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

MINERV A S.A.

Individual (Company) and consolidated Quarterly Information for the quarter ended June 30, 2012

MINERVA S.A.

Individual (Company) and consolidated Quarterly Information for the quarter ended June 30, 2012

Contents

Independent auditors' report on the interim financial statements

Balance sheets

Statements of operations

Statements of comprehensive income (loss)

Statements of changes in shareholders' equity

Statements of cash flows - indirect method

Statements of value added

Notes to the Quarterly Information

Tel.: +55 11 3848 5880
Fax: + 55 11 3045 7363
www.bdobrazilrcs.com.br

Rua Major Quedinho 90
Consolação – São Paulo, SP - Brasil
01050-030

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

INDEPENDENT AUDITORS' REPORT ON THE INTERIM FINANCIAL STATEMENTS

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, 2012, which comprises the balance sheet as of June 30, 2012 and the respective statements of operations, comprehensive income (loss), 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 these interim financial statements 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 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 statements of value added prepared under the responsibility of the Company's management, for the six-month period ended June 30, 2012, 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.

Restatement of financial information due to the reclassification of debentures mandatorily convertible into shares

As described in Note 3(f), the financial statements as of December 31, 2011 were restated on November 21, 2012, and our opinion on those financial statements reissued on the same date. Also, aiming to comply with Official Letter CVM/SEP/GEA-5 No. 058/2013, of February 25, 2013, the Company's Management reclassified the accounting of the Indenture for the 2nd Issue of Debentures Convertible into Shares amounting to R$ 163,510 thousand and R$ 183,796 thousand as of June 30, 2012 and December 31, 2011, respectively (net of transaction costs), formerly classified in Shareholders' Equity, in the caption "convertible debentures" in current liabilities (annual interest) and non-current liabilities (principal, less transaction costs). This financial information was amended and is being restated as provided for in Technical Pronouncement CPC 23 – Accounting Practices, Changes in Estimates and Correction of Errors. In our opinion such restatements and reclassifications of the financial statements referred to above are adequate and were properly made.

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

São Paulo, March 18, 2013.

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

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

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

MINERVA S.A.

Balance sheets as of June 30, 2012 and December 31, 2011
(In thousands of Brazilian Reais)

		Company		Consolidated	
	Note	30/06/2012	31/12/2011	30/06/2012	31/12/2011
Assets					
Cash and cash equivalents	5	721,064	694,875	818,522	746,382
Trade accounts receivables	6	116,480	153,169	168,449	207,402
Inventories	7	116,695	110,784	182,170	168,423
Biological Assets	8	34,093	47,680	34,093	47,680
Recoverable taxes	9	440,159	406,733	469,265	432,832
Other receivables		81,744	79,677	108,509	100,648
Total current assets		**1,510,235**	**1,492,918**	**1,781,008**	**1,703,367**
Other receivables		16,256	15,396	21,301	16,640
Related-party transactions	11	174,877	94,160	6,531	597
Recoverable taxes	9	98,886	98,886	108,536	108,897
Deferred tax assets	10	221,704	168,911	258,220	205,500
Court deposits		9,900	9,629	10,326	9,943
Investments	12	398,208	391,266	-	-
Property, plant and equipment	13	853,900	828,670	1,142,898	1,114,584
Intangible assets	14	4,631	3,583	340,790	339,663
Total non-current assets		**1,778,362**	**1,610,501**	**1,888,602**	**1,795,824**
Total assets		**3,288,597**	**3,103,419**	**3,669,610**	**3,499,191**

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

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

MINERVA S.A.

Balance sheets as of June 30, 2012 and December 31, 2011
(In thousands of Brazilian Reais)

	Note	Company		Consolidated	
		30/06/2012	31/12/2011	30/06/2012	31/12/2011
		(Restated)	(Restated)	(Restated)	(Restated)
Liabilities					
Loans and financings	15	162,683	403,968	279,296	540,665
Convertible debentures	19	625	903	625	903
Trade accounts payable	16	256,752	285,032	281,041	311,117
Labor and tax liabilities	17	49,006	44,153	61,934	54,463
Other accounts payable		63,595	48,448	90,316	73,744
Total current liabilities		**532,661**	**782,504**	**713,212**	**980,892**
Loans and financings	15	1,907,140	1,381,261	2,153,999	1,494,475
Convertible debentures	19	161,010	183,796	161,010	183,796
Labor and tax liabilities	17	41,260	46,365	41,311	46,437
Provisions for contingencies	20	19,282	19,282	19,285	19,286
Provisions for losses on investments		96,916	45,329	-	-
Related-party transactions	11	124,403	44,784	66,531	66,606
Payable accounts		-	-	33,234	30,893
Deferred tax liabilities	18	65,394	64,136	65,394	64,136
Total non-current liabilities		**2,415,405**	**1,784,953**	**2,540,764**	**1,905,629**
Shareholders' equity	21				
Capital stock		276,691	252,251	276,691	252,251
Capital reserves		169,160	190,042	169,160	190,042
Revaluation surplus		74,446	75,724	74,446	75,724
Income reserves		48,366	48,366	48,366	48,366
Retained earnings		(194,143)	-	(194,143)	-
Treasury shares		(11,331)	(7,482)	(11,331)	(7,482)
Asset and liability valuation adjustments		(22,658)	(22,939)	(22,658)	(22,939)
Total shareholders' equity attributed to controlling shareholders	**22**	**340,531**	**535,962**	**340,531**	**535,962**
Non-controlling interest		**-**	**-**	**75,103**	**76,708**
Total shareholders' equity		**340,531**	**535,962**	**415,634**	**612,670**
Total liabilities and shareholders' equity		**3,288,597**	**3,103,419**	**3,669,610**	**3,499,191**

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

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

MINERVA S.A.

Statements of operations
Six-month periods ended June 30, 2012 and 2011
(In thousands of Brazilian Reais)

	Note	Company				Consolidated			
		2nd Quarter 2012	Accumulated 2012	2nd Quarter 2011	Accumulated 2011	2nd Quarter 2012	Accumulated 2012	2nd Quarter 2011	Accumulated 2011
Revenue from the sale of goods - Domestic Market		354,832	687,472	444,218	832,507	373,089	719,101	480,979	904,412
Revenue from the sale of goods - Foreign Market		634,900	1,156,657	436,109	864,742	768,052	1,427,927	534,134	1,049,307
Deductions from revenue - taxes levied and others		(56,364)	(111,648)	(69,088)	(122,431)	(63,969)	(125,792)	(74,903)	(133,126)
Net sales	**24**	**933,368**	**1,732,481**	**811,239**	**1,574,818**	**1,077,172**	**2,021,236**	**940,210**	**1,820,593**
Cost of goods sold		(754,620)	(1,387,134)	(670,584)	(1,318,117)	(863,065)	(1,622,809)	(797,090)	(1,555,726)
Gross profit		**178,748**	**345,347**	**140,655**	**256,701**	**214,107**	**398,427**	**143,120**	**264,867**
Operating income (expenses):									
Selling expenses		(66,271)	(144,734)	(47,271)	(100,341)	(85,019)	(175,745)	(56,187)	(117,508)
General and administrative expenses		(23,835)	(46,131)	(24,690)	(43,895)	(30,226)	(58,210)	(28,843)	(53,323)
Other operating revenues		539	(332)	9,644	13,148	1,142	909	10,005	18,034
Income before financial income (loss), net, equity in earnings (loss) of controlled companies, and taxes		89,181	154,150	78,338	125,613	100,004	165,381	68,095	112,070
Financial expenses		(56,233)	(189,908)	(83,728)	(158,600)	(94,247)	(235,392)	(92,352)	(187,299)
Financial revenues		5,874	18,456	5,751	15,544	18,849	33,184	8,131	26,130
Exchange rate gains (losses), net		(174,649)	(184,357)	14,201	23,411	(198,827)	(210,435)	14,805	24,958
Financial income (loss), net	**25**	**(225,008)**	**(355,809)**	**(63,776)**	**(119,645)**	**(274,225)**	**(412,643)**	**(69,416)**	**(136,211)**
Equity in earnings (loss) of controlled companies		(38,255)	(45,297)	(13,959)	(2,609)	-	-	-	-
Income before taxes		**(174,082)**	**(246,956)**	**603**	**3,359**	**(174,221)**	**(247,262)**	**(1,321)**	**(24,141)**
Current income and social contribution taxes		-	-	-	-	(380)	(1,209)	-	-
Deferred income and social contribution taxes		43,746	50,877	(2,103)	8,412	43,746	50,877	(2,103)	35,321
Income (loss) before non-controlling interest		(130,336)	(196,079)	(1,500)	11,771	(130,855)	(197,594)	(3,424)	11,180
Income (loss) attributable to:									
Controlling shareholders		(130,336)	(196,079)	(1,500)	11,771	(130,336)	(196,079)	(1,500)	11,771
Non-controlling shareholders		-	-	-	-	(519)	(1,515)	(1,924)	(591)
Net income (loss)		**(130,336)**	**(196,079)**	**(1,500)**	**11,771**	**(130,855)**	**(197,594)**	**(3,424)**	**11,180**

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

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

MINERVA S.A.

Statements of changes in shareholders' equity - Company and consolidated
for the periods ended June 30, 2012
(In thousands of Brazilian Reais)

				Income reserve							
	Capital stock	Capital reserve	Revaluation surplus	Statutory reserve	Appropriated retained earnings	Accumulated deficit	Treasury shares	Asset and liability valuation adjustments	shareholders' equity attributed to controlling shareholders	Non-controlling interest	Total shareholders' equity
Balances at December 31, 2011 (restated)	**252,251**	**190,042**	**75,724**	**3,413**	**44,953**	**-**	**(7,482)**	**(22,939)**	**535,962**	**76,708**	**612,670**
Increase in capital stock	24,440	-	-	-	-	-	-	-	24,440	-	24,440
Treasury shares	-	(20,882)	-	-	-	-	(3,849)	-	(24,731)	-	(24,731)
Realization of revaluation surplus	-	-	(1,278)	-	-	1,936	-	-	658	-	658
Capital gains	-	-	-	-	-	-	-	-	-	-	-
(Increase / Decrease) in capital reserve	-	-	-	-	-	-	-	-	-	-	-
Asset and liability valuation adjustment	-	-	-	-	-	-	-	281	281	(90)	191
Dividends	-	-	-	-	-	-	-	-	-	-	-
Interest on equity capital	-	-	-	-	-	-	-	-	-	-	-
Appropriation of income in the period	-	-	-	-	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(196,079)	-	-	(196,079)	-	(196,079)
Non-controlling interest	-	-	-	-	-	-	-	-	-	(1,515)	(1,515)
Balances at June 30, 2012 (restated)	**276,691**	**169,160**	**74,446**	**3,413**	**44,953**	**(194,143)**	**(11,331)**	**(22,658)**	**340,531**	**75,103**	**415,634**

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

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

MINERVA S.A.

Statements of changes in shareholders' equity - Company and consolidated
for the periods ended June 30, 2011
(In thousands of Brazilian Reais)

				Income reserve							
	Capital stock	Capital reserve	Revaluation surplus	Statutory reserve	Appropriated retained earnings	Retained earnings	Treasury shares	Asset and liability valuation adjustments	shareholders' equity attributed to controlling shareholders	Non-controlling interest	Total shareholders' equity
Balances at December 31, 2010	**251,642**	**184,367**	**78,335**	**1,145**	**30,230**	**-**	**(10,132)**	**(29,093)**	**506,494**	**33,779**	**540,273**
Increase in capital stock	3	-	-	-	-	-	-	-	3	-	3
Treasury shares	-	-	-	-	-	-	(11,605)	-	(11,605)	-	(11,605)
Realization of revaluation surplus	-	-	(1,332)	-	-	2,012	-	-	680	-	680
(Increase / Decrease) in capital reserve	-	250	-	-	-	-	-	-	250	-	250
Asset and liability valuation adjustment	-	-	-	-	-	-	-	(1,324)	(1,324)	1,390	66
Net income (loss) for the period	-	-	-	-	-	11,771	-	-	11,771	(591)	11,180
Balances at June 30, 2011 (restated)	**251,645**	**184,617**	**77,003**	**1,145**	**30,230**	**13,783**	**(21,737)**	**(30,417)**	**506,269**	**34,578**	**540,847**

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

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

MINERVA S.A.

Statements of cash flows for the Six-month periods ended June 30, 2012 and 2011 (In thousands of Brazilian Reais)

	Note	Company				Consolidated			
		2nd Quarter 2012	Accumulated 2012	2nd Quarter 2011	Accumulated 2011	2nd Quarter 2012	Accumulated 2012	2nd Quarter 2011	Accumulated 2011
Cash flows from operating activities									
Net income (loss)		(130,336)	(196,079)	(1,500)	11,771	(130,855)	(197,594)	(3,424)	11,180
Adjustments to reconcile net income (loss)									
From operating activities:									
Depreciation and amortization		9,093	18,019	8,431	17,034	12,689	24,501	10,433	22,325
Net income (loss) attributed to non-controlling shareholders		-	-	-	-	519	1,515	1,924	591
Fair value of biological assets		(4,054)	(553)	(2,675)	(3,042)	(4,054)	(553)	(2,675)	(3,042)
Realization of deferred taxes - temporary differences		(43,746)	(50,877)	2,103	(8,412)	(43,746)	(50,877)	1,175	(35,321)
Realization of revaluation surplus, net		(967)	-	-	-	(967)	-	-	-
Equity in earnings (loss) of controlled companies		52,339	45,297	13,959	2,609	-	-	-	-
Finance charges		40,811	112,395	40,365	79,525	74,522	149,540	43,872	88,535
Unrealized exchange rate gains (losses)		191,185	184,462	(33,824)	(50,551)	193,460	183,331	(16,712)	(50,519)
Provision for contingencies		-	-	(11,176)	(13,106)	-	(1)	(11,174)	(13,106)
Trade accounts receivable and other receivables	6	(18,775)	33,762	(63,424)	(85,296)	(35,700)	26,431	(113,171)	(125,022)
Inventories	7	22,262	(5,911)	(41,562)	(23,453)	18,105	(13,747)	(74,203)	(57,482)
Biological Assets	8	6,856	14,140	31,836	35,228	6,856	14,140	31,836	35,228
Recoverable taxes	9	(11,655)	(33,426)	(24,988)	(46,582)	(13,148)	(36,072)	(21,622)	(56,413)
Intercompany receivables	11	376,288	(1,098)	57,996	44,429	(3,520)	(6,009)	16,799	48,928
Court deposits		-	(96)	9,511	7,959	(244)	(383)	9,471	7,743
Trade accounts payable	16	20,744	(28,280)	51,859	45,479	16,570	(30,076)	80,652	57,479
Labor and tax liabilities	17	2,212	(252)	1,127	6,068	3,281	2,345	1,899	6,837
Provisions for losses on investments	12	44,265	51,171	-	-	-	-	-	-
Other accounts payable		22,156	44,982	(1,484)	14,547	28,925	48,877	72,608	57,909
		578,678	**187,656**	**36,554**	**34,207**	**122,693**	**115,368**	**27,688**	**(4,150)**
Cash provided by operating activities		**578,678**	**187,656**	**36,554**	**34,207**	**122,693**	**115,368**	**27,688**	**(4,150)**
Cash flows from investing activities									
Acquisition of controlled company less cash and cash equivalents at acquisition							-	-	(12,055)
Acquisition of investments	12	(59,121)	(51,942)	-	(86,644)	-	-	-	-
Acquisition of intangible assets	14	(233)	(1,048)	-	(37)	(281)	(1,127)	(199)	(61,892)
Acquisition of property, plant and equipment	13	(18,378)	(43,249)	(25,538)	(52,259)	(27,964)	(52,815)	(37,237)	(72,069)
Cash provided by (used in) investing activities		**(77,732)**	**(96,239)**	**(25,538)**	**(138,940)**	**(28,245)**	**(53,942)**	**(37,436)**	**(146,016)**
Cash flows from financing activities									
Loans and financing taken	15	202,670	1,005,348	185,284	315,983	343,722	1,143,281	161,034	348,988
Loans and financings settled	15	(442,067)	(1,018,057)	(107,058)	(154,852)	(455,743)	(1,078,443)	(82,201)	(151,161)
Debentures convertible into shares		(17,151)	(22,785)	-	-	(17,151)	(22,785)	-	-
Changes in non-controlling interest		-	-	-	-	(505)	(1,605)	(133)	799
Capital contribution in cash		18,806	24,440	-	3	18,806	24,440	-	3
Interest on equity capital		-	(17,680)	-	-	-	(17,680)	-	-
Dividends		-	(11,762)	-	-	-	(11,762)	-	-
Treasury shares		9,552	(3,849)	1,589	(11,355)	9,552	(3,849)	1,589	(11,355)
Cancellation of treasury shares		(20,883)	(20,883)	-	-	(20,883)	(20,883)		-
Cash provided by (used in) financing activities		(249,073)	(65,228)	79,815	149,779	(122,202)	10,714	80,289	187,274
Net decrease in cash and cash equivalents		**251,873**	**26,189**	**90,831**	**45,046**	**(27,754)**	**72,140**	**70,541**	**37,108**
Cash and cash equivalents									
At beginning of period		469,191	694,875	385,174	430,959	846,276	746,382	543,031	576,464
At end of period		721,064	721,064	476,005	476,005	818,522	818,522	613,572	613,572
Net decrease in cash and cash equivalents		**251,873**	**26,189**	**90,831**	**45,046**	**(27,754)**	**72,140**	**70,541**	**37,108**

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

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

MINERVA S.A.

Statements of comprehensive income (loss) for the periods ended as of June 30, 2012 and 2011
(In thousands of Brazilian Reais)

		Company				Consolidated			
	Note	2nd Quarter 2012	Accumulated 2012	2nd Quarter 2011	Accumulated 2011	2nd Quarter 2012	Accumulated 2012	2nd Quarter 2011	Accumulated 2011
Net income (loss)	28	**(130,336)**	**(196,079)**	**(1,500)**	**11,771**	**(130,855)**	**(197,594)**	**(3,424)**	**11,180**
Other comprehensive income (loss)									
Asset and liability valuation adjustments		3,032	281	(822)	(1,324)	3,046	191	(36)	66
Other comprehensive income (loss), net of income and social contribution taxes		**3,032**	**281**	**(822)**	**(1,324)**	**3,046**	**191**	**(36)**	**66**
Total comprehensive income (loss)		**(127,304)**	**(195,798)**	**(2,322)**	**10,447**	**(127,809)**	**(197,403)**	**(3,460)**	**11,246**
Comprehensive income (loss) attributable to:									
Controlling shareholders		(127,304)	(195,798)	(2,322)	10,447	(127,304)	(195,798)	(2,322)	10,447
Non-controlling shareholders		-	-	-	-	(505)	(1,605)	(1,138)	799
Total comprehensive income (loss)		**(127,304)**	**(195,798)**	**(2,322)**	**10,447**	**(127,809)**	**(197,403)**	**(3,460)**	**11,246**

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

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

MINERVA S.A.

