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

MINERVA S.A.

Individual (Company) and consolidated Quarterly Information for the quarter ended June 30, 2014

Minerva S.A.

Individual (Company) and consolidated Quarterly Information for the quarter ended June 30, 2014

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(Convenience translation into English from the original previously issued in Portuguese)
INDEPENDENT AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION

To
The Board of Directors and Shareholders of
Minerva S.A.
Barretos - SP

Introduction

We have reviewed the individual and consolidated interim financial statements of **Minerva S.A.** ("Company"), included in the Quarterly Information for the quarter ended June 30, 2014, which comprises the balance sheet as of June 30, 2014 and the respective statements of operations and comprehensive income (loss) for the quarter and six-month period then ended, as well as the statements of changes in shareholders' equity and cash flows for the six-month period then ended, including the notes to the financial statements.

The Company's management is responsible for the preparation of the individual interim financial statements in accordance with the Committee for Accounting Pronouncements (CPC) Technical Pronouncement 21 (R1) – Interim financial statements, and of the consolidated interim financial statements in accordance with the CPC Technical Pronouncement 21 (R1) and International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and for the presentation of these interim financial statements in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the Quarterly Information. Our responsibility is to express an opinion on the interim information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and international standards for reviewing interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). An interim review consists principally of applying analytical and other review procedures, and making enquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Conclusion about the individual interim financial statements

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

Conclusion about the consolidated interim financial statements

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

Other issues

Interim statements of value added

We also reviewed the individual and consolidated interim statements of value added prepared under the responsibility of the Company's management, for the six-month period ended June 30, 2014, whose presentation in the interim financial statements is required according to the standards issued by CVM applicable to the preparation of quarterly information and considered as supplementary information by IFRS, which do not require the presentation of the statement of value added. 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 interim financial statements, Company and Consolidated, taken as a whole.

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

São Paulo, July 31, 2014.

BDO RCS AUDITORES INDEPENDENTES SS
CRC 2 SP 013846/O-1

Francisco de Paula dos Reis Júnior
Accountant CRC 1 SP 139268/O-6

Mauro de Almeida Ambrósio
Accountant CRC 1 SP 199692/O-5

MINERVA S.A.

Balance sheets
As of June 30, 2014 and December 31, 2013
(In thousands of Brazilian Reais)

	Note	Company		Consolidated	
		30/06/2014	31/12/2013	30/06/2014	31/12/2013
Assets					
Cash and cash equivalents	5	881.449	1.116.188	1.907.277	1.563.849
Trade accounts receivable	6	112.847	100.662	255.318	184.221
Inventories	7	207.850	196.635	316.508	291.773
Biological assets	8	171.175	79.341	187.964	79.341
Recoverable taxes	9	545.457	475.939	596.303	522.030
Other receivables		119.250	162.057	161.984	196.898
		2.038.028	2.130.822	3.425.354	2.838.112
Other receivables		23.156	22.315	29.731	26.394
Related-party transactions	11	522.216	635.443	444	9.278
Recoverable taxes	9	128.906	128.906	138.301	138.512
Deferred tax assets	10	217.060	217.060	221.350	222.313
Court deposits		11.496	10.598	13.021	11.902
Investments	12	636.264	553.238	-	-
Property, plant and equipment	13	1.080.124	963.234	1.477.093	1.305.769
Intangible assets	14	104.933	5.083	462.424	425.856
		2.724.155	2.535.877	2.342.364	2.140.024
Total assets		4.762.183	4.666.699	5.767.718	4.978.136

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

MINERVA S.A.

Balance sheets
As of June 30, 2014 and December 31, 2013
(In thousands of Brazilian Reais)

	Note	Company		Consolidated	
		30/06/2014	31/12/2013	30/06/2014	31/12/2013
Liabilities					
Loans and financing	15	536.136	361.019	800.173	515.533
Convertible debentures	19	88.965	504	88.965	504
Trade accounts payable	16	282.016	326.367	351.481	376.883
Labor and tax liabilities	17	60.493	52.678	88.635	69.907
Other accounts payable		272.205	333.459	308.414	374.361
		1.239.815	**1.074.027**	**1.637.668**	**1.337.188**
Loans and financing	15	2.417.023	2.523.777	3.418.150	2.913.726
Convertible debentures	19	-	116.166	-	116.166
Labor and tax liabilities	17	24.443	26.351	24.443	26.351
Provisions for contingencies	21	23.772	36.497	23.772	36.607
Provisions for losses on investments	12	312.299	278.332	-	-
Related-party transactions	11	116.489	100.802	-	109
Accounts payable		-	-	33.165	36.503
Deferred tax liabilities	18	74.102	67.858	75.405	67.858
		2.968.128	**3.149.783**	**3.574.935**	**3.197.320**
Total non-current liabilities					
Shareholders' equity	22				
Capital stock		774.142	744.142	774.142	744.142
Capital reserves		253	253	253	253
Revaluation surplus		69.606	70.737	69.606	70.737
Income reserves		-	-	-	-
Accumulated losses		(267.379)	(356.596)	(267.379)	(356.596)
Treasury shares		-	-	-	-
Asset and liability valuation adjustments		(22.382)	(15.647)	(22.382)	(15.647)
Total shareholders' equity attributed to controlling shareholders		**554.240**	**442.889**	**554.240**	**442.889**
Non-controlling interest		**-**	**-**	**875**	**739**
Total shareholders' equity		**554.240**	**442.889**	**555.115**	**443.628**
Total liabilities and shareholders' equity		**4.762.183**	**4.666.699**	**5.767.718**	**4.978.136**
		-	-	-	-

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

MINERVA S.A.

Statements of operations
For the periods ended June 30, 2014 and 2013
(In thousands of Brazilian Reais)

		Company				Consolidated			
		2nd Quarter	Accumulated	2nd Quarter	Accumulated	2nd Quarter	Accumulated	2nd Quarter	Accumulated
	Note	2014	2014	2013	2013	2014	2014	2013	2013
Net revenue	25	1.304.830	2.395.849	1.009.785	1.967.046	1.656.236	3.054.140	1.322.740	2.517.727
Cost of goods sold		(1.037.110)	(1.902.107)	(766.323)	(1.512.248)	(1.325.074)	(2.440.192)	(1.055.999)	(2.023.258)
Gross profit		**267.720**	**493.742**	**243.462**	**454.798**	**331.162**	**613.948**	**266.741**	**494.469**
Operating revenues (expenses):									
Selling expenses		(103.145)	(184.829)	(85.167)	(167.224)	(128.573)	(243.596)	(114.776)	(218.702)
General and administrative expenses		(40.799)	(77.250)	(30.083)	(59.697)	(54.741)	(100.407)	(39.918)	(77.791)
Other operating revenues		(4.443)	(4.776)	7.649	7.524	16.955	17.241	8.137	8.491
Income before financial income (loss), net, equity in earnings of controlled companies and taxes		119.333	226.887	135.861	235.401	164.803	287.186	120.184	206.467
Financial expenses	26	(150.659)	(266.801)	(106.817)	(191.091)	(179.230)	(302.466)	(117.330)	(216.643)
Financial revenues	26	9.808	24.339	7.708	19.995	18.474	36.540	8.899	22.163
Exchange rate gains (losses), net	26	19.477	43.811	(163.396)	(149.344)	13.924	76.413	(214.888)	(200.836)
Financial revenues (expenses), net		**(121.374)**	**(198.651)**	**(262.505)**	**(320.440)**	**(146.832)**	**(189.513)**	**(323.319)**	**(395.316)**
Equity in earnings (losses) of controlled companies		19.617	66.094	(76.302)	(103.366)	-	-	-	-
Income (loss) before taxes		**17.576**	**94.330**	**(202.946)**	**(188.405)**	**17.971**	**97.673**	**(203.135)**	**(188.849)**
Current income and social contribution taxes	18	4.585	-	8.652	-	5.106	(2.245)	8.669	(83)
Deferred income and social contribution taxes	18	(3.572)	(6.827)	(1.852)	(2.170)	(4.535)	(7.790)	(1.852)	(2.170)
Income (loss) before non-controlling shareholders		**18.589**	**87.503**	**(196.146)**	**(190.575)**	**18.542**	**87.638**	**(196.318)**	**(191.102)**
Income (loss) attributable to:									
Controlling shareholders		18.589	87.503	(196.146)	(190.575)	18.589	87.503	(196.146)	(190.575)
Non-controlling shareholders		-	-	-	-	(47)	135	(172)	(527)
Income (loss) for the period		**18.589**	**87.503**	**(196.146)**	**(190.575)**	**18.542**	**87.638**	**(196.318)**	**(191.102)**

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

MINERVA S.A.

Statements of comprehensive income (loss)
For the periods ended June 30, 2014 and 2013
(In thousands of Brazilian Reais)

	Company				Consolidated			
	2nd Quarter 2014	Accumulated 2014	2nd Quarter 2013	Accumulated 2013	2nd Quarter 2014	Accumulated 2014	2nd Quarter 2013	Accumulated 2013
Income (loss) for the period	18.589	87.503	(196.146)	(190.575)	18.542	87.638	(196.318)	(191.102)
Other comprehensive income (loss)								
Asset and liability valuation adjustment	(1.277)	(6.735)	1.586	1.270	(1.278)	(6.735)	486	(106)
Other comprehensive income (loss), net of income and social contribution taxes	(1.277)	(6.735)	1.586	1.270	(1.278)	(6.735)	486	(106)
Total comprehensive income (loss)	**17.312**	**80.768**	**(194.560)**	**(189.305)**	**17.264**	**80.903**	**(195.832)**	**(191.208)**
Comprehensive income (loss) attributable to:								
Controlling shareholders	17.312	80.768	(194.560)	(189.305)	17.312	80.768	(194.560)	(189.305)
Non-controlling shareholders	-	-	-	-	(48)	135	(1.272)	(1.903)
Total comprehensive income (loss)	**17.312**	**80.768**	**(194.560)**	**(189.305)**	**17.264**	**80.903**	**(195.832)**	**(191.208)**

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

MINERVA S.A.

Statements of changes in shareholders' equity - Company and consolidated
For the periods ended June 30, 2014
(In thousands of Brazilian Reais)

	Capital stock	Capital reserve	Revaluation surplus	Accumulated losses	Asset and liability valuation adjustment	Total shareholders' equity attributed to controlling shareholders	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2013	**744.142**	**253**	**70.737**	**(356.596)**	**(15.647)**	**442.889**	**739**	**443.628**
Increase in capital stock	30.000	-	-	-	-	30.000	-	30.000
Realization of revaluation surplus	-	-	(1.131)	1.714	-	583	-	583
Asset and liability valuation adjustment	-	-	-	-	(6.735)	(6.735)	-	(6.735)
Net loss for the period	-	-	-	87.503	-	87.503	-	87.503
Non-controlling interest	-	-	-	-	-	-	136	136
Balances as of June 30, 2014	**774.142**	**253**	**69.606**	**(267.379)**	**(22.382)**	**554.240**	**875**	**555.115**
	-	-	-	-	-	-		-

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

MINERVA S.A.

Statements of changes in shareholders' equity - Company and consolidated
For the periods ended June 30, 2013
(In thousands of Brazilian Reais)

	Capital stock	Capital reserve	Revaluation surplus	Income reserve		Accumulated losses	Treasury shares	Asset and liability valuation adjustment	Total shareholders' equity attributed to controlling shareholders	Non-controlling interest	Total shareholders' equity
				Statutory reserve	Appropriated retained earnings						
Balances as of December 31, 2012	**712.984**	**156.802**	**73.168**	**3.413**	**44.953**	**(190.223)**	**(29.693)**	**(19.515)**	**751.889**	**2.418**	**754.307**
Increase in capital stock	2.927	-	-	-	-	-	-	-	2.927	-	2.927
Treasury shares	-	(584)	-	-	-	-	(71.600)	-	(72.184)	-	(72.184)
Realization of revaluation surplus	-	-	(1.275)	-	-	1.932	-	-	657	-	657
(-) Cost of share issuance transaction	-	(1.131)	-	-	-	-	-	-	(1.131)	-	(1.131)
Asset and liability valuation adjustment	-	-	-	-	-	-	-	1.270	1.270	(1.376)	(106)
Absorption of losses with reserves	-	(141.857)	-	(3.413)	(44.953)	190.223	-	-	-	-	-
Net income (loss) for the period	-	-	-	-	-	(190.575)	-	-	(190.575)	-	(190.575)
Non-controlling interest	-	-	-	-	-	-	-	-	-	(527)	(527)
Balances as of June 30, 2013	**715.911**	**13.230**	**71.893**	**-**	**-**	**(188.643)**	**(101.293)**	**(18.245)**	**492.853**	**515**	**493.368**

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

MINERVA S.A.

Statements of cash flows
For the periods ended June 30, 2014 and 2013
(In thousands of Brazilian Reais)

	Company				Consolidated			
	2nd Quarter 2014	Accumulated 2014	2nd Quarter 2013	Accumulated 2013	2nd Quarter 2014	Accumulated 2014	2nd Quarter 2013	Accumulated 2013
Cash flows from operating activities								
Income (loss) for the period	18.589	87.503	(196.146)	(190.575)	18.542	87.638	(196.318)	(191.102)
Adjustments to reconcile net income (loss) from operating activities:								
Depreciation and amortization	8.952	18.102	9.946	19.924	13.854	27.755	14.254	28.337
Net income (loss) attributed to non-controlling shareholders	-	-	-	-	47	(135)	172	527
Fair value of biological assets	(10.474)	(17.077)	(2.005)	(4.978)	(10.474)	(17.077)	(2.005)	(4.978)
Realization of deferred taxes - temporary differences	3.572	6.827	1.852	2.170	4.535	7.790	1.852	2.170
Equity in earnings (losses) of controlled companies	(19.617)	(66.094)	76.302	103.366	-	-	-	-
Goodwill referring to business combination	-	-	-	-	-	-	-	-
Finance charges	97.768	202.043	66.582	127.081	108.923	217.421	85.868	171.657
Unrealized exchange rate gains (losses)	(27.737)	(92.280)	149.324	127.520	(16.577)	(85.694)	221.593	191.534
Provision for contingencies	(13.547)	(12.725)	-	771	(13.547)	(12.835)	(8)	741
Trade accounts receivable and other receivables	25.396	29.781	50.944	(20.229)	45.241	13.240	41.564	(72.153)
Inventories	(11.966)	(11.215)	(31.474)	(29.942)	642	(2.441)	(35.564)	(58.154)
Biological assets	(71.436)	(74.757)	(2.963)	1.809	(88.225)	(91.546)	(2.963)	1.809
Recoverable taxes	(45.309)	(69.518)	(14.817)	(41.611)	(34.533)	(71.404)	(26.178)	(47.826)
Court deposits	(39)	(898)	(640)	(1.096)	(162)	(1.119)	(686)	(1.211)
Trade accounts payable	69.044	(44.351)	16.681	21.997	62.788	(58.887)	2.044	18.662
Labor and tax liabilities	1.898	5.907	(11.131)	3.020	(1.404)	6.779	(12.371)	5.010
Other accounts payable	49.351	(61.254)	96.808	33.690	11.600	(97.381)	97.620	50.594
	74.445	(100.006)	209.263	152.917	101.250	(77.896)	188.874	95.617
Cash flows provided by (used in) operating activities	**74.445**	**(100.006)**	**209.263**	**152.917**	**101.250**	**(77.896)**	**188.874**	**95.617**
Cash flows from investing activities								
Acquisition of controlled company less adjustment	-	-	-	-	(46.321)	(46.321)	-	-
Acquisition of investments	9.697	10.300	(12.428)	(12.428)	-	-	-	-
Acquisition of intangible assets	(100.191)	(100.228)	(297)	(535)	(37.041)	(37.036)	(11.579)	(11.812)
Acquisition of property, plant and equipment	(43.591)	(134.614)	(23.878)	(55.125)	(39.616)	(123.223)	(36.511)	(72.964)
Cash flows used in investing activities	**(134.085)**	**(224.542)**	**(36.603)**	**(68.088)**	**(122.978)**	**(206.580)**	**(48.090)**	**(84.776)**
Cash flows from financing activities								
Loans and financing taken	205.773	508.288	434.968	609.081	1.270.396	1.588.669	506.995	701.191
Loans and financing settled	(286.958)	(549.688)	(125.936)	(596.853)	(659.234)	(971.921)	(149.734)	(654.203)
Debentures convertible into shares	(1.074)	(27.705)	(1.264)	2.373	(1.074)	(27.705)	(1.264)	2.373
Related-party transactions	101.280	128.914	(137.606)	(290.445)	8.822	8.725	(8.029)	(51.610)
Changes in non-controlling interest	-	-	-	-	(47)	136	(1.272)	(1.903)
Capital contribution in cash	-	30.000	-	2.927	-	30.000	-	2.927
Treasury shares	-	-	(34.570)	(71.600)	-	-	(34.570)	(71.600)
Cash provided by (used in) financing activities	**19.021**	**89.809**	**135.592**	**(344.517)**	**618.863**	**627.904**	**312.126**	**(72.825)**
Net decrease in cash and cash equivalents	**(40.619)**	**(234.739)**	**308.252**	**(259.688)**	**597.135**	**343.428**	**452.910**	**(61.984)**
Cash and cash equivalents								
At beginning of period	922.068	1.116.188	654.924	1.222.864	1.310.142	1.563.849	773.860	1.288.754
At end of period	881.449	881.449	963.176	963.176	1.907.277	1.907.277	1.226.770	1.226.770
Net decrease in cash and cash equivalents	**(40.619)**	**(234.739)**	**308.252**	**(259.688)**	**597.135**	**343.428**	**452.910**	**(61.984)**
	-	-	-	-	-	-	-	-

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

MINERVA S.A.

Statements of value added
For the periods ended June 30, 2014 and 2013
(In thousands of Brazilian Reais)

	Company		Consolidated	
	2014	2013	2014	2013
Revenues	2.470.685	2.054.792	3.125.767	2.660.673
Sales of merchandise, products and services	2.458.796	2.045.749	3.109.342	2.645.328
Other revenues	11.889	9.043	16.425	15.345
Input acquired from third parties	(2.167.573)	(1.836.777)	(2.766.603)	(2.487.466)
(Includes tax amounts – ICMS – State VAT, IPI – Federal VAT, PIS and COFINS – sales taxes)				
Costs of goods, merchandise and services sold	(1.894.374)	(1.607.345)	(2.458.507)	(2.198.745)
Materials, energy, third-party services and others	(273.199)	(229.432)	(308.096)	(288.721)
Others (specify)	-	-	-	-
Gross value added	303.112	218.015	359.164	173.207
Depreciation, amortization and depletion	(18.102)	(19.924)	(27.755)	(28.337)
Net value added generated by the entity	285.010	198.091	331.409	144.870
Added value received in transfer	90.433	(83.371)	36.540	22.163
Equity in earnings (losses) of controlled companies	66.094	(103.366)	-	-
Financial revenues	24.339	19.995	36.540	22.163
Others				
Total added value to be distributed (5+6)	**375.443**	**114.720**	**367.949**	**167.033**
Added value distribution	375.443	114.720	367.949	167.033
Personnel	104.983	105.346	141.564	148.679
Taxes, fees and contributions	(67.532)	(97.679)	(90.702)	(99.456)
Return on debt capital	250.489	297.628	229.449	308.912
Interest	243.199	291.096	220.771	301.567
Rents	7.290	6.532	8.678	7.345
	87.503	(190.575)	87.638	(191.102)
Return on equity capital				
Retained earnings/accumulated losses for the year	87.503	(190.575)	87.503	(190.575)
Non-controlling interest in retained earnings (only consolidation)	-	-	135	(527)
	-		-	
	-	-	-	-

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

1. General information

Minerva S.A. (the "Company") is a publicly held company listed at the "Novo Mercado" (New Market) of corporate governance and its shares are traded on BM&FBOVESPA S.A. (São Paulo Stock Exchange) - Bolsa de Valores de São Paulo. The Company's main activities include the slaughtering of livestock and processing of meat, the sale and exporting of chilled, frozen and processed meats and the exporting of live cattle.

