MINERVA S.A.

Individual (Company) and consolidated Quarterly Information for the quarter ended June 30, 2013

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INDEPENDENT AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the individual and consolidated interim financial statements of **Minerva S.A**. ("Company"), included in the Quarterly Information for the quarter ended June 30, 2013, which comprises the balance sheet as of June 30, 2013 and the respective statements of operations and comprehensive income (loss) for the quarter and six-month period then ended, as well as the statements of changes in shareholders' equity and cash flows for the six-month period then ended, including the notes to the financial statements.

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

Scope of the review

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

Conclusion about the individual interim financial statements

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

Conclusion about the consolidated interim financial statements

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

Other issues

Interim statements of value added

We also reviewed the individual and consolidated interim statements of value added prepared under the responsibility of the Company's management, for the six-month period ended June 30, 2013, 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.

São Paulo, August 12, 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

MINERVA S.A.

Balance sheets
As of June 30, 2013 and December 31, 2012
(In thousands of Brazilian Reais)

		Company		Consolidated	
	Note	30/06/2013	31/12/2012	30/06/2013	31/12/2012
Assets					
Cash and cash equivalents	5	963,176	1,222,864	1,226,770	1,288,754
Trade accounts receivable	6	99,104	114,336	210,526	189,393
Inventories	7	166,751	136,809	276,688	218,534
Biological assets	8	43,932	40,763	43,932	40,763
Recoverable taxes	9	443,801	432,211	490,378	472,102
Other receivables		134,195	100,527	167,169	117,885
		1,850,959	**2,047,510**	**2,415,463**	**2,327,431**
Related-party transactions	11	477,861	219,245	19,227	31,331
Recoverable taxes	9	128,906	98,886	137,476	107,927
Deferred tax assets	10	217,060	217,060	223,579	223,579
Other receivables		18,862	17,069	24,455	22,720
Court deposits		9,138	8,042	9,818	8,607
Investments	12	518,931	535,249	-	-
Property, plant and equipment	13	936,140	900,534	1,263,680	1,218,581
Intangible assets	14	4,929	4,799	438,237	426,897
		2,311,827	**2,000,884**	**2,116,472**	**2,039,642**
Total assets		**4,162,786**	**4,048,394**	**4,531,935**	**4,367,073**

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

MINERVA S.A.

Balance sheets
As of June 30, 2013 and December 31, 2012
(In thousands of Brazilian Reais)

	Note	Company		Consolidated	
		30/06/2013	31/12/2012	30/06/2013	31/12/2012
Liabilities					
Loans and financings	15	347,170	413,985	511,155	533,110
Convertible debentures	19	448	443	448	443
Trade accounts payable	16	259,288	237,291	308,095	289,433
Labor and tax liabilities	17	53,207	46,011	72,231	62,856
Other accounts payable		213,700	164,570	254,953	198,544
		873,813	**862,300**	**1,146,882**	**1,084,386**
Loans and financings	15	2,220,677	1,887,033	2,565,288	2,133,154
Convertible debentures	19	141,952	139,584	141,952	139,584
Labor and tax liabilities	17	31,833	36,009	31,843	36,208
Provisions for contingencies	21	33,682	32,911	33,685	32,944
Provisions for losses on investments	12	189,830	116,525	-	-
Related-party transactions	11	101,404	133,233	-	63,714
Accounts payable		-	13,681	41,999	47,547
Deferred tax liabilities	18	76,742	75,229	76,918	75,229
		2,796,120	**2,434,205**	**2,891,685**	**2,528,380**
Shareholders' equity	22				
Capital stock		715,911	712,984	715,911	712,984
Capital reserves		13,230	156,802	13,230	156,802
Revaluation surplus		71,893	73,168	71,893	73,168
Income reserves		-	48,366	-	48,366
Accumulated losses		(188,643)	(190,223)	(188,643)	(190,223)
Treasury shares		(101,293)	(29,693)	(101,293)	(29,693)
Asset and liability valuation adjustments		(18,245)	(19,515)	(18,245)	(19,515)
Total shareholders' equity attributed to controlling shareholders		**492,853**	**751,889**	**492,853**	**751,889**
Non-controlling interest		**-**	**-**	**515**	**2,418**
Total shareholders' equity		**492,853**	**751,889**	**493,368**	**754,307**
Total liabilities and shareholders' equity		**4,162,786**	**4,048,394**	**4,531,935**	**4,367,073**

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

MINERVA S.A.

Statements of operations
For the periods ended June 30, 2013 and 2012
(In thousands of Brazilian Reais)

	Note	Company				Consolidated			
		2nd Quarter 2013	Accumulated 2013	2nd Quarter 2012	Accumulated 2012	2nd Quarter 2013	Accumulated 2013	2nd Quarter 2012	Accumulated 2012
Net revenue	25	1,009,785	1,967,046	933,368	1,732,481	1,322,740	2,517,727	1,077,172	2,021,236
Cost of goods sold		(766,323)	(1,512,248)	(754,620)	(1,387,134)	(1,055,999)	(2,023,258)	(863,065)	(1,622,809)
Gross profit		**243,462**	**454,798**	**178,748**	**345,347**	**266,741**	**494,469**	**214,107**	**398,427**
Operating revenues/(expenses):									
Selling expenses		(85,167)	(167,224)	(66,271)	(144,734)	(114,776)	(218,702)	(85,019)	(175,745)
General and administrative expenses		(30,083)	(59,697)	(23,835)	(46,131)	(39,918)	(77,791)	(30,226)	(58,210)
Other operating revenues		7,649	7,524	539	(332)	8,137	8,491	1,142	909
Income before net financial revenues (expenses), equity in earnings (losses) of controlled companies and taxes		**135,861**	**235,401**	**89,181**	**154,150**	**120,184**	**206,467**	**100,004**	**165,381**
Financial expenses	26	(106,817)	(191,091)	(56,233)	(189,908)	(117,330)	(216,643)	(94,247)	(235,392)
Financial revenues	26	7,708	19,995	5,874	18,456	8,899	22,163	18,849	33,184
Exchange rate gains (losses), net	26	(163,396)	(149,344)	(174,649)	(184,357)	(214,888)	(200,836)	(198,827)	(210,435)
Financial revenues/(expenses), net		**(262,505)**	**(320,440)**	**(225,008)**	**(355,809)**	**(323,319)**	**(395,316)**	**(274,225)**	**(412,643)**
Equity in earnings (losses) of controlled companies		(76,302)	(103,366)	(38,255)	(45,297)	-	-	-	-
Income before taxes		**(202,946)**	**(188,405)**	**(174,082)**	**(246,956)**	**(203,135)**	**(188,849)**	**(174,221)**	**(247,262)**
Current income and social contribution taxes	18	8,652	-	-	-	8,669	(83)	(380)	(1,209)
Deferred income and social contribution taxes	18	(1,852)	(2,170)	43,746	50,877	(1,852)	(2,170)	43,746	50,877
Income (loss) before non-controlling shareholders		**(196,146)**	**(190,575)**	**(130,336)**	**(196,079)**	**(196,318)**	**(191,102)**	**(130,855)**	**(197,594)**
Income (loss) attributable to:									
Controlling shareholders		(196,146)	(190,575)	(130,336)	(196,079)	(196,146)	(190,575)	(130,336)	(196,079)
Non-controlling shareholders		-	-	-	-	(172)	(527)	(519)	(1,515)
Net income (loss) for the period		**(196,146)**	**(190,575)**	**(130,336)**	**(196,079)**	**(196,318)**	**(191,102)**	**(130,855)**	**(197,594)**

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

MINERVA S.A.

Statements of comprehensive income (loss)
For the periods ended June 30, 2013 and 2012
(In thousands of Brazilian Reais)

	Company				Consolidated			
	2nd Quarter 2013	Accumulated 2013	2nd Quarter 2012	Accumulated 2012	2nd Quarter 2013	Accumulated 2013	2nd Quarter 2012	Accumulated 2012
Net income (loss) for the period	**(196,146)**	**(190,575)**	**(130,336)**	**(196,079)**	**(196,318)**	**(191,102)**	**(130,855)**	**(197,594)**
Other comprehensive income (loss)								
Asset and liability valuation adjustment	1,586	1,270	3,032	281	486	(106)	3,046	191
Other comprehensive income (loss), net of income and social contribution taxes	1,586	1,270	3,032	281	486	(106)	3,046	191
Total comprehensive income (loss)	**(194,560)**	**(189,305)**	**(127,304)**	**(195,798)**	**(195,832)**	**(191,208)**	**(127,809)**	**(197,403)**
Comprehensive income (loss) attributable to:								
Controlling shareholders	(194,560)	(189,305)	(127,304)	(195,798)	(194,560)	(189,305)	(127,304)	(195,798)
Non-controlling shareholders	-	-	-	-	(1,272)	(1,903)	(505)	(1,605)
Total comprehensive income (loss)	**(194,560)**	**(189,305)**	**(127,304)**	**(195,798)**	**(195,832)**	**(191,208)**	**(127,809)**	**(197,403)**

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 period ended June 30, 2013
(In thousands of Brazilian Reais)

				Income reserve							
	Capital stock	Capital reserves	Revaluation surplus	Statutory reserve	Appropriated Retained earnings	Accumulated losses	Treasury shares	Asset and liability valuation adjustments	Total shareholders' equity attributed to controlling shareholders	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2012	**712,984**	**156,802**	**73,168**	**3,413**	**44,953**	**(190,223)**	**(29,693)**	**(19,515)**	**751,889**	**2,418**	**754,307**
Increase in capital stock	2,927	-	-	-	-	-	-	-	2,927	-	2,927
Treasury shares	-	(584)	-	-	-	-	(71,600)	-	(72,184)	-	(72,184)
Realization of revaluation surplus	-	-	(1,275)	-	-	1,932	-	-	657	-	657
(-) Cost of share issuance transaction	-	(1,131)	-	-	-	-	-	-	(1,131)	-	(1,131)
Asset and liability valuation adjustment	-	-	-	-	-	-	-	1,270	1,270	(1,376)	(106)
Absorption of losses through reserves	-	(141,857)	-	(3,413)	(44,953)	190,223	-	-	-	-	-
Net income (loss) for the period	-	-	-	-	-	(190,575)	-	-	(190,575)	-	(190,575)
Non-controlling interest	-	-	-	-	-	-	-	-	-	(527)	(527)
Balances as of June 30, 2013	**715,911**	**13,230**	**71,893**	**-**	**-**	**(188,643)**	**(101,293)**	**(18,245)**	**492,853**	**515**	**493,368**

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

(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 period ended June 30, 2012
(In thousands of Brazilian Reais)

	Capital stock	Capital reserves	Revaluation surplus	Income reserve		Accumulated losses	Treasury shares	Asset and liability valuation adjustments	Total shareholders' equity attributed to controlling shareholders	Non-controlling interest	Total shareholders' equity
				Statutory reserve	Appropriated retained earnings						
Balances as of December 31, 2011	**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
Asset and liability valuation adjustment	-	-	-	-	-	-	-	281	281	(90)	191
Net loss for the period	-	-	-	-	-	(196,079)	-	-	(196,079)	-	(196,079)
Non-controlling interest	-	-	-	-	-	-	-	-	-	(1,515)	(1,515)
Balances as of June 30, 2012	**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 cash flows
For the periods ended June 30, 2013 and 2012
(In thousands of Brazilian Reais)

	Company				Consolidated			
	2nd Quarter	Accumulated	2nd Quarter	Accumulated	2nd Quarter	Accumulated	2nd Quarter	Accumulated
	2013	2013	2012	2012	2013	2013	2012	2012
Cash flows from operating activities								
Net income (loss) for the period	(196,146)	(190,575)	(130,336)	(196,079)	(196,318)	(191,102)	(130,855)	(197,594)
Adjustments to reconcile net income (loss) from operating activities:								
Depreciation and amortization	9,946	19,924	9,093	18,019	14,254	28,337	12,689	24,501
Income (loss) attributed to non-controlling interest	-	-	-	-	172	527	519	1,515
Fair value of biological assets	(2,005)	(4,978)	(4,054)	(553)	(2,005)	(4,978)	(4,054)	(553)
Realization of deferred taxes – temporary differences	1,852	2,170	(43,746)	(50,877)	1,852	2,170	(43,746)	(50,877)
Equity in earnings (losses) of controlled companies	76,302	103,366	52,339	45,297	-	-	-	-
Finance charges	66,582	127,081	40,811	112,395	85,868	171,657	74,522	149,540
Unrealized exchange rate gains (losses)	149,324	127,520	191,185	184,462	221,593	191,534	193,460	183,331
Provision for contingencies	-	771	-	-	(8)	741	-	(1)
Trade accounts receivable and other receivables	50,944	(20,229)	(18,775)	33,762	41,564	(72,153)	(35,700)	26,431
Inventories	(31,474)	(29,942)	22,262	(5,911)	(35,564)	(58,154)	18,105	(13,747)
Biological assets	(2,963)	1,809	6,856	14,140	(2,963)	1,809	6,856	14,140
Recoverable taxes	(14,817)	(41,611)	(11,655)	(33,426)	(26,178)	(47,826)	(13,148)	(36,072)
Court deposits	(640)	(1,096)	-	(96)	(686)	(1,211)	(244)	(383)
Trade accounts payable	16,681	21,997	20,744	(28,280)	2,044	18,662	16,570	(30,076)
Labor and tax liabilities	(11,131)	3,020	2,212	(252)	(12,371)	5,010	3,281	2,345
Other accounts payable	96,808	33,690	21,189	44,982	97,620	50,594	27,958	48,877
	209,263	**152,917**	**158,125**	**137,583**	**188,874**	**95,617**	**126,213**	**121,377**
Cash flows provided by operating activities	**209,263**	**152,917**	**158,125**	**137,583**	**188,874**	**95,617**	**126,213**	**121,377**
Cash flows from investing activities								
Acquisition of investments	(12,428)	(12,428)	(14,856)	(771)	-	-	-	-
Acquisition of intangible assets	(297)	(535)	(233)	(1,048)	(11,579)	(11,812)	(281)	(1,127)
Acquisition of property, plant and equipment	(23,878)	(55,125)	(18,378)	(43,249)	(36,511)	(72,964)	(27,964)	(52,815)
Cash flows used in investing activities	**(36,603)**	**(68,088)**	**(33,467)**	**(45,068)**	**(48,090)**	**(84,776)**	**(28,245)**	**(53,942)**
Cash flows from financing activities								
Loans and financing taken	434,968	609,081	202,670	1,005,348	506,995	701,191	343,722	1,143,281
Loans and financings settled	(125,936)	(596,853)	(442,067)	(1,018,057)	(149,734)	(654,203)	(455,743)	(1,078,443)
Debentures convertible into shares	(1,264)	2,373	(17,151)	(22,785)	(1,264)	2,373	(17,151)	(22,785)
Related-party transactions	(137,606)	(290,445)	376,288	(1,098)	(8,029)	(51,610)	(3,520)	(6,009)
Changes in non-controlling interest	-	-	-	-	(1,272)	(1,903)	(505)	(1,605)
Capital contribution in cash	-	2,927	18,806	24,440	-	2,927	18,806	24,440
Interest on equity capital	-	-	-	(17,680)	-	-	-	(17,680)
Dividends	-	-	-	(11,762)	-	-	-	(11,762)
Treasury shares	(34,570)	(71,600)	9,552	(3,849)	(34,570)	(71,600)	9,552	(3,849)
Cancellation of treasury shares	-	-	(20,883)	(20,883)	-	-	(20,883)	(20,883)
Cash provided by (used in) financing activities	**135,592**	**(344,517)**	**127,215**	**(66,326)**	**312,126**	**(72,825)**	**(125,722)**	**4,705**
Net decrease in cash and cash equivalents	**308,252**	**(259,688)**	**251,873**	**26,189**	**452,910**	**(61,984)**	**(27,754)**	**72,140**
Cash and cash equivalents								
At beginning of period	654,924	1,222,864	469,191	694,875	773,860	1,288,754	846,276	746,382
At end of period	963,176	963,176	721,064	721,064	1,226,770	1,226,770	818,522	818,522
Net decrease in cash and cash equivalents	**308,252**	**(259,688)**	**251,873**	**26,189**	**452,910**	**(61,984)**	**(27,754)**	**72,140**

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

MINERVA S.A.