Statements of value added for the years ended as of June 30, 2012 and 2011 (In thousands of Brazilian Reais)

	Company		Consolidated	
	2012	2011	2012	2011
Revenues	1,800,640	1,645,066	2,133,988	1,953,719
Sales of merchandise, products and services	1,794,238	1,636,465	2,122,797	1,937,115
Other revenues	6,402	8,601	11,191	16,604
Input acquired from third parties	(1,653,099)	(1,467,140)	(1,974,207)	(1,771,263)
(Includes tax amounts - ICMS - State VAT, IPI - Federal VAT, PIS and COFINS - sales taxes)				
Cost of goods, merchandise and services sold	(1,455,060)	(1,303,693)	(1,751,045)	(1,584,256)
Materials, energy, third-party services and other	(198,039)	(163,447)	(223,162)	(187,007)
Other (specify)		-		-
Gross value added	**147,541**	**177,926**	**159,781**	**182,456**
Depreciation, amortization and depletion	(18,019)	(17,034)	(24,501)	(22,325)
Net value added generated by the entity	129,522	160,892	135,280	160,131
Value added received in transfer	(26,841)	1,585	23,018	26,130
Equity in earnings (loss) of controlled companies	(45,297)	(13,959)	-	-
Financial revenues	18,456	15,544	23,018	26,130
Others	-	-	-	-
Total value added to be distributed (5+6)	**102,681**	**162,477**	**158,298**	**186,261**
Distribution of value added	**102,681**	**162,477**	**158,298**	**186,261**
Personnel	89,222	87,037	125,008	112,382
Taxes, fees and contributions	(78,448)	(28,398)	(69,992)	(37,368)
	-			
Return on debt capital	287,986	92,067	300,876	100,067
Interest	282,325	89,284	295,215	94,284
Rents	5,661	2,783	5,661	5,783
	(196,079)	11,771	(197,594)	11,180
Return on equity capital				
Retained earnings/accumulated losses for the year	(196,079)	11,771	(197,594)	11,180

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

1. Operations

Minerva S.A. (the "Company") is a publicly held company listed at the "Novo Mercado" (New Market) level of corporate governance and its shares are traded on BM&F BOVESPA 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 has its shares traded on BM&F BOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros under the code "Beef3".

On February 21, 2011, Minerva approved the launch of the Program of American Depositary Receipts – ADR Level I ("ADRs Program"). The purpose of the ADRs Program is to increase the liquidity of Minerva shares, both in the US and Brazil, have easier access to US investors, increase the value of the Company's shares and increase Minerva's visibility worldwide.

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) and Campina Verde (MG). The distribution centers for the domestic market are located in the cities of Palmeiras (GO), Brasília (DF), Viana (ES), Itajaí (SC), São Paulo (SP), Araraquara (SP), Bauru (SP), Araguaína (TO), Belo Horizonte (MG) and Fortaleza (CE), serving the states of Goiás, Espírito Santo, Santa Catarina, São Paulo, Minas Gerais, Tocantins, Ceará and Paraná.

As of June 30, 2012, the Company's industrial facilities had a daily slaughtering capacity of 10,480 head of cattle and a deboning capacity of 2,040 tons (considering the controlled companies: Pul S/A; Minerva Alimentos S/A; e Friasa S/A), and are in compliance with sanitary requirements in order to export to several countries in all 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), the Company is engaged in the processing of meat and started the slaughtering of cattle in July 2010;
- **Minerva Dawn Farms S.A.:** 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. The activities of the controlled company were initiated in 2009 and, currently, about 80% of its sales are for the domestic market;

- **PUL S/A:** Acquired in January 2011, it is located at the Province of Cerro Largo, next to the capital Melo, in Uruguay. It is engaged in meat packing, slaughtering, deboning with 85% of its sales intended to the foreign market, mainly the US and Europe markets;
- **Friasa S.A.:** located in Asunción, Paraguay, is engaged in meat packing, slaughtering, deboning and processing of meats, in the domestic and foreign markets;
- **Minerva Overseas I:** located in the Cayman Islands, it is a controlled company created in 2006 to receive bonds in the amount of US$200,000 in January 2007. The Company was incorporated as a special purpose company (EPE) for the issue of the Bonds referred to above, and has no other operations;
- **Minerva Overseas II**: located in the Cayman Islands, it is a controlled company created in 2010 to receive bonds in the amount of US$250,000 in January 2010. The Company was incorporated as a special purpose company (EPE) for the issue of the Bonds referred to above, and has no other operations;
- **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, in February and March 2012, respectively. The Company was incorporated for the purpose of issuing the Bonds referred to above, and has no other operations, except those linked to the Company's indebtedness;
- **Eurominerva Comércio e Exportação Ltda**: located in Barretos (SP) is a joint venture incorporated to export live cattle to the foreign market. It refers to a joint venture for which the Company, in compliance with the provisions of CPC 26, applies the equity method of accounting and proportional consolidation. The accounting practices and estimates adopted in this jointly controlled company are identical to the ones adopted by the Company;
- **Minerva Beef:** it is a controlled company incorporated for raising funds;
- **Minerva Middle East:** it is an office located in Lebanon to market and sell the Company's products;
- **Transminerva Ltda:** located in Barretos (SP), is the transportation company incorporated to serve the Company and reduce freight expenses inside Brazil;
- **Brascasing Comercial Ltda.:** located in José Bonifácio (SP), is engaged in processing beef tripe and serves domestic and foreign markets. By the end of the third quarter of 2011, it referred to a joint venture for which the Company, in compliance with the provisions of CPC 26, applies the equity method of accounting and proportional consolidation. In December 2011, the Company acquired 5% of Brascasing's shares, then holding 55% interest and, consequently, the control over operations. In compliance with the provisions of CVM Decision No. 580/09 – CPC 15 (Business Combinations), the Company filed, as of December 31, 2011, the registry of the transaction considering that a "business combination in stages" (Note 2 – Acquisition of interest in controlled companies – Business Combination);

- **Minerva Colômbia S.A.S**: Located in Barrinquilla, Colombia, the company was incorporated with the purpose of exporting live cattle to the foreign market.

All other controlled companies, Loin Investments, Minerva Log and Livestock, were set up or acquired aiming at developing new markets for Minerva products and for raising funds. They were in pre-operating stage as of June 30, 2012:

	Ownership interest	
	06.30.12	12.31.11
Minerva Industria e Comércio de Alimentos S/A	98.00%	98.00%
Minerva Dawn Farms S/A	80.00%	80.00%
Friasa S/A	92.00%	92.00%
Minerva Overseas I	100.00%	100.00%
Minerva Overseas II	100.00%	100.00%
Eurominerva Comércio e Exportação Ltda	50.00%	50.00%
Minerva Beef	100.00%	100.00%
Minerva Middle East	100.00%	100.00%
Transminerva Ltda	100.00%	100.00%
Brascasing Comercial Ltda	55.00%	55.00%
Minerva Itália	100.00%	100.00%
Loin Investments	100.00%	100.00%
Minerva Log	100.00%	100.00%
Livestock	42.00%	42.00%
Pulsa S.A.	100.00%	100.00%
Minerva Colômbia S.A.S	100.00%	100.00%

The consolidated information includes the following controlled companies:

The issue of the Quarterly Information as of June 30, 2012 was authorized by the Executive Management and Board of Directors on August 7, 2012.

2. Acquisition of ownership interest in controlled companies – Business combinations

MINERVA DAW FARMS

On October 01, 2010, the Company obtained control of Minerva Dawn Farms, by acquiring the rights to subscribe for 18,000 thousand new shares with voting rights of this controlled company. As a result of this operation, the Company's 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 (joint venture).

The control acquisition of Minerva Dawn Farms will enable the Company to obtain administrative and commercial synergy with the parent Company, reducing operating expenses and promoting sales growth in the domestic market, using the existing distributors' sales channel in the Company, and also greater autonomy and speed in decision making.

The acquisition of the controlling 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 on the projected economic value of Minerva Dawn Farms on the transaction date, generating an excess over par value of R$42,000 thousand.

Identifiable assets acquired and liabilities assumed

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

The following fair values were determined on a temporary basis, previously appraised by an independent expert company and reviewed by the Company on the balance sheet date (December 31, 2010) and adjusted in less than a year in accordance with CVM Resolution No. 580/09 - CPC 15.

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 (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 set forth in such standard, when conducting a business combination in stages, the acquirer must revalue its previously-held equity interest in the acquiree at fair value on the acquisition date and then must recognize in the statement of operations the gain or loss generated from this business combination in stages. In addition and as recommended in the aforementioned standards, the Company has chosen to state the non-controlling 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 identifiable assets related to the previously-held equity interest and acquisition of another 30% interest were recognized in the year ended December 31, 2010, as shown below:

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

As provided for in CVM Resolution 580/09 - CPC 15, and previously mentioned, the Company conducted a review of the temporary amounts recorded for the transaction "business combination in stages", held on 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 interest and acquired as of December 31, 2010, amounts to R$ 130,946. It is a client portfolio, which has 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 and, as determined by CVM Resolution 580/09-CPC 15, 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 the 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 - expected future profitability	43,213
Clients portfolio	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.

In the Company's individual balance sheet, goodwill is classified 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 and IAS 36 and 38.

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 Cerro Largo Province, near the capital Melo, 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 and Sale Agreement in the amount of de US$ 52,000, (R$ 86,643 on that date) for the acquisition of 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 and Sale Agreement";
- US$14,000 by delivering 2,704,000 (two million seven hundred and four thousand) common shares of Minerva S/A, whose unit price is R$8.75 per share. As of November 08, 2011, the Brazilian Securities and Exchange Commission (CVM) approved the operation of delivering 2,704,000 (Two million, seven hundred and four thousand) common shares of the Company, to settle the said portion of US$ 14,000. 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, whose payment was made on March 21, 2012, in the amount of R$23,717;
- The amount of US$ 5,000, with payment expected by March 20, 2013, totaling, as of March 31, 2012, R$ 9,100.

The Meat Packing plant "PUL" has a total slaughtering capacity of 1,400 head a day. It is one of the three largest meat-packing plants in Uruguay, with realized revenue for 2011 amounting to US$ 120,0 million and expected for 2012 amounting to US$140,0 million, 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 Quarterly Information as of January 01, 2011, date when Minerva S/A actually acquired control over PULSA S/A. They consider 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 and shall be adjusted in less than a year in accordance with CVM Resolution No. 580/09 - CPC 15:

ASSETS	Fair value balance 1/1/2011
Current	
Cash and cash equivalents	12,945
Trade accounts receivable	17,683
Inventories	15,806
Other receivables	14,596
Non-current	
Investments	443
Property, plant and equipment	56,378
Total assets	**117,851**

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

The company reviewed, within the period specified in CVM Resolution 580/09 – CPC 15 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 to be adjusted 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 of the business combination:

IDENTIFIABLE ASSETS

In thousands of Brazilia Reais

	1/1/2011
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 Brazilia Reais

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

Under CPC 15, 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, which corresponds to the difference between the amounts transferred for acquiring control over the acquiree and the total capital calculated according to assets identified and liabilities assumed in the business combination, whose control was acquired by Minerva S/A on January 01, 2011, and is as follows:

In thousands of Brazilian reais

Shareholders' equity (fair value) - 01/01/2011	25,000
Goodwill from expected future profitability - (Note 12)	61,643
Consideration transferred	86,643

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 and IAS 36 and 38.

BRASCASING COMERCIAL LTDA.

In December 2011, the Company acquired 5% of Brascasing's shares, then holding 55% interest and, consequently, the control over operations.

The operation which gave rise to the obtaining of control of Brascasing Comercial Ltda by the Company totaled of R$ 3,000, corresponding to the acquisition of 5,000 shares of the company's capital stock.

Identifiable 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 (December 31, 2010) and shall be adjusted in less than a year in accordance with CVM Resolution No. 580/09 - CPC 15.

Determining goodwill by future profitability: According to CPC 15 (IFRS 3), the acquisition of another 5% of equity interest in the Company which has so far been a joint-controlled company, represents a "business combination in stages". As set forth in such standard, when conducting a business combination in stages, the acquirer must revalue its previously-held equity interest in the acquiree at fair value on the acquisition date and then must recognize in the statement of operations the gain or loss generated from this business combination in stages. In addition and as recommended in the aforementioned standards, the Company has chosen to state the non-controlling 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 identifiable assets related to the previously-held equity interest were recognized in the year ended December 31, 2011, as shown below:

In thousands of Brazilian Reais	12/31/2011
Goodwill from future profitability of the acquirer's previously held interest	49,909
Goodwill from future profitability of non-controlling interest	43,271
	93,180

3. Basis of preparation of the accounting information

Statement of compliance and basis of preparation:

The interim financial statements of the Company, included in the Quarterly Information for the quarter ended March 31, 2012, comprise:

- The consolidated interim financial statements prepared according to CPC 21 – Interim financial statements and IAS 34 – Interim Financial Reporting, issued by IASB and presented in accordance with the standards issued by CVM applicable to Quarterly Information;
- The Company's individual interim financial statements prepared according to CPC 21 – Interim financial statements and presented in accordance with the standards issued by CVM applicable to Quarterly Information.

The controlling company's individual accounting information have been prepared in accordance with the pronouncements, interpretations and guidance of CPC and, in case of the Company, these practices differ from IFRS applicable to consolidated financial information depending on the valuation of investments in controlled and jointly controlled companies by the equity method in the CPC, while for IFRS purposes it would be at cost or fair value.

However, there is no difference between the equity and the consolidated income (loss) reported by the Company in its individual and consolidated financial information.

In 2009 the Committee of Accounting Pronouncements (CPC) issued various pronouncements, guidelines and interpretations with mandatory application as from December 31, 2010 for purposes of alignment with international accounting standards issued by IASB. These pronouncements, guidelines and interpretations have been fully adopted by the Company and its controlled companies in the individual and consolidated Quarterly Information as of December 31, 2010, comparing them with those of December 31, 2009, and balances of January 01, 2009. They were approved by the Board of Directors on March 2, 2011.

Therefore, the accounting policies described in the Quarterly Information ended December 31, 2011 are in line with the accounting policies applied to this quarterly information as of June 30, 2012.

The Company's management authorized the issuance of this Accounting Information as of December 31, 2011, in May 10, 2012.

a. Measurement basis

The Quarterly 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 consolidated Quarterly Information are presented in Brazilian reais (R$), which is the Company's functional and reporting currency.

c. Foreign transactions

The accounting information as of December 31, 2011 and the Quarterly Information as of June 30, 2012 of controlled companies abroad (Friasa S/A, whose functional currency is Guarani and Pulsa S/A, whose functional currency is the US dollar) have been adapted to Brazilian accounting practices and have been translated into Brazilian reais by applying the following procedures:

(a) 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;
(b) 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;
(c) Revenues, costs and expenses are translated at the average monthly exchange rate;
(d) Exchange rate gains (losses) resulting from items (a), (b) and (c) above are recognized in a specific equity account as "cumulative translation adjustments".

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 – 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 shareholders' equity, under the account "cumulative translation adjustments" and recognized in the statement of operations 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 the individual and consolidated Quarterly Information in accordance with IFRS and CPC standards requires the Company's management to make judgments, estimates and assumptions that affect accounting policies application and the reported amounts of assets and liabilities, revenues and expenses. Actual results could differ from those estimates.

These 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. Spontaneous republishing of interim financial statements

Statement of requirements – CVM Process No. RJ-2012-13360

The Company's management, in response to the "statement of requirements" - CVM Process RJ-2012-13360, dated November 16, 2012, made adjustments in the accounting information contained in the notes to the financial statements of June 30, 2012, as listed below:

- Rectification, in the DFP (Standardized Financial Statements - CVM System – NET Companies), of the statement of cash flows, which were originally published in a synthetic manner in the DFP and, due to this CVM requirement, republished with analytical disclosure of all lines from operating, investing and financing activities; and
- Reclassification of the accounting information contained in Notes 10 (Deferred tax assets) and 18 (income and social contribution taxes), pertinent to the presentation and disclosure of deferred taxes, carrying out the reclassification of R$ 28,261 from non-current assets to non-current liabilities as of June 30, 2012 and December 31, 2011.

The interim financial statements (ITR) as of June 30, 2012 were originally presented on the system and web site of the Brazilian Securities and Exchange Commission (CVM) on May 31, 2012 and are republished on August 9, 2012, for compliance with this "Statement of requirements" of CVM.

OFFICIAL LETTER/CVM/SEP/GEA-5/No. 058/2013

In compliance with the Official Letter/CVM/SEP/GEA-5/No. 058/2013, of February 25, 2013, the Company is restating the Quarterly Information as of June 30, 2012, according to CVM in regard to the following issues: (i) reclassification of the initial record of the operations with debentures mandatorily convertible into Company's shares, in the amount of R$ 200,000 thousand; and (ii) need for restating and republishing the financial statements as of December 31, 2011, in comparison with the financial statements of December 31, 2012; and restatement of the Quarterly Information of 2012.

As a result of this CVM decision, the Company reclassified in the Quarterly Information as of June 30, 2012, the initial record of the debentures mandatorily convertible into shares, in the amount of R$ 161,635, net of transaction costs, as of June 30, 2012, from shareholders' equity (Capital reserve) to current liabilities (annual interest) and non-current liabilities (principal, less transaction costs). We point out that the initial record of the transaction under shareholders' equity (Capital reserve) was supported by studies conducted by the Company's management and accounting opinions from experienced accountants.

The reclassification made as determined by CVM does not affect in any way the terms and/or conditions of the instrument of issue of the debentures convertible into shares and, accordingly, has no impact on the Company's current indebtedness, its debt service and financial covenants. As a result of this transaction, in any possible events there will be no cash disbursement to the Company, but actually a conversion of the debentures into shares (equity instrument).

This reclassification did not affect the statements of income, cash flows and value added for the year ended June 30, 2012.

4. Summary of significant accounting practices

a. Basis of consolidation

Business combinations

Acquisitions made on January 01, 2009 or after that date

For acquisitions made on January 01, 2009 or after that date, 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, which the Company and its controlled companies incur related to a business combination, are recognized as expenses as they are incurred.

Acquisitions before January 01, 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 tested for impairment, in accordance with CPC 01.

(i) Controlled companies and joint ventures

The accounting information of controlled companies and joint ventures are included in the consolidated accounting information as from the date that such control or joint venture has begun up to the date when they are terminated.

(ii) Transactions eliminated in consolidation

Intercompany balances and transactions, as well as all other revenue or expenses from such transactions, are eliminated in 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 company. Unrealized losses are eliminated in the same manner as unrealized gains, except to the extent they provide evidence of impairment.

b. Result 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.

c. 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.

d. 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 income:** 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. Income earned is accounted for 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 in 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 on 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 attributed transaction costs. After the initial recognition, those financial liabilities are measured at the amortized cost using the effective interest rate method.

Capital stock

Common shares

Common shares are classified as shareholders' equity. Additional costs directly attributable to the issuance of shares and share options are recognized as deduction from shareholders' equity, net of any tax effects.

Repurchase of shares (Treasury shares)

When there's the repurchase of capital recognized as shareholders' equity, the value of the paid compensation, including directly attributable costs net of any tax effects, is recognized as a deduction from shareholders' equity. Repurchased shares are classified as treasury shares, being then presented as a deduction from total shareholders' equity. When treasury shares are sold or subsequently reissued, the amount received is recognized as an increase in shareholders' equity, and the resulting surplus or deficit are transferred to the capital reserve.