The Company's shares are traded on BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros under ticker "Beef3" and its American Depositary Receipts ("ADRs") – level 1 - are traded in over-the-counter market OTCQX International Premier, segment of electronic trading platform operated by OTC Markets Group Inc. in the United States.

Company

The Company's headquarters are in Barretos (SP), and it has production units in the cities of José Bonifácio (SP), Palmeiras de Goiás (GO), Batayporã (MS), Araguaína (TO), Goianésia (GO), Barretos (SP), Campina Verde (MG), and Janaúba (MG). The distribution centers for the internal market are located in the cities of Palmeiras (GO), Brasília (DF), Viana (ES), Itajaí (SC), São Paulo, Araraquara (SP), Araguaína (TO), Belo Horizonte (MG) Fortaleza (CE) and Uberlândia (MG).

As of June 30, 2014, the Company's industrial facilities had a daily slaughtering capacity of 12,380 heads of cattle and a deboning capacity of 15,077 heads of cattle (taking the following controlled companies into account: Pul S/A (UY); Frimacar S/A (UY); Friasa S/A (PY); Frigomerc S/A (PY); and Minerva Alimentos (BR)) and are in compliance with sanitary requirements in order to export for the 5 continents. All its premises are approved for export. The Barretos unit has a beef processing line (cubed beef and roast beef) which is mainly for exports.

Controlled companies

- **Minerva Indústria e Comércio de Alimentos S.A.:** located in Rolim de Moura (RO), is engaged in the slaughtering of cattle and processing of meat, and also operates as a distribution center to meet local market demand;
- **Minerva Dawn Farms S.A. (Minerva Fine Foods):** located in Barretos (SP), produces, markets and sells beef, pork and poultry products. It has different scales of production to meet domestic and global demand for food service products. Activities of the controlled company started in 2009 and currently around 70% of its sales are directed to the internal market;

- **PUL S/A:** acquired in January 2011, is located in the Province of Cerro Largo, near its capital Melo, in Uruguay. Engaged in meat packing and processing, slaughtering and deboning activities, with 88% of its sales intended for the external market, primarily the American and the European markets;
- **Frimacar S.A**: Acquired in April 2014, it is located in Montevideo – Uruguay. Its operations include meat packing, slaughtering, deboning and processing of beef and sheep meat, with about 75% of its sales intended to foreign market;
- **Friasa S.A.:** Located in Asunción – Paraguay, it is engaged in meat packing and processing, slaughtering and deboning activities, operating in local and foreign markets;
- **Frigomerc S.A.:** located in Asunción, Paraguay, is engaged in meat packing, slaughtering, deboning and processing of meats, in the domestic and foreign markets. The company was acquired on October 1, 2012;
- **Minerva Overseas I:** located in the Cayman Islands, it is a controlled company created in 2006 for the receipt of "Bonds" totaling US$ 200.000,000, performed in January 2007. The company was formed with the specific purpose (EPE) of issuing such "Bonds";
- **Minerva Overseas II:** located in the Cayman Islands, it is a controlled company created in 2010 for the receipt of "Bonds" totaling US$ 250.000,000, performed in January 2010. The company was formed with the specific purpose (EPE) of issuing such "Bonds";
- **Minerva Luxembourg S.A:** located in Luxembourg, it is a controlled company created in the last quarter of 2011 to receive bonds in the amount of US$ 350,000 and later retap of US$ 100,000, issued in February and March 2012, respectively. The Company was incorporated for the specific purpose of issuing the Bonds referred to above, operations not linked to the Company's indebtedness. In the 1st quarter of 2013, the Company conducted an operation of "offering to repurchase debt notes" using the funds from the issue of 2023 Notes in the amount of US$ 850,000 bearing interest at 7.75% per year;
- **Minerva Beef:** it is a controlled company set up for raising funds. During the 2nd quarter of 2014, the company was dissolved;
- **Minerva Middle East:** it is an office set up in Lebanon to market and sell the Company's products;
- **Transminerva Ltda:** located In Barretos (SP), it is the transportation company set up to serve the Company and reduce freight expenses inside Brazil;
- **Minerva Colômbia S.A.S:** headquartered in Barranquilla – Colombia, the company's main purpose is exporting live cattle to the foreign market.

All other controlled Companies, that is, Loin Investments, Minerva Log and Lytmer were instituted or acquired aiming at developing new markets for Minerva products and for fundraising. They were pre-operating as of June 30, 2014.

Consolidated information includes the following controlled companies:

	06.30.2014	12.31.2013
Minerva Industria e Comércio de Alimentos S/A	98.00%	98.00%
Minerva Dawn Farms S/A	100.00%	100.00%
Friasa S/A	100.00%	100.00%
Minerva Overseas I	100.00%	100.00%
Minerva Overseas II	100.00%	100.00%
Eurominerva Comércio e Exportação Ltda	-	100.00%
Minerva Beef	-	100.00%
Minerva Middle East	100.00%	100.00%
Transminerva Ltda	100.00%	100.00%
Brascasing Comercial Ltda	-	100.00%
Minerva Itália	-	100.00%
Loin Investments	99.00%	99.00%
Minerva Log	100.00%	100.00%
Livestock	-	42.00%
Pulsa S.A.	100.00%	100.00%
Frimacar S.A.	100.00%	-
Minerva Colômbia S.A.S	100.00%	100.00%
Lytmer S.A	100.00%	-
Minerva Luxembourg	100.00%	100.00%
Frigomerc S/A	100.00%	100.00%

Agreement between Minerva S.A. (Company) and BRF S.A.

On November 01, 2013, the Company announced an acquisition of two plants for slaughtering and deboning, Mirassol D'Oeste and Várzea Grande, both located in the State of Mato Grosso, belonging to BRF S.A. with total slaughtering capacity of 2,600 head/day. On the other hand, BRF will receive 29 million new common shares issued by Minerva (BEEF3), becoming holder of 16.3% of the Company's total capital. Considering the full conversion of the convertible debentures into shares, BRF's ownership interest will be automatically diluted, thus holding 15.2% of the Company's capital.

In this transaction context, BRF and VDQ Holdings S.A. (which currently hold 34.33% of the Company) commit to enter into a shareholders' agreement, regularizing their relation. This agreement will provide, besides maintaining the Company' control exercised by VDQ and other conditions, an appointment of two members for the Company's board of directors, which will then be formed by ten members.

Additionally, an agreement was entered into between the Company and BRF, under market conditions, regarding the supply of meat for manufacturing, that will be in effect after the agreement conclusion, therefore guaranteeing appropriation of part of the production in acquired assets.

The agreement implementation is subject to the approval of the Administrative Council for Economic Defense (CADE). Currently, this approval is under analysis by the mentioned entity.

On June 26, 2014, an agreement was entered into between the Company and BRF through which BRF shall provide slaughtering and deboning services to the Company. Pursuant to this contract, the Company will provide cattle to BRF that will render the services of slaughtering, deboning, packaging, and storage of beef in its plants. Later, the Company will collect and distribute these products. This contract is effective for up to six (6) months. It was approved by CADE, in a process independent from the process on monopolistic activities.

Approval of the quarterly information

The issue of the quarterly information as of June 30, 2014 was authorized by the Executive Board and the Board of Directors on July 31, 2014.

2. Acquisitions of equity interest in companies (Business combinations)

MINERVA DAWN FARMS (Minerva Fine Foods)

As of 1 October 2010, the Company gained control of Minerva Dawn Farms, when acquired the right to subscribe 18,000 thousand new shares, entitled to voting rights, of the referred controlled company. As a result of this operation, the Company's equity interest in Minerva Dawn Farms increased from 50% to 80% of the voting capital. To that date Minerva Dawn Farms had been a jointly-controlled company.

The acquisition of control over Minerva Dawn Farms allowed the Company to obtain administrative and commercial synergies with the controlling company, reducing operating expenses, in addition to the growth of sales on the domestic market upon using the sales channels of distributors already existing in the company, as well as promote greater autonomy and speed in decision-making.

The process of the acquiring ownership interest in Minerva Dawn Farms by the Company amounted to R$ 60,000 thousand, which corresponded to the subscription of 18,000 thousand new shares. The amount paid for the subscription of the new shares is grounded in the economic value projected for Minerva Dawn Farms on the transaction date, generating an excess over par value of R$ 42,000.

Identifiable assets acquired and liabilities assumed

	Property, plant and equipment, net	Fair value	Appreciation
Property, plant and equipment, net	85,432	87,862	2,430
	85,432	87,862	2,430

The following fair values were determined on a temporary basis, mainly evaluated by an independent expert company and revised by the Company at the acquisition balance sheet date (December 31, 2010), being subject to adjustments within a term not longer than one year, according to CVM Resolution 580/09 - CPC 15 (R1).

Property, plant and equipment: The fair value of property, plant and equipment was determined based on a report prepared by an independent appraiser.

Determining goodwill by future profitability: According to CPC 15 (R1) (IFRS 3), the acquisition of another 30% of equity interest in the Company which has so far been a joint-controlled company, represents a "business combination achieved in stages". As determined in that standard, upon the business combination made by stages, the acquirer should reassess its previous ownership interest in the acquiree at the fair value by the acquisition date, and should recognize in the income (loss) for the year the "earnings" or "losses" generated in that "business combination made by stages". In addition and as recommended in the aforementioned standards, the Company has chosen to state the minority interest in the acquiree at its fair value or through the portion belonging to the Company at the fair value of the acquiree's identifiable net assets.

Goodwill and appreciation of previously-held identifiable assets and acquisition of more than 30% of the equity interest are recognized for the year ended December 31, 2010, as shown below:

In thousands of Brazilian Reais	12/31/2010
Goodwill from future profitability - acquirer's previously-held equity	130,946
Appreciation of previously-held acquirer's identifiable assets	1,944
	132,890

As provided for in CVM Resolution 580/09 - CPC 15 (R1), and previously mentioned, the Company conducted a review of the temporary amounts recorded for the transaction "business combination by stages", recorded at December 31, 2010, reviewing the amounts of acquired assets and assumed liabilities, in compliance with the provisions of CPC pronouncements, interpretations and guidelines, where applicable.

Based on this review, it was found that much of the appreciation calculated as goodwill by expectation of future profitability in the existing ownership acquired as of December 31, 2010 and amounting to R$ 130,946 refer to a portfolio of clients, which have a long-lasting relationship with the Company, arising mainly from the specificity and need for full-scale production for these clients. For being framed in the basic characteristics for recording of an intangible asset (identification, control and generation of future economic benefits), in accordance with CVM Resolution 644/10 – CPC 04 (R1) and, as determined by CVM Resolution 580/09 - CPC 15 (R1), the Company reviewed the projections which defined the value of goodwill by expectation of future profitability, adopted on a temporary basis in the acquisition of additional equity interest, redefining the distribution between "goodwill by expectation of future profitability" and "client portfolio", as shown below:

In thousands of Brazilian Reais	12/31/2011
Goodwill by expectation of future profitability	43,213
List of clients	87,733
Appreciation of previously-held acquirer's identifiable assets	1,944
	132,890

The client portfolio, which was part of Minerva Dawn Farms' assumed assets, amounting to R$ 87,733, is basically represented by Minerva Dawn Farms' relationship with a major fast food network, which has expressive annual growth of its network of shops in Brazil, which indirectly leverage Minerva Dawn Farms' businesses.

Goodwill stated above is classified in the Company's individual balance sheet as part of the cost of investments in investees and recorded as intangible assets in the consolidated financial statements. Such goodwill is subject to annual impairment testing, pursuant to CPC 01 (R1) and IAS 36 and 38.

On November 1, 2012, the Company acquired the remaining 6,000 thousand common shares held by Dawn Farms, thereby holding 100% of Minerva Dawn Farms' paid-in capital and, consequently, its whole control. The business was entered into at the amount of R$ 12,012, paid as follows:

- The amount of R$ 2,500, settled through funds on December 28, 2012;
- Transfer of 830 thousand common shares of the Company. Such transfer will only be effective after a previous authorization granted by the Brazilian Securities and Exchange Commission (CVM), according to the provisions of the legislation in effect. After this approval, the common shares transferred to the seller will have the following lock up trading restrictions: 310 thousands shares with lock up restrictions up to 07/01/2013; 310 thousands shares with lock up restrictions up to 12/31/2013; and 210 thousand shares with lock up restrictions up to 07/01/2014. In case CVM does not authorize the payment with common (treasury) shares of the Company, the payment will be made with funds, amounting to R$ 9,512, respecting the same terms and proportion established for the "lock up" restrictions; and
- On September 25, 2013, an "amendment to purchase and sale agreement" was established referring to 6,000 thousand common shares, revoking the transfer amount of 830 thousand common shares of the Company. For that reason, on October 03, the Company paid the amount of € 2,750 thousand (R$ 8,277).

  After acquisition of 100% of Minerva Dawn Farms' shares, the Company opted to change its trade name to Minerva Fine Foods. Through the acquisition of 100% of the shares representing the capital stock of Minerva Fine Foods, the minority interest in the amount of R$ 33,224 is now recognized as goodwill on expected future profitability.

PULSA S/A

On January 18, 2011, the Company entered into an agreement with PULSA S/A ("PUL"), a corporation located in Uruguay which holds production facilities in the capital Melo, near Cerro Largo Province, whereby the parties commit themselves to sign an agreement provided that certain conditions are met.

On March 22, 2011, the Company entered into a share purchase agreement in the amount of de US$ 52,000 thousand, corresponding to R$ 86,643, whereby 100% of the registered shares of Ana Paula Black Angus Quality in Beef LLC, a company located in the United States of America which has a 100% controlling interest in PUL meat-packing plant. Payment will be made in the following manner:

- US$ 20,000 thousand already paid on the date the parties sign the "Share Purchase Agreement";
- US$14,000 thousand by delivering 2,704,000 (two million seven hundred and four thousand) common shares of Minerva S/A, whose unit price is R$ 8.75. As of 8 November 2011, the Brazilian Securities and Exchange Commission (CVM) approved the operation of delivering 2,704,000 (Two million, seven hundred and four thousand) common shares of the Company, to settlement of the said portion of US$ 14,000 thousand. The Company used treasury shares for settlement of this obligation, which were valued at the average unit value of R$ 6.65, and were converted for the purposes of this negotiation by the unit value of R$ 8.75 per share, giving rise to a gain for the Company, recorded under the account of "capital reserve", in shareholders' equity, amounting to R$ 5,675;
- The amount of US$ 13,000 thousand, whose payment was made on March 21, 2012, in the amount of R$23,717; and
- The amount of R$ 5,000 thousand, whose payment was made on March 21, 2013, in the amount of R$ 9,965.

The Slaughterhouse "PUL" has a total slaughtering capacity of 1,400 head a day. It is among the three largest meat-packing plants in Uruguay, with realized revenue for 2011 amounting to US$ 120 million, to US$ 140 million for 2012, and expected US$ 180 million for 2013, with 85% of sales made to over 40 different countries. Continued strategies for getting closer to and fostering the loyalty of ranchers ensure a stable supply of raw material, one of the Company's main distinguishing features. The plant is located in a privileged region of Uruguay, with access to over 2 million head within a 200 km area, mostly Hereford and Angus. It is ISO 9000 and ISO 22000 certified, US- and EC-approved for organic meat, and USDA-certified.

Below are the condensed financial statements as of January 1, 2011, date when Minerva S/A actually acquired control over PULSA S/A. They consider the fair value of assets acquired and liabilities assumed:

ASSETS	Balance – fair value 01/01/2011
Current	
Cash and cash equivalents	12,945
Accounts receivable	17,683
Inventories	15,806
Other accounts receivable	14,596
Non-current	
Investments	443
Property, plant and equipment	56,378
Total assets	**117,851**

LIABILITIES	Balance – fair value 01/01/2011
Current liabilities	
Trade accounts payable	11,014
Loans and financing	16,190
Other liabilities	11,034
Non-current liabilities	
Loans and financing	20,218
Deferred taxes	1,181
Provision for contingencies	33,214
Total liabilities	**92,851**
Shareholders' equity	**25,000**
Liabilities and shareholders' equity	**117,851**

The company reviewed, within the period specified in CVM Resolution 580/09 – CPC 15 (R1), of 1 (one) year, the amounts of acquired assets and assumed liabilities at the time of that acquisition (business combination) and did not identify the amounts related to those assets and liabilities, originally considered at the acquisition date (1/1/2011).

Below are the valuations of the identifiable assets and assumed liabilities acquired as a result from the business combination:

IDENTIFIABLE ASSETS

In thousands of Brazilian Reais

	01/01/2011
Inventories – book value	16,206
Adjustment - fair value	(400)
Inventories – fair value	**15,806**
Property, plant and equipment – book value	56,867
Adjustment - fair value	(488)
Property, plant and equipment – fair value	**56,379**

ASSUMED LIABILITIES

In thousands of Brazilian Reais

Provision for contingencies – book value	-
Adjustment - fair value	33,214
Provision for contingencies – book value	**33,214**

Under CPC 15 (R1), the Company, together with an independent appraiser, valued contingent liabilities that were assumed in the business combination. These liabilities basically consist of contractual obligations, labor and environmental contingencies.

Determining goodwill resulting from expected future profitability

Below we show goodwill resulting from expected future profitability. It is the difference between the amounts transferred for acquiring control over the acquiree and the total capital calculated according to assets identified to date and liabilities assumed in the business combination, whose control was acquired by Minerva S/A on January 1st, 2011, and is as follows:

In thousands of Brazilian Reais	
Shareholders' equity (fair value) – 01/01/2011	25,000
Goodwill by expectation of future profitability – (Note 12)	61,643
Consideration transferred	86,643

Goodwill stated above is classified in the Company's individual balance sheet as intangible assets, and its amortization is not realized, as in the consolidated financial statements. Such goodwill is subject to annual impairment testing, pursuant to CPC 01 (R1) and IAS 36 and 38.

FRIGOMERC S/A

On October 02, 2012, the Company entered into a "share purchase and sale agreement" for the acquisition of 3,397 shares (representing 99.91% of capital stock) of Frigomerc Sociedade Anónima, thereby acquiring its control from that date.

The transaction was put into effect at the amount of US$ 35,000 thousand (R$ 70,910 on 10/01/2012), according to the following schedule:

- **In a lump sum – US$ 15,000 thousand (R$ 30,390 as of 10/01/2012):** upon the acquisition of the company, which occurred on October 01, 2012;
- **1st Portion – US$ 5,000 thousand (R$ 10,069 as of 03/31/2013):** settled on April 03, 2013;
- **2nd Portion – US$ 5,000 thousand (R$ 11,078 as of 06/30/2013):** settled on October 03, 2013;
- **Payment through shares – US$ 10,000 thousand:** Transfer represented by 1,918,268 common shares of the Company, made on June 06, 2013, in the amount of R$ 21,250, on that date, according to the previous approval granted by CVM.

Frigorífico Frigomerc Sociedad Anónima is located in Asuncion, Paraguay and has a daily slaughtering capacity of 1,000 heads and deboning of 200 tonnes.

Below are the condensed accounting information as of October 01, 2012, date when Minerva S/A actually acquired control over Frigomerc S/A, considering the fair value of assets acquired and liabilities assumed.