Statements of value added
For the periods ended June 30, 2013 and 2012
(In thousands of Brazilian Reais)

	Company		Consolidated	
	2013	**2012**	**2013**	**2012**
Revenues	2,054,792	1,800,640	2,660,673	2,133,988
Sales of merchandise, products and services	2,045,749	1,794,238	2,645,328	2,122,797
Other revenues	9,043	6,402	15,345	11,191
Input acquired from third parties	(1,836,777)	(1,653,099)	(2,487,466)	(1,974,207)
(Includes tax amounts – ICMS – State VAT, IPI – Federal VAT, PIS and COFINS – sales taxes)				
Cost of goods, merchandise and services sold	(1,607,345)	(1,455,060)	(2,198,745)	(1,751,045)
Materials, energy, third-party services and others	(229,432)	(198,039)	(288,721)	(223,162)
Other (specify)	-	-	-	-
Gross value added	**218,015**	**147,541**	**173,207**	**159,781**
Depreciation, amortization and depletion	**(19,924)**	**(18,019)**	**(28,337)**	**(24,501)**
Net value added generated by the entity	**198,091**	**129,522**	**144,870**	**135,280**
Added value received in transfer	(83,371)	(26,841)	22,163	23,018
Equity in earnings (losses) of controlled companies	(103,366)	(45,297)	-	-
Financial revenues	19,995	18,456	22,163	23,018
Others				
Total added value to be distributed (5+6)	**114,720**	**102,681**	**167,033**	**158,298**
Added value distribution	114,720	102,681	167,033	158,298
Personnel	105,346	89,222	148,679	125,008
Taxes, fees and contributions	(97,679)	(78,448)	(99,456)	(69,992)
Return on debt capital	297,628	287,986	308,912	300,876
Interest	291,096	282,325	301,567	295,215
Rents	6,532	5,661	7,345	5,661
	(190,575)	(196,079)	(191,102)	(197,594)
Return on equity capital				
Retained earnings/accumulated losses for the year	(190,575)	(196,079)	(190,575)	(196,079)
Non-controlling interest in retained earnings (only consolidation)	-	-	(527)	(1,515)

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

1. General information

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

The Company's shares are traded on BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros under the coded of "Beef3".

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 internal market are located in the cities of Palmeiras (GO), Brasília (DF), Viana (ES), Itajaí (SC), São Paulo, Araraquara (SP), Araguaína (TO), Belo Horizonte (MG) and Fortaleza (CE).

As of June 30, 2013, the Company's industrial facilities had a daily slaughtering capacity of 11,480 head of cattle and a deboning capacity of 2,040 tons (taking the following controlled companies into account: Pul S/A (UY); Friasa S/A (PY); Frigomerc S/A (PY); and Minerva Alimentos (BR)) and are in compliance with sanitary requirements in order to export for the 5 continents. All its premises are approved for export. The Barretos unit has a beef processing line (cubed beef and roast beef) which is mainly for exports.

Controlled companies

- **Minerva Indústria e Comércio de Alimentos S.A.:** located in Rolim de Moura (RO), is engaged in the processing of meat and in July 2010 started the slaughtering of cattle;
- **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. Activities of the controlled company started in 2009 and currently around 70% of its sales are directed to the internal market;

- **PUL S/A:** acquired in January 2011, is located in the Province of Cerro Largo, near its capital Melo, in Uruguay. Engaged in meat packing and processing, slaughtering and deboning activities, with 81% of its sales intended for the external market, primarily the American and the European markets;
- **Friasa S.A.:** Located in Asunción – Paraguay, it is engaged in meat packing and processing, slaughtering and deboning activities, operating in local and foreign markets;
- **Frigomerc S.A.:** located in Asunción, Paraguay, is engaged in meat packing, slaughtering, deboning and processing of meats, in the domestic and foreign markets. The company was acquired on October 1, 2012;
- **Minerva Overseas I:** located in the Cayman Islands, it is a controlled company created in 2006 for the receipt of "Bonds" totaling US$ 200.000,000, performed in January 2007. The company was formed with the specific purpose (EPE) of issuing such "Bonds";
- **Minerva Overseas II:** located in the Cayman Islands, it is a controlled company created in 2010 for the receipt of "Bonds" totaling US$ 250.000,000, performed in January 2010. The company was formed with the specific purpose (EPE) of issuing such "Bonds";
- **Minerva Luxembourg S.A:** located in Luxembourg, it is a controlled company created in the last quarter of 2011 to receive bonds in the amount of US$ 350,000 and later retap of US$ 100,000, issued in February and March 2012, respectively. The Company was incorporated for the specific purpose of issuing the Bonds referred to above, operations not linked to the Company's indebtedness;
- **Eurominerva Comércio e Exportação Ltda:** located in Barretos (SP) Eurominerva is a joint venture set up to export live cattle. It is a joint venture, to which the Company, in compliance with the provisions laid down in CPC 26 (R1), applies the equity method or proportionate consolidation. Accounting estimates and practices adopted in this jointly controlled company are identical to those used by the company;
- **Minerva Beef:** it is a controlled company set up for raising funds;
- **Minerva Middle East:** it is an office set up in Lebanon to market and sell the Company's products;
- **Transminerva Ltda:** located In Barretos (SP), it is the transportation company set up to serve the Company and reduce freight expenses inside Brazil;

- **Brascasing Comercial Ltda.:** located in José Bonifácio (SP), is engaged in processing beef tripe and serves local and foreign markets. By the ending of Q3 2011, it was a joint venture to which the Company, in compliance with the provisions laid down in CPC 26 (R1), applied the equity method or proportionate consolidation, based on its ownership interest. By December 2011, the Company acquired 5% of shares representing the Company's share capital, thereby holding 55% of its share capital, and consequently, the control of its operations. On December 17, 2012, the Company acquired 45% of the remaining shares of Brascasing, thereby holding 100% of the Company's capital stock;
- **Minerva Colômbia S.A.S:** headquartered in Barrinquilla – Colombia, the company was set up with the purpose of exporting live cattle for the foreign market.

All other controlled Companies, that is, Loin Investments, Minerva Log and Livestock were instituted or acquired aiming at developing new markets for Minerva products and for fundraising. They were pre-operating as of March 31, 2013.

Consolidated information includes the accounts of the following controlled and jointly-controlled companies:

	Ownership interest percentage	
	03.31.13	**12.31.12**
Minerva Industria e Comércio de Alimentos S/A	98.00%	98.00%
Minerva Dawn Farms S/A	100.00%	100.00%
Friasa S/A	100.00%	92.00%
Minerva Overseas I	100.00%	100.00%
Minerva Overseas II	100.00%	100.00%
Eurominerva Comércio e Exportação Ltda	100.00%	100.00%
Minerva Beef	100.00%	100.00%
Minerva Middle East	100.00%	100.00%
Transminerva Ltda	100.00%	100.00%
Brascasing Comercial Ltda	100.00%	100.00%
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%
Minerva Luxembourg	100.00%	100.00%
Frigomerc S/A	100.00%	100.00%

The issue of the Quarterly Information as of June 30, 2013 was authorized by the Executive Board and the Board of Directors on August 13, 2013.

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

MINERVA DAWN FARMS

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

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

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

Identifiable assets acquired and liabilities assumed

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

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

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

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

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

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

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

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

In thousands of Brazilian reais	12/31/2011
Goodwill - expectation of future profitability	43,213
Client 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.

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

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

- The amount of R$ 2,500 thousand, settled through funds on December 28, 2012;
- Transfer of 830 thousand common shares of the Company, currently kept in treasury. Such transfer will only be effective after a previous authorization granted by the Brazilian Securities and Exchange Commission (CVM), according to the provisions of the legislation in effect. After this approval, the common shares transferred to the seller will have the following lock up trading restrictions: 310 thousands shares with lock up restrictions up to 07/01/2013; 310 thousands shares with lock up restrictions up to 12/31/2013; and 210 thousand shares with lock up restrictions up to 07/01/2014. In case CVM does not authorize the payment with common (treasury) shares of the Company, the payment will be made with funds, amounting to R$ 9,512 thousand, respecting the same terms and proportion established for the lock up restrictions.

PULSA S/A

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

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

- US$ 20,000 thousand already paid on the date the parties sign the "Share Purchase Agreement";
- US$14,000 by delivering 2,704,000 (two million seven hundred and four thousand) common shares of Minerva S/A, whose unit price is R$ 8.75. As of 8 November 2011, the Brazilian Securities and Exchange Commission (CVM) approved the operation of delivering 2,704,000 (Two million, seven hundred and four thousand) common shares of the Company, to settlement of the said portion of US$ 14,000. 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$23,717; and
- The amount of R$ 5,000, whose payment was made on March 21, 2013, in the amount of R$ 9,965.

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

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

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 and will be adjusted not higher than a year in accordance with CVM Resolution No. 580/09 - CPC 15 (R1):

ASSETS	Fair Value 01/01/2011
CURRENT ASSETS	
Cash and cash equivalents	12,945
Trade accounts receivable	17,683
Inventories	15,806
Other receivables	14,596
NON-CURRENT ASSETS	
Investments	443
Property, plant and equipment	56,378
Total ASSETS	**117,851**

LIABILITIES	Fair Value 01/01/2011
CURRENT LIABILITIES	
Trade accounts payable	11,014
Loans and financing	16,190
Other payables	11,034
NON-CURRENT LIABILITIES	
Loans and financing	20,218
Defered taxes	1,181
Provision for contingencies	33,214
TOTAL LIABILITIES	**92,851**
SHAREHOLDERS' EQUITY	**25,000**
LIABILITIES AND SHAREHOLDERS' EQUITY	**117,851**

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

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

IDENTIFIABLE ASSETS

In thousands of Brazilian reais

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

ASSUMED LIABILITIES

In thousands of Brazilian reais

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

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

Determining goodwill resulting from expected future profitability

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

In thousands of Brazilian reais

Shareholders' equity (fair value) - 01/01/2011	25,000
Goodwill resulting form expetced future profitability - (note 12)	61,643
Consideration transferred	**86,643**

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

BRASCASING COMERCIAL LTDA.

By December 2011, the Company acquired 5% of shares representing the share capital of Brascasing Comercial Ltda., thereby holding 55% of its share capital, and consequently, the control of its 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 share 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 (31 December 2011) and will be adjusted not longer than 1 (one) year in accordance with CVM Resolution No. 31/2011 - CPC 1 (R1).

Determining goodwill by future profitability: According to CPC 15 (R1) (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 achieved in stages". As determined in that standard, upon a business combination made by stages, the acquirer must reassess its previous ownership in the acquiree at the fair value on the acquisition date and recognize in the statement of operations for the financial year the "earnings" or "losses" generated in that "business combination made by stages". In addition and as recommended in the aforementioned standards, the Company has chosen to state the minority interest in the acquiree at its fair value or through the portion belonging to the Company at the fair value of the acquiree's identifiable net assets.

Goodwill and appreciation of previously-held identifiable assets and acquisition of more than 31 of the equity interest are recognized for the year ended 31 December 2011, as shown below:

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

On December 17, 2012, the Company acquired the residual 45,000 thousand shares of the company Depósito Fowles S.A., thereby holding 100% of Brascasing Comercial Ltda's paid-in capital and, consequently, its whole control. The business was entered into for the amount of US$ 4,950 (R$ 10,000) through payments distributed as follows:

- R$ 2,500 settled in a lump sum through funds;
- R$ 2,500 settled on 04/04/2013 through funds;
- R$ 2,500 to be settled on 10/04/2013 through funds;
- R$ 2,500 to be settled on 04/04/2014 through funds;

FRIGOMERC S/A

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

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

- **In a lump sum – US$ 15,000 thousand (R$ 30,390 thousand as of 10/01/2012):** Upon the acquisition of the company, which occurred on October 01, 2012;
- **1st Portion – US$ 5,000 thousand (R$ 10,069 thousand as of 03/31/2013):** settled on April 03, 2013;
- **2nd Portion – US$ 5,000 thousand (R$ 11,078 thousand as of 06/30/2013):** to be settled on October 03, 2013;
- **Payment through shares – US$ 10,000 thousand:** Transfer represented by 1,918,268 common shares of the Company, which wait the approval of CVM within 360 days. If the transfer is not approved by CVM, the debt will be settled through funds on June 6, 2013.

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

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

The following fair values were determined on a temporary basis, previously appraised by an independent expert company and reviewed by the Company on the acquisition balance sheet date and shall be adjusted in less than a year in accordance with CVM Resolution No. 580/09 - CPC 15 (R1):

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

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

The company will review, within the period specified in CVM Resolution 580/09 – CPC 15 (R1) of 1 (one) year, the amounts of acquired assets and assumed liabilities at the time of that acquisition (business combination).

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

ASSUMED LIABILITIES	
In thousands of R$	
Provision for contingencies - Book value	21
Adjustment - Fair value	23,555
Provision for contingencies - Fair value	**23,576**

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

Determining goodwill resulting from expected future profitability

Below we show goodwill resulting from expected future profitability, which corresponds to the difference between the 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 October 01, 2012, and is as follows:

In thousands of R$	
Shareholders' equity (fair value) - 10/01/2012	12,530
Goodwill from expected future profitability - (Note 12)	58,380
Consideration transferred	**70,910**

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

3. Statement of Management

Interim consolidated financial statements

The interim consolidated financial statements are presented in accordance with the IFRS issued by the International Accounting Standards Board ("IASB") and also in accordance with the Brazilian accounting practices.

Interim individual financial statements

The interim financial statements are presented in accordance with the Brazilian accounting practices in compliance with the provisions contained in the Brazilian Corporate Law. They incorporate the changes introduced by Laws No. 11.638/07 and 11.941/09, complemented by the pronouncements, interpretations and guidelines issued by the Committee of Accounting Pronouncements (CPC) approved by resolutions of the Federal Association of Accountants (CFC) and decisions of the Brazilian Securities and Exchange Commission (CVM).

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

4. Summary of significant accounting practices

a. Measurement basis

The financial statements were 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 financial statements 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, 2012 and the Quarterly Information as of June 30, 2013 of controlled companies abroad (Friasa S/A, whose functional currency is Guarani; Frigomerc 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:

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

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

d. Foreign-currency transactions and balances

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

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

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

e. Use of Estimates and Judgment

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

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

f. Basis of consolidation

Business combinations

Acquisitions made on January 1, 2009 or after that date

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

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

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

Acquisitions before January 1, 2009

As part of the transition to IFRS and CPC, the Company has chosen not to republish business combinations occurred prior to 1 January 2009. Concerning acquisitions prior to 1 January 2009, goodwill is equal to the amount recognized under the accounting practices previously adopted. Goodwill is annually assessed for impairment, in accordance with CPC 01 (R1).

(i) Controlled companies and joint ventures

The accounting information of controlled companies and jointly-controlled companies (joint ventures are included in the consolidated financial statements 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

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

g. Results of operations

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

h. Cash and cash equivalents

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

i. Financial instruments

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

Non-derivative financial assets

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

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

Non-derivative financial liabilities

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

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when, and only when, the Company is legally entitled to offset the amounts and has the intention to settle them on a net basis or simultaneously realize the asset and settle the liability.

The Company and its controlled companies have the following non-derivative financial liabilities: loans and financing, debentures, trade accounts payable and accounts payable.

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

Derivatives

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

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

Financial instruments and hedging activities

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

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

j. Trade accounts receivable

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

k. Inventories

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

l. Biological assets

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

m. Property, plant and equipment

Recognition and measurement

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

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

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

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

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

Depreciation

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

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

	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%
Computer 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. 11638/07 and described in Note 22, will be held until its complete amortization, due to full amortization or disposal of assets.

n. Lease

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

o. Intangible assets

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

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

Goodwill

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

p. Impairment loss

Financial Assets

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

Non-financial assets

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

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

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

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

Goodwill grounded in expected future profitability

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

Intangible assets

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

q. Other current and non-current assets and liabilities

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

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

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

r. Discount to present value of assets and liabilities

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

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

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

Calculations and analyses are quarterly reviewed.

s. Income and social contribution taxes

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

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

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

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

An income and social contribution tax income is 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 sufficient taxable income will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

t. Contingent assets and liabilities and legal obligations

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

u. Employee benefits

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

v. Sales revenue recognition

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

w. Share-based compensation plan

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

x. Earnings per share

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

y. Segment reporting

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

z. New standards and interpretations not yet adopted

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, 2012 are as follows:

- Amendment of IAS 19 - Employee Benefits. It eliminates the corridor approach for recognizing actuarial gains or losses and it requires the calculation of financial costs based on net fund raising. The adoption of this standard had no relevant effect on the consolidated financial statements of the current period and prior year;
- IFRS 10 – "Consolidated financial statements": IFRS 10 establishes the principles for the preparation and presentation of the consolidated financial statements when an entity controls one or more companies. It establishes the concept of control as the basis of consolidation and how to use it to identify whether an investee should be considered a controlled company and, therefore, consolidated. The adoption of this standard had no relevant effect on the consolidated financial statements of the current period and prior year;
- IFRS 11 – "Joint arrangements": It establishes the principles for disclosure of financial statements of entities which are parties to joint agreements. The adoption of this standard had no relevant effect on the consolidated financial statements of the current period and prior year;
- IFRS 12 – "Disclosure of interest in other companies": It consolidates all requirements of disclosures which an entity should do when taking part in one or more other entities. The adoption of this standard had no relevant effect on the consolidated financial statements of the current period and prior year;
- IFRS 13 – "Fair value measurement": It better defines fair value, explains how to measure it and determines what should be disclosed. The adoption of this standard had no relevant effect on the consolidated financial statements of the current period and prior year;
- IAS 27 (reviewed in 2011) – "Separate financial statements": It includes other considerations on separate financial statements, in addition to the provisions on control of IAS 27 included in the new IFRS 10. The adoption of this standard had no relevant effect on the consolidated financial statements of the current period and prior year;
- IAS 28 (reviewed in 2011) – "Affiliated and jointly-controlled companies": It establishes the requirements for jointly-controlled and affiliated companies valued under the equity method as from the issue of the IFRS 11. The adoption of this standard had no relevant effect on the consolidated financial statements of the current period and prior year.