Derivative financial instruments

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.

e. Trade accounts receivables

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 effect on the date of the Quarterly Information. An allowance for doubtful accounts is recorded in an amount considered sufficient by management.

f. Inventories

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

g. Biological Assets

Biological assets are measured at fair value. Changes in the fair value of the derivative are recognized in income (loss). Agricultural activities, such as cattle herd growth (confinement of cattle or cattle under pasture operations) and growth of different agricultural products, are subject to revaluation of its assets, in order to determine its fair value based on the mark to market (MtM) concept.

h. 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 11.638/2007, effective since January 01, 2008.

The Company has chosen not to revalue its property, plant and equipment at deemed cost as of the beginning date of 2009. Note that the Company has hired skilled appraisers for verifying the deemed cost of its assets and to compare it with the values recorded in the books of account. No relevant changes were found that would make the recording and control of this appreciation necessary, which led management not to record the deemed cost.

Cost includes expenses directly attributable to the acquisition of an asset. The cost of assets constructed by the Company and its controlled companies includes materials and direct labor, as well as any costs incurred to bring the asset to the location and condition necessary for them to operate according to management's purposes. Borrowing costs on qualifying assets are capitalized since January 01, 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 carrying amount of the asset and should be recognized net as other revenues or expenses in the statement of operations.

Depreciation

Depreciation is recognized in the statement of operations according to the straight-line method. According to 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 included in assets.

Estimated (average) useful lives for current and comparative years are as follows:

	12/31/2011	
	Company	**Consolidated**
Buildings	2.96%	2.61%
Machinery and equipment	8.33%	8.05%
Furniture and fixtures	18.83%	16.54%
Vehicles	9.13%	9.13%
Hardware	24.27%	26.66%

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. 11.638/07 and described in note 21, will be held until its complete amortization, due to full depreciation or disposal of assets.

i. Lease

Finance lease agreements are recognized in property, plant and equipment and in liabilities for loans and financing at the lower between the present value of the minimum mandatory payments of the agreement and the fair value of the assets, plus, 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.

j. 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. For acquisitions prior to January 01, 2009, goodwill is included based on its deemed cost, which represents the amount recognized according to the accounting practices previously adopted.

k. Impairment

Financial assets

Management annually analyzes if there is objective evidence that the financial asset 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 assets with the purpose of evaluating events or changes in economic, operating or technological circumstances that may indicate impairment. When such evidence is identified and the net book value is higher than the recoverable value, an impairment loss is immediately recognized 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 sales price is determined based on a binding sale agreement conducted on an arm's length basis between the parties, adjusted by expenses attributable to the asset sale. If there is no such binding agreement, it should be based on the market price defined in an active market, or in the most recent transaction price 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 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.

l. 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 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.

m. Discount to present value of assets and liabilities

Non-current monetary assets and liabilities are discounted to present value when material, and current assets and liabilities when the effect is considered material with respect to the Quarterly Information.

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 twelve percent per year, 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 financial flows.

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 the cost to generate the information exceeds its benefit. Non-current assets and liabilities are calculated and recorded, when applicable and relevant.

Calculations and analyses are quarterly reviewed.

n. 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 on net income, considering, where applicable, income and social contribution tax loss carryforwards, up to 30% of yearly taxable income.

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

Deferred taxes are recognized for temporary differences between the 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 tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same entity subject to taxation.

Deferred income and social contribution tax assets are recognized by non-utilized tax losses, tax credits, differences in accounting practices (IFRS) and deductible temporary differences, 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 they will be realized.

o. Contingent assets and liabilities and legal obligations

The accounting practices for recording and disclosing contingent assets and liabilities and legal obligations are as follow: (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 provided 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.

p. Employee benefits

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

q. Sales revenue recognition

Sales revenue is presented net of taxes and discounts levied 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.

r. 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 26.

s. Earnings (losses) 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 period. 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 periods.

t. Segment reporting

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

u. New standards and interpretations not yet adopted

The following standards issued by IASB entered into effect during 2011 and the quarter ended March 31, 2012, but did not impact the Company's Quarterly Information:

- Revised version of IAS 24 - Related Party Disclosures;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments;
- Amendment of IFRIC 14 - Prepayments of a Minimum Funding Requirement;
- Amendment of IAS 32 - Classification of Rights Issues.

The standards issued by the IASB which have not yet entered into force and have not had their early adoption by the Company until December 31, 2011 are as follows:

Standard: Amendment of IFRS 7
Description: Disclosures: Transfers of Financial Assets.

Standard: Amendment of IAS 12
Description: Deferred tax: Recovery of Underlying Assets. It establishes criteria for the calculation of the tax base of an asset.

Standard: IFRS 10
Description: Consolidated Financial Statements. It establishes the principles for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities.

Standard: IFRS 11
Description: Joint Arrangements. It establishes the principles for disclosure of financial statements of entities which are parties to joint agreements.

Standard: IFRS 12
Description: Disclosure of Interests in Other Entities. It consolidates all requirements of disclosures which an entity should do when taking part in one or more other entities.

Standard: IFRS 13
Description: Fair Value Measurement. It defines fair value, explains how to measure it and determines what should be disclosed on this form of measurement.

Standard: Amendment of IAS 1
Description: Presentation of Items of Other Comprehensive Income. It groups into Other Comprehensive Income items which can be reclassified to the income (loss) in the statement of operations.

Standard: Amendment of IAS 19
Description: Employee Benefits. It eliminates the corridor approach for recognizing actuarial gains or losses, simplifies the presentation of changes in assets and liabilities of defined benefit plans and extends the disclosure requirements.

Standard: Amendment of IFRS 7
Description: Disclosures – Offsetting Financial Assets and Financial Liabilities. It establishes disclosure requirements of compensatory arrangements for financial assets and liabilities.

Standard: Amendment of IFRS 9
Description: Mandatory Effective Date of IFRS 9 and Transition Disclosures. It delays the date of entry into force of IFRS 9 to 2015. Eliminates the requirement for republishing comparative information and requires additional disclosures on the transition to IFRS 9.

Annual Improvements to IFRSs.
Description: IASB issued a review of the standards IFRS 1, IAS 1, IAS 16, IAS 32, IFRIC 2 and IAS 34 in May 2012.

In June 2012, IASB issued a review of the standards IFRS 10, IFRS 11 and IFRS 12 – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance – Amendments to IFRS 10, IFRS 11 and IFRS 12.

The Company is evaluating the impacts of these new standards on its Quarterly Information. However, it expects that its adoptions will not bring significant impacts in its Quarterly Information.

v. Determination of fair value

A lot of Company's accounting policies and disclosures 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 asset or liability.

x. Statements of value added

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

5. Cash and cash equivalents

	Company		Consolidated	
	06.30.12	**12.31.11**	**06.30.12**	**12.31.11**
Cash	194	158	316	375
Bank accounts	6,548	5,374	78,045	17,013
Cash and cash equivalents in foreign currency	283,722	198,308	292,818	212,089
	290,464	203,840	371,179	229,477
Financial investments				
In local currency:				
Bank Deposit Certificates - CDB	214,104	279,529	226,042	300,740
Debentures	91,676	62,734	96,481	62,734
Prize-draw investment bonds	1,082	1,047	1,082	1,047
Investment fund	7,618	7,402	7,618	7,402
LCA	116,120	140,323	116,120	140,424
In foreign currency:				
Bank Deposit Certificates - CDB	-		-	4,558
	430,600	491,035	447,343	516,905
	721,064	694,875	818,522	746,382

The 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 below:

	Company		Consolidated	
	06.30.12	**12.31.11**	**06.30.12**	**12.31.11**
Measured at fair value through income	429,518	489,988	446,261	515,858
Held to maturity	1,082	1,047	1,082	1,047
	430,600	491,035	447,343	516,905

6. Trade accounts receivable

	Company		Consolidated	
	06.30.12	**12.31.11**	**06.30.12**	**12.31.11**
Notes receivable - domestic market	53,805	50,979	70,809	73,288
Notes receivable - foreign market	60,325	99,697	102,712	138,850
Notes receivable - related parties	6,153	6,022	-	-
	120,283	156,698	173,521	212,138
(-) Allowance for doubtful accounts	(3,803)	(3,529)	(5,072)	(4,736)
	116,480	153,169	168,449	207,402

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

Aging list of accounts receivable

	Company		Consolidated	
	06.30.12	**12.31.11**	**06.30.12**	**12.31.11**
Falling due	104,018	135,520	140,976	174,660
Overdue:				
Up to 30 days	3,492	4,963	11,207	14,062
From 31 to 60 days	718	9,435	3,314	11,192
From 61 to 90 days	1,965	-	2,174	1,333
From 91 to 180 days	10,090	6,780	15,850	10,891
	120,283	156,698	173,521	212,138

During the quarter ended June 30, 2012 there were no significant changes in the allowance for doubtful accounts.

The maximum exposure to credit risk for the Company consists of the amounts receivable shown above. The value of the effective risk of loss 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 the income from sales made by the Company and its controlled companies.

The Company has no guarantee for overdue receivables.

7. Inventories

	Company		Consolidated	
	06.30.12	12.31.11	06.30.12	12.31.11
Finished goods	141,841	148,624	193,753	189,779
Raw material			4,842	10,092
Stockroom and secondary materials	11,152	16,458	19,873	22,850
Provision for inventory obsolescence (i)	(36,298)	(54,298)	(36,298)	(54,298)
	116,695	110,784	182,170	168,423

Provision recognized as of December 31, 2010 in order to cover possible obsolescence for stockroom and secondary material inventories and for some almost falling due inventories related to sale orders for the foreign market which had been stored in hub ports and were subsequently sent back to Brazil. Accordingly, the Company recognized an obsolescence provision for such inventories. Also, as the Company identifies that these inventories provisioned for are not recoverable, they will be written off.

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), whose valuation at market rates is reliably measured because of the existence of active markets for them. Their representation is as follows:

	Cattle
	Company and consolidated
Balance at December 31, 2011	47,680
Increase due to acquisitions	101,797
Decrease due to sales	(113,469)
Net increase due to births (deaths)	
Changes in fair value less estimated selling expenses	(1,915)
Balance at June 30, 2012	34,093

As of June 30, 2012, cattle in the farm held for sale were 19,470 feeder cattle (25,162 as of December 31, 2011).

9. Recoverable taxes

	Company		Consolidated	
	06.30.12	**12.31.11**	**06.30.12**	**12.31.11**
PIS (tax on sales)	55,234	51,731	58,092	58,802
COFINS (tax on sales)	269,891	246,901	282,957	251,784
ICMS (State VAT)	154,318	155,800	166,704	169,749
Income and social contribution taxes	59,602	51,187	69,128	60,872
IVA (Value-added tax)	-	-	920	522
	539,045	505,619	577,801	541,729
Current	440,159	406,733	469,265	432,832
Non-current	98,886	98,886	108,536	108,897

PIS and COFINS

The COFINS and PIS 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 these credits, properly formalized by the Company and its controlled companies, which shall happen during 2012 and result in a material amount of refund during the year.

Pis and Cofins release since the end of year 2010 for domestic market sales, and the change in the Brazilian Federal Revenue Service (RFB) Reimbursement of Tax Credits Form, which has demanded from the Company and its controlled companies some adjustments to the internal data processing systems for transmission of refunding applications which, in addition to all necessary data for their corresponding consent, has caused uncommon delay in the reimbursement of said credits, now under regularization during this year 2011 supported by the complete adjustment of the Company's and its controlled companies' systems.

Grounded on studies made by the Company's management regarding the expectation of refund of these tax credits, part of the credits recorded as current assets were segregated to non-current assets amounting R$55,185 in Company and R$61,148 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, thus generating credits which, after ratification by state tax authorities, are used for purchasing inputs for production, and which may also be sold to third parties, as provided for in legislation in effect.

From the aforementioned credit balance, a significant part is being inspected and ratified by the São Paulo State Finance Department and the Company's management expects to recover a significant portion of these credits throughout 2012. Grounded on studies conducted by the Company's management, an amount deemed sufficient to cover slower lawsuits, totaling R$ 43,701 in company and R$ 47,943 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, recorded in non-current assets, are expected to be realized up to the end of year 2014.

10. Deferred tax assets

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

	Company			
	Balance as of December 31, 2011	Recognized in income (loss)	Realization of deferred taxes	Balance as of June 30, 2012
	Reclassified			Reclassified
Deferred income and social contribution taxes on tax losses	164,831	50,596	-	215,427
Other deferred taxes	4,080	13,222	(11,025)	6,277
Total deferred tax assets	168,911	63,818	(11,025)	221,704

	Consolidated			
	Balance as of December 31, 2011	Recognized in income (loss)	Realization of deferred taxes	Balance as of June 30, 2012
Deferred income and social contribution taxes on tax losses	201,347	50,596	-	251,943
Other deferred taxes	4,153	13,122	(10,998)	6,277
Total deferred tax assets	205,500	63,718	(10,998)	258,220

The deferred tax assets on income and social contribution tax losses were recognized as of June 30, 2012, December 31, 2011, September 30, 2011 and December 31, 2010 in Company at the accumulated amount of R$227,249 as of June 30, 2012 (R$176,653 as of December 31, 2011) and, at December 31, 2011 and March 31, 2011, in Minerva Dawn Farms and Minerva Alimentos S/A in the accumulated amount of R$36,516 as of December 31, 2011, which represents a consolidated balance as of June 30, 2012 of R$263,765. The recognition is based on the fact that Management understands that 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 deferred tax assets on tax losses was grounded on the business plan and budget and internal financial projections, prepared by independent advisors.

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;
- Favorable economic perspectives; 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:

	06.30.12	06.30.12
	Company	**Consolidated**
2012	10,390	12,060
2013	25,945	30,114
2014	31,849	36,967
from 2015 on	159,065	184,625
	227,249	263,765
Income and Social Contribution taxes on temporary differences (*)	16,596	16,596
	243,845	280,361

(*) The Company expects to realize income tax (IR) and social contribution tax (CS) 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' meeting held on February 21, 2011, October 24, 2011 and 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	06.30.12	12.31.11	06.30.12	12.31.11
Brascasing (a)	3,811	3,812	374	-
Minerva Indústria e Comércio de Alimentos S.A. (b)	61,919	67,800	-	-
Minerva Dawn Farms S.A. (c)	85,922	6,658	-	-
Friasa S.A. (d)	7,037	7,069	2,645	152
Transminerva Ltda (e)	10,428	7,273	-	-
Other (f)	5,760	1,548	3,512	445
	174,877	94,160	6,531	597

(a) Loan to the company Brascasing Comercial Ltda. to be reimbursed;
(b) Loan made to Minerva Indústria e Comércio de Alimentos S.A., to start the construction of the new factory and for working capital;
(c) Loan made to Minerva Dawn Farms S.A. for working capital;
(d) Loan made to Friasa S.A. for working capital;
(e) Expenses of Transminerva, a controlled company, to be reimbursed;
(f) These refer to other loans and payments to the controlled companies and related parties to Minerva S.A.

	Company		Consolidated	
Loans payable	06.30.12	12.31.11	06.30.12	12.31.11
Minerva Luxemburgo (a)	34,383	-	-	-
Minerva Overseas I Ltd (b)	35,854	24,241	-	-
Minerva Dawn Farms (c)		-	23,636	22,303
Minerva Overseas II Ltd (d)	51,210	15,895	39,655	39,655
Other (d)	2,956	4,648	3,240	4,648
	124,403	44,784	66,531	66,606

(a) Loan from Minerva Luxembourg;
(b) Accounts payable to Minerva Overseas I;
(c) Loan from Dawn Farms (Ireland) to Minerva Dawn Farms;
(d) Loan from Minerva Overseas II to the controlling company; and
(e) Other loans to be reimbursed by the controlling company.

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 as follows:

	Company		Consolidated	
Trade accounts payable	**06.30.12**	**12.31.11**	**06.30.12**	**12.31.11**
Brascasing Comercial Ltda.	5,112	2,261	-	-
Minerva Dawn Farms S.A.	1,508	2,192	-	-
Minerva Indústria e Comércio de Alimentos S.A.	9,013	11,498	-	-
Friasa	1,363	-	-	-
Transminerva	-	2	-	-
Shareholders' acquisition	2,425	2,418	2,425	2,418
	19,421	18,371	2,425	2,418

	Company		Consolidated	
Trade accounts receivable	**06.30.12**	**12.31.11**	**06.30.12**	**12.31.11**
Brascasing Comercial Ltda.	1,204	1,538	-	-
Friasa	417	-	-	-
Minerva Dawn Farms S.A.	4,300	4,068	-	-
Minerva Ind. e Com. de Alimentos S.A.	232	416	-	-
	6,153	6,022	-	-

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

In the quarter ended June 30, 2012 and year ended December 31, 2011, no allowances for doubtful accounts or expenses incurred with uncollectible debts regarding related-party transactions were recognized.

Compensation of key management personnel

Management's key personnel includes 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 period ended June 30, 2012 and year ended December 31, 2011 is summarized below:

	Members 2011		06.30.12	06.30.11
Executive board and Board of Directors	11	#	1,066	968
	11		1,066	968

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 12.31.11	Transfers	Translation adjustment	Capital contribution	Equity in earnings (loss) of controlled companies	Balance at 06.30.12
Goodwill in expected future profitability		261,606	-	-	-	-	261,606
Minerva Indústria e Comércio de Alimentos Ltda.	98.00%	27,552	-	-	-	(828)	26,724
Eurominerva Indústria e Comércio de Alimentos Ltda.	50.00%	321	-	-	-	3	324
Minerva Overseas Ltd	100.00%	66,228	-	-	-	7,647	73,875
Minerva Middle East	100.00%	37	-	-	-	-	37
Brascasing Comercial Ltda.	55.00%	6,718	-	-	-	1,100	7,818
Minerva Dawn Farms S.A.	50.00%	-	-	-	-	-	-
Minerva Beef Ltd	100.00%	557	-	-	-	42	599
Minerva Luxemburgo	100.00%	67	(67)	-	-	-	-
Friasa Ltd	92.00%	13,581	-	(1,034)	-	10,165	22,712
Loin Investments	100.00%	46	(46)	-	-	-	-
Minerva Log S.A	100.00%	231	-	-	-	(9)	222
Livestock	42.00%	2,828	-	-	-	-	2,828
Transminerva	100.00%	-	-	-	-	-	-
Minerva Dawn Farms S.A.	80.00%	(21,462)	-	-	-	(13,129)	(34,591)
Pulsa S.A	100.00%	32,350	-	1,205	-	1,332	34,887
Minerva Colombia	100.00%	606	-	111	-	450	1,167
Investments		391,266	(113)	282	-	6,773	398,208
Minerva Itália	100.00%	(847)	-	-	-	(94)	(941)
Transminerva	100.00%	(1,347)	-	-	371	(3,540)	(4,516)
Minerva Overseas Ltd II	100.00%	(43,135)	-	-	-	(4,466)	(47,601)
Loin Investments	100.00%	-	46	-	-	(62)	(16)
Minerva Luxemburgo	100.00%	-	67	-	-	(43,909)	(43,842)
Provision for losses on investments		(45,329)	113	-	371	(52,071)	(96,916)
Investments, net		345,937	-	282	371	(45,298)	301,292

(*) Minerva Dawn Farms negative investment balance does not consider goodwill of R$ 92,834, which is allocated to a specific line item.

