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

MARFRIG ALIMENTOS S.A.

Individual and consolidated interim financial statements for the six-month period ended June 30, 2013 and independent auditors' review report on the interim financial statements

MARFRIG ALIMENTOS S.A.

Individual and consolidated interim financial statements for the six-month period ended June 30, 2013 and independent auditors' review report on the interim financial statements

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

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL STATEMENTS

To the Shareholders, Board Members and Management of
MARFRIG ALIMENTOS S.A.
São Paulo - SP

Introduction

We have reviewed the individual and consolidated interim financial statements of **MARFRIG ALIMENTOS S.A.** (the "Company") contained in the quarterly information form for the quarter ended June 30, 2013, which comprises the statements of financial position as of June 30, 2013 and the related statements of income and comprehensive income for the three and six month-periods then ended and changes in shareholders' equity and cash flows for the six-month period then ended, including a summary of the significant accounting practices and other notes.

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 Reporting and of the consolidated interim financial statements in accordance with CPC Technical Pronouncement 21 (R1) - Interim Financial Reporting and with International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and for the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the Quarterly Information. Our responsibility is to express a conclusion 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 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity 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 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 accounting standards adopted in Brazil.

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 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.

Restatement of the interim financial statements due to reclassification of gain from sale of controlled entity

On August 7, 2013 we issued an unmodified review report on the interim individual and consolidated financial statements of **Marfrig Alimentos S.A.** related to the period of six months ended June 30, 2013, which have been restated. As discussed in Note 2.3, the statements of income, of comprehensive income, of cash flows, of added value and notes nº 13.4, 30, 31, 34 and 36 were modified and are restated to consider the reclassification of the gain from sale of the controlled entity denominated Columbus Netherlands BV, in the amount of R$483,018 thousand, to the account "Result from discontinued operations", previously disclosed as result of continued operations, in account "Other operating income (expenses)", as described in the aforementioned explanatory note. Such interim financial statements were restated and have been republished as requested by CVM Deliberation no. 592/09 (CPC 23 – Accounting policies, changes in accounting estimates and errors). Our conclusion is not modified due to this matter.

Other matters

Interim statements of value added

We have also reviewed the individual and consolidated interim statements of added value for the quarter and six-month period ended June 30, 2013, prepared by the Company's Management, which disclosure in the interim financial statements is required in accordance with the standards issued by CVM applicable to the preparation of the Quarterly Information and considered as supplemental information by IFRS, which do not require the disclosure of the statement of value added. These statements were 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, individual and consolidated, taken as a whole.

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

São Paulo, November 12, 2013.

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

Jairo da Rocha Soares
Accountant CRC 1 SP 120458/O-6

Esmir de Oliveira
Accountant CRC 1SP 109628/O-0

MARFRIG ALIMENTOS S.A.

Balance sheet
As at June 30, 2013 and December 31, 2012
(In thousands of Brazilian reais - R$)

Assets

	Note	Parent		Consolidated	
		6/30/13	12/31/12	6/30/13	12/31/12
Current assets					
Cash and cash equivalents	4	276,344	296,837	727,952	919,908
Marketable securities	5	301,191	904,139	1,597,907	2,258,286
Trade accounts receivable - domestic	6	324,875	354,232	1,026,695	1,391,752
Trade accounts receivable - foreign	6	195,889	132,051	579,996	401,563
Inventories of goods and merchandise	7	524,649	521,510	1,945,589	2,703,732
Biological assets	8	14,328	18,414	423,412	943,832
Recoverable taxes	9	602,689	539,513	1,035,803	1,240,457
Prepaid expenses		4,505	2,477	80,507	91,475
Notes receivable	10	1,155,202	961,415	161,124	77,372
Advances to suppliers		25,313	19,632	54,429	51,196
Assets held for sale	11	2,446,694	-	8,511,909	-
Other receivables		14,184	17,996	71,226	155,079
Total current assets		**5,885,863**	**3,768,216**	**16,216,549**	**10,234,652**
Non-current assets					
Marketable securities	5	-	100	786	886
Court deposits		43,818	38,936	52,163	44,366
Notes receivable	10	2,395,332	1,982,399	58,829	53,704
Deferred income and social contribution taxes	12	997,698	926,727	1,340,409	1,851,747
Recoverable taxes	9	904,116	676,735	961,864	1,232,640
Other receivables		2,385	3,778	32,944	77,807
		4,343,349	**3,628,675**	**2,446,995**	**3,261,150**
Investments	13	2,688,966	5,472,366	55,243	11,107
Property, plant and equipment	14	1,602,088	1,553,606	4,438,612	7,757,259
Biological assets	8	-	-	99,675	253,361
Intangible assets	15	587,496	627,035	2,628,637	4,071,925
		4,878,550	**7,653,007**	**7,222,167**	**12,093,652**
Total non-current assets		**9,221,899**	**11,281,682**	**9,669,162**	**15,354,802**
Total assets		**15,107,762**	**15,049,898**	**25,885,711**	**25,589,454**

Liabilities and Shareholders' Equity

	Note	Parent		Consolidated	
		6/30/13	12/31/12	6/30/13	12/31/12
Current liabilities					
Trade accounts payable		304,994	355,511	1,549,234	2,580,227
Accrued payroll and related charges	16	61,383	53,368	329,943	506,969
Taxes payable	17	19,653	22,592	104,062	187,503
Loans and financing	18	1,223,313	1,310,592	1,791,014	3,359,130
Notes payable	21	904,512	492,167	656,114	352,852
Lease payable	20	491	1,809	37,005	38,805
Debentures payable	19	199,400	199,400	199,400	199,400
Interest on debentures	19	202,726	144,445	178,949	144,445
Advances from customers		70,029	48,847	83,086	90,553
Liabilities held for sale	11	-	-	4,587,914	-
Other payables		24,479	11,018	130,197	227,436
Total current liabilities		**3,010,980**	**2,639,749**	**9,646,918**	**7,687,320**
Non-current liabilities					
Loans and financing	18	2,561,784	3,479,003	8,729,470	8,282,268
Taxes payable	17	80,441	85,063	81,904	252,737
Deferred income and social contribution taxes	24	105,254	108,422	595,712	1,474,660
Provisions for contingencies	23	12,055	12,055	16,333	237,889
Lease payable	20	1,275	2,803	96,042	107,523
Debentures payable	19	767,983	396,676	197,983	396,676
Notes payable	21	2,457,381	1,698,969	185,315	208,492
Mandatory deed convertible into shares	22	2,120,920	2,470,920	2,120,920	2,470,920
Other		-	-	113,047	165,877
Total non-current liabilities		**8,107,093**	**8,253,911**	**12,136,726**	**13,597,042**
Equity					
Share Capital	25.1	5,276,678	4,926,678	5,276,678	4,926,678
(-) Share issue expenses	25.1	(108,210)	(108,210)	(108,210)	(108,210)
Capital reserve		184,800	184,800	184,800	184,800
Issue of common shares		184,800	184,800	184,800	184,800
Profit reserves		34,994	33,604	34,994	33,604
Legal reserve	25.2.1	44,476	44,476	44,476	44,476
Retained earnings		7,348	7,348	7,348	7,348
Treasury shares	25.2.2	(5,140)	(6,530)	(5,140)	(6,530)
Treasury shares canceled	25.2.2	(11,690)	(11,690)	(11,690)	(11,690)
Other comprehensive income	25.3	469,650	514,371	469,650	514,371
Asset valuation adjustment	25.3.1	(317,835)	(168,805)	(317,835)	(168,805)
Cumulative translation adjustment	25.3.2	601,854	683,176	601,854	683,176
Amounts related to assets held for sale		185,631	-	185,631	-
Accumulated losses		(1,868,223)	(1,395,005)	(1,868,223)	(1,395,005)
Controlling shareholders' equity		3,989,689	4,156,238	3,989,689	4,156,238
Non-controlling interest	25.6	-	-	112,378	148,854
Total shareholders' equity		**3,989,689**	**4,156,238**	**4,102,067**	**4,305,092**
Total liabilities and shareholders' equity		**15,107,762**	**15,049,898**	**25,885,711**	**25,589,454**

The accompanying notes are an integral part of the parent company and interim individual and consolidated financial information.

MARFRIG ALIMENTOS S.A.

Statement of income for the periods
Ended June 30, 2013 and 2012
(In thousands of Brazilian reais - R$)

	Note	Parent				Consolidated			
		2nd Quarter 2013	Accumulated 2013	Reclassified 2nd Quarter 2012	Reclassified Accumulated 2012	2nd Quarter 2013	Accumulated 2013	Reclassified 2nd Quarter 2012	Reclassified Accumulated 2012
Net Sales	26	1,058,753	2,261,463	1,127,923	2,094,426	4,455,254	8,829,804	4,071,543	7,675,895
Cost of goods sold	27	(847,342)	(1,765,037)	(790,845)	(1,478,502)	(3,962,598)	(7,766,143)	(3,509,276)	(6,596,609)
Gross profit		**211,411**	**496,426**	**337,078**	**615,924**	**492,656**	**1,063,661**	**562,267**	**1,079,286**
Operating income (expenses)		(936,750)	(1,273,106)	(284,503)	(527,812)	(1,203,562)	(1,824,833)	(527,639)	(1,024,508)
Selling expenses	27	(59,333)	(123,581)	(68,477)	(134,703)	(189,100)	(364,388)	(169,262)	(329,547)
General and administrative expenses	27	(38,900)	(77,780)	(54,126)	(103,255)	(141,830)	(288,809)	(152,928)	(293,128)
Equity in earnings (losses) of subsidiaries		(28,669)	(69,530)	242,001	230,268	(4,111)	(4,827)	-	-
Other operating income (expenses)		15,960	28,354	107,338	128,296	(23,076)	(25,294)	360,321	360,846
Financial income (expenses)	28	(825,808)	(1,030,569)	(511,239)	(648,418)	(845,445)	(1,141,515)	(565,770)	(762,679)
Financial income		18,882	41,163	62,012	97,449	125,603	193,090	116,093	194,496
Exchange gain		105,703	219,369	63,543	203,993	152,990	283,680	77,513	228,391
Financial expenses		(471,488)	(724,502)	(230,290)	(477,576)	(543,568)	(916,946)	(338,939)	(686,940)
Exchange Loss		(478,905)	(566,599)	(406,504)	(472,284)	(580,470)	(701,339)	(420,437)	(498,626)
Operating income (expenses)		**(725,339)**	**(776,680)**	**52,575**	**88,112**	**(710,906)**	**(761,172)**	**34,628**	**54,778**
Loss before tax effects		(725,339)	(776,680)	52,575	88,112	(710,906)	(761,172)	34,628	54,778
Provision for income and social contribution taxes		246,623	238,365	119,667	156,366	234,869	228,373	141,103	194,428
Current and deferred income tax	34	181,340	175,268	87,990	114,975	172,953	168,466	107,726	148,511
Current and deferred social contribution	34	65,283	63,097	31,677	41,391	61,916	59,907	33,377	45,917
Net income in the period from continued operations		**(478,716)**	**(538,315)**	**172,242**	**244,478**	**(476,037)**	**(532,799)**	**175,731**	**249,206**
Net income in the period from discontinued operations	36	**58,789**	**37,163**	**(156,791)**	**(194,551)**	**64,151**	**39,898**	**(166,683)**	**(210,871)**
Net income in the period before interest		**(419,927)**	**(501,152)**	**15,451**	**49,927**	**(411,886)**	**(492,901)**	**9,048**	**38,335**
Attributable to:									
Marfrig Alimentos - controlling interest - continued operations		(478,716)	(538,315)	172,242	244,478	(478,716)	(538,315)	172,242	244,478
Marfrig Alimentos - controlling interest - discontinued operations		58,789	37,163	(156,791)	(194,551)	58,789	37,163	(156,791)	(194,551)
Marfrig Alimentos - controlling interest - Total		(419,927)	(501,152)	15,451	49,927	(419,927)	(501,152)	15,451	49,927
Non-controlling Interest - continued operations		-	-	-	-	2,679	5,516	3,489	4,728
Non-controlling Interest - discontinued operations		-	-	-	-	5,362	2,735	(9,892)	(16,320)
Non-controlling Interest - Total		-	-	-	-	8,041	8,251	(6,403)	(11,592)
		(419,927)	(501,152)	15,451	49,927	(411,886)	(492,901)	9,048	38,335
Basic and diluted losses (income) per share - common - continued operations	30	(0.8018)	(0.9634)	0.0448	0.1448	(0.9163)	(1.0349)	0.4994	0.7089
Basic and diluted losses (income) per share - common - discontinued operations	30	-	-	-	-	0.1144	0.0714	(0.4546)	(0.5641)
Basic and diluted losses (earnings) per share - common - Total	30	**(0.8018)**	**(0.9634)**	**0.0448**	**0.1448**	**(0.8018)**	**(0.9634)**	**0.0448**	**0.1448**

The accompanying notes are an integral part of the parent company and interim individual and consolidated financial information.

MARFRIG ALIMENTOS S.A.

Statement of changes in shareholders' equity
for the periods ended June 30, 2013 and 2012
(In thousands of Brazilian reais - R$)

	Attributable to controlling shareholders													
				Profit reserves				Other comprehensive income						
	Share capital	Share issue expenses	Capital reserve	Legal reserve	Profit retention	Treasury shares	Treasury shares canceled	Asset and liability valuation adjustment	Cumulative translation adjustment	Accumulated losses	Total	Total controlling interest	Total non-controlling interest	Total shareholders' equity
At December 31, 2011	**4,061,478**	**(74,960)**	**(19,222)**	**44,476**	**7,348**	**(13,702)**	**-**	**(51,359)**	**560,203**	**(1,259,861)**	**3,254,401**	**3,254,401**	**164,813**	**3,419,214**
Write-off of shares in subsiiaries	-	-	19,222	-	-	-	-	-	-	-	19,222	19,222	-	19,222
Exchange variation on net investments	-	-	-	-	-	-	-	(24,118)	-	-	(24,118)	(24,118)	(30,107)	(54,225)
Exchange variation - balance sheet translation	-	-	-	-	-	-	-	-	49,975	-	49,975	49,975	-	49,975
Realization of Deemed Cost	-	-	-	-	-	-	-	(56,085)	-	56,085	-	-	-	-
Write-off (acquisition) of treasury shares	-	-	-	-	-	(5,386)	-	-	-	-	(5,386)	(5,386)	-	(5,386)
Net income for the period	-	-	-	-	-	-	-	-	-	49,927	49,927	49,927	(11,592)	38,335
At June 30, 2012	**4,061,478**	**(74,960)**	**-**	**44,476**	**7,348**	**(19,088)**	**-**	**(131,562)**	**610,178**	**(1,153,849)**	**3,344,021**	**3,344,021**	**123,114**	**3,467,135**

	Attributable to controlling shareholders														
				Profit reserves				Other comprehensive income							
	Share capital	Share issue expenses	Capital reserve	Legal reserve	Profit retention	Treasury shares	Treasury shares canceled	Asset and liability valuation adjustment	Cumulative translation adjustment	Amounts under SE related to assets held for sale	Accumulated losses	Total	Total controlling interest	Total non-controlling interest	Total shareholders' equity
At December 31, 2012	**4,926,678**	**(108,210)**	**184,800**	**44,476**	**7,348**	**(6,530)**	**(11,690)**	**(168,805)**	**683,176**	**-**	**(1,395,005)**	**4,156,238**	**4,156,238**	**148,854**	**4,305,092**
Capital Increase	350,000	-	-	-	-	-	-	-	-	-	-	350,000	350,000	-	350,000
Exchange variation on net investments	-	-	-	-	-	-	-	(121,096)	-	239,902	-	118,806	118,806	(44,727)	74,079
Exchange variation - balance sheet translation	-	-	-	-	-	-	-	-	(81,322)	(54,271)	-	(135,593)	(135,593)	-	(135,593)
Realization of Deemed Cost	-	-	-	-	-	-	-	(27,934)	-	-	27,934	-	-	-	-
Write-off (acquisition) of treasury shares	-	-	-	-	-	1,390	-	-	-	-	-	1,390	1,390	-	1,390
Net loss for the period	-	-	-	-	-	-	-	-	-	-	(501,152)	(501,152)	(501,152)	8,251	(492,901)
At June 30, 2013	**5,276,678**	**(108,210)**	**184,800**	**44,476**	**7,348**	**(5,140)**	**(11,690)**	**(317,835)**	**601,854**	**185,631**	**(1,868,223)**	**3,989,689**	**3,989,689**	**112,378**	**4,102,067**

The accompanying notes are an integral part of the parent company and interim individual and consolidated financial information

MARFRIG ALIMENTOS S.A.