New standards and interpretations not yet in effect

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

- IFRS 9 – "Financial instruments": The IFRS 9 keeps but simplifies the combined measurement model and establishes two main categories for measurement of financial assets;
- IAS 32 – "Financial instruments: Presentation", brings additional clarification to the guidance included in IAS 32 on the requirements to offset financial assets and liabilities in the balance sheet. The standard is applicable as from January 1, 2014.

aa. Determination of fair value

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

bb. Statements of value added

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

5. Cash and cash equivalents

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

	Company		Consolidated	
	6/30/13	12/31/12	6/30/13	12/31/12
Cash	247	226	732	391
Bank accounts	5,180	10,800	47,560	22,681
Cash and cash equivalents denominated in foreign currency	493,807	417,331	502,124	444,178
	499,234	**428,357**	**550,416**	**467,250**
Financial investments				
In local currency				
Certificates of Bank Deposit - CDB	213,058	179,405	419,130	187,255
Debentures	166,848	349,168	167,649	363,207
Prize-draw investment bonds	1,082	1,082	1,082	1,082
Investment funds	7,920	7,765	7,920	7,765
LCA	75,034	100,048	75,034	100,048
NTN-F	-	157,039	-	157,039
In foreign currency				
Certificates of Bank Deposit - CDB	-	-	5,539	5,108
	463,942	**794,507**	**676,354**	**821,504**
	963,176	**1,222,864**	**1,226,770**	**1,288,754**

	Company		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Measured at fair value through income	462,860	793,425	675,272	820,422
Held to maturity	1,082	1,082	1,082	1,082
	463,942	**794,507**	**676,354**	**821,504**

6. Trade accounts receivable

	Company		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Notes receivable - domestic market	50,756	56,546	76,681	84,104
Notes receivable - foreign market	48,611	38,860	142,186	111,360
Notes receivable - related-party transactions	6,227	22,774	-	-
	105,594	**118,180**	**218,867**	**195,464**
(-) Allowance for doubtful accounts	(6,490)	(3,844)	(8,341)	(6,071)
	99,104	**114,336**	**210,526**	**189,393**

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

Accounts receivable for aging list

	Company		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Falling due	73,540	94,535	163,202	163,831
Overdue				
Up to 30 days	6,461	5,944	21,351	8,702
From 31 to 60 days	4,976	10,451	8,570	11,040
From 61 to 90 days	371	344	944	878
From 91 to 180 days	20,246	6,906	24,800	11,013
	105,594	**118,180**	**218,867**	**195,464**

Changes in the allowance for doubtful accounts

	Company	Consolidated	Consolidated (-) Company
Balances at December 31, 2012	(3,844)	(6,071)	(2,227)
Receivables provisioned for	-	(105)	(105)
Recovered receivables			
Written off receivables		433	433
Exchange rate gains (losses)	(2,646)	(2,598)	48
Balances at June 30, 2013	**(6,490)**	**(8,341)**	**(1,851)**

During the quarter ended June 30, 2013 there were no significant changes in the allowance for doubtful accounts.

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

The Company has no guarantee for overdue receivables.

7. Inventories

	Company		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Finished goods	152,575	125,248	244,760	192,041
Raw materials	-	-	5,073	5,552
Stockromm and secondary materials	14,176	11,561	26,855	20,941
	166,751	**136,809**	**276,688**	**218,534**

8. Biological assets

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

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

	Cattle
	Company and consolidated
Balance as of December 31, 2012	**40,763**
Increase due to acquisitions	120,447
Decrease due to sales	(118,610)
Change in fair value less estimated sales	1,332
Balance as of June 30, 2013	**43,932**

As of June 30, 2013, cattle in the farm held for sale were 23,306 finished cattle (as of December 31, 2012 - 22,473 finished cattle).

As of June 30, 2013 and December 31, 2012, the Company did not have any type of biological assets with restricted ownership or offered as guarantee of obligations, and there were no other risks (financial, commitments, and weather related) affecting the Company's biological assets.

9. Recoverable Taxes

	Company		Consolidated	
	06.30.13	12.31.12	06.30.13	12.31.12
PIS (Tax on sales)	65,822	60,112	70,220	63,821
COFINS (Tax on sales)	276,742	261,495	296,876	278,479
Reintegra (Special Regime of Reintegration of Tax Amounts to Export Companies)	662	662	1,742	1,396
ICMS (State VAT)	154,397	146,491	171,879	161,094
Income and Social Contribution taxes	69,501	62,337	79,293	72,427
Other recoverable taxes	5,584	-	7,845	2,812
	572,708	**531,097**	**627,855**	**580,029**
Current	443,801	432,211	490,378	472,102
Noncurrent	128,906	98,886	137,476	107,927

PIS AND COFINS (taxes on sales)

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

Currently, the Company and its controlled companies are awaiting the end of the inspection for ratification by the Brazilian Federal Revenue Service of the requests for reimbursement of credits, properly formalized by the Company and its controlled companies, which shall occur in 2013 and will result in a significant amount resulting from the refund of those credits during that year.

Grounded on studies made by the Company's management regarding the expectation of refunding tax credits, part of current assets credits were segregated to non-current assets amounting R$ 73,812 in company and R$ 79,755 in consolidated. Realization expectation of Company's and its controlled companies' tax credits are quarterly reviewed.

ICMS (state VAT)

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

The aforementioned credit balance is being inspected and ratified by the São Paulo State Finance Department and the Company's management expects to recover a significant portion throughout 2013. Grounded on studies conducted by the Company's management, an amount deemed sufficient to cover slower lawsuit, 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 are expected to be realized up to the end of year 2015.

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 at December 31, 2012	Recognized in income (loss)	Realization of deferred taxes	Balance at June 30, 2013
Deferred IR/CS on tax losses	217,060	-	-	217,060
Total deferred tax assets	**217,060**	**-**	**-**	**217,060**

	Consolidated			
	Balance at December 31, 2012	Recognized in income (loss)	Realization of deferred taxes	Balance at June 30, 2013
Deferred IR/CS on tax losses	223,579	-	-	223,579
Total deferred tax assets	**223,579**	**-**	**-**	**223,579**

The deferred tax credits arising from Income and Social Contribution tax losses were recognized at June 30, 2012, December 31, 2011, September 30, 2011 and December 31, 2010 for the Company, in the accumulated amount of R$ 217,060 as of June 30, 2013 (R$ 168,911 as of December 31, 2011), representing a consolidated balance as of June 30, 2013 of R$ 223,579 (R$ 205,500 as of December 31, 2011). The recognition is based on the fact that the Management understands taxable income is likely to be assessed so that the Company may use that future tax benefit.

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

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:

	06/30/13	06/30/13
	Company	Consolidated
2013	33,222	34,237
2014	38,481	39,657
2015	44,910	46,282
2016 and after	100,447	103,403
	217,060	**223,579**

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

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

11. Related-party transactions

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

	Company		Consolidated	
Loans receivable	06.30.13	12.31.12	06.30.13	12.31.12
Brascasing (a)	24,677	5,812	-	-
Minerva Indústria e Comércio de Alimentos S.A. (b)	79,232	63,752	-	-
Minerva Dawn Farms S.A. (c)	171,005	105,081	-	-
Transminerva Ltda (d)	16,585	13,413	-	-
Minerva Overseas Ltd (e)	153,595	-	-	-
Frigomerc S/A (f)	11,690	-	1,142	-
Others (g)	21,077	31,187	18,085	31,331
	477,861	**219,245**	**19,227**	**31,331**

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

	Company		Consolidated	
Loans payable	**06.30.13**	**12.31.12**	**06.30.13**	**12.31.12**
Minerva Luxemburgo (a)	-	40,379	-	-
Eurominerva Comércio e exportação Ltda. (b)	633	633	-	-
Minerva Overseas I Ltd (c)	-	40,551	-	-
Minerva Dawn Farms (d)	-	-	-	24,059
Minerva Overseas II Ltd (e)	58,480	51,670	-	39,655
Minerva Luxembugo (f)	42,291	-	-	-
	101,404	**133,233**	**-**	**63,714**

(a) Loan from Minerva Luxembourg to the controlling company;
(b) Loan from Eurominerva Ltda to the controlling company;
(c) Accounts payable to Minerva Overseas I by the controlling company;
(d) Loan from Dawn Farms (Ireland) to Minerva Dawn Farms;
(e) Loan from Minerva Overseas II to the controlling company; and
(f) 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 presented below:

	Company		Consolidated	
Trade accounts payable	**06/30/13**	**12/31/12**	**06/30/13**	**12/31/12**
Brascasing Comercial Ltda.	672	469	-	-
Minerva Dawn Farms S.A.	4,066	2,192	-	-
Minerva Indústria e Comércio de Alimentos S.A.	23,872	9,136	-	-
Friasa	56	894	-	-
Transminerva	-	-	-	-
Frigomerc	508	1,754	-	-
Partners' acquisitions	1,356	3,560	1,356	3,560
	30,530	**18,005**	**1,356**	**3,560**

	Company		Consolidated	
Trade accounts receivable	**06/30/13**	**12/31/12**	**06/30/13**	**12/31/12**
Brascasing Comercial Ltda.	4,109	10,673	-	-
Friasa	-	15	-	-
Minerva Dawn Farms S.A.	1,943	11,938	-	-
Minerva Ind. e Com. de Alimentos S.A.	175	148	-	-
	6,227	**22,774**	**-**	**-**

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

No allowances for doubtful accounts or expenses incurred with uncollectible debts regarding related-party transactions were recognized in the period ended June 30, 2013 and December 31, 2012.

Remuneration of key management personnel

Management's key personnel include the Executive Board and the Board of Directors. The added value of the compensation received by the Company's and its controlled companies' managers for services in their respective areas for the periods ended June 30, 2013 and 2012 is summarized below:

	Members 2013	06/30/13	03/31/12
Executive Management and Board of Directors	11	2,028	1,066
	11	**2,028**	**1,066**

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 12.31.12	Goodwill	Translation adjustments	Acquisition/ Write-off of ownership interest	Equity in earnings (loss)	Balance at 06.30.13
Goodwill		421,229	10,980	-	-	-	432,209
Minerva Indústria e Comércio de Alimentos Ltda.	98.00%	27,171	-	-	-	(2,032)	25,139
Eurominerva Indústria e Comércio de Alimentos Ltda.	100.00%	329	-	-	319	-	648
Minerva Overseas Ltd	100.00%	73,461	-	-	-	8,654	82,115
Minerva Middle East	100.00%	37	-	-	-	-	37
Brascasing Comercial Ltda.	100.00%	(2,837)	-	-	-	(7,073)	(9,910)
Minerva Beef Ltd	100.00%	600	-	-	-	51	651
Friasa Ltd	99.99%	17,671	-	512	1,172	(7,444)	11,911
Minerva Log S.A	100.00%	229	-	-	-	(26)	203
Livestock	42.00%	2,828	-	-	-	-	2,828
Minerva Dawn Farms S.A.	100.00%	(84,240)	-	-	-	(13,013)	(97,253)
Pulsa S.A	100.00%	35,158	-	342	-	(10,222)	25,278
Loin Investments	99.00%	152	-	-	-	51	203
Frigomerc	100.00%	41,360	-	1,571	-	751	43,682
Minerva Colombia	100.00%	2,101	-	(1,155)	-	244	1,190
Investments		**535,249**	**10,980**	**1,270**	**1,491**	**(30,059)**	**518,931**
Transminerva	100.00%	(8,605)	-	-	-	(4,294)	(12,899)
Minerva Overseas Ltd II	100.00%	(48,065)	-	-	-	32,723	(15,342)
Minerva Luxemburgo	100.00%	(59,855)	-	-	-	(101,734)	(161,589)
Provision for losses on investments		**(116,525)**	**-**	**-**	**-**	**(73,305)**	**(189,830)**
Net investments		**418,724**	**10,980**	**1,270**	**1,491**	**(103,364)**	**329,101**

(*) Minerva Dawn Farms negative investment balances do not consider goodwill of R$ 92,834 allocated to the 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.

As described in Note 2, in the 4th quarter of 2012, the Company acquired the remaining shares of Minerva Dawn Farms and of Brascasing Comercial Ltda., therefore acquiring whole control over the companies.

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

Summary of the controlled companies' and jointly controlled companies' information as of June 30, 2013:

	Ownership interest	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Shareholders' equity
Minerva Alimentos	98.00%	76,736	112,633	31,480	132,238	25,651
Eurominerva Comércio	100.00%	13	635	-	-	648
Minerva Overseas	100.00%	200,892	114,636	-	233,413	82,115
Minerva Overseas II	100.00%	123	899,658	-	915,123	(15,342)
Minerva Middle East	100.00%	37	-	-	-	37
Brascasing	100.00%	32,858	2,390	20,480	24,679	(9,911)
Minerva Dawn Farms	100.00%	49,113	106,342	32,067	220,641	(97,253)
Minerva Beef	100.00%	651	-	-	-	651
Minerva Luxemburgo	100.00%	17,840	1,835,316	82,905	1,931,841	(161,590)
Friasa	99.99%	59,700	22,468	65,530	4,728	11,910
Transminerva	100.00%	2,996	1,508	818	16,585	(12,899)
Loin Investments	99.00%	220	-	-	17	203
Minerva Log	100.00%	203	-	-	-	203
Livestock	42.00%	2,828	-	-	-	2,828
Pulsa S.A.	100.00%	90,993	76,977	98,935	43,757	25,278
Frigomerc	100.00%	61,811	31,613	36,910	12,832	43,682
Minerva Colombia	100.00%	2,891	97	1,621	176	1,191
Total		**599,905**	**3,204,273**	**370,746**	**3,536,030**	**(102,598)**

Below, we present the results of controlled companies which had movement during the periods ended June 30, 2013 and 2012:

	06.30.13		06.30.12	
	Net sales	Income (loss) in the year	Net sales	Income (loss) in the year
Minerva Alimentos	168,682	(2,056)	142,872	(844)
Eurominerva Comércio	-	-	-	1
Minerva Overseas	-	8,654	-	7,647
Minerva Overseas II	-	32,724	-	(4,466)
Brascasing	12,636	(7,073)	12,499	1,999
Minerva Dawn Farms	59,596	(13,013)	58,863	(16,412)
Minerva Beef	-	51	-	43
Minerva Luxemburgo	-	(101,734)	-	(43,909)
Friasa	121,397	(7,280)	92,398	11,049
Transminerva	1,185	(4,295)	721	(3,539)
Loin Investments	-	51	-	(61)
Minerva Log	-	(26)	-	(9)
Minerva Itália			-	(95)
Pulsa S.A.	193,114	(10,200)	130,706	1,334
Frigomerc	142,442	751	-	-
Minerva Colombia	3,825	80	17,401	451

(*) All amounts are expressed at 100% of the results of controlled companies.

13. Property, plant and equipment

a. Breakdown of property, plant and equipment

Company				06/30/13	12/31/12
Description	% Depreciation rate	Historical cost	Accumulated depreciation	Net	Net
Buildings	2.99%	505,281	(75,187)	430,094	437,494
Machinery and equipment	8,19%	274,467	(61,510)	212,957	224,000
Furniture and fixtures	18,32%	2,916	(1,682)	1,234	1,491
Vehicles	9.03%	13,940	(4,405)	9,535	10,148
Hadware	21,27%	3,632	(2,792)	840	1,095
Plots of land		47,110	-	47,110	47,110
Construction in progress		234,370	-	234,370	179,196
		1,081,716	**(145,576)**	**936,140**	**900,534**

Consolidated				06/30/13	12/31/12
Description	% Depreciation rate	Historical cost	Accumulated depreciation	Net	Net
Buildings	2.60%	667,337	(103,745)	563,592	565,204
Machinery and equipment	7.90%	383,666	(78,765)	304,901	315,307
Furniture and fixtures	17.41%	6,241	(3,850)	2,391	2,743
Vehicles	10.23%	14,971	(5,369)	9,602	10,509
Hadware	21.35%	5,588	(3,937)	1,651	2,003
Plots of land		58,553	-	58,553	58,057
Construction in progress		322,990	-	322,990	264,758
		1,459,346	(195,666)	1,263,680	1,218,581

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, 2012	437,494	224,000	1,491	10,148	1,095	47,110	179,196	900,534
Additions	-	-	-	-	-	-	55,955	55,955
Transfers	-	537	-	-	-	-	(537)	-
Disposals	-	(580)	(2)	-	(4)	-	(244)	(830)
Depreciation	(7,400)	(11,000)	(255)	(613)	(251)	-	-	(19,519)
Other	-	-	-	-	-	-	-	-
Balance at June 30, 2013	**430,094**	**212,957**	**1,234**	**9,535**	**840**	**47,110**	**234,370**	**936,140**

Consolidated	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Hardware	Plots of land	Construction in progress	Total
Balance at December 31, 2012	**565,204**	**315,307**	**2,743**	**10,509**	**2,003**	**58,057**	**264,758**	**1,218,581**
Additions	2,998	5,768	42	13	65	141	59,013	68,040
Transfers	-	537	-	-	-	-	(537)	-
Disposals	-	(580)	(2)	(22)	(4)	-	(244)	(852)
Depreciation	(8,672)	(17,456)	(396)	(925)	(416)	-	-	(27,865)
Other (Translation adjustment)	4,062	1,325	4	27	3	355	-	5,776
Balance at June 30, 2013	**563,592**	**304,901**	**2,391**	**9,602**	**1,651**	**58,553**	**322,990**	**1,263,680**

c. Construction and facilities in progress

As of June 30, 2013, the balances of construction and facilities in progress refer to the following major projects: Expansion of the plant of Campina Verde (MG); Expansion of the slaughtering area of Araguaina (TO); and Structuring and expansion of the Distribution Centers.

d. Amounts offered as collateral

Total property, plant and equipment offered as collateral for loans and financing amounted to R$ 130,122 as of June 30, 2013 (R$ 152,609 as of December 31, 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 and control these effects.

