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

MINERVA S.A.

Individual (company) and consolidated quarterly information for the quarter ended March 31, 2013

MINERVA S.A.

Individual (Company) and consolidated quarterly information for the quarter ended March 31, 2013

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

INDEPENDENT AUDITORS' REPORT ON THE INTERIM FINANCIAL STATEMENTS

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

Introduction

We have reviewed the individual (company) and consolidated interim financial statements of Minerva S.A. ("Company"), contained in the quarterly information form for the quarter ended March 31, 2013, which comprises the balance sheet as of March 31, 2013, and the related statements of operations, comprehensive income (loss), statements of changes in shareholders' equity and cash flows for the quarter then ended, including the explanatory notes.

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 statements of value added prepared under the responsibility of the Company's management, for the three-month period ended March 31, 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, May 8, 2013.

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

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

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

MINERVA S.A.

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

Assets

		Company		Consolidated	
	Note	31/03/2013	31/12/2012	31/03/2013	31/12/2012
Current					
Cash and cash equivalents	5	654,924	1,222,864	773,860	1,288,754
Trade accounts receivable	6	163,680	114,336	267,432	189,393
Inventories	7	135,277	136,809	241,124	218,534
Biological Assets	8	38,964	40,763	38,964	40,763
Recoverable taxes	9	459,005	432,211	494,256	472,102
Other receivables		120,984	100,527	152,042	117,885
		1,572,834	2,047,510	1,967,678	2,327,431
Other receivables		18,441	17,069	24,240	22,720
Related-party transactions	11	288,700	219,245	17,618	31,331
Recoverable taxes	9	98,886	98,886	107,421	107,927
Deferred tax assets	10	217,060	217,060	223,579	223,579
Court deposits		8,498	8,042	9,132	8,607
Investments	12	513,286	535,249	-	-
Property, plant and equipment	13	922,005	900,534	1,241,153	1,218,581
Intangible assets	14	4,835	4,799	426,928	426,897
		2,071,711	2,000,884	2,050,071	2,039,642
Total assets		3,644,545	4,048,394	4,017,749	4,367,073

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

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

MINERVA S.A.

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

Liabilities and shareholders' equity

	Note	Company		Consolidated	
		31/03/2013	31/12/2012	31/03/2013	31/12/2012
Current					
Loans and financings	15	260,789	413,985	349,276	533,110
Convertible debentures	19	2,901	443	2,901	443
Trade accounts payable	16	242,607	237,291	306,051	289,433
Labor and tax liabilities	17	62,185	46,011	82,440	62,856
Other accounts payable		102,583	164,570	153,483	198,544
		671,065	862,300	894,151	1,084,386
Non-current					
Loans and financings	15	1,782,120	1,887,033	2,062,445	2,133,154
Convertible debentures	19	140,763	139,584	140,763	139,584
Labor and tax liabilities	17	33,986	36,009	34,005	36,208
Provisions for contingencies	21	33,682	32,911	33,693	32,944
Provisions for losses on investments	12	121,942	116,525	-	-
Related-party transactions	10	49,849	133,233	6,420	63,714
Other accounts payable		13,681	13,681	47,028	47,547
Deferred tax liabilities	18	75,218	75,229	75,218	75,229
		2,251,241	2,434,205	2,399,572	2,528,380
Shareholders' equity	22				
Capital stock		715,911	712,984	715,911	712,984
Capital reserves		155,671	156,802	155,671	156,802
Revaluation surplus		72,531	73,168	72,531	73,168
Income reserves		48,366	48,366	48,366	48,366
Accumulated losses		(183,686)	(190,223)	(183,686)	(190,223)
Treasury shares		(66,723)	(29,693)	(66,723)	(29,693)
Asset and liability valuation adjustments		(19,831)	(19,515)	(19,831)	(19,515)
		722,239	751,889	722,239	751,889
Non-controlling interest		-	-	1,787	2,418
		722,239	751,889	724,026	754,307
Total liabilities and shareholders' equity		3,644,545	4,048,394	4,017,749	4,367,073

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

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

MINERVA S.A.

Statements of operations
For the period three months period ended March 31, 2013 and 2012
(In thousands of Brazilian Reais)

	Note	Company		Consolidated	
		2013	2012	2013	2012
Net revenue	25	957,261	799,113	1,194,987	944,064
Cost of goods sold		(745,925)	(632,514)	(967,259)	(759,744)
Gross profit		211,336	166,599	227,728	184,320
Operating revenues (expenses):					
Selling expenses		(82,057)	(78,463)	(103,926)	(90,726)
General and administrative expenses		(29,614)	(22,296)	(37,873)	(27,984)
Other operating revenues		(125)	(871)	354	(233)
Income before net financial revenues (expenses), equity in earnings (losses) of controlled companies and taxes		99,540	64,969	86,283	65,377
Financial expenses		(84,274)	(133,675)	(99,313)	(141,145)
Financial revenues		12,287	12,582	13,264	14,335
Exchange rate gains (losses), net		14,052	(9,708)	14,052	(11,608)
Financial revenues (expenses), net	26	(57,935)	(130,801)	(71,997)	(138,418)
Equity in earnings (losses) of controlled companies		(27,064)	(7,042)	-	-
Income before taxes		14,541	(72,874)	14,286	(73,041)
Current income and social contribution taxes	18	(8,652)	-	(8,752)	(829)
Deferred income and social contribution taxes	18	(318)	7,131	(318)	7,131
Income (loss) before non-controlling interest		5,571	(65,743)	5,216	(66,739)
Income (loss) attributable to:					
Controlling shareholders		5,571	(65,743)	5,571	(65,743)
Non-controlling shareholders		-	-	(355)	(996)
Net income (loss) for the year		5,571	(65,743)	5,216	(66,739)

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

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

MINERVA S.A.

Statements of comprehensive income (loss)
For the three months period ended March 31, 2013 and 2012
(In thousands of Brazilian Reais)

	Company		Consolidated	
	2013	2012	2013	2012
Net income (loss) for the period	5,571	(65,743)	5,216	(66,739)
Other comprehensive income				
Asset and liability valuation adjustment	(316)	(2,751)	(592)	(2,855)
Other comprehensive income, net of income and social contribution taxes	(316)	(2,751)	(592)	(2,855)
Total comprehensive income (loss)	5,255	(68,494)	4,624	(69,594)
Comprehensive income (loss) attributable to:				
Controlling shareholders	5,255	(68,494)	5,255	(68,494)
Non-controlling shareholders	-	-	(631)	(1,100)
Total comprehensive income (loss)	5,255	(68,494)	4,624	(69,594)

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 March 31, 2013
(In thousands of Brazilian Reais)

				Income reserve							
	Capital stock	Capital reserve	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	-	-	-	-	-	-	(37,030)	-	(37,030)	-	(37,030)
Realization of revaluation surplus	-	-	(637)	-	-	966	-	-	329	-	329
Decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
(-) Cost of transaction upon share issuance	-	(1,131)	-	-	-	-	-	-	(1,131)	-	(1,131)
Asset and liability valuation adjustment	-	-	-	-	-	-	-	(316)	(316)	(276)	(592)
Net loss for the period	-	-	-	-	-	5,571	-	-	5,571	-	5,571
Non-controlling interest	-	-	-	-	-	-	-	-	-	(355)	(355)
Balances as of March 31, 2013	715,911	155,671	72,531	3,413	44,953	(183,686)	(66,723)	(19,831)	722,239	1,787	724,026

The accompanying notes are an integral part of these financial st

(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 March 31, 2012
(In thousands of Brazilian Reais)

				Income Reserve							
	Capital stock	Capital reserve	Revaluation surplus	Statutory reserve	Appropriated retained earnings	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, 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	5,634	-	-	-	-	-	-	-	5,634	-	5,634
Treasury shares	-	-	-	-	-	-	(13,401)	-	(13,401)	-	(13,401)
Realization of revaluation surplus	-	-	(639)	-	-	967	-	-	328	-	328
Capital gain	-	-	-	-	-	-	-	-	-	-	-
(Increase/decrease) in capital reserve	-	-	-	-	-	-	-	-	-	-	-
Asset and liability valuation adjustment	-	-	-	-	-	-	-	(2,751)	(2,751)	(104)	(2,855)
Dividends	-	-	-	-	-	-	-	-	-	-	-
Interest on equity capital	-	-	-	-	-	-	-	-	-	-	-
Appropriation of net income for the year	-	-	-	-	-	-	-	-	-	-	-
Net income (loss) for the period	-	-	-	-	-	(65,743)	-	-	(65,743)	-	(65,743)
Non-controlling interest	-	-	-	-	-	-	-	-	-	(996)	(996)
Balances as March 31, 2012	257,885	190,042	75,085	3,413	44,953	(64,776)	(20,883)	(25,690)	460,029	75,608	535,637

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 period ended March 31, 2013 and 2012
(In thousands of Brazilian Reais)

	Company		Consolidated	
	2013	2012	2013	2012
Cash flows from operating activities				
Net income (loss) for the period	5,571	(65,743)	5,216	(66,739)
Adjustments to reconcile net income (loss) from operating activities:				
Depreciation and amortization	9,978	8,926	14,083	11,812
Net income (loss) attributed to non-controlling shareholders	-	-	355	996
Fair value of biological assets	(2,973)	3,501	(2,973)	3,501
Realization of deferred taxes – temporary differences	318	(7,131)	318	(7,131)
Equity in earnings (loss) of controlled companies	27,064	(7,042)	-	-
Financial charges	60,499	71,584	85,789	75,018
Unrealized exchange rate gains (losses)	(21,804)	(6,723)	(30,059)	(10,129)
Provision for Contingencies	771	-	749	(1)
Trade accounts receivable and other receivables	(71,173)	52,537	(113,717)	62,131
Inventories	1,532	(28,173)	(22,590)	(31,852)
Biological assets	4,772	7,284	4,772	7,284
Recoverable taxes	(26,794)	(21,771)	(21,648)	(22,924)
Court deposits	(456)	(96)	(525)	(139)
Trade accounts payable	5,316	(49,024)	16,618	(46,646)
Labor and tax liabilities	14,151	(2,464)	17,381	(936)
Other accounts payable	(63,118)	23,793	(47,026)	20,919
Cash flows from operating activities	(56,346)	(20,542)	(93,257)	(4,836)
Cash flows from investing activities				
Acquisition of investments	-	14,085	-	-
Acquisition of intangible assets	(238)	(815)	(233)	(846)
Acquisition of property, plant and equipment	(31,247)	(24,871)	(36,453)	(24,851)
Cash flows from investing activities	(31,485)	(11,601)	(36,686)	(25,697)
Cash flows from financing activities				
Loans and financing taken	174,113	802,678	194,196	799,559
Loans and financings settled	(470,917)	(575,990)	(504,469)	(622,700)
Debentures convertible into shares	3,637	(5,634)	3,637	(5,634)
Related parties	(152,839)	(377,386)	(43,581)	(2,489)
Changes in non-controlling interest	-	-	(631)	(1,100)
Capital contribution in cash	2,927	5,634	2,927	5,634
Interest on equity capital	-	(17,680)	-	(17,680)
Dividends	-	(11,762)	-	(11,762)
Treasury shares	(37,030)	(13,401)	(37,030)	(13,401)
Cash from financing activities	(480,109)	(193,541)	(384,951)	130,427
Net decrease in cash and cash equivalents	(567,940)	(225,684)	(514,894)	99,894
Cash and cash equivalents				
At beginning of period	1,222,864	694,875	1,288,754	746,382
At end of period	654,924	469,191	773,860	846,276
Net decrease in cash and cash equivalents	(567,940)	(225,684)	(514,894)	99,894

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

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

MINERVA S.A.