Statements of cash flow
Periods ended June 30, 2013 and 2012
(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	Accumulated 2013	Reclassified Accumulated 2012	Accumulated 2013	Reclassified Accumulated 2012
Net income (loss) for the period	(538,315)	244,478	(538,315)	244,478
Items not affecting cash	524,114	248,444	971,742	414,005
Depreciation	35,500	35,473	168,821	161,791
Amortization	1,136	1,032	69,252	60,768
Non-controlling interest	-	-	5,515	4,728
Provision for contingencies	-	-	(1,405)	2,050
Deferred taxes	(238,365)	(156,367)	(266,175)	(298,840)
Equity in earnings (losses) of subsidiaries	69,530	(230,268)	4,827	-
Exchange variation on financing	265,172	233,327	265,774	328,330
Exchange variation on other assets and liabilities	82,058	34,964	151,886	(65,420)
Interest expenses on financial debt	174,512	220,221	415,705	389,627
Interest expenses on financial leasing	(516)	5,429	2,423	10,722
Interest expenses on debentures	130,796	181,011	107,018	181,011
Leasing adjustment to present value	(263)	4,728	(263)	4,728
Write-off of permanent assets - asset exchange	-	(195,087)	-	(195,087)
Gain or loss from business disposal	-	113,494	-	(193,756)
Write-off of permanent assets	4,554	487	48,364	23,353
Equity changes	**73,656**	**(11,883)**	**(639,617)**	**(646,857)**
Trade accounts receivable	(13,300)	(5,737)	(260,594)	223,080
Current inventory and biological assets	947	72,987	(136,602)	243,930
Court deposits	(4,882)	(3,293)	(8,545)	(5,096)
Accrued payroll and related charges	8,016	7,764	4,222	(37,888)
Trade accounts payable	(56,398)	(151,597)	(104,584)	(663,720)
Current and deferred taxes	(298,117)	(29,923)	(350,764)	(62,719)
Notes receivable and payable	502,712	170,049	263,753	(122,120)
Other assets and liabilities	(65,322)	(72,133)	(46,503)	(222,324)
Cash flow from operating activities	**59,455**	**481,039**	**(206,190)**	**11,626**
Investing activities				
Investments	(48,072)	(17,450)	(61,563)	(9,221)
Discontinued operations net of cash	-	-	-	-
Adjustment to IFRS 11 / CPC 19 R2	-	-	(45,837)	-
Investments in fixed and non-current biological assets	(88,537)	(89,638)	(299,390)	(295,438)
Investments in intangible assets	(2,123)	(2,032)	(2,255)	(593)
Cash flow from investing activities	**(138,732)**	**(109,120)**	**(409,045)**	**(305,252)**
Financing activities				
Dividends / Interest on equity in period	-	(14,877)	-	(14,877)
Debentures	371,248	817	(198,752)	817
Interest settled debentures / Bonds	(72,455)	(62,759)	(226,290)	(209,383)
Loans and financing	(842,280)	(535,060)	412,873	161,293
Loans granted	1,833,838	594,189	5,259,130	1,958,472
Loans settled	(2,676,118)	(1,129,249)	(4,846,257)	(1,797,179)
Leasing payable	(2,067)	(8,591)	(21,692)	(159,424)
Leasing granted	1,101	5,918	2,937	32,540
Leasing settled	(3,168)	(14,509)	(24,629)	(191,964)
Treasury shares	1,390	(5,386)	1,390	(5,386)
Cash flow from financing activities	**(544,164)**	**(625,856)**	**(32,471)**	**(226,960)**
Exchange changes over cash and equivalents	-	-	125,123	130,143
Discontinued operations net of cash	-	-	(329,752)	(58,134)
Cash flow for the period	**(623,441)**	**(253,937)**	**(852,335)**	**(448,577)**
Cash and cash equivalents				
Balance at end of period	577,535	1,045,495	2,325,859	3,028,383
Balance at start of period	1,200,976	1,299,432	3,178,194	3,476,960
Changes in period	**(623,441)**	**(253,937)**	**(852,335)**	**(448,577)**

The accompanying notes are an integral part of the parent company and interim individual and consolidated financial information.

MARFRIG ALIMENTOS S.A.

Statement of added value
Periods ended June 30, 2013 and 2012
(In thousands of Brazilian reais – R$)

	Parent		Consolidated	
	Accumulated 2013	Reclassified Accumulated 2012	Accumulated 2013	Reclassified Accumulated 2012
Revenue	2,251,866	2,088,041	8,803,093	8,021,566
Sales of goods and services	2,261,463	2,094,426	8,829,804	7,675,895
Other revenues	-	-	1,754	417,490
Allowance for doubtful accounts - Reversal /(recognition)	(9,597)	(6,385)	(28,465)	(71,819)
Inputs purchased from other firms (including taxes - ICMS, IPI, PIS and Cofins)	1,705,681	866,590	7,304,721	4,972,797
Cost of goods sold and services rendered	1,344,263	584,639	5,360,214	2,625,651
Material, energy, outsourced services and other	361,418	131,700	1,921,975	2,098,568
Loss / Recovery of assets	-	150,251	22,532	248,578
Gross value added	546,185	1,221,451	1,498,372	3,048,769
Depreciation and amortization	36,636	36,505	238,073	222,559
Net value created by company	509,549	1,184,946	1,260,299	2,826,210
Value added received through transfer	191,002	531,710	471,943	422,887
Equity In Earnings (Losses) of Subsidiaries	(69,530)	230,268	(4,827)	-
Financial income and exchange rate gains	260,532	301,442	476,770	422,887
Total value added to be distributed	**700,551**	**1,716,656**	**1,732,242**	**3,249,097**
Value added distribution	**700,551**	**1,716,656**	**1,732,242**	**3,249,097**
Employees	194,675	160,603	591,808	989,098
Direct compensation	155,717	129,129	404,344	752,360
Benefits	26,575	21,051	133,876	219,788
FGTS (Severance Pay Fund)	12,383	10,423	53,588	16,950
Taxes payable	148,714	271,676	402,222	675,691
Federal	135,908	211,973	360,223	537,257
State	12,781	59,686	36,744	135,212
Municipal	25	17	5,255	3,222
Value distributed to providers of capital	895,477	1,039,899	1,271,011	1,344,558
Interest	851,311	949,860	1,183,509	1,185,566
Rentals	44,166	90,039	87,502	158,992
Value distributed to shareholders	(538,315)	244,478	(532,799)	239,750
Retained earnings/Loss for the period from continued operations	(538,315)	244,478	(538,315)	244,478
Non-controlling interest in retained earnings (losses)	-	-	5,516	(4,728)

The accompanying notes are an integral part of the parent company and interim individual and consolidated financial information.

MARFRIG ALIMENTOS S.A.

Statement of comprehensive income
Periods ended June 30, 2013 and 2012
(In thousands of Brazilian reais - R$)

	Parent				Consolidated			
	2nd Quarter 2013	Accumulated 2013	Reclassified 2nd Quarter 2012	Reclassified Accumulated 2012	2nd Quarter 2013	Accumulated 2013	Reclassified 2nd Quarter 2012	Reclassified Accumulated 2012
Net income (loss) for the period	(419,927)	(501,152)	15,451	49,927	(411,886)	(492,901)	9,048	38,335
Exchange variation on net investments	185,645	118,806	(53,105)	(24,118)	185,645	118,806	(53,105)	(24,118)
Exchange variation on balance sheet translation	(8,278)	(135,593)	115,356	49,975	(8,278)	(135,593)	115,356	49,975
	177,367	(16,787)	62,251	25,857	177,367	(16,787)	62,251	25,857
Total comprehensive income for the period	**(242,560)**	**(517,939)**	**77,702**	**75,784**	**(234,519)**	**(509,688)**	**71,299**	**64,192**
Attributable to:								
Marfrig Alimentos - controlling interest - continued operations	(301,349)	(555,102)	191,196	189,278	(301,349)	(555,102)	234,493	270,335
Marfrig Alimentos - controlling interest - discontinued operations	58,789	37,163	(113,494)	(113,494)	58,789	37,163	(156,791)	(194,551)
Marfrig Alimentos - controlling interest - Total	**(242,560)**	**(517,939)**	**77,702**	**75,784**	**(242,560)**	**(517,939)**	**77,702**	**75,784**
Non-controlling Interest - continued operations	-	-	-	-	2,679	5,516	3,489	4,728
Non-controlling Interest - discontinued operations	-	-	-	-	5,362	2,735	(9,892)	(16,320)
Non-controlling Interest - Total	**-**	**-**	**-**	**-**	**8,041**	**8,251**	**(6,403)**	**(11,592)**

The accompanying notes are an integral part of the parent company and interim individual and consolidated financial information.

1. Operations

Marfrig Alimentos S.A. is a publicly traded Company whose purpose is (i) the production of foodstuffs and meatpacking activities, including the slaughter of cattle, lamb and poultry; and (ii) the processing, distribution, importing, exporting and marketing of products and by-products of animal origin, both edible and inedible, at its own or third-party facilities.

Marfrig Alimentos S.A. was incorporated on June 6, 2000 and became a corporation on March 26, 2007. The Company was registered with the Brazilian Securities and Exchange Commission (CVM) under No. 20.788 on June 18, 2007 and carried out its initial public offering (IPO) on June 29, 2007. Its shares were listed on the Novo Mercado listing segment of the BM&FBovespa S.A. - Securities, Commodities and Futures Exchange (Brazilian Stock Exchange) under the stock symbol MRFG3. On June 30, 2013, its subscribed and paid-in share capital was represented by 520,747,405 common shares, of which, as of June 30, 2013, 172,868,707, or 33.20% of the capital stock, was controlled by MMS Participações S.A. and its partners, individually. On the same date, the free float was 347,077,558 shares, or 66.65% of the capital stock of the Company. MMS Participações S.A. is controlled by Marcos Antonio Molina dos Santos and Marcia Aparecida Pascoal Marçal dos Santos, each holding a 50% ownership interest.

Because it is listed on the Novo Mercado special corporate governance segment of the Brazilian Stock Exchange, the Company is subject to arbitration under the Market Arbitration Chamber, pursuant to the arbitration clause in its by-laws.

The Company's stock is also a component of the main performance indicators of Brazil's capital markets, such as the Bovespa Index (Ibovespa, the most important indicator of the average performance of Brazilian stocks). Marfrig stock is also a component of the stock indexes of the Brazilian Stock Exchange: Brazil Index (IBrX); Bovespa Index (IVBX-2); Small Cap Index (SMLL); Industrial Sector Index (INDX); Consumption Sector Index (ICON); Special Tag-Along Stock Index (ITAG) and Special Corporate Governance Stock Index (IGC).

The Company's financial and equity position should be considered within the context of the integrated activities of the following segments, which are organized in accordance with the animal protein from which the revenue is derived, each with their own structures and segmented into:

- Business segment Beef, Lamb and Leather, with slaughter operations located in South America (Brazil, Argentina, Uruguay and Chile) and a trading company located in Europe and a beef jerkey processor in USA;

- Business segment Poultry, Pork and Processed and Prepared Products, with operations in Brazil, Europe, United States, Middle East and Asia.

Summary of the equity interests held by the Company:

Equity interests

Business Segment -Beef, Lamb and Leather

Parent Company	Core Activity	Country
Marfrig Alimentos S.A	Processing and marketing of product (formed by nine cattle slaughter and beef processing facilities, one of which is also used for slaughtering lamb, two tanneries, one plant producing cleaning and hygiene products and one feedlot, located in the States of São Paulo, Rio Grande do Sul, Goiás, Mato Grosso do Sul, Mato Grosso and Rondônia, in addition to three Distribution Centers in the State of São Paulo).	Brazil

			Interest %	
Subsidiaries	Core Activity	Country	06/30/2013	12/31/2012
MFB Marfrig Frigoríficos do Brasil S.A	Processing and marketing of product (composed of 14 cattle slaughter and beef processing facilities, one of which is also used for slaughtering lamb and three for processing beef)	Brazil	**100%**	**100%**
Masplen Ltd	Holding company	Jersey Island	**100%**	**100%**
Pampeano Alimentos S.A	Producer of canned meat and other processed products	Brazil	100%	100%
Marfrig Overseas Ltd	Specific Purpose Entity - SPEs	Cayman Island	**100%**	**100%**
Marfood USA Inc	Processing and marketing of products (owner of trademark Pemmican)	USA	**100%**	**100%**
MFG Agropecuária Ltda	Agricultural activities (composed of 9 feedlots)	Brazil	**99.99%**	**99.99%**
MFG Comercializadora de Energia Ltda	Energy trading and associated services	Brazil	**99.99%**	**99.99%**
Marfrig Argentina	Processing and marketing of products	Argentina	**99.81%**	**99.78%**
Frigorífico Tacuarembó S.A	Processing and marketing of products	Uruguay	**93.72%**	**93.72%**
Inaler S.A	Processing and marketing of products	Uruguay	**100%**	**100%**
Marfrig Chile S.A	Processing and marketing of products	Chile	**99.47%**	**99.47%**
Frigorífico Patagônia S.A	Processing and marketing of products (lamb meatpacker in from December to May, fish, clam and king crab processing in other months)	Chile	100%	100%
Prestcott International S.A	Holding company	Uruguay	**100%**	**100%**
Cledinor S.a	Processing and marketing of products: beef and lamb	Uruguay	100%	100%
Establecimientos Colonia S.A	Processing and marketing of products	Uruguay	**100%**	**100%**
Weston Importers Ltd	Marketing of meat	United Kingdom	**100%**	**100%**
CDB Meats Ltd	Processing of products	United Kingdom	100%	100%

Business Segment - Poultry, Processed and Elaborated Products

			Interest %	
Subsidiaries	Core Activity	Country	06/30/2013	12/31/2012
Marfrig Holdings (Europe) B.V	Holding	Netherland	**100%**	**100%**
MFG (USA) Holdings Inc	Processing and marketng of products (beef, poultry, pork and fish)	USA	100%	100%
Mckey Luxembourg Holdings S.a.r.l	Processing and marketng of products (beef, poultry, pork and fish)	Louxembourg	100%	100%
Moy ParK Holdings (Europe) Limited	Holding	Northern Ireland	100%	100%
Moy ParK Group	Processing and marketng of products (composed of 3 poultry slaughter plants, 8 food processing units)	Northern Ireland	100%	100%
Kitchen Range Foods Ltd	Processing and marketng of products	England	100%	100%

Business Segment - Leather - Discontinued Operation

			Interest %	
Subsidiaries	Core Activity	Country	06/30/2013	12/31/2012
Columbus Netherlands B.V	Holding	Netherland	-	**100%**
Gideny S.A	Holding	Uruguay	-	59.17%
Grupo Zenda	Processing and marketing finished and cut leather p roducts	Various	-	**100%**

Business Segment - Poultry, Pork and Processed and Elaborated Products - Discontinued Operation

Subsidiaries	Core Activity	Country	Interest % 06/30/2013	Interest % 12/31/2012
Seara Holdings (Europe) B.V	Holding company	Netherland	**100%**	**100%**
Babicora Holding Participações Ltda	Holding company	Brazil	99.99%	99.99%
Seara Alimentos S.A	Processing and marketing of products	Brazil	99.99%	99.99%
União Frederiquense Participações Ltda and Secculum Participações Ltda	Holding company (jointly holds 100% of Frigorifico Mabella Ltda)	Brazil	**99.99%**	**99.99%**
Frigorífico Mabella Ltda	Processing and marketing of products	Brazil	100%	100%
Dagranja Agroindustrial Ltda	Processing and marketing of products	Brazil	94.00%	94.00%
Braslo Produtos de Carnes Ltda	Processing and marketing of products (including be ef)	Brazil	94.25%	94.25%
Mas Frangos Participações Ltda	Holding company	Brazil	99.99%	99.99%
Agrofrango Ind. e Com. de Alimentos Ltda	Processing and marketing of products	Brazil	99.99%	99.99%
Penasul Alimentos S.A	Processing and marketing of products	Brazil	99.99%	99.99%
MBL Alimentos S.A	Hog breeding	Brazil	100%	100%
Athena Alimentos S.A	Processing and marketing of products	Brazil	**100%**	**100%**
	2 chicken slaughter units, 1 hog slaughter unit, 8 food processing units, 3 feed plants, 6 distribution centers and a margarine production line. Owns the following trademarks: **Rezende, Confiaça, Wilson, Texas, Tekitos, Patitas, Escolha Saudável, Light Ellegant, Fiesta, Freski, Doriana and Delicata.**			
Excelsior Alimentos S.A	Processing and marketing of products (including be ef)	Brazil	**64.57%**	**64.57%**
Baumhardt Comércio e Participações Ltda	Holding company	Brazil	**73.94%**	**73.94%**
Excelsior Alimentos S.A	Processing and marketing of products (including be ef)	Brazil	25.10%	25.10%

2. Presentation and preparation of the parent company and consolidated interim financial information

2.1. Statement of compliance

Consolidated interim financial information

The consolidated interim financial information was prepared and is presented in accordance with accounting practices adopted in Brazil, including the statements issued by the Accounting Pronouncements Committee (CPC) [*Comitê de Pronunciamentos Contábeis*] and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Parent company interim financial information

The parent company interim financial information was prepared according to the accounting practices adopted in Brazil issued by CPC and disclosed together with the consolidated interim financial information. The Brazilian accounting practices applied to the parent company interim financial information differ from the IFRS only for the measurement of investments in subsidiaries and affiliated companies through the equity method of accounting, while these investments would be carried at fair value or cost for IFRS purposes.

However, there is no difference between the Group's shareholders' equity and consolidated income (loss) and the parent company's shareholders' equity and income (loss) disclosed in the parent company interim financial information. Thus, the Group's consolidated/individual interim financial information is being presented in the same document.

The Management of the Company approved the restatement of this individual and consolidated interim financial information on November 12, 2013.

2.2. Basis of presentation

The parent company and consolidated interim financial information is denominated in Brazilian real, which is the reporting currency, and all amounts are rounded to thousands of Brazilian real, unless otherwise stated.

The consolidated interim financial information was prepared on the historical cost basis, unless otherwise stated, such as certain assets and financial instruments, stated at fair value.