As mentioned in Note 2, the Company acquired on March 22, 2011, 100% of the shares with voting rights of company Pulsa S/A, acquired from this company's controlling company, for a total of US$ 52,000, with every detail of the "business combination" originated in this operation duly described in that note.

In December 2011, the Company acquired 5% of its jointly controlled company's share capital, Brascasing Comercial Ltda. as of the date of operation. After this acquisition, the Company holds 55% of the share capital of this company, now taking its control. That operation was framed as a "business combination in stages", and is duly described in Note 2.

Summary of the controlled companies' and jointly controlled companies' accounting information as of June 30, 2012:

	Ownership interest	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity
Minerva Alimentos	98.00%	59,030	114,440	23,980	122,220	27,270
Eurominerva Comércio	50.00%	14	634	-	-	648
Minerva Overseas	100.00%	1,357	142,288	-	69,770	73,875
Minerva Overseas II	100.00%	16	818,391	-	866,009	(47,602)
Minerva Middle East	100.00%	37	-	-	-	37
Brascasing	55.00%	21,888	1,895	5,714	3,854	14,215
Minerva Dawn Farms	80.00%	38,704	135,225	52,396	164,771	(43,238)
Minerva Beef	100.00%	599	-	-	-	599
Minerva Luxemburgo	100.00%	47,726	1,671,858	53,835	1,709,591	(43,842)
Friasa	92.00%	60,444	17,281	45,274	7,764	24,687
Transminerva	100.00%	4,814	1,882	784	10,428	(4,516)
Loin Investments	99.00%	4	-	3	17	(16)
Minerva Log	100.00%	222	-	-	-	222
Livestock	42.00%	2,828	-	-	-	2,828
Minerva Itália	100.00%	-	-	-	941	(941)
Pulsa S.A.	100.00%	54,466	71,244	53,462	37,361	34,887
Minerva Colombia	100.00%	1,780	115	477	250	1,168
Total		293,929	2,975,253	235,925	2,992,976	40,281

Below, we present the results of controlled companies which had changes during the six-month periods ended June 30, 2012 and 2011:

	06.30.12		06.30.11	
	Net revenue	Net income/(loss) in the year	Net revenue	Net income/(loss) in the year
Minerva Alimentos	142,872	(844)	54,003	1,844
Eurominerva Comércio	-	1		28
Minerva Overseas	-	7,647		5,965
Minerva Overseas II	-	(4,466)		(10,455)
Minerva Middle East	-	-		
Brascasing	12,499	1,999	7,956	(230)
Minerva Dawn Farms	58,863	(16,412)	27,943	(1,086)
Minerva Beef	-	43		(978)
Minerva Luxemburgo	-	(43,909)		
Friasa	92,398	11,049	100,055	(4,107)
Transminerva	721	(3,539)		(297)
Loin Investments	-	(61)		(4)
Minerva Log	-	(9)		(5)
Livestock	-	-		
Minerva Itália	-	(95)	409	(33)
Pulsa S.A.	130,706	1,334	101,223	6,292
Minerva Colombia	17,401	451	8,607	355

(*) All amounts represent 100% of the controlled companies' results of operations.

13. Property, plant and equipment

a. Breakdown of property, plant and equipment

Company				06.30.12	12.31.11
Description	Depreciation rate - %	Historic Cost	Accumulated depreciation	Net	Net
Buildings	2.93%	493,760	(60,454)	433,306	410,805
Machinery and equipment	8.02%	259,571	(39,658)	219,913	202,898
Furniture and fixtures	18.44%	2,918	(1,170)	1,748	2,010
Vehicles	9.07%	13,871	(3,180)	10,691	11,216
Hardware	23.74%	3,572	(2,245)	1,327	1,604
Plots of land		47,110	-	47,110	42,807
Construction in progress		139,805	-	139,805	157,330
		960,607	(106,707)	853,900	828,670

Consolidated				06.30.12	12.31.11
Description	Depreciation rate - %	Historic Cost	Accumulated depreciation	Net	Net
Buildings	2.53%	619,493	(67,537)	551,956	526,553
Machinery and equipment	7.82%	357,405	(65,678)	291,727	275,653
Furniture and fixtures	17.39%	5,312	(1,852)	3,460	3,789
Vehicles	10.18%	14,719	(3,518)	11,201	11,616
Hardware	22.92%	5,476	(3,180)	2,296	2,772
Plots of land		55,900	-	55,900	51,176
Construction in progress		226,358	-	226,358	243,025
		1,284,663	(141,765)	1,142,898	1,114,584

b. Changes in property, plant and equipment

Company	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Hardware	Plots of land	Construction in progress	Total
Balance at December 31, 2011	410,805	202,898	2,010	11,216	1,604	42,807	157,330	828,670
Additions		8					43,603	43,611
Transfers	29,331	26,985	1	462	46	4,303	(61,128)	-
Disposals	(2)	(402)		(372)				(776)
Depreciation	(6,828)	(9,576)	(263)	(615)	(323)			(17,605)
Other								-
Balance at June 30, 2012	433,306	219,913	1,748	10,691	1,327	47,110	139,805	853,900

Consolidated	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Hardware	Plots of land	Construction in progress	Total
Balance at December 31, 2011	526,553	275,653	3,789	11,616	2,772	51,176	243,025	1,114,584
Additions	1,172	1,083	47	372	61	12	44,967	47,714
Transfers	29,423	27,466	1	462	46	4,303	(61,701)	-
Disposals	(2)	(402)	-	(423)	(7)	-	-	(834)
Depreciation	(8,191)	(14,024)	(393)	(875)	(587)	-	-	(24,070)
Other (Translation adjustments)	3,001	1,951	16	49	11	409	67	5,504
Balance at June 30, 2012	551,956	291,727	3,460	11,201	2,296	55,900	226,358	1,142,898

c. Construction and facilities in progress

As of June 30, 2012, the balances of construction and facilities in progress refer to the following major projects: completion of the construction of Rolim de Moura (State of Roraima - RO) plant, and expansion of Campina Verde plant.

As of June 30, 2012 and December 31, 2011, capitalized borrowing costs incurred with the acquisition of machinery, expansions and the construction of industrial plants totaled R$1,541 and R$2,682 (Company) and R$1,582 and R$2,741 (Consolidated), respectively, with an average capitalization rate of 120% of CDI (Interbank Deposit Rate).

d. Amounts offered as collateral

Property, plant and equipment items offered as collateral for loans and financing amounted to R$180,158 as of June 30, 2012.

e. 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 this effect.

14. Intangible assets

	Company		Consolidated	
	06.30.12	12.31.11	06.30.12	12.31.11
Goodwill paid on acquisitions	-	-	335,664	335,662
Software	4,631	3,583	5,126	4,001
	4,631	3,583	340,790	339,663

The movements of intangible assets during the six-month period ended June 30, 2012 is shown below:

	Company		
	Goodwill paid on acquisitions	**Software acquired**	**Total**
Balance at December 31, 2011	-	3,583	3,583
Acquisition	-	1,473	1,473
Amortization	-	(425)	(425)
Balance at June 30, 2012	-	4,631	4,631

	Consolidated		
	Goodwill paid on acquisitions	**Software acquired**	**Total**
Balance at December 31, 2011	335,662	4,001	339,663
Acquisition	3	1,561	1,564
Amortization	-	(437)	(437)
Balance at June 30, 2012	335,665	5,125	340,790

(i) During the year ended December 31, 2011, the Company purchased 100% shares with voting rights of Frigorífico Pulsa S/A, on 22 March 2011, which caused the recording of goodwill by expectation of future profitability amounting to R$ 61,643. Additionally, 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$93,180 thousand (R$49,909 Company's interest and R$ 43,271 – non-controlling interest);

As described in Note 2, to comply with the requirements defined in the CVM Resolution 580/09 – CPC 15, the Company revised the acquired assets and assumed liabilities calculations made at the time of recording of the fair value of the acquisition of more 30% of MDF's shares. This was framed as a "business combination in stages", and the segregation of appreciation (goodwill) was found in the temporary recording of the fair value of the Company's interest in that operation, amounting to R$132,890, segregating goodwill by expectation of future profitability – R$43,213, client portfolio – R$ 87,733 and appreciation of assets – R$1,944, complying with CPC pronouncements, instructions and guidance. Non-controlling interest of R$33,223, for not belonging to the Company, remained recorded as firstly recorded.

In compliance with CPC 1 (IAS 36), the Company tests for impairment its intangible assets which do not have estimated useful lives at least once a year. By June 30, 2012 it had not identified any signs of impairment.

15. Loans and financings

		Company		Consolidated	
Types	Finance charges	06.30.12	12.31.11	06.30.12	12.31.11
Debentures (1)	127% of CDI	181,860	184,078	181,860	184,078
Debentures (1)	Fixed rate	452,119	-	-	-
BNDES (2)	TJLP + Basket of currencies BNDES	56,946	62,840	56,946	62,840
BNDES - Revitaliza (1)	+Spread 9% p.a.	30,529	30,130	30,529	30,130
FINEP (3)	TJLP + Spread	2,779	5,383	40,392	34,486
Lease (1)	TJLP + 3.5% p.a.	8,910	11,775	8,910	11,775
Bank Credit Note (1)	Rate 8.5% p.a.	30,009	53,939	30,009	130,388
Bank Credit Note (1)	CDI + spread	1,470	227,975	74,435	227,975
NCE (1)	CDI + spread	49,595	143,936	73,889	203,650
Other types (1)	10% p.a.	639	831	10,844	13,324
		814,856	720,887	507,814	898,646
Foreign currency (US dollar)					
ACCs (1)	Interest from 2.5% to 6% p.a.+ exchange rate	21,034	216,408	22,465	244,251
Senior Unsecured Notes - I and II (5)	Exchange rate + interest	1,162,848	786,929	1,763,426	764,456
PPE (4)	Interest from 2.8% to 5.5% p.a. + Libor	213,946	204,676	247,650	241,160
Other types (1)	Interest of 2.95% p.a. + Libor		-	37,645	31,688
Hedging instruments - Derivatives		(142,861)	(143,671)	(145,705)	(145,061)
		1,254,967	1,064,342	1,925,481	1,136,494
Total loans		2,069,823	1,785,229	2,433,295	2,035,140
Current		162,683	403,968	279,296	540,665
Non-current		1,907,140	1,381,261	2,153,999	1,494,475

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

(1) Endorsement of the parent company VDQ Holdings S.A and/or endorsement of the shareholders of VDQ Holdings S.A.;
(2) Mortgage of the Palmeiras de Goiás factory and the farms of the shareholders of the parent company VDQ Holdings S.A.;
(3) Mortgage of the Barretos factory;

(4) The following guarantees were offered to Rabobank specifically for the PPE transaction for the Minerva Dawn Farms:

- 50% guaranteed by the Company and 50% guaranteed by Dawn Farms Foods;
- Conditional sale of the equipment of the financed party;
- First-degree mortgage of the plant of Minerva Dawn Farms;
- 99.99% of conditional sale on the shares of Minerva Dawn Farms, a controlled company.

(5) Endorsement by the Company for the Senior Unsecured Notes issued by controlled company Minerva Overseas Ltd. and Minerva Overseas II Ltd.

Long-term portions of Company's loans and financing mature as follows, as of June 30, 2012:

	Company							
	2013	**2014**	**2015**	**2016**	**2017**	**2019**	**2022**	**Total**
Lease	1,612	1,479	911	-	-	-	-	4,002
BNDES	18,901	11,414	11,414	11,414	3,803	-	-	56,946
BNDES EXIM	30,000	-	-	-	-	-	-	30,000
CCB	3,537	7,083	6,498	6,498	542	-	-	24,158
CCI	192	96	-	-	-	-	-	288
Debentures	57,000	57,000	57,000	-	-	-	450,000	621,000
NCE	-	33,170	-	-	-	-	-	33,170
Pre-shipment	53,312	68,724	24,256	-	71,085	756,441	305,216	1,279,034
Hedging instruments - Derivatives	(37,348)	(59,598)	(31,440)		(13,072)	-	-	(141,458)
	127,206	119,368	68,639	17,912	62,358	756,441	755,216	1,907,140

Long-term portions of controlled companies' loans and financing (consolidated) mature as follows, as of June 30, 2012:

	Consolidated										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Lease	1,612	1,479	911	-	-	-	-	-	-	-	4,002
BNDES	18,901	11,414	11,414	11,414	3,803	-	-	-	-	-	56,946
BNDES Revitaliza	30,000	-	-	-	-	-	-	-	-	-	30,000
CCB	5,998	12,007	15,799	11,422	5,465	4,924	4,924	4,924	4,924	12,146	82,533
CCI	192	96	-	-	-	-	-	-	-	-	288
Debentures	57,000	57,000	57,000	-	-	-	-	-	-	-	171,000
FINAME	1,671	3,108	1,448	-	-	-	-	-	-	-	6,227
FINEP	3,130	6,261	6,261	6,261	6,261	3,129	-	-	-	-	31,303
NCE	2,000	33,170	-	-	-	-	-	-	-	-	35,170
Pre-shipment	58,819	79,738	29,840	-	-	-	-	-	-	-	168,397
Senior Unsecured Notes	-	-	-	-	67,014	-	744,465	-	-	898,112	1,709,591
Hedging instruments - Derivatives	(37,348)	(59,598)	(31,440)		(13,072)	-	-	-	-	-	(141,458)
	141,975	144,675	91,233	29,097	69,471	8,053	749,389	4,924	4,924	910,258	2,153,999

Below are the Company's and its controlled companies' main loans and financing as of June 30, 2012:

Debentures

On July 7, 2010, Minerva S.A. offered debentures, not convertible into shares, totaling R$200,000, maturing on July 10, 2015. The debentures were offered by making restricted efforts (CVM Instruction No. 476). The principal amounted to R$200,000, and bears interest at the accumulated variation (effective rate) of 127% of average daily rates of Interbank deposits (DI), daily calculated and disclosed by Cetip in its daily report. Funds were allocated 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 addition, financial covenants are linked to the indenture, to which net debt x EBITDA ratio cannot exceed 3.5 times. Debentures will mature within 5 years, as from their issue, which means on July 10, 2015.

In the process of issue of such debentures, the Company incurred transaction costs in the amount of R$3,114, recorded in its Quarterly Information as a reduction of own liabilities, to be amortized upon the maturity of the transaction in 2015.

Net debenture-related liabilities as of June 30, 2012 were R$210,813 (R$213,877 as of December 31, 2011) in the consolidated accounting information.

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

Debt notes abroad

Through its controlled companies Minerva Overseas Ltd. and Minerva Overseas Ltd. II, the Company issued debt notes abroad amounting to US$200,000 and US$250,000, 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 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, 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) shall pay six-month coupons at a rate of 12.25% 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) 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 this 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 limitation of 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 "Marketable Securities"; (III) "**Write-downs**" means a range of exceptions, 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 (equivalent to approximately R$258,000); (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 Quarterly Information.

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 Quarterly Information as a reduction of own liabilities, to be amortized upon the maturity of the transaction in 2022.

Net debenture-related liabilities as of June 30, 2012 were R$1,763,426 (R$764,456 as of December 31, 2011) in the consolidated accounting information.

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, 2012 the consolidated debt balance was R$37,613 and bears annual interest of 4.5%. The debt matures on June 15, 2018, but may be subject to early maturity (among other situations) if: (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, 2012 was R$56,542. 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, 2012, 8.36% of the Company's and its controlled companies' total debt was secured by security interest in real estate (9.24% as of December 31, 2011).

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

Export credit note No. 306703-7 amounting to R$17,446, issued by the Company on April 27, 2010, limits the assignment, transfer or disposal, without express consent of the creditor, of the controlling interest in the Company or VDQ Holdings S.A. (as guarantor).

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 subsidiaries pay any dividend or make any distribution of interest on its invested capital held by other than its subsidiaries, (except (a) dividends or distributions paid on qualified interests of Minerva, and (b) dividends or distributions payable by a subsidiary, 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, 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 and 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.

Financing agreements entered into with Rabobank establish limitations regarding: i) change in corporate control; ii) sale of assets; iii) realization of any sort of merger, spin-off, winding up or sale of the whole or part of relevant assets or properties; iv) distribution of dividends; v) transactions with affiliated companies; vi) changes in accounting practices; and vii) change in Minerva Dawn Farms' and its subsidiaries' activities. The agreements also establish as defaulting events, among other, a) decisions not liable to be appealed against by Minerva Dawn Farms or intervening parties in an amount higher than US$1,000 thousand, which are effective for a period higher than 30 days; and b) change in Minerva Dawn Farms' corporate control. In addition, they limit MDF to pay dividends and take out additional financing. According to the contractual clauses, MDF is bound to comply with certain financial obligations, including keeping a Net debt/EBITDA ratio not higher than 3.00 and a debt service coverage ratio not lower than 1.5.

The Credit Agreement amounting to US$35,000, entered into by the Company and Banco Bradesco S.A., establishes the debt's early maturity in case of change in the control without prior written consent by the creditor.

16. Trade accounts payable

	Company		Consolidated	
	06.30.12	12.31.11	06.30.12	12.31.11
Domestic	249,265	275,678	274,300	297,178
Foreign	7,487	9,354	6,741	13,939
	256,752	285,032	281,041	311,117

17. Labor and tax liabilities

	Company		Consolidated	
	06.30.12	**12.31.11**	**06.30.12**	**12.31.11**
Labor				
Salaries and management compensation	3,673	3,515	4,436	4,579
Social charges - Severance Pay Fund (FGTS) and Social Security Tax (INSS) (employees and third parties)	5,699	5,939	7,389	6,780
Provision for vacation pay/year-end bonus and charges	19,587	13,511	26,124	18,316
Other proceeds and charges	2,939	2,724	3,582	2,909
	31,898	25,689	41,531	32,584
Tax				
INSS payment in installments	43,269	46,808	43,312	47,577
ICMS (State VAT) payable	5,481	5,518	5,769	5,847
Corporate Income Tax (IRPJ)	-	-	1,338	1,574
Other taxes and fees	9,618	12,503	10,869	13,164
	58,368	64,829	61,714	68,316
Total	90,266	90,518	103,245	100,900
Current	49,006	44,153	61,934	54,463
Non-current	41,260	46,365	41,311	46,437

18. Income and social contribution taxes on deferred income (losses) - Provision in assets and liabilities, net amount

Deferred tax debts are recorded to reflect future tax effects attributable to temporary differences between the tax basis of assets and liabilities and their respective carrying amount, as well as to reflect the tax credits resulting from the revaluation of assets. They are distributed as follows:

	Company		Consolidated	
	06.30.12	**06.30.11**	**06.30.12**	**06.30.11**
Temporary add-backs				
Sundry provisions	8,106	78,118	8,106	78,118
Fair value of Biological assets	-		-	
Temporary deductions				
Sundry provisions	-	(8,024)	-	(8,024)
Cost of loans - property, plant and equipment	-		-	
Fair value of Biological assets	(7,277)	(3,402)	(7,277)	(3,402)
Goodwill on business combination	-	(92,834)	-	(92,834)
Effect of new useful life of property, plant and equipment	-		-	
Calculation basis of deferred taxes	829	(26,142)	829	(26,142)
Deferred IR/CS - temporary differences	282	(8,888)	282	(8,888)
Realization of deferred IR/CS - temporary difference	-	17,300	-	18,529
Deferred IR/CS on tax losses	50,595	-	50,595	25,680
Total deferred IR/CS	50,877	8,412	50,877	35,321

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

	Company and consolidated			
	Balance at January 1, 2012	**Recognized in income (loss)**	**Realization of deferred taxes**	**Balance at June 30, 2012**
Taxes on revaluation surplus	37,187	-	(658)	36,529
Taxes on the adjustment of biological assets	2,471	2,473	(2,471)	2,473
Taxes on appreciation in controlled company	48,532	-	-	48,532
Other deferred taxes	4,207	4,347	(8,553)	1
Total deferred tax liabilities	92,397	6,820	(11,682)	87,535
Taxes on obsolete invetories	(18,461)	-	6,120	(12,341)
Other deferred taxes	(9,800)	-	-	(9,800)
	(28,261)	-	6,120	(22,141)
	64,136	6,820	(5,562)	65,394

Based on budgeting, business planning and budget projection, management estimates that tax credits arising from temporary differences shall be realized by 2015.