Statements of value added
For the period ended March 31, 2013 and 2012
(In thousands of Brazilian Reais)

	Company		Consolidated	
	2013	2012	2013	2012
Revenues	964,155	809,754	1,196,274	944,064
Sales of merchandise, products and services	956,321	803,319	1,186,765	937,218
Other revenues	7,834	6,435	9,509	6,846
Input acquired from third parties	(815,477)	(721,618)	(1,070,608)	(841,197)
(It includes tax amounts – ICMS – State VAT, IPI – Federal VAT, PIS and COFINS – sales taxes)				
Cost of goods, merchandise and services sold	(749,688)	(668,351)	(969,437)	(756,663)
Materials, energy, third-party services and others	(65,789)	(53,267)	(101,171)	(84,534)
Other (specify)	-	-	-	-
Gross value added	148,678	88,136	125,666	102,867
Depreciation, amortization and depletion	(9,978)	(8,926)	(14,083)	(11,812)
Net value added generated by the entity	138,700	79,210	111,583	91,055
Value added received in transfer	(14,777)	19,624	13,264	14,335
Equity in earnings (losses) of controlled companies	(27,064)	7,042	-	-
Financial revenues	12,287	12,582	13,264	14,335
Others	-	-	-	-
Total value added to be distributed (5+6)	123,923	98,834	124,847	105,390
Distribution of value added	123,923	98,834	124,847	105,390
Personnel	43,675	33,457	57,285	44,239
Taxes, rates and contributions	(14,765)	(13,853)	(30,688)	(27,432)
	-			
Return on debt capital	89,442	144,973	93,034	155,322
Interest	86,986	143,383	89,567	152,753
Rents	2,456	1,590	3,467	2,569
	5,571	(65,743)	5,216	(66,739)
Return on equity capital				
Retained earnings/accumulated losses for the year	5,571	(65,743)	5,571	(65,743)
Non-controlling interest in retained earnings (only consolidation)	-	-	(355)	(996)

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 March 31, 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 80% 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 85 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	92.00%	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 March 31, 2013 was authorized by the Executive Board and the Board of Directors on May 8, 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 to be 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): to be settled on April 03, 2013;
- 2nd Portion – US$ 5,000 thousand (R$ 10,069 thousand as of 03/31/2013): to be settled on October 03, 2013; and
- 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 in the amount R$ 20,138 thousand, as of 03/31/2013.

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 March 31, 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 following standards issued by IASB entered into effect during 2012, but did not impact the Company's financial statements:

- Amendment to IFRS 7 – "Disclosures": Offsetting Financial Assets and Financial Liabilities.
- Amendment to IAS 12 – "Deferred taxes": Recovery of underlying assets. It establishes criteria for the calculation of the tax base of an asset.

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 1 - Presentation of items of other comprehensive income. It groups into other comprehensive income items which can be reclassified to the income (loss) in the statement of operations.
- 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.
- 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.
- IFRS 11 – "Joint arrangements": It establishes the principles for disclosure of financial statements of entities which are parties to joint agreements.
- 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.
- IFRS 13 – "Fair value measurement": It better defines fair value, explains how to measure it and determines what should be disclosed.
- Amendment of IFRS 7 - Disclosures – Offsetting financial assets and financial liabilities. It establishes disclosure requirements of compensatory arrangements for financial assets and liabilities.
- 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.
- 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.

- IFRS 9 – "Financial instruments": The IFRS 9 keeps but simplifies the combined measurement model and establishes two main categories for measurement of financial assets.

All standards referred to above are effective as from January 01, 2013. The Company is evaluating the impacts of these new standards on its financial statements. However, it expects that its adoptions will not bring significant impacts in its financial statements.

aa. Determination of fair value

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

bb. Statements of value added

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

cc. Restatement of the financial statements

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

As a result of this CVM decision, the Company reclassified in the financial statements as of December 31, 2011, the initial record of the debentures convertible into shares, in the net amount of R$ 183,796, from shareholders' equity (Capital reserve) to non-current liabilities. We point out that the initial record of the transaction under shareholders' equity (Capital reserve) was supported by studies conducted by the Company's management and accounting opinions from experienced accountants.

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

This reclassification did not affect the statements of income, cash flows and value added for the year ended December 31, 2011.

5. Cash and cash equivalents

	Company		Consolidated	
	03/31/13	12/31/12	03/31/13	12/31/12
Cash	235	226	848	391
Bank accounts	5,702	10,800	51,457	22,681
Cash and cash equivalents denominated in foreign currency	364,452	417,331	376,916	444,178
	370,389	428,357	429,221	467,250
Financial investments				
In local currency				
Certificates of Bank Deposit - CDB	203,351	179,405	256,920	187,255
Debentures	72,252	349,168	72,252	363,207
Prize-draw investment bonds	1,082	1,082	1,082	1,082
Investment funds	7,850	7,765	7,850	7,765
LCA	-	100,048	1,500	100,048
NTN-F	-	157,039	-	157,039
In foreign currency				
Certificates of Bank Deposit - CDB	-	-	5,035	5,108
	284,535	794,507	344,639	821,504
	654,924	1,222,864	773,860	1,288,754

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

	Company		Consolidated	
	03/31/13	12/31/12	03/31/13	12/31/12
Measured at fair value through income	283,453	793,425	343,557	820,422
Held to maturity	1,082	1,082	1,082	1,082
	284,535	794,507	344,639	821,504

6. Trade accounts receivable

	Company		Consolidated	
	03/31/13	12/31/12	03/31/13	12/31/12
Notes receivable - domestic market	99,977	56,546	127,650	84,104
Notes receivable - foreign market	53,004	38,860	145,958	111,360
Notes receivable - related-party transactions	14,543	22,774	-	-
	167,524	118,180	273,608	195,464
(-) Allowance for doubtful accounts	(3,844)	(3,844)	(6,176)	(6,071)
	163,680	114,336	267,432	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	
	03/31/13	12/31/12	03/31/13	12/31/12
Falling due	132,548	94,535	219,477	163,831
Overdue				
Up to 30 days	16,911	5,944	27,276	8,702
From 31 to 60 days	1,132	10,451	4,302	11,040
From 61 to 90 days	4,861	344	6,560	878
From 91 to 180 days	12,072	6,906	15,993	11,013
	167,524	118,180	273,608	195,464

Changes in the allowance for doubtful accounts

	Company	Consolidated
Balances as of December 31, 2012	(3,844)	(6,071)
Receivables provisioned for	-	(105)
Exchange rate losses	-	-
Balances as of March 31, 2013	(3,844)	(6,176)

During the quarter ended March 31, 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	
	03/31/13	12/31/12	03/31/13	12/31/12
Finished goods	121,259	125,248	210,707	192,041
Raw materials	-	-	5,009	5,552
Stockromm and secondary materials	14,018	11,561	25,408	20,941
	135,277	136,809	241,124	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	73,636
Decrease due to sales	(76,165)
Change in fair value less estimated sales	730
Balance as of March 31, 2013	38,964

As of March 31, 2013, cattle in the farm held for sale were 20,918 finished cattle (as of December 31, 2012 - 22,473 finished cattle).

As of March 31, 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	
	03/31/13	12/31/12	03/31/13	12/31/12
PIS (Tax on sales)	62,798	60,112	66,732	63,821
COFINS (Tax on sales)	271,794	261,495	289,792	278,479
ICMS (State VAT)	149,513	146,491	165,290	161,094
Income and Social Contribution taxes	67,540	62,337	70,793	72,427
Reintegra (Special Regime of Reintegration of Tax Amounts to Export Companies)	662	662	1,533	1,396
Other recoverable taxes	5,584	-	7,537	2,812
	557,891	531,097	601,677	580,029
Current	459,005	432,211	494,256	472,102
Noncurrent	98,886	98,886	107,421	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$ 55,185 in company and R$ 61,148 in consolidated. Realization expectation of Company's and its controlled companies' tax credits are quarterly reviewed.

ICMS (state VAT)

The ICMS credit results from the fact that the Company's exports are greater than its domestic sales, 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 March 31, 2013
Deferred IR/CS on tax losses	217,060	-	-	217,060
Other deferred taxes	-	-	-	-
Total deferred tax assets	217,060	-	-	217,060

	Consolidated			
	Balance at December 31, 2012	Recognized in income (loss)	Realization of deferred taxes	Balance at March 31, 2013
Deferred IR/CS on tax losses	223,579	-	-	223,579
Other deferred taxes on temporary differences	-	-	-	-
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 March 31, 2013 (R$ 168,911 as of December 31, 2011), representing a consolidated balance as of March 31, 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:

	03/31/13	12/31/12
	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	03/31/13	12/31/12	03/31/13	12/31/12
Brascasing (a)	17,267	5,812	-	-
Minerva Indústria e Comércio de Alimentos S.A. (b)	68,754	63,752	-	-
Minerva Dawn Farms S.A. (c)	160,301	105,081	-	-
Friasa S.A. (d)	3,576	3,576	3,407	3,736
Transminerva Ltda. (e)	14,827	13,413	-	-
Agropecuaria Imperial (f)	2,927	14,927	2,927	14,927
Minerva Overseas (g)	9,747	-	-	
Other (h)	11,301	12,684	11,284	12,668
	288,700	219,245	17,618	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) Loan made to Friasa S.A for working capital;
(e) Expenses of Transminerva, a controlled company, to be reimbursed;
(f) Loan made to Agropecuária Imperial to be reimbursed;
(g) Loan made to Minerva Overseas Ltd, to be reimbursed;
(h) These refer to other loans and payments to the controlled companies and related parties to Minerva S.A.

	Company		Consolidated	
Loans payable	03/31/13	12/31/12	03/31/13	12/31/12
Minerva Luxemburgo (a)	37,952	40,379	-	-
Minerva Overseas I Ltd (b)	-	40,551	-	-
Minerva Dawn Farms (c)	-	-	6,420	24,059
Minerva Overseas II Ltd (d)	11,264	51,670	-	39,655
Other (e)	633	633	-	-
	49,849	133,233	6,420	63,714

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

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

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

	Company		Consolidated	
Trade accounts payable	03/31/13	12/31/12	03/31/12	12/31/12
Brascasing Comercial Ltda.	661	469	-	-
Minerva Dawn Farms S.A.	2,613	2,192	-	-
Minerva Indústria e Comércio de Alimentos S.A.	12,234	9,136	-	-
Friasa	226	894	-	-
Transminerva	-	-	-	-
Frigomerc	-	1,754	-	-
Partners' acquisitions	2,671	3,560	2,671	3,560
	18,405	18,005	2,671	3,560

	Company		Consolidated	
Trade accounts receivable	03/31/13	12/31/12	03/31/13	12/31/12
Brascasing Comercial Ltda.	6,256	10,673	-	-
Friasa	-	15	-	-
Minerva Dawn Farms S.A.	7,330	11,938	-	-
Minerva Ind. e Com. de Alimentos S.A.	957	148	-	-
	14,543	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 March 31, 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 March 31, 2013 and 2012 is summarized below:

	Members 2013	03/31/13	03/31/12
Executive Management and Board of Directors	11	1,014	510
	11	1,014	510

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	Transfers	Goodwill	Dividends	Translation adjustments	Acquisitions/ Write-off of ownership interest	Capital contribution	Equity in earnings (loss)	Balance at 03/31/13
Goodwill		421,229	-	-	-	-	-	-	-	421,229
Minerva Alimentos S/A	98.00%	27,171	-	-	-	-	-	-	(5,702)	21,469
Eurominerva Indústria Ltda	100.00%	329	-	-	-	-	-	-	-	329
Minerva Overseas Ltd	100.00%	73,461	-	-	-	-	-	-	(614)	72,847
Minerva Middle East	100.00%	37	-	-	-	-	-	-	-	37
Brascasing Comercial Ltda.	100.00%	(2,837)	-	-	-	-	-	-	(3,866)	(6,703)
Minerva Beef Ltd	100.00%	600	-	-	-	-	-	-	(8)	592
Minerva Luxemburgo	100.00%	-	-	-	-	-	-	-	-	-
Friasa Ltd	92.00%	17,671	-	-	-	570	-	-	(2,749)	15,492
Loin Investments	100.00%	-	-	-	-	-	-	-	-	-
Minerva Log S.A	100.00%	229	-	-	-	-	-	-	4	233
Livestock	42.00%	2,828	-	-	-	-	-	-	-	2,828
Minerva Dawn Farms S.A.	100.00%	(84,240)	-	-	-	-	-	-	(6,998)	(91,238)
Pulsa S.A	100.00%	35,158	-	-	-	(1,472)	-	-	(4,003)	29,683
Loin Investments	100.00%	152	-	-	-	-	-	-	22	174
Frigomerc	100.00%	41,360	-	-	-	1,632	-	-	2,070	45,062
Minerva Colombia	100.00%	2,101	-	-	-	(1,047)	-	-	198	1,252
Investments		535,249	-	-	-	(317)	-	-	(21,646)	513,286
Minerva Itália	100.00%	-	-	-	-	-	-	-	-	-
Transminerva	100.00%	(8,605)	-	-	-	-	-	-	(2,000)	(10,605)
Minerva Overseas Ltd II	100.00%	(48,065)	-	-	-	-	-	-	11,043	(37,022)
Minerva Luxemburgo	100.00%	(59,855)	-	-	-	-	-	-	(14,460)	(74,315)
Provisions for losses on investments		(116,525)	-	-	-	-	-	-	(5,417)	(121,942)
Net investments		418,724	-	-	-	(317)	-	-	(27,063)	391,344

(*) 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.