The following fair values were determined on a temporary basis, previously appraised by an independent expert company and reviewed by the Company on the acquisition balance sheet date:

ASSETS	Balance – fair value 10/01/2012
Current	
Cash and cash equivalents	4,364
Accounts receivable	28,318
Inventories	8,963
Other accounts receivable	1,419
Non-current	
Other accounts receivable	410
Property, plant and equipment	29,253
Total assets	**72,727**

LIABILITIES	Balance – fair value 10/01/2012
Current liabilities	
Trade accounts payable	15,551
Loans and financing	7,254
Tax liabilities and social charges	1,530
Non-current liabilities	
Loans and financing	12,823
Court deposits	617
Provision for contingencies	22,422
Total liabilities	**60,197**
Shareholders' equity	**12,530**
Liabilities and shareholders' equity	**72,727**

We highlight below identifiable acquired assets and assumed liabilities, measured at their "fair value" at an amount different from the amounts accounted for (cost value), as of October 1st, 2012:

ASSUMED LIABILITIES
In thousands of Brazilian R$

Provision for contingencies – book value	21
Adjustment - fair value	23,555
Provision for contingencies – fair value	**23,576**

Under CPC 15 (R1), the Company, together with an independent appraiser, valued contingent liabilities that were assumed in the business combination. Such contingent liabilities mainly refer to tax and labor contingencies.

Determining goodwill resulting from expected future profitability

Below we show goodwill resulting from expected future profitability, which corresponds to the difference between the amount transferred for acquiring control over the acquiree (business value) and the amount of identifiable acquired assets and assumed liabilities (fair value balance – 10/01/2012), which is as follows:

In thousands of Brazilian R$

Shareholders' equity (fair value) – 10/01/2012	12,530
Goodwill by expectation of future profitability – (Note 14)	58,380
Consideration transferred	70,910

In the Company's individual balance sheet, the goodwill stated above is classified as investments, and in the consolidated financial statements, goodwill is classified as intangible assets and its amortization is not realized. Such goodwill is subject to annual impairment testing, pursuant to CPC 01 (R1) and IAS 36 and 38.

As provided for in CVM Resolution 580/09 – CPC 15 (R1), the company may review, within a period not higher than one (01) year, the amounts of acquired assets and assumed liabilities at the time of that acquisition (business combination).

Frigorifico Matadero Carrasco S.A

On March 18, 2014, the Company entered into an agreement of Purchase and Sale Subject to Condition Precedent for the acquisition of 100% of the capital stock of Frigorifico Matadero Carrasco S.A.

On April 30, 2014, the Company entered into a Share Purchase and Sales Agreement for the acquisition of 100% of the capital stock of Frigorifico Matadero Carrasco S.A., holding its control from that date.
The transaction was put into effect at the amount of US$ 37,000 thousand (R$ 81,492 on 06/30/2014), according to the following schedule:

- 1st installment – Cash – US$ 17,000 thousand (R$37,442 converted as of 06/30/14); settled upon the company's acquisition on April 30, 2014.

- 2nd installment – US$ 10,000 thousand (R$22,025 converted as of 06/30/14); maturing on 04/30/15.

- 3rd installment – Maturing on 04/30/15, the payment will be made through the transfer of 1,700 thousand common shares of the Company. Such transfer will only be effective after a previous authorization granted by the Brazilian Securities and Exchange Commission (CVM), according to the provisions of the legislation in effect. In case CVM does not authorize the payment with common (treasury) shares of the Company, the payment will be made with funds, amounting to US$ 10,000 thousand, respecting the following maturities:

  - The amount of US$ 3,333 thousand (R$ 7,340 converted as of 06/30/14); maturing on 04/30/15 (along with the settlement of the 2nd installment);

  - The amount of US$ 3,333 thousand (R$ 7,340 converted as of 06/30/14); maturing on 04/30/16; and

  - The amount of US$ 3,333 thousand (R$ 7,340 converted as of 06/30/14); maturing on 04/30/17.

Frigorifico Matadero Carrasco S.A. is located in Montevideo - UY and has a daily slaughtering capacity of 1,200 heads and deboning of 200 tonnes.

Below are the condensed financial statements as of April 30, 2014 (acquisition date), date of the actual acquisition of/control over Frigorifico Matadero Carrasco S.A. by the Company. For the purpose of compliance with CPC 15 (R1) – Business Combination, the condensed financial statements of April 30, 2014 were prepared based on the fair value of the identifiable acquired assets and assumed liabilities (fair value balance):

ASSETS	Fair value balance 4/30/2014
Current	
Cash and cash equivalents	1,711
Accounts receivable	33,855
Inventories	22,294
Other accounts receivable	21,563
Noncurrent	
Other accounts receivable	2,532
Property, plant and equipment	75,389
Total assets	**157,344**

LIABILITIES	Fair value balance 4/30/2012
Current liabilities	
Trade accounts payable	33,485
Loans and financing	40,589
Tax and social liabilities	10,041
Other accounts payable	2,999
Noncurrent liabilities	
Deferred taxes	3,855
Accounts payable	112
Provision for contingencies	18,231
Total liabilities	**109,312**
Shareholders' equity	**48,032**
Shareholders' equity and liabilities	**157,344**

We highlight below the identifiable acquired assets and assumed liabilities, measured at their "fair value" at an amount different from the amounts accounted for (cost value), as of April 30, 2014:

IDENTIFIABLE ASSETS

In thousands of Brazilian Reais

	4/30/2014
Inventories - book value	22,450
Adjustment - fair value	(156)
Inventories - Fair value	**22,294**
Property, plant and equipment - book value	77,743
Adjustment - fair value	(2,354)
Property, plant and equipment - Fair value	**75,389**

ASSUMED LIABILITIES

In thousands of Brazilian Reais

Labor and tax liabilities - book value	9,747
Adjustment - fair value	293
Labor and tax liabilities - Fair value	**10,040**
Provision for contingencies - book value	-
Adjustment - fair value	18,230
Provision for contingencies - Fair value	**18,230**

As provided for in CPC 15 (R1), the Company along with other specialized independent companies assessed the unidentifiable assets assumed and liabilities acquired for the calculation of their fair value, identifying the adjustment to fair value in the assets and liabilities referred to above, duly recognized in the financial statements as of April 30, 2014.

Determining goodwill resulting from expected future profitability

Below we show goodwill resulting from expected future profitability, which corresponds to the difference between the amount transferred for acquiring control over the acquiree (business value) and the amount of identifiable acquired assets and assumed liabilities (fair value balance – 04/30/2014), which is as follows:

In thousands of Brazilian Reais	
Shareholders' equity (fair value) - 04/30/2014	48,032
Goodwill from expected future profitability - (Note 14)	34,700
Consideration transferred	82,732

In the Company's individual balance sheet, the goodwill stated above is classified as investments, and in the consolidated financial statements, goodwill is classified as intangible assets and its amortization is not realized. Such goodwill is subject to annual impairment testing, pursuant to CPC 01 (R1) and IAS 36 and 38.

As provided for in CVM Resolution 580/09 – CPC 15 (R1), the Company may review, within a period not higher than one (01) year, the amounts of acquired assets and assumed liabilities at the time of that acquisition (business combination).

3. Basis of preparation of the financial statements

The interim financial information of the Company, included in the quarterly Information form for the six-month period ended June 30, 2014, comprise:

Interim financial information

The consolidated interim financial information which was prepared in accordance with CPC Technical Pronouncement 21 (R1) and International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of the quarterly information.

The individual interim financial information which is being presented according to CPC 21 (R1) – Interim statements and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of the quarterly information.

There is no difference between the equity and the consolidated income (loss) reported by the Company in its individual and consolidated financial statements.

The individual interim financial information presents the values of investments in controlled companies, jointly-controlled companies and associated companies using the equity method of accounting, in accordance with Brazilian prevailing legislation. Accordingly, this individual financial information is not in accordance with IFRS, which requires the valuation of those investments in separate financial statements from the Company at its fair value or acquisition cost.

This interim financial information was consistently applied to the main accounting policies used in the last financial statements in the prior year.

4. Summary of significant accounting practices

a. Measurement basis

The interim financial information was prepared using historic costs as basis, except for the valuation of certain assets and liabilities as financial instruments, which are measured at fair value.

b. Functional and reporting currency

The accounting information of each controlled company included in the Company's consolidation, as well as those used as basis for the valuation of investments using the equity method, are prepared using each entity's functional currency. Such functional currency is that used in the primary economic environment in which the entity is inserted. When defining the functional currency for each of its controlled companies, management considered the currency that has a significant effect on the sale price of its products and services and that is used to pay or incur most part of the production input costs. The interim financial information is presented in Brazilian Reais (R$), which is the Company's functional and reporting currency.

c. Foreign transactions

The accounting information as of June 30, 2014 of controlled companies abroad (Friasa S/A, whose functional currency is Guarani; Frigomerc S/A, whose functional currency is Guarani; Pulsa S/A, whose functional currency is the US Dollar; Frimacar S/A, whose functional currency is the US Dollar; and Minerva Colômbia, whose functional currency is the Colombian Peso) have been adapted to Brazilian accounting practices and have been translated into Brazilian Reais by applying the following procedures:

I. Assets and liabilities are converted using the exchange rate of the respective currency to the Brazilian real at the date of the respective balance sheets;
II. The beginning equity of each balance sheet is the final equity of the prior period as translated at the time; changes in the beginning equity during the current period are translated at the transaction rates on their respective dates;
III. Revenues, costs and expenses are translated at the average monthly exchange rate;
IV. Exchange rate gains (losses) resulting from items (I), (II) and (III) above are recognized in a specific equity account as "asset and liability valuation adjustment."

The balances of intercompany investments, assets and liabilities, revenues and expenses have been eliminated in consolidation.

d. Foreign-currency transactions and balances

Under CPC 02 (R2) – Effects of changes in exchange rates and translation of financial statements, foreign currency transactions and balances, i.e. all that are not in the functional currency, are translated using the exchange rate of the transaction dates.

Assets and liabilities subject to exchange rate gains (losses) are adjusted using the respective exchange rates in effect on the last business day of each reported year or period. Gains and losses resulting from changes in foreign investments are recognized directly in the balance sheet, under the account cumulative translation adjustments and recognized in income upon the full or partial disposal of those investments.

Non-monetary items stated at historic cost in foreign currency are translated using the exchange rate calculated at the transaction date.

e. Use of Estimates and Judgment

The preparation of Company and consolidated interim financial information in accordance with IFRS and CPC standards requires management to make judgments, estimates and assumptions that affect the application of accounting practices and the reported amounts of assets and liabilities, revenues and expenses. Actual results could differ from those estimates.

Estimates and assumptions are continuously reviewed. Reviews of accounting estimates are recognized in the period in which estimates are reviewed and in any future periods affected.

f. Basis of consolidation

Business combinations

Acquisitions made on January 1, 2009 or after that date

For acquisitions made as from January 1, 2009, the Company measured goodwill as the fair value of the consideration transferred, including the recognized value of any non-controlling interest in the acquiree, deducting the recognized amount, net of identifiable assets and liabilities assumed, all measured at the acquisition date.

For every business combination, the Company will chose whether to measure non-controlling interest at fair value or at the proportionate interest in the identifiable net assets corresponding to the non-controlling interest, calculated at the acquisition date.

Transaction costs other than those associated with the issuance of debt or equity securities, in which the Company and its controlled companies incur related to a business combination, are expensed as incurred.

Acquisitions before January 1, 2009

As part of the transition to IFRS and CPC, the Company has chosen not to republish business combinations occurred prior to January 01, 2009. Concerning acquisitions prior to January 01, 2009, goodwill is equal to the amount recognized under the accounting practices previously adopted. Goodwill is annually assessed for impairment, in accordance with CPC 01 (R1).

(i) Controlled companies and joint ventures

The accounting information of controlled companies are included in the consolidated financial statements as from the date that such control has begun up to the date when they are terminated.

(ii) Transactions eliminated in consolidation

Balances and intercompany transactions, as well as all other revenue or expenses from such transactions, are eliminated at the preparation of the consolidated financial statements. Unrealized gains from transactions with invested companies accounted for on an equity basis are eliminated against the investment in proportion to the Company's interest in the invested entities. Unrealized losses are eliminated in the same manner as unrealized gains, except to the extent they provide evidence of impairment.

g. Results of operations

Results of operations (revenues, costs and expenses) are recorded on the accrual basis. Revenue from the sale of goods is recognized when it is reliably measured and all the risks and benefits are transferred to the buyer.

h. Cash and cash equivalents

Cash and cash equivalents consist of cash, bank deposits and highly liquid financial investments. See note 5 for further details about the Company's and its controlled companies' cash equivalents.

i. Financial instruments

In accordance with CVM Circular Letter No. 03/2009, the financial instruments of the Company and its controlled companies were classified in the following categories:

Non-derivative financial assets

- **Measured at fair value through operations:** financial assets held for trading, i.e. purchased or acquired mainly for the purpose of sale or repurchase in the short term, and derivatives. The changes in fair value are recorded in the statement of operations and the balances are stated at fair value;
- **Held-to-maturity:** non-derivative financial assets whose payments are fixed or may be determined. Their maturity dates are defined and the Company intends and is able to hold them to maturity. The income earned is recorded in the statement of operations and the balances are stated at acquisition cost plus income earned;
- **Available for sale:** non-derivative financial assets which are designated as available for sale or which were not classified in other categories. Earnings are recognized in the statement of operations. The gains and losses recorded in shareholders' equity are recognized in the statement of operations if they are settled earlier;

- **Loans and receivables:** non-derivative financial instruments with fixed or calculable payments that are not quoted on an active market, except: (i) those that the Company intends to sell immediately or in the short term, and those that the Company classifies as measured at fair value through operations; (ii) those classified as available for sale; or (iii) those regarding which holders may not substantially recover their initial investment for any reason other than the deterioration of the receivable. The income earned is recorded in the statement of operations and the balances are stated at acquisition cost plus income earned.

Non-derivative financial liabilities

The Company recognizes issued debt securities and subordinated liabilities first at the date they are created. All other financial liabilities (including liabilities designated at fair value and recognized at the statement of operations) are initially recognized at the negotiation date in which the Company becomes a party to the instrument agreement provisions. The Company writes-off a financial liability when its contractual obligations are cancelled, overdue or withdrawn.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when, and only when, the Company is legally entitled to offset the amounts and has the intention to settle them on a net basis or simultaneously realize the asset and settle the liability.
The Company and its controlled companies have the following non-derivative financial liabilities: loans and financing, debentures, trade accounts payable and accounts payable.

Such financial liabilities are initially recognized at fair value plus any attributable transaction costs. After the initial recognition, those financial liabilities are measured at the amortized cost using the effective interest method.

Derivatives

Fair value of derivative financial instruments is calculated by the Company's Treasury Department according to the information of each agreed transaction and its respective market information at the balance sheet dates, such as interest rate and coupon rate. When applicable, such information is compared with positions informed by the trading desk of each financial institution involved.

Transactions involving derivative financial instruments that were hired by the Company and its controlled companies can be summarized as future contracts for cattle, options on contracts for cattle and Non Deliverable Forward – NDF, all aiming exclusively to minimize the impact of price fluctuations per arroba (a unit of weight equivalent to 15 kg) of cattle in the statement of operations and to hedge against exchange risks related to balance sheet positions plus cash flows projected in foreign currency.

Financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and, subsequently, they are revalued at their fair value and these changes are recorded with an offsetting entry in the statement of operations.

Although the Company uses derivatives for hedging purposes, it does not use the so-called hedge accounting.

j. Trade accounts receivable

Trade accounts receivable are stated at their present and realizable amounts and accounts receivable from customers abroad are adjusted according to the exchange rates in force on the date of the interim financial information. An allowance for doubtful accounts is recorded in an amount considered sufficient by management.

k. Inventories

Inventories are measured at cost or net realizable value, whichever is lower, adjusted to market value and possible losses, when applicable. The caption includes expenses incurred with their acquisition, production and transformation costs and other costs incurred to bring them to their current location and condition.

l. Biological assets

Biological assets are measured at fair value. Fair value variations are recognized in the statement of operations. Agricultural activities, such as cattle herd growth (confinement of cattle or grazing cattle) and growth of different crops, are subject to revaluation of their assets, in order to determine their fair value based on the mark to market (MtM) concept.

m. Property, plant and equipment

Recognition and measurement

Property, plant and equipment items are measured at historic acquisition or construction cost, less accumulated depreciation and impairment. The cost of certain items of property, plant and equipment was determined by reference to the reassessment carried out before the enactment of Law 11638/2007, effective since 1 January 2008.

The Company has chosen not to revalue its fixed assets at deemed cost as of the beginning date of 2009. Note that the Company and its controlled companies have hired expert appraisers to determine the deemed cost of its assets to check it against book values. No significant changes were found to warrant the recognition and control of this appreciation, which was decisive for management not to recognize deemed cost.

Cost includes expenses directly attributable to the acquisition of an asset. The cost of assets built by the Company and its controlled companies include materials and direct labor, as well as any costs directly related to the location of the asset at the place and the conditions necessary to enable it to operate as intended by management. Borrowing costs on qualifying assets are capitalized since 1 January 2009.

Rights whose subject matter are assets with physical substance and used for maintaining the Company's and its controlled companies' activities, originated from finance lease transactions, are recorded as if they were a financed purchase. At the start of each transaction a property, plant and equipment item and a financing liability are recognized, with assets being subjected to depreciation calculated according to their estimated useful lives.

Gains or losses arising from the disposal of an item of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the net carrying amount of the asset and should be recognized as revenue or expense in the statement of operations.

Depreciation

Depreciation is recognized in the statement of operations on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, given that this is the method that more closely reflects the consumption pattern of future economic benefits added to assets.

Average estimated useful lives for current and comparative period are as follows:

	Company	Consolidated
Buildings	2.97%	2.58%
Machinery and equipment	8.35%	8.05%
Furniture and fixtures	15.61%	14.47%
Vehicles	7.11%	7.81%
Hadware	19.47%	19.38%

Depreciation methods, useful lives and residual amounts are reviewed at every balance sheet date and possible adjustments are recognized as a change in accounting estimates.

The balance of the revaluation surplus, as permitted by Law No. 11638/07 and described in Note 22, will be held until its complete amortization, due to full amortization or disposal of assets.

n. Lease

Finance lease agreements are recognized in property, plant and equipment and in liabilities for loans and financing at the lower of the present value of the minimum mandatory payments of the agreement or the fair value of the assets, whichever is the lowest, in addition to, when applicable, the initial direct costs incurred with the transaction. They are depreciated over the estimated useful lives of the assets. Operating lease agreements are recognized as expenses on a systematic basis representing the period in which the benefit on the leased asset is obtained, even if these payments are not made on this basis.

o. Intangible assets

Intangible assets acquired separately are initially recognized at the cost of acquisition and, subsequently, less accumulated amortization and impairment, when applicable.

Intangible assets with a definite useful life are amortized according to their estimated useful lives and, when signs of impairment are identified, are tested for impairment. Intangible assets with indefinite useful lives are not amortized; however they are tested for impairment on a yearly basis.

Goodwill

Goodwill from the acquisition of controlled companies is included in intangible assets in the consolidated financial statements. For acquisitions prior to 1 January 2009, goodwill is included based on its deemed cost, which represents the amount recognized according to the accounting practices previously adopted.

p. Impairment loss

Financial Assets

Management annually analyses if there is objective evidence that the financial or group of financial assets is not recoverable. A financial asset or a group of financial assets is considered not to be recoverable if and only if there is objective evidence of impairment as a result of one or more events that happened after the initial recognition of the asset (an incurred 'impairment event'), with such event impacting estimated future cash flow of the financial asset or group of financial assets that can be reasonably estimated.

Non-financial assets

Management periodically reviews the net book value of its assets when events or changes in economic, operating or technological circumstances indicate that impairment may have taken place. When such evidence is identified and the net book value is higher than the recoverable value, an impairment loss is recognized immediately to adjust the net book value to recoverable value.

The recoverable value of an asset or cash-generating unit is the higher of the value in use and net sales price.