The preparation of parent company and consolidated interim financial information in accordance with IFRS and CPCs requires Management to make certain accounting estimates. The areas involving considerable judgment or use of estimates for the parent company and consolidated interim financial information is stated in Note nº 3.1.3.

2.3. Restatement of the financial statements

The Company administration, based on IAS 31 - Non-current assets held for sale and discontinued operations reclassified the gain on the sale of subsidiary Columbus Netherlands BV in the amount of R $ 483,018 for the " Net profit for the period from discontinued operations " because it was previously reported in "Net Income in the period from continuing operations " in the group " Other Operational income (expenses)" . This reclassification improved the presentation of the results of continuing and discontinued operations and changed the presentation of the income statements, comprehensive income, cash flows and notes No. 13.4 , 30 , 31 , 34 and 36 . It is worth noting that this reclassification did not cause any effect on the calculation of the income for the period, comprehensive income, cash flow and equity.

Due to this resubmission, we are issuing on this date, a new approval of interim financial statements, individual and consolidated, for the six months ended on June 30, 2013, referred above, replacing the previously issued approval dated August 07, 2013.

2.4. Foreign currency translation

Functional and reporting currency

The interim financial information of each consolidated subsidiary and those used as a basis for accounting for investments under the equity method are prepared using the functional currency of each entity.

Under CPC 02 (R2), functional currency is the currency of the primary economic environment in which the entity operates. To define the functional currency of each subsidiary, Management considered which currency significantly influences the sale price of their goods and services and the currency in which most of their production input costs are paid or incurred. The consolidated interim financial information is expressed in Brazilian real (R$), which is the functional and reporting currency of Marfrig Alimentos S.A.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate in effect at the transaction date. Gains and losses resulting from the difference between the asset and liability balance translation at the year-end and the translation of the transaction balances are recognized in the statement of operations.

Group companies

The results of operations and the financial position of all consolidated subsidiaries and investments accounted for under the equity method, whose functional currency differs from the reporting currency, are translated from the reporting currency, as follows:

i. Asset and liability balances are translated using the exchange rate in effect at the date of the consolidated interim financial information;
ii. Statement of operation accounts are translated using the monthly average exchange rate; and
iii. All differences arising from the foreign currency translation are recognized in Shareholders' Equity in Consolidated Comprehensive loss under "Cumulative translation adjustments."

3. Summary of significant accounting practices

3.1. Significant accounting practices

The significant accounting practices adopted to prepare this interim financial information are as follows:

3.1.1 Results of operations

Results of operations are recorded on the accrual basis.

Revenue

Revenue arising from the sale of goods is recognized when the Group transfers all risks and benefits of ownership of the asset to the buyer and it is probable that the Group will receive the agreed payment. The property of risks and benefits is transferred when the products are shipped with the corresponding sales invoice, taking into account the incoterms. These conditions are met when the goods are delivered to the buyer, complying with main freights modalities used by the Company.

Revenue is shown net of taxes on returns, rebates and discounts and the consolidated interim financial information are also net of intercompany sales eliminations including unrealized profits on inventories.

Financial revenue and expenses

Revenue comprises gains on changes in the value of financial assets measured at fair value through profit or loss, as well as interest income obtained with the effective interest method.

They include interest income on invested amounts (including financial assets available for sale), gains on the disposal of financial assets available for sale and changes in the fair value of financial assets measured at fair value through profit or loss. Interest income is recognized in the statement of operations using the effective interest method.

Financial expenses basically comprise interest on loans. Loan costs not directly attributable to acquisition, construction or manufacture of a qualified asset are recognized in the statement of operations using the effective interest method.

3.1.2 Segment reporting

The information by operating segment is based on internal reporting to the chief operating decision maker, according to CPC 22. The chief operating decision maker is the chief executive officer, the chief operating officers of each segment (Beef, Lamb and Leather and poultry, processed and elaborated products) and the group's chief financial officer.

This Board identified the two main reportable segments that are strategically organized according to animal protein, namely (i) beef, sheep and leather; and (ii) poultry and manufactured and processed products, which meet the quantitative and qualitative thresholds for reportable segments, as per Note nº 31.

3.1.3 Accounting estimates

The preparation of the parent company and consolidated interim financial information in accordance with Brazilian accounting practices and IFRS requires Management to make estimates and assumptions that, in its best judgment, affect the reported amounts of assets and liabilities. These estimates and assumptions include, when applicable, the determination of the residual value of property, plant and equipment, allowance for estimated doubtful accounts, estimated inventory losses, deferred Income and Social Contribution tax assets and provisions for tax, labor and civil contingencies. Transaction settlement involving those estimates may result in values different from estimates, due to the inherent inaccuracy of the process. The Company and its subsidiaries review estimates and assumptions at least quarterly.

The issues requiring Company's estimates are as follows:

- Useful life of property, plant and equipment and intangible assets with finite useful lives;
- Measurement of the fair value of biological assets;
- Impairment of taxes;
- Loss on impairment of intangible assets with undefined life, including goodwill;
- Measurement of items arising from business combinations at fair value;
- Fair value of financial instruments and derivatives;
- Losses on doubtful accounts;
- Provision for inventory obsolescence;
- Deferred Income and Social Contribution tax assets;
- Provision for contingencies (legal, tax, labor and civil proceedings);
- Stock option plan;
- Present Value Adjustment (PVA).

3.1.4 Financial instruments

Non-derivative financial instruments include financial investments, debt and equity instruments, accounts receivable and other receivables, cash and cash equivalents, loans and financing, as well as accounts payable and other debts.

Non-derivative financial instruments are initially recognized at their fair values plus, for instruments which are not recognized at fair value through profit or loss, any directly attributable transaction costs. Regarding financial investments and instruments classified as cash and cash equivalents, after initial recognition, non-derivative financial instruments are measured according to their respective classification, as follows:

Measured at fair value through profit or loss

An instrument is measured at fair value through profit or loss if it is held for trading, i.e. designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages these investments and makes decisions to buy and sell the investments based on the investment's fair value according to the Company's investment and risk Management strategy. After initial recognition, transaction costs that are attributable to the acquisition of the investment are recognized in the statement of operations when incurred. Financial instruments stated at fair value through profit or loss are measured at fair value and changes in fair value are recognized in the statement of operations. The Company's instruments recorded in this category are described in Note nº 5.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market, initially recognized at fair value plus any associated transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, excluding any impairment loss.

Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method, adjusted for any reductions in the settlement value.

Derivative financial instruments

Derivative financial instruments are measured at fair value and are derivative financial instruments traded in an active organized market and their fair value is determined based on quoted market prices at the date of the interim financial information. Upon initial recognition, they are recognized as other financial assets and/or liabilities with an offsetting entry in the statement of operations under the captions "financial income (expenses)".

3.1.5 Foreign currency

Management defined the Brazilian real as the Company's and its Brazilian subsidiaries' functional currency, according to the provisions of CPC Technical Pronouncement 02 (R2) – *Effects on Changes in Foreign Exchange Rates and Translation of Financial statements*, approved by CVM Resolution No. 640/10. The functional currency of foreign companies is the legal tender of the country in which they operate, except for companies located in Uruguay, whose functional currency is the US dollar. Translations into the reporting currency are also in accordance with CPC Technical Pronouncement 02 (R2).

Foreign currency transactions, i.e., all transactions not made in the functional currency, are translated using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the closing exchange rate. Non-monetary assets and liabilities acquired or entered into in foreign currency are translated using the exchange rates on the transaction dates or the dates at which they are stated at fair value when fair value is used. Exchange rate variation gains or losses on monetary and non-monetary assets and liabilities are recognized in the statement of income.

3.1.6 Current and non-current assets

Cash and cash equivalents

Cash and cash equivalents consist of cash, banks and highly liquid financial investments, whose maturities, at acquisition, are equal to or lower than 90 days, i.e., that are readily converted to known amounts of cash and that are subject to an insignificant risk of changes in value.

Marketable Securities

These are the investments maturing over 90 days as from the contracting date.

Trade accounts receivable

Trade accounts receivable are recorded at the fair value and when applicable, discounted to present value, according to CPC 12.

The estimated loss with doubtful accounts is set up in an amount deemed sufficient by Management to cover possible losses on the realization of receivables, calculated on an individual basis.

Inventories

Inventories are stated at the average acquisition or production cost, adjusted at net realizable value, if lower than the average cost.

Investments

Company's investments in subsidiaries and affiliates are accounted for using the equity method in the parent company interim financial information.

Property, plant and equipment

Property, plant and equipment are stated at acquisition or construction cost, less depreciation calculated using the straight-line method at the rates mentioned in note 14 and take into consideration the estimated useful lives of assets and property lease terms with respect to leasehold improvements.

Finance charges on financing agreements incurred when property, plant and equipment items are being built are capitalized until the asset begins its operations.

Other expenditures are capitalized only if the economic benefits associated with the property, plant and equipment item increase. Another type of cost is recognized as an expense when incurred.

Pursuant to CPC 01 (R1), an asset is tested for impairment on an annual basis. The asset's value must be estimated only if there is any indication of impairment.

Lease

- **Finance lease**

Certain lease agreements transfer substantially all risks and benefits of ownership of an asset to the Company. These agreements are finance leases and are initially recognized as property, plant and equipment with an offsetting entry to liabilities at the lowest of present or fair values, according to CPC 06 (R 1).

The Company's leasing operations are described in Note nº 20.1.

- **Operating lease**

Certain agreements are classified as operating leases when its substance does not meet the finance lease requirements. Payments of these agreements are recognized as expenses in the statement of operations on a straight-line basis over the period the agreements are effective and the asset is used.

The Company's lease transactions are described in Note 20.2.

- **Intangible assets**

Intangible assets consist of assets acquired from third parties, including through business combinations, and those generated internally by the Company. They are stated at acquisition or formation cost, less amortization calculated using the straight-line method, according to the terms of the lease agreements and recovery estimated periods.

Intangible assets with indefinite useful lives and goodwill resulting from expected future profitability are not amortized and are tested annually for impairment.

The goodwill represents the excess of total consideration paid over the difference between the fair value of acquired assets and liabilities assumed on the takeover date of the acquired company.

Goodwill is capitalized as an intangible asset and any impairment is recognized in the statement of operations. Whenever the fair value of the acquired assets and assumed liabilities exceeds total consideration paid, the full difference will be recognized in the consolidated comprehensive loss on the acquisition date.

3.1.7 Biological assets

According to CPC 29, agricultural activity is the management of the biological transformation of assets (living animals and/or plants) for sale, into agricultural products or into additional biological assets. The Company classifies living cattle and poultry as biological assets.

The Company recognizes biological assets when it controls these assets as a result of past events and it is probable that future economic benefits will flow to the Company and the fair value of the asset can be reliably measured.

Under CPC 29, biological assets should be measured on initial recognition and at the end of each reporting period at fair value less costs to sell, unless fair value cannot be reliably measured.

The Company values cattle at its fair value based on market prices, while poultry is valued at the acquisition cost since there is no market for poultry.

3.1.8 Impairment

Impairment tests on goodwill and other intangible assets with indefinite economic useful life are annually conducted at the end of the year. Other non-financial assets are submitted to impairment tests whenever events or changes in circumstances indicate that its book value may not be recoverable. Once the book value of an asset exceeds its recoverable value (i.e., the highest between the use and fair value minus selling costs), a provision is recognized to bring the book value to its recoverable value.

When it is not possible to estimate the impairment of an individual asset, the impairment test is conducted in its cash generating unit (CGU): the smallest group of assets to which the asset belongs and for which there are cash flows separately identifiable. Goodwill is allocated in the initial recording of each CGU of the group that expects to benefit from combination synergies that originated the goodwill.

Impairment losses are included in the statement of operations. An impairment loss recorded as goodwill is not reversed.

3.1.9 Current and non-current liabilities

Current and non-current liabilities are stated at known or estimated amounts, plus the related charges, exchange rate gains (losses) and/or monetary changes incurred through the balance sheet date, when applicable.

3.1.10 Provisions

Provisions are recognized as a result of past events that originated a liability, and it is likely that an economic resource is required to settle it. Provisions are recognized when losses are considered probable, based on the best estimates of risks involved.

3.1.11 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 29.5.

3.1.12 Income and Social Contribution taxes

Income Tax is calculated on taxable income. Income and Social Contribution taxes are paid monthly on estimated calculation bases, at the rates and in the manners provided for in prevailing legislation.

Deferred tax assets recognized for Income and Social Contribution tax losses and temporary differences are recognized pursuant to tax legislation and CVM Resolution No. 599/09 – Income Taxes ("CPC 32"). They take into consideration the Company's history of profitability and the expected future generation of taxable income supported by an annually reviewed technical feasibility study.

The Company and its subsidiaries opted for the Transition Tax System (RTT) established by Executive Act No. 449/08, converted into Law No. 11.941, of May 27, 2009, declaring their irrevocable option for RTT in the Corporate Income Tax Return of 2009.

Deferred tax assets and liabilities are recognized when the carrying amount of an asset or liability differs from their tax base, except for the differences that arise from:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither book income or taxable income;
- The investments in subsidiaries and joint ventures where the Group is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax asset is recognized only if it is probable that taxable income will be available against which the difference can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized and the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when the legally enforceable right to offset current tax assets and liabilities exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxing authority on the following cases:

- For the same entity of the taxable group;
- For different entities of the group that intend to settle on a net basis or realize the asset and settle the liability at the same time, in each future year in which significant amounts of deferred tax assets and deferred tax liabilities are to be realized or settled.

3.1.13 Dividends and interest on equity

Management's proposal for distribution of dividends and interest on equity within the mandatory minimum dividend amount is recorded as current liabilities since it is considered a legal obligation set forth in the bylaws. However, the amount that exceeds mandatory minimum dividend, which is declared by Management before the end of the reporting period and has not yet been approved by the shareholders, is recorded as proposed additional dividend in shareholders' equity.

3.1.14 Earnings per share

Basic

Basic earnings per share is calculated by dividing the earnings attributable to the Company's controlling and non-controlling shareholders by the weighted average number of common shares outstanding during the period, pursuant to CVM Resolution No. 636/10 (CPC 41 – Earnings per share), excluding the common shares held as treasury shares.

Diluted

Diluted earnings (loss) per share is calculated by dividing the earnings (losses) attributed to the Company's common shareholders by the weighted average number of common shares, which would be issued in the conversion of all diluted potential common shares into common shares. The effect of dilution of earnings (loss) per share does not generate significant difference between basic and diluted earnings (loss). The dilution percentage is shown in Note nº 30.

3.1.15 Discount to present value

In accordance with CPC Technical Pronouncement No. 12, approved by CVM Resolution nº 564/2008, non-current assets and liabilities, as well as current assets and liabilities, when material, are recorded at present value, on the respective transaction date, according to interest rates that reflect each transaction's term, currency and risk. The offsetting entry to discounts to present value is made to the accounts that originated the asset or the liability. The difference between the present value of a transaction and the face value of an asset or liability is recorded in the statement of operations during the assets or liabilities' life according to the amortized cost and effective interest method.

Discounts to present value were determined using the average between SELIC (Central Bank overnight rate) used by the Company to compensate the shareholders (established as the rate of return on equity) and the average rate at which funds are raised in financial markets (rate established as that of return on debt capital), thus reaching the average rate of 8.21% p.a., as at June 30, 2013 (7.48% p.a. as at December 31, 2012).

The terms adopted for determining Discounts to Present Value vary according to the operating activity and correspond to the average expected period to settle it, for example: average sales collection term, average payment term, tax debt installment payment terms and others deemed necessary. The established rates and periods in relation to the risk factors involved in the Company's operations are perfectly reflected on the discount to present value.

3.1.16 Share issuance expenses

In accordance with Technical Pronouncement CPC No. 8 (R1), approved by CVM Resolution No. 649/2010, transaction costs incurred with the raising of funds through the issuance of equity securities should be separately recorded in a valuation allowance which reduces shareholders' equity, less possible tax effects.

3.1.17 Treasury shares

Treasury shares are Company shares acquired by the Company itself and kept in the treasury with the specific purpose of carrying out the Company's stock option plan, as per note 25.2.2. Treasury shares are recorded in a separate account, and, for the purpose of balance sheet presentation, are deducted from the Income Reserve, whose balance was used in such operation.

3.1.18 Business combination

Business combinations are recognized using the acquisition method. Cost of an acquisition is the sum of the consideration transferred, measured at fair value on the acquisition date, and any non-controlling interest in the acquiree. For each business combination, the acquirer should measure the non-controlling interest in the acquiree at the fair value or based on the acquirer's share in fair value of the acquiree's identifiable net assets. Costs that are directly attributable to the acquisition should be recorded as an expense when incurred.

In a business acquisition, Management assesses the assets acquired and the liabilities assumed with the objective of classifying and allocating them according to contractual provisions, economic circumstances and relevant conditions on the acquisition date.

Goodwill is initially measured as the excess of the consideration transferred in the business combination over the fair value of the net assets acquired (identifiable assets and liabilities assumed, net). If the consideration is less than the fair value of the net assets acquired, the difference should be recognized as a gain in the statement of operations.

3.1.19 Consolidation

Accounting practices are uniformly applied to all consolidated companies and are consistent with those applied in previous periods.

Description of the main consolidation procedures:

- Elimination of the balances of intercompany assets and liabilities;
- Elimination of ownership interest, reserves and retained earnings of subsidiaries;
- Elimination of the balances of intercompany revenues and expenses and unrealized profits resulting from intercompany transactions.