14. Intangible assets

	Company		Consolidated	
	06.30.13	**12.31.12**	**06.30.13**	**12.31.12**
Goodwill paid on acquisitions	-	-	432,208	421,227
Software	4,679	4,799	5,779	5,670
Assignment of easement strips	250	-	250	-
	4,929	**4,799**	**438,237**	**426,897**

The movements of intangible assets during the period ended June 30, 2013 is shown below:

	Company			
	Goodwill paid on acquisitions	**Assignment of easement strips**	**Software acquired**	**Total**
Balance at December 31, 2012	**-**	**-**	**4,799**	**4,799**
Acquisition	-	250	285	535
Amortization	-	-	(405)	(405)
Balance at June 30, 2013	**-**	**250**	**4,679**	**4,929**

	Consolidated			
	Goodwill paid on acquisitions	**Assignment of easement strips**	**Software acquired**	**Total**
Balance at December 31, 2012	**421,228**	**-**	**5,669**	**426,897**
Acquisition	10,980	250	582	11,812
Amortization	-	-	(472)	(472)
Balance at June 30, 2013	**432,208**	**250**	**5,779**	**438,237**

The Company records the amortization of its software, the only intangible assets that can be amortized, according to the contractual license period, when acquired from third parties, or for the period estimated by the Company, for software internally developed by the Company. As of June 30, 2013 and December 31, 2012, the average amortization rates were 22.5% and 25%, respectively, with expected final amortization of those intangible assets in 2017.

Goodwill by expectation of future profitability

	Consolidated	
	06/30/13	**12/31/12**
Minerva Dawn Farms (MDF) - (i) and (Note 2)	188,390	188,390
Brascasing Industria e Comércio Ltda - (ii) and (Note 2)	98,093	98,093
Pulsa S/A - (iii) and (Note 2)	61,643	61,643
Frigomerc (iv)	62,125	58,380
Other - (v)	21,957	14,722
	432,208	**421,228**

(i) As described in Note 2, to comply with the requirements defined in the CVM Resolution 580/09 – CPC 15 (R1), the Company revised the acquired assets and 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 by stages", and the segregation of appreciation (goodwill) found in the temporary recording of the fair value of the Company's interest in that operation, amounting to R$ 188,390 (R$ 188,390 as of December 31, 2012), segregating goodwill by expectation of future profitability – R$ 65,490, client portfolio – R$ 87,733 and appreciation of assets – R$1,944, complying with CPC pronouncements, instructions and guidance. As previously described, during the last quarter of 2012, the Company acquired the residual interest of 20% of MDF shares, held by Dawn Farms, thereby acquiring 100% of MDF's control;

(ii) In December 2011, the Company acquired 5% of the jointly controlled company's share capital, Brascasing Comercial Ltda. as of that date, becoming holder of 55% of this company's share capital, and consequently its control. As this transaction is framed as a "business combination in stages", the Company recorded its ownership and non-controlling interest at its fair value, which led to the recording of appreciation (goodwill by expectation of future profitability) of R$ 93,185 thousand. After the full acquisition of the Company, goodwill totaled R$ 98,093;

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

(iv) During the last quarter of 2012, the Company purchased 100% shares of Frigomerc S/A, which caused the recording of goodwill by expectation of future profitability amounting to R$ 58,380. On March 16, 2013, an addendum to the purchase and sale agreement of Frigomerc S/A was prepared determining a supplement of Working Capital amounting to R$ 3,745 (USD 1,830), totaling on June 30, 2013 R$62,125;

(v) The remaining goodwill by expectation of future profitability consist in the acquisition of the company Lord Meat – R$ 12,657, Friasa – R$ 9,300.

In compliance with CPC 1 (R1) (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, 2013 it had not identified any signs of impairment.

15. Loans and financing:

		Company		Consolidated	
Types	**Financial charges**	**06.30.13**	**12.31.12**	**06.30.13**	**12.31.12**
Debentures (1)	127% of CDI	-	193,848	-	193,848
Debentures (1)	CDI + 1.75% p.a.	289,030	-	289,030	-
Debentures (1)	Fixed rate	480,934	491,104	-	-
Convertible debentures	100% of CDI	-	-	-	-
BNDES (2)	TJLP + Spread	69,920	75,585	69,920	75,585
BNDES - Revitaliza (1)	9% p.a.	30,781	30,668	30,781	30,668
FINEP (3)	TJLP + Spread	-	-	41,618	34,499
Lease (1)	TJLP + 3.5% p.a.	3,135	5,915	3,174	5,915
Bank Credit Note (1)	8.5% p.a.	23,751	26,735	77,348	81,950
Bank Credit Note (1)	CDI + spread	588	1,175	588	1,175
NCE (1)	8% p.a.	231,545	70,269	232,586	95,459
Progeren	3.9% p.a. + TJLP	20,054	-	20,054	-
Other types (1)	TJLP + Spread	255	445	6,375	8,646
		1,149,993	**895,744**	**771,474**	**527,745**
Foreign currency (US Dollar)					
ACCs (1)	Interest from 1.55% to 3.2% p.a.+ Exchange rate gains (losses)	247,985	205,604	247,985	205,604
Senior Unsecured Notes - I and II (5)	Exchange rate gains (losses) + Interest	1,272,966	1,175,007	2,009,857	1,786,308
PPE (4)	Interest from 2.8% to 5.5% p.a. + Libor	66,482	165,807	91,120	194,217
Other types (1)	Libor + Spread		-	124,482	87,314
				-	
Hedging instruments - derivatives		**(169,579)**	**(141,144)**	**(168,475)**	**(134,924)**
		1,417,854	**1,405,274**	**2,304,969**	**2,138,519**
Total loans		**2,567,847**	**2,301,018**	**3,076,443**	**2,666,264**
Current		347,170	413,985	511,155	533,110
Noncurrent		2,220,677	1,887,033	2,565,288	2,133,154

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) The following guarantees were offered to Rabobank specifically for the PPE transaction for Minerva Dawn Farms, a controlled company:

- 50% guaranteed by the Company and 50% guaranteed by partner Dawn Farms Foods;
- Conditional sale 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.

(4) 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, 2013:

	Company								
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2022**	**Total**
Lease	740	911	-	-	-	-	-	-	1,651
BNDES	8,072	16,143	16,143	6,822	4,141	4,141	345	-	55,807
CCB	3,547	6,498	6,498	542	-	-	-	-	17,085
Progerem	5,000	10,000	4,167	-	-	-	-	-	19,167
Debentures	-	-	-	150,328	138,347	-	-	450,000	738,675
NCE	-	-	170,000	-	-	-	-	-	170,000
Pre-shipment	-	66,468	-	77,918	-	829,155	-	334,555	1,308,096
Derivatives	-	(43,902)	-	(45,902)	-	-	-	-	(89,804)
	17,359	**56,118**	**196,808**	**189,708**	**142,488**	**833,296**	**345**	**784,555**	**2,220,677**

(Consolidated) long-term portions of loans and financing mature as follows as of June 30, 2013:

	Consolidated										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Lease	740	911	-	-	-	-	-	-	-	-	1,651
BNDES	8,072	16,143	16,143	6,822	4,141	4,141	345	-	-	-	55,807
CCB	10,609	14,747	11,812	5,855	5,313	5,313	5,313	5,313	10,400	-	74,675
Progerem	5,000	10,000	4,167	-	-	-	-	-	-	-	19,167
Debentures	-	-	-	150,328	138,347	-	-	-	-	-	288,675
FINAME	1,553	1,448	-	-	-	-	-	-	-	-	3,001
FINEP	4,848	8,308	8,308	8,308	4,154	-	-	-	-	-	33,926
NCE	-	-	170,000	-	-	-	-	-	-	-	170,000
Pre-shipment	6,037	72,581	-	-	-	-	-	-	-	-	78,618
Senior Unsecured Notes	-	-	-	48,132	-	126,418	-	-	272,977	1,484,312	1,931,839
Derivatives	(1,045)	(45,124)	-	(45,902)	-	-	-	-	-	-	(92,071)
	35,814	**79,014**	**210,430**	**173,543**	**151,955**	**135,872**	**5,658**	**5,313**	**283,377**	**1,484,312**	**2,565,288**

Below are the Company's and its controlled companies' main loans and financing as of June 30, 2013:

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

Early redemption of debentures of the 1st issue

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

Debt notes abroad

Through its controlled companies Minerva Overseas Ltd. and Minerva Overseas Ltd. II, the Company issued debt notes abroad in the amount of US$ 200,000 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 these registry requirements.

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

Notes and debentures have an expectation of maintaining a financial covenant which measures the ability to cover debt in relation to the EBITDA (net income before interest, taxes, depreciation and amortization). The contractual rate of both financial instruments indicates that the debt coverage may not exceed 3.5 times the EBITDA in the last 12 months. For these purposes, the following definitions are considered: (I) "Net debt" means the sum of the balance of the loans and financing, without considering exchange rate variations occurring in the period since the contracting of the debt, less the sum of (i) cash and cash equivalents (as defined below) and (ii) write-downs (as defined below); (II) "Cash and banks" – means the sum of the balances of the Company's following balance sheet accounts: "Cash and cash equivalents" and "Securities"; (III) "Write-downs" means a range of exceptions, including but not limited to exchange rate gains (losses) since the issue of the note, or allowed debts, related to specific transactions. In summary, these exceptions include the refinancing of existing debt, considering certain circumstances and raising of hard currency for various applications, some of which for specific reasons, totaling US$ 141,000 (equivalent to approximately R$ 286,000), additionally, all expenses related to exchange rate gains (losses) since the issue of the notes are also considered for write down purposes; (IV) "EBITDA" means the amount calculated on the accrual basis over the past 12 (twelve) months, equal to the sum of net revenues, less: (i) the cost of provided services, (ii) administrative expenses, plus (a) depreciation and amortization expenses, (b) net financial results, (c) equity in earnings (losses) of controlled companies and (d) direct taxes. Covenants are calculated based on the consolidated financial statements.

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

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

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

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

Note-related liabilities as of June 30, 2013 were R$ 2,009,857 (R$ 1,786,308 as of December 31, 2012) in the consolidated financial statements.

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, 2013 the consolidated debt balance was R$ 41,618 (R$ 36,064 as of December 31, 2012) and bears annual interest of 4.5%. The debt matures on June 15, 2018, but may be subject to early maturity if, among other situations: (i) the financed company invests financing funds for purposes other than those agreed or in noncompliance with the disbursement timetable; (ii) any guilty interruption of the financed project; or (iii) other circumstances which, in the opinion of FINEP, make it unsafe or impossible to comply with the obligations undertaken by the financed company under the agreement or to achieve the objectives for which funding was granted. This agreement is collateralized by a mortgage on certain properties of the Company, located in Barretos and Palmeiras de Goiás, in addition to including security deposits by the members of the Vilela de Queiroz family.

Equipment financing - BASA

On December 21, 2007, a private agreement was entered into by Minerva Indústria e Comércio de Alimentos S.A. and Banco da Amazônia S.A., amounting to R$53,793, whose balance as of June 30, 2013 was R$ 53,597 (R$ 55,215 as of December 31, 2012). 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, 2013, 4.88% of the Company's and its controlled companies' total debt was secured by security interest in real estate (5.72% as of December 31, 2012).

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 27 April 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 controlled companies undertake to pay any dividend or make any distribution of interest on its invested capital held by other than its controlled companies, (except (a) dividends or distributions paid on qualified interests of Minerva, and (b) dividends or distributions payable by a controlled company, on a pro rata basis, or more favorable to Minerva; (iii) the change of equity control; and (iv) the disposal of assets, which can only be achieved by complying with the requirements, among which, in the case of sale of assets, that the sales price is the market value.

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

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

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 of 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 controlled companies' 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.

iii Structured operation

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

4th Issue of non-convertible debentures

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

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

16. Trade accounts payable

	Company		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Domestic	240,320	215,138	287,200	265,633
Foreign	18,968	22,153	20,895	23,800
	259,288	**237,291**	**308,095**	**289,433**

17. Salaries, social charges and tax liabilities

	Company		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Labor				
Salaries and management compensation	4,184	4,186	6,053	5,620
Social charges - FGTS and INSS (employees and third parties)	6,536	6,443	8,919	8,812
Provision for vacation pay/ Year-end bonus and charges	22,822	15,070	32,050	21,349
Other proceeds and charges	3,350	2,853	4,079	3,113
Total labor	**36,892**	**28,552**	**51,101**	**38,894**
Tax				
INSS installment payment	34,557	39,209	34,557	39,209
ICMS payable	4,153	3,367	4,523	3,580
IRPJ (corporate income tax)	-	-	419	2,210
CSLL (Social contribuition tax)	-	-	892	2,574
Other taxes and fees	9,438	10,892	12,582	12,597
Total tax	**48,148**	**53,468**	**52,973**	**60,170**
Grand total	**85,040**	**82,020**	**104,074**	**99,064**
Current	**53,207**	**46,011**	**72,231**	**62,856**
Noncurrent	**31,833**	**36,009**	**31,843**	**36,208**

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 bases of assets and liabilities and their respective carrying amounts, as well as to reflect the tax credits resulting from the revaluation of assets. They are stated as below:

	Company		Consolidated	
	06.30.13	**06.30.12**	**06.30.13**	**06.30.12**
Temporary add-backs				
Sundry provisions	11,441	8,106	11,441	8,106
Fair value of biological assets	28,939	-	28,939	-
Temporary deductions				
Sundry provisions	(12,845)	-	(12,845)	-
Fair value of biological assets	(33,917)	(7,277)	(33,917)	(7,277)
Calculation basis of deferred taxes	**(6,382)**	**829**	**(6,382)**	**829**
Deferred Income (IR) and Social Contribution (CS) taxes - temporary difference	(2,170)	282	(2,170)	282
Deferred IR/CS on tax losses	-	50,595	-	50,595
Total deferred IR/CS	**(2,170)**	**50,877**	**(2,170)**	**50,877**

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

	Company			
	Balance as of January 1, 2013	**Recognized in income (loss)**	**Realization of deferred taxes**	**Balances as of June 30, 2013**
Taxes on revaluation surplus	35,871	-	(658)	35,213
Taxes on adjustment of biological assets	944	11,532	(9,839)	2,637
Taxes on appreciation in controlled companies	48,532	-	-	48,532
Other deferred taxes	(10,118)	4,367	(3,889)	(9,640)
Total deferred tax liabilities	**75,229**	**15,899**	**(14,386)**	**76,742**

	Consolidated			
	Balance as of January 1, 2013	**Recognized in income (loss)**	**Realization of deferred taxes**	**Balance as of June 30, 2013**
Taxes on revaluation surplus	35,871	-	(685)	35,186
Taxes on adjustment of biological assets	944	11,532	(9,839)	2,637
Taxes on appreciation in controlled companies	48,532	-	-	48,532
Other deferred taxes	(10,118)	4,543	(3,889)	(9,464)
Total deferred tax liabilities	**75,229**	**16,075**	**(14,386)**	**76,891**

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	
	06/30/13	**06/30/12**	**06/30/13**	**06/30/12**
Income (loss) before taxes	(188,405)	(246,956)	(188,849)	(247,262)
Add-backs				
Temporary differences	7,828	2,491	7,828	2,491
Permanent differences	103,718	38,478	104,004	38,497
Realization of temporary differences	(9,232)	(854)	(9,232)	-
Realization of revaluation surplus	1,932	1,936	1,932	1,936
Effects of the initial adoption of IFRS	345,889	313,991	351,608	318,376
Deductions				
Temporary differences	-	-	-	(854)
Effects of the initial adoption of IFRS	(385,447)	(316,252)	(393,311)	(322,924)
Subtotal	**(123,717)**	**(207,166)**	**(126,020)**	**(209,740)**
Realization of tax losses	-	-	-	-
Tax calculation bases	**(123,717)**	**(207,166)**	**(126,020)**	**(209,740)**
Current IRPJ and CSLL expenses	**-**	**-**	**-**	**-**

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	
	06/30/13	12/31/12
Debentures mandatorily convertible into shares	152,180	152,210
(-) Transaction cost	(9,780)	(12,183)
	142,400	**140,027**
Noncurrent	448	443
Current	141,952	139,584

As described in Note 4 (cc), as determined by CVM, the Company reclassified the mandatorily convertible debentures into shares of shareholders' equity (capital reserve) to liabilities, segregated into current (annual interest) and non-current (principal amount).

The main characteristics of this transaction are the following:

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

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

20. Lease agreements

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

a. Finance lease

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

b. Operating lease

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

The lease statement is as follows:

Leased assets	Weighted average interest rate	Weighted average maturity term (years)	Expense amount 06.30.2013	Expense amount 06.30.2012
Farms and industrial plants	IPCA + 11% @ cattle / IGPM	dez/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:

Proceedings	Company		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Tax contingencies	26,290	26,290	26,293	26,293
Labor contingencies	5,896	5,125	5,896	5,155
Civil contingencies	1,496	1,496	1,496	1,496
	33,682	**32,911**	**33,685**	**32,944**

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

a. Tax contingencies

PIS/COFINS

During the last quarter of 2012, the Company recorded a provision in the amount of R$ 14,980 for possible PIS/COFINS contingencies levied on sales of by–products, specifically the sale of manufactured leather. This provision was necessary as a result of some changes in the law applicable to this kind of operation, and was supported by opinion of the Company's legal advisors.