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	
	06.30.12	**06.30.11**	**06.30.12**	**06.30.11**
Income (loss) before taxes	(246,956)	3,359	(247,262)	(24,121)
Add-backs				
Temporary differences	2,491	35,056	2,491	35,056
Permanent differences	38,478	78,118	38,497	78,118
Realization of temporary differences	(854)	-	-	-
Realization of the revaluation surplus	1,936	2,016	1,936	2,016
Effects of the initial adoption of IFRS	313,991	-	318,376	-
Deductions				
Temporary differences	-	(104,260)	(854)	(104,260)
Permanent differences	-	(40,267)	-	(40,267)
Effects of the initial adoption of IFRS	(316,252)	-	(322,924)	-
Subtotal	(207,166)	(25,978)	(209,740)	(53,458)
Realization of tax losses	-	-	-	-
Calculation basis of taxes	(207,166)	(25,978)	(209,740)	(53,458)
Tax loss to offset	-	-		-
Calculation basis after tax loss to offset	(207,166)	(25,978)	(209,740)	(53,458)
Income tax payable	-	-	(935)	-
Social contribution tax payable	-	-	(274)	-

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.

19. Debentures mandatorily convertible into shares

	Company and consolidated	
	06.30.12	12.31.11
Debentures mandatorily convertible into shares	178,685	200,903
(-) Transaction cost (*)	(14,550)	(16,204)
	164,135	184,699
Non-current	625	903
Current	163,510	183,796

(*) The transaction cost shall be amortized pro rata until the notes maturity on June 15, 2015.

As described in Note 3 (f), according to CVM, the Company reclassified the mandatorily convertible debentures into shares from 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. 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$ 200,000;
- 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. Leases

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, instead of noncurrent liabilities, with an offsetting entry of the asset acquired into property, plant and equipment.

b. Operating lease

The 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 agreement for the plant of Batayporã/MS, which contains an automatic renewal clause and the option of purchasing preference.

The lease statement is as follows:

Leased asset	Weighted average interest rate	Weighted average maturity term (years)	Expense amount at 06.30.2012	Expense amount at 06.30.2011
Farms and 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	06.30.12	12.31.11	06.30.12	12.31.11
Court deposits for appealing labor lawsuits	3,233	2,982	3,233	2,982
Court deposits for appealing tax lawsuits	1,890	1,890	1,890	1,890
Court deposits for appealing civil lawsuits	4,758	4,758	4,758	4,758
Tax (offsetting against unapproved credits)	9,401	9,401	9,404	9,405
Contingencies for labor claims	-	251	-	251
	19,282	19,282	19,285	19,286

There were no significant changes in the provisions for contingencies, both in Company and consolidated, as of June 30, 2012.

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

a. Labor claims (chances of loss assessed as probable)

Most of these labor claims involve health hazard claims 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$156 (R$251 in Company and consolidated, as of December 31, 2011) were accrued for labor lawsuits.

b. Tax claims

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 unappealable.

On December 17, 2003 the Company filed an action to obtain IPI credits as reimbursement for PIS and COFINS (taxes on sales) on the purchase of raw material for the production of merchandise intended for export. A legal action was filed relating to those exports and the Company obtained a favorable decision in the lower courts.

Although this decision was not final, 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, 2012 and December 31, 2011, whose amounts are fully provided for.

As of June 30, 2012 and December 31, 2011, the amount of R$9,401 in tax contingencies basically consists of PIS/COFINS tax claims amounting to R$9,366 and discussions of PIS/COFINS calculation bases.

c. Other lawsuits

As of December 31, 2011, the Company and its controlled companies were involved in other ongoing lawsuits of civil, labor and tax nature, in the approximate amount of R$3,717, whose unfavorable outcome is considered possible, though not probable, by legal counselors, and for which the Company's Management has chosen not to set up provision to cover possible losses. According to the monitoring of the Company's internal legal department, the amount referred to above has not been through significant changes up to June 30, 2012.

22. Shareholders' equity

a. Capital stock

The Company's capital stock subscribed and paid-in as of June 30, 2012 amounts to R$274,191 (R$252,251 as of December 31, 2011), represented by 105,680,310 common, book-entry shares with no par value, clear from any responsibility or encumbrances. 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.

During the quarter ended June 30, 2012 and according to the issue instrument of "debentures mandatorily convertible into shares", the amount of 2,472,398 common shares were translated into Company's shares, representing an increase in capital stock of R$18,806 (R$5,634 as of March 31, 2012).

b. Treasury shares

In accordance with the provisions of paragraphs 1 and 2 of article 30 of Law No. 6.404/76 and Instructions No. 10 No. 268 and 390 of CVM, the Board approved the acquisition of up 3,451,371(three million, four hundred and fifty-one thousand, three hundred and seventy-one) registered, book-entry, common shares, with no par value, representing 10% of the 34,513,710 (thirty four million, five hundred and thirteen thousand, seven hundred and ten) outstanding shares of the Company .

On April 4, 2012, the Company's Board of Directors approved the cancelation of 3,442,500 treasury shares. After it, the resulting balance of treasury shares as of June 30, 2012 was 1,457,800 shares in an average cost of R$7.77.

During the quarter ended June 30, 2012, the Company negotiated the purchase of 1,457,800 shares, in an average cost of R$7.77, at BOVESPA (São Paulo's stock market)

c. Revaluation surplus

In 2003 and 2006 the Company revalued the assets of its property, plant and equipment and the amount reported as of June 30, 2012 was R$74,446 (R$75,724 as of December 31, 2011) 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 up to December 31, 2007 until its full realization, which must occur due to depreciation or disposal of the revalued assets.

d. Statutory reserve

It is recognized at the rate of 5% of annual net income, pursuant to article 193 of Law No. 6.404/76, up to the limit of 20% of capital stock. In the year in which the balance of statutory reserve plus the capital reserves addressed by paragraph 1, article 182 of Law No. 6.404/76 exceeds 30% of capital stock, the appropriation of part of net income to set up the statutory reserve will not be mandatory.

e. Income reserve

These appropriated retained earnings was recognized for the appropriation of part of retained earnings in 2010, in compliance with the capital budget approved in the Annual Shareholders' Meeting (AGO) held on April 30, 2010 which determines the continuity of the Company's growth plan.

f. Shares and option plans

On October 1, 2008 the Company's Board of Directors approved, in a Special Shareholders' Meeting, the Share Purchase Option Plan (Plan), the purpose of which is to grant purchase options on shares issued by the Company to officers and employees at management level.

Periodically, the Board of Directors will be able to create share purchase option programs ("programs"), in which the terms and conditions for each granting of shares will be defined, following the basic guidelines established in the Plan.

All the rules for each program must be reported in the Agreement for Granting Share Purchase Options and Other Covenants, to be entered into with each participant in each program.

The Plan will be limited to a maximum number of options which results in a dilution of up to 3% of the Company's share capital on the date of the creation of each program. Dilution is the percentage shown by the number of shares underlying the options, considering all options granted in the plan by the total number of shares of the Company.

The share option plan of the Company does not have anticipated any negotiations involving treasury shares to affect the redemption of the options.

The Company has adopted the policy of disclosing the information required by CVM with respect to its option plan and future programs.

On April 30, 2010, in the Annual Shareholders' Meeting (AGO) it was approved by the Company's Board of Directors a Share Option Plan and Other Covenants. The referred plan was limited to a maximum of 56,101 options, which were fully exercised in July 2010. Accordingly, as of December 31, 2011 there were no share options and other covenants to be exercised as a part of this plan, on account of it, it was not necessary to present the outstanding and average price of shares. If these actions were recognized, the impact on shareholders' equity would be approximately R$ 350.

With the gradual adoption of the plan, the Management plans to offer participants a long-term incentive, aligned with best practices in remuneration, as a mere complement to the remuneration policy.

g. 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.

At a meeting of the Board of Directors (RCA) held on March 5, 2012, the early distribution of mandatory minimum dividends and interest on equity capital was decided for the year ended December 31, 2011, amounting to R$11,762 and R$20,560 (R$17,476, net of withholding income tax), respectively, upon filing by the Company's Executive Board.

Below is the calculation schedule of dividends and interest on equity capital to be distributed:

	2011	2010
Net income for the year of the controlling company	45,364	22,898
Recognition of statutory reserve (5%)	(2,268)	(1,145)
Net income after statutory reserve	**43,096**	**21,753**
Realization of revaluation surplus	3,952	4,465
Adjusted net income	**47,048**	**26,218**
Mandatory minimum dividends (25%)	**11,762**	**6,555**
Distribution of interest on equity capital		
Interest on equity capital	20,560	-
Withholding income tax (15%)	(3,084)	-
Interest on equity capital distributed to common shares (R$)	**17,476**	-
Total distributed interest in equity capital and dividends		
Number of shares		
Common shares	105,909,718	105,794,018
Treasury shares	-3,392,500	-2,546,000
	102,517,218	**103,248,018**
Interest on equity capital distributed per share		
Amount distributed per common shares	0.170471	-
Dividends distributed per share		
Amount distributed per common shares	0.114732	0.063486

In compliance with tax laws, any such interest is accounted for as financial expenses.

To meet the accounting policies adopted in Brazil and instructions of the Brazilian Securities and Exchange Commission (CVM), interest is presented as distribution of the net income for the year.

During this meeting of the Board of Directors (RCA), the advanced payment of dividends and interest on equity capital was determined by March 15, 2012. These advanced profit distributions will be properly ratified (*ad referendum*) at the Annual Shareholders' Meeting (AGO), at which the appropriation of exceeding profit for the year ended December 31, 2011 will also be decided.

On March 27, 2012, during the Annual Shareholders' Meeting (AGO), the appropriations of net income for 2011 were ratified as referred to above.

23. Management's compensation

As of June 30, 2012 the Company and its subsidiaries recorded expenses on key management personnel remuneration (Company's Board of Directors and officers) in the amount of R$1,066 (R$968 as of June 30, 2011). The entire remuneration is short-term.

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

24. Segment reporting

	Business segment					
	Live cattle		Meat		Consolidated	
	06.30.12	06.30.11	06.30.12	06.30.11	06.30.12	06.30.11
Net revenues	222,061	91,289	1,799,175	1,729,304	2,021,236	1,820,593
Cost of goods sold	(177,939)	(66,102)	(1,444,870)	(1,489,624)	(1,622,809)	(1,555,726)
Operating expenses	(26,310)	(16,938)	(206,736)	(135,859)	(233,046)	(152,797)
Financial income (loss), net	8,037	(3,995)	(420,680)	(132,217)	(412,643)	(136,212)
Net income (loss) before taxes	25,849	4,254	(273,111)	(28,396)	(247,262)	(24,142)

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.

There are no revenues from transactions with a single foreign client which represents 10% or more of total revenues.

The Company and its controlled companies have as main business segments the production and trade of in natura meat, live cattle and its by-products and the processing of beef, pork and poultry.

25. Net sales

	Company		Consolidated	
	06.30.12	06.30.11	06.30.12	06.30.11
Sales of goods - Domestic market	687,472	832,507	719,101	904,412
Sales of goods - Foreign market	1,156,657	864,742	1,427,927	1,049,307
Deductions from revenue - taxes levied and other	(111,648)	(122,431)	(125,792)	(133,126)
Net revenue	1,732,481	1,574,818	2,021,236	1,820,593

26. Financial loss, net

	Company		Consolidated	
	03.31.12	03.31.11	03.31.12	03.31.11
Financial revenues:				
Investment yield	14,956	10,191	33,184	20,482
Other financial revenues	3,500	5,354	4,644	5,649
	18,456	15,545	37,828	26,131
Financial expenses:				
Interest on financings	(118,182)	(89,284)	(162,414)	(109,072)
Other financial expenses	(71,726)	(69,317)	(77,622)	(78,228)
	(189,908)	(158,601)	(240,036)	(187,300)
Exchange rate gains (losses), net	(184,357)	23,411	(210,435)	24,958
Financial loss, net	(355,809)	(119,645)	(412,643)	(136,211)

27. Earnings per share

Basic earnings

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

Basic	06.30.12	06.30.11
Net income attributable to the Company's shareholders	(196,079)	11,771
Weighted average of the number of common shares issued – thousands	105,680	105,794
Weighted average of treasury shares	(1,458)	(3,262)
Weighted average of the number of outstanding common shares – thousands	104,222	102,532
Basic earnings per share - R$	(1.88140)	0.11480

a. 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	06.30.12	06.30.11
Net income attributable to the Company's shareholders	(196,079)	11,771
Weighted average number of outstanding common shares - thousands	104,222	102,532
Adjustment for the conversion of convertible debentures	23,409	-
Adjustment for options of share purchases - thousands	-	
Weighted average number of common shares to diluted earnings per share - thousands	127,631	102,532
Diluted earnings per share - R$	(1.53630)	0.11480

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.

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, employees and outside consultants.

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 feeder 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 make use of market fluctuations to improve the Company's operating income and hedge its flows of currencies 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 (the Company is always purchasing options) and inflow of funds in US dollars (ready exchange rate closing).

2. Balance sheet

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 indebtedness.

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

Financial instruments available on the market, such as: withholding cash in US dollars, NDFs, forward contracts at BM&F, 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:
future contracts for feeder cattle on the BM&F and options on futures contracts for feeder cattle.

2. Hedging of meat sold

For the purpose of guaranteeing the cost of the raw material used in its meat production, the Company uses the BM&F to purchase future 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: future contracts and options on futures contracts for feeder cattle on the BM&F can be used.

Statement of the derivative positions

The statement of derivative positions was prepared so as to present the derivative financial instruments taken out by the Company in the year ended June 30, 2012 and December 31, 2011, according to their purpose (equity hedging and other purposes):

	Equity hedging					
	/ thousand		Fair value		Accumulated effect	
Description	06/30/12	12/31/11	06/30/12	12/31/11	Amount receivable /	Amount payable /
Futures contracts:						
Purchase agreement						
Foreign currency	-	-	-	-	-	-
Mini contract US dollar (dol x 0.10)	-	150	-	282	-	-
Other	-	-	-	-	-	-
BGI (arroba)	-	167	-	16,979	-	-
Corn (sacks)	88	92	2,167	2,427	3	-
Sales agreements						
Foreign currency						
DOL (US$)	23,750	59,000	48,075	110,922	-	11,436
Other	-	-	-	-	-	-
BGI (arroba)	1,197	-	116,585	-	5,986	-
Option contracts						
Call holder						
Foreign currency	-	-	-	-	-	-
DOL (US$)	-	-	-	-	-	20,538
Other						
BGI (arroba)	486	-	392	-	-	823
Put holder						
Foreign currency						
DOL (US$)	40,000	50,000	40	1,050	-	2,726
Other	-	-	-	-	-	-
BGI (arroba)	83	330	143	832	-	669
Call seller						
Foreign currency						
DOL (US$)	-	-	-	-	28,398	-
Other	-	-	-	-	-	-
BGI (arroba)	776	-	519	-	653	-
Put holder						
Foreign currency						
DOL (US$)	-	50,000	-	50	-	-
Other	-	-	-	-	-	-
BGI (arroba)	198	330	143	703	629	-

Other purposes

Description	/ thousand	/	Fair value	Fair value	Accumulated effect	
	06/30/12	12/31/11	06/30/12	12/31/11	Amount receivable / (received)	Amount payable / (paid)
Futures contracts						
Purchase agreements						
Foreign currency						
Other	-	-	-	-	-	-
BGI (Notional in Arrobas)						
Corn (sacks)	38	23	940	586	23	-
Soy (sacks)						115
Sales agreements						
Foreign currency						
DOL (US$)	-	10,000	-	18,758	16	-
Other	-	-	-	-	-	-
Option contracts						
Call holder						
Foreign currency						
Other	-	-	-	-	-	-
Corn (sacks)	-	90	-	169	-	-
Put holder						
Foreign currency						
DOL (notional in US$)	10,000	10,000	10	10	-	405
Other						
BGI (arrobas)						32
Corn (sacks)		23		18		116
DI 1 day (R$)		18		-		
Call seller						
Foreign currency						
Other	-	-	-	-	-	-
BGI (arrobas)	-	-	-	-	3	-
Corn (sacks)		135		217		
DI 1 day (R$)		18		-		
Put seller						
Foreign currency						
DOL (notional in US$)	-	10,000	-	10	-	-
Other						
BGI (arrobas)					25	
Corn (sacks)	-	27	-	8	39	-

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:

- **Futures contracts traded on an stock exchange:** calculated in accordance with the market quotations published by the BM&F;
- **Option contracts:** for those contracts that were traded and quoted on exchanges, they were calculated according to the amounts published by the BM&F (market quotation). For the other option contracts (exchange without liquidity), Black & Scholes models (Interbank Deposit and Cattle), Black 76 (US Dollar) or Garch (fixed and Interbank Deposit rates) were used, which take into consideration volatility, exercise price, interest rate and term;
- **Swap contracts:** estimated based on market quotations for similar contracts and on the adjustment of the variables included in them. Effective financial settlement only occurs upon the respective maturity dates, and there is no intention to settle them before this date;
- **NDF (Non Deliverable Forward):** estimated according to market curves used for similar instruments on the respective calculation dates and discounted to their present value.