To estimate the asset's value in use, the estimated future cash flows are discounted to present value with a discount rate before tax that reflects the weighted average capital cost for the industry in which the cash-generating unit operates. Whenever possible, net selling price is determined according to a binding sale agreement in an arm's length transaction between knowledgeable, willing parties, adjusted for expenses attributable to the asset's sale. If there is no such binding agreement, it should be based on the market price defined in an active market, or on the price of the most recent transaction with similar assets.

The following criterion is also applied for determining impairment losses on specific assets:

Goodwill grounded in expected future profitability

Goodwill is tested for impairment at least annually or when circumstances indicate that book value is reduced.

Intangible assets

Intangible assets with undefined useful economic life are tested for impairment at least annually, on an individual or cash-generated unit basis, depending on the situation or when circumstances indicate book value impairment.

q. Other current and non-current assets and liabilities

An asset is recognized in the balance sheet when it is probable that future economic benefits will be generated in favor of the Company and its controlled companies, and its cost or value can be determined with certainty.

A liability is recognized in the balance sheet when the Company has a legal obligation or as a result of a past event, and funds are likely to be necessary to settle the obligation. The related charges, monetary variations and/or exchange rate gains (losses) and discounts to present value are added when applicable. Provisions are recorded according to the best estimates of risks involved.

Assets and liabilities are classified as current when their realization or settlement is expected to occur in the following twelve months. Otherwise they are stated as non-current.

r. Discount to present value of assets and liabilities

Non-current monetary assets and liabilities are discounted to present value and current assets and liabilities are discounted to present value when the effect is considered material with respect to the interim financial information taken as a whole.

To calculate the discount to present value, the Company and its controlled companies consider the amount to be discounted, and realization and settlement dates, according to discount rates that reflect the cost of money borne by the Company and its controlled companies over time, which was approximately 12% p.a., calculated according to the Company's and its controlled companies' weighted average capital cost, as well as the specific risks related to the cash flows expected for the respective accounts.

Terms of receipts and payments of accounts payable and receivable arising from the Company's and its controlled companies' operating activities are low, therefore resulting in a discount immaterial to be recorded or disclosed, where cost exceeds the benefit. Non-current term assets and liabilities are calculated and recorded, when applicable and relevant.

Calculations and analyses are quarterly reviewed.

s. Income and social contribution taxes

Current and deferred income and social contribution taxes are calculated at the following rates: 15% plus a 10% surtax on any taxable income in excess of R$ 240, in the case of income tax; and 9% on taxable income, in the case of social contribution tax, considering, where applicable, income and social contribution tax loss carry forwards, up to 30% of taxable income.

Income and social contribution tax expenses consist of current and deferred income taxes. Current and deferred income taxes are recognized in the statement of operations, unless they are related to business combinations or items directly recognized in shareholders' equity or in other comprehensive income (loss).

Deferred taxes are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax is not recognized for the following temporary differences: initial recognition of assets and liabilities for a transaction other than business combination and that does not affect accounting or taxable income or loss, as well as differences related to investment in controlled companies and entities when it's not expected that they do not generate income in the foreseeable future.

Deferred assets and liabilities are offset when there's a legal right for compensation of current tax assets and liabilities, and they relate to income tax registered by the same tax authority on the same entity subject to taxation.

An income and social contribution deferred tax income is recognized by tax losses, tax credits, differences in accounting practices (IFRS) and deductible temporary differences non-utilized, when it is possible that taxable future income will be available and against which they will be used.

The carrying amount of deferred income and social contribution tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

t. Contingent assets and liabilities and legal obligations

The accounting practices for recording and disclosing contingent assets and liabilities and legal obligations are as follows: (i) contingent assets are recognized only when there are secured guarantees or favorable legal decisions that are already final and unappealable. Contingent assets with probable chances of success are disclosed in a note to the financial statements; (ii) and a provision is recorded for contingent liabilities when the chances of loss are assessed as probable and the amounts involved can be measured with sufficient certainty. Contingent liabilities assessed as possible losses are only disclosed in a note to the financial statements and contingent liabilities assessed as having remote chances of loss are neither provisioned for nor disclosed; and (iii) legal obligations are recorded as liabilities, regardless of the evaluation of the probabilities of success, for proceedings whereby the Company has questioned the constitutionality of taxes.

u. Employee benefits

The Company does not have post-employment benefits, such as defined contribution and/or benefit plans. Note that all benefits and remunerated short-term sick leaves, as well as profit sharing and bonuses are in accordance with the Pronouncement's requirements.

v. Sales revenue recognition

Sales revenue is presented net of taxes and discounts on it. Taxes on sales are recognized when sales are invoiced; for discounts, it's when they are acknowledged. Revenues from the sale of products are recognized when the amounts from sales can be reliably measured; the Company and its controlled companies no longer have the ownership of the merchandise sold or any other responsibility related to that ownership; the costs incurred or to be incurred with the transaction can be reliably measured; it is probable that the Company will have economic benefits; and the risks and benefits of the products are fully transferred to the buyer.

w. Share-based compensation plan

The effects of the share-based compensation plan are calculated at fair value and recognized in the balance sheet and the statement of operations as contract conditions are met and as commented in note 23.

x. Earnings per share

Basic earnings per share are calculated by dividing the net income attributed to the Company's controlling and non-controlling shareholders by the weighted average number of outstanding common and preferred shares for the year. Diluted result per share is determined through the abovementioned outstanding share average, adjusted by instruments potentially convertible in shares with dilution effect for the presented years.

y. Segment reporting

Segment reporting is presented consistent with internal report provided by the Company's Board of Directors, which is responsible for allocating resources and evaluating performance by operating segment, as well as strategic decision making.

z. New pronouncements of IFRS, issues, amendments and interpretations issued by IASB applicable to the consolidated financial statements

The new standards, amendments and interpretation of standards issued by the IASB entered into force as from January 01, 2014 and are as follows:

- **IAS 32** – "Financial instruments: Presentation", brings additional clarification to the guidance included in IAS 32 on the requirements to offset financial assets and liabilities in the balance sheet. The standard is effective since January 1, 2014. The Company analyzed the review of the mentioned pronouncement and has not identified impacts for the disclosure of this quarterly information.
- **IAS 36** – Impairment of assets: In May 2013, IASB issued a review of the standard IAS 36. The amendment of this standard requires the disclosure of discount rates which were used in current and previous impairment testing, if the amount of asset impaired is based on valuation techniques to present value at fair value less write-off cost. This standard will be in effect for annual periods beginning on or after January 01, 2014. The Company analyzed the review of the mentioned pronouncement and has not identified impacts for the disclosure of this quarterly information.
- **IAS 39** – Changes in derivatives and continuity of hedge accounting: In June 2013, IASB issued a review of the standard IAS 39. The amendment of this standard has the purpose of clarifying when the Company shall discontinue a hedge instrument, when this instrument expires, is sold, terminated or exercised. This standard will be in effect for annual periods beginning on or after January 01, 2014. The Company analyzed the review of the mentioned pronouncement and has not identified impacts for the disclosure of this quarterly information.

- **IFRS 10, IFRS 12 and IAS 27** – "Investment Entities" in October 2012, IASB issued a review of the standards IFRS 10, IFRS 12 and IAS 27 which define investment entities, and introduce an exception to the consolidation of controlled companies by investment entities, establishing the accounting treatment in these cases. The amendments to these standards are effective for the annual periods initiated on/or after January 01, 2014. The Company analyzed the review of the pronouncement mentioned here and found no effect on disclosing of this quarterly information;
- **IFRIC 21** – Levies: In May 2013, IASB issued the interpretation IFRIC 21. This interpretation addresses aspects related to recognition of a tax liability when this originates from requirement of IAS 37 – Provision, Contingent Liabilities and Assets. This standard interpretation will be in effect for annual periods beginning on or after January 01, 2014. The Company analyzed the review of the mentioned pronouncement and has not identified impacts for the disclosure of this quarterly information.

New standards and interpretations not yet in effect

IASB issued the following new standards, amendments and interpretations for which the Committee of Accounting Pronouncements (CPC) has not yet issued equivalent pronouncements. The early adoption of IFRS pronouncements depends on their prior approval by the Brazilian Securities and Exchange Commission ("CVM").

- **IFRS 9** – "Financial Instruments", addresses the classification, measurement, and recognition of financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010 and substitutes parts of IAS 39 concerning the classification and measurement of financial instruments. IFRS 9 requires the classification of financial assets into two types: Measured at fair value and measured at amortized cost. Measurement is made upon initial recognition.

  The basis for classification depends on the business model of the company and of the contractual characteristics of the financial instrument cash flows. As for financial liabilities, the standard maintains most of the requirements established by IAS 39.

  The main change is that in cases when fair value is adopted for financial liabilities, the change in fair value due to the credit risk of the entity is recorded in other comprehensive income, and not in the statement of income, except when resulting in an accounting mismatch.

  On July 24, 2014, IFRS 9 was issued as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.

This amendment completes the IASB's financial instruments project and the Standard is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted (subject to local endorsement requirements).

- **IFRS 14** – Regulatory deferral accounts. In January 2014, IASB issued standard IFRS 14, whose specific purpose is to regulate the recognition of regulatory assets and liabilities upon the initial adoption of IFRS standards. This standard will be in effect for fiscal years initiated on or after January 01, 2016. The Company does not expect impacts of the adoption of this standard on its financial statements.

- **IFRS 11** – Joint arrangements. In May 2011, IASB issued a review of IFRS 11. The amendment in IFRS 11 addresses criteria related to the accounting treatment of for acquisitions of interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3. This standard will be in effect for fiscal years initiated on or after January 01, 2016. The Company does not expect impacts of the adoption of this reviewed standard on its financial statements.

- **IFRS 15 –** Revenue from contracts with customers was issued in May 2014 by IASB. The standards replaces IAS 18 – Revenues and IAS 11 – Construction contracts, and a series of interpretations concerning revenues. This standard will be in effect for fiscal years initiated on or after January 01, 2017. The Company does not expect impacts of the adoption of this standard on its financial statements.

- **IAS 16 and IAS 41** - in July 2014, IASB issued a review of standards IAS 16 - Property, plant and equipment, and IAS 41 - Biological assets, to include biological assets that meet the definition of Bearer plants (defined as "living plants" used in agricultural production). This amendment requires that the "bearer plants" be ” recorded as property , plant and equipment pursuant to IAS 16, recorded at historical cost instead of measured at fair value as required by IAS 41. This standard is in effect for years initiated on or after July 1, 2016. The Company does not expect impacts of the adoption of this standard on its financial statements.

- **IAS 19** – Employee benefits. In November 2013, IASB issued a review of standard IAS 19. The amendment of this standards intends to establish aspects related to the recognition of contributions by the employees or third parties, and their impacts on the service cost and periods. This standard will be in effect for fiscal years initiated on or after July 01, 2014. The Company does not expect impacts of the adoption of this standard on its financial statements.

Annual improvement of IFRS in December 2013 – in December 2013, IASB issued a review of standards IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 12, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40. This standard will be in effect for fiscal years initiated on or after July 01, 2014. The Company is evaluating the impacts of the adoption of these amendments on its financial statements.

aa. Determination of fair value

A lot of Company's practices and issuances require the determination of fair value both for financial and non-financial assets and liabilities. Fair value calculation has been made for measurement purposes and/or they have been disclosed based on those methods described in financial instruments note. When applicable, additional information on assumptions used for the calculation of fair values are included in notes specific for such assets or liabilities.

bb. Statements of value added

The Company prepared the individual and consolidated Statement of Valued Added in terms of CPC 09, in which are presented as part of the Financial Statements in accordance with BR GAAP applicable to public companies, while to IFRS represents additional information for not being required as part of the financial statements taken as a whole.

5. Cash and cash equivalents

Financial assets of the Company and its controlled companies were classified in the following categories and according to the Company's purposes among (i) measured at fair value through income and (ii) held to maturity, as follows:

	Company		Consolidated	
	06/30/14	12/31/13	06/30/14	12/31/13
Cash	302	258	797	853
Bank current accounts	2.842	6.175	695.296	67.179
Cash and cash equivalents in foreign currency	559.687	636.673	563.374	644.644
	562.831	643.106	1.259.467	712.676
Financial investments				
In domestic currency:				
Bank Certificate of Deposit (CDB)	196.805	266.804	205.671	289.923
Debentures	37.280	87.681	37.744	111.257
Brazilian prize-draw investment bonds	1.072	1.082	1.072	1.082
Investment fund	8.396	8.135	8.396	8.135
LCA	75.065	109.380	75.065	109.380
In foreign currency:				
Other financial assets	-	-	319.862	331.396
	318.618	473.082	647.810	851.173
	881.449	1.116.188	1.907.277	1.563.849

The financial investments of the Company and its controlled companies were classified in the following categories and according to the Company's purposes among (i) measured at fair value through income and (ii) held to maturity, as below:

	Company		Consolidated	
	06/30/14	12/31/13	06/30/14	12/31/13
Measured at fair value through income	317,546	472,000	646,738	850,091
Held-to-maturity	1,072	1,082	1,072	1,082
	318,618	473,082	647,810	851,173

6. Trade accounts receivable

	Company		Consolidated	
	06/30/14	12/31/13	06/30/14	12/31/13
Notes receivable - domestic market	63,452	50,015	93,022	69,410
Notes receivable - foreign market	54,062	40,862	170,783	123,586
Notes receivable – related parties	2,117	16,646	-	-
	119,631	107,523	263,805	192,996
(-) Allowance for doubtful accounts	(6,784)	(6,861)	(8,487)	(8,775)
	112,847	100,662	255,318	184,221

The Company has sale agreements for receivables from exports without right of recourse at an average cost of Libor + Spread.

Accounts receivable aging list

	Company		Consolidated	
	06/30/14	12/31/13	06/30/14	12/31/13
Falling due:	82,403	84,126	209,713	150,700
Overdue:				
Up to 30 days	15,658	8,287	28,386	22,837
From 31 to 60 days	11,702	543	12,210	2,095
From 61 to 90 days	949	-	999	259
From 91 to 180 days	8,921	14,567	12,499	17,105
	119,631	107,523	263,805	192,996

Changes in the allowance for doubtful accounts

	Company	Consolidated	Consolidated (-) Company
Balances as of December 31, 2013	(6,861)	(8,775)	(1,914)
Credits provided for	(603)	(920)	(317)
Credits written off	270	798	528
Exchange rate gains (losses)	410	410	-
Balances as of June 30, 2014	(6,784)	(8,487)	(1,703)

During the period ended June 30, 2014 there were no significant changes in the allowance for doubtful accounts.

The Company has a FIDC - Receivables Investment Fund for disposal of part of its receivable from domestic market in the amount of R$ 107,893, of which R$ 20.2 set up as subordinated shares.

The maximum exposure to credit risk for the Company consists of the amounts shown below. The value of the effective risk of possible losses is presented as the allowance for doubtful accounts. In order to mitigate this risk, these operations presents a credit insurance contracted with two insurance companies, which covers 90% of the value of receivables sold. The beneficiaries of the insurance policies are the financial institutions. The Company follows a very strict policy of credit granting, which results in low levels of default evidenced by the low amounts of accrual credits when compared to sales income made by the Company and its controlled companies.

The Company has no guarantee for overdue receivables.

7. Inventories

	Company		Consolidated	
	06/30/14	12/31/13	06/30/14	12/31/13
Finished goods	185,120	179,414	271,871	250,391
Raw materials	-	-	7,962	12,077
Stockrooms and secondary materials	22,730	17,221	36,675	29,305
	207,850	196,635	316,508	291,773

8. Biological assets

Entities with agricultural activities, such as cattle herd growth (confinement of cattle or cattle under pasture operations), are subject to revaluation of its assets, in order to determine its fair value based on the Mark to market (MtM) concept at least during quarters ends, recognizing then the effects of such revaluations directly in the statement of operations.

Operations related to the Company's biological assets are represented in its whole by cattle for pasture (extensive). The operation is conducted through the acquisition of mature biological assets for resale, whose valuation at market rates is reliably measured because of the existence of active markets for them. Their representation is as follows:

	Cattle	
	Company	Consolidated
Balance as of December 31, 2013	79,341	79,341
Increase due to acquisitions	405,806	422,864
Decrease due to sales	(319,111)	(319,371)
Net increase due to births (deaths)	-	(9)
Change in fair value less estimated selling expenses	5,139	5,139
Balance as of June 30, 2014	171,175	187,964

As of June 30, 2014, cattle in the farm held for sale were 95,405 feeder cattle (as of December 31, 2013 – 36,853 feeder cattle).

The number of cattle held for sale had a significant increase as a result of the increase of this activity in Brazil, specifically in the state of Mato Grosso, but also in Paraguay and Uruguay.

As of June 30, 2014 and December 31, 2013, the Company did not have any type of biological assets with restricted ownership or offered as guarantee of obligations, and there were no other risks (financial, commitments, and weather related) affecting the Company's biological assets.

9. Recoverable Taxes

	Company		Consolidated	
	06/30/14	12/31/13	06/30/14	12/31/13
PIS (Tax on sales)	79,467	72,303	84,752	77,110
COFINS (Tax on sales)	326,474	301,236	345,842	321,894
Reintegra (Special Regime of Reintegration of Tax Amounts to Export Companies)	662	662	1,498	1,726
ICMS (State VAT)	179,757	153,505	185,771	174,367
Income and social contribution taxes	81,666	71,555	88,554	77,389
Other recoverable taxes	6,337	5,584	28,187	8,056
	674,363	604,845	734,604	660,542
Current	545,457	475,939	596,303	522,030
Non-current	128,906	128,906	138,301	138,512

PIS and COFINS (taxes on sales)

The COFINS (Contribution for Social Security Funding) and PIS (Contribution to the Social Integration Program) credits arose from the change in tax legislation in accordance with Law No. 10.637/02 and Law No. 10.833/03, which established non-cumulativeness for these taxes, thus generating credits for export companies.

Currently, the Company and its controlled companies are awaiting the end of the inspection for ratification by the Brazilian Federal Revenue Service of the requests for reimbursement of credits, properly formalized by the Company and its controlled companies, which shall occur in 2015 and 2016 and will result in a significant amount arising from the refund of those credits during those years.

Grounded on studies made by the Company's management regarding the expectation of refunding tax credits, part of current assets credits were segregated to non-current assets amounting R$ 73,811 as of June 30, 2014 in company and R$ 79,734 in consolidated. Realization expectation of Company's and its controlled companies' tax credits are quarterly reviewed.

ICMS (state VAT)

The ICMS credit results from the fact that the Company's exports are greater than its domestic sales, thereby generating credits which, after ratification by the State Tax Authority, are used for purchasing inputs for production, and may also be sold to third parties.

The aforementioned credit balance is being inspected and ratified by the São Paulo State Finance Department and the Company's management expects to recover a significant portion throughout 2015 and 2016. Grounded on studies conducted by the Company's management, an amount deemed sufficient to cover slower lawsuit, totaling R$ 55,095 in company and R$ 58,488 in consolidated was transferred from current assets to non-current assets. Realization expectation of Company's and its controlled companies' tax credits are quarterly reviewed.

Based on technical studies and supported by the opinion of its tax counselors, the Company's Management understands that the tax credits from PIS, COFINS and ICMS are expected to be realized up to the end of year 2016.