Other

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.

Although this decision was not final and unappealable, part of the total of R$ 89,809 in credits involved in these proceedings was offset in the amount of R$ 3,448. Following the opinion of the Company's external lawyers, management believes that a successful outcome is probable in the higher courts. To prevent that an appeal to this decision is filed and that an unfavorable decision is rendered against the Company, and to comply with Brazilian accounting practices, a provision of R$ 3,448 was set up to cover this possibility; fine and interest amounting to R$ 5,918 thousand are duly added to it, adding up to a total provision of R$ 9,366 as of June 30, 2013.

b. Labor contingencies

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$ 5,896 and R$ 5,904, Company and consolidated, respectively as of June 30, 2013 (R$ 5,125 and R$ 5,155 in Company and consolidated, as of December 31, 2012, respectively) were accrued for labor lawsuits.

c. Other proceedings

As of June 30, 2013, the Company and its controlled companies had other on-going tax and civil lawsuits amounting to approximately R$ 147,335 and R$ 5,073, respectively, whose likelihood of loss is considered possible by the Company's legal counselors, and for which the Company's management does not consider necessary to set up a provision.

22. Shareholders' equity

a. Share capital

The Company's subscribed and paid-in capital as of June 30, 2013 is R$ 715,911 (R$ 712,984 as of December 31, 2012), represented by 146,575,057 (146,307,556 as of December 31, 2012) common, book-entry shares, with no par value, all of which are free and clear of any burden or encumbrance. After the Company's board of directors approved the increase in authorized capital changing the limit for more up to 100,000,000 common shares, authorized share capital increased to 175,000,000 common shares.

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

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

During the period ended June 30, 2013 and according to the issue instrument of "debentures mandatorily convertible into shares", 6,340,338 common shares were converted into Company's shares, representing an increase in capital stock of R$ 48,232. During the quarter ended June 30, 2013, there was no increase in capital stock.

b. Treasury shares

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

On July 29, 2012, the Company's Board of Directors approved the cancelation of 3,442,500 treasury shares.

During the quarter ended June 30, 2013, the Company negotiated the purchase of 4,843,300 shares, in an average cost of R$ 11.6456, at BOVESPA (São Paulo's stock market).

On June 06, 2013, the Company transferred 1,918,268 treasury shares, according to the purchase and sale agreement entered into on October 02, 2012, referring to the acquisition of "Frigomerc Sociedad Anónima", at an average cost of R$ 11.3820.

As of June 30, 2013, the Company held in treasury 9,046,232 shares at an average cost of R$ 11.1972.

c. Revaluation surplus

In 2003 and 2006 the Company revalued the assets of its property, plant and equipment and the amount reported on June 30, 2013 was R$ 71,893 (R$73,168 as of December 31, 2012), net of tax effects.

As explained earlier and in compliance with Law No. 11638 of 2007, the Company decided to keep the revaluation surplus accrued until 31 December 2007 until its full realization, which must occur due to depreciation or sale of revalued assets.

d. Statutory reserve

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

e. Income reserve

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

According to the minutes of the Shareholders' Meeting held on April 26, 2013, the management's proposal of allocation of income (loss) was unanimously approved, as a result of the loss reported in the year ended December 31, 2012, amounting to R$ 190,223,113.83 (one hundred ninety million, two hundred twenty-three thousand, one hundred thirteen Brazilian Reais and eighty-two centavos), which shall be fully absorbed as follows:

(i) The amount of R$ 44,952,768.16 (forty-four million, nine hundred fifty-two thousand, seven hundred sixty-eight Brazilian Reais and sixteen centavos), corresponding to 23.63% of net loss, will be absorbed through the account appropriated retained earnings;
(ii) The amount of R$ 141,857,223.16 (one hundred forty-one million, eight hundred fifty-seven thousand, two hundred twenty-three Brazilian Reais and sixteen centavos), corresponding to 74.57% of net loss, will be absorbed through the account of capital reserve;
(iii) The amount of R$ 3,413,122.50 (three million, four hundred thirteen thousand, one hundred twenty-two Brazilian Reais and fifty centavos), corresponding to 1.79% of net loss, will be absorbed through the account of statutory reserve.

f. Share and option plans

On April 30, 2010 it was approved by the Board of Directors of the Company in AGM (Annual General Meeting) a Share Option Plan and Other Covenants. This plan was limited to a maximum of 56,101 options, which were fully exercised in July 2010. On June 30, 2011 the Company did not have stock of share options and other covenants to be exercised as part of this plan; Accordingly, the circulation and the average share price need not be presented. 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.

On February 18, 2013, the Company's Board of Directors approved:

(i) The conclusion of the program to repurchase shares created by the Company's Board of Directors on April 03, 2012 ("Program"). Since the creation of the Program until the present date, 3,262,400 (three million, two hundred sixty-two, four hundred) common shares issued by the Company, to be kept in treasury and later cancelled or disposed of ("Shares") were acquired;

(ii) In compliance with article 19, item XVI of the Company's bylaws, meeting the requirements of CVM Instruction No. 10 of February 14, 1980, as amended ("ICVM No. 10"), approve the creation of a new program to repurchase shares issued by the Company to be kept in treasury and later cancelled or disposed of, with no reduction in capital stock. The treasury shares shall be segregated in a specific account of the Company's shareholders' equity. In compliance with article 8 of ICVM No. 10, it is established that (a) the purpose of the Company through this operation is to efficiently invest the funds available in cash, aiming to capture a significant potential to generate value to the shareholder because of the current discount of the Company's shares in the market; (b) the negotiation will be limited to 9,542,486 (nine million, five hundred forty-two thousand, four hundred eighty-six) common, registered, book-entry shares of the Company, with no par value, representing 10% (ten percent) of the totality of outstanding Company's shares (calculated excluding the shares held by the controlling shareholder), being certain that (i) the actual repurchase by the Company of the totality of the 9,542,486 (nine million, five hundred forty-two thousand, four hundred eighty-six) shares approved through this plan will depend, among other things, on the number of treasury shares kept by the Company in the moment of the negotiation, in order to meet the limit established in article 3 of ICVM No. 10, and (ii) the negotiation limit now approved shall be adjusted in case the shares currently kept in treasury by the Company are cancelled; (c) the maximum period for the realization of the operation now authorized is 365 (three hundred sixty-five days), starting on this date and finishing on February 17, 2014; and (d) there are currently 95,424,859 (ninety-five million, four hundred twenty-four thousand, eight hundred fifty-nine) common, registered, book-entry, outstanding shares, with no par value, as established in article 5 of CVM Instruction No. 10.

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.

23. Management's compensation

As of June 30, 2013 the Company recorded expenses on key management personnel remuneration (Company's Board of Directors and officers) in the amount of R$ 2,028 (R$ 1,066 as of June 30, 2012). The entire remuneration is short-term.

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

24. Segment reporting

	Segment reporting					
	Live cattle		Meat		Consolidated	
	06.30.13	06.30.12	06.30.13	06.30.12	06.30.13	06.30.12
Net revenue	183,663	222,061	2,334,064	1,799,175	2,517,727	2,021,236
Cost of goods sold	(147,079)	(177,939)	(1,876,179)	(1,444,870)	(2,023,258)	(1,622,809)
Operating expenses	(21,996)	(26,310)	(266,006)	(206,736)	(288,002)	(233,046)
Financial income (loss), net	202	8,037	(395,518)	(420,680)	(395,316)	(412,643)
Net income (loss) before taxes	14,790	25,849	(203,639)	(273,111)	(188,849)	(247,262)

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

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

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

25. Net Revenue

	Company		Consolidated	
	06/30/13	06/30/12	06/30/13	06/30/12
Sales of goods - domestic market	754,262	687,472	892,363	719,101
Sales of goods - foreign market	1,337,176	1,156,657	1,778,154	1,427,927
Deductions from revenues - taxes and others	(124,392)	(111,648)	(152,790)	(125,792)
Net revenue	**1,967,046**	**1,732,481**	**2,517,727**	**2,021,236**

26. Financial losses, net

	Company		Consolidated	
	06.30.13	06.30.12	06.30.13	06.30.12
Financial revenues:				
Gains on financial investments	19,995	14,956	22,163	33,184
Other financial revenue	-	3,500	-	4,644
	19,995	**18,456**	**22,163**	**37,828**
Financial expenses:				
Interest on financing	(152,719)	(118,182)	(173,977)	(162,414)
Other financial expenses	(38,372)	(71,726)	(42,666)	(77,622)
	(191,091)	**(189,908)**	**(216,643)**	**(240,036)**
Exchange rate gains (losses), net	**(149,344)**	**(184,357)**	**(200,836)**	**(210,435)**
Net financial income (loss) without Interest on Equity Capital	(320,440)	(355,809)	(395,316)	(412,643)
Recognition of Interest on Equity Capital	-	-	-	-
Financial income (loss), net	**(320,440)**	**(355,809)**	**(395,316)**	**(412,643)**

27. Earnings per share

a. Basic earnings

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

Basic	06/30/13	06/30/12
Net income attributable to the Company's shareholders	(190,575)	(196,079)
Weighted average number of common shares issued – thousands	146,575	105,680
Weighted average number of treasury shares	(9,046)	(1,458)
Weighted average number of outstanding common shares – thousands	**137,529**	**104,222**
Basic earnings/(loss) per share - R$	**(1.3857)**	**(1.8814)**

b. Diluted earnings

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

Diluted	06/30/13	06/30/12
Net income attributable to the Company's shareholders	(190,575)	(196,079)
Weighted average number of outstanding common shares – thousands	137,529	104,222
Adjustment for conversion of convertible debentures	19,948	23,409
Adjustment for share purchase options - thousands		
Weighted average number of common shares for the diluted earnings per share - thousands	157,477	127,631
Diluted earnings per share - R$	**(1.2102)**	**(1.5363)**

28. Risk management and financial instruments

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

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

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

a. Policy for the treasury's hedging transactions

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

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

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

I. Foreign exchange hedging policy

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

1. Cash flow

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

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

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

2. Balance sheet hedging

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

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

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

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

II. Cattle hedging policy

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

1. Forward contracts for cattle

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

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

2. Hedging of meat sold

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

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

Statement of derivatives positions

The statement of derivative positions was prepared so as to present the derivative financial instruments taken out by the Company in the period ended June 30, 2013 and December 31, 2012, according to their purpose (asset protection and other purposes):

Equity hedging						
Description	**/ thousand**		**Fair value in R$ thousands**		**Accumulated effect in R$ thousands**	
	06.30.13	**12.31.12**	**06.30.13**	**12.31.12**	**Amount receivable / (received)**	**Amount payable/ (paid)**
Futures contracts:	-	-	-	-	-	-
Purchase agreements	-	-	-	-	-	-
DOL (US$)	-	-	-	-	993	-
EUR	-	-	-	-	111	-
Other	-	-	-	-	-	-
BGI (arrobas)	462	-	48,010	-	832	-
Corn (sacks)	113	-	2,780	-	4	-
Soy (sacks)	-	-	-	632	8	43
DI 1 Day (R$)	10	-	693	-	-	54
Sales agreements	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	89,250	16,750	200,215	34,398	-	8,527
EUR	2,500	-	7,245	-	-	436
BGI (arrobas)	869	360	88,385	34,556	-	2,177
Corn (sacks)	104	-	2,569	-	68	-
Option contracts	-	-	-	-	-	-
Call holder	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	10,000	-	1,655,520	-	-	5,030
Other	-	-	-	-	-	-
BGI (arrobas)	56	-	57	-	-	32
Put holder	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	62,500	-	1,004,863	-	-	6,231
Other	-	-	-	-	-	-
BGI (arrobas)	254	311	214	53	-	860
Corn (sacks)	-	40	-	30	-	-
Call seller	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	10,000	-	1,593,038	-	11,047	-
Other	-	-	-	-	-	-
BGI (arrobas)	40	-	88	-	54	-
Put seller	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	12,500	-	1,063	-	4,127	-
Other	-	-	-	-	-	-
BGI (arrobas)	218	0	112	0	745	-
Corn (sacks)	-	40	-	9	-	-
Forward contracts	-	-	-	-	-	-
Long position	-	-	-	-	-	-
Short position	-	-	-	-	-	-
NDF (euro)	50,843	26,688	50,447	26,492	-	480
NDF (US dollar)	44,866	222,090	44,312	220,108	4,037	17,465

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

The fair values were calculated in the following manner:

- **Future Sales Contracts of DOL:** US dollars futures contracts traded at BM&F are valued at US$ 50,000 per notional contract and have daily adjustments. The fair value is calculated by multiplying the notional amount in US dollars by the reference US dollar for the contract disclosed by the BM&F;

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

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

Derivatives undergo daily financial adjustments at BM&F, except for over-the-counter transactions (swap, options and NDF) whose financial adjustments may be weekly, monthly or quarterly. Accordingly, for these derivatives, only financial adjustments realized and not settled are recorded in equity accounts as of June 30, 2013 and December 31, 2012 as "Treasury advances". The breakdown of the balances payable/receivable recorded in the financial statements is as follows:

Derivatives	06/30/13	12/31/12
	Receivable (payable)	Receivable (payable)
Futures contracts (D+1)	-3,606	56
Options contracts	-	-
Swap	-	-
NDF	-	-
Shares	(604.00)	-
	-4,210	**56**

Outstanding over-the-counter NDF, Swap and São Paulo Stock Exchange (BM&F – Bovespa) option transactions are marked to market and as of June 30, 2013 and December 31, 2012 are recorded as "NDF receivable/payable", "Swaps" and "Options receivable", respectively.

Derivatives	06/30/13	12/31/12
	Mark to market	Mark to market
Options	952	74
Swap	167,907	123,657
NDF (EUR+DOL)	-3,217	6,475
Total	**165,642**	**130,206**

b. Exchange and interest rate risks

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

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

	Consolidated		
	06/30/13		
	Currency		
	Domestic	Foreign	Total
Assets			
Cash	732	-	732
Bank accounts	47,560	502,124	549,684
Financial investments	670,815	5,539	676,354
Trade accounts receivable	76,681	133,845	210,526
Total current	**795,788**	**641,508**	**1,437,296**
Total assets	**795,788**	**641,508**	**1,437,296**
Liabilities			
Short-term financing	131,915	379,240	511,155
Total current	131,915	379,240	511,155
Long-term financing	639,559	1,925,729	2,565,288
Total noncurrent	639,559	1,925,729	2,565,288
Total liabilities	**771,474**	**2,304,969**	**3,076,443**
Net financial debt	**(24,314)**	**1,663,461**	**1,639,147**
Currency hedging derivatives - net position		(168,475)	(168,475)
Net exchange position	**-**	**1,494,986**	**1,470,672**

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

Financial instruments (net)	Asset (liability) position, net at 06/30/2013	Asset (liability) position, net at 12/31/2012
Futures contracts - DOL (US dollar)	(89,250)	(16,750)
Futures contracts - EUR (Euro)	(2,500)	-
Options contracts (US dollar, Cattle, Corn and IDI)	50,053	74
Swap contracts	167,907	123,657
NDF (US dollar + EURO)	(95,709)	(248,777)
Total net	**30,501**	**(141,797)**

Financial assets and liabilities are presented in the financial statements for June 30, 2013 and December 31, 2012 at amounts that closely approximate market values. Their respective revenues and expenses are recognized and they are presented on these dates according to their expected realization or settlement. The amounts related to export orders (solid sales agreements) refer to orders from approved clients that have not yet been invoiced (and therefore not accounted for), but which are already hedged against the risk of changes in foreign currency rates (US dollars or other foreign currency) through derivative financial instruments.

Following is a list of NDF agreements in effect for the Company as of June 30, 2013:

Type	Position	Currency	Maturity
NDF	SALE	DOL	01/08/2013
NDF	SALE	DOL	01/08/2013
NDF	SALE	EURO	02/07/2013
NDF	SALE	EURO	03/07/2013
NDF	SALE	EURO	01/08/2013

Credit risks

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

c. Cattle price risks

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

Over-the-counter market	Fair value
	6/30/2013
Purchased forward contract	
Notional amount (@)	2,039,723
Futures Contract Price (R$/@)	94
Total R$/1000	**191,352**

BM&F Stock Exchange market	Fair value
	6/30/2013
Sold futures contracts	
Notional amount (@)	1,784,310
Futures Contract Price (R$/@)	103
Total R$/1000	**183,038**

d. Cash sensitivity analysis chart

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

The scenarios were calculated according to the following assumptions:

- An upward movement typifies an increase in prices or risk factors as of June 30, 2013;
- A downward movement typifies an increase in prices or risk factors as of June 30, 2013;
- Probable scenario: Impact of 6%; fluctuation scenario of 25%; and fluctuation scenario of 50%.