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

Derivatives undergo daily settlement of the financial adjustments on the BM&F, except for over-the-counter transactions (swap. options and NDF) whose maturities for settlement of the 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, 2012 and December 31, 2011 as "Treasury Advances". The breakdown of the balances payable/receivable recorded in the financial statements is as follows:

Derivatives	6/30/2012	12/31/2011
	Receivable (payable)	Receivable (payable)
Futures contracts (D+1)	-199	949
Option contracts	0	0
Swap	0	0
NDF	0	0
Shares	0	0
	-199	**949**

The mark to market of outstanding transactions of over the counter NDF, Swaps and options at BM&F – Bovespa, is accounted in equity accounts as of June 30, 2012 and December 31, 2011 as "NDF receivable/payable", "Swap" and "Receivable Options", respectively:

Derivatives	6/30/2012	12/31/2011
	Mark to market	Mark to market
Options	1,527	90
Swap	131,885	133,483
NDF (EUR+DOL)	11,438	10,188
Total	**144,850**	**143,762**

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 are managed by using derivative financial instruments based on futures contracts traded on exchanges, rate swap transactions and NDFs (Non Deliverable Forwards), options and other exchange instruments.

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		
	06.30.2012		
	Currency		
	Local	Foreign	Total
Assets			
Cash and cash equivalents	316		316
Bank accounts	78,045	292,818	370,863
Financial investments	447,343	-	447,343
Accounts receivable	70,809	97,640	168,449
Total current	596,513	390,458	986,971
Total assets	596,513	390,458	986,971
Liabilities			
Short-term financing	94,722	184,574	279,296
Total current	94,722	184,574	279,296
Long-term financing	413,092	1,740,907	2,153,999
Total non-current	413,092	1,740,907	2,153,999
Total liabilities	507,814	1,925,481	2,433,295
Net financial debt	(88,699)	1,535,023	1,446,324
Currency hedging derivatives – net position		(145,705)	(145,705)
Net exchange position	-	1,389,318	1,300,619

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

Financial instruments (net)	Asset (liability) position, net as of 06/29/2012	Asset (liability) position, net as of 12/31/2011
Future contracts - DOL (US dollar)	(23,750)	(110,640)
Option contracts (US dollar, Cattle, Corn and IDI)	(77)	(2,295)
Swap contracts - (US dollar)	131,885	133,483
NDF (US dollar + EURO)	(381,737)	(40,602)
Net total	**(273,680)**	**(20,054)**

Financial assets and liabilities are presented in the financial statements as of June 30, 2012 and December 31, 2011 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.

The Company hedges long-term financial assets and liabilities subject to exchange rate gains (losses), mainly the US dollar. As of June 30, 2012, the Company held Export Prepayments (PPEs) and Unsecured Senior Notes falling due in the long term and subject to exchange rate gains (losses) and during 2011 the Company enjoyed the market opportunities and converted part of its raised funds in US Dollar to Brazilian Reais linked to CDI.

Following is a list of NDF agreements held by the Company and in effect as of June 30, 2012:

TYPE	POSITION	CURRENCY	MATURITY	NOTIONAL AMOUNT	INSTITUTION
NDF	SALE	EURO	8/17/2012	(2,000.00)	Itau BBA S.A.
NDF	SALE	EURO	8/15/2012	(2,500.00)	HSBC Bank Brazil S.A. - Banco Multiplo
NDF	SALE	EURO	8/10/2012	(2,000.00)	Banco Barclays Capital S.A.
NDF	SALE	EURO	8/17/2012	(1,500.00)	Banco Barclays Capital S.A.
NDF	SALE	EURO	8/10/2012	(2,000.00)	Rabobank International Brasil S.A.
NDF	SALE	EURO	8/30/2012	(2,800.00)	Rabobank International Brasil S.A.
NDF	SALE	DOL	7/3/2012	(10,000.00)	HSBC Bank Brazil S.A. - Banco Multiplo
NDF	SALE	DOL	8/1/2012	(50,000.00)	HSBC Bank Brazil S.A. - Banco Multiplo
NDF	SALE	DOL	8/1/2012	(50,000.00)	BCO BRADESCO S.A.
NDF	SALE	DOL	8/1/2012	(50,000.00)	HSBC Bank Brazil S.A. - Banco Multiplo
NDF	SALE	DOL	7/2/2012	(20,000.00)	Banco Itau BBA S.A.
NDF	SALE	DOL	7/2/2012	(22,500.00)	BCO PINE SA
NDF	SALE	DOL	7/2/2012	(5,000.00)	HSBC Bank Brazil S.A. - Banco Multiplo
NDF	SALE	DOL	7/2/2012	(15,000.00)	HSBC Bank Brazil S.A. - Banco Multiplo
NDF	PURCHASE	DOL	8/1/2012	50,000.00	HSBC Bank Brazil S.A. - Banco Multiplo
NDF	PURCHASE	DOL	9/13/2015	100,000.00	Banco Morgan Stanley S.A.
NDF	PURCHASE	DOL	11/16/2015	50,000.00	Banco Morgan Stanley S.A.
NDF	PURCHASE	DOL	11/16/2015	50,000.00	Banco Morgan Stanley S.A.
NDF	SALE	DOL	9/13/2015	(100,000.00)	Banco Morgan Stanley S.A.
NDF	SALE	DOL	11/16/2015	(50,000.00)	Banco Morgan Stanley S.A.
NDF	SALE	DOL	11/16/2015	(50,000.00)	Banco Morgan Stanley 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 subject to the fluctuation of prices for cattle, mainly 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:

Cattl

Over the counter market	**Fair value 6/30/2012**
Purchased forward contract	
Notional amount	1,091,175
Futures contract price (R$/@)	95
Total R$/1000	**103,702**

BM&F Stock Exchange market	**Fair value 6/30/2012**
Sold futures contracts	
Notional amount	1,049,400
Futures contract price (R$/@)	97
Total R$/1000	**101,790**

d. Shares prices risk

Swaps operations with the bank Credit Suisse results in returns for Minerva S.A. according to the price variation of the preferred shares (BEEF3) issued by the Company, and in returns amounting to 100% of CDI variation adjusted by predetermined spread to the bank.

At the closing of 2T12 the gross income (loss) of this operation amounted R$461.9 thousand. Such operation does not change the percentage of the Company's outstanding shares and establish the result of this operation may be financially settled at the end of its deadline.

e. Cash sensitivity statements

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, 2012;
- A downward movement typifies an increase in prices or risk factors as of June 30, 2012;
- Possible scenario: an impact of 6%; Probable scenario: an impact of 12%; Remote scenario: an impact of 18%.

The cash sensitivity statements were prepared in compliance with CVM Resolution No. 550/08, taking into consideration only the positions in derivative financial instruments and their impacts on cash. This model does not take into consideration the hedging positions:

Equity hedging

Transaction	Movement	Risk	Probable scenario	Possible scenario	Remote scenario
Hedging	Upward	Cattle	(9,696	(16,824)	(27,627)
Cattle	Upward	Cattle	6,222	12,444	18,666
Ne			**(3,474)**	**(4,380)**	**(8,960)**

Transaction	Movement	Risk	Probable scenario	Possible scenario	Remote scenario
Hedging	Upward	US dollar	(24,395)	(48,200)	(72,005)
Invoices + Cash – US$	Upward	US dollar	10,598	21,196	31,794
Ne			**(13,798)**	**(27,005)**	**(40,212**

Transaction	Movement	Risk	Probable scenario	Possible scenario	Remote scenario
Hedging	Upward	Euro	(1,967	(3,933	(5,900
Invoices - in EUR$	Upward	Euro	927	1,854	2,780
Ne			**(1,040)**	**(866)**	**(1,299)**

f. 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, 2012 the amount deposited as a margin was R$20,700.

g. Swap contract

In meeting realized on April 03, 2012, the Company's Board of Directors approved the agreement on swaps with Credit Suisse Próprio Fundo de Investimento Multimercado ("Credit Suisse").

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.

The contracts will be entered into within the next ninety days, and its initial date will be set by Credit Suisse and the Company. The maximum deadline for each contract will be within two years.

Operations, whose results will be financially settled, do not change the current percentage of the Company's outstanding shares and do not lead to immediate cash disbursement.

h. 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 thousand. 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 (IAS 1) - Presentation of Quarterly Information, it is stated below the changes on the statement of comprehensive income (loss) for the period ended June 30, 2012 and 2011:

	Company		Consolidated	
	06.30.12	06.30.11	06.30.12	06.30.11
Net income (loss)	(196,079)	11,771	(197,594)	11,180
Asset and liability valuation adjustments	281	(1,324)	191	66
Total comprehensive income (loss)	(195,798)	10,447	(197,403)	11,246

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 coverage in effect as of March 31, 2012 is as follows:

	Type of coverage	Insured amount
Buildings	Fire and miscellaneous risks	515,000
Facilities, equipment and products in inventory	Fire and miscellaneous risks	46,000
Vehicles and aircrafts	Fire and miscellaneous risks	27,620
Civil liability	Risks in operations	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.

In 2010 the Company took out insurance policies for the plants located in Palmeiras de Goiás (GO), Barretos (SP), José Bonifácio (SP), Bataiporã (MS) and Araguaina (TO).

31. Statement of cash flows (consolidated)

The statement of cash flows was prepared in accordance with CVM Instruction No. 547/2008:

a. Company acquisition

The controlling company has acquired the company Pulsa S/A, which we point out below:

	Pulsa S/A
Cash and cash equivalents	12,945
Trade accounts receivable	17,683
Other receivables	16,205
Inventories	14,196
Property, plant and equipment	56,820
Loans and financing	(36,408)
Trade accounts payable	(11,014)
Other accounts payable	(44,246)
Deferred tax liabilities	(1,181)
Total sales price	25,000
Cash and cash equivalents of controlled companies	(12,945)
Cash flow on acquisition less cash and cash equivalents of controlled companies	12,055

Barretos, August 9th, 2012 – Minerva S.A. (BOVESPA: BEEF3; Level 1 ADR: MRVSY; Bloomberg: BEEF3.BZ; Reuters: BEEF3.SA), one of the leaders in Latin America in the production and sale of fresh beef, live cattle and cattle byproducts, with operations also in the beef, pork and poultry processing segments, announces today its results for the second quarter of 2012 (2Q12). The financial and operating information herein is presented in BRGAAP and Brazilian real (R$), in accordance with International Financial Reporting Standards (IFRS).

2Q12 Highlights

Minerva (BEEF3)

Stock quote on Aug 9th,12: R$9.85

Market Cap: R$1,041.9 million

105.772.338 Shares

Free Float – 38.4%

Conference Calls

Portuguese
Friday, August 10, 2012
10:00 a.m. (Brasília)
9:00 a.m. (US EST)
Phone: +55 (11) 3127-4971
Code: Minerva
Replay: +55 (11) 3127-4999
Code: 70807616

English
Friday, August 10, 2012
12:00 p.m. (Brasília)
11:00 a.m. (US EST)
Phone: +1 (412) 317-6776
Code: Minerva
Replay: +1 (412) 317-0088
Code: 10013215

IR Contact:

Eduardo Puzziello
Francisco Assis
Kelly Barna

Phone: +55 (17) 3321-3355
+55 (11) 3074-2444
ri@minerva.ind.br

✓ **Minerva recorded free cash flow, after investments and interest payments, of R$44.1 million in 2Q12, resulting from the R$112.7 million EBITDA in the period. EBITDA margin stood at 10.5%, and Net Revenue at R$1.077 billion in the quarter.**

✓ **EBITDA totaled R$112.7 million in 2Q12,** up 41.4% over 2Q11, **and R$397.1 million in the last twelve months. EBITDA margin stood at 10.5% in 2Q12**, 2.0 p.p. up on 2Q11 and the highest second-quarter EBITDA margin in the past five years.

✓ **Gross revenue amounted to R$1,141.1 million in 2Q12, up 12.4% year-over-year,** and a record R$4.5 billion in the last twelve months, up 16.3% over the same period last year. Exports grew 43.8% over 2Q11, representing 67.4% of the company's total sales in the period, versus 52.6% in 2Q11. **Our market share of fresh beef from Brazil exports in the last twelve months stood at 22.3%, up 1.5 p.p.**

✓ **Despite the substantial growth in the exports' share of net revenue, Minerva significantly reduced its tax credits to R$13.1 million in the quarter, compared with R$22.9 million in 1Q12.**

✓ **Inversion of the cattle cycle curve confirmed. Average cattle arroba price fell 7.0% in the first six months of 2012 from the same period last year,** showing the inversion of the cattle cycle curve, starting a period of higher cattle supply in the industry during the coming years, which should benefit the operations of companies focused on South America.

✓ **In April 2012, we registered important developments in our corporate governance standards. Two new independent members joined the Board of Directors, one of whom was indicated by Minerva's minority shareholders. During the period, the Fiscal Council, consisting of three independent members, was created. We reorganized our management setup by creating four new Vice President Positions (Operations Brazil, International Operations, Finance and IR, Related Businesses).** The objective was to make internal processes more dynamic and the decision-taking process quicker.

Key Indicators

R$ Million	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Slaughtering (1,000 heads)	442.1	396.2	11.6%	432.0	2.3%	1,678.9	1,571.6	6.8%
Sales Volume (1,000 tonnes)	103.0	86.5	19.1%	102.0	1.0%	405.1	367.5	10.2%
Gross Revenues	**1,141.1**	**1,005.9**	**13.4%**	**1,015.1**	**12.4%**	**4,450.4**	**3,828.0**	**16.3%**
Domestic Market	373.1	346.0	7.8%	481.0	-22.4%	1,654.5	1,595.6	3.7%
Export Market	768.1	659.9	16.4%	534.1	43.8%	2,795.9	2,232.4	25.2%
Net Revenues	**1,077.2**	**944.1**	**14.1%**	**940.2**	**14.6%**	**4,177.6**	**3,596.1**	**16.2%**
EBITDA	**112.7**	**77.2**	**46.0%**	**79.7**	**41.4%**	**397.1**	**291.7**	**36.2%**
EBITDA Margin	10.5%	8.2%	2.3 p.p.	8.5%	2.0 p.p.	9.5%	8.1%	1.4 p.p.
Net Result	**(130.9)**	**(66.7)**	**96.3%**	**(3.4)**	**n.a.**	**(167.1)**	**63.3**	**n.a.**
Net Debt/EBITDA	3.99 x	3.83 x	0.16 p.p.	3.99 x	0.00 p.p.	3.99 x	3.99 x	0.00 p.p.

Message from Management

About five years ago, when it went public, Minerva drew up a simple, coherent and consistent growth strategy, structured for the medium and long terms, with the focus on beef production and organic growth originating based in South America. Investments during this period were aimed at boosting production capacity by increasing operational flexibility and improving plant productivity.

This operational strategy was complemented with a financial austerity policy, efficient working capital, logistics tailored to operations, differentiated management for commodities and value-added products and excellence in risk management. At the same time, the continuous focus on improving our capital structure over these years supported the maturation of our investments and improved our debt profile. Our current cash position covers debt amortizations through 2018. We remain focused on deleveraging the company, combined with a policy of maintaining a conservative liquidity position and efficiently managing debt.

We also drafted a sales plan that involved a broader reach in the domestic market and a focus on geographic diversification of exports, which resulted in lower concentration and dependence on specific markets. The result is evident from our flexible commercial strategy in the domestic and export markets and the consolidation of Brazil's fresh beef exports in the last twelve months, with market share of 22.3%, 1.5 p.p. more than in the same period in 2011. These strategies were fundamental for the company to emerge unscathed from the 2008/2009 crisis and actively participate in the recent industry consolidation process, especially on the export side.

Today, Minerva has one of the most modern industrial complexes in Brazil, located strategically for the acquisition of raw material. Minerva has become an industry benchmark in terms of capacity utilization. In 2Q12, our capacity utilization returned to the historical level of over 70%.Also note that, despite the increase in exports in 2Q12, we reduced the ICMS credit balance in our balance sheet.

The strategy implemented in the past and religiously followed by Management may be perceived from the improvement in Minerva's operating results. Apart from the constant improvement in operating margins (we closed 2Q12 with EBITDA margin of 10.5%, 200 bps higher than in 2Q11) and the sharp revenue growth (CAGR of 28% in the last five years), we reduced our working capital requirements over the years and significantly improved the cash

conversion cycle. Moreover, Minerva recorded positive operating cash flow in recent quarters, generating positive free cash flow, after investments and interest payments, of about R$44.1 million in 2Q12.

Note that in the first six months of 2012, we invested approximately R$50 million in the maintenance of our industrial complex and plan to continue controlling the investments in the second half of the year.

Another highlight in the quarter was the continued downward trend in cattle prices, measured by the ESALQ/BM&FBovespa indicator, confirming our expectations of a bumper season. The reversal in the cattle cycle in Brazil was confirmed, with high volumes of cows slaughtered in several states. This change is benefitting Brazil in the international market, since its main competitors are going through difficult times. The depreciation of the real against the dollar also brought greater competitive advantage at the international level, especially driven by the demand from emerging economies.

For the second half of the year, we maintain the outlook of a relatively bountiful season, due to the increase in cattle supplies, the heavy rainfall over a longer period and the growth in feedlot operations. We expect domestic demand for beef to recover while the export markets continue their strong performance.

Lastly, it is worth highlighting the recent phases through which the Brazilian beef protein sector went through in the past few years. In the first phase, we witnessed a profound consolidation process in the industry, catalyzed by the macroeconomic crisis that broke out in 2008 and which significantly reduced the number of players. This consolidation process, which occurred in an unstructured manner and in an extremely competitive environment, led to a sharp drop in the industry's margins, which reached their lowest in early 2009. Since then, with a more consolidated market, the industry has been recording a sustainable and continuous expansion of margins, especially in the case of Minerva. Nevertheless, as of mid-2011, margin growth slowed down, while operating cash generation was positive, as is evident from Minerva's results. Hence, in the upcoming quarters, we expect a speed-up in free cash generation for shareholders, which, after all, is the core objective of Minerva's operational and financial strategy. At the moment, the company is very well-positioned to capitalize on this positive scenario in the industry, during which all the intense efforts employed by Minerva in recent years will certainly translate into significant value generation for our shareholders.

Fernando Galletti de Queiroz, CEO

Industry Overview

Brazil

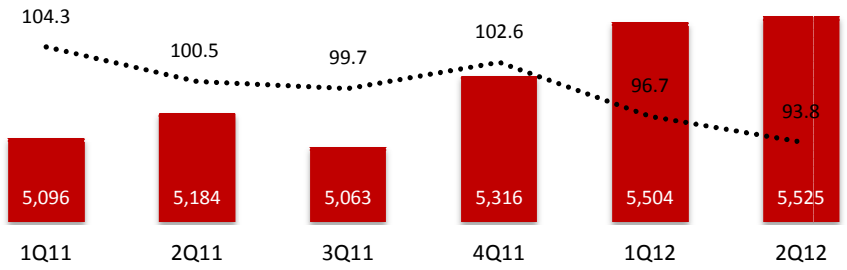
Cattle Supply

The second quarter is seasonally a period of abundant supply of finished cattle, marking the high point of the season. Added to this seasonal factor is the issue of cycle, which the low remuneration from the breeding activity results in an above-average supply of finished cows. This scenario resulted in abundant cattle supplies, consequently pushing down the arroba price by 3.1% from 1Q12 and by 6.8% from 2Q11, in nominal terms.

The weather conditions benefitted the sector in the quarter, since the above average rainfall as of April extended the supply of pasture cattle for a longer period, thus extending the end-of-season period to July.

The large supply of finished cattle is evident from the drop in the arroba price, despite the 6.6% increase in slaughter over 2Q11 and 0.4% increase over 1Q12. Note that Minerva's market share of the slaughter volume in Brazil increased from 1Q12 and remained flat in relation to 2Q11.