3.1.20 Discontinued operations and assets held for sale

An operation is classified as discontinued operation when it is sold or it complies with criteria for classification as held-for-sale, if it occurs first. When an operation is classified as a discontinued operation, the statements of income and cash flows are presented as if the operation was discontinued since the beginning of comparative period, for which reason the note "Reclassified" was included in the statements as at June 30, 2012.

These assets are measured by the lower between the book value and the fair value less selling expenses.

Once they are classified as held-for-sale, intangible and fixed assets can no longer be amortized or depreciated.

The result from discontinued operations is presented as a single amount in the statement of income, and includes the total result after these operations' Income Tax and Social Contribution less any impairment loss, and is presented in Notes 3.3 and 36

3.1.21 Statement of value added

The Company prepared the parent company and consolidated statement of value added in accordance with CPC technical pronouncement 09 – Statement of Value Added, which is an integral part of the interim financial information under BRGAAP applicable to publicly-held companies, while it represents additional financial information for IFRS standards.

3.1.22 New standards and interpretations effective as of 2013

The Company's management duly evaluated the standards, amendments and interpretations of standards issued by IASB and which are in force since January 1, 2013, and did not identify significant effects on the Company's interim financial statements. The standards that were altered are: IAS 19 – Employee Benefits; IFRS 10 – Interim consolidated financial statements; IFRS 11 – Joint Arrangements; IFRS 12 – Disclosure of interests in other entities; IFRS 13 – Fair value measurement; IAS 27 – Interim separate financial statements; IAS 28 – Investments in associates and joint ventures.

The Company maintains the same accounting practices and procedures applied to previous financial statements, in relation to the standards in force.

In relation to the changes introduced by IFRS 11 – Joint Arrangements (CPC 19 – R2), which does not allow the proportional consolidation of entities classified as joint ventures, the Company did not identify significant effects on its interim financial statements, but derecognized the proportional consolidation, opting for equity accounting when recognizing the Company's investment in Shandong Mckey Chinwhiz Foods Co. Ld., held through its subsidiary Keystone Foods, in China.

3.1.23 New standards and interpretations not yet in force

IFRS 9 – Financial instruments

This standard addresses the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010, and replaces parts of IAS 39 relating to the classification and measurement of financial instruments. IFRS 9 requires the classification of financial assets into two categories: measured at fair value and measured at amortized cost. The classification is determined at the time of initial recognition. The basis for classification depends on the business model of the entity and the contractual characteristics of the cash flow from the financial instruments. With regard to financial liabilities, the standard maintains the majority of the requirements established by IAS 39. The main change is that in cases where the fair value option is adopted for financial liabilities, the part of the change in the fair value due to the credit risk of the entity is registered in other comprehensive income and not in the income statement, except when it results in an accounting mismatch.

The standard will be applicable as of January 1, 2015.

IAS 32 - Financial Instruments: Presentation

This standard provides additional clarifications to the guidance on application contained in IAS 32 regarding the requirements for offsetting financial assets and liabilities in the balance sheet. The standard will be applicable as of January 1, 2014.

IAS 1 – Presentation of Financial Statements

The main change was the requirement that entities group the items shown in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). However, these changes do not establish which items should be shown under other comprehensive income. The standard will be applicable as of July 1, 2013.

CPC has not yet issued pronouncements equivalent to the IAS and IFRS rules mentioned above, but it is expected to before the date they come into force. Early adoption of IFRS is subject to previous approval disclosed in a CVM Normative Act.

3.2. Consolidated interim financial information

The consolidated interim financial information includes the accounts of the Company and its subsidiaries, as per the table summarizing the equity interests of the Company in Note 1 – operations.

The interim financial information of subsidiaries located abroad was originally prepared in domestic currency, according to the applicable laws of each country where the companies are located. They were converted into the International Financial Reporting Standards (IFRS) at their relating functional currencies. Later, that interim financial information was translated into Brazilian reais, using the exchange rate prevailing on the balance sheet date.

3.3. Reclassification of statement of income and statement of cash flow for the period ended June 30, 2012

On June 10, 2013, the Company disclosed through a Material Fact notice the Agreement for the Purchase and Sale of Ownership Interest and Other Covenants with JBS S/A, which laid out the terms and conditions for: (i) the sale by Marfrig of certain ownership interests it holds in companies pertaining to its group that owns the business unit Seara Brasil, to JBS (respectively “Seara Brasil”); and (ii) the sale of 100% of the ownership interest it holds in the group’s leather business in Uruguay to JBS (respectively, “Zenda”).

Therefore, in order to meet the requirements of CPC 31 and to ensure comparability, the Company and its subsidiaries are restating the statements of income, cash flow, comprehensive income and notes to the financial statements for the period ended June 30, 2012.

4. Cash and cash equivalents

Cash and cash equivalents consist of cash, banks and cash equivalents, as shown below:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Cash and banks	189,416	211,130	640,555	832,586
Cash equivalents	86,928	85,707	87,397	87,322
	276,344	**296,837**	**727,952**	**919,908**

The subsidiaries' cash and cash equivalents are consolidated as follows:

	Brazil		Abroad	
	06/30/13	12/31/12	06/30/13	12/31/12
Cash and banks	18,297	183,455	432,842	438,001
Cash equivalents	-	1,615	469	-
	18,297	**185,070**	**433,311**	**438,001**

The Company adopts the policy of presenting the following items within the cash and cash equivalents group:

- Cash on hand;
- Demand deposits.

4.1. Cash by currency

Cash by currency are as follows:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Cash and banks:				
Brazilian real	125,173	149,493	143,471	200,215
US dollar	64,238	61,637	177,652	257,369
Euro	5	-	16,253	21,499
Pound sterling	-	-	115,902	610
Singapore dollar	-	-	-	8,437
Malaysian ringgit	-	-	13,113	5,984
Chinese Yuan	-	-	122,253	208,813
Australian dollar	-	-	16,713	17,912
Thai Baht (Thailand)	-	-	8,491	28,366
South Korean Won	-	-	21,036	69,153
Other	-	-	5,671	14,228
	189,416	**211,130**	**640,555**	**832,586**

4.2. Cash equivalents

Cash equivalents by type are as follows:

					Parent	
	Maturities	PMPV [1]	Currency	Average interest rate p.a.%	06/30/13	12/31/12
Automatic savings account (2)	Immediate	-	Real	6.42	34,112	32,072
Interest-bearing account (2)	03/31/2014	0.76	USD	0.35	40,588	40,930
Other (2)	Immediate	-	Real	-	12,228	12,705
					86,928	**85,707**

	Maturities	PMPV (1)	Currency	Average interest rate p.a.%	Consolidated 06/30/13	Consolidated 12/31/12
Automatic savings account (2)	Immediate	-	Real	6.42	34,112	32,072
Automatic savings account (2)	Immediate	-	USD	-	469	-
Interest-bearing account (2)	03/31/2014	0.76	USD	0.35	40,588	40,930
Other (2)	Immediate	-	Real	-	12,228	14,320
					87,397	**87,322**

(1) Weighted average maturity in years;
(2) Transactions have daily liquidity and can be redeemed at any time. Said maturity refers to the corresponding instrument.

4.2.1 Automatic savings account

The remaining balances in checking accounts, in Brazilian real, are automatically transferred to a savings account, which bears interest at financial market rates.

4.2.2 Interest-bearing account

The interest-bearing account consists of amounts received in U.S. dollar from exports and financial transactions, kept in accounts abroad. It bears interest at a fixed rate.

5. Marketable Securities

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Marketable securities	301,191	904,239	1,598,693	2,259,172
	301,191	**904,239**	**1,598,693**	**2,259,172**

The Company's financial investments by type are as follows:

					Parent	
	Maturities	PMPV (1)	Currency	Average interest rate p.a.%	06/30/13	12/31/12
Held-for-trading:						
Bank deposit certificates - CDB (2)	12/26/2013	0.04	Real	7.72	39,908	157,108
Repurchase and reverse repurchase agreements	06/02/2014	0.01	Real	7.72	187,499	670,899
Foreign credit note	-	-	-	-	-	8,163
Brazilian prize-draw investment bonds	04/29/2014	0.84	Real	2.43	100	100
Credit-linked note - CLN (2)	07/17/2017	4.11	USD	6.89	73,684	67,969
Total					301,191	904,239
Total current					**301,191**	**904,139**
Total non-current					**-**	**100**

					Consolidated	
	Maturities	PMPV (1)	Currency	Average interest rate p.a.%	06/30/13	12/31/12
Held-for-trading						
Bank deposit certificates - CDB (2)	06/30/2014	0.06	Real	7.57	40,694	275,987
Repurchase and reverse repurchase agreements	06/02/2014	0.01	Real	7.72	187,499	670,900
Bonds and shares	-	-	-	-	-	2,842
Fixed-term investment	-	-	-	-	-	22,070
Foreign credit note	-	-	-	-	-	8,163
Circular Letter 1456	09/30/2013	0.21	USD	0.01	67,347	72,078
Brazilian prize-draw investment bonds	04/29/2014	0.84	Real	2.43	5,774	100
Credit-linked note - CLN (2)	07/17/2017	1.20	USD	6.89	1,297,379	1,207,032
					1,598,693	2,259,172
Total current					**1,597,907**	**2,258,286**
Total non-current					**786**	**886**

(1) Weighted average maturity in years;
(2) Transactions have daily liquidity and can be redeemed at any time. Said maturity is the maturity of the collateral.

The Company maintains the following types of financial investments:

5.1. Bank Deposit Certificate (CDB)

This investment is made in Brazilian real and bears interest at the CDI (Interbank Deposit Rate), which ranges from 99% to 102%.

5.2. Repurchase and reverse repurchase agreements

Repurchase and reverse repurchase agreements are transactions denominated in Brazilian real and guaranteed by debentures that bear interest at the CDI (Interbank Deposit Rate), which ranges from 100% to 102%. This operation has immediate liquidity, for it can be early redeemed without yield loss.

5.3. Fixed-income investment

This investment is made in U.S. dollar and does not bear interest. This is a specific transaction made in Uruguay.

5.4. Foreign credit note

The investments of this type are made in Euro and US dollar and bear interest at a fixed rate.

5.5. Circular Letter no. 1456

The investments of this type consist of exports denominated in U.S. dollar with the Central Bank of Uruguay that bear interest at fixed rates, and are made between 180 and 270 days before the export.

5.6. Brazilian prize-draw investment bonds

The investments of this type are made in Brazilian real and bear interest at the benchmark rate (TR).

5.7. Securities and stock

Financial investments in U.S. dollar of immediate liquidity with Banco Galicia, with annual yields of 6.50%.

5.8. Credit linked note (CLN)

The Credit Linked Notes "CLN" comprise a financial instrument exclusively used to generate resources among the Group's companies located in jurisdictions different from Brazilian jurisdictions and correspond to a credit note comprising the Company's risk.

The resources applied in these instruments derive from funds raised in the international capital markets issued by Marfrig Group's foreign subsidiaries, which due to cash management and liquidity strategy are maintained at the issuing foreign subsidiaries. The average yield rate is 6.89% p.a.

Once these operations are recorded at market fair value in the interim financial information, all and any related risk is already duly recognized.

6. Trade accounts receivable – Domestic and foreign customers

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Trade accounts receivable - domestic	330,633	358,335	1,035,768	1,397,726
(-) Discount to present value	(5,758)	(4,103)	(9,073)	(5,974)
	324,875	354,232	1,026,695	1,391,752
Trade accounts receivable - foreign	557,185	356,149	943,900	797,409
(-) Advances on export contracts (ACEs)	(350,812)	(219,007)	(350,812)	(389,426)
(-) Discount to present value	(10,484)	(5,091)	(13,092)	(6,420)
	195,889	**132,051**	**579,996**	**401,563**
	520,764	**486,283**	**1,606,691**	**1,793,315**
Amounts not yet due	858,123	694,485	1,603,360	1,783,002
Amounts overdue				
From 1 to 30 days	14,189	17,501	244,607	259,919
From 31 to 60 days	5,296	1,896	57,350	64,969
From 61 to 90 days	10,210	602	74,351	87,245
More than 90 days	9,597	7,181	28,465	67,448
(-) Advances on export contracts (ACEs)	(350,812)	(219,007)	(350,812)	(389,426)
(-) Discount to present value	(16,242)	(9,194)	(22,165)	(12,394)
(-) Estimated losses with doubtful accounts	(9,597)	(7,181)	(28,465)	(67,448)
	520,764	**486,283**	**1,606,691**	**1,793,315**

The estimated loss with doubtful accounts was set up in an amount deemed sufficient by Management to cover possible losses on the realization of receivables.

Aiming to achieve the best estimate possible, concerning the realization of such credits, and therefore duly set up an allowance for estimated losses with doubtful accounts as at June 30, 2013, the Company's Management analyzed particular aspects about its customers, such as business activity, general credit situation, the market's economic situation and notes due for more than ninety days and whose settlement is not considered as possible.

The Company does not have a history of relevant problems with collection, and the Accounts Receivable Department rates each customer upon acceptance and credit granting.

Changes in provision for credit risks are as follows:

	Parent	Consolidated
Balance on December 31, 2012	**(7,181)**	**(67,448)**
Credit accrued in the year	(3,486)	(137,060)
Credit recovered in the year	1,070	30,391
Written-off credits	-	97,341
Exchange rate variation	-	(998)
Discontinued Operation	-	49,309
Balance on June 30, 2013	**(9,597)**	**(28,465)**

For sales paid in installments, the Company uses working capital financing lines available in financial markets.

Receivables were discounted to present value in accordance with CPC Technical Pronouncement nº 12, approved by CVM Resolution nº 564/2008, as described in Note nº 3.1.6.

7. Inventories of products and merchandise

	Parent		Consolidated	
	06/30/13	**12/31/12**	**06/30/13**	**12/31/12**
Finished products	505,345	499,623	1,555,133	2,046,296
Raw materials	42	-	252,419	357,967
Packaging material and storeroom suppli	26,827	29,447	175,243	328,858
(-) Provision	(7,565)	(7,560)	(37,206)	(29,389)
	524,649	**521,510**	**1,945,589**	**2,703,732**

In the periods ended June 30, 2013 and December 31, 2012, inventories of finished products were carried at average purchase and/or production cost, lower than realization values, as explained in note 3.1.6:

	Parent	Consolidated
Balance on December 31, 2012	**(7,560)**	**(29,389)**
Reversal of provision	7,560	9,464
Recognition of provision	(7,565)	(17,841)
Translation gains (losses)	-	(1,628)
Discontinued operation	-	2,188
Balance on June 30, 2013	**(7,565)**	**(37,206)**

8. Biological assets

	Parent		Consolidated	
Current	**06/30/13**	**12/31/12**	**06/30/13**	**12/31/12**
Biological assets - cattle	14,328	18,414	235,543	373,892
Biological assets - poultry	-	-	130,352	187,619
Biological assets - pigs	-	-	-	336,954
Translation gains (losses)	-	-	57,517	45,367
	14,328	**18,414**	**423,412**	**943,832**
Non-current				
Biological assets - cattle	-	-	4,720	12,644
Biological assets - poultry	-	-	75,526	185,893
Biological assets - pigs	-	-	-	34,188
Translation gains (losses)	-	-	19,429	20,636
	-	**-**	**99,675**	**253,361**
	14,328	**18,414**	**523,087**	**1,197,193**

The Company's current biological assets are composed of live animals segregated among the categories: poultry and cattle. Animals classified in this group are those intended for slaughtering for production of fresh meat and/or processed products in the next 12 months.

Poultry are considered immature until they reach the appropriate weight for slaughter. The slaughter process occurs sequentially in a short period of time and thus only live animals transferred to slaughter are classified as mature.

Due to the short formation period of poultry, as well as not having a quotation to poultry and market, the Company evaluated these biological assets based on a discounted cash flow model and identified no material adjustments in relation to acquisition cost. In this case, the Company believes that the fair value of biological assets is substantially represented by the formation cost, given the short life cycle of the animals.

With respect to cattle, these are animals kept in confinement for fattening and slaughter, whose life cycle is an average of 3 years, although the balance at June 30, 2013 is already available for use over the next 12 months. The Company valued these animals at fair value, based on the "Marked to Market - MtM" concept, considering the market prices of the "arroba"[1] of cattle, and recognized the effects of these valuations directly in the statement of operations.

The Company's non-current biological assets are composed of live animals segregated among the categories: poultry and cattle. Animals classified in this group are those intended for reproduction. These assets are amortized on a straight-line basis over the useful life of the animals. Poultry for reproduction have an average useful life of 36 weeks. Cattle for reproduction have a useful life of five years.

The changes in biological assets are as follows:

Current biological assets

	Parent	Consolidated
Balance on December 31, 2012	**18,414**	**943,832**
Increase due to purchases	-	805,746
(-) Write-off for slaughter	-	(3,236,503)
Costs of input for fattening	-	2,608,375
(-) Decrease due to sales	-	(204,163)
Net increase (decrease) due to births (deaths)	-	(3,654)
Change in fair value less estimated sale expenses (*)	(4,086)	21,621
Balance sheet translation	-	12,148
Discontinued operation	-	(523,990)
Balance on June 30, 2013	**14,328**	**423,412**

(*) Only applicable to cattle

[1] Arroba = A unit of weight equivalent to 15 Kg.