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

Equity hedging (In thousands of R$)					
Transaction	**Movement**	**Risk**	**Probable scenario 6% fluctuation**	**Possible scenario 25% fluctuation**	**Remote scenario 50% fluctuation**
Hedging derivatives	Upward	Cattle	(3,534)	(15,415)	(31,047)
Cattle	Upward	Cattle	11,481	47,838	95,676
Net			**7,948**	**32,423**	**64,628**
Hedging derivatives	Upward	US Dollar	(15,592)	(62,052)	(123,184)
Invoices + Cash - in $US	Upward	US Dollar	1,502	6,260	12,519
Net			**(14,090)**	**(55,792)**	**(110,664)**
Hedging derivatives	Upward	Euro	(3,027)	(12,612)	(25,224)
Invoices - in $EUR	Upward	Euro	1,105	4,602	9,204
Net			**(1,922)**	**(8,010)**	**(16,019)**
Hedging derivatives	Upward	US Dollar	29,246	121,858	243,716
Fund raising in US$	Upward	US Dollar	(144,511)	(602,131)	(1,204,262)
			(115,265)	**(480,273)**	**(960,546)**

Exchange rate USD 2.2156 - Sale Ptax (Source Central Bank)
Exchange rate EUR 2.8827 - Sale Ptax (Source Central Bank)

Result of the equity hedging chart

- **Hedging derivatives x Cattle:** In the probable scenario where market fluctuation is 6%, the Company may have losses of R$ 7,948; in a scenario with 25% fluctuation losses would amount to R$ 32,423, and with 50% fluctuation R$ 64,628;
- **Hedging derivatives x Invoices + Cash in US$:** In the probable scenario where market fluctuation is 6%, the Company may have losses of R$ 14,090; in a scenario with 25% fluctuation losses would amount to R$ 55,792, and with 50% fluctuation R$ 110,664;
- **Hedging derivatives x Invoices + Cash in EUR:** In the probable scenario where market fluctuation is 6%, the Company may have loss of R$ 1,922; in a scenario with 25% fluctuation losses would amount to R$ 8,010, and with 50% fluctuation R$ 16,019;
- **Hedging derivatives x Fund raising in US$:** In the probable scenario where market fluctuation is 6%, the Company may have losses of R$ 115,265; in a scenario with 25% fluctuation losses would amount to R$ 480,273, and with 50% fluctuation R$ 960,546.

e. Guarantee margins

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

As of June 30, 2013, amounts deposited for margin amount to R$ 27,200.

Share swap agreement

In a meeting held 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 purpose of the Company when hiring this swap with Credit Suisse was to show its commitment and capacity of effectively operating its business. The above mentioned operations do not change the current percentage of the Company's outstanding shares and do not lead to cash disbursement. These operations were settled in the beginning of the 2nd quarter of 2013, according to Relevant Fact disclosed on April 05, 2013.

g. Structured operation

During the 2nd quarter of 2012, the Company and its financial advisors structured the issue of non-convertible debentures with maturity on January 29, 2022, at the amount of R$ 450,000 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, the Company presents below the changes in comprehensive income (loss) for the fiscal periods ended June 30, 2013 and 2012.

	Company		Consolidated	
	06/30/13	06/30/12	06/30/13	06/30/12
Net income (loss)	(190,575)	(196,079)	(191,102)	(197,594)
Asset and liability valuation adjustment	1,270	281	(106)	191
Total comprehensive income (loss)	**(189,305)**	**(195,798)**	**(191,208)**	**(197,403)**

30. Insurance Coverage

The Company and its controlled companies have an insurance policy that mainly takes into consideration the concentration of risks, the significance and the replacement value of the assets. The main information about insurance cover in effect as of June 30, 2013 is as follows:

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

The Company and its controlled companies have coverage for all products transported in Brazil and abroad.

The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements and, accordingly, were not examined by the Company's independent auditors.

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).

2Q13 Earnings Release

Barretos, August 14, 2013 – Minerva S.A. (BOVESPA: BEEF3; Level 1 ADR: MRVSY; Bloomberg: BEEF3.BZ; Reuters: BEEF3.SA), one of the leaders in South 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 2013 (2Q13). The financial and operating information herein is presented in BRGAAP and Brazilian real (R$), in accordance with International Financial Reporting Standards (IFRS).

2Q13 Highlights

- ✓ Minerva reported a solid operating result in 2Q13,with free cash generation, after investments and financial expense payments, of R$52.4 million;financial leverage, measured by the Net Debt/LTM EBITDA ratio, of 3.3x at the close of the quarter;and cash and cash equivalents of R$1,226.8 million, approximately 3x higher than our short-term maturities and enough to amortize our debt through 2019.
- ✓ Our cash conversion cycle decreased by more than two days, from 17.7 days in 1Q13 to 15.4 days in 2Q13, while our ROIC moved up from 17.5% in 1Q13 to 18.3% in 2Q13, again confirming Management's commitment to increasing returns from our operations.
- ✓ In the current scenario of rising demand and contraction of meat supply in the international market, combined with the recent dollar appreciation, our focus on risk management, guided by flexible distribution channels, may be evidenced by the performance in exports and the consolidation of Minerva as the second largest Brazilian exporter of fresh beef. In the 2Q13, exports accounted for over 66% of the Company's total revenue.
- ✓ Net Revenue climbed by a significant 22.8% over 2Q12, totaling R$1,322.7 million.The Beef division continued to record solid growth in sales, which moved up by 20.8% in the domestic market and 32.3% in exports compared with 2Q12.Another highlight was the Beef division's Others segment, which presented strong sales volume and a sharp price increase, indicating the growing demand for beef byproducts due to the lower cattle supply worldwide.
- ✓ EBITDA totaled R$134.4 million in 2Q13, 19.3% up on 2Q12, with an EBITDA margin of 10.2%.Last-twelve-month EBITDA came to R$522.4 million, with a margin of 10.7%.
- ✓ Our capacity utilization stood at 80.3% in the quarter, 5.6 p.p. higher than the 74.7% recorded in 2Q12, maintaining our position as an industry benchmark.
- ✓ On August 14, the Company's ADRs, traded on the OTC market, migrated to OTCQX International Premier, the highest-standardtrading segment in the U.S. OTC market. As a result, investors will have access to transparent trading, disclosure of higher-quality information and easy access through regulated brokers in the U.S.This is yet another step taken by the company to increase its visibility in the international stock market and improve transparency and corporate governance, while also increasing the tradability of its shares.

Minerva (BEEF3)

Stock quote on 13-Aug-13:
R$ 10.10

Market Cap:
R$1,480 million

146,575,057 shares

Free Float – 62.9 %

Conference Calls
August 15, 2013

Portuguese
10:00 a.m. (Brasília)
9:00 a.m. (US EDT)
Phone: +55 (11) 3728-5971
or +55 (11) 3127-4971
Code: Minerva
Webcast: click here

English
12:00 p.m. (Brasília)
11:00 a.m. (US EDT)
Phone.: +1 (412) 317-6776
Code: Minerva
Webcast: click here

IR Contact:

Eduardo Puzziello
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Kelly Barna

Phones: (17) 3321-3355
(11) 3074 -2444

ri@minervafoods.com

Key Indicators

R$ Million	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Slaughtering (1,000 heads)	531.3	442.1	20.2%	485.6	9.4%	1,891.8	1,691.5	11.8%
Sales Volume (1,000 tonnes)	123.0	103.0	19.4%	110.6	11.2%	447.5	405.1	10.5%
Gross Revenues	1,400.6	1,141.1	22.7%	1,269.9	10.3%	5,180.6	4,450.4	16.4%
Domestic Market	470.6	373.1	26.1%	421.8	11.6%	1,713.6	1,654.5	3.6%
Export Market	930.1	768.1	21.1%	848.1	9.7%	3,467.0	2,795.9	24.0%
Net Revenues	1,322.7	1,077.2	22.8%	1,195.0	10.7%	4,876.4	4,177.6	16.7%
EBITDA	134.4	112.7	19.3%	100.4	33.9%	522.4	383.2	36.3%
Adjusted EBITDA Margin	10.2%	10.5%	-0.3%	8.4%	1.8%	10.7%	9.2%	1.5%
Net Debt/EBITDA (x)	3.31	3.99	-0.68	3.14	0.17	3.31	3.99	-0.68

Message from Management

The first half of 2013 was characterized by solid exports in Brazil and Paraguay, consolidating South America as the world's most important region in terms of beef origination. According to data from Secex, the Brazilian Secretariat of Foreign Trade, export volume in Brazil grew by 27% over the first half of 2012. In Paraguay, exports expanded by 34%, as the country regained full access to the Chilean market and entered new markets in the Middle East and Eastern Europe, in addition to the strong demand from Brazil and Russia.

In this context, it is worth noting the growth strategy adopted by Minerva in recent years, based on consistent planning, a focus on South American operations and an efficient distribution system both in the domestic and international markets. In 2Q13, Minerva once again delivered solid export performance, thanks especially to the risk management tools that support our decisions about the sales mix of our products. As a result, gross revenue from beef exports grew by 32% over 2Q12. Note that the positive effect from the dollar appreciation on revenue from exports will impact mainly our results as of 3Q13, as it occurred only in the last month of the second quarter.

Despite the solid export performance, domestic sales also remained strong in 2Q13, with a 21% increase in gross revenue compared with 2Q12. We would like to highlight the recent survey conducted by the Brazilian Supermarket Association (ABRAS), which showed that small and medium retailers have expanded at a faster rate than big retailers. We would like to remind you that we opened two DCs in the second quarter of 2013 and that the company is reinforcing its domestic growth strategy and commitment with a focus on small and medium retailers and on food service, a segment that has gained market share in domestic sales.

Amid this favorable environment, in 2Q13 we presented lower working capital requirements, higher return on invested capital and a free cash flow of R$52 million. Additionally, Minerva has presented solid operating margins, reflecting the combination of a consistent strategic plan, with a focus on the profitability of the South American operations, in an unrelenting pursuit of greater operating efficiency, risk control and financial management.

We remain very optimistic regarding the outlook for the sector, supported by the solid demand for beef protein in the domestic and international markets, the continued weakening of the beef producing countries (United States, Argentina and European countries) and the favorable status of cattle supply in Brazil, thanks to the current cattle cycle scenario. The recent depreciation of the real, combined with our sales strategy focused on exports, will generate even better results to all Minerva's investors.

Fernando Galletti de Queiroz, CEO

Industry Overview

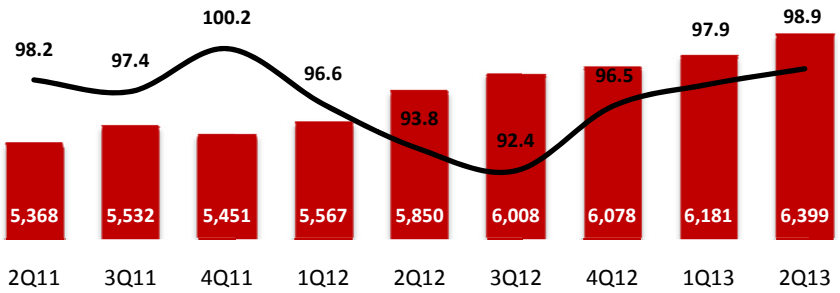
Brazil

Cattle Supply

The second quarter of 2013 was once again marked bya high slaughter volume in Brazil, which grew by 9.4% in relation to 2Q12.This trend reflects the high cattle supply and the solid performance of domestic sales and exports of Brazilian beef, which climbed 21.1% over 2Q12.In this context, the arroba price remained stable compared with 1Q13 and increased slightly in relation to 2Q12.Another factor that supported prices wasthe favorable weather conditions for cattle raising activities, which encouraged farmers to adopt a paced sales strategy in the season.

Note that, despite the relevant increase in slaughter volume, estimated at approximately 10% over the first half of 2012, the arroba price remained resilient in 2Q13, confirming the clearperception that the current cattle cycle scenario implies high cattle supply in Brazil.

Figure 1 – Cattle slaughter trends - Brazil (thousand head) and average arroba price (R$)



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

Note:Preliminary 2Q13 slaughter volume figures

Export Market

Brazilian beef exports remained solid, increasing by 21.1% in 2Q13 over the same period last year, reflecting (i) the reduction in global beef supply, due to the weakening of some cattle producing countries (e.g. United States, Argentina, European countries); (ii) the solid demand from developing countries, especially Asia, whose share in Brazilian exports has been increasing significantly in recent quarters; and (iii) the appreciation of 5.6% in the average dollar price compared to the real (in relation to 2Q12), which benefitted exports.This scenario has further favored the penetration of South American beef in the international market to the detriment of northern hemispherebeef.

Figure 2 - Fresh beef revenue and export volume

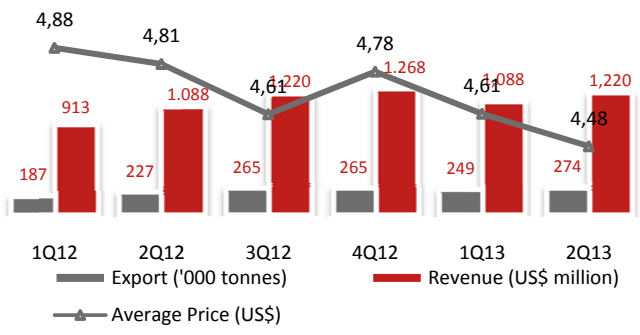
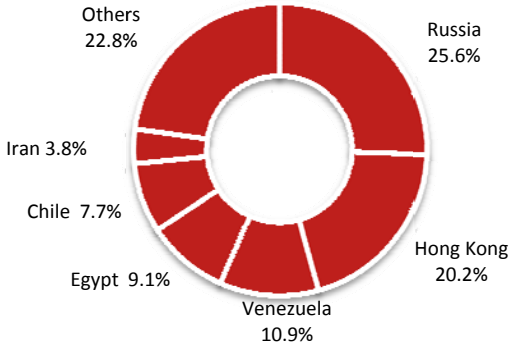


Figure 3 - Destinations of Brazilian exports - 2Q13



Source:Ministry of Trade, Industry and Development and Ministry of Agriculture, Livestock and Supply

Figures 4 and 5 below show the monthly evolution of Brazilian beef export volumes and average prices.A highlight was the sales volume from April through June, which expanded by a significant 21.1% compared with 2Q12, while the average prices in reais remained stable.

Figure 4 - Fresh beef sales volume

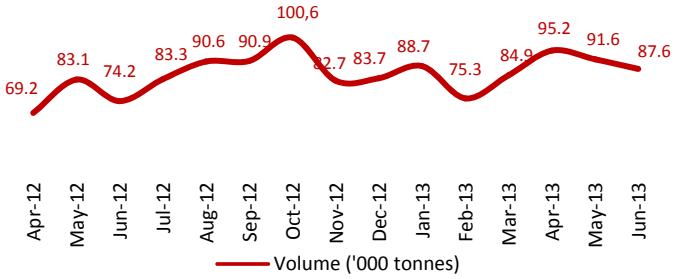
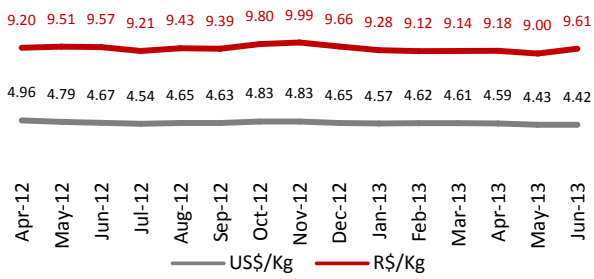


Figure 5 - Fresh beef average prices



Source:Ministry of Trade, Industry and Development and Ministry of Agriculture, Livestock and Supply

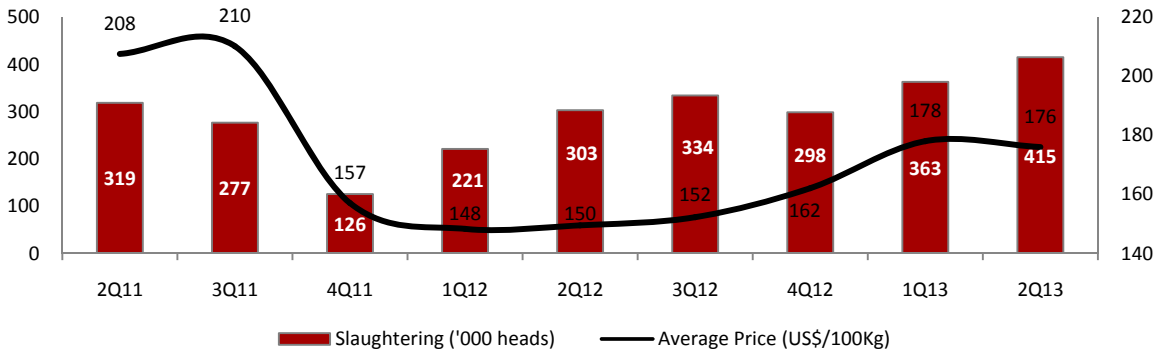
Domestic Market

Although the market remained solid in the quarter, with stable arroba prices compared with the prior quarter, beef demand in Brazil increased significantly, supporting beef prices.As a result, the price of carcassweight equivalent (an indicator of revenue from the sale of beef on the bone) presented a performance similar to that of the arroba price in 2Q13.Another factor that confirms the solid domestic demand is the small and medium retail segment, which has expanded at a faster rate than big supermarket chains.According to a recent survey conducted by the Brazilian Supermarket Association (Abras), in 2012 the growth rate of big supermarket chainsfell by 0.6%, while small and medium retailers expanded by1.2%.