10. Deferred tax assets

Below we present the changes during the year of deferred tax assets, taking into account deferred tax assets on income and social contribution tax losses:

	Company			
	Balance as of December 31, 2013	Recognized in income (loss)	Realization of deferred taxes	Balance as of June 30, 2014
Deferred IR/CS on Tax Losses	217,060	-	-	217,060
Total deferred tax assets	217,060	-	-	217,060

	Consolidated			
	Balance as of December 31, 2013	Recognized in income (loss)	Realization of deferred taxes	Balance as of June 30, 2014
Deferred IR/CS on Tax Losses	222,313	-	(963)	221,350
Total deferred tax assets	222,313	-	(963)	221,350

The deferred tax credits arising from Income and Social Contribution Tax losses were recognized at June 30, 2012, December 31, 2011, September 30, 2011 and December 31, 2010 for the Company. The accumulated amount as of June 30, 2014 is R$ 217,060 in Company and R$ 221,350 in consolidated. (As of December 31, 2013 the amount was R$ 217,060 in Company and R$ 222,313 in consolidated). The recognition is based on the fact that the Management understands taxable income is likely to be assessed so that the Company may use that future tax benefit.

The Company's and its controlled companies' management decision to record these deferred tax assets on income and social contribution tax losses was grounded on the business plan and budget and internal financial projections, prepared by independent advisors which are annually reviewed.

These projections adopted the following main assumptions in their conception:

- Increase in net sales, based on historical growth data;
- Increasing demand for animal proteins, especially in developing countries;
- Improvement in livestock cycle, with decrease in costs of raw material and consequent improvement in margins;
- Optimization of the Company's industrial facilities, resulting in higher dilution of costs of fixed assets; and
- Decrease in Company's financial leverage, resulting in decreased financial expenses.

The Company's Management, based on these projections, expects that tax credits arising from income and social contribution tax losses are realized as shown below:

	06/30/14 Company	06/30/14 Consolidated
2014	14,560	16,933
2015	39,182	41,807
2016	41,975	41,793
2017 onwards	121,343	120,817
	217,060	221,350

(*) The Company expects to realize income and social contribution tax temporary differences in no more than 4 years.

Technical studies grounding the decision to record deferred tax assets on income and social contribution tax losses were duly reviewed and approved in a Board of Directors' meetings held on February 21, 2011, October 24, 2011, March 5, 2012 and August 7, 2012 for Company, and April 25, 2011 and March 5, 2012 for controlled companies.

11. Related-party transactions

Related-party transactions, conducted under the following conditions, are summarized in the tables below and comprise:

	Company		Consolidated	
Loans receivable	06/30/14	12/31/13	06/30/14	12/31/13
Brascasing (a)	-	35,135	-	-
Minerva Indústria e Comércio de Alimentos S.A. (b)	-	82,884	-	-
Minerva Dawn Farms S.A. (Minerva Fine Foods) - (c)	241,933	202,597	-	-
Transminerva Ltda (d)	21,900	19,680	-	-
Minerva Overseas Ltd (e)	257,923	272,074	-	-
Frigomerc S/A (f)	-	13,780	-	-
Others (g)	460	9,293	444	9,278
	522,216	635,443	444	9,278

(a) Loan to Brascasing Ltda. to be reimbursed;
(b) Loan made to Minerva Indústria e Comércio de Alimentos Ltda., to start building the new factory and for working capital;
(c) Loan made to Minerva Dawn Farms S.A. (currently Minerva Fine Foods) for working capital;
(d) Expenses of Transminerva, a controlled company, and working capital to be reimbursed;
(e) Loan made to Minerva Overseas Ltda. to be reimbursed;
(f) Loan made to Frigormec S/A, to be reimbursed;
(g) Other loans and payments to the controlled companies and related parties to Minerva S.A.

	Company		Consolidated	
Loans payable	06/30/14	12/31/13	06/30/14	12/31/13
Minerva Luxemburgo (a)	4,004	37,275	-	-
Eurominerva Comércio e exportação Ltda. (b)	-	635	-	-
Minerva Overseas II Ltd (c)	104,945	62,892	-	-
Others (d)	7,500	-	-	109
	116,489	100,802	-	109

(a) Loan from Minerva Luxembourg to the controlling company;
(b) Loan from Eurominerva Ltda to the controlling company;
(c) Loan from Minerva Overseas II to the controlling company;
(d) Loans made by its controlled companies.

The Company, understanding the full integration of its operations with its controlled companies, conducts cash transfer transactions as part of Minerva Group's business plan, always seeking to minimize the cost of its borrowings.

The remaining related-party balances and transactions are presented below:

	Company		Consolidated	
Trade accounts payable	06/30/14	12/31/13	06/30/14	12/31/13
Brascasing Comercial Ltda.		74	-	-
Minerva Dawn Farms S.A.	9,980	8,547	-	-
Minerva Indústria e Comércio de Alimentos S.A.	19,061	20,148	-	-
Friasa		588	-	-
Pul		641	-	-
Frigomerc	3,973	976	-	-
Partners' acquisition	5,131	6,042	4,898	6,042
	38,145	37,016	4,898	6,042

	Company		Consolidated	
Trade accounts receivable	06/30/14	12/31/13	06/30/14	12/31/13
Brascasing Comercial Ltda.	-	959	-	-
Minerva Dawn Farms S.A.	1,104	14,942	-	-
Minerva Ind. e Com. de Alimentos S.A.	1,013	348	-	-
Frigomerc	-	397	-	-
	2,117	16,646	-	-

	Company		Consolidated	
	06/30/14	06/30/13	06/30/14	06/30/13
Sales revenue				
Brascasing Comercial Ltda.	1,754	9,244	-	-
Minerva Dawn Farms S.A.	8,309	14,808	-	-
Minerva Indústria e Comércio de Alimentos S.A.	3,289	764	-	-
Friasa S.A	-	-	-	
	13,352	24,816	-	-
Purchases of meat				
Brascasing Comercial Ltda.	914	2,332	-	-
Minerva Dawn Farms S.A.	28,262	15,325	-	-
Minerva Indústria e Comércio de Alimentos S.A.	106,767	90,441	-	-
Friasa S.A.	809	16,006	-	-
Pul	1,952	671	-	-
Frigomerc	18,179	2,605	-	-
	156,883	127,380	-	-
Purchase of cattle	26,733	13,345	5,793	13,345
Partners' acquisition	26,733	13,345	5,793	13,345

The Company and its controlled companies have business transactions, particularly sales and purchase, between themselves, at market prices and conditions, when applicable.

No allowances for doubtful accounts or expenses incurred with uncollectible debts regarding related-party transactions were recognized in the periods ended June 30, 2014 and 2013.

Remuneration of key management personnel

Management's key personnel include the Executive Board and the Board of Directors. The added value of the compensation received by the Company's and its controlled companies' managers for services in their respective areas for the periods ended June 30, 2014 and 2013 is summarized below:

	Members 2014	06/30/14	06/30/13
Executive Management and Board of Directors	22	2,840	2,028
	22	2,840	2,028

Alternate members of the Board of Directors are compensated by each day they attend a meeting of the Board of Directors.

12. Investments

The changes in investments in controlled companies are presented below:

	Ownership interest	Balance at 12.31.13	Transfers	Goodwill	Provision for impairment	Conversion adjustment	Acquisition/write-off of ownership interest	Paid-in capital	Equity in earnings (losses) of controlled companies	Balance at 06.30.14
Goodwill by expectation of future profitability		419.553	-	34.700	-	-	(98.094)	-	-	356.159
Minerva Indústria e Comércio de Alimentos Ltda.	98,00%	36.135	-	-	-	-	-	-	6.627	42.762
Eurominerva Indústria e Comércio de Alimentos Ltda.	100,00%	648	-	-	-	-	(648)	-	-	0
Minerva Overseas Ltd	100,00%	96.426	-	-	-	-	-	-	6.119	102.545
Minerva Overseas Ltd II	100,00%	26.008	-	-		-	-		36.879	62.887
Minerva Middle East	100,00%	37	-	-	-	-	-	-	-	37
Brascasing Comercial Ltda. (*)	100,00%	(8.608)	-	-	-	-	7.991	-	617	-
Minerva Beef Ltd	100,00%	688	-	-	-	-	(619)	-	(69)	-
Friasa Ltd	100,00%	10.469	-	-	-	(3.467)	(6.220)	-	332	1.114
Minerva Log S.A	100,00%	206	-	-	-	-	-	-	(11)	195
Livestock	42,00%	2.828	-	-	-	-	(2.828)	-	-	-
Minerva Dawn Farms S.A. (*)	100,00%	(107.491)	-	-	-	-	-	-	(13.872)	(121.363)
Pulsa S.A	100,00%	29.333	-	-	-	(2.710)	-	-	29.865	56.488
Loin Investments	99,00%	170	-	-	-	-	-	-	35	205
Frigomerc	100,00%	45.892	-	-	-	407	-	6.220	5.830	58.349
Minerva Colombia	100,00%	944	-	-	-	(1)	-	-	(272)	671
Minerva Carrasco	100,00%	-	-	-	-	(976)	48.032	-	28.038	75.094
Minerva Chile	100,00%	-	-	-	-	-	1.121	-	-	1.121
Investments		553.238	-	34.700	-	(6.747)	(51.265)	6.220	100.118	636.264
Transminerva	100,00%	(14.359)	-	-	-	-	-	45	(2.541)	(16.855)
Lytmer S.A	100,00%	-	-	-	-	12	-	-	(841)	(829)
Minerva Luxemburgo	100,00%	(263.973)	-	-	-	-	-	-	(30.642)	(294.615)
Provision for losses on investments		(278.332)	-	-	-	12	-	45	(34.024)	(312.299)
Net investments		274.906	-	34.700	-	(6.735)	(51.265)	6.265	66.094	323.965

(*) Negative investment balances of Minerva Dawn Farms have not considered goodwill of R$ 188,391 allocated to the specific line item.

During the 2nd quarter of 2013, the Company acquired 8% of the shares of Friasa S/A, then holding 100% of that company's shares. The transaction was closed at U$ 4,200 thousand (R$ 8,407).

On April 1, 2014, the Company merged its controlled company Brascasing, from which it held 100% of capital stock, with the controlled company becoming a business unit of the controlling company.

Summary of the controlled companies' information as of June 30, 2014:

	Ownership interest	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Shareholders ' equity
Minerva Alimentos	98.00%	61,670	118,160	91,474	44,721	43,635
Frimacar	100.00%	81,878	76,581	57,372	25,993	75,094
Minerva Overseas	100.00%	326,815	110,986	-	335,256	102,545
Minerva Overseas II	100.00%	117	941,149	-	878,379	62,887
Minerva Middle East	100.00%	37	-	-	-	37
Minerva Dawn Farms	100.00%	54,317	109,013	20,998	263,695	(121,363)
Minerva Beef	100.00%	658,293	1,757,220	96,529	2,613,599	(294,615)
Minerva Luxemburgo	100.00%	2,550	1,976	3,412	-	1,114
Friasa	100.00%	2,589	3,526	1,070	21,900	(16,855)
Transminerva	100.00%	234	-	12	16	206
Loin Investments	99.00%	195	-	-	-	195
Minerva Log	100.00%	11,931	-	8,227	4,523	(819)
Lytmer	100.00%	79,009	100,239	87,259	35,503	56,486
Pulsa S.A.	100.00%	139,568	47,053	128,272	-	58,349
Frigomerc	100.00%	1,121	-	-	-	1,121
Minerva Colombia	100.00%	2,366	81	1,776	-	671
Total		1,422,690	3,265,984	496,401	4,223,585	(31,312)

Below, we present the results of controlled companies which had movement during the periods ended June 30, 2014 and 2013:

	06/30/14		06/30/13	
	Net sales	Net income (loss) for the year	Net sales	Net income (loss) for the year
Minerva Alimentos	195.592	6.627	168.682	(2.056)
Frimacar	59.699	28.038	-	-
Minerva Overseas	-	6.119	-	8.654
Minerva Overseas II	-	36.880	-	32.724
Brascasing	5.858	618	12.636	(7.073)
Minerva Dawn Farms	64.914	(13.872)	59.596	(13.013)
Minerva Beef	-	(72)	-	51
Minerva Luxemburgo	-	(30.642)	-	(101.734)
Friasa	-	332	121.397	(7.280)
Transminerva	2.542	(2.540)	1.185	(4.295)
Loin Investments	-	36	-	51
Minerva Log	-	(9)	-	(26)
Lytmer	134	(841)	-	-
Pulsa S.A.	206.579	29.865	193.114	(10.200)
Frigomerc	293.208	5.830	142.442	751
Minerva Colombia	-	(272)	3.825	80

13. Property, plant and equipment

a. Breakdown of property, plant and equipment

Company				06/30/14	12/31/13
Description	% - Depreciation rate	Historical cost	Accumulated depreciation	Net	Net
Buildings	2.97%	533,894	(89,290)	444,604	422,874
Machinery and equipment	8.35%	283,776	(82,278)	201,498	201,193
Furniture and fixtures	15.61%	3,482	(2,185)	1,297	983
Vehicles	7.11%	10,032	(3,361)	6,671	7,056
Hardware	19.47%	3,724	(3,206)	518	637
Plots of land		52,648	-	52,648	47,110
Construction in progress		394,406	-	394,406	304,899
Provision for impairment loss		(21,518)	-	(21,518)	(21,518)
		1,260,444	(180,320)	1,080,124	963,234

Consolidated				06/30/14	12/31/13
Description	% - Depreciation rate	Historical cost	Accumulated depreciation	Net	Net
Buildings	2.58%	717,377	(110,937)	606,440	559,368
Machinery and equipment	8.05%	462,420	(138,611)	323,809	304,984
Furniture and fixtures	14.47%	7,100	(3,683)	3,417	2,801
Vehicles	7.81%	16,004	(5,161)	10,843	11,321
Hardware	19.38%	6,754	(5,418)	1,336	1,518
Plots of land		81,885	-	81,885	63,025
Construction in progress		470,881	-	470,881	384,270
Provision for impairment loss		(21,518)	-	(21,518)	(21,518)
		1,740,903	(263,810)	1,477,093	1,305,769

b. Changes in property, plant and equipment

Company	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Hardware	Plots of land	Construction in progress	Provision for impairment loss	Total
Balance as of December 31, 2013	422,874	201,193	983	7,056	637	47,110	304,899	(21,518)	963,234
Additions	1,989	577	100	-	7	-	131,978	-	134,651
Transfers	26,625	9,831	408	-	69	5,538	(42,471)	-	-
Disposals	-	-	-	(37)	-	-	-	-	(37)
Depreciation	(6,884)	(10,103)	(194)	(348)	(195)	-	-	-	(17,724)
Others	-	-	-	-	-	-	-	-	-
Balance as of June 30, 2014	444,604	201,498	1,297	6,671	518	52,648	394,406	(21,518)	1,080,124

Consolidated	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Hardware	Plots of land	Construction in progress	Provision for impairment loss	Total
Balance as of December 31, 2013	559,368	304,984	2,801	11,321	1,518	63,025	384,270	(21,518)	1,305,769
Additions	35,427	37,519	947	1,014	226	13,865	136,002	-	225,000
Transfers	31,610	10,757	419	42	84	5,538	(48,450)	-	-
Disposals	(6,689)	(11,037)	(362)	(629)	(108)	-	(925)	-	(19,750)
Depreciation	(8,897)	(16,761)	(370)	(880)	(378)	-	-	-	(27,286)
Others (Conversion adjustments)	(4,379)	(1,653)	(18)	(25)	(6)	(543)	(16)	-	(6,640)
Balance as of June 30, 2014	606,440	323,809	3,417	10,843	1,336	81,885	470,881	(21,518)	1,477,093

c. Construction and facilities in progress

As of June 30, 2014, the balances of construction and facilities in progress refer to the following major projects: Expansion of the plant of Campina Verde (MG); Expansion of the slaughtering area of Araguaína (TO); and Structuring and expansion of the Distribution Centers.

d. Purchase of assets

As informed to market on March 06, 2014, the Company acquired a plant for slaughtering and deboning of cattle for R$ 40.0 million located in the city of Janaúba (MG), auctioned by court order, which offered bankrupt estate assets of the meat-packing plant Kaiowa. Additionally, there were acquisition costs in the amount of R$ 2.0 million incurred which total R$ 42.0.

e. Provision for impairment

As required by the Brazilian accounting practices and International standards (IFRS), the Company annually tests its assets for impairment. Accordingly, Industrial plant of Goinésia (GO) is underused, due to strategic issues. Therefore, analyses of the plant value by cash generation were affected, and the sale value net of selling expenses was chosen for evaluation. Based on the valuation made by an independent company it was found that the mentioned plant has a value higher than its realization value on sale of R$34,175, of which R$ 21,518 from property, plant and equipment and R$ 12,657 from expectation of future profitability, which generated a recognition of provision for impairment.

f. Amounts offered as collateral

Total property, plant and equipment offered as collateral for loans and financing amounted to R$ 260,719 as of June 30, 2014 (R$ 256,276 as of December 31, 2013).

g. Deemed cost

As recommended by ICPC 10 regarding the recording of the *deemed cost* of property, plant and equipment, the Company and its controlled companies hired a specialized company to perform this evaluation, which found that there are not material differences between *deemed cost* of assets and the balances recorded in the books of accounts. Given that scenario, management opted not to record and control these effects.

14. Intangible assets

	Company		Consolidated	
	06/30/14	12/31/13	06/30/14	12/31/13
Goodwill on acquisitions	98,094	-	454,252	419,552
Aircraft usage rights	1,793		1,793	
Assignment of easement strips	250	250	250	250
Software	4,796	4,833	6,129	6,054
	104,933	5,083	462,424	425,856

The movements of intangible assets during the period ended June 30, 2014 is shown below:

	Company				
	Goodwill on acquisitions	Aircraft usage rights	Assignment of easement strips	Acquired software	Total
Balance as of December 31, 2013	-	-	250	4,833	5,083
Acquisition	-	1,793	-	341	2,134
Amortization	-	-	-	(378)	(378)
Transfer from investment to intangible assets	98,094	-	-	-	98,094
Balance as of June 30, 2014	98,094	1,793	250	4,796	104,933

	Consolidated				
	Goodwill on acquisitions	Aircraft usage rights	Assignment of easement strips	Acquired software	Total
Balance as of December 31, 2013	419,552	-	250	6,054	425,856
Acquisition	34,700	1,793	-	552	37,045
Amortization	-	-	-	(468)	(468)
Conversion adjustment	-	-	-	(9)	(9)
Balance as of June 30, 2014	454,252	1,793	250	6,129	462,424

The Company records the amortization of its software, the only intangible assets that can be amortized, according to the contractual license period, when acquired from third parties, or for the period estimated by the Company, for software internally developed by the Company. As of June 30, 2014 and December 31, 2013, the average amortization rates were 19.4% and 22%, respectively, with expected final amortization of those intangible assets in 2017.