Figure 1 – Cattle Slaughter Trends - Brazil
(thousand head) Cattle Arroba Price Trends - Average Price in R$



Source: Ministry of Agriculture, Livestock and Supply (MAPA and, CEPEA/ESALQ

Export Market

Beef exports in 2Q12 totaled 227,000 tonnes, a record since 3Q10 and an increase of 8.6% over 2Q11. This increase was basically due to three factors:

- The 10.4% appreciation of the U.S. dollar against the real in the second quarter, from R$1.83 in early April to R$2.02 at the end of June.
- Cattle arroba price: Brazil has the lowest cost among the major cattle producers and exporters (U.S., Europe, Australia and Argentina).
- Russia, Chile, Saudi Arabia and Egypt registered a significant increase in demand over 1Q12, while Hong Kong, Venezuela and Chile once again recorded significant growth over 2Q11.

Figure 2 - Fresh beef revenue and exports

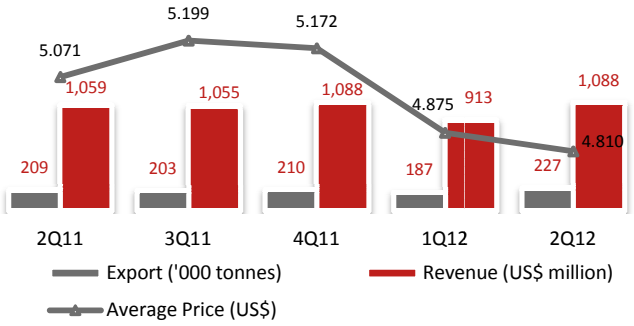
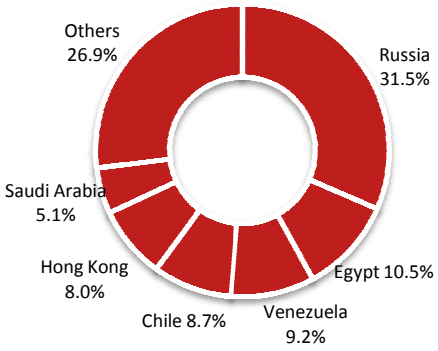


Figure 3 - Destinations of Brazilian exports - 2Q12



Source: SECEX

Figures 4 and 5 below show the monthly evolution of Brazilian beef export volumes and average prices.

Figure 4 - Fresh beef sales volume

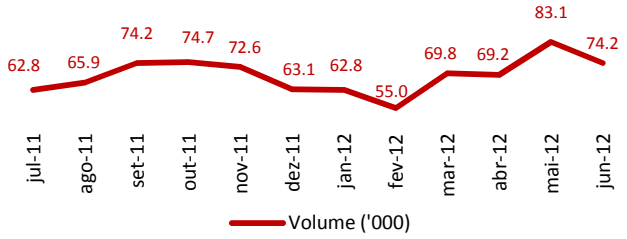
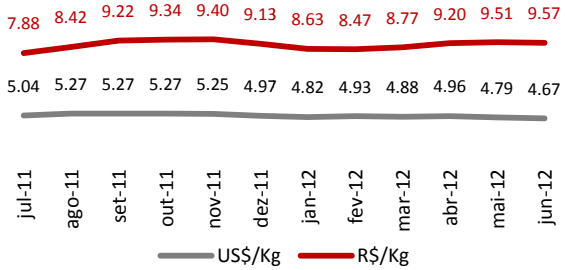


Figure 5 - Fresh beef average prices



Source: SECEX

Domestic Market

The first half of 2011 was marked by economic growth that belied market and government expectations. As a result, the government revised its GDP growth estimate for 2012, from 4.5% to 3.0%, and announced measures to accelerate consumption and, consequently, boost economic growth in the second semester.

Though economic growth was weak in the beginning of the year, consumption drivers remained solid for the next semester of the year: record low unemployment rate; strong growth in creation of jobs in the formal sector; real wage still increasing and credit expanding at a sustainable pace.

Beef consumption is expected to grow, not only due to the economic factors explained above, but also due to seasonal factors (per capita consumption is typically higher in the second half of the year) and the higher pressure on grain prices due to weather conditions, especially in the U.S. (mainly corn and soybean prices), which directly affect the prices of other proteins (e.g. poultry and pork) during the remainder of the year.

Paraguay

Paraguay has been consolidating its position as one of the leading beef producing centers in South America, with a high quality herd, whose quality is constantly improved through genetics and technology, and low costs, thanks to a modern and highly competitive production.

Cattle slaughter volume has been increasing gradually in the country, with the arroba price remaining among the most competitive in South America, thus enabling a high margin of return. Note that Paraguay offers competitive production costs, a constantly growing herd and the continuous development of the cattle-raising industry.

The harmony between a developing, efficient and productive industry that flourishes in an environment of competitive costs, and a cattle-raising sector that is equally growing and developing, is gradually turning Paraguay into an important player in the global beef market.

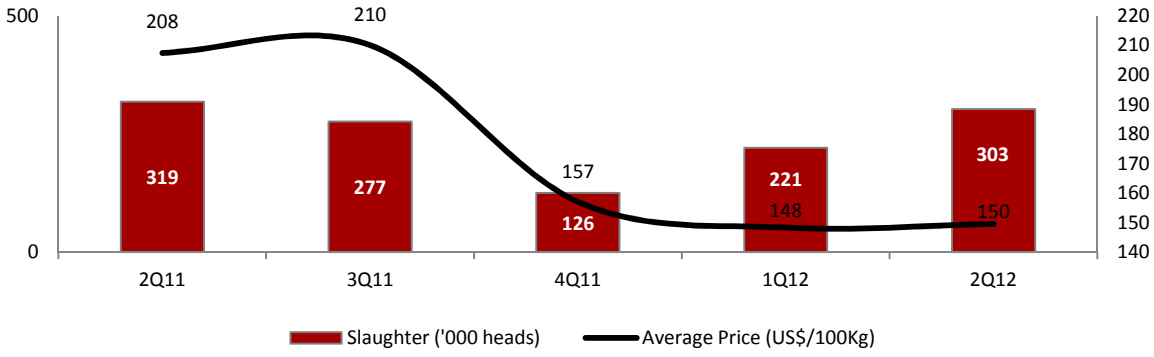
Export Market

Note that Paraguayan beef was easily accessible and widely accepted in other markets in 2Q12, notably in Russia and Brazil, due to its competitive price as well as the quality. Today, the international market already considers Paraguay one of the most important players at the global level.

Domestic Market

The Paraguayan economy has been registering sharp GDP growth, having averaged 5.0% in the past five years. This, together with the improved social conditions in the country, has directly impacted beef consumption in recent years, with the phenomenon repeating in 2Q12.

Figure 6 – Cattle Slaughter and Average Price Trends - Paraguay



Source: SENACSA

Uruguay

In Uruguay, cattle slaughter volume in 2Q12 grew 10.6% over 1Q12 and 5.6% over 2Q11. Arroba price has come under pressure on the supply side, still due to the adverse climate conditions for cattle rearing, which affected the country in 2009. Moreover, the favorable climate in the first half of 2012 helped improve the quality of the country's herd and thus, with an increase in the slaughter levels, results in a high volume of top quality beef.

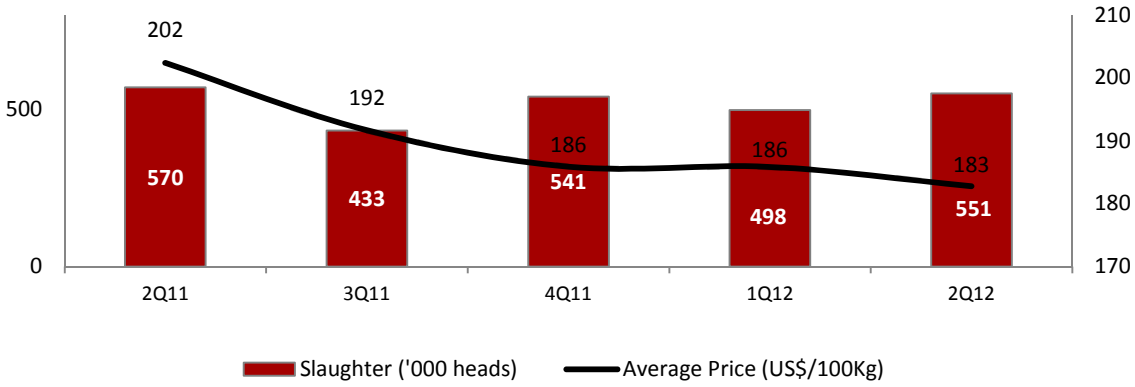
Export Market

Uruguayan beef exports increased in the first half of the year as a result of the difficulties faced by the Argentine exporters. Consequently, Uruguay increased its presence in markets with higher margins. Here, it is worth mentioning the operations of PUL S.A., which are certified "USDA Organic", thereby expanding their presence in highly profitable markets across the U.S. and Europe.

Domestic Market

The increase in slaughter levels and the consequent increase in beef production were entirely absorbed by the domestic market, with domestic per capita beef consumption increasing from 60kg in 1Q12 to about 65kg in 2Q12.

Figure 7 – Cattle Slaughter and Average Price Trends - Uruguay



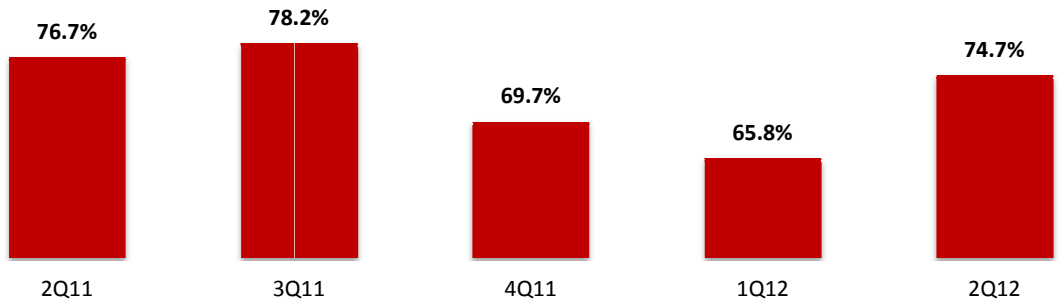
Source: INAC

Minerva – Analysis of Results

After a first quarter of production capacity expansion, resulting from the investments made during the course of 2011, Minerva's average utilization rate is returning to its historical average, which is an industry benchmark. We closed 2Q12 with capacity utilization of 74.7%, up 8.9 p.p. from 1Q12.

Slaughter Volume

Figure 8 - Slaughter capacity utilization



Source: Minerva

Consolidated Gross Revenue

R$ Million	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Gross Revenues	**1,141.1**	**1,005.9**	**13.4%**	**1,015.1**	**12.4%**	**4,450.4**	**3,828.0**	**16.3%**
Beef Division	904.3	793.3	14.0%	819.8	10.3%	3,559.5	2,978.7	19.5%
Others	236.9	212.6	11.4%	195.4	21.2%	890.9	849.3	4.9%

R$ Million	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Domestic Market	**373.1**	**346.0**	**7.8%**	**481.0**	**-22.4%**	**1,654.5**	**1,595.6**	**3.7%**
% Gross Revenues	32.7%	34.4%	-1.7 p.p.	47.4%	-14.7 p.p.	37.2%	41.7%	-4.5 p.p.
Beef Division	307.4	276.3	11.2%	362.7	-15.3%	1,338.7	1,326.5	0.9%
Others	65.7	69.7	-5.7%	118.3	-44.4%	315.9	269.0	17.4%

R$ Million	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Export Market	**768.1**	**659.9**	**16.4%**	**534.1**	**43.8%**	**2,795.9**	**2,232.4**	**25.2%**
% Gross Revenues	67.3%	65.6%	1.7 p.p.	52.6%	14.7 p.p.	62.8%	58.3%	4.5 p.p.
Beef Division	596.9	517.1	15.4%	457.1	30.6%	2,220.8	1,652.2	34.4%
Others	171.2	142.8	19.9%	77.0	122.1%	575.1	580.2	-0.9%

In 2Q12, gross revenue totaled R$1,141.1 million, up 12.4% from 2Q11. Domestic sales and exports accounted for 32.7% and 67.3%, respectively, of total sales. Spurred by the exchange rate and the heightened competitiveness of Brazilian cattle prices in the international market, exports grew substantially compared with the first and second quarters of 2011. In addition, live cattle exports are recovering gradually, which also positively impacted exports by the Others Division. Figures 9 and 10 show the breakdown of sales.

Figure 9 - Breakdown of consolidated gross revenue - 2Q12

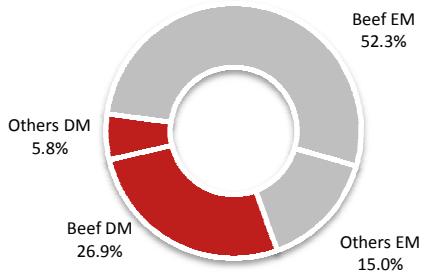
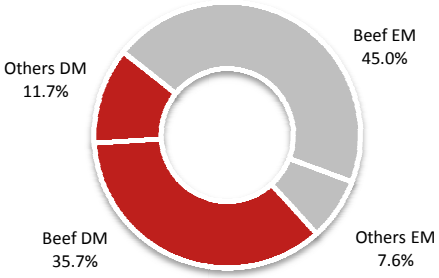


Figure 10 - Breakdown of consolidated gross revenue - 2Q11



In addition to the sales growth, Minerva's market share of fresh beef exports (US$ FOB) from Brazil in the 12 months ended in 2Q12 stood at 22.3%, up 1.5 p.p. from the same period in 2011. In Paraguay, our market share grew 0.6 p.p. in comparison to the 2Q11; in Uruguay our market share in the year grew 0.4 p.p..

Figure 11 - Market share trends (based on revenue in US$ million)

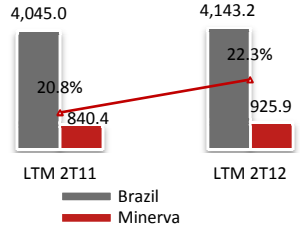


Figure 12 - Market share trends (based on revenue in US$ million)

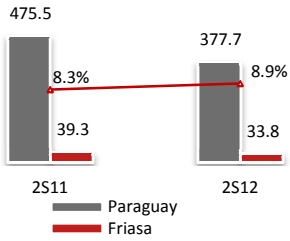
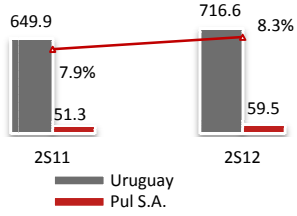


Figure 13 - Market share trends (based on revenue in US$ million)



Source: Minerva, Secex, INAC and Inalca

Beef Division

Brazilian exports were driven by the excellent performance of fresh beef sales, notably to Russia, Chile, and a few countries in the Middle East and North Africa. The depreciation of the real and the competitiveness of Brazilian arroba prices in the international market were the key factors behind the excellent margins derived from these markets.

Also worth highlighting is the strong export performance in 2Q12 of our Uruguay unit to the U.S. market, also spurred by the growing demand for organic products ratified by the USDA. Despite the pressure on the supply side, our unit PUL S.A. enjoys a competitive edge over other Uruguayan producers as it has over 45% in captive supplies through integration and incentive programs, not only through a cooperative of producers but also with integrated producers, which ensures stability in the supply side at competitive prices.

Notable in the case of Paraguay was the growing demand for Paraguayan beef in Russia and Brazil. Thanks to a competitive arroba price, we earned a high margin of return from our operations.

In the consolidated result, the growth in exports in 2Q12 was 30.6% over the same period in the previous year and 15.4% over the first quarter of 2012.

Below is a complete detailing of the beef division:

R$ Million	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Fresh Beef – EM	559.4	483.3	15.8%	427.6	30.8%	2,074.5	1,559.0	33.1%
Processed Beef – EM	6.6	5.6	18.5%	2.1	216.5%	25.6	5.0	415.7%
Others – EM	30.9	28.2	9.3%	27.4	12.7%	120.7	88.3	36.7%
Sub-Total – EM	**596.9**	**517.1**	**15.4%**	**457.1**	**30.6%**	**2,220.8**	**1,652.2**	**34.4%**
Fresh Beef – DM	257.6	224.6	14.7%	307.2	-16.1%	1,134.3	1,139.5	-0.5%
Processed Beef – DM	1.6	4.1	-62.3%	5.0	-69.1%	14.8	15.5	-4.7%
Others – DM	48.2	47.4	1.7%	50.5	-4.6%	189.6	171.5	10.6%
Sub-Total – DM	**307.4**	**276.2**	**11.3%**	**362.7**	**-15.3%**	**1,338.7**	**1,326.5**	**0.9%**
Total	**904.3**	**793.3**	**14.0%**	**819.8**	**10.3%**	**3,559.5**	**2,978.7**	**19.5%**

Volume ('000 tonnes)	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Fresh Beef – EM	55.5	46.4	19.4%	50.7	9.3%	211.7	182.6	15.9%
Processed Beef – EM	0.5	0.5	12.4%	0.2	123.1%	2.2	0.5	324.4%
Others – EM	4.7	4.0	17.4%	4.2	12.8%	19.8	16.1	23.0%
Sub-Total – EM	**60.7**	**50.9**	**19.2%**	**55.2**	**10.0%**	**233.7**	**199.2**	**17.3%**
Fresh Beef – DM	34.0	28.8	18.1%	39.1	-13.0%	139.5	141.8	-1.6%
Processed Beef – DM	0.2	0.5	-45.5%	0.7	-65.7%	1.9	2.2	-11.4%
Others – DM	8.1	6.3	27.9%	7.0	15.0%	30.0	24.4	22.9%
Sub-Total – DM	**42.3**	**35.6**	**19.0%**	**46.9**	**-9.6%**	**171.4**	**168.3**	**1.8%**
Total	**103.0**	**86.5**	**19.1%**	**102.0**	**1.0%**	**405.1**	**367.5**	**10.2%**

Average Price – EM (US$/kg)	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Fresh Beef – EM	5.15	5.88	-12.5%	5.05	2.0%	5.48	5.11	7.1%
Processed Beef – EM	6.51	6.85	-4.9%	5.39	20.9%	6.37	5.62	13.4%
Others – EM	3.33	3.96	-15.9%	3.91	-14.9%	3.41	3.29	3.7%
Total	**5.02**	**5.74**	**-12.5%**	**4.96**	**1.1%**	**5.31**	**4.97**	**6.9%**
Average FX Rate	1.96	1.77	**10.7%**	1.67	**17.4%**	1.79	1.67	7.2%

Average Price – EM (R$/kg)	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Fresh Beef – EM	10.09	10.41	-3.1%	8.43	19.7%	9.80	8.54	14.8%
Processed Beef – EM	12.77	12.12	5.4%	9.00	41.9%	11.40	9.38	21.5%
Others – EM	6.53	7.01	-6.8%	6.53	-0.1%	6.11	5.49	11.2%
Total	**9.83**	**10.16**	**-3.2%**	**8.28**	**18.7%**	**9.50**	**8.29**	**14.6%**

Average Price – DM (R$/kg)	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Fresh Beef – DM	7.58	7.80	-2.9%	7.86	-3.6%	8.13	8.04	1.1%
Processed Beef – DM	6.24	9.02	-30.8%	6.91	-9.7%	7.62	7.09	7.6%
Others – DM	5.95	7.49	-20.5%	7.18	-17.0%	6.33	7.03	-10.0%
Total	**7.26**	**7.76**	**-6.5%**	**7.74**	**-6.2%**	**7.81**	**7.88**	**-0.9%**

EM - Export Market, DM – Domestic Market

Others Division

Gross revenue from this division totaled R$236.9 million in 2Q12, of which R$171.2 million came from exports and R$65.7 million from domestic sales.