Non-current biological assets:

	Parent	Consolidated
Balance on December 31, 2012	-	253,361
Increase due to purchases	-	88,760
(-) Write-off for slaughter	-	(9,790)
Costs of input for fattening	-	70,407
(-) Decrease due to sales	-	(17,748)
Net increase (decrease) due to births (deaths)	-	-
Amortization	-	(144,153)
Balance sheet translation	-	4,981
Discontinued operation	-	(146,143)
Balance on June 30, 2013	**-**	**99,675**

9. Recoverable taxes

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
ICMS (State VAT)	573,844	446,167	599,121	840,773
IPI (Federal VAT) deemed credit	61,724	61,668	63,183	70,447
PIS (tax on sales) credit	212,432	192,050	310,701	379,779
Cofins (tax on sales) credit	884,187	799,308	1,219,974	1,484,159
Income tax	58,551	51,848	75,972	114,157
Social contribution tax	14,699	14,625	16,087	24,657
IRRF (Withholding Income Tax)	12,394	9,881	12,394	10,791
IVA (value-added tax)	-	-	90,208	79,392
Export certificates	-	-	7,732	18,410
Other	3,201	1,232	36,022	43,789
(-) Provision for non-realization	(314,227)	(360,531)	(433,727)	(593,257)
	1,506,805	**1,216,248**	**1,997,667**	**2,473,097**
Current assets	**602,689**	**539,513**	**1,035,803**	**1,240,457**
Non-current assets	**904,116**	**676,735**	**961,864**	**1,232,640**

9.1. ICMS (State VAT)

The balance of recoverable ICMS derives from credits taken for ICMS paid on the purchase of raw, packaging and other materials, in amounts higher than the debts generated from domestic sales, since foreign market sales are free from this tax. Credit realization is made through offsetting against debts generated in domestic sales or through transfers to third parties.

9.2. IPI (Federal VAT) deemed credit

IPI deemed credit consists of the refund of PIS and COFINS levied on input acquired domestically and used in the processing of products actually exported.

9.3. PIS and COFINS (taxes on sales)

Pursuant to Laws No. 10.637/02 and 10.833/03, this line item consists of noncumulative PIS and COFINS credits on the acquisition of raw, packaging, and other materials used in the goods sold in foreign markets.

9.4. Income and Social Contribution Taxes

This line item consists of income and social contribution taxes prepaid in the period ended June 30, 2013.

9.5. Withholding income tax (IRRF)

Withholding income tax consists of income tax withheld from gains on financial investments made by the Company.

9.6 IVA – Value Added Tax

This caption refers to balances of recoverable value added tax of foreign subsidiaries resulting from the tax difference between purchases and sales, given that the difference in the food rate is lower than most transactions.

9.7 Export certificates

Export certificates are certificates issued by the government of Uruguay as return of a percentage of income tax paid by exporters.

9.8 Provision for non-realization

The provisions for non-realization were calculated based on the best expectation of realization of the Company's recoverable taxes balances, in which main credits are mainly from PIS/COFINS.

Changes in the provision for non-realization of tax credits are as follows:

	Parent	Consolidated
Balance on December 31, 2012	**(360,531)**	**(593,257)**
Revision of provision	85,826	85,837
Recognition of provision	(39,522)	(66,781)
Discontinued operation	-	140,474
Balance on June 30, 2013	**(314,227)**	**(433,727)**

10. Notes receivable

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Related-party transactions	3,443,829	2,838,257	-	-
Derivatives receivable	53,320	53,201	154,244	72,266
Other notes receivable	53,385	52,356	65,709	58,810
	3,550,534	**2,943,814**	**219,953**	**131,076**
Current assets	**1,155,202**	**961,415**	**161,124**	**77,372**
Non-current assets	**2,395,332**	**1,982,399**	**58,829**	**53,704**

The Company's notes receivable mostly consist of balances resulting from transactions with its subsidiaries (related parties), as described in Note 10.1.

10.1. Related-party transactions

The following tables, except for transactions with Mr. Marcos Antonio Molina dos Santos and Mrs. Márcia Aparecida Pascoal Marçal dos Santos, sole partners of MMS Participações S.A., show the transactions between the Company and its wholly-owned subsidiaries as at June 30, 2013:

	Parent					
	06/30/13				2013	
June 30, 2013	Accounts receivable	Accounts payable	Notes receivable	Notes payable	Purchases	Sales
Cledinor S.A.	-	14,693	-	-	13,098	-
Establecimientos Colonia S.A.	-	6,123	-	-	5,081	-
Frigorífico Tacuarembó S.A.	-	12,855	-	24,455	8,042	-
Inaler S.A.	-	5,477	-	-	4,928	-
Marfood USA	2,053	-	123,014	-	-	1,892
Marfrig Argentina S.A	-	639	195,881	-	11,235	-
Marfrig Chile S.A.	46,097	-	-	-	640	89,883
Marfrig Holdings BV	244	1	356,431	1,715,329	-	-
Marfrig Overseas	-	-	68,597	17,125	-	-
MFB Marfrig Frigoríficos Brasil S.A	32,349	45,091	1,604,262	-	319,396	431,609
MFG Agropecuária	64	24,265	292,681	-	96,481	45
Pampeano Alimentos S.A.	3,483	8	154,342	-	-	45,801
Seara Holding BV	16,519	295	357,415	765,248	7,391	64,429
União Frederiquense Partc Ltda.	8,306	172	291,206	1,158	297	70,620
Weston Importers Ltd.	47,978	-	-	-	-	108,288
Marcos Antonio Molina dos Santos	-	1,618	-	-	32	-
Marcia Aparecida Pascoal Marçal dos Santos	-	756	-	-	3,390	-
	157,093	**111,993**	**3,443,829**	**2,523,315**	**470,011**	**812,567**

	Parent					
	31/12/12				2012	
December 31, 2012	Accounts receivable	Accounts payable	Notes receivable	Notes payable	Purchases	Sales
Agrofrango Ind. Com. Alim. Ltda.	-	-	3,325	-	-	-
Braslo Produtos de Carne Ltda	8,632	1,163	28,218	469	7,331	148,246
Cledinor S.A.	-	6,098	-	-	18,668	-
Dagranja Agroindustrial Ltda	-	-	229,957	-	-	-
Establecimientos Colonia S.A.	-	2,542	-	-	4,604	115
Frigorífico Tacuarembó S.A.	-	9,577	7,359	-	19,438	-
Grupo Mabella	-	-	21,581	-	-	-
Inaler S.A.	-	4,238	-	-	10,608	-
Keystone US	-	2	-	-	-	231
Marfood USA	-	-	111,720	-	-	1,392
Marfrig Argentina S.A	-	1,952	175,675	-	17,921	-
Marfrig Chile S.A.	5,933	-	-	-	-	137,894
Marfrig Holdings BV	-	-	129,468	953,463	-	-
Marfrig Overseas	-	-	62,399	9,401	-	-
MBL Alimentos Ltda	17	-	212	275	-	72
MFB Marfrig Frigoríficos Brasil S.A	36,906	53,423	1,339,945	-	914,281	488,937
MFG (USA) Holdings.	-	-	15,940	6,080	-	-
MFG Agropecuária	3	25,832	214,523	-	176,119	36,565
Moy Park Limited	-	-	1,948	-	-	-
Pampeano Alimentos S.A.	9,406	-	172,645	-	1,801	100,639
Penasul Alimentos Ltda	-	-	5,582	400	-	-
Penasul UK	-	-	44	-	-	-
Quickfood S.A.	-	-	-	-	16,149	-
Seara Holding BV	1,466	6,590	283,844	716,591	9,702	10,402
Weston Importers Ltd.	58,282	-	-	-	-	228,508
Zendaleather S.A. (ZENDA)	-	12	33,872	-	5	3,909
Marcos Antonio Molina dos Santos	-	1,618	-	-	2,501	-
Marcia Aparecida Pascoal Marçal dos Santos	-	3,303	-	-	14,843	-
	120,645	**116,350**	**2,838,257**	**1,686,679**	**1,213,971**	**1,156,910**

	Consolidated			
	Accounts payable		Total purchases in the period	
	06/30/13	12/31/12	06/30/13	06/30/12
Marcos Antonio Molina dos Santos	1,618	1,618	32	4,762
Marcia Aparecida Pascoal Marçal dos Santos	756	3,303	3,390	6,157
	2,374	**4,921**	**3,422**	**10,919**

The Company's controlling shareholder, MMS Participações S.A., and its sole partners, have endorsed some financial agreements of the Company. In case of default, creditors can demand payment directly from the controlling shareholder and from its partners and, if they make the payment, they will be entitled to reimbursement from the Company.

According to the Company's by-laws, the Board of Directors should approve any transactions or group of transactions involving the Company and any direct or indirect related parties, whose annual value exceeds the limit defined by the Board of Directors. Related party should be understood as any manager, employee or shareholder of the Company that holds, directly or indirectly, more than a 10% interest in the Company's share capital. Under this limit, the Board of Executive Officers and the Financial Committee approve the transactions between related parties, depending on the value.

No relations are maintained with other officers and shareholders of Marfrig Group.

The nature of related-party transactions between Marfrig Group companies are represented by commercial transactions (purchases and sales) and sending of cash for payment of such transactions, as well as for working capital.

Intercompany loans (instruments receivable and payable) are taken out under contracts establishing different rates and terms. The agreement terms are of approximately two years. Loan rates vary from 1% p.a. to 3% p.a., the LIBOR (London Interbank Offered Rate) being applied to transactions with foreign subsidiaries.

Purchases and sales of products are made at market values. No guarantees or estimated losses with doubtful accounts are required. These transactions involve purchase and sale of fresh meat and cattle, poultry and lamb processed products.

Transactions between subsidiaries do not have an impact on consolidated interim financial information, given that they are eliminated in consolidation.

11. Assets and Liabilities Held for Sale

Certain ownership interests in group companies that hold the poultry, pork and processed and elaborated products business unit are presented as a group of assets and liabilities held for sale, following the criteria for classification of such assets, since there is a firm sale commitment signed with JBS S.A., as per the Material Fact notice of June 10, 2013. Note 1 presents these ownership interests as business segments of discontinued operations, except for the leather business segment, divested in June 2013.

The conclusion of the transaction is pending approval by the applicable authorities, including the Brazilian antitrust agency (CADE).

On June 30, 2013, the assets and liabilities held for sale were as follows:

Assets	Parent 06/30/13	Consolidated (*) 06/30/13	Liabilities	Parent 06/30/13	Consolidated (*) 06/30/13
Current assets			Current liabilities		
Cash and cash equivalents	-	106,770	Trade accounts payable	-	895,513
Marketable securities	-	90,656	Loans and financing	-	1,423,887
Trade accounts receivable - domestic	-	343,364	Other payables	-	386,344
Inventories	-	1,265,255		-	**2,705,744**
Other receivables	-	327,388			
	-	**2,133,433**			
Non-current assets			**Non-current liabilities**		
Deferred income and social contribution taxes	-	723,964	Loans and financing	-	534,790
Recoverable taxes	-	643,336	Deferred income and social contribution taxes	-	866,312
Other receivables	-	46,505	Other	-	472,936
	-	**1,413,805**		-	**1,874,038**
Investments	2,403,368	19,966	Non-controlling interest	-	8,132
Property, plant and equipment	-	3,231,396			
Biological assets	-	146,142			
Intangible assets	43,326	1,567,167			
	2,446,694	**4,964,671**			
	2,446,694	**6,378,476**			
Total assets held for sale	**2,446,694**	**8,511,909**	**Total liabilities held for sale**	**-**	**4,587,914**

(*) The consolidated statement of assets and liabilities held for sale included eliminations of balances between companies of the group.

12. Deferred Income and Social Contribution Taxes - Assets

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Income tax	732,346	680,162	1,052,091	1,416,046
Social contribution tax	265,352	246,565	288,318	435,701
Non-current assets	**997,698**	**926,727**	**1,340,409**	**1,851,747**

Tax credits consist of deferred Income and Social Contribution Taxes, calculated on temporary add-backs that were added to the taxable income and the social contribution tax basis in prior and current years and calculated on tax losses, temporary add-backs and future utilization for tax purposes of goodwill paid due to future profitability, which will be realized from 2013 onwards.

Tax credits recognized for income and social contribution tax losses are supported by taxable income projections based on feasibility studies that are annually reviewed by the Company's Management. These studies consider the profitability history of the Company and its subsidiaries and the prospect of maintaining in the future the current profitability, allowing an estimate of recovery of tax credits. Other tax credits, which are based on temporary differences, especially tax contingencies and provision on losses, were recognized according to the expected realization.

Below are the changes in deferred taxes in the period ended June 30, 2013:

	June 30, 2013			
	Parent		Consolidated	
Description	Income Tax	Social contribution tax	Income Tax	Social contribution tax
Opening balance on December 31, 2012	680,162	246,565	1,416,046	435,701
(-) Realization of taxes on tax losses	-	-	(116,658)	-
Deferred taxes on tax losses	77,819	-	229,733	-
Deferred taxes on social contribution tax loss carryforwards	-	28,015	-	78,974
(-) Realization of deferred taxes on social contribution tax loss carryforw	-	-	-	(46,023)
Deferred taxes on temporary add-backs/deductions	3,473	1,251	76,983	27,628
(-) Realization of deferred taxes on temporary add-backs/deductions	(29,108)	(10,479)	(35,982)	(12,945)
Other	-	-	(621)	-
Translation gain or loss	-	-	15,590	-
Discontinued operation	-	-	(533,000)	(195,017)
Closing balance on June 30, 2013	**732,346**	**265,352**	**1,052,091**	**288,318**

The expectation for recoverability of the Company's and its subsidiaries' deferred asset balances is based on an appraisal reports and internal analyses prepared by skilled professionals. The value in use for credits is estimated based on the future estimated taxable income, which results of the Company's estimates for future generations of taxable income. The projections considered the changes in the economy involving the Company's business markets, as well as assumptions for expected results and history of profitability for each segment.

The expected realization of "Deferred Tax Assets", based on a technical feasibility study as per CVM Instruction 371 of June 27, 2002 is as follows:

Year	Parent	Consolidated
2013	-	20,876
2014	18,925	123,937
2015	67,908	114,984
2016	112,326	157,075
2017	130,526	163,986
2018 to 2022	668,013	759,551
	997,698	**1,340,409**

13. Investments

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Ownership interest in subsidiaries	2,688,831	5,472,231	-	-
Other investments	135	135	55,243	11,107
	2,688,966	**5,472,366**	**55,243**	**11,107**

13.1. Investments (Parent)

Investments in subsidiaries on June 30, 2013:

	No. of units of interest/shares	Ownership percentage in voting capital (1)	Trading on the stock exchange	Share capital	Equity	Net income (loss) for the period	Equity value according to % interest held for sale	Equity value according to % interest
MFB Marfrig Frigoríficos Brasil S.A.	78,573,743	100.00	No	78,574	36,764	40,222	-	36,683
Marfrig Chile S.A.	13,358,426,280	99.47	No	55,117	52,683	(184)	-	52,334
Inaler S.A	66,247,320	100.00	No	3,251	37,737	(10,112)	-	37,754
Frigorífico Tacuarembó S.A	156,436,236	93.72	No	14,475	140,493	(2,280)	-	130,746
Weston Importers Ltd	8,101,296	100.00	No	27,299	9,385	(15,516)	-	9,400
Masplen Limited	100	100.00	No	8,179	36,453	(395)	-	31,454
Prestcott International S.A	79,693,916	100.00	No	6,474	48,818	(7,038)	-	48,820
Establecimientos Colonia S.A	403,237,385	100.00	No	58,162	43,588	(30,395)	-	43,958
Marfood USA, Inc	50,000	100.00	No	8,194	(43,479)	(3,757)	-	(43,479)
Marfrig Overseas Ltd	1	100.00	No	-	(170,930)	(28,411)	-	(170,930)
MFG Agropecuária Ltda.	9,999	99.99	No	-	1,713	4,853	-	1,712
Marfrig Argentina Sociedad Anónima	351,857,976	99.81	No	166,838	41,639	(50,411)	-	41,984
MFG Comercializadora de Energia Ltda	149,985	99.99	No	-	111	79	-	111
Secculum Participações Ltda	9,199,999	99.99	No	9,200	8,128	(687)	8,127	-
União Frederiquense Partic. Ltda	552,031,080	99.99	No	552,031	759,035	(63,745)	758,791	-
Marfrig Holdings(Europe) BV	240,381	100.00	No	2,143,224	2,468,284	31,943	-	2,468,284
Seara Holding (Europe) BV	490,285,420	100.00	No	1,261,248	819,127	(282,417)	818,245	-
Athena Alimentos S.A.	475,837	100.00	No	508,460	789,923	(3,682)	789,923	-
Excelsior Alimentos S.A. (2)	3,371,974	46.01	Yes	14,000	44,644	4,957	20,541	-
Baumhardt Comércio e Participações Ltda.	9,168	73.94	No	1,240	10,469	1,190	7,741	-
Total				4,915,966	5,134,585	(415,786)	2,403,368	2,688,831

(1) The subsidiaries' total capital equals their voting capital;

(2) Marfrig holds a total interest in the subsidiary Excelsior Alimentos S.A. of 64.57%, formed by a direct interest of 46.01% and an indirect interest of 18.56% through Baumhardt Comércio e Participações Ltda.