Goodwill by expectation of future profitability

	Consolidated	
	06/30/14	12/31/14
Minerva Dawn Farms (MDF) - (i) and (Note 2)	188,391	188,391
Brascasing Industria e Comércio Ltda - (ii) and (Note 2)	98,094	98,094
Pulsa S/A - (iii) and (Note 2)	61,643	61,643
Frigomerc (iv)	62,126	62,126
Frimacar (v)	34,700	-
Other (vi)	9,298	9,298
	454,252	419,552

(i) As described in Note 2, to comply with the requirements defined in the CVM Resolution 580/09 – CPC 15 (R1), the Company revised the identifiable acquired assets and assumed liabilities calculations made at the time of recording of the fair value of the acquisition of more 30% of Minerva Dawn Farms - MDF's shares. This was framed as a "business combination by stages", and the segregation of appreciation (goodwill) found in the temporary recording of the fair value of the Company's interest in that operation, amounting to R$ 188,390 (R$ 188,390 as of December 31, 2012), segregating goodwill by expectation of future profitability – R$ 98,714, client portfolio – R$ 87,733 and appreciation of assets – R$1,944, complying with CPC pronouncements, instructions and guidance. As previously described, during the last quarter of 2012, the Company acquired the residual interest of 20% of MDF shares, held by Dawn Farms, thereby acquiring 100% of MDF's control;

(ii) In December 2011, the Company acquired 5% of the jointly controlled company's share capital, Brascasing Comercial Ltda. as of that date, becoming holder of 55% of this company's share capital, and consequently its control. As this transaction is framed as a "business combination in stages", the Company recorded its ownership and non-controlling interest at its fair value, which led to the recording of appreciation (goodwill by expectation of future profitability) of R$ 93,185. After the full acquisition of the Company, goodwill totaled R$ 98,094;

(iii) During the year ended December 31, 2011, the Company purchased 100% shares with voting rights of Frigorífico Pulsa S/A, on March 22, 2011, which caused the recording of goodwill by expectation of future profitability amounting to R$ 61,643;

(iv) During the last quarter of 2012, the Company purchased 100% shares of Frigomerc S/A, which caused the recording of goodwill by expectation of future profitability amounting to R$ 58,380. On March 16, 2013, an addendum to the purchase and sale agreement of Frigomerc S/A was prepared determining a supplement of Working Capital amounting to R$ 3,745 (USD 1,830 thousand), totaling on December 31, 2012 R$62,126;

(v) During the period ended June 30, 2014, the Company purchased 100% shares with voting rights of Frigorifico Matadero Carrasco S.A (FRIMACAR), on April 30, 2014, which caused the recording of goodwill by expectation of future profitability amounting to R$ 34,700.

(vi) During 2nd quarter of 2013, the Company acquired the remaining 8% of the Friasa S/A's shares, resulting in a record of goodwill by future expectation in the amount of R$ 7,233 totaling R$ 9,298 on June 30, 2012.

As required by the Brazilian accounting practices and International standards (IFRS), the Company annually tests its assets for impairment. Accordingly, the Industrial plant from Goinésia (GO), company previously named as "Lord Meat", due to strategic issues, is temporarily out of operation, according to Note 13.

In compliance with CPC 1 (R1) (IAS 36), the Company tests for impairment, at least annually, its intangible assets which do not have estimated useful lives.

15. Loans and financing

		Company		Consolidated	
Types	Finance charges	06/30/14	12/31/13	06/30/14	12/31/13
Debentures 4th issue (1)	CDI + 1.75% p.a.	298.903	299.269	298.903	299.269
Debentures (1)	Fixed rate	482.417	483.476	-	-
BNDES (2)	TJLP + Spread	78.865	75.636	78.865	75.636
FINEP (1)	TJLP + Spread	-	-	31.991	35.854
Lease (1)	TJLP + 3.5% p.a.	5.280	2.956	5.446	3.165
Bank Credit Note (1)	Rate 8.5% p.a.	16.867	20.137	66.342	71.462
Bank Credit Note (1)	CDI + spread	-	596	-	596
NCE (1)	8% p.a.	247.728	260.431	247.728	260.431
Progeren	3.9% p.a. + TJLP	20.045	20.949	20.045	20.949
IFC (1)	CDI + spread	141.410	140.684	141.410	140.684
Other types (1)	TJLP + Spread	-	64	3.007	4.630
		1.291.515	1.304.198	893.737	912.676
Foreign currency (US dollar)					
ACCs (1)	Interest from 0.99% to 3.0% p.a.+ Exchange rate gains (losses)	435.658	271.988	492.569	271.988
NCE (1)	Interest from 2.50% to 3.7% p.a.+ Libor	133.049	107.020	133.049	107.020
Senior Unsecured Notes - I and II (3)	Exchange rate gains (losses) + Interest	1.262.237	1.342.954	2.042.265	2.151.346
Perpetual bonds (3)	Exchange rate gains (losses) + Interest of 8.75% p.a.	-	-	663.458	-
PPE (1)	Interest of 2.7% p.a. + Libor	66.075	70.278	66.075	70.278
Other types (1)	Libor + Spread	-	-	160.049	126.616
Hedging instruments - derivatives		(235.375)	(211.642)	(232.879)	(210.665)
		1.661.644	1.580.598	3.324.586	2.516.583
Total loans		2.953.159	2.884.796	4.218.323	3.429.259
Current		536.136	361.019	800.173	515.533
Noncurrent		2.417.023	2.523.777	3.418.150	2.913.726

The Company offered the following guarantees for the loans it has taken out:

(i) Endorsement of the parent company VDQ Holdings S.A and/or endorsement of the shareholders of VDQ Holdings S.A.;
(ii) Mortgage of the Palmeiras de Goiás factory and the farms of the shareholders of the parent company VDQ Holdings S.A.;
(iii) Endorsement by the Company for the Senior Unsecured Notes issued by controlled company Minerva Overseas Ltd., Minerva Overseas II Ltd., and Minerva Luxembourg Ltd.

Long-term portions of Company's loans and financing mature as follows as of June 30, 2014:

Company

	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Lease	623	998	980	488	18	-	-	-	-	3,107
BNDES	10,018	20,038	11,865	8,035	8,035	669	-	-	-	58,660
CCB	3,249	6,498	542	-	-	-	-	-	-	10,289
Debentures	-	-	150,000	147,462	-	-	-	450,000	-	747,462
IFC	8,607	17,215	17,215	17,215	17,215	17,215	17,215	17,215	8,607	137,719
NCE	36,667	186,667	-	-	-	-	-	-	-	223,334
Pre-shipment	22,025	22,025	74,634	-	824,253	-	-	332,578	-	1,275,515
Progerem	-	20,000	-	-	-	-	-	-	-	20,000
Hedging instruments - derivatives	(18,650)	(18,650)	(21,763)	-	-	-	-	-	-	(59,063)
	62,539	254,791	233,473	173,200	849,521	17,884	17,215	799,793	8,607	2,417,023

(Consolidated) long-term portions of loans and financing mature as follows as of June 30, 2014:

	Consolidated										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	Perpetual	Total
Lease	643	1,040	1,022	519	18	-	-	-	-	-	3,242
BNDES	10,019	20,038	11,865	8,035	8,035	670	-	-	-	-	58,662
CCB	8,454	11,811	5,855	5,313	5,313	5,313	5,313	9,711	-	-	57,083
Debentures	-	-	150,000	147,462	-	-	-	-	-	-	297,462
FINAME	351	-	-	-	-	-	-	-	-	-	351
FINEP	3,906	7,812	7,812	4,092	-	-	-	-	-	-	23,622
IFC	8,607	17,215	17,215	17,215	17,215	17,215	17,215	17,215	8,607	-	137,719
NCE	36,667	186,667	-	-	-	-	-	-	-	-	223,334
Pre-shipment	22,025	22,025	-	-	-	-	-	-	-	-	44,050
Progerem	-	20,000	-	-	-	-	-	-	-	-	20,000
Senior Unsecured Notes	-	-	52,096	-	122,425	-	-	272,834	1,516,919	-	1,964,274
Senior Unsecured Notes	-	-	-	-	-	-	-	-	-	649,324	649,324
Hedging instruments - derivatives	(20,560)	(18,650)	(21,763)	-	-	-	-	-	-	-	(60,973)
	70,112	267,958	224,102	182,636	153,006	23,198	22,528	299,760	1,525,526	649,324	3,418,150

Below are the Company's and its controlled companies' main loans and financing as of June 30, 2014:

There are no premiums obtained and renegotiation clause during the capture of those debentures.

IFC – International Finance Corporation

In September 2013, IFC and Minerva entered into a financing agreement, with term of 10 years, in the amount of R$ 137,718 disbursed on October 24, 2013. The debt balance as of June 30, 2014 is R$ 141,410 whose interests are calculated through CDI + Spread semi-annually paid. The debt matures on April 15, 2023.

Early redemption of debentures of the 1st issue

On January 18, 2013, the Company concluded the early redemption of the totality of debentures of the 1st issue of simple, non-convertible into shares, unsecured, with personal guarantee debentures, for public offer with restricted effort, and original maturity in 2015, amounting to R$ 203,913.

Debt notes/bonds abroad

Through its controlled companies Minerva Overseas Ltd. and Minerva Overseas Ltd. II, the Company issued debt notes abroad in the amount of US$ 200,000 thousand and US$250,000 thousand, respectively. The *Notes* are collateralized by Minerva S.A. and mature in 2017 and 2019, respectively. Additionally, in February 2012, the Company put into effect the issue of US$ 350,000 thousand *Notes* in the foreign market, maturing in February 2022, by means of its subsidiary Minerva Luxembourg S.A. ("Issuer"). Also related to this operation, the Company concluded in March 2012, the Retap of these notes transaction with maturity in February 2022, in the amount of US$ 100,000 thousand, with the same maturity in February 2012.

The Notes issued by Minerva Overseas I and II (Bonds 2017 and 2019, respectively) pay six-month coupons at 9.5% and 10.875% per year, respectively, and the Notes operations issued by Minerva Luxembourg (Bonds 2022 and Retap) pay six-month coupons at a rate of 12.25% per year and (Bonds 2023) pay six month coupons at 7.75% per year. The Company shall guarantee all the obligations of the Issuer, in regard to the issue referred to above.

The Notes (Bond 2022 and Retap) and (Bond 2023) were not recorded according to the U.S. Securities Act of 1933, as amended ("Securities Act"), and shall not be offered or sold in the United States, except in transactions recorded under the Securities Act or exempt from these registry requirements.

The *Notes*' main early maturity clauses are as follows: (i) failure to fulfill the obligations established under the confidential offering circular, even relating to the sharing of dividends and change in corporate control, as mentioned in item (iv) below; and (ii) failure to pay any *note* when it is already outstanding.

Notes and debentures have an expectation of maintaining a financial covenant which measures the ability to cover debt in relation to the EBITDA (net income before interest, taxes, depreciation and amortization). The contractual rate of both financial instruments indicates that the debt coverage may not exceed 3.5 times the EBITDA in the last 12 months. For these purposes, the following definitions are considered: (I) "Net debt" means the sum of the balance of the loans and financing, without considering exchange rate variations occurring in the period since the contracting of the debt, less the sum of (i) cash and cash equivalents (as defined below) and (ii) write-downs (as defined below); (II) "Cash and banks" – means the sum of the balances of the Company's following balance sheet accounts: "Cash and cash equivalents" and "Securities"; (III) "Write-downs" means a range of exceptions, including but not limited to exchange rate gains (losses) since the issue of the note, or allowed debts, related to specific transactions. In summary, these exceptions include the refinancing of existing debt, considering certain circumstances and raising of hard currency for various applications, some of which for specific reasons, totaling US$ 141,000 thousand (equivalent to approximately R$ 330,307), additionally, all expenses related to exchange rate gains (losses) since the issue of the notes are also considered for write down purposes; (IV) "EBITDA" means the amount calculated on the accrual basis over the past 12 (twelve) months, equal to the sum of net revenues, less: (i) the cost of provided services, (ii) administrative expenses, plus (a) depreciation and amortization expenses, (b) net financial results, (c) equity in earnings (losses) of controlled companies and (d) direct taxes. Covenants are calculated based on the consolidated financial statements.

In the process of issue of such Notes (2022 and Retap), the Company incurred transaction costs in the amount of R$ 25,735, recorded in its financial statements as a reduction of own liabilities, to be fully amortized upon the maturity of the transaction in 2022.

On February 13, 2013, the Company concluded the "offer to repurchase debt notes" issued abroad (Bonds) by the Company's subsidiaries, maturing in 2017, 2019 and 2022. By means of an "offer of early repurchase", the following was repurchased: US$ 10,685 thousand (R$ 21,017) of the principal of amount of 2017 Notes, equivalent to approximately 32% of the outstanding 2017 Notes, US$ 317,976 thousand (R$ 625,459) of the principal of amount of 2019 Notes, equivalent to approximately 85% of the outstanding 2019 Notes, and US$ 320,137 thousand (R$ 629,709) of the principal of amount of 2022 Notes, equivalent to approximately 71% of the outstanding 2022 Notes.

Part of this offer consisted in the payment of a prize to the holders of the notes, embedded and implicit in the transaction and in the proposed exchange relations, amounting to US$ 147,064 thousand that is amortized in the account financial expenses during the effective term of the 2023 Notes.

The offer of early repurchase of debt notes was made using the funds from the issue of 2023 Notes (which will bear annual interest of 7.75%) and it is part of a clear strategy of management of liabilities, aiming the constant improvement of the Company's debt cost. The acceptance of the repurchase process by over 75% of the holders of the totality of Notes maturing in 2017, 2019 and 2022 shows that the Company has obtained good results with the implementation of its strategy.

Note-related liabilities as of June 30, 2014 were R$ 2,042,265 (R$ 2,151,345 as of December 31, 2013) in the consolidated financial statements.

Perpetual bonds

On March 27, 2014, the Company concluded the issue of perpetual bonds in the international market amounting to US$ 300,000 thousand, with half-yearly payments at annual rate of 8.75%, by means of its wholly subsidiary Minerva Luxembourg S.A. The issue of the notes had the purpose of postponing the average maturity of the Company's debt and improving its capital structure through the use of a different fund raising instrument, diversifying even more the investors' basis. The transaction was settled on April 3, 2014. The Company shall guarantee all the obligations of the Issuer, in regard to the issue referred to above.

FINEP

On January 18, 2010, a financing agreement (code 0210000300) was entered into between the Funds for studies and projects – Finep (a BNDES division) and Minerva Dawn Farms Indústria e Comércio de Proteínas S.A., totaling R$ 57,208. As of June 30, 2014 the consolidated debt balance was R$ 31,991 (R$ 35,854 as of December 31, 2013) and bears annual interest of 4.5%. The debt matures on June 15, 2018, but may be subject to early maturity if, among other situations: (i) the financed company invests financing funds for purposes other than those agreed or in noncompliance with the disbursement timetable; (ii) any guilty interruption of the financed project; or (iii) other circumstances which, in the opinion of FINEP, make it unsafe or impossible to comply with the obligations undertaken by the financed company under the agreement or to achieve the objectives for which funding was granted. This agreement is collateralized by a mortgage on certain properties of the Company, located in Barretos and Palmeiras de Goiás, in addition to including security deposits by the members of the Vilela de Queiroz family.

Equipment financing - BASA

On December 21, 2007, a private agreement was entered into by Minerva Indústria e Comércio de Alimentos S.A. and Banco da Amazônia S.A., amounting to R$53,793, whose balance as of June 30, 2014 was R$ 49,474 (R$ 51,326 as of December 31, 2013). This debt matures within 144 months from the signature of the indenture. The financing agreement establishes some restrictions on the financed company, namely: (i) Minerva Indústria e Comércio de Alimentos S.A. is obliged not to give preference to other credits, not to amortize shares, not to issue debentures, not to take out new debts without prior authorization from the Superintendence for the Development of the Amazon (Sudam) and Banco da Amazônia S.A., except (a) for loans to meet the needs of ordinary managed businesses of the financed company, or intended for mere material replacement or substitution; and (b) for business discounts the financed company holds, arising from sales or services; and (ii) Minerva Indústria e Comércio de Alimentos was obliged to submit changes in its corporate structure to prior approval by SUDAM, after hearing Banco da Amazônia S.A.

i. Level of subordination

As of June 30, 2014, 6,18% of the Company's and its controlled companies' total debt was secured by security interest in real estate (7.47% as of December 31, 2013).

ii Possible restrictions imposed on the issuer, particularly with respect to setting indebtedness limits and taking out new debts, distributing dividends, disposing of assets, issuing new securities and disposing of equity control

The notes also have clauses that put limits on the Company with respect to i) new debts if the Net debt/EBITDA ratio is higher than 3.75/1.00 and 3.50/1.00, respectively; (ii) the distribution of dividends. Accordingly, Minerva undertakes not to and do not allow that its controlled companies undertake to pay any dividend or make any distribution of interest on its invested capital held by other than its controlled companies, (except (a) dividends or distributions paid on qualified interests of Minerva, and (b) dividends or distributions payable by a controlled company, on a pro rata basis, or more favorable to Minerva; (iii) the change of equity control; and (iv) the disposal of assets, which can only be achieved by complying with the requirements, among which, in the case of sale of assets, that the sales price is the market value.

The CCB issued for BNDES is expected to have early maturity if the shareholders' agreement, articles of incorporation or by-laws of the Company or its controlling companies include a provision whereby a special quorum is required to approve issues that limit the control of any of these companies by their related controlling shareholders, or rather, or a provision that leads to: (i) restrictions on the Company's ability to grow or develop technology; (ii) restrictions on the Company's access to new markets; or (iii) restrictions or losses on the Company's ability to pay financial obligations arising from the Bank Credit Note (CCB).

The CCBs dated from January 7 to October 2, 2009, issued by the Company and Banco da Amazônia S.A., have early maturity clauses if equity control over the Company's capital is transferred without prior and express written consent by the creditor.

iii Structured operation

During the 2nd quarter of 2012, the Company and its financial advisors structured the issue of debentures not convertible with maturity on January 29, 2011, at the amount of R$ 450,000. This operation was structured in order to provide a neutral effect at the Company's composition of assets and liabilities.

4th Issue of non-convertible debentures

On June 15, 2013, the Company offered debentures, not convertible into shares, totaling R$ 300,000, maturing on June 15, 2018. The debentures were offered by making restricted efforts (CVM Instruction No. 476). The principal amounts to R$ 300,000, and bears interest at the accumulated variation (effective rate) of 100% of average daily rates of Interbank deposits (DI), plus a surcharge of 1.75% p.a. The funds were intended for lengthening the Company's debt profile and to reinforce its working capital. Debentures have personal guarantee and are guaranteed by VDQ Holdings S.A. In the process of issue of such debentures, the Company incurred transaction costs in the amount of R$ 3,153, recorded in its financial statements as a reduction of own liabilities, to be fully amortized during the effective period of the debentures until 2018. As of June 30, 2014, the amount is R$ 298,903.

There are no premiums obtained and renegotiation clauses during the capture of those debentures.