Summary of the controlled companies' and jointly controlled companies' information as of March 31, 2013:

	Ownership interest	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Shareholders' equity
Minerva Alimentos	98.00%	64,886	113,006	34,147	121,837	21,908
Eurominerva Comércio	100.00%	6	318	-	-	324
Minerva Overseas	100.00%	51,507	102,540	-	81,200	72,847
Minerva Overseas II	100.00%	112	796,999	-	834,133	(37,022)
Minerva Middle East	100.00%	37	-	-	-	37
Brascasing	100.00%	33,536	2,046	25,007	17,278	(6,703)
Minerva Dawn Farms	100.00%	40,526	103,545	31,475	203,834	(91,238)
Minerva Beef	100.00%	592	-	-	-	592
Minerva Luxemburgo	100.00%	25,747	1,683,977	34,849	1,749,190	(74,315)
Friasa	92.00%	44,635	22,161	45,531	4,425	16,840
Transminerva	100.00%	3,273	1,616	667	14,827	(10,605)
Loin Investments	99.00%	191	-	-	17	174
Minerva Log	100.00%	233	-	-	-	233
Livestock	42.00%	2,828	-	-	-	2,828
Pulsa S.A.	100.00%	85,406	70,510	84,475	41,758	29,683
Frigomerc	100.00%	67,152	32,165	44,276	9,979	45,062
Minerva Colombia	100.00%	4,454	125	3,065	260	1,254
Total		425,121	2,929,008	303,492	3,078,738	(28,101)

Below, we present the results of controlled companies which had movement during the periods ended March 31, 2013 and 2012:

	03/31/13		03/31/12	
	Net sales	Income (loss) for the period	Net sales	Income (loss) for the period
Minerva Alimentos S/A	78.311	(5.701)	64.849	1.098
Eurominerva Comércio Ltda	-	-	-	9
Minerva Overseas	-	(615)	-	703
Minerva Overseas II	-	11.043	-	(4.368)
Minerva Middle East	-	-	-	-
Brascasing Comercial Ltda	5.936	(3.865)	4.054	417
Minerva Dawn Farms S/A	31.083	(6.998)	25.103	(6.282)
Minerva Beef	-	(9)	-	(16)
Minerva Luxemburgo	-	(14.460)	-	(925)
Friasa S/A	47.446	(2.749)	39.166	2.411
Transminerva Ltda	583	(2.001)	287	(1.616)
Loin Investments	-	23	-	(1)
Minerva Log	-	4	-	5
Livestock	-	-	-	-
Minerva Itália	-	-	72	(64)
Pulsa S.A.	88.098	(4.003)	57.891	1.285
Frigomerc S/A	66.739	2.070	-	-
Minerva Colombia	1.516	197	17.303	304

(*) 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				03/31/13	12/31/12
Description	% Depreciation rate	Historical cost	Accumulated depreciation	Net	Net
Buildings	2.99%	505,281	(71,487)	433,794	437,494
Machinery and equipment	8,19%	274,510	(56,020)	218,490	224,000
Furniture and fixtures	18,32%	2,918	(1,555)	1,363	1,491
Vehicles	9.03%	13,940	(4,099)	9,841	10,148
Hadware	21,27%	3,636	(2,672)	964	1,095
Plots of land		47,110	-	47,110	47,110
Construction in progress		210,443	-	210,443	179,196
		1,057,838	(135,833)	922,005	900,534

Consolidated				03/31/13	12/31/12
Description	% Depreciation rate	Historical cost	Accumulated depreciation	Net	Net
Buildings	2.60%	660,594	(99,735)	560,859	565,204
Machinery and equipment	7.90%	380,463	(69,561)	310,902	315,307
Furniture and fixtures	17.41%	6,233	(3,675)	2,558	2,743
Vehicles	10.23%	14,927	(4,907)	10,020	10,509
Hadware	21.35%	5,564	(3,778)	1,786	2,003
Plots of land		58,001	-	58,001	58,057
Construction in progress		297,027	-	297,027	264,758
		1,422,809	(181,656)	1,241,153	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	-	-	-	-	-	-	32,029	32,029
Transfers	-	537	-	-	-	-	(537)	-
Disposals	-	(537)	-	-	-	-	(245)	(782)
Depreciation	(3,700)	(5,510)	(128)	(307)	(131)	-	-	(9,776)
Other	-	-	-	-	-	-	-	-
Balance at March 31, 2013	433,794	218,490	1,363	9,841	964	47,110	210,443	922,005

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	1,055	4,076	37	-	41	5	33,051	38,265
Transfers	-	537	-	-	-	-	(537)	-
Disposals	-	(537)	-	(22)	-	-	(245)	(804)
Depreciation	(4,662)	(8,252)	(221)	(463)	(257)	-	-	(13,855)
Other (Translation adjustment)	(738)	(229)	(1)	(4)	(1)	(61)	-	(1,034)
Balance at March 31, 2013	560,859	310,902	2,558	10,020	1,786	58,001	297,027	1,241,153

c. Construction and facilities in progress

As of March 31, 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$ 137,818 as of March 31, 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	
	03/31/13	12/31/12	03/31/13	12/31/12
Goodwill paid on acquisitions	-	-	421,228	421,227
Software	4,835	4,799	5,700	5,670
	4,835	4,799	426,928	426,897

The movements of intangible assets during the period ended March 31, 2013 is shown below:

	Company		
	Goodwill paid on acquisitions	Software acquired	Total
Balance at December 31, 2012	-	4,799	4,799
Acquisition	-	238	238
Amortization	-	(202)	(202)
Balance at March 31, 2013	-	4,835	4,835

	Consolidated		
	Goodwill paid on acquisitions	Software acquired	Total
Balance at December 31, 2012	421,228	5,669	426,897
Acquisition	-	259	259
Amortization	-	(228)	(228)
Balance at March 31, 2013	421,228	5,700	426,928

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 March 31, 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	
	03/31/13	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)	58,380	58,380
Other - (v)	14,722	14,722
	421,228	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$ 166,113 as of December 31, 2011), 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.

(v) The remaining goodwill by expectation of future profitability consist in the acquisition of the company Lord Meat – R$ 12,657, Friasa – R$ 2,064 (R$ 2,068 consolidated).

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 March 31, 2013 it had not identified any signs of impairment.

15. Loans and financing:

Modalidades

		Company		Consolidated	
Types	Financial charges	03/31/13	12/31/12	03/31/13	12/31/12
Debentures (1)	127% of CDI	-	193,848	-	193,848
Debentures (1)	Fixed rate	461,653	491,104	-	-
BNDES (2)	TJLP + spread	72,407	75,585	72,407	75,585
BNDES - Revitaliza (1)	9% p.a.	30,772	30,668	30,772	30,668
FINEP (3)	TJLP + Spread	-	-	32,933	34,499
Lease (1)	TJLP + 3.5% p.a.	3,507	5,915	3,507	5,915
Bank Credit Note (1)	8.5% p.a.	25,098	26,735	77,645	81,950
Bank Credit Note (1)	CDI + spread	1,198	1,175	1,198	1,175
NCE (1)	8% p.a.	211,795	70,269	212,812	95,459
Other types (1)	TJLP + Spread	352	445	7,253	8,646
		806,782	895,744	438,527	527,745
Foreign Exchange (US Dollar)					
ACCs (1)	Interest from 2.5% to 3.4% p.a. + Exchange rate gains (losses)	163,497	205,604	163,497	205,604
Senior Unsecured Notes - I and II (5)	Exchange rate gains (losses) + interest	1,153,743	1,175,007	1,768,339	1,786,308
PPE (4)	Interest from 2.8% to 5.5% p.a. + Libor	60,978	165,807	83,048	194,217
Other types (1)	Interest of 2.95% p.a. + Libor	-	-	100,532	87,314
Hedging instruments - Derivatives		(142,091)	(141,144)	(142,222)	(134,924)
		1,236,127	1,405,274	1,973,194	2,138,519
Total loans		2,042,909	2,301,018	2,411,721	2,666,264
Current		260,789	413,985	349,276	533,110
Noncurrent		1,782,120	1,887,033	2,062,445	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 March 31, 2013:

	Company								
	2014	2015	2016	2017	2018	2019	2020	2022	Total
Lease	1,109	911	-	-	-	-	-	-	2,020
BNDES	21,071	16,776	16,776	8,548	4,433	4,433	369	-	72,406
CCB	5,459	6,498	6,498	542	-	-	-	-	18,997
CCI	-	-	-	-	-	-	-	-	-
Debentures	-	-	-	-	-	-	-	450,000	450,000
NCE	-	-	170,000	-	-	-	-	-	170,000
Pre-shipment	12,083	24,166	-	70,821	-	740,315	-	304,085	1,151,470
Hedging instruments - derivatives	(29,687)	(34,154)	-	(18,932)	-	-	-	-	(82,773)
	10,035	14,197	193,274	60,979	4,433	744,748	369	754,085	1,782,120

(Consolidated) long-term portions of loans and financing mature as follows as of March 31, 2013:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Lease	1,109	911	-	-	-	-	-	-	-	-	2,020
BNDES	21,071	16,776	16,776	8,548	4,433	4,433	369	-	-	-	72,406
CCB	12,329	16,270	11,812	5,855	5,313	5,313	5,313	5,313	9,748	-	77,266
CCI	-	-	-	-	-	-	-	-	-	-	-
Debentures	-	-	-	-	-	-	-	-	-	-	-
FINAME	2,330	1,448	-	-	-	-	-	-	-	-	3,778
FINEP	4,696	6,261	6,261	6,261	3,129	-	-	-	-	-	26,608
NCE	-	-	170,000	-	-	-	-	-	-	-	170,000
Pre-shipment	17,570	29,729	-	-	-	-	-	-	-	-	47,299
Senior Unsecured Notes	-	-	-	43,456	-	114,966	-	-	247,778	1,329,670	1,735,870
Other types	9,971	-	-	-	-	-	-	-	-	-	9,971
Hedging instruments - derivatives	(29,687)	(34,154)	-	(18,932)	-	-	-	-	-	-	(82,773)
	39,389	37,241	204,849	45,188	12,875	124,712	5,682	5,313	257,526	1,329,670	2,062,445

Below are the Company's and its controlled companies' main loans and financing as of March 31, 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, 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); (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.

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 March 31, 2013 were R$ 1,768,339 (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 March 31, 2013 the consolidated debt balance was R$ 32,933 (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$53,793, whose balance as of March 31, 2013 was R$ 52,546 (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 March 31, 2013, 5.71% 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.

