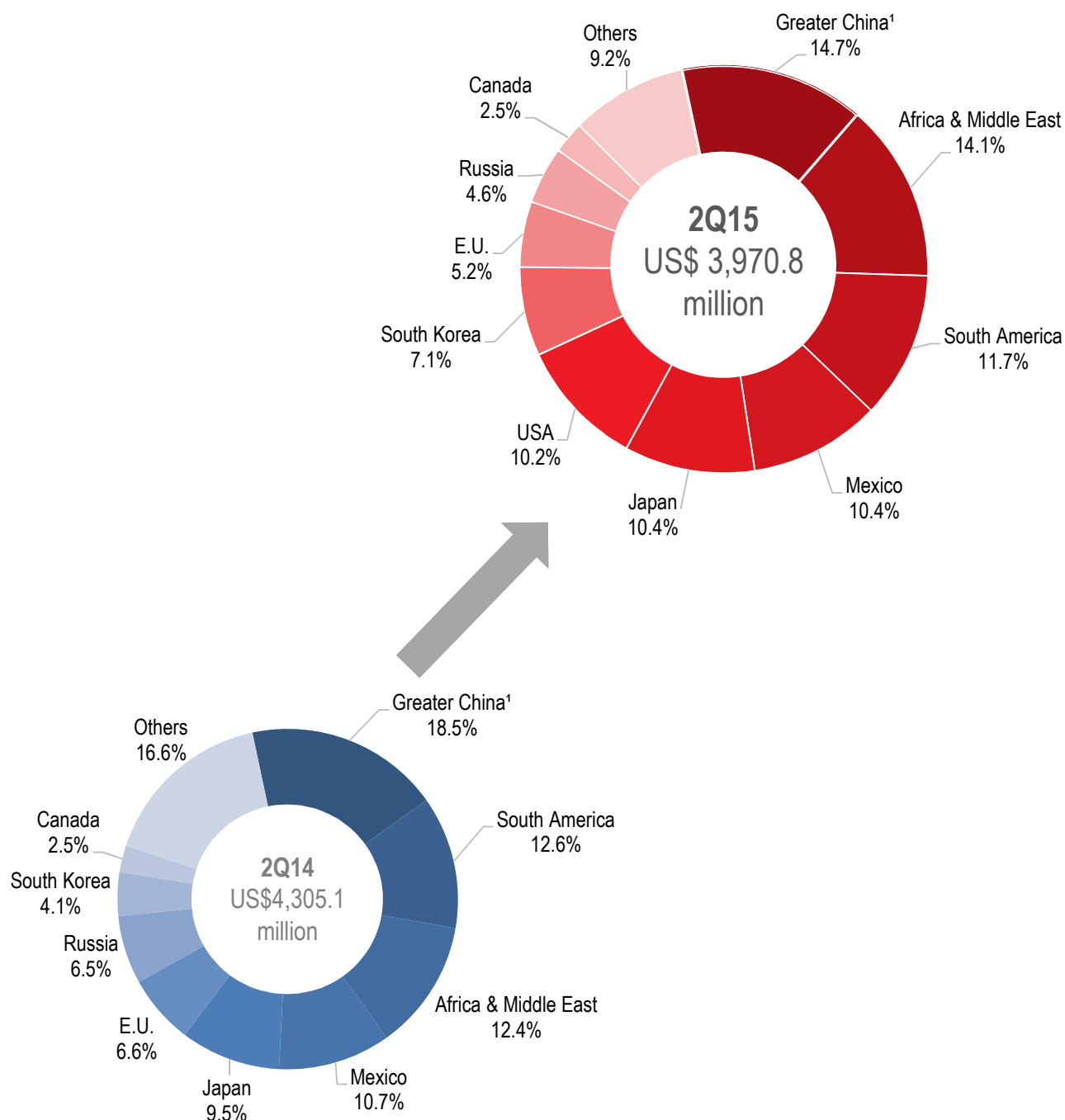
The strategy implemented by Pilgrim's Pride in the last number of years generated opportunities allowing the Company to maintain its performance in different market conditions, with less volatility and more consistent results.