16. Trade accounts payable

	Company		Consolidated	
	06/30/14	12/31/13	06/30/14	12/31/13
Domestic	261,654	298,943	331,801	348,449
Foreign	20,362	27,424	19,680	28,434
	282,016	326,367	351,481	376,883

17. Salaries, social charges and tax liabilities

	Company		Consolidated	
	06/30/14	12/31/13	06/30/14	12/31/13
Labor				
Salaries and management compensation	4.946	4.828	7.443	6.393
Social charges - FGTS and INSS (employees and third parties)	7.702	7.673	12.187	10.179
Provision for vacation pay/year-end bonus and charges	26.830	18.105	40.023	26.171
Other proceeds and charges	2.275	3.128	3.132	4.051
Total labor	**41.753**	**33.734**	**62.785**	**46.794**
Tax				
INSS installment payment (*)	24.825	29.262	24.825	29.262
ICMS payable	6.030	4.896	6.329	5.102
IRPJ (Corporate Income Tax)	-	-	1.674	1.877
Social Contribution Tax	-	-	599	437
Other taxes and fees	12.328	11.137	16.866	12.786
Total taxes	**43.183**	**45.295**	**50.293**	**49.464**
Grand total	84.936	79.029	113.078	96.258
Current	60.493	52.678	88.635	69.907
Non-current	24.443	26.351	24.443	26.351

18. Income and social contribution taxes

Deferred tax debts are recorded to reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their respective carrying amounts, as well as to reflect the tax credits resulting from the revaluation of assets. They are stated as below:

	Company		Consolidated	
	06/30/14	06/30/13	06/30/14	06/30/13
Temporary add-backs				
Sundry provisions	5,740	11,441	5,740	11,441
Fair value of biologica assets	135,485	28,939	135,485	28,939
Temporary deductions				
Sundry provisions	(8,742)	(12,845)	(8,742)	(12,845)
Fair value of biologica assets	(152,562)	(33,917)	(152,562)	(33,917)
Calculation basis of deferred taxes	(20,079)	(6,382)	(20,079)	(6,382)
Deferred IR/CS - temporary difference	(6,827)	(2,170)	(6,827)	(2,170)
Deferred IR/CS on tax loss	-	-	(963)	-
Total deferred IR/CS	(6,827)	(2,170)	(7,790)	(2,170)

We present below the change in the period for deferred tax liabilities related to deferred charges over the revaluation surplus, temporary differences and differences arising from the application of international accounting practices – IFRS (RTT):

	Company			
	Balance as of January 1, 2014	Recognized in income (loss)	Realization of deferred taxes	Balance as of June 30, 2014
Taxes on revaluation surplus	34,618	-	(583)	34,035
Taxes on adjustment of biological assets	6,365	51,871	(46,065)	12,171
Taxes on appreciation in controlled company	48,532	-	-	48,532
Other deferred taxes	(21,657)	2,972	(1,951)	(20,636)
Total deferred tax liabilities	67,858	54,843	(48,599)	74,102

	Consolidated			
	Balance as of January 1, 2014	Recognized in income (loss)	Realization of deferred taxes	Balance as of June 30, 2014
Taxes on revaluation surplus	34,618	-	(583)	34,035
Taxes on adjustment of biological assets	6,365	51,871	(46,065)	12,171
Taxes on appreciation in controlled company	48,532	-	-	48,532
Other deferred taxes	(21,657)	4,275	(1,951)	(19,333)
Total deferred tax liabilities	67,858	56,146	(48,599)	75,405

Based on budgeting, business planning and budget projection, management estimates that tax credits arising from temporary differences shall be realized by 2016.

a. Current - payable

Income and social contribution taxes are calculated and recorded according to taxable income, including the tax incentives that are recognized as taxes are paid and taking into consideration the rates established by prevailing tax legislation.

b. Reconciliation of the balances and expenses for income and social contribution taxes

The balance provided for and the results of the taxes levied on income are as follows:

	Company		Consolidated	
	06/30/14	06/30/13	06/30/14	06/30/13
Income (loss) before taxes	94,330	(188,405)	97,673	(188,849)
Add-backs				
Temporary differences	6,361	7,828	6,663	7,828
Permanent differences	622	103,718	676	104,004
Realization of temporary differences	(8,743)	(9,232)	(9,061)	(9,232)
Realization of revaluation surplus	1,715	1,932	1,715	1,932
Effects of initial adoption of IFRS	662,975	345,889	669,693	351,608
Deductions				
Permanent differences	(81,094)	-	(81,094)	
Effects of initial adoption of IFRS	(676,163)	(385,447)	(682,813)	(393,311)
Tax basis	3	(123,717)	3,452	(126,020)
Offsets	(1)	-	(2,832)	-
Calculation basIS after offsetting	2	(123,717)	620	(126,020)
Income taxes				
Corporate Income Tax (IRPJ) payable	-	-	(1,647)	-
Social Contribution Tax (CSLL) payable	-	-	(598)	-
Current IRPJ and CSLL expenses	-	-	(2,245)	-

Income and social contribution taxes were calculated in accordance with prevailing legislation and the Temporary Tax Scheme, provided for in Executive Act No. 449/2008.

Income and social contribution tax calculations and returns are open to review and final assessment by tax authorities for varying statutory periods in relation to the payment or filing date.

Based on studies and projections for the following periods and considering the limits fixed by prevailing legislation, the Company's management expects that the existing tax credits will be realized over a maximum term of five years.

Net book income has no direct relationship with the taxable income for income and social contribution taxes, due to the differences between the accounting criteria and the pertinent tax legislation. Therefore, we recommend that the evolution of the realization of the tax credits resulting from income and social contribution tax losses and temporary differences should not be taken as an indication of future net income.

c. Comments on Law 12.973 (MP 627 and IN 1397)

The Company is evaluating the provision of Law 12.973 of May 13, 2014 (conversion of Provisional Executive Order (MP) 627, of November 11, 2013) and Regulatory Instruction (IN) 1.397 of September 16, 2013, amended by IN 1.422 of December 19, 2013.

Law 12.973 revokes the Transition Tax Regime (RTT) set forth by Law No. 11.638/07 which prescribes tax neutrality in the calculation of the Corporate Income Tax (IRPJ) and Social Contribution Tax (CSLL), and establishes a new system for companies located in Brazil to offer to taxation the results of their controlled and associated companies abroad as from 2015.

Approved by the Federal Government, the standard maintains the tax provisions existing in MP 627, mainly regarding the early adoption of the effects of RTT revocation still in 2014. This early adoption remains as optional, but without connection to any past events of profit distribution, therefore, with no tax effects for those which do not opt for this early adoption.

In this context, the Company's management (is evaluating such adoption for 2014 / intends to adopt such standard, mandatorily, as from January 1, 2015) and does not expect relevant effects on the Company's income (loss).

19. Convertible debentures

	Company and Consolidated	
	06/30/14	12/31/13
Debentures mandatorily convertible into shares	93,883	124,005
(-) Transaction cost (*)	(4,918)	(7,335)
	88,965	116,670
Current	88,965	504
Non-current	-	116,166

As determined by CVM, the Company reclassified the mandatorily convertible debentures into shares of shareholders' equity (capital reserve) to liabilities, segregated into current (annual interest) and non-current (principal amount).

The main characteristics of this transaction are the following:

On May 11, 2011, the Board of Directors of Minerva S.A. has approved the second public issue of debentures, mandatorily convertible into common shares of the Company's issue, of subordinated class and single series under firm settlement guarantee. After all legal formalities and filing of documentation with ANBIMA/CVM, the Company has successfully achieved price determination for this issue on July 27, 2011 through the Bookbuilding process, upon the following characteristics:

- Issue value: R$ 200,00;
- Unit par value: R$1;
- Offer price: R$ 950.00 per debenture;
- Maturity: 4 years after the issue date, i.e., June 15, 2015;
- Remuneration: 100% of DI rate;
- Convertibility: Debentures will be mandatorily converted into shares to the Company on maturity date, or, among other events, at any moment at the discretion of the Debenture Holders;
- Conversion Price: subject to the maximum value of R$ 8.00 and the minimum of R$ 6.00;
- Negotiation and distribution: through DDA and BOVESPAFIX system.

20. Lease agreements

The Company is a lessee in various agreements, classified as operating or finance leases.

a. Finance lease

Finance lease operations are now recognized under the Company's current and non-current liabilities, with an offsetting entry of the asset into property, plant and equipment.

b. Operating lease

Accounting criterion for operating leases remains as required by the Corporate law in effect, that is, expenses incurred with lease payments are recognized on a monthly base. The Company has a single lease operating plant Batayporã/MS, which contains an automatic renewal clause and the option of purchasing preference.

The lease statement is as follows:

Leased assets	Weighted average interest rate	Weighted average maturity (years)	Expense amount 06/30/2014	Expense amount 06/30/2013
Farms and industrial plants	IPCA + 11% @ cattle/IGPM	Dec-15	750	750
			750	750

21. Contingencies

a. Summary of the contingent liabilities accounted for in the Company's balance sheet

The Company and its controlled companies are parties to a number of lawsuits that are part of the normal course of business, for which provisions were recorded according to the estimates of their legal counselors and management. The main information on these proceedings is presented below:

	Company		Consolidated	
Proceedings	06/30/14	12/31/13	06/30/14	12/31/13
Tax contingencies	11,290	26,290	11,290	26,400
Labor contingencies	10,986	8,711	10,986	8,711
Civil contingencies	1,496	1,496	1,496	1,496
	23,772	36,497	23,772	36,607

Description of the contingent liabilities and assets of labor, civil and tax nature

a. Tax contingencies

- **Offsets against tax credits**

Legal liabilities resulting from amortization of tax liabilities using deemed IPI (Federal VAT) credits (resulting from purchase of cattle from individual farmers) that are not yet final and unappeasable.

Although this decision was not final and unappealable, part of the total of R$ 89,809 in credits involved in these proceedings was offset in the amount of R$ 3,448. Following the opinion of the Company's external lawyers, management believes that a successful outcome is probable in the higher courts. To prevent that an appeal to this decision is filed and that an unfavorable decision is rendered against the Company, and to comply with Brazilian accounting practices, a provision of R$ 3,448 was set up to cover this possibility; fine and interest amounting to R$ 5,918 thousand are duly added to it, adding up to a total provision of R$ 9,366 as of June 30, 2014.

b. Labor contingencies

Most of these labor claims involve health hazard, overtime and commuting time and article 253 of the Consolidation of Labor Laws for the benefit of

employees. According to the opinion of the legal counselors that handle these legal demands and experience accumulated by Management in similar cases, provisions amounting to R$ 10,986 were accrued for labor lawsuits, whose loss is probable both for Company and consolidated as of June 30, 2014 (R$ 8,711 for Company and consolidated, as of December 31, 2013, respectively).

c. Other proceedings (whose likelihood of loss is considered possible)

- **IR/CS**

The Company was assessed by the Federal Revenue Service (RFB) due to the questioning on possible undue deductions in the calculation base of Income and Social Contribution Taxes. From the total assessment amount of R$ 38,437 (adjusted with fine and interest), it is considered as possible loss, according to the Company's legal counselors.

- **Other tax and civil proceedings**

As of June 30, 2014, the Company and its controlled companies had other on-going tax and civil lawsuits amounting to approximately R$ 65,200 and R$ 5,073, respectively, whose likelihood of loss is considered possible by the Company's legal counselors, and for which the Company's management does not consider necessary to set up a provision.

- **Labor and Social Security Proceedings**

As of June 30, 2014, the Company and its controlled companies were involved in other ongoing proceedings of labor nature (public civil actions and collective actions) in the approximate amount of R$ 6,891, whose unfavorable outcome is considered possible, though not probable, and for which the Company's Management has chosen not to set up provision to cover possible losses.

Among these labor proceedings, there is a suit in which its controlled company "Minerva Indústria e Comércio de Alimentos S.A" is a defendant in a collective action (commuting time, time spent for changing the work uniform and breakfast) required by SINTRA-ALI and the Public Prosecutors' Office for Labor Issues (MPT) which was initiated in November 2012. A sentence was given on July 12, 2013, objected by the Company, and republished on 09/25/2013, when the Company was convicted in first-degree to pay the amount of R$ 4,200.

- **Rural worker assistance fund (Funrural)**

As of March 12, 2013, the Company filed a petition of writ of mandamus to suspend the withholding and payment of new Funrural. To avoid losing the right to require the contribution of new Funrural, INSS (Social Security Authority) issued various tax assessment notices against the Company until the current date. The amount involved in these notices, whose likelihood of loss is deemed possible, is approximately R$ 61,074.

- **Agribusiness – INSS (Social Security Tax)**

The Company received statutory notices of tax deficiency filed by the Federal Revenue Service arising from possible amounts unpaid of INSS in the period from February 2003 to February 2007, referring to the rate of 2.85% applied to occupational accident surtax - the National Service for Rural Training (SENAR), which shall levy on gross revenue of companies. The amount involved in this discussion, whose unfavorable outcome is possible, is approximately R$ 28,793.

22. Shareholders' equity

a. Share capital

The Company's subscribed and paid-in capital as of June 30, 2014 is R$ 744,142 (R$ 744,142 as of December 31, 2013), represented by 149,000,090 (145,056,023 as of December 31, 2013) common, book-entry shares, with no par value, all of which are free and clear of any burden or encumbrance. After the Company's board of directors approved the increase in authorized capital changing the limit for more up to 100,000,000 common shares, authorized share capital increased to 175,000,000 common shares.

On April 30, 2009, the Board of Directors authorized a program for repurchase of shares issued by the Company to be held in treasury, cancelled or put on the market again.

In November 2012, upon the conclusion of the follow on transaction conducted by the Company, 37,500,000 new common shares were issued, duly approved by the Board of Directors, issued at the unit value of R$ 11.00, which represented a capital increase of R$ 412,500.

On February 20, 2014, the Board of Directors recorded a conversion of 30,000 convertible debentures into common shares of the Company, and the capital stock went from R$ 774,142 representing 145,056,023 common shares, to R$ 774,142 representing 149,000,090 common shares.

Until the period ended June 30, 2014 and according to the issue instrument of "debentures mandatorily convertible into shares", 14.000.504 common shares were converted into Company's shares, representing an increase in capital stock of R$ 106.499.

b. Revaluation surplus

In 2003 and 2006 the Company revalued the assets of its property, plant and equipment and the amount reported on June 30, 2014 was R$ 69,606 (R$ 70,737 as of December 31, 2013), net of tax effects.

As explained earlier and in compliance with Law No. 11.638 of 2007, the Company decided to keep the revaluation surplus accrued until December 31, 2007 until its full realization, which must occur due to depreciation or sale of revalued assets.

c. Statutory reserve

Recognized at the rate of 5% of annual net income, pursuant to article 193 of Law No. 6404/76, up to the limit of 20% of share capital. In the year when the balance of the statutory reserve, plus the amounts of capital reserves addressed by paragraph 1 of article 182 of Law No. 6404/76 exceeds 30% of share capital, allocating part of the year's net income to the statutory reserve will not be mandatory.

d. Income reserve

The appropriated retained earnings were recognized to set aside a part of 2010's accumulated earnings, in compliance with the capital budget approved by the Annual Shareholders' Meeting held on 30 April 2010, which establishes the continuation of the Company's growth plan.

e. Share and option plans

On March 12, 2014, the Company's Board of Directors approved:

(i) The conclusion of the program to repurchase shares created by the Company's Board of Directors on February 18, 2013 ("Program"). Since the creation of the Program until the present date, 8,186,400 (eight million one hundred eighty-six thousand and four hundred) common shares issued by the Company, to be kept in treasury and later cancelled or disposed of ("Shares") were acquired;

(ii) In compliance with article 19, item XVI of the Company's bylaws, meeting the requirements of CVM Instruction No. 10 of February 14, 1980, as amended ("ICVM No. 10"), approve the creation of a new program to repurchase shares issued by the Company to be kept in treasury and later cancelled or disposed of, with no reduction in capital stock. The treasury shares shall be segregated in a specific account of the Company's shareholders' equity. In compliance with article 8 of ICVM No. 10, it is established that (a) the purpose of the Company through this operation is to efficiently invest the funds available in cash, aiming to capture a significant potential to generate value to the shareholder because of the current discount of the Company's shares in the market; (b) the negotiation will be limited to 9,000,000 (nine million) common, registered, book-entry shares of the Company, with no par value, representing 9.198% of the totality of outstanding Company's shares (calculated excluding the shares held by the controlling shareholder), being certain that (i) the actual repurchase by the Company of the totality of the 9,000,000 (nine million) shares approved through this plan will depend, among other things, on the number of treasury shares kept by the Company in the moment of the negotiation, in order to meet the limit established in article 3 of ICVM No. 10, and (ii) the negotiation limit now approved shall be adjusted in case the shares currently kept in treasury by the Company are cancelled; (c) the maximum period for the realization of the operation now authorized is 365 (three hundred sixty-five days), starting on this date and finishing on March 11, 2015; and (d) there are currently 97,849,892 (ninety-seven million, eight hundred forty-nine thousand, eight hundred ninety-two) common, registered, book-entry, outstanding shares, with no par value, as established in article 5 of CVM Instruction No. 10.

f. Dividends and interest on equity capital

The Company's by-laws establish the distribution of mandatory minimum dividends of 25% of income for the period, adjusted pursuant to legislation.

23. Management's compensation

As of June 30, 2014 the Company recorded expenses on key management personnel remuneration (Company's Board of Directors and officers) in the amount of R$ 2,840 (R$ 2,028 as of June 30, 2014). The entire remuneration is short-term.

Upon termination of employment agreement, there are no post-employment benefits.

24. Segment reporting

	Business segments					
	Live cattle		Meat		Consolidated	
	06/30/14	06/30/13	06/30/14	06/30/13	06/30/14	06/30/13
Net sales	447.014	183.663	2.607.126	2.334.064	3.054.140	2.517.727
Cost of goods sold	(362.035)	(147.079)	(2.078.157)	(1.876.179)	(2.440.192)	(2.023.258)
Operating expenses	(45.947)	(21.996)	(280.815)	(266.006)	(326.762)	(288.002)
Impairment	-	-	-	-	-	-
Financial income (loss), net	(10.474)	202	(179.039)	(395.518)	(189.513)	(395.316)
Net income before taxes	**28.558**	**14.790**	**69.115**	**(203.639)**	**97.673**	**(188.849)**

In the presentation based on geographical segments, the segment revenue is based on the client's location. Segment assets are based on the geographical location of the assets.

Revenues from transactions conducted with a single foreign client do not exceed 10% of total revenues.

The main business segments of the Company and its controlled companies are the production, marketing and sale of meat, live cattle and its by-products and the processing of beef, pork and poultry.

25. Net revenue

	Company		Consolidated	
	06/30/14	06/30/13	06/30/14	06/30/13
Revenue from sale of goods - Domestic Market	899,048	754,262	1,037,985	892,363
Revenue from sale of goods - Foreign Market	1,662,227	1,337,176	2,204,369	1,778,154
Deductions from revenue - taxes levied and others	(165,426)	(124,392)	(188,214)	(152,790)
Net revenue	2,395,849	1,967,046	3,054,140	2,517,727

26. Financial income (loss), net

	Company		Consolidated	
	06/30/14	06/30/13	06/30/14	06/30/13
Financial revenues				
Return on financial investments	24.339	19.995	36.540	22.163
Other financial revenues	-	-	-	-
	24.339	19.995	36.540	22.163
Financial expenses				
Interest from financing	(191.826)	(152.719)	(219.386)	(173.977)
Other financial expenses	(74.975)	(38.372)	(83.080)	(42.666)
	(266.801)	(191.091)	(302.466)	(216.643)
Exchange rate gains (losses), net	43.811	(149.344)	76.413	(200.836)
Net financial loss (without Interest on Equity Capital)	(198.651)	(320.440)	(189.513)	(395.316)
Recognition of Interest on Equity Capital	-	-	-	-
Net financial loss	(198.651)	(320.440)	(189.513)	(395.316)

27. Earnings per share

a. Basic earnings

Basic earnings per share is calculated by dividing the earnings attributable to the Company's shareholders by the weighted average number of common shares issued during the period, excluding the common shares purchased by the Company and held as treasury shares:

Basic	06/30/14	06/30/13
Net income (loss) attributable to the Company's shareholders	87,503	(190,575)
Weighted average number of common shares issued - thousands	149,000	146,575
Weighted average of shares in treasury	-	(9,046)
Weighted average number of outstanding common shares - thousands	149,000	137,529
Basic earnings per share - R$	0.58727	(1.38571)

b. Diluted earnings

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares, assuming the conversion of all possible common shares that would cause the dilution. The Company has only one class of possible common shares that would cause dilution: subscription bonus:

Diluted	06/30/14	06/30/13
Net income (loss) attributable to the Company's shareholders	87,503	(190,575)
Weighted average number of outstanding common shares - thousands	149,000	137,529
Adjustment from conversion of debentures	12,293	19,948
Adjustment from Share Purchase Option - thousands	-	-
Weighted average number of common shares for diluted earnings (losses) per share - thousands	161,293	157,477
Diluted earnings per share – R$	0.54251	(1.21018)

28. Risk management and financial instruments

The Company's transactions are exposed to market risks, particularly with respect to changes in exchange and interest rates, credit risks and purchase prices for cattle. The Company's investment management policy establishes the use of derivative financial instruments for hedging against these risk factors. Additionally, the Company may also take derivatives for the purpose of implementing operating and financial strategies established by the executive management and duly approved by the Board of Directors.

Market risk management is carried out through the use of two models, namely: calculation of VaR (Value at Risk) and calculation of impacts by applying stress scenarios. In the case of VaR, management uses two distinct models: Parametric VaR and Monte Carlo Simulation VaR. Risk monitoring is constant and the risks are calculated at least twice a day.