The following table presents a summary of the financial information of the subsidiaries:

	Total assets	Total liabilities	Non-controlling interest	Net revenue	Group's profit/loss sharing
MFB Marfrig Frigorificos Brasil S.A.	1,777,867	1,741,103	-	1,478,329	40,222
Marfrig Chile S.A.	140,366	87,682	279	166,460	(183)
Inaler S.A	152,034	114,296	-	150,121	(10,112)
Frigorífico Tacuarembó S.A	328,252	187,759	8,823	212,828	(2,137)
Weston Importers Ltd	203,710	194,325	-	267,064	(15,516)
Masplen Limited	333,950	297,497	-	134,182	(395)
Prestcott International S.A	144,250	95,432	-	187,398	(7,038)
Establecimientos Colonia S.A	228,162	184,574	-	161,888	(30,395)
Marfood USA, Inc	113,520	157,000	-	54,240	(3,757)
Marfrig Overseas Ltd	1,754,286	1,925,216	-	-	(28,411)
MFG Agropecuária Ltda.	335,420	333,708	-	111,174	4,853
Marfrig Argentina Sociedad Anônima	459,307	417,658	92	420,852	(50,300)
MFG Comercializadora de Energia Ltda	2,474	2,363	-	45,541	79
Secculum Participações Ltda	8,132	4	1	-	(687)
União Frederiquense Partic. Ltda	2,282,646	1,523,612	76	344,512	(63,738)
Marfrig Holdings(Europe) BV	9,913,378	7,368,830	-	4,668,036	31,943
Seara Holding (Europe) BV	6,637,527	5,818,400	-	4,152,256	(282,417)
Athena Alimentos S.A.	952,139	162,217	-	13,517	(3,682)
Excelsior Alimentos S.A.	89,918	45,273	24,103	59,230	2,281
Baumhardt Comércio e Participações Ltda.	11,206	737	2,728	-	880
Total	**25,868,544**	**20,657,686**	**36,102**	**12,627,628**	**(418,510)**

13.2. Breakdown of investments (Parent)

	Book balance on 12/31/12	Asset valuation adjustment (1)	Acquisition/ write-off	Capital increase/ reduction	Total investment in the period	Assets Held for Sale	Discontinued Operation	Equity in earnings (losses) of subsidiaries	Balance sheet translation effect	Book balance on 06/30/13
MFB Marfrig Frigorificos Brasil S.A	(3,587)	-	-	-	-	-	-	40,270	-	36,683
Marfrig Chile S.A.	49,511	2,917	-	-	-	-	-	(252)	158	52,334
Inaler S.A.	44,966	2,794	-	-	-	-	-	(10,074)	68	37,754
Frigorífico Tacuarembó S.A.	121,297	9,888	-	-	-	-	-	(870)	430	130,745
Weston Importers Ltd.	25,550	(707)	-	-	-	-	-	(15,406)	(37)	9,400
Masplen Limited	32,538	(2)	-	-	-	-	-	(1,082)	-	31,454
Prestcott International S.A.	52,044	3,773	-	-	-	-	-	(7,001)	3	48,819
Establecimientos Colonia S.A	70,259	4,018	-	-	-	-	-	(29,915)	(404)	43,958
Columbus Netherlands	80,069	11,192	(156,002)	-	(156,002)	-	66,186	-	(1,445)	-
Marfood USA	(36,596)	(2,914)	-	-	-	-	-	(3,757)	(212)	(43,479)
Marfrig Overseas	(129,106)	(11,557)	-	-	-	-	-	(28,411)	(1,856)	(170,930)
MFG Brasil	(3,139)	-	-	-	-	-	-	4,853	(2)	1,712
Marfrig Argentina S.A.	72,703	1,386	-	12,178	12,178	-	-	(49,906)	5,624	41,985
MFG Comercializadora de Energia Ltda	33	-	-	-	-	-	-	78	-	111
Marfrig Holdings(Europe) BV	2,394,383	88,143	-	-	-	-	-	31,943	(46,184)	2,468,285
Secculum Participações Ltda.	8,199	-	-	-	-	(8,199)	-	-	-	-
União Frederiquense Partic. Ltda.	765,434	-	-	-	-	(765,434)	-	-	-	-
Seara Holding BV	1,106,124	-	-	-	-	(1,106,124)	-	-	-	-
Athena Alimentos S.A.	796,428	-	-	-	-	(796,428)	-	-	-	-
Excelsior Alimentos S.A.	18,260	-	-	-	-	(18,260)	-	-	-	-
Baumhardt Comércio e Partic. Ltda.	6,861	-	-	-	-	(6,861)	-	-	-	-
	5,472,231	108,931	(156,002)	12,178	(143,824)	(2,701,306)	66,186	(69,530)	(43,857)	2,688,831

Assets held for sale

	Book balance on 12/31/12	Asset valuation adjustment (1)	Acquisition/ write-off	Total investment in the period	Equity in earnings (losses) of subsidiaries	Balance sheet translation effect	Book balance on 06/30/13
Secculum Participações Ltda.	8.199	777	-	-	(686)	(164)	8.126
União Frederiquense Partic. Ltda.	765.434	72.497	-	-	(63.806)	(15.335)	758.790
Seara Holding BV	1.106.124	2.385	-	-	(282.800)	(7.462)	818.247
Athena Alimentos S.A.	796.428	-	(2.823)	(2.823)	(3.682)	-	789.923
Excelsior Alimentos S.A.	18.260	-	-	-	2.281	-	20.541
Baumhardt Comércio e Participações Ltda.	6.861	-	-	-	880	-	7.741
Total	2.701.306	75.659	(2.823)	(2.823)	(347.813)	(22.961)	2.403.368

(1) Effect of equity in the earnings (losses) included in the shareholders' equity of subsidiaries.

13.3. Sale of ownership interests in 2012

The explanations of sales of ownership interests in 2012 are duly provided in the Notes to the financial statements.

13.4. Sale of ownership interests to JBS S.A.

Pursuant to the Material Fact disclosed to the market on June 10, 2013, the Company entered into an Agreement for the Purchase and Sale of Ownership Interests and Other Covenants on June 7, 2013, which laid out the terms and conditions for: (i) the sale, by the Company, of certain ownership interests in companies of the group that owns the Seara Brasil business unit, to JBS; and (ii) the sale, by the Company, of 100% the capital of the company owning the leather business of the Marfrig Group in Uruguay (Zenda), to JBS. The transaction value for the sale of Seara Brasil and Zenda was established at R$5.85 billion and will be paid via the assumption of Marfrig's debt by JBS. The Agreement is subject to approval by competent authorities, including Brazil's antitrust agency (CADE).

Based on said agreement, on June 30, 2013, the Company concluded the sale of the ownership interest held in Columbus Netherlands BV owning the leather business of the Marfrig Group in Uruguay (Zenda) and, as a result, the control over said entity was transferred to JBS on that date.

The gain from the sale, amounting to R$483 million, is recorded in the consolidated income statement for the year under "Net income from discontinued operations".

Gains and losses in the current period, related to the business sold, were classified as "Net income (loss) from discontinued operations in the period", as were the gains and losses in the comparative period, in accordance with CPC 31 – Non-current assets held for sale and discontinued operation.

In addition, following that transaction, the goodwill generated on the acquisition of Columbus Netherlands has been written off.

The table below presents a summary of the sale:

	RS thousand
Selling price	450,000
(+) Adjustment in selling price (**)	151,903
(-) Expenses with legal advisers and consultants	(200)
(=) Adjusted selling price	601,703
(-) Write-off Columbus investment	(156,002)
(-) Write-off of other comprehensive income	37,340
(=) Gain in the sale transaction	**483,041**
(-) Write-off of the goodwill (*)	(23)
(=) Net gain in the transaction before taxes	**483,018**

(*) Goodwill from Columbus Netherlands was recorded in the Parent Company - Marfrig Alimentos S.A.;
(**) Price adjustment resulting from the working capital included in the consolidated statements of Columbus Netherlands on March 31, 2013, the last balance sheet available on the date of establishment of the sale price.

14. Property, plant and equipment

The following tables show the weighted average annual depreciation rate determined using the straight-line method and based on the economic useful life of the assets and their balances:

Changes in acquisition cost of the Parent Company

		Parent					
							06/30/2013
Description	Average annual depreciation rates	Cost	Additions	Write-offs	Transfers	Accumulated depreciation	Cost
Plots of land	0.00%	47,643	-	-	-	-	47,643
Constructions and buildings	3.02%	678,831	-	-	25,668	(82,119)	622,380
Machinery and equipment	9.79%	318,231	20,821	(1,974)	(4,184)	(121,337)	211,557
Furniture and fixtures	10.08%	12,456	527	(56)	76	(4,497)	8,506
Facilities	5.18%	634,306	54	-	45,421	(88,374)	591,407
Vehicles	10.88%	23,935	255	-	4,942	(15,531)	13,601
IT equipment	17.99%	10,085	206	(31)	1,495	(6,987)	4,768
Aircraft	20.00%	382	-	-	-	(381)	1
Advance for acquisition of property, plant and equipment	0.00%	7,012	-	-	(109)	-	6,903
Leasehold improvements	4.00%	2,978	-	-	312	(329)	2,961
Lease - vehicles	9.91%	29,731	160	(354)	(4,880)	(18,527)	6,130
Lease - computer hardware	12.32%	17,909	322	(2,140)	(3,587)	(12,211)	293
Lease - machinery	8.07%	33,464	687	-	(7,670)	(10,005)	16,476
Lease - facilities	5.00%	18,475	-	-	-	(18,250)	225
Lease - buildings	0.00%	6,314	-	-	-	(6,314)	-
Construction in progress	0.00%	61,039	65,498	-	(57,538)	-	68,999
Other	0.00%	295	7	-	54	(118)	238
		1,903,086	**88,537**	**(4,555)**	**-**	**(384,980)**	**1,602,088**

Changes in net balance of the Parent Company

		Parent					
Description	Average annual depreciation rates	Net	Additions	Write-offs	Transfers	Depreciation	Net
Plots of land	0.00%	47,643	-	-	-	-	47,643
Constructions and buildings	3.02%	605,366	-	-	25,668	(8,654)	622,380
Machinery and equipment	9.79%	206,763	20,821	(1,974)	(4,184)	(9,869)	211,557
Furniture and fixtures	10.08%	8,445	527	(56)	76	(486)	8,506
Facilities	5.18%	559,562	54	-	45,421	(13,630)	591,407
Vehicles	10.88%	9,093	255	-	4,942	(689)	13,601
IT equipment	17.99%	3,551	206	(31)	1,495	(453)	4,768
Aircraft	20.00%	1	-	-	-	-	1
Advance for acquisition of property, plant and equipment	0.00%	7,012	-	-	(109)	-	6,903
Leasehold improvements	4.00%	2,709	-	-	312	(60)	2,961
Lease - vehicles	9.91%	11,594	160	(354)	(4,880)	(390)	6,130
Lease - computer hardware	12.32%	6,132	322	(2,140)	(3,587)	(434)	293
Lease - machinery	8.07%	24,287	687	-	(7,670)	(828)	16,476
Lease - facilities	5.00%	232	-	-	-	(7)	225
Construction in progress	0.00%	61,039	65,498	-	(57,538)	-	68,999
Other	0.00%	177	7	-	54	-	238
		1,553,606	**88,537**	**(4,555)**	**-**	**(35,500)**	**1,602,088**

Changes in Consolidated acquisition cost

		Consolidated								
		06/30/2013								
Description	Average annual depreciation rates	Cost	Additions	Write-offs	Discontinued operation	Adjustment to IFRS 11 (CPC 19 (R2))	Transfers	Translation	Accumulated Depreciation	Net
Plots of land	0.00%	386,692	2,020	(11,242)	(273,945)	-	12,242	2,725	-	118,492
Constructions and buildings	2.32%	4,270,771	5,118	(12,756)	(1,629,550)	(28,848)	66,815	49,016	(791,198)	1,929,368
Machinery and equipment	5.87%	3,475,641	57,855	(5,766)	(1,034,862)	(8,985)	29,297	42,161	(1,577,091)	978,250
Furniture and fixtures	7.09%	136,553	6,708	(659)	(17,558)	(106)	3,369	1,225	(84,754)	44,778
Facilities	4.50%	1,339,770	1,716	(532)	(354,875)	-	87,235	(10,262)	(230,709)	832,343
Vehicles	10.88%	76,289	8,709	(317)	(18,633)	(75)	6,497	11,120	(48,212)	35,378
IT equipment	14.56%	86,152	4,015	(77)	(4,244)	-	2,744	39	(73,419)	15,210
Aircraft	20.00%	382	-	-	-	-	-	-	(381)	1
and equipment	0.00%	18,477	-	-	(2,260)	-	(9,245)	-	-	6,972
Leasehold improvements	4.00%	107,107	107	-	(396)	-	35,240	989	(8,651)	134,396
Lease - vehicles	14.93%	32,343	160	(354)	(204)	-	(5,905)	3	(19,275)	6,768
Lease - computer hardware	12.32%	18,376	322	(2,140)	-	-	(3,587)	-	(12,678)	293
Lease - machinery	9.28%	144,396	687	(273)	-	-	(9,878)	4,910	(63,530)	76,312
Lease - facilities	3.67%	22,016	-	-	-	-	-	188	(18,719)	3,485
Lease - buildings	0.00%	13,027	-	-	-	-	1	883	(12,047)	1,864
Construction in progress	0.00%	273,694	179,273	(3,915)	(31,648)	(915)	(214,282)	52,032	-	254,239
Other	17.20%	26,728	856	(4,212)	(11,862)	-	(543)	6	(10,510)	463
		10,428,414	267,546	(42,243)	(3,380,037)	(38,929)	-	155,035	(2,951,174)	4,438,612

Changes in Consolidated net balance

		Consolidated								
		12/31/2012								06/30/2013
Description	Average annual depreciation rates	Net	Additions	Write-offs	Discontinued operation	Adjustment to IFRS 11 (CPC 19 (R2))	Transfers	Translation	Depreciation	Net
Plots of land	0.00%	386,692	2,020	(11,242)	(273,945)	-	12,242	2,725	-	118,492
Constructions and buildings	2.32%	3,551,680	5,118	(12,756)	(1,629,550)	(28,848)	66,815	49,016	(72,107)	1,929,368
Machinery and equipment	5.87%	2,044,690	57,855	(5,766)	(1,034,862)	(8,985)	29,297	42,161	(146,140)	978,250
Furniture and fixtures	7.09%	60,320	6,708	(659)	(17,558)	(106)	3,369	1,225	(8,521)	44,778
Facilities	4.50%	1,140,484	1,716	(532)	(354,875)	-	87,235	(10,262)	(31,423)	832,343
Vehicles	10.88%	33,091	8,709	(317)	(18,633)	(75)	6,497	11,120	(5,014)	35,378
IT equipment	14.56%	17,022	4,015	(77)	(4,244)	-	2,744	39	(4,289)	15,210
Aircraft	20.00%	1	-	-	-	-	-	-	-	1
equipment	0.00%	18,477	-	-	(2,260)	-	(9,245)	-	-	6,972
Leasehold improvements	4.00%	101,104	107	-	(396)	-	35,240	989	(2,648)	134,396
Lease - vehicles	14.93%	13,686	160	(354)	(204)	-	(5,905)	3	(618)	6,768
Lease - computer hardware	12.32%	6,132	322	(2,140)	-	-	(3,587)	-	(434)	293
Lease - machinery	9.28%	88,775	687	(273)	-	-	(9,878)	4,910	(7,909)	76,312
Lease - facilities	3.67%	3,372	-	-	-	-	-	188	(75)	3,485
Lease - buildings	0.00%	1,455	-	-	-	-	1	883	(475)	1,864
Construction in progress	0.00%	273,694	179,273	(3,915)	(31,648)	(915)	(214,282)	52,032	-	254,239
Other	17.20%	16,584	856	(4,212)	(11,862)	-	(543)	6	(366)	463
		7,757,259	267,546	(42,243)	(3,380,037)	(38,929)	-	155,035	(280,019)	4,438,612

According to CPC 6(R1) – lease operations, the assets acquired by the Company under a finance lease started to be recorded as property, plant and equipment, including their respective depreciation, as mentioned above, with an offsetting entry to lease payable, shown in note 20.

Pursuant to CPC 01 (R1), an asset is tested for impairment on an annual basis. The asset's value must be estimated only if there is any indication of impairment.

If any indication of impairment is found, recoverability analysis comprises projecting the profitability and future cash of the Company's plants, which are discounted to present value to identify the degree of recoverability of the asset.

During the period ended June 30, 2013, the book values of the Company's assets were not higher than the amounts which could be obtained by use or sale.