16. Trade accounts payable

	Company		Consolidated	
	03/31/13	12/31/12	03/31/12	12/31/12
Domestic	222,842	215,138	283,007	265,633
Foreign	19,765	22,153	23,044	23,800
	242,607	237,291	306,051	289,433

17. Salaries, social charges and tax liabilities

	Company		Consolidated	
	03/31/13	12/31/12	03/31/13	12/31/12
Salaries and management compensation	3,867	4,186	5,188	5,620
Social charges – FGTS and INSS (employees and third parties)	6,187	6,443	8,233	8,812
Provision for vacation pay/ Year-end bonus and charges	18,583	15,070	25,933	21,349
Other proceeds and charges	3,252	2,853	5,237	3,113
	31,889	28,552	44,591	38,894
INSS installment payment	36,929	39,209	36,929	39,209
ICMS payable	3,965	3,367	4,283	3,580
IRPJ (corporate income tax)	8,809	-	13,197	2,210
CSLL (Social contribuition tax)	5,106	-	5,526	-
Other taxes and fees	9,473	10,892	11,919	12,597
	64,282	53,468	71,854	60,170
	96,171	82,020	116,445	99,064
Current	62,185	46,011	82,440	62,856
Noncurrent	33,986	36,009	34,005	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	
	03/31/13	03/31/12	03/31/13	03/31/12
Temporary add-backs				
Sundry provisions	2,039	25,302	2,039	25,302
Temporary deductions				
Sundry provisions	(2,973)	-	(2,973)	-
Fair value of biological assets	-	(4,328)	-	(4,328)
Calculation base of deferred taxes	(934)	20,974	(934)	20,974
Deferred income (IR) and social contribution (CS) taxes - temporary difference	(318)	7,131	(318)	7,131
Realization of deferred IR/CS - temporary difference	-	-	-	-
Deferred IR/CS on tax losses	-	-	-	-
Total deferred IR/CS	(318)	7,131	(318)	7,131

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 March 31, 2013
Taxes on revaluation surplus	35,871	-	(329)	35,542
Taxes on adjustment of biological assets	944	4,414	(3,403)	1,955
Taxes on appreciation in controlled companies	48,532			48,532
Other deferred taxes	(10,118)	(2,661)	1,968	(10,811)
Total deferred tax liabilities	75,229	1,753	(1,764)	75,218

	Consolidated			
	Balance as of January 1, 2013	Recognized in income (loss)	Realization of deferred taxes	Balance as of March 31, 2013
Taxes on revaluation surplus	35,871	-	(329)	35,542
Taxes on adjustment of biological assets	944	4,414	(3,403)	1,955
Taxes on appreciation in controlled companies	48,532	-	-	48,532
Other deferred taxes	(10,118)	(2,661)	1,968	(10,811)
Total deferred tax liabilities	75,229	1,753	(1,764)	75,218

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	
	03/31/13	03/31/12	03/31/13	03/31/12
Income (loss) before taxes	14.541	(72.874)	14.286	(73.041)
Add-backs				
Temporary differences	7.828	1.687	7.828	1.687
Permanent differences	27.153	16.053	27.153	16.053
Realization of temporary differences	(5.788)	143.762	(5.788)	143.762
Realization of revaluation surplus	966	968	966	968
Effects of the initial adoption of IFRS	167.102	7.830	167.102	7.830
Deductions				
Temporary differences	-	(159.755)	-	(159.755)
Effects of the initial adoption of IFRS	(175.424)	(4.328)	(175.424)	(4.328)
Subtotal	36.378	(66.657)	36.123	(66.824)
Tax loss to offset	(10.913)	-	(10.913)	-
Tax calculation bases	25.465	(66.657)	25.210	(66.824)
Income tax payable	(6.360)	-	(6.460)	(829)
CSLL payable	(2.292)	-	(2.292)	-
Current IRPJ and CSLL expenses	(8.652)	-	(8.752)	(829)

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	
	03/31/13	12/31/12
Debentures mandatorily convertible into shares	154,633	152,210
(-) Transaction cost	(10,969)	(12,183)
	143,664	140,027
Noncurrent	2,901	443
Current	140,763	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 03.31.2013	Expense amount 03.31.2012
Farms and industrial plants	IPCA + 11% @ cattle / IGPM	dez/15	375	375
			375	375

21. Contingencies

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

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

	Company		Consolidated	
Proceedings	03/31/13	12/31/12	03/31/13	12/31/12
Tax contingencies	26,290	26,290	26,293	26,293
Labor contingencies	5,896	5,125	5,904	5,155
Civil contingencies	1,496	1,496	1,496	1,496
	33,682	32,911	33,693	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 March 31, 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 March 31, 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 March 31, 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 March 31, 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 March 31, 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.

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. After it, the resulting balance of treasury shares as of March 31, 2013 was 6,121,200 shares in an average cost of R$ 10.90.

c. Revaluation surplus

In 2003 and 2006 the Company revalued the assets of its property, plant and equipment and the amount reported on March 31, 2013 was R$ 72,531 (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.

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 March 31, 2013 the Company recorded expenses on key management personnel remuneration (Company's Board of Directors and officers) in the amount of R$ 1,014 (R$ 510 as of March 31, 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	
	03/31/13	03/31/12	03/31/13	03/31/12	03/31/13	03/31/12
Net revenue	103,679	77,954	1,091,308	866,110	1,194,987	944,064
Cost of goods sold	(84,095)	(56,940)	(883,164)	(702,804)	(967,259)	(759,744)
Operating expenses	(11,967)	(14,641)	(130,078)	(104,302)	(142,045)	(118,943)
Financial income (loss), net	145	(12,333)	(71,542)	(126,085)	(71,397)	(138,418)
Net income (loss) before taxes	7,762	(5,960)	6,524	(67,081)	14,286	(73,041)

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	
	03/31/13	03/31/12	03/31/13	03/31/12
Sales of goods - domestic market	365,027	332,640	421,785	346,012
Sales of goods - foreign market	651,206	521,757	848,100	659,875
Deductions from revenues - taxes and others	(58,972)	(55,284)	(74,898)	(61,823)
Net revenue	957,261	799,113	1,194,987	944,064

26. Financial losses, net

	Company		Consolidated	
	03/31/13	03/31/12	03/31/13	03/31/12
Financial revenues:				
Gains on financial investments	12,287	9,398	13,264	10,658
Other financial revenues	-	3,184	-	3,677
	12,287	12,582	13,264	14,335
Financial expenses:				
Interest on financing	(68,584)	(66,189)	(86,547)	(79,268)
Other financial expenses	(15,690)	(67,486)	(12,766)	(61,877)
	(84,274)	(133,675)	(99,313)	(141,145)
Exchange rate gains (losses), net	14,052	(9,708)	14,052	(11,608)
Net financial income (loss), without interest on equity capital	(57,935)	(130,801)	(71,997)	(138,418)
Financial loss, net	(57,935)	(130,801)	(71,997)	(138,418)

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	03/31/13	03/31/12
Net income attributable to the Company's shareholders	5,571	(65,743)
Weighted average number of common shares issued – thousands	146,575	106,650
Weighted average number of treasury shares	(6,121)	(3,443)
Weighted average number of outstanding common shares – thousands	140,454	103,207
Basic earnings/(loss) per share - R$	0.0397	(0.6370)

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	03/31/13	03/31/12
Net income attributable to the Company's shareholders	5,571	(65,743)
Weighted average number of outstanding common shares – thousands	140,454	103,207
Adjustment for conversion of convertible debentures	19,948	25,553
Weighted average number of common shares for the diluted earnings per share - thousands	160,402	128,760
Diluted earnings per share - R$	0.0347	(0.5106)

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, employees and outside consultants.

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

The Company's hedging policy, approved by its Board of Directors, takes into consideration its two main risk factors: the exchange rate and 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 use market fluctuations to improve 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 (the Company is always purchasing options) and inflow of funds in US dollars (ready exchange rate closing).

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 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 March 31, 2013 and December 31, 2012, according to their purpose (asset protection and other purposes):

Description	31/03/13	31/12/12	31/03/13	31/12/12	Amount receivable/ (received)	Amount payable/ (paid)
Futures contracts	-	-	-	-	-	-
Purchase agreement	-	-	-	-	-	-
DOL (US$)	-	-	-	-	422	-
Mini contract US dollar (dol x 0.10)	-	-	-	-	8.6	-
Other	-	-	-	-	-	-
BGI (arrobas)	29	-	2,933	-	-	36
Corn (sacks)	45	-	1,174	-	-	89
Soy (sacks)	-	-	-	632	-	-
Sales agreements	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	64,250	16,750	130,333	34,398	-	4,210
BGI (arrobas)	561	360	55,208	34,556	-	955
Corn (sacks)	108	-	2,829	-	236	-
Soy (sacks)	10	-	632	-	-	8
Option contracts	-	-	-	-	-	-
Call holder	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	50,000	-	1,785,900	-	-	1,045
Other	-	-	-	-	-	-
BGI (arrobas)	248	-	674	-	-	560
Put holder	-	-	-	-	-	-
Moeda estrangeira	-	-	-	-	-	-
DOL (US$)	125,000	-	1,179,800	-	-	4,781
Other	-	-	-	-	-	-
BGI (arrobas)	83	311	59	53	-	157
Corn (sacks)	-	40	-	30	-	-
Call seller	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
Other	-	-	-	-	-	-
BGI (arrobas)	561	-	650	-	743	-
Put seller	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US$)	75,000	-	472,350	-	4,626	-
Other	-	-	-	-	-	-
BGI (arrobas)	-	0	-	0	67	-
Corn (sacks)	-	40	-	9	-	-
Forward contracts	-	-	-	-	-	-
Long position	-	-	-	-	-	-
Short position	-	-	-	-	-	-
NDF (euro)	39,426	26,688	39,297	26,492	1,686	781
NDF (US dollar)	219,482	222,090	216,909	220,108	12,233	-

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

Derivatives	03/31/13	12/31/12
	Receivable (payable)	Receivable (payable)
Futures contracts (D+1)	-705	56
Options contracts	-	-
Swap	-	-
NDF	-	-
Shares	-	-
	-705	56

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

Derivatives	***03/31/13***	***12/31/12***
	Mark to market	***Mark to market***
Options	*80*	*74*
Swap	*143,352*	*123,657*
NDF (EUR+ DOL)	*884*	*6,475*
Total	***144,316***	***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 are managed by using derivative financial instruments based on futures contracts traded on exchanges, rate swap transactions and NDFs (Non Deliverable Forwards), options and other exchange instruments.

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

	Consolidated		
	03/31/13		
	Currency		
	Domestic	Foreign	Total
Assets			
Cash	848	-	848
Bank accounts	51,457	376,916	428,373
Financial investments	339,604	5,035	344,639
Trade accounts receivable	127,650	139,782	267,432
Total current	519,559	521,733	1,041,292
Total assets	519,559	521,733	1,041,292
Liabilities			
Short-term financing	95,120	254,156	349,276
Total current	95,120	254,156	349,276
Long-term financing	343,407	1,719,038	2,062,445
Total noncurrent	343,407	1,719,038	2,062,445
Total liabilities	438,527	1,973,194	2,411,721
Net financial debt	(81,032)	1,451,461	1,370,429
Currency hedging derivatives - net position		(142,222)	(142,222)
Net exchange position	-	1,309,239	1,228,207

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

Financial instruments (net)	Asset (liability) position, net at 03/31/2013	Asset (liability) position, net at 12/31/2012
Futures contracts - DOL (US dollar)	(64,811)	(16,750)
Options contracts (US dollar, Cattle, Corn and IDI)	100,000	74
Swap contracts	143,352	123,657
NDF (US dollar + EURO)	(258,907)	(248,777)
Total net	(80,366)	(141,797)

Financial assets and liabilities are presented in the financial statements for March 31, 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.

The Company hedges long-term financial assets and liabilities subject to exchange rate gains (losses), mainly the US dollar. As of March 31, 2013, the Company held PPEs (export prepayments) and Unsecured Senior Notes falling due in the long-term and subject to exchange variation during 2012.

Following is a list of NDF agreements in effect for the Company as of March 31, 2013:

Type	Position	Currency	Maturity	Notional	Institution
NDF	Sale	DOL	6/4/2013	(107,500.00)	HSBC Bank Brasil S.A. – Banco Multiplo
NDF	Purchase	DOL	5/2/2013	630.00	Banco Barclays Capital S.A
NDF	Purchase	DOL	5/2/2013	132.50	Banco Barclays Capital S.A
NDF	Sale	DOL	5/2/2013	(762.50)	Banco Barclays Capital S.A
NDF	Sale	DOL	5/2/2013	(211.40)	Banco Morgan Stanley S.A
NDF	Sale	EURO	4/3/2013	(1,700.00)	Banco Barclays Capital S.A
NDF	Sale	EURO	4/3/2013	(2,500.00)	Banco Barclays Capital S.A
NDF	Sale	EURO	4/3/2013	(5,600.00)	BCO ITAU BBA S/A
NDF	Sale	EURO	4/25/2013	(5,000.00)	HSBC Bank Brasil S.A. – Banco Multiplo
NDF	Sale	EURO	4/25/2013	(5,000.00)	Banco Barclays Capital S.A
NDF	Sale	EURO	4/25/2013	(3,000.00)	Banco Barclays Capital S.A
NDF	Sale	EURO	5/10/2013	(6,000.00)	BCO BRADESCO SA
NDF	Sale	EURO	5/29/2013	(2,200.00)	Banco Barclays Capital S.A
NDF	Purchase	EURO	5/10/2013	6,000.00	BCO BRADESCO SA
NDF	Purchase	EURO	4/3/2013	5,600.00	BCO ITAU BBA S/A
NDF	Purchase	EURO	4/3/2013	2,500.00	Banco Barclays Capital S.A
NDF	Purchase	EURO	4/3/2013	1,700.00	Banco Barclays Capital S.A
NDF	Purchase	DOL	11/15/2015	100,000.00	Banco Morgan Stanley S.A
NDF	Sale	DOL	11/15/2015	(100,000.00)	Banco Morgan Stanley S.A

Credit risks

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

c. Cattle price risks

The Company's line of business is 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
	3/31/2013
Purchased forward contract	
Notional amount (@)	407,339
Futures Contract Price (R$/@)	93
Total R$/1000	37,693

BM&F Stock Exchange market	Fair value
	3/31/2013
Sold futures contracts	
Notional amount (@)	396,330
Futures Contract Price (R$/@)	99
Total R$/1000	39,224

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 March 31, 2013;
- A downward movement typifies an increase in prices or risk factors as of March 31, 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.