Paraguay

Cattle slaughter volume reached a record in Paraguay in 2Q13, primarily led by exports, which increased by a hefty 30% in the quarter.In addition to the solid export volume to countries such as Russia and Brazil, Paraguayregained full access to the Chilean market and entered new markets in the Middle East and Eastern Europe.The country is already one of the world's ten largest beef exporters.Despite this scenario of solid demand, cattle prices remained stable in Paraguay in 2Q13 compared with 1Q13.Note that cattle prices are currently even lower thanbefore the outbreak of foot-and-mouth disease, confirming the high finished cattle supply, despite theacceleration in slaughtering (37% up on 2Q12).

Figure 6 – Cattle Slaughter Trends and Average Cattle Prices - Paraguay

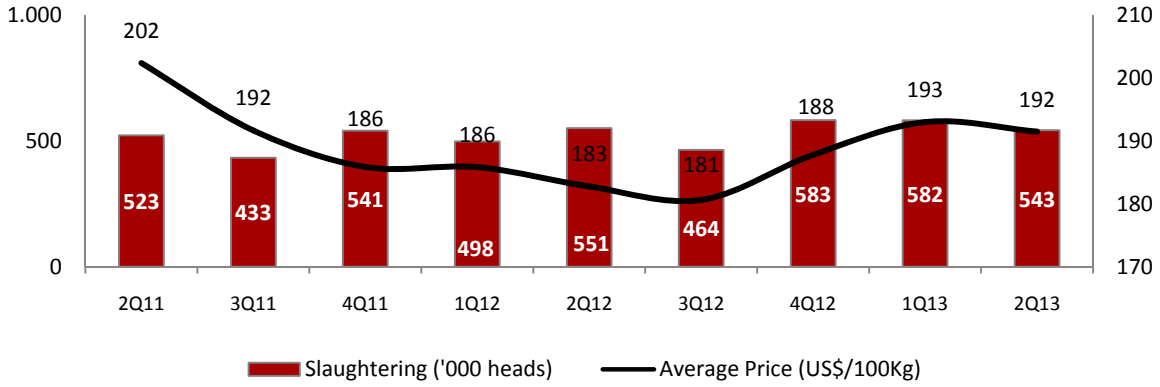


Source:SENACSA

Uruguay

Slaughter volume grew by 7% in the first half of 2013, led by the 16.9% year-on-year increase in1Q13,which pressured the industry's margins and forced certain local plants to interrupt slaughtering in 2Q13.In this scenario, slaughter volume remained stable and average cattle prices climbed 4.8% compared with 2Q12.Three million calves are estimated for the next season in Uruguay (beginning of the inversion to a positive cycle), a historical record livestock production.The market rationale, combined with higher cattle supply, will have a positive effect on the increase in beef production in Uruguay, leading Uruguayan companies to increase capacity utilization and take advantage of the opportunities in the export market. We would like to underline the Company's increasing focus on niche markets and the process of integration between cattle suppliers and Minerva.The partnership between the Company and the integrated producers guarantees relevant competitive advantages in relation to other players, resulting in higher margins.

Figure 7 – Cattle Slaughter Trends and Average Cattle Prices - Uruguay



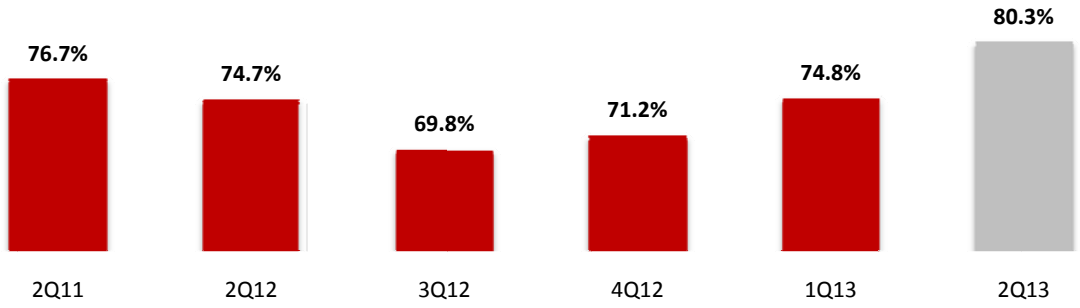
Source:INAC

Minerva – Analysis of Results

Slaughter Volume

Slaughter volume remained solid in the second quarter, with an increase of 5.5 p.p. in capacity utilization over 1Q13 to 80.3%, above the historical average and considered an industry benchmark.A total of 531,300 head of cattle were slaughter in the period, up by 9.4% and 20.2% over 1Q13 and 2Q12, respectively.This performance reflects the improved operational efficiency of our operational units and the acquisition of Frigomerc, in Paraguay, in October 2012.

Figure 8 - Slaughter Capacity Utilization



Source:Minerva

Consolidated Gross Revenue

R$ Million	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Gross Revenues	**1,400.6**	**1,141.1**	**22.7%**	**1,269.9**	**10.3%**	**5,180.6**	**4,450.4**	**16.4%**
Beef Division	1,161.3	904.3	28.4%	1,022.3	13.6%	4,132.0	3,559.5	16.1%
Others	239.3	236.9	1.0%	247.6	-3.4%	1,048.6	890.9	17.7%

R$ Million	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Domestic Market (R$ MM)	**470.6**	**373.1**	**26.1%**	**421.8**	**11.6%**	**1,713.6**	**1,654.5**	**3.6%**
% Gross Revenues	33.6%	32.7%	0.9%	33.2%	0.4%	33.1%	37.2%	-4.1%
Beef Division	371.4	307.4	20.8%	335.7	10.6%	1,369.4	1,338.7	2.3%
Others	99.2	65.7	51.0%	86.1	15.2%	344.1	315.9	9.0%

R$ Million	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Export Market (R$ MM)	**930.1**	**768.1**	**21.1%**	**848.1**	**9.7%**	**3,467.0**	**2,795.9**	**24.0%**
% Gross Revenues	66.4%	67.3%	-0.9%	66.8%	-0.4%	66.9%	62.8%	4.1%
Beef Division	790.0	596.9	32.3%	686.6	15.1%	2,762.5	2,220.8	24.4%
Others	140.1	171.1	-18.1%	161.5	-13.3%	704.5	575.1	22.5%

Minerva recorded gross revenue of R$1,400.6 million in the 2Q13, 22.7% up on 2Q12,primarily driven by the solid performance of beef exports, whose revenue climbed 32.3%.Sales volume also remained strong in the domestic market, with a 20.8% increase in revenue in relation to 2Q12.Also worth highlighting was the Leather and MDF division, as we willcomment later in this report.

Figure 9 - Breakdown of consolidated gross revenue 2Q13

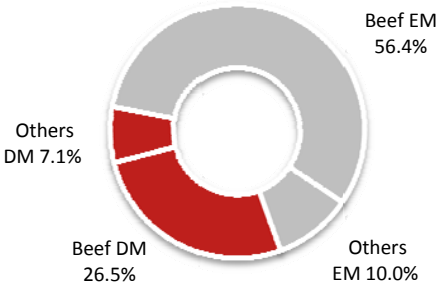
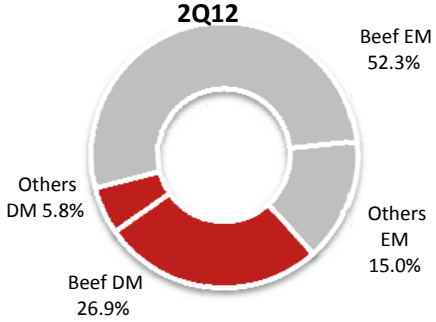


Figure 10 - Breakdown of consolidated gross revenue 2Q12



Source:Minerva

In 2Q13, Minerva maintained its leading position among the main beef exporters in the three countries where it operates.In Paraguay, our share in exports increased to 17% with the acquisition of Frigomerc in 4Q12.In Uruguay, it increased 300 bps to approximately 11% compared with 2Q12.In Brazil, we remain the second biggest beef exporter, in addition to being among the country's 30 biggest exporters.

Figure 11 - Market Share - Brazil (Revenue in US$ MN)



Figure 12 - Market Share - Uruguay (Revenue in US$ MN)

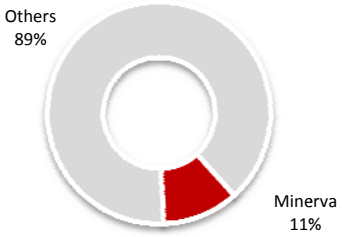
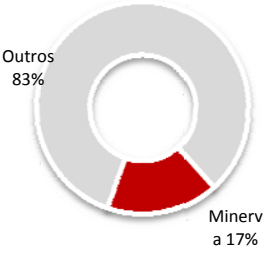


Figure 13 - Market Share - Paraguay (Revenue in US$ MN)



Source:Minerva, Secex, INAC and Inalca

Beef Division

Beef sales remained solid in 2Q13, with exports expanding by 32.3% compared with the same period in 2012.The Company's main export destinations were(i) Russia, (ii) the Middle East, and (iii) Hong Kong.The domestic market also performed well, with an increase of 20.8% in sales over 2Q12, partly reflecting the expansion of the small and medium retailer segment, in which the Company concentrates its sales, as explained before.Another highlight was the Others segment (beef byproducts), whose combination of higher sales volume (+26.2% in exports) and higher prices led to a 45.9% increase in gross revenue.Fresh beef prices in reaisremained stable in the domestic market, while climbing 5.8% in the export market. Below is a complete detailing of the beef division:

Gross Revenue (R$ Million)	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Fresh Beef – EM	738.1	559.4	31.9%	643.7	14.7%	2,591.4	2,074.5	24.9%
Processed Beef – EM	6.9	6.6	3.8%	5.7	20.3%	23.6	25.6	-7.8%
Others – EM	45.0	30.9	45.9%	37.2	21.1%	147.5	120.7	22.3%
Subtotal – EM	**790.0**	**596.9**	**32.3%**	**686.6**	**15.1%**	**2,762.5**	**2,220.8**	**24.4%**
Fresh Beef – DM	293.8	257.6	14.0%	269.9	8.8%	1,109.7	1,134.3	-2.2%
Processed Beef – DM	6.7	1.6	328.5%	4.8	38.3%	12.4	14.8	-16.0%
Others – DM	70.9	48.2	47.2%	60.9	16.4%	247.3	189.6	30.4%
Subtotal – DM	**371.4**	**307.4**	**20.8%**	**335.7**	**10.6%**	**1,369.4**	**1,338.7**	**2.3%**
Total	**1,161.3**	**904.3**	**28.4%**	**1,022.3**	**13.6%**	**4,132.0**	**3,559.5**	**16.1%**

Volume ('000 tonnes)	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Fresh Beef – EM	69.1	55.5	24.7%	62.3	10.9%	252.7	211.7	19.4%
Processed Beef – EM	0.5	0.5	-10.3%	0.4	18.2%	1.6	2.2	-27.1%
Others – EM	6.0	4.7	26.2%	5.1	17.0%	21.2	19.8	7.1%
Subtotal – EM	**75.6**	**60.7**	**24.5%**	**67.8**	**11.4%**	**275.5**	**233.7**	**17.9%**
Fresh Beef – DM	38.2	34.0	12.5%	34.4	11.2%	136.8	139.5	-1.9%
Processed Beef – DM	0.7	0.2	192.2%	0.5	35.7%	1.4	1.9	-27.2%
Others – DM	8.5	8.1	5.0%	7.9	7.7%	33.8	30.0	12.7%
Subtotal – DM	**47.5**	**42.3**	**12.1%**	**42.8**	**10.9%**	**172.0**	**171.4**	**0.3%**
Total	**123.0**	**103.0**	**19.4%**	**110.6**	**11.2%**	**447.5**	**405.1**	**10.5%**

Average Price – EM (US$/kg)	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Fresh Beef – EM	5.2	5.1	0.2%	5.2	-0.1%	5.0	5.5	-8.0%
Processed Beef – EM	7.1	6.5	9.6%	7.3	-1.7%	7.1	6.4	11.3%
Others – EM	3.6	3.3	9.5%	3.6	0.0%	3.4	3.4	0.3%
Total	**5.1**	**5.0**	**0.7%**	**5.1**	**-0.3%**	**4.9**	**5.3**	**-7.2%**
Average dollar price (source: BACEN)	2.07	1.96	5.6%	2.00	3.5%	2.04	1.79	13.7%

AveragePrice – EM (R$/kg)	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Fresh Beef – EM	10.7	10.1	5.8%	10.3	3.3%	10.3	9.8	4.6%
Processed Beef – EM	14.8	12.8	15.8%	14.5	1.8%	14.4	11.4	26.5%
Others – EM	7.5	6.5	15.6%	7.3	3.5%	7.0	6.1	14.1%
Total	**10.5**	**9.8**	**6.3%**	**10.1**	**3.2%**	**10.0**	**9.5**	**5.5%**

Average Price – DM (R$/kg)	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Fresh Beef – DM	7.7	7.6	1.4%	7.9	-2.2%	8.1	8.1	-0.2%
Processed Beef – DM	9.1	6.2	46.6%	9.0	1.9%	8.8	7.6	15.5%
Others – DM	8.3	6.0	40.2%	7.7	8.1%	7.3	6.3	15.8%
Total	**7.8**	**7.3**	**7.8%**	**7.8**	**-0.2%**	**8.0**	**7.8**	**2.0%**

EM - Export Market, DM – Domestic Market

Others Division

Gross revenue from the Othersdivision totaled R$239.3 million in 2Q13, 1.0% up on 2Q12, led by domestic sales, which expanded by 51.0% over 2Q12.The quarter was marked by the solid performance of the Leather and MDF division.

MDF once again reported record revenue in the quarter.The division recorded an increase of 131.5% in gross revenue from domestic sales in relation to 2Q12 and a significant increase in the operating margins,reflecting the change in consumption behavior in Brazil in recent years, driven by the expansion of major food franchisechains.MDF's key strategy is to meet the demand from the Food Service segment. In this context, it is poised to benefit from the strong growth expected in the domestic market.

The performance of the Leather division remained solid, led by the 71.2% upturn in gross revenue from exports compared with 2Q12.In 2011, we changed our strategy, focusing our efforts on two different niches: the wholesale segment in the domestic market and the automotive industry in the export market.

Distribution in the domestic market continued to present significant results, primarily driven by the consistent performanceand sharp growth in the share of the Food Service segment in our revenue and client base.

Lastly, the beef byproduct segment performed remarkably well,unaffected by the global economic scenario andpresenting a significant increase in export prices, due to the lower slaughter volume in the main beef producing countries.

Net Revenue

Net revenue climbed 22.7% over 2Q12, led by beef exports and fresh beef and beef byproduct sales in the domestic market.

R$ Million	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Gross Revenues	1,400.6	1,141.1	22.7%	1,269.9	10.3%	5,180.6	4,450.4	16.4%
Sales Taxes and Deductions	-77.9	-64.0	21.8%	-74.9	4.0%	-304.2	-272.8	11.5%
Net Revenues	**1,322.7**	**1,077.2**	**22.8%**	**1,195.0**	**10.7%**	**4,876.4**	**4,177.6**	**16.7%**
% Gross Revenues	94.4%	94.4%	0.0%	94.1%	0.3%	94.1%	93.9%	0.3%

Cost of Goods Sold (COGS) and Gross Profit

COGS as percentage of net revenue remained virtually stable compared with 2Q12, while declining by approximately 1 p.p. in relation to 1Q13.Gross margin, in turn, increased compared with both periods.

R$ Million	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Net Revenues	1,322.7	1,077.2	22.8%	1,195.0	10.7%	4,876.4	4,177.6	16.7%
COGS	**-1,056.0**	**-863.1**	**22.4%**	**-967.3**	**9.2%**	**-3,864.7**	**-3,443.6**	**12.2%**
% Net Revenues	79.8%	80.1%	-0.3%	80.9%	-1.1%	79.3%	82.4%	-3.2%
Gross Profit	266.7	214.1	24.6%	227.7	17.1%	1,011.7	734.0	37.8%
Gross Margin	**20.2%**	**19.9%**	**0.3%**	**19.1%**	**1.1%**	**20.7%**	**17.6%**	**3.2%**

Selling, General and Administrative Expenses

Selling expenses corresponded to 8.7% of net revenue in 2Q13, unchanged from 1Q13.Administrative expenses also remained stable compared with 2Q12.

R$ Million	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Sales Expenses	-114.8	-85.0	35.0%	-103.9	10.4%	-436.4	-295.1	47.9%
% Net Revenues	8.7%	7.9%	0.8%	8.7%	0.0%	8.9%	7.1%	1.9%
G&A Expenses	-39.9	-30.2	32.1%	-37.9	5.4%	-154.0	-115.3	33.6%
% Net Revenues	3.0%	2.8%	0.2%	3.2%	-0.2%	3.2%	2.8%	0.4%

EBITDA

EBITDA came to R$134.4 million in 2Q13, 19.3% and 33.9% up on 2Q12 and 1Q13, respectively.The EBITDA margin stood at 10.2% in the quarter.