The Company and its subsidiaries recorded property, plant and equipment that are fully depreciated and still in operation, as well as temporarily idle items, as follows:

	Parent	
	06/30/13	
Description	Temporarily idle property, plant and equipment	Gross value of property, plant and equipment fully depreciated and still in operation
Constructions and buildings	4,225	55
Machinery and equipment	2,609	32,808
Furniture and fixtures	104	341
Facilities	6,730	265
Vehicles	-	35,383
IT equipment	93	17,890
Aircraft	-	382
Lease - vehicles	-	2,598
Lease - computer hardware	-	49
Lease - machinery	325	65
	14,086	89,836

	Consolidated		
			06/30/13
Description	Temporarily-idle Property, Plant and Equipment	Gross value of property, plant and equipment fully depreciated and still in operation	Property, Plant and Equipment Removed from Use and Not Classified as Held for Sale
Constructions and buildings	31,813	122,286	14
Machinery and equipment	15,330	568,758	104
Furniture and fixtures	350	13,186	-
Facilities	41,467	24,154	-
Vehicles	648	44,448	-
IT equipment	205	70,652	10
Aircraft	-	382	-
Leasehold improvements	28,580	-	-
Lease - vehicles	40	2,598	-
Lease - computer hardware	-	49	-
Lease - machinery	585	65	-
	119,018	**846,578**	**128**

15. Intangible assets

Pursuant to CPC 4 (R1), the Company has an "Intangible Assets" account in non-current assets, as shown below:

	06/30/13	12/31/12
Intangible assets - Parent	587,496	627,035
Intangible assets - Subsidiaries	2,041,141	3,444,890
	2,628,637	**4,071,925**

The following table shows the annual amortization rates based on the useful life of the assets:

Amortization	Amortization Rate	Useful Life (Years)
Trademarks and patents	0.01%	0.0
Software	8.63%	7.0
Client Relationship	3.71%	4.1
Other	0.25%	0.1

Changes in the Intangible assets accounts (parent company and consolidated) for the year ended June 30, 2013 are as follows:

15.1. Changes in intangible assets (parent)

	Balance on December 31, 2012	Acquisition/ write-off	Held for sale	Reclassification / amortization	Balance on June 30, 2013
Inaler S.A. - Goodwill	38,379	-	-	-	38,379
Frigorífico Tacuarembó S.A. - Goodwill	57,824	-	-	-	57,824
Masplen Limited - Goodwill	17,258	-	-	-	17,258
Prestcott International S.A. -Goodwill	22,922	-	-	-	22,922
Secculum Participações Ltda. - Goodwill	16,188	-	(16,188)	-	-
União Frederiquense Partic. Ltda. - Goodwill	11,683	-	(11,683)	-	-
Establecimientos Colonia S.A - Goodwill	114,479	-	-	-	114,479
Seara Holding (Europe) BV	21	-	(21)	-	-
Columbus Netherlands BV	22	(22)	-	-	-
Marfood USA Inc.	308	-	-	-	308
Keystone International	274,949	-	-	-	274,949
Athena Alimentos S.A. - Goodwill	12,610	2,823	(15,433)	-	-
Software and systems	37,508	2,122	-	(1,137)	38,493
Trademarks and patents	22,884	-	-	-	22,884
Total	**627,035**	**4,923**	**(43,325)**	**(1,137)**	**587,496**

The goodwill generated in the business acquisitions concluded before the adoption of all CPCs is expressed in the Company's functional currency.

15.2. Changes in intangible assets (subsidiaries)

	Book balance on December 31, 2012	Reclassification	Acquisitions	Exchange variation on translation	Amortization	Write-off	Discontinued operation	Book balance on June 30, 2013
Marfrig Chile S.A.	**16,492**	**-**	**-**	**1,387**	**(25)**	**-**	**-**	**17,854**
Goodwill	16,241	-	-	1,368	-	-	-	17,609
Trademarks and patents/software/other	251	-	-	19	(25)	-	-	245
Weston Importers Ltd.	**11,296**	**-**	**-**	**228**	**-**	**-**	**-**	**11,524**
Goodwill	11,296	-	-	228	-	-	-	11,524
Masplen Limited	**453**	**-**	**74**	**-**	**(16)**	**-**	**-**	**511**
Trademarks and patents/software/other	453	-	74	-	(16)	-	-	511
Prestcott International S.A	**9,389**	**-**	**-**	**789**	**(26)**	**-**	**-**	**10,152**
Goodwill	8,984	-	-	757	-	-	-	9,741
Trademarks and patents/software/other	405	-	-	32	(26)	-	-	411
Columbus Netherlands BV	**51,031**	**-**	**52**	**1,590**	**(103)**	**(16)**	**(52,554)**	**-**
Goodwill	50,976	-	-	1,614	-	-	(52,590)	-
Trademarks and patents/software/other	55	-	52	(24)	(103)	(16)	36	-
Marfood USA	**57,778**	**-**	**-**	**4,835**	**(344)**	**-**	**-**	**62,269**
Goodwill	41,422	-	-	3,488	-	-	-	44,910
Client relationship	4,054	-	-	311	(344)	-	-	4,021
Trademarks and patents/software/other	12,302	-	-	1,036	-	-	-	13,338
Frigoríficos Tacuarembó S.A	**474**	**-**	**-**	**37**	**(34)**	**-**	**-**	**477**
Trademarks and patents/software/other	474	-	-	37	(34)	-	-	477
Inaler S.A	**313**	**-**	**-**	**25**	**(20)**	**-**	**-**	**318**
Trademarks and patents/software/other	313	-	-	25	(20)	-	-	318
Establecimientos Colonia S.A	**744**	**-**	**3**	**60**	**(28)**	**-**	**-**	**779**
Trademarks and patents/software/other	744	-	3	60	(28)	-	-	779
Marfrig Argentina [a]	**93,106**	**-**	**46**	**6,315**	**(8)**	**-**	**-**	**99,459**
Goodwill	92,984	-	-	6,308	-	-	-	99,292
Trademarks and patents/software/other	122	-	46	7	(8)	-	-	167
MFB - Marfrig Frig. BR S.A.	**614**	**-**	**13**	**-**	**(42)**	**-**	**-**	**585**
Trademarks and patents/software/other	614	-	13	-	(42)	-	-	585
MFG Agropecuária Ltda	**46**	**-**	**-**	**-**	**(5)**	**-**	**-**	**41**
Trademarks and patents/software/other	46	-	-	-	(5)	-	-	41
Marfrig Holding (Europe)BV	**1,777,472**	**-**	**-**	**87,569**	**(6,423)**	**(21,446)**	**-**	**1,837,172**
Goodwill	282,563	-	-	4,366	-	-	-	286,929
Client relationship	1,229,827	-	-	58,037	(6,510)	(8,174)	-	1,273,180
Trademarks and patents/software/other	265,082	-	-	25,166	87	(13,272)	-	277,063
Athena	**189,084**	**-**	**-**	**-**	**-**	**-**	**(189,084)**	**-**
Trademarks and patents/software/other	189,084	-	-	-	-	-	(189,084)	-
Excelsior	**37,608**	**-**	**30**	**-**	**(1)**	**-**	**(37,637)**	**-**
Trademarks and patents/software/other	37,608	-	30	-	(1)	-	(37,637)	-
União Frederiquense Partic. Ltda.	**530,704**	**5,685**	**9,931**	**95,206**	**(1,055)**	**(25)**	**(640,446)**	**-**
Goodwill	516,274	5,530	-	95,206	-	-	(617,010)	-
Trademarks and patents/software/other	14,430	155	9,931	-	(1,055)	(25)	(23,436)	-
Secculum Participações Ltda.	**5,685**	**(5,685)**	**-**	**-**	**-**	**-**	**-**	**-**
Goodwill	5,531	(5,531)	-	-	-	-	-	-
Trademarks and patents/software/other	154	(154)	-	-	-	-	-	-
Seara Holding (Europe) BV	**662,601**	**-**	**2,333**	**-**	**(8,258)**	**(1)**	**(656,675)**	**-**
Goodwill	11,111	-	-	-	-	-	(11,111)	-
Trademarks and patents/software/other	608,043	(1)	2,333	-	(1,921)	(1)	(608,453)	-
Right of use	43,335	-	-	-	(6,252)	-	(37,083)	-
Port license	112	1	-	-	(85)	-	(28)	-
Total	3,444,890	-	12,482	198,041	(16,388)	(21,488)	(1,576,396)	2,041,141

Summary of Intangible Assets

	Parent		Subsidiaries	
	06/30/13	12/31/12	06/30/13	12/31/12
Goodwill	526,119	566,643	470,005	1,037,382
Trademark and patents	22,884	22,884	264,084	1,093,251
Software	38,493	37,508	2,638	10,509
Client relationship	-	-	1,277,201	1,233,882
Right of use	-	-	-	43,333
Other intangible assets	-	-	27,213	26,533
	587,496	**627,035**	**2,041,141**	**3,444,890**

Consolidated breakdown of intangible assets

	Parent	Subsidiaries
Balance on December 31, 2012	**627,035**	**3,444,890**
(+) Addition	4,945	12,482
(-) Write-off	(22)	(21,488)
(-) Amortization	(1,137)	(16,388)
(-) Held for Sale	(43,325)	-
(+/-) Exchange variation	-	198,041
(-) Discontinued operation	-	(1,576,396)
Balance on June 30, 2013	**587,496**	**2,041,141**

Goodwill from the acquisition of businesses by September 30, 2008 (last acquisition previous to transition date as of January 1, 2009, referring to complete adoption of CPCs) was calculated based on the accounting standards previous to the concept of business combination according to CPC 15. According to "IFRS Optional Exemptions", the Company decided to adopt IFRS in all business acquisitions as from September 30, 2008. The goodwill amounts referred to above were based on expected future profitability, and supported by valuation reports from experts. The trademarks acquired from third parties, prior to December 31, 2009, were measured at the paid amount, while trademarks and list of clients acquired as part of business combination after September 30, 2008 were calculated at fair value pursuant to CPC 15 (R1).

According to CPC 1 (R1), the impairment test of goodwill and intangible assets with indefinite useful lives is conducted annually, and other intangible assets with finite useful lives are tested whenever there is evidence of non-realization of those items. Intangible assets represented by patents and a list of clients are amortized at their respective useful lives, if applicable. Certain intangible assets of the Company have undefined useful lives, according to the experts' valuation, and are annually tested for impairment.

Such analysis comprised projecting the profitability and future cash of the Company's plants, which are discounted to present value to identify the degree of recoverability of the asset.

Discounted cash flows were prepared using the Company's 2012-2016 budget and growth projections based on past information and market projections prepared by non-governmental agencies and entities, such as Brazilian Association of Meat Exporters (Abiec), Brazilian Pork Producers and Exporters Association (ABIPECS), United States Department of Agriculture (USDA), among others.

In the period ended June 30, 2013, the Company did not identify any indications of asset recorded at an amount higher than that recoverable through use or sale.

16. Accrued payroll and related charges

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
INSS (social security contribution) payable	2,311	3,797	44,731	66,073
Salaries and payroll provisions	55,224	46,589	206,828	319,097
Other social charges and benefits payable	3,848	2,982	78,384	121,799
	61,383	**53,368**	**329,943**	**506,969**

On November 21, 2005, Law nº. 11.196 was enacted allowing the offsetting of INSS debts against federal tax credits. This procedure was regulated by Interministerial Ordinance nº 23 dated February 2, 2006.

In addition, article 2 of Law nº 11.457/07 establishes responsibility to the Brazilian Federal Revenue Service concerning the employees' social security contributions levied on their contribution salaries, according to item c, sole paragraph, Article 11 of Law nº 8.212/91 and Article 104 of Law nº 11.196/05.

The Company obtained favorable court decision ruling the suspension of enforceability of outstanding social security debts as of the date the requests for indemnity/offset of PIS and COFINS credits against these social security debts have been filed.

Thus, based on the opinion of its legal counsel, Marfrig Group has been offsetting social security debts against PIS/COFINS credits.

In the period ended June 30, 2013, the Company does not offer post-employment benefit with actuarial liability characteristics.

17. Taxes payable

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
ICMS (State VAT) payable	-	-	2,863	21,502
Special tax debt installment payment plan - Law No. 11.941/2009	52,875	60,249	52,875	237,879
Income tax payable	-	-	27,264	41,017
Social contribution tax payable	-	-	4,727	9,317
PIS and COFINS (tax on sales) payable	-	-	23	4,073
Social contribution payable - PGFN [1]	8,905	8,708	8,905	8,708
Income tax payable - PGFN [1]	24,125	23,590	24,125	23,590
Withholding income tax payable- PGFN [1]	6,832	6,680	6,832	6,680
Other taxes payable	7,357	8,428	58,352	87,474
	100,094	**107,655**	**185,966**	**440,240**
Current liabilities	19,653	22,592	104,062	187,503
Non-current liabilities	80,441	85,063	81,904	252,737

(1) Office of the General Counsel to the National Treasury.

Special Tax Debt Installment Payment Plan – Law nº 11.941/09

On September 30, 2009, the Company adhered to the Special Tax Debt Installment Payment Plan (New REFIS), established by Law No. 11.941, of May 27, 2009. It provides for the payment in installments of debts due to the Brazilian Federal Revenue Service (SRF), the Office of the National Treasury Attorney-General (PGNF), and the Brazilian Social Security Institute (INSS). The Company declared debts with those agencies and transferred to the plan debts included in other payment plans (Special Tax Debt Installment Payment Plan - Law nº. 10.684/03 – PAES and Extraordinary Tax Debt Installment Payment Plan – Executive Act nº. 303/06 – PAEX), to be settled within 180 months, as follows:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Opening balance	60,249	55,894	237,879	232,239
(+) Adhesion to installment payment	-	-	-	7,088
(+) Interest rates	3,227	8,581	8,842	18,676
(-) Discount to present value	(665)	14,886	1,263	14,886
(-) Payments made	(9,936)	(19,112)	(22,691)	(35,010)
(-) Discontinued operation	-	-	(172,418)	-
Debt balance	**52,875**	**60,249**	**52,875**	**237,879**
Current liabilities	12,724	14,764	12,724	30,993
Non-current liabilities	40,151	45,485	40,151	206,886

In 2011, the Company and its subsidiaries consolidated the adhesion to the special installment payment program set forth by Law 11.941/09, in compliance with normative acts issued by the Brazilian Federal Revenue Service.

During the consolidation process of the abovementioned program, the Company decided not to include the lawsuit 10880.720.016/2008-93, totaling R$ 29,844, which was reclassified to taxes payable, under non-current liabilities.

In view of the waiver of the installment payment program, debits were adjusted in accordance with law in effect on the date of the taxable event, resulting in additional fine and interest amounting to R$ 5,504 and a total debit of R$ 39,862, as presented below:

	Debits - REFIS	Fine and interest (waiver of installment payment program)	Restatement	Debits reclassified to taxes payable
Social contribution payable- PGFN	6,667	1,230	1,008	8,905
Income tax payable - PGFN	18,062	3,331	2,732	24,125
Withholding income tax payable - PGFN	5,115	943	774	6,832
	29,844	**5,504**	**4,514**	**39,862**

18. Loans and financing

		Parent			
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	Balance on 06/30/13	Balance on 12/31/12
Local currency					
FINAME	TJLP + Fixed Rate	4.92	2.93	821	996
BNDES Finem	TJLP + 1.80%	7.30	0.20	312	1,273
FINEP	TJLP + 1%	6.50	0.51	17,895	22,563
NCE	Fixed Rate+%CDI	9.62	2.40	441,435	522,379
Working Capital	CDI + Fixed Rate	8.95	2.78	921,183	960,334
BNDES Revitaliza	Fixed Rate	-	-	-	25,020
Total local currency		**9.13**		**1,381,646**	**1,532,565**
Foreign currency:					
Prepayment (US$)	Libor+Fixed Rate+FX	7.44	2.82	1,164,612	2,106,113
BNDES Finem	Currency Basket + 1.30%	-	-	-	220
NCE (US$) / ACC	Fixed Rate+ FX (US$) + Libor	8.23	2.67	1,238,839	1,150,697
Total foreign currency		**7.85**		**2,403,451**	**3,257,030**
Total indebtedness		**8.32**		**3,785,097**	**4,789,595**
Current liabilities				1,223,313	1,310,592
Non-current liabilities				2,561,784	3,479,003

		Consolidated			
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	Balance on 06/30/13	Balance on 12/31/12
Local currency					
FINAME	TJLP + Fixed Rate	4.92	2.93	821	2,320
BNDES Finem	TJLP + 1.80	7.30	0.20	312	3,747
FINEP	TJLP + 1%	5.47	2.49	57,705	79,453
NCE	Fixed Rate+%CDI	9.62	2.40	441,435	823,811
Working capital (R$)	Fixed Rate+%CDI	8.95	2.78	921,183	1,038,384
Rural credit note (R$)	Fixed Rate	-	-	-	387,849
FCO - Mid-West Region Fund	Fixed Rate	-	-	-	12,693
BNDES Revitaliza	Fixed Rate	-	-	-	25,020
Total local currency		**9.01**		**1,421,456**	**2,373,277**
Foreign currency					
Financing of industrial complex (US$)	Libor+Fixed Rate + FX	-	-	-	5,230
Prepayment (US$)	Libor+Fixed Rate + FX	7.42	2.79	1,180,394	2,485,905
Bonds (US$)	Fixed Rate + FX	9.26	5.27	4,881,758	3,226,378
BNDES Finem	Currency Basket + 1.30	-	-	-	220
NCE (US$) / ACC	%CDI+Fixed Rate+FX (US$)+Libor	8.23	2.67	1,240,283	1,797,240
Working capital (US$)	Fixed Rate + Libor	-	-	741	215,279
Working capital (Pesos)	Development Unit	6.91	0.02	3,508	2,121
Bank loan (US$)	Fixed Rate + FX	3.77	3.88	840,613	540,181
Revolving credit facility	Libor + 2.75	2.16	4.48	843,746	941,069
Financing agreements (US$)	Fixed Rate + FX	1.02	0.27	49,148	-
PAE (US$)	Fixed Rate + FX	2.23	0.27	22,805	21,259
Tradable liabilities	Fixed Rate	6.50	1.75	36,032	33,239
Total foreign currency		**7.64**		**9,099,028**	**9,268,121**
Total indebtedness		**7.82**		**10,520,484**	**11,641,398**
Current liabilities				1,791,014	3,359,130
Non-current liabilities				8,729,470	8,282,268

The Company's types of loans and financing can be described as follows:

18.1. FINAME – Machinery and Equipment Finance

BNDES (National Development Bank) credit line for acquisition of capital goods. The currency to be used by BNDES to adjust amounts is URTJLP (benchmark long-term interest rate), according to the TJLP (Long-Term Interest Rate). These transactions are guaranteed by the acquired asset itself. Repayments will be made until January 2021.