(In thousands of R$)					
Transaction	Movement	Risk	Probable scenario 6% fluctuation	Possible scenario 25% fluctuation	Remote scenario 50% fluctuation
Hedging derivatives	Upward	Cattle	(3,354)	(19,200)	(40,049)
Cattle	Upward	Cattle	2,262	9,423	18,846
Net			(1,093)	(9,777)	(21,203)
Hedging derivatives	Upward	US dollar	(17,390)	(64,376)	(126,201)
Invoices + Cash - in US$	Upward	US dollar	12,087	50,363	100,726
Net			(5,303)	(14,013)	(25,475)
Hedging derivatives	Upward	Euro	(2,358)	(9,824)	(19,648)
Invoices - in $EUR	Upward	Euro	2,382	9,924	19,848
Net			24	100	200
Hedging derivatives	Upward	US dollar	60,414	251,725	503,450
Fund raising in US$	Upward	US dollar	(130,750)	(544,790)	(1,089,580)
Net			(70,336)	(293,065)	(586,130)

(*) Exchange rate USD 2.0138 - 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$ 1,093; in a scenario with 25% fluctuation losses would amount to R$ 9,777, and with 50% fluctuation R$ 21,203.
- Hedging derivatives x Invoices + Cash in US$: In the probable scenario where market fluctuation is 6%, the Company may have losses of R$ 5,303; in a scenario with 25% fluctuation losses would amount to R$ 14,013, and with 50% fluctuation R$ 25,475.
- Hedging derivatives x Invoices + Cash in EUR: In the probable scenario where market fluctuation is 6%, the Company may have losses of R$ 24; in a scenario with 25% fluctuation losses would amount to R$ 100, and with 50% fluctuation R$ 200.
- Hedging derivatives x Fund raising in US$: In the probable scenario where market fluctuation is 6%, the Company may have losses of R$ 70,336; in a scenario with 25% fluctuation losses would amount to R$ 293,065, and with 50% fluctuation R$ 586,130.

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 March 31, 2013, amounts deposited for margin amount to R$ 38,250.

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 Company decided for the strategy of not making any financial disbursements, entering into swap agreements with Credit Suisse that establish that the return of the Company will be equivalent to the changes in the prices of its shares.

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

During the first quarter, the Company settled other portions of the swap, and had a result of R$ 5,016 on that operation.

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

Date of engagement	Maturity date	Equivalent in shares	Reference amount	Fair value	Amount receivable
04/04/12	04/01/14	400,000	3,088,000	5,233,451.31	1,733,681
05/28/12	04/22/14	325,000	2,557,750	4,252,179.19	1,395,610
05/28/12	04/22/14	325,000	2,557,750	4,252,179.19	1,395,610
Total		1,050,000	8,203,500	13,737,810	4,524,900

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

According to relevant fact of April 5, 2013, the Company informs to its shareholders and to the market that terminated its agreement on swaps with Credit Suisse Próprio Fundo de Investimento Multimercado ("Credit Suisse").

29. Statements of comprehensive income (loss)

In compliance with CPC 26 (R1) (IAS 1), the Company presents below the changes in comprehensive income (loss) for the fiscal periods ended March 31, 2013 and 2012.

	Company		Consolidated	
	03/31/13	03/31/12	03/31/13	03/31/12
Net income (loss)	5,571	(65,743)	5,216	(66,739)
Asset and liability valuation adjustment	(316)	(2,751)	(592)	(2,855)
Total comprehensive income (loss)	5,255	(68,494)	4,624	(69,594)

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 March 31, 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).

1Q13 Earnings Release

Barretos, May 9, 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 first quarter of 2013 (1Q13). The financial and operating information herein is presented in BRGAAP and Brazilian real (R$), in accordance with International Financial Reporting Standards (IFRS)

1Q13 Highlights

Minerva (BEEF3)

Stok quote on 8-May-13:
R$12.20

Market Cap:
1,788 million

146,575,057 shares

Free Float – 62.9%

Conference Calls

Portuguese
Friday, May 10, 2013
10:00 a.m. (Brasília)
9:00 a.m. (US EDT)
Phone: +55 (11) 3728-5971
or +55 (11) 3127-4971
Code: Minerva
Replay: +55 (11) 3127-4999
Code: 50034884

English
Friday, May 10, 2013
12:00 p.m. (Brasília)
11:00 a.m. (US EDT)
Phone: +1 (412) 317-6776
Code: Minerva
Replay: +1 (412) 317-0088
Code: 10027818

IR Contact:

Eduardo Puzziello
Kelly Barna

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

ri@minervafoods.com

- Minerva posted a solid Net Revenue growth of 26.6% over 1Q12, totaling R$1,195.0 million. Exports grew 28.5% compared with 1Q12, representing 66.8% of the company's total sales in the period, while domestic sales expanded by a significant 21.9%.
- EBITDA came to R$100.4 million in 1Q13, 30.0% higher than in 1Q12. The EBITDA margin moved up by 0.2 p.p. over 1Q12 to 8.4%.
- EBIT came to RR86.3 million in the quarter, 32.0% up on 1Q12. Earnings before Income Tax totaled R$14.3 million, versus a loss of R$73 million in 1Q12.
- In 1Q13, Minerva reported financial leverage, measured by the net debt/Adjusted EBITDA ratio of 3.1x; ROIC of 17.5%; and cash and cash equivalents of R$774 million, approximately two times higher than our short-term debt.
- Our capacity utilization stood at 74.8% in the quarter, 9.0 p.p. up on the 65.8% recorded in 1Q12, reflecting the maturation of our investments and our efficient cattle origination strategy;
- We announced recently the inauguration of two DCs located in Rolim de Moura, Rondônia state, and in Uberlândia, Minas Gerais state. Operations are scheduled to start up in 2Q13, reinforcing our strategy of focusing on small and medium retailers through the one-stop-shop concept.
- According to official data, Brazil increased its share in global beef exports, recovering its leading position in the segment, underpinning the natural competitive advantages of South America, especially as a beef producer and exporter.
- From the corporate governance viewpoint, Minerva is constantly seeking to improve its management. In the last Annual Shareholders' Meeting, the controlling shareholders and the majority of the representatives of non-controlling shareholders requested the installation of the new Fiscal Council. We believe this will further contribute to improving the Company's corporate governance and transparency.

Key Indicators

R$ Million	1Q13	1Q12	Chg.%	4Q12	Var.%	LTM1Q13	LTM1Q12	Chg.%
Slaughtering (1,000 heads)	485.6	396.2	22.6%	454.6	6.8%	1,802.6	1,681.4	7.2%
Sales Volume (1,000 tonnes)	110.6	86.5	27.9%	109.7	0.8%	427.5	404.1	5.8%
Gross Revenues	1,269.9	1,005.9	26.2%	1,286.6	-1.3%	4,921.1	4,324.4	13.8%
Domestic Market	421.8	346.0	21.9%	450.0	-6.3%	1,616.1	1,762.4	-8.3%
Export Market	848.1	659.9	28.5%	836.6	1.4%	3,305.0	2,562.0	29.0%
Net Revenues	1,195.0	944.1	26.6%	1,206.7	-1.0%	4,630.8	4,040.7	14.6%
EBITDA	100.4	77.2	30.0%	145.1	-30.8%	492.6	349.1	41.1%
EBITDA Margin	8.4%	8.2%	0.2%	12.0%	-3.6%	10.6%	8.6%	2.0%
Adjusted EBITDA	100.4	77.2	30.0%	121.5	-17.4%	491.6	364.3	35.0%
Adjusted EBITDA Margin	8.4%	8.2%	0.2%	10.1%	-1.7%	10.6%	9.0%	1.6%
Net Debt/Adjusted EBITDA	3.1x	3.8x	-0.7x	2.8x	0.3x	3.1x	3.8x	-0.7x

(*) Pro-forma 2012 figures including Frigomerc

Message from Management

The beginning of 2013 proved very favorable for beef producers in South America. According to official data and considering only the performance of the main beef exporters, in the first two months of 2013 Brazil accounted for 28.5% of global beef exports, 5.3% more than in the same period of 2012, recovering its leading position in the international market in the segment. Paraguay also increased its share by 1.6% to 6% of total beef exports. In this sample, the United States reduced its share by 4.9% to 28.3%, while Australia recorded a 1.5% drop, to 23.4%, underpinning the natural competitive advantages of South America, especially as a beef producer and exporter.

In this scenario, Minerva's exports were again a highlight, accounting for nearly 70% of the Company's total revenue from fresh beef sales in the first quarter, 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 increased by 32.8% in 1Q13 over the same period last year.

Adding to the solid performance in exports was the substantial expansion of over 20% in domestic beef sales compared with 1Q12. In this context, we reinforced our commitment and growth strategy for the domestic market through the inauguration of two distribution centers located in Rondônia and Uberlândia-MG, scheduled to start up as of the second quarter of 2013.

The first quarter was also a milestone for Minerva in terms of capital structure management. In February the Company concluded a 10-year international notes issue worth US$850 million at 7.75% p.a. Investor demand was extremely high, confirming the market confidence in Minerva's long-term fundamentals. The proceeds from the issue were fully used to repurchase the bulk of the notes issued by Minerva maturing in 2017, 2019 and 2022, in line with a debt management strategy aimed at continuously reducing the Company's capital cost, while keeping an extended debt maturity profile.

Lastly, we would like to reaffirm our commitment to transparency, value management and constant improvement of our internal processes, particularly regarding corporate governance. We remain very optimistic with the outlook for the sector, supported on one side by the high international beef demand and on the other side by the positive scenario for finished cattle supply in Brazil, thanks to the current positive momentum in the cattle cycle.

Fernando Galletti de Queiroz, CEO

Industry Overview

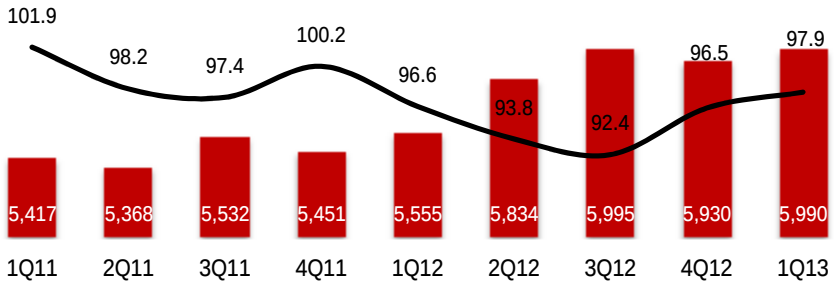
Brazil

Cattle Supply

The 7.8% increase in slaughter volume in Brazil in 1Q13 over the same period last year is due to the solid performance of the country's exports, which expanded 33%, and the solid domestic demand in the quarter. The growth in Brazilian beef exports reflects the heated demand, especially from emerging countries, the difficulties faced by some competitors and high competitiveness in the country's beef industry.

The arroba price presented a nominal increase of 1.3% compared with 1Q12, due to the high slaughter volume mentioned above. It is also worth noting that the favorable weather conditions, especially in March, encouraged cattle producers to adopt a paced sales strategy, consequently supporting the market.

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 1Q13 slaughter volume data

Export Market

Brazilian beef exports grew 33% in 1Q13 over the same period last year, reflecting the lower slaughter volume and beef production in the U.S., the continued solid demand from developing regions (in particular Hong Kong, Venezuela, Chile and certain Middle East countries) and a favorable exchange rate for exports compared with 1Q12.