Additionally, financial instrument transactions for speculative purposes are not permitted.

a. Policy for the treasury's hedging transactions

The implementation of the Company's hedging management policy is the responsibility of the Treasury Department and follows the decisions taken by the Risk Committee, which is made up of the Company's managing officers, and employees.

The supervision and monitoring of compliance with the guidelines laid down by the hedging policy are the responsibility of the Risk Management Board, which is subordinated to the Presidency and the Risk Committee.

The Company's hedging policy, approved by its Board of Directors, takes into consideration its two main risk factors: the exchange rate and fat cattle.

I. Foreign exchange hedging policy

The foreign exchange hedging policy aims to protect the Company from currency fluctuations and is divided into two segments:

1. Cash flow

Cash flow hedging strategies are daily discussed with the market committee.

The purpose of the cash flow hedging policy is to guarantee the Company's operating income and hedge its currency flows other than Brazilian real within a year.

Financial instruments available in the market may be used for these hedges, such as: futures transactions with US dollar at BM&F, NDFs, funds raised in foreign currency, options and inflow of funds in US dollars.

2. Balance sheet hedging

Balance sheet hedging is monthly discussed at the Board of Directors' meeting.

The purpose of the balance sheet hedging policy is to protect the Company against its foreign currency long-term indebtedness.

The balance sheet exposure is the debt flow in US dollars over a period longer than one year.

Hedging instruments available on the market may be used, such as: US dollar cash withholding, NDFs, futures contracts in BMF, swaps and options.

II. Cattle hedging policy

The purpose of the cattle hedging policy is to minimize the impacts of price fluctuations per arroba (a unit of weight equivalent to 15 kg) of cattle on the Company's results. The policy is split into two topics:

1. Forward contracts for cattle

In order to guarantee raw material, especially in the off-season period for cattle, the Company purchases cattle for future delivery and uses the BM&F for the sale of futures contracts, minimizing the risk of price fluctuations per arroba of cattle beast.

Financial instruments available on the market, such as: futures contracts and options of finished cattle in BMF and options on futures contracts of finished cattle can be used in BMF.

2. Hedging of meat sold

For the purpose of guaranteeing the cost of the raw material used in its meat production, the Company uses BM&F to purchase futures contracts minimizing the risk of price fluctuations per arroba of cattle beast and hedging its operating margins obtained at the time of selling the meat.

Financial instruments available on the market, such as: futures contracts and options on futures contracts for fat cattle on the BM&F can be used.

Statement of derivatives positions

The statement of derivative positions was prepared so as to present the derivative financial instruments taken out by the Company in the period ended June 30, 2014 and December 31, 2013, according to their purpose (asset protection and other purposes):

Equity hedging

Description	/ thousand		Fair value in R$ thousand		Accumulated effect in R$ thousand	
	30/06/14	31/12/13	30/06/14	31/12/13	Amount receivable / (received)	Amount payable / (paid)
Future contracts	-	-	-	-	-	-
Purchase agreements	-	-	-	-	-	-
DOL (US$)	-	-	-	-	-	1,104
EUR	-	-	-	-	-	-
Other	-	-	-	-	-	-
BGI (arrobas)	405	-	49,806	-	-	9,738
Corn (sacks)	340	-	8,097	-	-	1,833
Soy (sacks)	-	-	-	-	-	354
DI 1 DAY (R$)	-	-	-	-	-	-
Sale agreements	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	28,750	43,000	64,253	102,516	-	2,737
EUR	-	20,000	-	65,725	-	-
BGI (arrobas)	-	445	-	49,310	-	-
Corn (sacks)	-	-	-	-	-	-
Soy (sacks)	-	100	-	6,561	-	-
Option contracts	-	-	-	-	-	-
Call holder	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	-	-	-	-	-	-
Other	-	-	-	-	-	-
BGI (arrobas)	1,452	-	3,421	-	-	2,368
Put holder	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	75,000	-	1,968,400	-	-	1,398
Other	-	-	-	-	-	-
BGI (arrobas)	693	165	1,644	243	-	1,148
Corn (sacks)	-	-	-	-	-	-
Call seller	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	-	-	-	-	-	-
Other	-	-	-	-	-	-
BGI (arrobas)	1,782	-	2,838	-	1,906	-
Put seller	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	50,000	-	1,750	-	363	-
Other	-	-	-	-	-	-
BGI (arrobas)	693	181	1,412	183	973	-
Corn (sacks)	-	-	-	-	-	-
Forward contracts	-	-	-	-	-	-
Long position	-	-	-	-	-	-
NDF (US dollar)	1,393,739	379,504	1,365,550	373,734	-	2,131
Short position	-	-	-	-	-	-
NDF (euro)	53,389	131,665	51,255	128,737	4,005	-
NDF (Cattle)	-	-	-	-	-	8,376

Notional values are the values that represent the base value, i.e. the opening amount at which the derivative agreement is entered into in order to calculate the positions and market value.

The fair values were calculated in the following manner:

- **Future Sales Contracts of DOL:** US dollars futures contracts traded at BM&F amount to US$ 50,000 per notional contract and have daily adjustments. The fair value is calculated by multiplying the notional amount in US dollars by the reference US dollar for the contract disclosed by the BM&F;
- **Future Sales Contracts of BGI:** future contracts for Fat Cattle (BGI) traded at BM&F are valued at R$ 330 per arroba. The fair value is calculated by multiplying the notional amount in Brazilian Reais by the reference value for the contract disclosed by the BM&F;
- **Short Position Forward Contracts: NDF (Euro):** The contracts are trade in over-the-counter markets and, therefore, have no standardization and daily adjustment. The fair value is calculated by multiplying the negotiated notional amount and the PTAX EURO sale rate disclosed by the Central Bank of Brazil;
- **Short Position Forward Contracts: NDF (US dollar):** The contracts are trade in over-the-counter markets and, therefore, have no standardization and daily adjustment. The fair value is calculated by multiplying the negotiated notional amount and the PTAX 800 sale rate disclosed by the Central Bank of Brazil.

The fair values were estimated on the date of the interim financial information, according to "relevant market information". Changes in the assumptions and in the financial market may materially affect the estimates presented in the financial statements.

Derivatives undergo daily financial adjustments at BM&F, except for over-the-counter transactions (swap, options and NDF) whose financial adjustments may be weekly, monthly or quarterly. Accordingly, for these derivatives, only financial adjustments realized and not settled are recorded in equity accounts as of June 30, 2014 and December 31, 2013 as "Treasury advances". The breakdown of the balances payable/receivable recorded in the financial statements is as follows:

Derivatives	***6/30/2014***	***12/31/2013***
	Receivable (payable)	***Receivable (payable)***
Futures contracts (D+1)	*-656*	*-997*
Option contracts	*0*	*0*
Swap	*0*	*0*
NDF	*-49,700*	*0*
Shares	*0*	*0*
	-50,356	***-997***

Outstanding over-the-counter NDF, Swap and São Paulo Stock Exchange (BM&F – Bovespa) option transactions are marked to market and as of June 30, 2014 and December 31, 2013 are recorded as "NDF receivable/payable", "Swaps" and "Options receivable", respectively.

Derivatives	***6/30/2014***	***12/31/13***
	Mark to Market	***Mark to Market***
Options	*2,782*	*-790*
Swap	*230,969*	*207,038*
NDF (EUR+Dollar)	*-53,185*	*-12,112*
Grand total	***180,566***	***194,136***

b. Exchange and interest rate risks

The exchange rate and interest rate risks on loans and financing, financial investments, accounts receivable in foreign currency arising from exports, foreign investments and other liabilities denominated in foreign currency can be managed by using derivative financial instruments traded on exchanges, or over-the-counter operations such as swap transactions, NDFs (Non Deliverable Forwards), and options.

In the following table we present the Company's consolidated position, specifically with respect to its financial assets and liabilities, separated by currency and exchange exposure, thus presenting a picture of the net position of assets and liabilities per currency, compared with the net position of derivative financial instruments intended for hedging and managing the exchange exposure risk:

	Consolidated		
	06/30/14		
	Currency		
	Domestic	Foreign	Total
Assets			
Cash	797	-	797
Bank current accounts	3,967	1,254,703	1,258,670
Financial investments	327,948	319,862	647,810
Accounts receivable	93,022	162,296	255,318
Total current	425,734	1,736,861	2,162,595
Total assets	425,734	1,736,861	2,162,595
Liabilities			
Short-term financing	74,810	897,269	972,079
Total current	74,810	897,269	972,079
Long-term financing	818,927	2,660,196	3,479,123
Total non-current	818,927	2,660,196	3,479,123
Total liabilities	893,737	3,557,465	4,451,202
Net financial debt	468,003	1,820,604	2,288,607
Currency hedging derivatives – net position	-	(232,879)	(232,879)
Net exchange position	-	1,587,725	2,055,728

The net position of derivative financial instruments is broken down as follows:

Financial instruments (net)	Asset (liability) position, net at 06/30/2014	Asset (liability) position, net at 12/31/2013
Future contracts – DOL (Dollar)	(28,750)	(43,000)
Futures contracts - EUR	-	(20,000)
Option Contracts (US dollar, Cattle, Corn and IDI)	24,670	(16)
Swap contracts	230,969	207,038
NDF (US dollar + EURO)	1,340,350	247,839
Total Net	**1,567,239**	**391,861**

Financial assets and liabilities are presented in the interim financial information for June 30, 2014 and December 31, 2013 at amounts that closely approximate market values. Their respective revenues and expenses are recognized and they are presented on these dates according to their expected realization or settlement. The amounts related to export orders (solid sales agreements) refer to orders from approved clients that have not yet been invoiced (and therefore not accounted for), but which are already hedged against the risk of changes in foreign currency rates (US dollars or other foreign currency) through derivative financial instruments.

Following is a list of NDF agreements in effect for the Company as of June 30, 2014:

Type	Status	Currency	Maturity	Notional	Institution
NDF	SALE	DOL	08/01/2014	(30,000.00)	Banco Itau S.A.
NDF	SALE	EUR	08/08/2014	(9,000.00)	Banco Barclays S.A.
NDF	SALE	EUR	07/15/2014	(8,000.00)	Bank of America Merrill Lynch Banco Múltiplo S.A.
NDF	PURCHASE	DOL	01/08/2014	50,000.00	Banco Barclays S.A.
NDF	PURCHASE	DOL	11/03/2014	50,000.00	Banco Barclays S.A.
NDF	PURCHASE	DOL	11/03/2014	50,000.00	Banco Santander S/A
NDF	PURCHASE	DOL	11/03/2014	50,000.00	Banco Santander S/A
NDF	PURCHASE	DOL	08/01/2014	50,000.00	Bank of America Merrill Lynch Banco Múltiplo S.A.
NDF	PURCHASE	DOL	11/03/2014	50,000.00	Banco Bradesco S.A.
NDF	PURCHASE	DOL	11/03/2014	50,000.00	Banco Itau S.A.
NDF	PURCHASE	DOL	07/01/2014	50,000.00	Banco Pine S.A.
NDF	PURCHASE	DOL	07/01/2014	50,000.00	Banco Pine S.A.
NDF	PURCHASE	DOL	07/01/2014	50,000.00	Banco Pine S.A.
NDF	PURCHASE	DOL	07/01/2014	50,000.00	Banco Pine S.A.
NDF	PURCHASE	DOL	07/01/2014	50,000.00	Banco Pine S.A.
NDF	PURCHASE	DOL	11/03/2014	50,000.00	Banco Pactual S.A.

Credit risks

The Company is potentially subject to credit risks related to accounts receivable from its clients. It minimizes these risks by diversifying its client portfolio, given that the Company does not have a client or business group that accounts for more than 10% of its revenues and restricts the granting of credit to clients with good financial and operating indices.

c. Cattle price risks

The Company's line of business is exposed to the volatility of the prices for cattle, its main raw material, changes which arise from factors outside the control of management, such as climatic factors, volume of supply, transportation costs, agricultural policies and others. The Company, in accordance with its inventory policy, pursues its management strategy for this risk, working on physical control, which includes purchases in advance, confinement of cattle and the signing of contracts for future settlement (over-the-counter and exchanges), which ensure the realization of its inventories at a determined price level.

Over-the-counter market	**Fair value 6/30/2014**
Purchased forward contract	
Notional amount (@)	546,119
Future Contract Prices (R$/@)	122
Total R$/1000	**66,753**

Market BM&F	**Fair value 6/30/2014**
Sold Future Contracts	
Notional amount (@)	492,690
Future Contract Prices (R$/@)	124
Total R$/1000	**61,152**

d. Cash sensitivity analysis chart

The purpose of the sensitivity analysis statements is to disclose separately the derivative financial instruments which, in the Company's assessment, hedge risk exposure. These financial instruments are grouped according to the risk factor against which they are intended to hedge (price risk, exchange rate risk, credit risk etc.).

The scenarios were calculated according to the following assumptions:

- An upward movement typifies an increase in prices or risk factors as of June 30, 2014;
- A downward movement typifies an increase in prices or risk factors as of June 30, 2014;
- Probable scenario: Impact of 6%; fluctuation scenario of 25%; and fluctuation scenario of 50%.

The cash sensitivity statements were prepared in compliance with CVM Resolution No. 475/08, taking into consideration only the positions in derivative financial instruments and their impacts on cash.

Equity hedging
(In thousands of R$)

Operation	Moviment	Risk	Probable scenario 6% fluctuation	Possible scenario 25% fluctuation	Remote scenario 50% fluctuation
Hedging derivatives	Upward	Cattle	2,204	3,988	6,335
Cattle	Upward	Cattle	4,005	16,688	33,376
Net			**6,209**	**20,676**	**39,711**
Hedging derivatives	Upward	US dollar	(8,855)	(33,618)	(66,200)
Invoices + Cash – in $ US	Upward	US dollar	9,916	41,318	82,636
Net			**1,061**	**7,700**	**16,436**
Hedging derivatives	Upward	Euro	(3,075)	(12,814)	(25,628)
Invoices – in $ EUR	Upward	Euro	259	1,079	2,157
Net			**(2,816)**	**(11,735)**	**(23,471)**
Hedging derivatives	Upward	US dollar	69,087	287,861	575,722
Funds raised in $US	Upward	US dollar	(144,103)	(600,431)	(1,200,862)
Net			**(75,016)**	**(312,570)**	**(625,140)**
Swap of shares	Downward	Shares	(4,776)	(19,899)	(39,798)
Net			**(4,776)**	**(19,899)**	**(39,798)**

Exchange rate USD 2.2630 - Sale Ptax (Source Central Bank)
Exchange rate EUR 3.1175 - Sale Ptax (Source Central Bank)

Result of the equity hedging chart

- **Hedging derivatives x Cattle:** In the probable scenario where market fluctuation is 6%, the Company may have gains of R$ 6,209; in a scenario with 25% fluctuation losses would amount to R$ 20,676, and with 50% fluctuation R$ 39,711;
- **Hedging derivatives x Invoices + Cash in US$:** In the probable scenario where market fluctuation is 6%, the Company may have gains of R$ 1,061; in a scenario with 25% fluctuation losses would amount to R$ 7,700, and with 50% fluctuation R$ 23,740;
- **Hedging derivatives x Invoices + Cash in EUR:** In the probable scenario where market fluctuation is 6%, the Company may have loss of R$ 2,816; in a scenario with 25% fluctuation losses would amount to R$ 11,735, and with 50% fluctuation R$ 23,740;

- **Hedging derivatives x Funds raised in US$:** In the probable scenario where market fluctuation is 6%, the Company may have losses of R$ 75,016; in a scenario with 25% fluctuation losses would amount to R$ 312,570, and with 50% fluctuation R$ 625,140.

e. Guarantee margins

A guarantee margin call is applied to exchange transactions, whereby in order to cover margin calls the Company uses public and private fixed income bonds, such as CDBs (bank deposit certificates) held in its portfolio, thus mitigating impacts on its cash flow.

As of June 30, 2014, amounts deposited for margin amount to R$ 47,728.

F. Contract of share swap

In a meeting held on March 14, 2014, the Company's Board of Directors approved the agreement on swaps with Credit Suisse Próprio Fundo de Investimento Multimercado ("Credit Suisse").

The purpose of the Company when hiring this swap with Credit Suisse was to show its commitment and capacity of effectively operating its business. The Company decided for the strategy of not making any financial disbursements, entering into swap agreements with Credit Suisse that establish that the return of the Company will be equivalent to the changes in the prices of its shares.

The swap contracts establish that the return of the Company will be equivalent to the variation in prices of the shares issued by the Company (BEEF3) and the return of Credit Suisse will be equivalent to 100% of variation of CDI at the adjusted deadline, plus a predetermined spread.

Following there is a list of contracts/operations to settle; their reference amounts; settlement term; and fair value and amounts receivable/payable for each contract:

Contract date	Maturity date	Reference value
03/20/14	03/20/15	5,115
03/25/14	06/22/15	5,498
03/26/14	09/23/15	1,490
04/01/14	09/23/15	3,201
04/02/14	11/27/15	4,015
04/07/14	03/03/16	3,715
04/08/14	05/05/15	4,799
04/09/14	08/14/15	5,926
04/10/14	01/15/16	3,059
04/10/14	02/15/16	3,059
04/11/14	04/08/15	2,329
04/14/14	07/14/15	1,010
05/08/14	11/04/15	6,373
05/09/14	10/06/15	1,974
05/12/14	07/07/15	5,045
05/20/14	04/12/16	4,915
05/21/14	10/16/15	974
05/22/14	10/16/15	775
05/26/14	10/16/15	497
05/27/14	01/15/16	3,993
05/27/14	02/15/16	3,993
05/30/14	04/08/15	2,613
05/30/14	11/27/15	2,613
05/30/14	02/29/16	2,613
		79,595

The above mentioned operations, whose results will be financially settled upon maturity, do not change the current percentage of the Company's outstanding shares and do not lead to immediate cash disbursement.

g. Structured operation

During the 2nd quarter of 2012, the Company and its financial advisors structured the issue of non-convertible debentures with maturity on January 29, 2022, at the amount of R$ 450,000. This operation was structured in order to provide a neutral effect at the Company's composition of assets and liabilities.

29. Statements of comprehensive income (loss)

In compliance with CPC 26(R1) (IAS 1 – Presentation of financial statements, the Company presents below the changes in comprehensive income (loss) for the fiscal periods ended June 30, 2014 and 2013:

	Company		Consolidated	
	06/30/14	06/30/13	06/30/14	06/30/13
Income (loss) for the year	87,503	(190,575)	87,638	(191,102)
Asset and liability valuation adjustment	(6,735)	1,270	(6,735)	(106)
Total comprehensive income	80,768	(189,305)	80,903	(191,208)
Comprehensive income (loss) attributable to:				
Controlling shareholders	80,768	(189,305)	80,768	(189,305)
Non-controlling shareholders	-	-	135	(1,903)
Total comprehensive income	80,768	(189,305)	80,903	(191,208)

30. Insurance Coverage

The Company and its controlled companies have an insurance policy that mainly takes into consideration the concentration of risks, the significance and the replacement value of the assets. The main information about insurance cover in effect as of June 30, 2014 is as follows:

	Type of coverage	Amount insured
Buildings	Fire and miscellaneous risks	515,000
Facilities, equipment and products in stock	Fire and miscellaneous risks	46,000
Vehicles and aircrafts	Fire and miscellaneous risks	27,620
Civil liability	Operating risks	10,000
		598,620

The Company and its controlled companies have coverage for all products transported in Brazil and abroad. The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements and, accordingly, were not examined by the Company's independent auditors.

The Company took out insurance policies for the plants located in Palmeiras de Goiás (GO), Barretos (SP), José Bonifácio (SP), Bataiporã (MS) and Araguaína (TO).