The Live Cattle segment once registered strong recovery in sales over the same period last year. Resales of third-party products continued its stellar performance, optimizing our distribution network. MDF also made its contribution with an increase in its production by increasing its capacity utilization and revenue. Finally, the leather segment continues to deliver solid results, with the gross revenue from the Brazilian operations, international and domestic markets and the growing leather sales by our Uruguay unit deserve special mention.

Consolidated Net Revenue

Net revenue in 2Q12 totaled R$1,077.2 million, up 14.6% and 14.1% from 2Q11 and 1Q12, respectively.

R$ Million	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Gross Revenues	1,141.1	1,005.9	13.4%	1,015.1	12.4%	4,450.4	3,828.0	16.3%
Sales Taxes and Deductions	(64.0)	(61.8)	3.5%	(74.9)	-14.6%	(272.8)	(231.9)	17.6%
Net Revenues	**1,077.2**	**944.1**	**14.1%**	**940.2**	**14.6%**	**4,177.6**	**3,596.1**	**16.2%**
% Gross Revenues	94.4%	93.9%	0.5 p.p.	92.6%	1.8 p.p.	93.9%	93.9%	-0.1 p.p.

Cost of Goods Sold (COGS) and Gross Profit

In 1Q12, COGS amounted to R$863.1 million, for gross margin of 19.9%, 4.7 p.p. up on 2Q11. This solid performance stems from a combination of the inversion of the cattle cycle curve in Brazil, which resulted in a drop in the price of cattle, our main raw material (approximately 80% of COGS) and excellence in risk management.

R$ Million	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Net Revenues	1,077.2	944.1	14.1%	940.2	14.6%	4,177.6	3,596.1	16.2%
COGS	(863.1)	(759.7)	13.6%	(797.1)	8.3%	(3,443.6)	(3,004.8)	14.6%
% Net Revenues	**80.1%**	**80.5%**	**-0.4 p.p.**	**84.8%**	**-4.7 p.p.**	**82.4%**	**83.6%**	**-1.1 p.p.**
Gross Profit	**214.1**	**184.3**	**16.2%**	**143.1**	**49.6%**	**734.0**	**591.3**	**24.1%**
Gross Margin	**19.9%**	**19.5%**	**0.4 p.p.**	**15.2%**	**4.7 p.p.**	**17.6%**	**16.4%**	**1.1 p.p.**

Selling, General and Administrative Expenses

Selling expenses totaled R$85.0 million in 2Q12. As a percentage of net revenue, selling expenses came to 7.9%, 1.7 p.p. down from 1Q12.

Administrative expenses as a percentage of net revenue fell from 3.0% to 2.8%.

R$ Million	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Selling Expenses	(85.0)	(90.7)	-6.3%	(56.2)	51.3%	(295.1)	(297.2)	-0.7%
% Net Revenues	**7.9%**	**9.6%**	**-1.7 p.p.**	**6.0%**	**1.9 p.p.**	**7.1%**	**8.3%**	**-1.2 p.p.**
G&A Expenses	(30.2)	(28.0)	8.0%	(28.8)	4.8%	(115.3)	(83.6)	38%
% Net Revenues	**2.8%**	**3.0%**	**-0.2 p.p.**	**3.1%**	**-0.3 p.p.**	**2.8%**	**2.3%**	**0.4 p.p.**

EBITDA

We ended 2Q12 with EBITDA of R$112.7 million, up 41.4% on 2Q11. EBITDA margin came to 10.5%, a 2.0 p.p. increase over the same period in 2011.

R$ Million	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Non-Controlling Interest	**(130.9)**	**(66.7)**	**96.2%**	**(3.4)**	**3,721.7%**	**(167.1)**	**63.3**	**-363.8%**
(+) Income and Deferred Taxes	(43.4)	(6.3)	588.1%	2.1	-2,162.1%	(148.5)	(84.5)	75.6%
(+) Net Financial Result	274.2	138.4	98.1%	69.4	295.0%	651.2	249.7	160.8%
(+) Depreciation and Amortization	12.7	11.8	7.5%	10.4	22.0%	47.6	36.9	28.9%
(+) Non-Recurring Itens	0.0	0.0	0.0%	1.2	0.0%	13.9	26.3	-47.1%
EBITDA	**112.7**	**77.2**	**45.9%**	**79.7**	**41.4%**	**397.1**	**291.7**	**36.2%**
EBITDA Margin	**10.5%**	**8.2%**	**2.3 p.p.**	**8.5%**	**2.0 p.p.**	**9.5%**	**8.1%**	**1.4 p.p.**

Financial Result

Net financial result in 2Q12 was impacted by the depreciation of the real against the dollar, which had a non-cash impact on our debt.

The table below details the financial result in the second quarter of 2012:

R$ Million	2Q12	1Q12	Var.%	2Q11	Var.%
Financial Expenses	(83.1)	(79.3)	4.8%	(47.4)	75.3%
Financial Income	18.8	14.3	31.5%	8.1	132.1%
FX Variation	(198.8)	(11.6)	1,613.8%	14.8	-1,443.2%
Other Expenses (*)	(11.1)	(61.9)	(82.1%)	(44.9)	-75.3%
Net Financial Result	**(274.2)**	**(138.4)**	**98.1%**	**(69.4)**	**295.1%**

(*) Including FX Hedge, Commodities, Financial Discounts and Bank Charges

(*) Other Expenses (R$ Million)	2Q12
Expenses with FX Hedge and Commodities	5.7
Financial Discounts, Rates, Commissions, Commercial Discount and Other Financial Expenses	-16.8
Total	**-11.1**

Net Income

In 2Q12, net income before income tax, adjusted for the non-recurring and non-cash effect of foreign exchange variation, totaled R$24.6 million, as shown below.

R$ Million	2Q12	1Q12	Var.%	2Q11	Var.%	LTM 2Q12	LTM 2Q11	Var.%
Net (Loss) Income	(130.9)	(66.7)	96.1%	(3.4)	3,721.7%	(167.1)	66.1	-352.7%
Net Margin (%)	**-12.1%**	**-7.1%**	**-5.1 p.p.**	**-0.4%**	**-11.8 p.p.**	**-4.0%**	**1.8%**	**-5.8 p.p.**

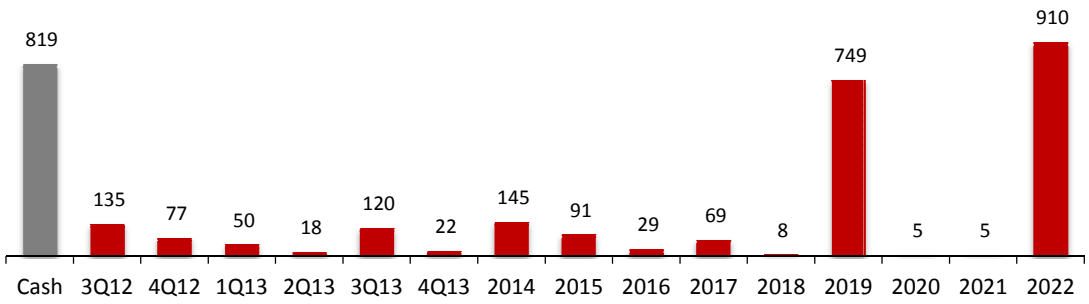
R$ Million	2Q12
Profit before income tax	(174,221)
FX variation excluding cash effect	198,827
Adjusted profit before income tax	**24,606**

Capital Structure

Minerva closed 2Q12 with cash of R$818.5 million, which is sufficient to cover all debt amortizations through 2018. Short-term debt represented 12% of total debt at the end of the quarter. At the end of 2Q12, roughly 74% of total debt was denominated in U.S. dollar.

Minerva closed the quarter with a net debt/EBITDA ratio of 3.99x, despite the non-cash R$200 million impact of foreign exchange variation on our debt.

Figure 14 - Debt Amortization



R$ Million	2Q12	1Q12	Var. %	2Q11	Var. %
Short Term Debt	**279.9**	**282.7**	**-1.0%**	**403.0**	**-30.5%**
% Short Term Debt	11.5%	12.4%	-0.9 p.p.	21.1%	-9.6 p.p.
Local Currency	95.3	143.1	-33.4%	222.5	-57.1%
Foreign Currency	184.6	139.6	32.2%	180.5	2.3%
Long Term Debt	**2,154.0**	**1,995.1**	**8.0%**	**1,503.7**	**43.2%**
% Long Term Debt	88.5%	87.6%	0.9 p.p.	78.9%	9.6 p.p.
Local Currency	415.9	396.6	4.9%	710.6	-41.5%
Foreign Currency	1,738.1	1,598.5	8.7%	793.1	119.2%
Total Debt	**2,433.9**	**2,277.8**	**6.9%**	**1,906.7**	**27.7%**
Local Currency	511.2	539.7	-5.3%	933.1	-45.2%
Foreign Currency	1,922.7	1,738.1	10.6%	973.6	97.5%
(Cash and Cash Equivalents)	(818.5)	(846.3)	-3.3%	(613.6)	33.4%
Net Debt*	**1,587.8**	**1,394.8**	**15.8%**	**1,258.0**	**28.4%**
Net Debt/ EBITDA	**3.99 x**	**3.83 x**	**- 0.16 x**	**3.99 x**	**-**

(*) Adjusted to treasury stock and subordinated FDIC quotas

LOCAL CURRENCY (R$ thousand)		
	2Q12	**1Q12**
2Q12	-	33,825
3Q12	46,993	35,244
4Q12	10,986	62,151
1Q13	31,416	11,808
2Q13	5,951	23,439
2013	120,504	46,509
2014	124,534	63,160
2015	91,233	189,583
2016	29,096	27,268
2017	15,531	14,600
2018	8,053	8,455
2019	4,924	6,369
2020	4,924	6,369
2021	4,924	6,221
2022	12,147	4,592
Total	**511,216**	**593,593**

FOREIGN CURRENCY (R$ thousand)		
	2Q12	**1Q12**
2Q12	-	59,904
3Q12	88,218	59,343
4Q12	66,102	1,592
1Q13	18,127	18,802
2Q13	12,128	10,933
2013	21,471	48,788
2014	20,140	67,120
2015	-	29,358
2016	-	0
2017	53,942	56,220
2018	-	0
2019	744,464	626,352
2020	-	0
2021	-	0
2022	898,112	759,787
Total	**1,922,704**	**1,738,199**

Investiments

Investments in 2Q12 totaled R$28.0 million, most of which went to operational maintenance.

Cash Flow

We generated free cash flow of R$44.1 million in the second quarter. Moreover, our operations generated positive cash flow of R$122.7 million, continuing the excellent performance that began in 4Q11.

Free Cash Flow Attributable to the Shareholder

R$ Million	2Q12
EBITDA	**112,693**
Change in Working Capital Requirement	21,125
CAPEX	-28,245
Financial Expense (Cash concept)	-61,435
Free cash flow to shareholders	**44,138**

Cash Flow from Operational Activities

R$ Million	2Q12
Net Income	**-130,855**
Net Income Adjustments	232,423
(+/-) Change in Working Capital Requirement	21,125
Cash Flow from Operating Activities	**122,693**

About Minerva S.A

Minerva S.A. is one of the leading producers and sellers of beef, leather, live cattle exports and cattle byproducts in South America, and one of Brazil's three largest exporters in the industry in terms of gross sales revenue, exporting to over 100 countries, with operations also in the beef, pork and poultry processing segments. It has a daily slaughtering capacity of 10,480 heads of cattle and daily beef deboning capacity equivalent to 12,911 heads of cattle. With a presence in the states of São Paulo, Rondônia, Goiás, Tocantins, Mato Grosso do Sul and Minas Gerais, as well as in Paraguay and Uruguay, Minerva operates ten slaughter and deboning plants, one unit to process proteins and eleven distribution centers. In the 12 months ended June 30, 2012, the Company recorded net sales revenue of R$4.2 billion, up 16.2% on the same period a year earlier.

Relationship with Auditors

In accordance with CVM Instruction 381/03, we inform that our auditors did not provide services other than those related to the external audit in fiscal year 2010 and the quarter ended December 31, 2011.

Statement from Management

In compliance with CVM Instructions, Management declares that it has discussed, revised and agreed with the individual and consolidated accounting information related to the quarter ended on June 30, 2012, and the opinions expressed in the independent auditors' review report, hereby authorizing their disclosure.

ANNEX 1 - CONSOLIDATED INCOME STATEMENT

	2Q12	1Q12	2Q11
Export Sales	768,052	659,875	534,134
Domestic Sales	373,089	346,012	480,979
Gross Sales Revenues	**1,141,141**	**1,005,887**	**1,015,113**
Deductions and Discounts	(63,969)	(61,823)	(74,903)
Net Sales Revenues	**1,077,172**	**944,064**	**940,210**
Cost of Goods Sold	(863,065)	(759,744)	(797,090)
Gross Profit	**214,107**	**184,320**	**143,120**
Selling Expenses	(85,019)	(90,726)	(56,187)
General and Administrative Expenses	(30,226)	(27,984)	(28,843)
Financial Expenses	(94,247)	(141,145)	(92,352)
Financial Revenues	18,849	14,335	8,131
Exchange Rate	(198,827)	(11,608)	14,805
Other Operating Revenues (Expenses)	1,142	(233)	10,005
Operating Revenues (Expenses)	**(388,328)**	**(257,361)**	**(144,441)**
Operating Income	**(174,221)**	**(73,041)**	**(144,441)**
Profit Before Income Tax	**(174,221)**	**(73,041)**	**(73,041)**
Corporate Taxation - Current	(380)	(829)	-
Corporate Taxation - Deferred	43,746	7,131	(2,103)
Net Income before Non-Controling Interest and Reversal of Interest on Equity	**(130,855)**	**(66,739)**	**(3,424)**
Net Income	**(130,855)**	**(66,739)**	**(3,424)**
Net Income Attributed to Controlling Shareholders	(130,336)	(65,743)	(1,500)
Net Income Attributed to Non-Controlling Shareholders	(519)	(996)	(1,924)

ANNEX 2 – CONSOLIDATED BALANCE SHEET

Assets	2Q12	1Q12
Current Assets		
Cash and Cash Equivalents	818,522	846,276
Clients	168,449	130,070
Inventories	182,170	200,275
Taxes Recoverable	469,265	455,909
Others Receivables	108,509	99,279
Biological Assets	34,093	36,895
Total Current Assets	**1,781,008**	**1,768,704**
Non-Current Assets		
Related Parties	6,531	7,483
Taxes Recoverable	108,536	108,744
Deferred Taxes	280,361	235,612
Other Credits	21,301	33,211
Judicial Deposits	10,326	10,082
Long-Term Assets	**427,055**	**395,132**
Fixed Assets	1,142,898	1,127,838
Intangibles	340,790	340,294
Fixed Assets	**1,483,688**	**1,468,132**
Total Non-Current Assets	**1,910,743**	**1,863,263**
Total Assets	**3,691,751**	**3,631,967**

Liabilities	2Q12	1Q12
Current Liabilities		
Loans and Financing	279,296	276,908
Convertible Debentures	625	5,761
Trade Accounts Payable to Suppliers	281,041	264,471
Payroll and Tax Payable	61,934	55,606
Others Liabilities	90,316	68,564
Total Current Liabilities	**713,212**	**671,310**
Non-Current Liabilities		
Long Term Liabilities		
Loans and Financing	2,153,999	1,995,122
Convertible Debentures	163,510	178,631
Deferred Taxes	41,311	44,358
Payroll and Tax Payable	19,285	19,285
Provision for Contingencies	66,531	71,003
Related Parties	33,234	29,759
Deferred Liabilities Tax	87,535	86,862
Total Non-Current Liabilities	**2,565,405**	**2,425,020**
Capital Stock	276,691	257,885
Tresury Stock	(11,331)	(20,883)
Capital Reserves	166,660	190,042
Revaluation Reserves	74,446	75,085
Profits Reserve	48,366	48,366
Balance Sheet Evaluation Adjustments	(22,658)	(25,690)
Retained Earnings	(194,143)	(64,776)
Shareholders' Equity	**338,031**	**460,029**
Non-Controling Interest	**75,103**	**75,608**
Total Shareholders' Equity	**413,134**	**535,637**
Total Liabilities and Shareholders' Equity	**3,691,751**	**3,631,967**

ANNEX 3 - CONSOLIDATED CASH FLOW STATEMENT – Financial Calculation

Cash Flow	2Q12	1Q12
Net Income (Loss)	(130,855)	(66,739)
Adjustments to Reconcile Net Income (Loss) and Cash from Operating		
Depreciation and Amortization	12,689	11,812
Net Income Attributed to Non-Controlling Shareholders	519	996
Value Biological Assets	(4,054)	3,501
Increase in Deferred Taxes – Temporary Differences	(43,746)	(7,131)
Net Realization of Revaluation Reserve	(967)	967
Financial Charges	74,522	75,018
Foreign Exchange Variation – Not Realized	193,460	(10,129)
Contingency Allowances	-	(1)
Receivable from Customers	(35,700)	74,973
Inventories	18,105	(31,852)
Biological Assets	6,856	7,284
Taxes Recoverable	(13,148)	(22,924)
Accounts receivable from Related Parties	(3,520)	(2,489)
Deposits in Court	(244)	(139)
Suppliers	16,570	(46,646)
Labor and Tax Obligations	3,281	(936)
Accounts Payable	28,925	30,826
Net Cash Flow from Operating Activities	**122,693**	**16,392**
Cash Flow from Investment Activities		
Payment instalment PUL	-	(23,717)
Acquisition of Intangible	(281)	(846)
Acquisition of Fixed Assets	(27,964)	(24,851)
Cash Applied in Investment Activities	**(28,245)**	**(49,414)**
Net Cash from Financing Activities		
Loans and Financings	343,722	799,559
Loans and Financings Settled	(455,743)	(622,700)
Convertible Debentures	(17,151)	(5,634)
Variation in Minoritary Equity	(505)	(1,100)
Paid-In Capital	18,806	5,634
Interest on Equity	-	(17,680)
Dividends	-	(11,762)
Treasury Stock	9,552	(13,401)
Treasury Stock Suspension	(20,883)	-
Net Cash from Financing Activities	**(122,202)**	**132,916**
Net Cash / Cash Equivalent Decrease	**(27,754)**	**99,894**
Cash and Cash Equivalents		
Beginning of Period	846,276	746,382
End of Period	818,522	846,276
Net Cash / Cash Equivalent Decrease	**(27,754)**	**99,894**