Figure 2 - Fresh beef revenue and export volume

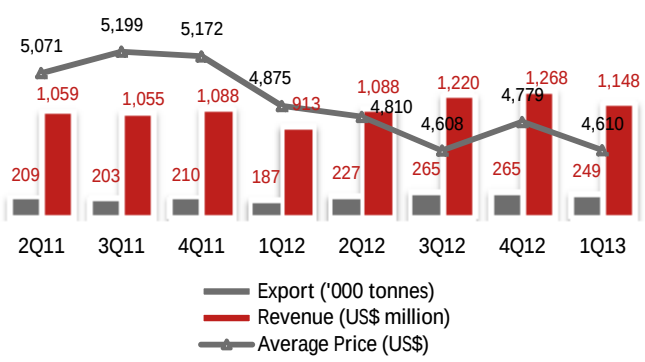
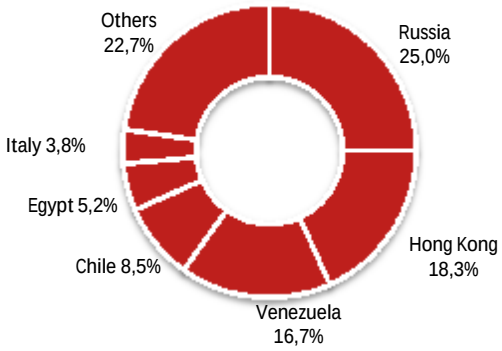


Figure 3 - Destination of Brazilian exports 1T13



Source: SECEX

Charts 4 and 5 below present the monthly evolution of Brazilian beef export volumes and average prices. Sales volume increased by a substantial 32.7% compared with 1Q12, while average prices in BRL grew 6.5%.

Figure 4 - Fresh beef sales volume

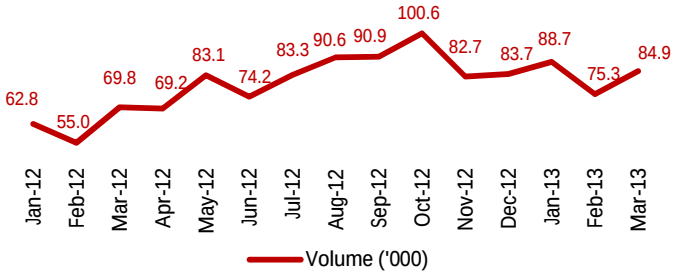
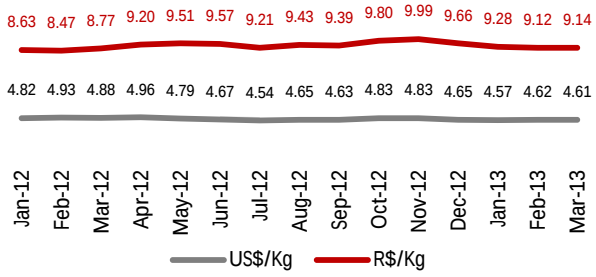


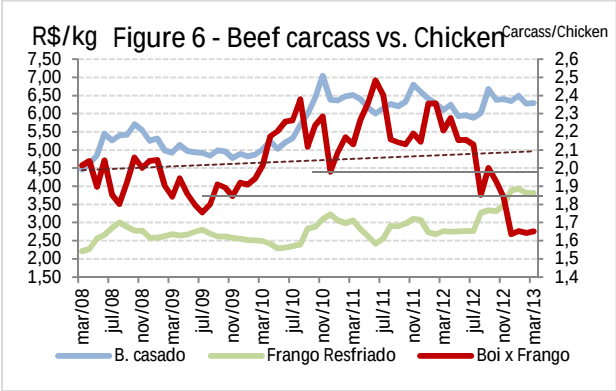
Figure 5 - Fresh beef average prices

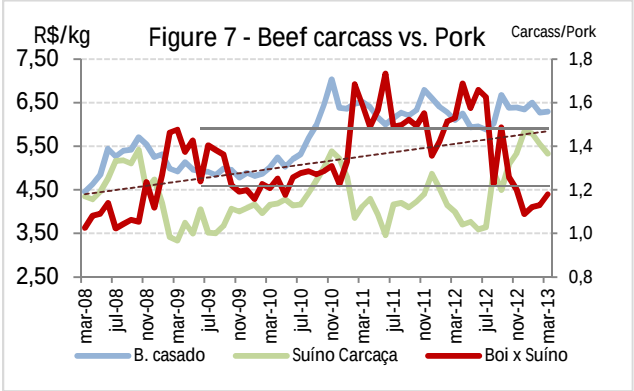


Source: SECEX

Domestic Market

In Brazil beef demand is typically low in first quarters, due to the weak calendar effect and the impacts on consumers' budgets from the increased consumption in fourth quarters. However, in 4Q12 the prices of other proteins were very high, driven by the combination of an adjustment in production and heated demand, which led to significant differences in the spread between beef carcass prices and poultry and pork prices, as presented in the charts bellow. The beginning of the adjustment of these differences supported beef prices in 1Q13, which grew 1.5% from 1Q12, and impacted beef demand in a seasonally weak period, pointing to a replacement effect trend.



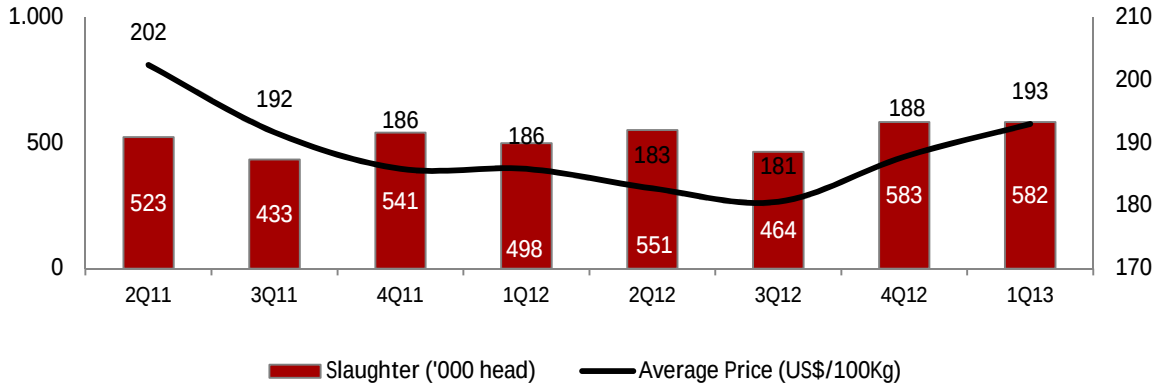


Source: CEPEA

Uruguay

The cattle arroba price in Uruguay contracted 3.9% in 1Q13, despite the 16.2% growth in slaughter volume. It is important to emphasize that Minerva's Uruguayan fresh beef has access to niche markets in the U.S. and Europe, especially in the organic beef segment, which helps diversify markets and increase export margins. Also worth highlighting is the integration process between raw material suppliers and Minerva. The company's partnership with integrated cattle raisers ensures an important competitive advantage in relation to the rest of the market and boosts operating margins.

Figure 8 – Cattle Slaughter Trends and Average Cattle Prices - Uruguay

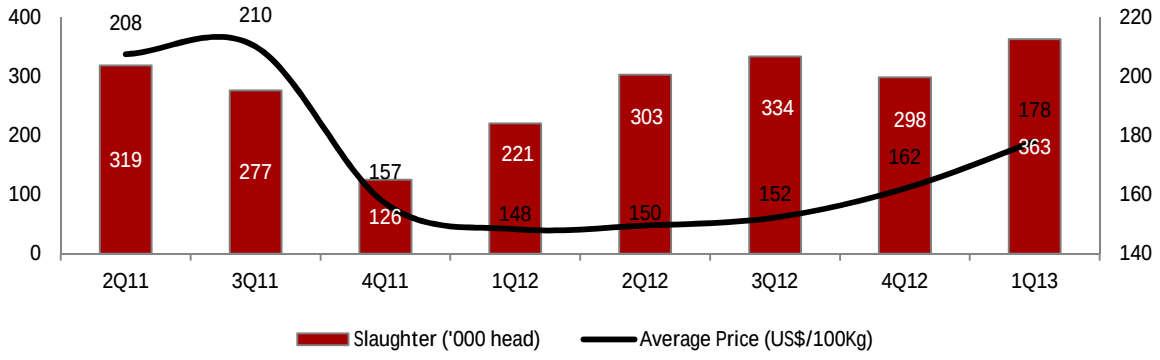


Source: INAC

Paraguay

Cattle prices in Paraguay presented an upward trend in 1Q13 (+20% over 1Q12). Nevertheless, they remained lower than in the period before the foot-and-mouth disease, confirming the continued high cattle supply, despite the increase in slaughter volume in the quarter (+64.3% compared with 1Q12). Note that the Paraguayan industry adjusted a difference in the prices of raw material and of export products by calculating export cattle prices in USD, thereby mitigating the mismatch risk. We believe this trend was another sign of the maturity achieved by the sector in the country, considering that more than 70% of beef production in the country is exported, with the destinations including Russia, the CIS countries and Asia.

Figure 9 – Cattle Slaughter Trends and Average Cattle Prices - Paraguay



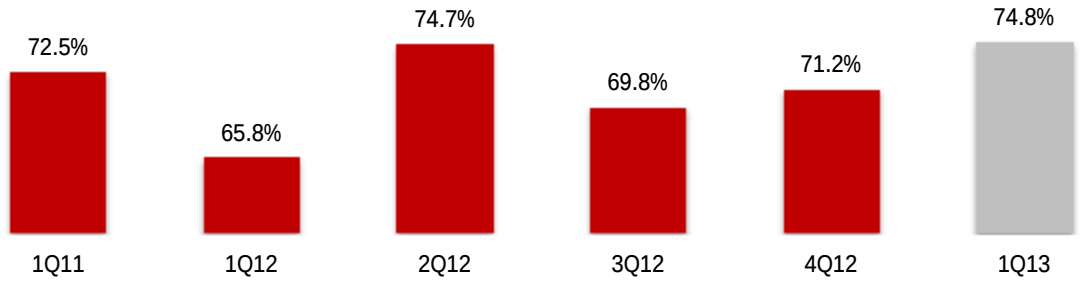
Source: SENACSA

Minerva – Analysis of Results

Slaughter Volume

After the capacity maturation period, reflecting the investments made in recent years and the expansion of approximately 1,000 head of cattle/day due to the acquisition of Frigomerc, our average capacity utilization is returning to its historical average, an industry benchmark. Capacity utilization stood at 74.8% in 1Q13, 9.0 p.p. higher than in 1Q12.

Figure 10 - Slaughter Capacity Utilization



Source: Minerva

Consolidated Gross Revenue

R$ Million	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Gross Revenues	1,269.9	1,005.9	26.2%	1,286.6	-1.3%	4,921.1	4,324.4	13.8%
Beef Division	1,022.3	793.3	28.9%	1,037.3	-1.4%	3,874.9	3,475.0	11.5%
Others	247.6	212.6	16.5%	249.3	-0.7%	1,046.2	849.4	23.2%

R$ Million	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Domestic Market (R$ MM)	421,8	346,0	21,9%	450,0	-6,3%	1.616,1	1.762,4	-8,3%
% Gross Revenues	33,2%	34,4%	-1,2%	35,0%	-1,8%	32,8%	40,8%	-7,9%
Beef Division	335,7	276,2	21,5%	363,9	-7,7%	1.305,5	1.394,0	-6,4%
Others	86,1	69,9	23,3%	86,2	-0,1%	310,6	368,4	-15,7%

R$ Million	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Export Market (R$ MM)	848.1	659.9	28.5%	836.6	1.4%	3,305.0	2,562.0	29.0%
% Gross Revenues	66.8%	65.6%	1.2%	65.0%	1.8%	67.2%	59.2%	7.9%
Beef Division	686.6	517.1	32.8%	673.4	2.0%	2,569.5	2,081.0	23.5%
Others	161.5	142.8	13.1%	163.1	-1.0%	735.5	481.0	52.9%

Minerva posted a solid increase of 26.2% in gross revenue compared with 1Q12. Also worth highlighting was the performance of the leather and MDF divisions in the quarter.