Highlights (US GAAP)

US\$ Million	2Q15		1Q15		Δ%	2Q14		Δ%
	US\$	% NR	US\$	% NR	QoQ	US\$	% NR	YoY
Net Revenue	2,053.9	100.0%	2,052.9	100.0%	0.0%	2,186.8	100.0%	-6.1%
COGS	(1,621.9)	-79.0%	(1,675.8)	-81.6%	-3.2%	(1,837.3)	-84.0%	-11.7%
Gross Profit	432.0	21.0%	377.1	18.4%	14.6%	349.5	16.0%	23.6%
EBITDA	425.8	20.7%	363.5	17.7%	17.1%	338.6	15.5%	25.7%

Tables and Charts

Graph I - JBS Consolidated Exports Breakdown in 2Q14 and 2Q15

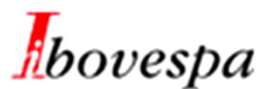


Note 1: Includes China and Hong Kong

Table I – 2Q15 Breakdown of Production Costs by Business Unit (%)

2Q15 (%)	Consolidated	JBS Mercosul	JBS Foods	USA Beef	USA Pork	USA Chicken
Raw material (livestock)	82.5%	87.3%	60.8%	87.2%	82.9%	53.2%
Processing (including ingredients and packaging)	8.8%	7.0%	27.3%	5.3%	7.3%	29.0%
Labor Cost	8.7%	5.7%	11.9%	7.5%	9.8%	17.8%

Indexes



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JBS S.A.

Balance sheets (In thousands of Reals)

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	9,322,215	9,503,923	13,907,712	14,910,427
Trade accounts receivable, net	3,738,503	3,502,612	11,098,152	9,577,548
Inventories	1,976,138	2,417,608	9,579,785	8,273,110
Biological assets	-	-	1,922,674	1,567,866
Recoverable taxes	1,385,257	1,310,521	2,489,701	2,300,624
Prepaid expenses	32,462	17,449	228,630	181,881
Other current assets	356,800	416,599	785,008	730,776
TOTAL CURRENT ASSETS	16,811,375	17,168,712	40,011,662	37,542,232
NONCURRENT ASSETS				
Long-term assets				
Recoverable taxes	768,493	779,147	1,556,369	1,546,038
Biological assets	-	-	714,690	633,689
Credits with related parties	859,211	3,160,451	652,455	370,072
Other noncurrent assets	592,990	506,785	2,595,571	2,121,092
Total long-term assets	2,220,694	4,446,383	5,519,085	4,670,891
Investments in associate, subsidiaries and joint ventures	14,569,567	10,161,077	339,432	295,350
Property, plant and equipment, net	10,872,243	10,590,430	27,524,199	24,098,697
Intangible assets, net	9,551,388	9,550,264	19,374,507	15,436,512
TOTAL NONCURRENT ASSETS	37,213,892	34,748,154	52,757,223	44,501,450
TOTAL ASSETS	54,025,267	51,916,866	92,768,885	82,043,682

JBS S.A.

Balance sheets
(In thousands of Reals)

	Company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade accounts payable	1,148,892	1,567,402	7,839,712	6,942,933
Loans and financings	10,600,562	9,567,475	15,982,578	13,686,975
Income taxes	-	-	54,956	505,799
Payroll, social charges and tax obligation	441,253	369,756	2,276,728	2,105,278
Declared dividends	1,281	484,013	1,281	484,013
Payables related to facilities acquisitions	16,172	47,894	278,069	344,881
Other current liabilities	1,158,134	740,635	1,067,351	798,122
TOTAL CURRENT LIABILITIES	13,366,294	12,777,175	27,500,675	24,868,001
NONCURRENT LIABILITIES				
Loans and financings	13,152,455	13,689,084	32,749,202	26,392,165
Payroll, social charges and tax obligation	138,709	151,199	713,988	639,114
Payables related to facilities acquisitions	41,250	44,904	282,174	490,461
Deferred income taxes	831,584	1,172,511	2,521,300	2,839,966
Provision for lawsuits risk	187,143	178,426	932,675	705,844
Other noncurrent liabilities	29,308	29,744	549,798	465,606
TOTAL NONCURRENT LIABILITIES	14,380,449	15,265,868	37,749,137	31,533,156
EQUITY				
Capital stock	23,576,206	21,506,247	23,576,206	21,506,247
Treasury shares	(483,686)	(451,700)	(483,686)	(451,700)
Capital transaction	117,008	90,338	117,008	90,338
Capital reserve	230,664	212,793	230,664	212,793
Revaluation reserve	85,873	87,877	85,873	87,877
Profit reserves	2,191,856	4,261,815	2,191,856	4,261,815
Valuation adjustments to equity in subsidiaries	217,337	101,658	217,337	101,658
Accumulated translation adjustments in subsidiaries	(1,132,588)	(1,935,205)	(1,132,588)	(1,935,205)
Retained earnings	1,475,854	-	1,475,854	-
Attributable to controlling interest	26,278,524	23,873,823	26,278,524	23,873,823
Attributable to noncontrolling interest	-	-	1,240,549	1,768,702
TOTAL EQUITY	26,278,524	23,873,823	27,519,073	25,642,525
TOTAL LIABILITIES AND EQUITY	54,025,267	51,916,866	92,768,885	82,043,682

JBS S.A.