R$ Million	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Result before Non-Controlling Interest	**-196.3**	**-130.9**	**50.0%**	**5.2**	**-3864.2%**	**-192.3**	**-167.1**	**15.1%**
(+) Deferred Income and Social Contribution Taxes	-6.8	-43.4	-84.3%	9.1	-175.2%	49.4	-148.5	-133.3%
(+) Net Financial Result	323.3	274.2	17.9%	72.0	349.1%	602.5	651.2	-7.5%
(+) Depreciation and Amortization	14.3	12.7	12.3%	14.1	1.2%	54.8	47.6	15.3%
(+) Pro-formaFrigomerc EBITDA 3M	n.a.	n.a.	n.a.	n.a.	n.a.	8.0	0.0	n.a.
EBITDA	**134.4**	**112.7**	**19.3%**	**100.4**	**33.9%**	**522.4**	**383.2**	**36.3%**
EBITDA Margin	**10.2%**	**10.5%**	**-0.3%**	**8.4%**	**1.8%**	**10.7%**	**9.2%**	**1.5%**

Financial Result

The financial result was a loss of R$323.3 million in 2Q13, primarily impacted by the foreign exchange variation line, which totaled a net loss of R$214.9 million.This result, in turn, reflects the appreciation of 10% in the U.S. dollar against the real on debt pegged to the U.S. dollar (approximately 70% of total gross debt).This loss did not have a cashimpact or effect in the quarter, as presented in the cash flow statement.

R$ Million	2Q13	2Q12	Chg.%	1Q13	Chg.%
Financial Expenses	(87.4)	(83.1)	5.1%	(86.5)	1.0%
Financial Income	8.9	18.8	-52.8%	13.3	-32.9%
FX Variation	(214.9)	(198.8)	8.1%	14.1	-1629.2%
Other Expenses (*)	(29.9)	(11.1)	169.3%	(12.8)	134.2%
Net Financial Result	**(323.3)**	**(274.2)**	**17.9%**	**(72.0)**	**349.1%**

(*) Include foreign exchange hedge, commodities, financial discounts and bank commissions

(*) Other Expenses (R$ Million)	2Q13
Expenses with FX Hedge and Commodities	-11.6
Financial Discounts, Rates, Commissions, Commercial Discount and Other Financial Expenses	-18.3
Total	(29.9)

Net Result

The net result, adjusted for the foreign exchange effect, totaled R$18.6 million.

R$ Million	2Q13
Net (Loss) Income	-196.3
Foreign exchange variation	214.9
Adjusted Income	**18.6**

R$ Million	2Q13	2Q12	Chg.%	1Q13	Chg.%	LTM2Q13	LTM2Q12	Chg.%
Income (Loss) before income tax	-203.1	-174.2	16.6%	14.3	n.a.	-143.0	-315.5	-54.7%
Net (Loss) Income	**-196.3**	**-130.9**	**50.0%**	**5.2**	n.a.	**-192.3**	**-167.1**	**15.1%**
Net Margin (%)	**-14.8%**	**-12.1%**	**-2.7%**	**0.4%**	**-15.3%**	**-3.9%**	**-4.0%**	**0.1%**

Cash Flow

Minerva recorded free cash flow of R$52.4 million in 2Q13, reflecting management's focus on optimizing working capital, which contributed R$63.5 million to operations in the quarter.

Free Cash Flow to Shareholders

R$ Million	2Q13
EBITDA	**134.4**
Variation in working capital needs	**63.5**
Capex	**-36.5**
Financial expenses (cash concept)	**-109.0**
Free cash flow to shareholders	**52.4**

Working capital was positively impacted by Other Accounts Payable, which totaled R$97.6 million, as presented in the cash flow statement and in the table below.

Other accounts payable (R$ Million)	2Q13	1Q13	Change
Advances from Clients	166.9	39.8	127.1
Suppliers	40.6	67.7	(27.1)
Others			-2.4
Other accounts a payable			97.6

The variation in the Suppliers line was due to the share payment for the acquisition of Frigomerc for the equivalent of US$10 million (R$22 million).The positive variation in Advances from Clients reflects the Company's credit policy, which requires prepayments from certain clients and in certain countries.The growth in exports in a global market with limited beef supply, combined with South America's privileged statusasa beef supplier, led the Company to intensify advances from clients, thereby decreasing performance risks related to external credit and improving the cash conversion cycle.This positive result reflects the combination of excellence in the Company's credit policy and special distribution channels.

Cash Flow from Operational Activities

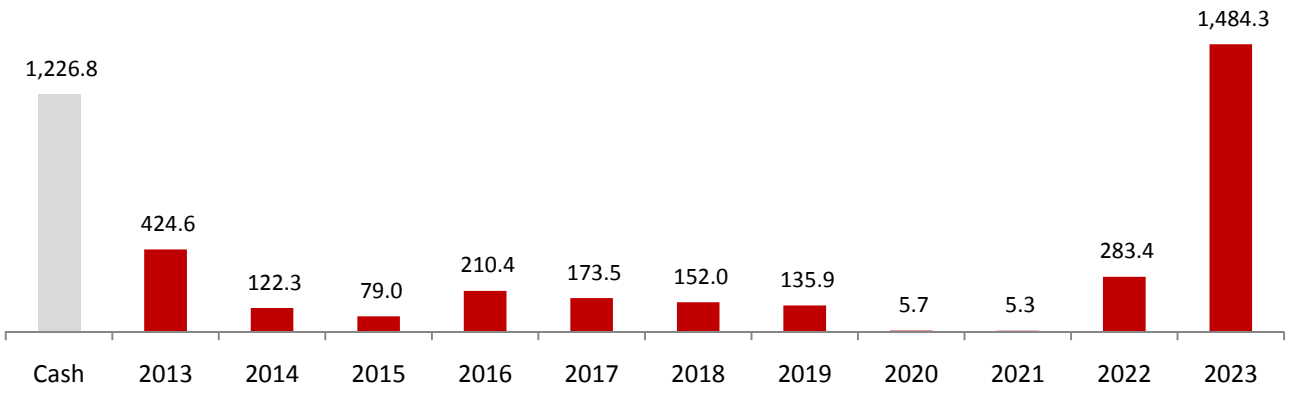
Cash flow from operational activities totaled R$188.9 million in the quarter, maintaining the solid performance observed since 4Q11.

R$ Million	2Q13
Net Income (Loss)	**-196.3**
Net income adjustments	321.7
(+/-) Variation in working capital needs	63.5
Operating Cash Flow	**188.9**

Capital Structure

Minerva closed 2Q13 with a cash balance of R$1,226.8 million, which is enough to amortize its debt through 2019.Short-term debt represented 16.6% of total debt at the end of the quarter.At the close of 2Q13, approximately 70% of total debt was denominated in foreign currency.The net debt/EBITDA ratio stood at 3.3x at the end of June 2013, 0.7x lower than in 2Q12.The increase of 0.2x in the leverage ratio over 1Q13 was primarily due to the effect from the appreciation of the dollar in the period, which increased the Company's debt, mostly with no cash effect.

Figure 14 – Debt amortization schedule on June 30, 2013 (R$ million)



R$ Million	2Q13	2Q12	Chg.%	1Q13	Chg.%
Short Term Debt	**511.2**	**279.9**	**82.6%**	**349.3**	**46.3%**
% Short Term Debt	**16.6%**	**11.5%**	**5.1%**	**14.5%**	**2.1%**
Local Currency	131.9	95.3	38.4%	95.1	38.7%
Foreign Currency	379.2	184.6	105.4%	254.2	49.2%
Long Term Debt	**2,565.3**	**2,154.0**	**19.1%**	**2,062.4**	**24.4%**
% Long Term Debt	**83.4%**	**88.5%**	**-5.1%**	**85.5%**	**-2.1%**
Local Currency	639.6	415.9	53.8%	343.4	86.3%
Foreign Currency	1,925.7	1,738.1	10.8%	1,719.0	12.0%
Total Debt	**3,076.4**	**2,433.9**	**26.4%**	**2,411.7**	**27.6%**
Local Currency	771.5	511.2	50.9%	438.5	75.9%
Foreign Currency	2,304.9	1,922.7	19.9%	1,973.2	16.8%
(Cash and Cash Equivalents)	-1,226.8	-818.5	49.9%	-773.9	58.5%
Net Debt*	**1,729.6**	**1,587.8**	**8.9%**	**1,539.7**	**12.3%**
Net Debt/ EBITDA*	**3.31**	**3.99**	**-0.68**	**3.14**	**0.17**

(*) Net debt adjusted for convertible debentures, treasury stock and subordinated FDIC quotas

Domestic currency (R$ '000)	2Q13	1Q13
2Q13	0	7,276
3Q13	45,987	37,398
4Q13	8,088	4,736
1Q14	53,812	45,710
2Q14	24,027	0
2014	26,416	37,321
2015	48,622	37,208
2016	210,429	204,849
2017	171,313	20,663
2018	151,955	12,875
2019	9,454	9,746
2020	5,658	5,683
2021	5,313	5,313
2022	10,400	9,748
2023	0	0
TOTAL	**771,475**	**438,526**

Foreign currency (R$ '000)	2Q13	1Q13
2Q13	0	21,226
3Q13	347,210	213,135
4Q13	23,359	1,994
1Q14	6,471	17,779
2Q14	2,199	0
2014	9,398	2,068
2015	30,392	33
2016	0	0
2017	2,231	24,524
2018	0	0
2019	126,418	114,966
2020	0	0
2021	0	0
2022	272,977	247,778
2023	1,484,313	1,329,669
TOTAL	**2,304,969**	**1,973,172**

Capex

Investments in 2Q13 totaled R$36.5 million, most of which went to operational maintenance.

Subsequent Events

Migration of Minerva's ADR Program segment in the OTC market

On August 14, the Company's ADRs, traded on the over-the-counter Market (OTC), migrated from the OTC Pink to the OTCQX International Premier segment, the highest-standard trading segment in the U.S. OTC market.As a result, investors will have access to transparent trading, higher-quality information disclosure and easy access through regulated brokers in the U.S.

This initiative reinforces the Company's commitment to increasing the liquidity of its ADRs and to providing investors with new trading alternatives in the U.S. OTC market.It also underlines the Company's focus on increasing transparency, as prices and financial information are available in real time on the website www.otcmarkets.com.

The Company's Level 1 ADR Program was launched in 2011, with each ADR representing four (4) common shares issued by the Company.The ADRs are traded under the ticker MRVSY.Deutsche Bank, the depository institution for the Level 1 ADR Program, will also act as the Principal American Liaison (PAL) at the OTCQX, being responsible for providing information on the platform's requirements.

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.On June 30, 2012, the Company had a daily slaughtering capacity of 11,480 head of cattle and daily beef deboning capacity equivalent to 14,177 head of cattle.With a presence in the states of São Paulo, Rondônia, Goiás, Tocantins, MatoGrosso do Sul and Minas Gerais, as well as in Paraguay and Uruguay, Minerva operates eleven slaughter and deboning plants, one unit to process proteins and twelve distribution centers.In the 12 months ended June 30, 2013, the Company recorded gross sales revenue of R$5.2 billion, up 16.4% 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 years 2010, 2011, 2012 and in 2Q13.

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 June 30, 2013, and the opinions expressed in the independent auditors' review report, hereby authorizing their disclosure.

ANNEX 1 - CONSOLIDATED INCOME STATEMENT

(R$ '000)	2Q13	2Q12	1Q13
Revenue from Domestic Sales	470,578	373,089	421,785
Revenue from Exports	930,054	768,052	848,100
Gross Sales Revenue	**1,400,632**	**1,141,141**	**1,269,885**
Deductions from revenue – taxes and other	-77,892	-63,969	-74,898
Net Operating Revenue	**1,322,740**	**1,077,172**	**1,194,987**
Cost of Goods Sold	-1,055,999	-863,065	-967,259
Gross Profit	**266,741**	**214,107**	**227,728**
Selling Expenses	-114,776	-85,019	-103,926
General and Administrative Expenses	-39,918	-30,226	-37,873
Other Operating Revenues	8,137	1,142	354
Result before financial expenses	**120,184**	**100,004**	**86,283**
Financial Expenses	-87,430	-83,146	-86,547
Financial Revenues	8,899	18,849	13,264
Exchange Rate Variation	-214,888	-198,827	14,052
Other Expenses	-29,900	-11,101	-12,766
Financial Result	**-323,319**	**-274,225**	**-71,997**
Result Before Taxes	**-203,135**	**-174,221**	**14,286**
Income and Social Contribution Taxes - Current	8,669	-380	-8,752
Income and Social Contribution Taxes - Deferred	-1,852	43,746	-318
Net Income before Non-Controlling Interest	**-196,318**	**-130,855**	**5,216**
Net Income Attributed to Controlling Shareholders	-196,146	-130,336	5,571
Net Income Attributed to Non-Controlling Shareholders	-172	-519	-355
Net Income	**-196,318**	**-130,855**	**5,216**

ANNEX 2 - CONSOLIDATED BALANCE SHEET

(R$ '000)	Jun/13	Dec/12
ASSETS		
Cash and Cash Equivalents	1,226,770	1,288,754
Accounts Receivable from Clients	210,526	189,393
Inventories	276,688	218,534
Biological Assets	43,932	40,763
Taxes Recoverable	490,378	472,102
Others Receivables	167,169	117,885
Total Current Assets	**2,415,463**	**2,327,431**
Other Credits	24,456	22,720
Related Parties	21,512	31,331
Taxes Recoverable	137,476	107,927
Deferred fiscal assets	233,218	223,579
Judicial Deposits	9,818	8,607
Investments	-	-
Fixed Assets	1,263,680	1,218,581
Intangible	438,237	426,897
Total Non-Current Assets	**2,128,397**	**2,039,642**
Total Assets	**4,543,860**	**4,367,073**
LIABILITIES		
Loans and Financing	511,155	533,110
Convertible Debentures	448	443
Suppliers	308,095	289,433
Labor and tax liabilities	72,231	62,856
Other Liabilities	254,953	198,544
Total Current Liabilities	**1,146,882**	**1,084,386**
Loans and Financing	2,565,288	2,133,154
Convertible Debentures	141,952	139,584
Labor and tax liabilities	31,843	36,208
Provision for Contingencies	33,685	32,944
Provisionsfor losses in investments	-	-
Related Parties	2,285	63,714
Accounts Payable	41,999	47,547
Deferred Tax Liabilities	86,558	75,229
Total Non-Current Liabilities	**2,903,610**	**2,528,380**
Shareholders' equity		
Capital Stock	715,911	712,984
Capital Reserves	13,230	156,802
Revaluation Reserves	71,893	73,168
Profits Reserve	0	48,366
Accrued Profit	-188,643	-190,223
Treasury Stock	-101,293	-29,693
Balance Sheet Evaluation Adjustments	-18,245	-19,515
Total shareholders' equity attributed to controlling shareholders	**492,853**	**751,889**
Non-Controlling Interest	515	2,418
Total shareholders' equity	**493,368**	**754,307**
Total liabilities and shareholders' equity	**4,543,860**	**4,367,073**

ANNEX 3 – CONSOLIDATED CASH FLOW STATEMENT

(R$ '000)	2Q13	2Q12	1Q13
Cash Flow from Operating Activities			
Net Income (Loss)	-196,318	-130,855	5,216
Reconciliation of Net Income to Net Cash provided by Operating Activities:			
Depreciation and Amortization	14,254	12,689	14,083
Net Income Attributed to Non-Controlling Shareholders	172	519	355
Fair Value of Biological Assets	-2,005	-4,054	-2,973
Realization of Deferred Taxes – Temporary Differences	1,852	-43,746	318
Financial Charges	85,868	74,522	85,789
Foreign Exchange Variation – Not Realized	221,593	193,460	-30,059
Contingency Allowances	-8	0	749
Accounts Receivable from Clients and Other Receivables	41,564	-35,700	-113,717
Inventories	-35,564	18,105	-22,590
Biological Assets	-2,963	6,856	4,772
Taxes Recoverable	-26,178	-13,148	-21,648
Judicial Deposits	-686	-244	-525
Suppliers	2,044	16,570	16,618
Labor and Tax Obligations	-12,371	3,281	17,381
Other Accounts Payable	97,620	28,925	-47,026
Net Cash Flow from Operating Activities	**188,874**	**27,958**	**-93,257**
Cash Flow from Investments			
Acquisition of Investments	-	-	-
Acquisition of Intangible Assets	-11,579	-281	-233
Acquisition of Fixed Assets	-36,511	-27,964	-36,453
Net Cash Flow from Investments	**-48,090**	**-28,245**	**-36,686**
Cash Flow from Financing Activities			
Loans and Financings	506,995	343,722	194,196
Loans and Financings Settled	-149,734	-455,743	-504,469
Convertible Debentures	-1,264	-17,151	3,672
Related Parties	-8,029	-3,520	-43,581
Variation in Minority Interest	-1,272	-505	-631
Capital payment in cash	0	18,806	2,892
Treasury Stock	-34,570	9,552	-37,030
Cancellation of Treasury Stock	0	-20,883	0
Net Cash from Financing Activities	**312,126**	**-125,722**	**-384,951**
Net Cash / Cash Equivalent Decrease	**452,910**	**-27,754**	**-514,894**
Cash and Cash Equivalents			
Beginning of Period	773,860	846,276	1,288,754
End of Period	1,226,770	818,522	773,860
Reduction in Cash and Cash Equivalents	**452,910**	**-27,754**	**-514,894**