Figure 11 - Breakdown of consolidated gross revenue 1Q13

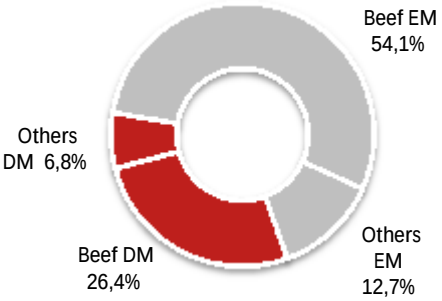
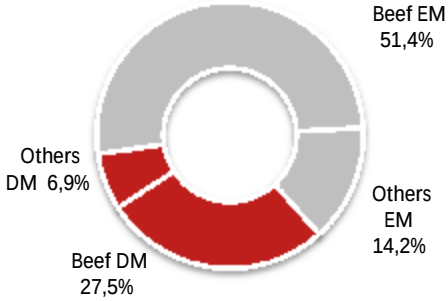


Figure 12 - Breakdown of consolidated gross revenue 1Q12



Source: Minerva

Our market share of exports remained solid in the three beef producing countries where we operate. In Paraguay, our share came to 19.0%. In Uruguay, we increased our market share by 150 bps to 10% compared with 1Q12. In Brazil, we remain the second biggest beef exporter, in addition to being among the country's 30 biggest exporters. According to the United States Department of Agriculture (USDA), Brazil recovered its position as the world's biggest beef exporter, occupied by Australia last year.

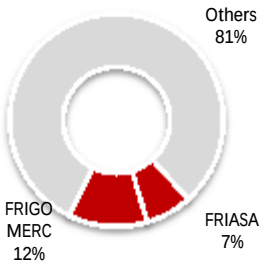
Figure 15 - Market Share - Brazil (Revenue in US$ MN)



Figure 14 - Market Share - Uruguay (Revenue in US$ MN)



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



Source: Minerva, Secex, INAC and Inalca

Beef Division

The highlights in 1Q13 were the solid fresh beef exports and domestic sales, which grew approximately 34.2% and 19.4% over 1Q12, respectively. Prices in BRL remained stable in both markets. Below is a complete breakdown of the beef division:

R$ Million	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Fresh Beef – EM	643.7	483.3	33.2%	629.6	2.2%	2.412.7	1.942.7	24.2%
Processed Beef – EM	5.7	5.6	2.3%	6.4	-11.0%	23.4	21.1	10.8%
Others – EM	37.2	28.2	31.7%	37.4	-0.6%	133.4	117.2	13.8%
Subtotal – EM	686.6	517.1	32.8%	673.4	2.0%	2.569.5	2.081.0	23.5%
Fresh Beef – DM	269.9	224.6	20.1%	303.3	-11.0%	1.073.6	1.183.8	-9.3%
Processed Beef – DM	4.8	4.1	16.8%	0.4	1046.3%	7.3	18.2	-60.1%
Others – DM	60.9	47.4	28.6%	60.1	1.4%	224.6	192.0	17.0%
Subtotal – DM	335.7	276.2	21.5%	363.9	-7.7%	1.305.5	1.394.0	-6.4%
Total	1.022.3	793.3	28.9%	1.037.3	-1.4%	3.874.9	3.475.0	11.5%

Volume ('000 tonnes)	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Fresh Beef – EM	62.3	46.4	34.2%	62.0	0.4%	239.0	206.9	15.5%
Processed Beef – EM	0.4	0.5	-14.7%	0.4	-9.7%	1.7	2.0	-13.8%
Others – EM	5.1	4.0	26.6%	5.2	-2.7%	19.9	19.2	3.7%
Subtotal – EM	67.8	50.9	33.2%	67.7	0.1%	260.6	228.1	14.2%
Fresh Beef – DM	34.4	28.8	19.4%	34.3	0.3%	132.6	144.6	-8.3%
Processed Beef – DM	0.5	0.5	17.3%	0.1	760.2%	0.9	2.4	-61.6%
Others – DM	7.9	6.3	24.7%	7.7	2.8%	33.4	28.9	15.4%
Subtotal – DM	42.8	35.6	20.3%	42.0	1.9%	166.9	175.9	-5.1%
Total	110.6	86.5	27.9%	109.7	0.8%	427.5	404.1	5.8%

Average Price – EM (US$/kg)	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Fresh Beef – EM	5.2	5.9	-12.2%	4.9	4.7%	5.0	5.5	-8.0%
Processed Beef – EM	7.3	6.8	6.1%	7.2	1.4%	6.9	6.3	9.9%
Others – EM	3.6	4.0	-7.9%	3.5	5.1%	3.3	3.5	-6.1%
Total	5.1	5.7	-11.7%	4.8	4.8%	4.9	5.3	-7.6%
Average FX (source: BACEN)	2.00	1.77	13.0%	2.06	-2.8%	2.01	1.72	16.9%

Average Price – EM (R$/kg)	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Fresh Beef – EM	10.3	10.4	-0.7%	10.1	1.8%	10.1	9.4	7.5%
Processed Beef – EM	14.5	12.1	19.9%	14.7	-1.5%	13.8	10.8	28.5%
Others – EM	7.3	7.0	4.0%	7.1	2.2%	6.7	6.1	9.8%
Total	10.1	10.2	-0.3%	9.9	1.8%	9.9	9.1	8.1%

Average Price – DM (R$/kg)	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Fresh Beef – DM	7.9	7.8	0.6%	8.9	-11.3%	8.1	8.2	-1.1%
Processed Beef – DM	9.0	9.0	-0.4%	6.7	33.3%	7.8	7.6	3.9%
Others – DM	7.7	7.5	3.1%	7.8	-1.4%	6.7	6.6	1.4%
Total	7.8	7.8	1.0%	8.7	-9.5%	7.8	7.9	-1.3%

EM - Export Market, DM – Domestic Market

Others Division

Gross revenue from this division came to R$247.6 million in 1Q13, 16.5% up on 1Q12. Exports totaled R$161.5 million in the quarter, while domestic sales amounted to R$86.1 million, representing increases of 13.1% and 23.3% over the same period last year, respectively. A highlight in the quarter was the solid performance of the Leather and MDF divisions, which recorded revenue growth of 46.1% and 58.1%, respectively, in relation to 1Q12.

Also worth highlighting is the performance of the live cattle division, with a 10.4% expansion in revenue in the comparison period.

The performance of the leather division remains solid, led by the 86.5% upturn in gross revenue from exports compared with 1Q12. Since 2011, we've 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. The real to dollar exchange rate helped rebuild margins of the leather segment, making Brazilian leather more competitive in the international market.

MDF has been gradually reaching record production volume and revenue, supported by the change in the Brazilians' consumption habits in recent years. In this context, MDF, whose core business is the Food Service segment, is well positioned to reap the benefits of this hefty growth in domestic sales. The division posted a solid increase of 102.7% in gross revenue from domestic sales compared with 1Q12 and significant improvements in its operating margins.

Gross revenue from sales of third-party products remains solid, having expanded more than 20% in relation to the first quarter of 2012.

Brascasing registered a 57.1% increase in gross sales in 1Q13, due to the company's continuous efforts to expand its operations through organic growth and the increasing demand for cattle byproducts in the international market.

Net Revenue

First-quarter net revenue moved up by 26.6% over 1Q12, led by beef exports, fresh beef sales to the domestic market and the Leather and MDF divisions.

R$ Million	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Gross Revenues (R$ MM)	1,269.9	1,005.9	26.2%	1,286.6	-1.3%	4,921.1	4,324.4	13.8%
Sales Taxes and Deductions (R$ MM)	-74.9	-61.8	21.1%	-79.9	-6.3%	-290.3	-283.8	2.3%
Net Revenues (R$ MM)	1,195.0	944.1	26.6%	1,206.7	-1.0%	4,630.8	4,040.7	14.6%
% Gross Revenues	94.1%	93.9%	0.2%	93.8%	0.3%	94.1%	93.4%	0.7%

Cost of Goods Sold (COGS) and Gross Profit

COGS as percentage of net revenue increased slightly in 1Q13, reflecting the 1.3% increase in the cattle arroba prices in the period.

R$ Million	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Net Revenues (R$ MM)	1,195.0	944.1	26.6%	1,206.7	-1.0%	4,630.8	4,040.7	14.6%
COGS (R$ MM)	-967.3	-759.7	27.3%	-955.3	1.3%	-3,671.7	-3,377.6	8.7%
% Net Revenues	80.9%	80.5%	0.5%	79.2%	1.8%	79.3%	83.6%	-4.3%
Gross Profit (R$ MM)	227.7	184.3	23.6%	251.3	-9.4%	959.1	663.1	44.6%
Gross Margin	19.1%	19.5%	-0.5%	20.8%	-1.8%	20.7%	16.4%	4.3%

Selling, General and Administrative Expenses

Selling expenses as percentage of net revenue reduced from 9.6% in 1Q12 to 8.7% in 1Q13, while administrative expenses remained unchanged.

R$ Million	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Sales Expenses (R$ MM)	-103.9	-90.7	14.5%	-101.5	2.4%	-406.6	-266.3	52.7%
% Net Revenues	8.7%	9.6%	-0.9%	8.4%	0.3%	8.8%	6.6%	2.2%
G&A Expenses (R$ MM)	-37.9	-28.0	35.3%	-41.6	-9.0%	-144.3	-113.9	26.7%
% Net Revenues	3.2%	3.0%	0.2%	3.5%	-0.3%	3.1%	2.8%	0.3%

EBITDA

EBITDA came to R$100.4 million in 1Q13, 30% higher than in 1Q12. EBITDA margin stood at 8.4%, 20 bps higher than in 1Q12.

R$ Million	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Result before Non-Controlling Interest	5.2	-66.7	-107.8%	-21.8	-123.9%	-126.9	-39.6	220.2%
(+)Deferred Income and Social Contribution Taxes	9.1	-6.3	-243.9%	46.9	-80.6%	12.8	-103.0	-112.4%
(+) Net Financial Result	72.0	138.4	-48.0%	106.3	-32.2%	553.4	446.4	24.0%
(+) Depreciation and Amortization	14.1	11.8	19.2%	13.8	2.3%	53.3	45.3	17.6%
(+) Non-Recurring Items	0.0	0.0	n.a.	-23.5	-100.0%	-19.0	15.2	-225.3%
(+)Pro-forma Frigomerc EBITDA 9M	n.a.	n.a.	n.a.	n.a.	n.a.	18.0	0.0	n.a.
EBITDA	100.4	77.2	30.0%	145.1	-30.8%	492.6	349.1	41.1%
EBITDA Margin	8.4%	8.2%	0.2%	12.0%	-3.6%	10.6%	8.6%	2.0%
Adjusted EBITDA	100.4	77.2	30.0%	121.5	-17.4%	491.6	364.3	35.0%
Adjusted EBITDA Margin	8.4%	8.2%	0.22%	10.1%	-1.7%	10.6%	9.0%	1.60%

Financial Result

In 1Q13, the net financial result, including gains from foreign exchange variation with no cash effect on our debt (R$14.1 million), was a loss of R$72.0 million. The table below details the 1Q13 financial result:

R$ Million	1Q13	1Q12	Chg.%	4Q12	Chg.%
Financial Expenses	(86.5)	(79.3)	9.2%	(78.5)	10.2%
Financial Income	13.3	14.3	-7.5%	14.6	-8.9%
FX Variation	14.1	(11.6)	-221.1%	(15.4)	-191.4%
Other Expenses (*)	(12.8)	(61.9)	-79.4%	(26.9)	-52.5%
Net Financial Result	(72.0)	(138.4)	-48.0%	(106.3)	-32.2%

(*) Includes FX Hedge, Commodities, Financial Discounts and Bank Commissions.

(*) Other Expenses (R$ Million)	1Q13
Expenses with FX Hedge and Commodities	0.4
Financial Discounts, Rates, Commissions, Commercial Discount and Other Financial Expenses	(13.2)
Total	(12.8)

Net Income

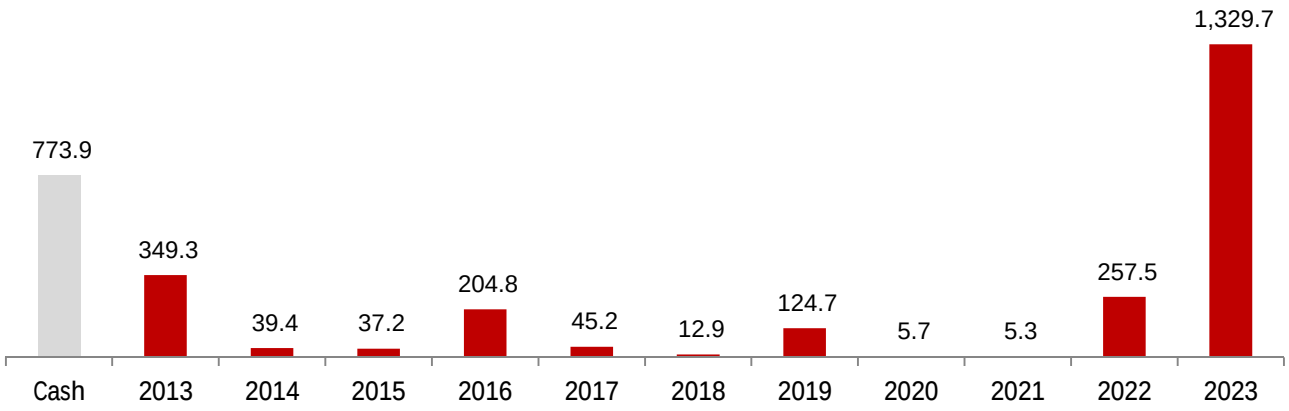
Minerva posted a net income of R$5.2 million in 1Q13, higher than in 1Q12 and 4Q12.