Statements of income for three months period ended on June 30, 2015 and 2014 (In thousands of Reais)

Note	Company		Consolidated	
	2015	2014	2015	2014
NET REVENUE	7,112,741	6,428,867	38,905,361	28,968,867
Cost of goods sold	(5,786,132)	(5,007,798)	(33,032,622)	(24,713,399)
GROSS INCOME	1,326,609	1,421,069	5,872,739	4,255,468
OPERATING INCOME (EXPENSE)				
General and administrative expenses	(373,326)	(295,007)	(942,571)	(707,989)
Selling expenses	(751,890)	(668,024)	(2,205,697)	(1,721,752)
Financial expense, net	(1,708,724)	(827,423)	(2,300,452)	(1,087,659)
Equity in earnings of subsidiaries	1,057,444	636,114	7,665	6,872
Other income (expenses), net	(3,570)	(6,905)	(4,162)	2,408
	(1,780,066)	(1,161,245)	(5,445,217)	(3,508,120)
NET INCOME BEFORE TAXES	(453,457)	259,824	427,522	747,348
Current income taxes	583	547	(667,274)	(580,891)
Deferred income taxes	533,005	(6,106)	491,984	185,008
	533,588	(5,559)	(175,290)	(395,883)
NET INCOME	80,131	254,265	252,232	351,465
ATTRIBUTABLE TO:				
Controlling interest			80,131	254,265
Noncontrolling interest			172,101	97,200
			252,232	351,465
Net income basic per shares - in reais	27.75	88.61	27.75	88.61
Net income diluted per shares - in reais	27.71	88.61	27.71	88.61

JBS S.A.

Statements of cash flows for the three months period ended on June 30, 2015 and 2014 (In thousands of Reais)

	Company		Consolidated	
	2015	2014	2015	2014
Cash flow from operating activities				
Net income attributable to controlling interest	80,131	254,265	80,131	254,265
Adjustments to reconcile net income to cash provided on operating activities				
. Depreciation and amortization	158,959	140,780	839,216	606,369
. Allowance for doubtful accounts	-	-	7,127	8,210
. Equity in earnings of subsidiaries	(1,057,444)	(636,114)	(7,665)	(6,872)
. Loss (gain) on assets sales	3,570	2,052	5,736	744
. Deferred income taxes	(533,005)	6,106	(491,984)	(185,008)
. Current and non-current financial charges	(37,880)	(127,729)	183,580	(25,854)
. Provision for lawsuits risk	4,752	3,467	(12,992)	12,018
	(1,380,917)	(357,173)	603,149	663,872
Decrease (increase) in operating assets				
Trade accounts receivable	(414,138)	(178,715)	(613,578)	(559,643)
Inventories	75,424	(117,233)	205,615	(114,445)
Recoverable taxes	(38,501)	(46,116)	7,048	163,396
Other current and non-current assets	(58,108)	(189,453)	(211,969)	(365,237)
Related party receivable	2,724,363	581,149	420,784	(21,096)
Biological assets	-	-	(268,982)	(237,761)
Increase (decrease) operating liabilities				
Trade accounts payable	52,698	170,834	487,987	300,146
Other current and non-current liabilities	641,513	(246,523)	55,861	324,204
Noncontrolling interest	-	-	172,101	97,200
Valuation adjustments to equity in subsidiaries	-	-	(182,966)	(103,370)
Changes in operating assets and liabilities	2,983,251	(26,057)	71,901	(516,606)
Net cash provided by (used in) operating activities	1,602,334	(383,230)	675,050	147,266
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	(328,248)	(447,922)	(998,259)	(760,033)
Decrease (increase) in investments in subsidiaries	(11,871)	(308)	-	-
Net effect of working capital of acquired / merged company	-	-	(1,092,349)	(266,550)
Net cash used in investing activities	(340,119)	(448,230)	(2,090,608)	(1,026,583)
Cash flow from financing activities				
Proceeds from loans and financings	5,591,503	4,563,791	10,558,526	8,195,082
Payments of loans and financings	(5,389,377)	(2,919,321)	(8,771,045)	(5,400,135)
Payments of dividends	(482,729)	(219,885)	(443,653)	(219,885)
Premium received from share options	814	-	814	-
Capital transactions	-	-	964	2,984
Shares acquisition of own emission	-	-	-	-
Net cash provided by (used in) financing activities	(279,789)	1,424,585	1,345,606	2,578,046
Effect of exchange variation on cash and cash equivalents	-	-	(143,160)	(97,354)
Variance in cash and cash equivalents	982,426	593,125	(213,112)	1,601,375
Cash and cash equivalents at the beginning of the period	8,339,789	4,917,974	14,120,824	8,696,372
Cash and cash equivalents at the end of the period	9,322,215	5,511,099	13,907,712	10,297,747

Disclaimer

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