R$ Million	1Q13	1Q12	Chg.%	4Q12	Chg.%	LTM1Q13	LTM1Q12	Chg.%
Profit before income tax	14.3	-73.0	-119.6%	25.1	-43.0%	-114.0	-142.6	-20.0%
Net (Loss) Income	5.2	-66.7	-107.8%	-21.8	-123.9%	-126.9	-39.6	220.2%
Net Margin (%)	0.4%	-7.1%	7.5%	-1.8%	2.2%	-2.7%	-1.0%	-1.8%

Capital Structure

Minerva closed the quarter with a cash balance of R$774 million, which is enough to amortize its debt through 2019. Short-term debt represented 14.5% of total debt at the end of the quarter. In 1Q13, the Company's debt denominated in U.S. dollar represented 74% of total debt. The net debt/EBITDA ratio stood at 3.1x in the period, 0.7x lower than in 1Q12.

Figure 16 – Debt amortization schedule on March 31, 2013 (R$ million)



R$ Million	1Q13	1Q12	Chg.%	4Q12	Chg.%
Short Term Debt	349.3	282.7	23.6%	533.1	-34.5%
% Short Term Debt	14.5%	12.4%	2.1%	20.0%	-5.5%
Local Currency	95.1	143.1	-33.5%	164.8	-42.3%
Foreign Currency	254.2	139.6	82.1%	368.3	-31.0%
Long Term Debt	2,062.4	1,995.1	3.4%	2,133.2	-3.3%
% Long Term Debt	85.5%	87.6%	-2.1%	80.0%	5.5%
Local Currency	343.4	396.6	-13.4%	363.0	-5.4%
Foreign Currency	1,719.0	1,598.5	7.5%	1,770.2	-2.9%
Total Debt	2,411.7	2,277.8	5.9%	2,666.3	-9.5%
Local Currency	438.5	539.7	-18.8%	527.8	-16.9%
Foreign Currency	1,973.2	1,738.1	13.5%	2,138.5	-7.7%
(Cash and Cash Equivalents)	-773.9	-846.3	-8.6%	-1,288.8	-40.0%
Net Debt*	1,539.7	1,394.8	10.4%	1,331.2	15.7%
Net Debt/ EBITDA*	3.1x	3.8x	-0.7x	2.8x	0.3x

(*) Net debt adjusted to convertible debentures, treasury stock at market value (R$80 mn) and FDIC subordinated quotas (R$17 mn).
Adjusted EBITDA, including Frigomerc's pro-forma figure of R$18.0 mn in 2Q12 and 3Q12.

LOCAL CURRENCY (R$ thousand)		
	1Q13	4Q12
1Q13	0	49,602
2Q13	7,276	5,322
3Q13	37,398	104,797
4Q13	4,736	5,055
1Q14	45,710	0
2014	37,321	148,096
2015	37,208	103,986
2016	204,849	41,766
2017	20,663	28,202
2018	12,875	12,152
2019	9,746	9,023
2020	5,683	5,265
2021	5,313	4,924
2022	9,748	9,553
2023		
TOTAL	438,526	527,743

FOREIGN CURRENCY (R$ thousand)		
	1Q13	4Q12
1Q13	0	81,060
2Q13	21,226	31,766
3Q13	213,135	203,145
4Q13	1,994	52,361
1Q14	17,779	0
2014	2,068	-4,118
2015	33	47,349
2016	0	0
2017	24,524	68,207
2018	0	0
2019	114,966	753,459
2020	0	0
2021	0	0
2022	247,778	905,291
2023	1,329,669	0
TOTAL	1,973,172	2,138,520

Capex

Investments in fixed assets totaled approximately R$36.7 million in 1Q13, the bulk of which represented maintenance capex.

Subsequent Events

On April 5, the Company terminated the future financial flow exchange contract (swaps) with Credit Suisse Próprio Fundo de Investimento Multimercado ("Credit Suisse"). The Company disclosed a Material Fact to the market on April 3, 2012, announcing the execution of the swap agreement, which provided for that the yield to the Company would correspond to the variation in the Company share (BEEF3) price, while the yield to Credit Suisse will be equivalent to 100% of the CDI in the term agreed plus a pre-established spread, with a maximum term of two years.

On April 29, the shareholders attending the Annual Shareholders' Meeting approved the reelection of Mr. Norberto Lanzara Giangrande Júnior as a member of the Company's Board of Directors, with a term of office equal to that of the other Board members. The shareholders also approved the installation of the Company's new Fiscal Council, effective until the Annual Shareholders' Meeting that analyzes the financial statements for the fiscal year ending on December 31, 2013.

On May 2, Standard & Poor's upgraded Minerva's global scale rating from "B+" to "BB-" and national scale rating from "brBBB+" to "brA-", with a stable outlook.

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 March 31, 2013, the company recorded 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, Mato Grosso do Sul and Minas Gerais, as well as in Paraguay and Uruguay, Minerva operates ten slaughter and deboning plants, one unit to process proteins and ten distribution centers. In the 12 months ended March 31, 2013, the Company recorded net sales revenue of R$4.63 billion, up 14.6% 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 1Q13.

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 March 31, 2013, and the opinions expressed in the independent auditors' review report, hereby authorizing their disclosure.

ANNEX 1 - CONSOLIDATED INCOME STATEMENT

R$ Million	1Q13	4Q12	1Q12
Revenue from Domestic Sales	421,785	450,020	346,012
Revenue from Exports	848,100	836,563	659,875
Gross Sales Revenue	1,269,885	1,286,583	1,005,887
Deductions from revenue – taxes and other	-74,898	-79,922	-61,823
Net Operating Revenue	1,194,987	1,206,661	944,064
Cost of Goods Sold	-967,259	-955,314	-759,744
Gross Profit	227,728	251,347	184,320
Selling Expenses	-103,926	-101,509	-90,726
General and Administrative Expenses	-37,873	-41,640	-27,984
Other Operating Revenues	354	23,116	-233
Result before financial expenses	86,283	131,314	65,377
Financial Expenses	-86,547	-78,543	-79,269
Financial Revenues	13,264	14,552	14,335
Exchange Rate Variation	14,052	-15,381	-11,608
Other Expenses (*)	-12,766	-26,883	-61,876
Financial Result	-71,997	-106,255	-138,418
Result Before Taxes	14,286	25,059	-73,041
Income and Social Contribution Taxes - Current	-8,752	-1,129	-829
Income and Social Contribution Taxes - Deferred	-318	-45,723	7,131
Net Income before Non-Controlling Interest	5,216	-21,793	-66,739
Net Income Attributed to Controlling Shareholders	5,571	-19,406	-65,743
Net Income Attributed to Non-Controlling Shareholders	-355	-2,387	-996
Net Income	5,216	-21,793	-66,739

ANNEX 2 - CONSOLIDATED BALANCE SHEET

R$ Million	1Q13	4Q12
ASSETS		
Cash and Cash Equivalents	773,860	1,288,754
Accounts Receivable from Clients	267,432	189,393
Inventories	241,124	218,534
Biological Assets	38,964	40,763
Taxes Recoverable	494,256	472,102
Others Receivables	152,042	117,885
Total Current Assets	1,967,678	2,327,431
Other Credits	24,240	22,720
Related Parties	17,618	31,331
Taxes Recoverable	107,421	107,927
Deferred fiscal assets	223,579	223,579
Judicial Deposits	9,132	8,607
Investments	-	-
Fixed Assets	1,241,153	1,218,581
Intangible	426,928	426,897
Total Non-Current Assets	2,050,071	2,039,642
Total Assets	4,017,749	4,367,073
LIABILITIES		
Loans and Financing	349,276	533,110
Convertible Debentures	2,901	443
Suppliers	306,051	289,433
Labor and tax liabilities	82,440	62,856
Others Liabilities	153,483	198,544
Total Current Liabilities	894,151	1,084,386
Loans and Financing	2,062,445	2,133,154
Convertible Debentures	140,763	139,584
Labor and tax liabilities	34,005	36,208
Provision for Contingencies	33,693	32,944
Provision for Investments Lost	0	0
Related Parties	6,420	63,714
Accounts Payable	47,028	47,547
Deferred Tax Liabilities	75,218	75,229
Total Non-Current Liabilities	2,399,572	2,528,380
Capital Stock	715,911	712,984
Capital Reserves	155,671	156,802
Revaluation Reserves	72,531	73,168
Profits Reserve	48,366	48,366
Accrued Profit	-183,686	-190,223
Treasury Stock	-66,723	-29,693
Balance Sheet Evaluation Adjustments	-19,831	-19,515
Total shareholders' equity attributed to controlling shareholders	722,239	751,889
Non-Controlling Interest	1,787	2,418
Total shareholders' equity	724,026	754,307
Total liabilities and shareholders' equity	4,017,749	4,367,073

ANNEX 3 - CONSOLIDATED CASH FLOW STATEMENT

R$ Million	1Q13	4Q12	1Q12
Cash Flow from Operating Activities			
Net Income (Loss)	5,216	-66,739	-21,793
Reconciliation of Net Income to Net Cash provided			
by Operating Activities:			
Depreciation and Amortization	14,083	11,812	13,772
Net Income Attributed to Non-Controlling Shareholders	355	996	2,387
Fair Value of Biological Assets	-2,973	3,501	-1,753
Realization of Deferred Taxes – Temporary Differences	318	-7,131	45,723
Net Realization of Revaluation Reserve	0	967	0
Results from equity interest	0	0	0
Goodwill relating to business combination	0	0	0
Financial Charges	85,789	75,018	53,126
Foreign Exchange Variation – Not Realized	-30,059	-10,129	14,115
Contingency Allowances	749	-1	-6,846
Accounts Receivable from Clients and Other Receivables	-113,717	74,973	56,946
Inventories	-22,590	-31,852	-15,971
Biological Assets	4,772	7,284	-615
Taxes Recoverable	-21,648	-22,924	18,412
Accounts Receivable from Related Parties	0	-15,331	-28,688
Judicial Deposits	-525	-139	-900
Suppliers	16,618	-46,646	-19,439
Labor and Tax Obligations	17,381	-936	-6,022
Provision for losses from investments	0	0	0
Other Accounts Payable	-47,026	19,952	110,520
Net Cash Flow from Operating Activities	-93,257	-7,325	212,974
Cash Flow from Investments			
Acquisition of subsidiary minus cash equivalents as on the acquisition date			-8,166
Acquisition of Investments	0	0	0
Acquisition of Intangible Assets	-233	-846	-84,183
Acquisition of Fixed Assets	-36,453	-24,851	-48,534
Net Cash Flow from Investments	-36,686	-25,697	-140,883
Cash Flow from Financing Activities			
Loans and Financings	194,196	799,559	137,353
Loans and Financings Settled	-504,469	-622,700	-170,615
Convertible Debentures	3,672	-5,634	1,203
Receivable from Related Parties	-43,581	0	0
Variation in Minority Interest	-631	-1,100	-71,907
Cash Payment of Capital	2,892	5,634	412,500
Interest on Equity	0	-17,680	0
Dividends	0	-11,762	0
Treasury Stock	-37,030	-13,401	0
Cancellation of Treasury Stock	0	0	0
(-) Transaction Costs from Share Issue	0	0	-12,357
Related Parties - Net	0	0	0
Net Cash from Financing Activities	-384,951	132,916	296,177
Net Cash / Cash Equivalent Decrease	-514,894	99,894	368,268
Cash and Cash Equivalents			
Beginning of Period	1,288,754	746,382	920,486
End of Period	773,860	846,276	1,288,754
Reduction in Cash and Cash Equivalents	-514,894	99,894	368,268