18.2. BNDES FINEM – Business Finance

BNDES credit line to finance businesses. The loans have been raised to acquire machinery and equipment, and expand production facilities. This finance agreement is partially adjusted using the TJLP and the remaining amount is adjusted using the UMBNDES (Monetary Unit of the Brazilian Development Bank – BNDES), which consists of a basket of currencies that reflects the daily fluctuation in the currencies in which BNDES raises loans. This type of financing is secured by bank guarantees given by Banco Bradesco. A portion of the principal plus interest will be repaid in monthly installments maturing by March 2014.

18.3. FINEP – Fund for Financing Studies and Projects

FINEP credit line for financing studies and projects. FINEP is a public institution linked to the Ministry of Science and Technology. The currency used for adjusting the finance agreement is URTJ01 (monetary unit used by FINEP), which is based on the Long-Term Interest Rate (TJLP). The finance agreement is guaranteed by a contract with Bradesco. It will be repaid in monthly installments until May 2020.

18.4. NCE - Export Credit Note

Credit line granting tax benefits to export companies. The exports made must be duly substantiated. Funds raised under this credit line are used for working capital. These transactions, denominated in Brazilian real and U.S. dollar, are guaranteed by trade notes, sureties and supply contracts; in some cases, no guarantee is given. The rates used for adjustment of those transactions in U.S. dollar are: LIBOR and/or a fixed rate; and for transactions in Brazilian real are: CDI overnight rate and/or a fixed rate. Repayments will be made until April 2018.

18.5. Working capital

Funds raised under this credit line are used for working capital financing. There are transactions conducted in Brazilian real, U.S. dollar and pesos. They are guaranteed by sureties and mortgages. The adjustment indexes used for that operation are the CDI overnight rate and/or a fixed rate. Repayments will be made until August 2016.

18.6. Rural credit note

Credit line to finance the integration system between rural producers (partners) and meatpacking plants. Funds under this credit line are raised in Brazilian real and linked to production. This finance is guaranteed by surety and adjusted using a fixed rate.

18.7. ACC - Advance on exchange contracts

This is a foreign credit line for export companies. Funds raised under this credit line are used for export financing.

ACC transactions are conducted in US dollar. Payment is linked to exports and guaranteed by promissory notes. The adjustment rate used for those transactions is a fixed rate. Repayments will be made until March 2014.

18.8. Financing of industrial complex

Foreign credit line for acquisition of equipment. This transaction is conducted in U.S. dollar, and is guaranteed by the financed equipment itself. The adjustment rates used for those transactions are Libor, plus a fixed rate and exchange variation.

18.9. Prepayment

Foreign credit line for export companies. Funds raised under this credit line are used for export financing. This transaction is conducted in US dollar and guaranteed by promissory notes, sureties, supply contracts and export documents. In some cases no collaterals are offered. The adjustment rates used for those transactions are Libor, plus a fixed rate. Repayments will be made until March 2017.

18.10. FCO - Centre Western Fund

It is a line of credit to support enterprises located exclusively in the States of Goiás, Mato Grosso do Sul and Distrito Federal. The financing periods are established according to the item to be financed. This finance is guaranteed by mortgage and adjusted using a fixed rate.

18.11. Senior Notes - BONDS

Long-term debts, in US$, through debt securities issued abroad (Bonds) exclusively for qualified institutional investors (Rule 144A/Reg S) not listed on the CVM, under the Securities Act of 1933, as amended.

The Company has conducted four raising operations of this nature since 2006, which were classified by Moody's under B1 risk rating in foreign currency and by Standard & Poor's and Fitch under B+ rating, described as follows:

- The first bond operation was concluded in November 2006, upon the issue by Marfrig Overseas Ltd., a wholly-owned subsidiary of the Corporation, of US$375 million Senior Notes, with a 9.625% p.a. coupon, semi-annual interest payment beginning in May 2007 and maturity of principal in ten years (November 2016). The proceeds from the issue were used for the acquisition by the Corporation of business units in Argentina and Uruguay;
- In March 2010, Senior Note holders approved the amendment of certain clauses included in the indenture that rules this issue, including the change in and/or omission of restrictions applicable to the guarantees provided by the Corporation and its subsidiaries, as well as the inclusion of surety granted by Marfrig Alimentos S.A. and its subsidiaries União Frederiquense Participações Ltda., Marfrig Holdings (Europe) B.V. and Seara Alimentos S.A. in guarantee of the issuer's obligations to holders of outstanding Bonds. Said amendment did not comprise any change in the financial conditions of this debt, which maintained the same maturity term and interest rate originally set forth;
- The second operation was conducted in April 2010, upon the issue by Marfrig Overseas Ltd. of US$500 million in Senior Notes, with a 9.50% p.a. coupon, semi-annual interest payment beginning in November 2010 and maturity of principal in ten years (Nov 2020). This operation also had the guarantee of Marfrig Alimentos S.A., União Frederiquense Participações Ltda., Marfrig Holdings (Europe) BV and Seara Alimentos S.A. with the proceeds used to lengthen the Corporation's debt profile;
- The third operation was concluded in May 2011 and comprised the issue by Marfrig Holdings (Europe) B.V. of US$750 million Senior Notes, with a 8.375% p.a. coupon, semi-annual interest payment beginning in November 2011 and maturity of principal in seven years (Nov 2018). This operation had the guarantee of Marfrig Alimentos S.A., União Frederiquense Participações Ltda., Marfrig Overseas Limited and Seara Alimentos S.A. with the proceeds used to lengthen the Corporation's debt profile and strengthen its working capital;

- The fourth operating was concluded in January 2013 and comprised the issue by Marfrig Holdings (Europe) B.V. of US$600 million in Senior Notes, with a coupon of 9.875% p.a., semiannual interest payments beginning in July 2013 and maturity of the principal in 4.5 years (July 2017). This operation was guaranteed by Marfrig Alimentos S.A., União Frederiquense Participações Ltda., Marfrig Overseas Limited and Seara Alimentos S.A., with the proceeds used to lengthen the Corporation's debt profile and strengthen its working capital.

Considering that the Senior Notes issued in 2006, 2010, 2011 and 2013 represent 46.40% of the Company's consolidated indebtedness as at June 30, 2013 (27.71% as of December 31, 2012), the obligation of maintaining a net adjusted debt ratio for EBITDA in the last twelve months not higher than 4.75 times, set forth in the Senior Notes indenture, justify the other Company's outstanding loans and financing at the end of the period, as well as nonconvertible debentures described in Note 19.

18.12. PAE – Export Loan

Chile's credit line for export companies. The purpose of the loans raised under this credit line, which may be used for any export contract, is to finance exports of lamb, food fish and other products brought to Brazil. The difference between this line and a normal one is that it is exempt from ITE – *Impuesto de Timbre y Estampilla* (equivalent to the tax on financial transactions in Brazil). Lines are raised in U.S. dollar and are collateralized by bank guarantees. These operations will be paid up by November 2013.

18.13. BNDES Revitaliza

BNDES credit facility to fund the revitalization of Brazilian companies that operate in sectors that have been adversely affected by the international economic crisis, prioritizing the addition of value to the national product, the adoption of more efficient production methods, brand strengthening, and the expansion of the presence of Brazilian goods and services in the international market.

18.14. Bank Loan

Funds raised under this credit line are used as working capital financing. The Company holds transactions in U.S. dollar and pesos, which, in some cases, may only be applied to pay inventories and fixed assets. These transactions are guaranteed by sureties and mortgages, although, in some cases, no guarantee is given. The transactions in pesos are restated at the BADLAR (Buenos Aires Deposits of Large Amount Rate), and credit lines in U.S. dollar have fixed rates. Repayments will be made until March 2020.

18.15. Revolving Credit Facility

A multi-currency credit facility granted by a group of banks, available to subsidiary Keystone Foods in the amount of USD 600 million until March 2018. The interest rate applicable to this revolver facility is limited to LIBOR +2.75% p.a.

18.16. Negotiable Liabilities

Funding in U.S. dollar raised by our subsidiaries in Argentina and Uruguay. These operations are concerned with working capital needs, unsecured and to mature until September 2016.

18.17. Guarantees for loans and financing:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Balance of financing	**3,785,097**	**4,789,595**	**10,520,484**	**11,641,398**
Guarantees:				
Promissory notes	817,397	1,787,422	818,841	1,979,125
Trade notes	102,970	190,976	155,632	206,561
Bank guarantee	337	1,524	49,566	34,763
Supply Agreement	-	-	3,370	2,121
Surety	1,621,758	1,950,432	1,621,758	3,742,579
Leased asset	821	996	16,742	4,795
Export document	-	-	72,250	62,447
Facilities	17,895	22,564	130,234	22,564
Mortgage	-	-	-	69,879
Marketable securities	217,991	54,400	267,139	54,400
Export Credit	-	-	-	19,815
No guarantees	1,005,928	781,281	7,384,952	5,442,349

18.18. Covenants

All loan agreements are ruled by covenant of 4.75, in its most restrictive form, in relation to consolidated indebtedness level, as maximum quotient of Net Debt/annualized (last 12 months) EBITDA ratio.

The penalty for breach of this covenant is the same as generally applied in the financial markets, which is the early maturity of the debt, which is then reclassified as current liabilities.

In Note 33.4.1 – Capital Management, the actual quotient on the base date ("Leverage Ratio"), i.e. on June 30, 2013, was 3.83 (Net Debt/annualized EBITDA).

The schedule of maturities is presented in Note 19.

19. Debentures payable and interest on debentures

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Debentures payable	968,800	598,200	398,800	598,200
(-) Cost with debenture issue	(3,438)	(2,125)	(3,438)	(2,125)
Interest on convertible and non-convertible debent	235,699	181,041	211,923	181,041
(-) Withholding income tax on debenture interest	(30,952)	(36,595)	(30,953)	(36,595)
	1,170,109	**740,521**	**576,332**	**740,521**
Current Liabilities - Interest on debentures	202,726	144,445	178,949	144,445
Current Liabilities - Debentures payable	199,400	199,400	199,400	199,400
Non-Current Liabilities - Debentures payable	767,983	396,676	197,983	396,676

After approval at the Company's Board of Directors' Meeting held on January 14, 2011, the parent company carried out its 3rd issue of non-convertible unsecured debentures, with security interest and personal guarantee, as well as restricted efforts, pursuant to CVM Resolution No. 476/2009, with the following characteristics: par value of R$598,200,000, divided into 598,200 debentures, at the unit par value of R$1,000, issue date of January 18, 2011, with maturity on January 18, 2018, divided into two series, (i) the First Series, by issuing 360,000 debentures, remunerated by par value as of the issue of 127.6% of DI rate p.a., basis of 252 days, without monetary restatement and (ii) the Second Series, by issuing 238,200 debentures, remunerated by par value as of the issue date adjusted by IPCA – Extended Consumer Price Index, published by the Brazilian Institute of Geography and Statistics, calculated by Getúlio Vargas Foundation, plus 9.5% p.a., basis of 252 days; secured by the fiduciary assignment of the Company's receivables flow, corresponding to 20% of the balance of debentures issued and personal guarantee (surety) of the following subsidiaries: (i) União Frederiquense Participações Ltda.; (ii) Seara Alimentos S/A; and (iii) Marfrig Holdings (Europe) B.V. The abovementioned operations had their flows translated into U.S. dollar exchange variation, plus annual rates of 6.75% for the entire period of the operation.

As informed in Note 21 (b), the derivative instrument related to this operation is being transferred to JBS S.A. as part of the debt assumption, pursuant to the Agreement for Purchase and Sale of Ownership Interest and Other Covenants, entered into on June 7, 2013.

Convertible debentures interest rates were accrued as per Note 22.

The Company, with assistance from its financial advisors, structured during the second quarter of 2013, an issue of non-convertible debentures maturing on January 22, 2019 in the amount of R$570,000,000. This operation formalized the process of internalizing a portion of the financial resources derived from the Senior Notes issued by its subsidiary Marfrig Holding Europe BV in January 2013. The operation was structured in such a way as to not affect the Company's consolidated financial statements.

The Company does not have a renegotiation clause for the debentures, and therefore it does not believe on the need to report the information required under item 18.4.1 of Circular Letter/CVM/SNC/SEP no. 01/07 in the notes to the Interim financial information.

Debt, debentures and interest on debentures were as follows:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Local currency				
Loans and financing	1,381,646	1,532,565	1,421,456	2,373,277
Interest on debentures	202,726	144,445	178,949	144,445
Debentures payable	967,383	596,076	397,383	596,076
	2,551,755	**2,273,086**	**1,997,788**	**3,113,798**
Foreign currency				
Loans and financing	2,403,451	3,257,030	9,099,028	9,268,121
	2,403,451	**3,257,030**	**9,099,028**	**9,268,121**
	4,955,206	**5,530,116**	**11,096,816**	**12,381,919**

Loans and financing fall due and pay interest as follows:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Local currency				
1Q13	-	383,815	-	516,899
2Q13	-	25,581	-	348,850
3Q13	448,534	399,322	450,076	599,125
4Q13	65,133	61,782	66,624	142,687
1Q14	335,352	-	313,065	-
2Q14	111,578	-	113,069	-
2014	211,839	594,309	214,821	627,534
2015	573,782	572,943	579,746	582,949
2016	170,515	170,312	176,479	180,318
2017	32,498	32,498	38,462	42,504
2018	32,498	32,498	38,462	42,372
2019	570,013	13	5,977	29,798
2020	12	12	1,006	761
2021	1	1	1	1
	2,551,755	**2,273,086**	**1,997,788**	**3,113,798**

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Foreign currency				
1Q13	-	199,591	-	1,094,509
2Q13	-	133,000	-	373,051
3Q13	98,946	95,116	437,958	153,267
4Q13	381,108	356,230	533,092	474,587
1Q14	83,514	-	133,007	-
2Q14	101,274	-	122,472	-
2014	319,630	1,117,012	375,661	2,463,558
2015	855,646	1,010,504	882,180	1,126,442
2016	431,585	224,156	1,271,404	1,008,757
2017	131,748	121,421	1,456,045	131,432
2018	-	-	2,370,831	1,459,837
2019	-	-	775	-
2020	-	-	1,515,603	982,681
	2,403,451	**3,257,030**	**9,099,028**	**9,268,121**
Total	**4,955,206**	**5,530,116**	**11,096,816**	**12,381,919**

20. Lease payable

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

20.1 Finance lease

According to CVM Resolution No. 645/10 (CPC 06 (R1)), finance lease operations are now recognized under the Company's current and non-current liabilities, with an offsetting entry of the asset recorded in property, plant and equipment, according to Note 14.

Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	Balance on 06/30/13	Future payments 06/30/13	Balance on 12/31/12
Domestic currency						
Finance lease of vehicles	CDI + Rate	15.4%	2.8	926	1,002	1,002
Finance lease of IT equipment	CDI + Rate	12.6%	1.9	255	265	2,220
Finance lease of machinery and equipment	CDI + Rate	15.2%	2.1	2,572	2,164	5,155
Finance lease of industrial facilities	CDI + Rate	14.1%	0.3	16	18	54
Interest due				(1,081)	-	(2,745)
Finance lease - discount to present value				(922)	-	(1,074)
Total domestic currency				**1,766**	**3,449**	**4,612**
Total Parent Company				**1,766**	**3,449**	**4,612**
Current liabilities				491		1,809
Non-current liabilities				1,275		2,803

	Consolidated					
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	Balance on 06/30/13	Future payments 06/30/13	Balance on 12/31/12
Domestic currency						
Finance lease of vehicles	CDI + Rate	14.9%	2.7	1,576	1,958	2,207
Finance lease of IT equipment	CDI + Rate	12.6%	1.9	255	265	2,220
Finance lease of machinery and equipment	CDI + Rate	15.1%	2.2	3,554	2,843	6,700
Finance lease of industrial facilities	CDI + Rate	9.8%	0.4	71	144	232
Interest due				(1,590)	-	(3,881)
Finance lease - discount to present value				(922)	-	(1,074)
Total domestic currency				**2,944**	**5,210**	**6,404**
Foreign currency						
Finance lease of vehicles	Rate	5.6%	4.3	3,352	2,538	2,225
Finance lease of machinery and equipment	Rate	4.5%	3.3	126,275	123,341	136,800
Finance lease of industrial facilities	Rate	12.0%	0.4	476	693	899
Total foreign currency				**130,103**	**126,572**	**139,924**
Total Consolidated				**133,047**	**131,782**	**146,328**
Current liabilities				**37,005**		**38,805**
Non-current liabilities				**96,042**		**107,523**

According to CPC Technical Pronouncement No. 12, approved by CVM Resolution No. 564/08, finance lease payable was discounted to present value, at the initial recognition date, as described in Note 3.1.15.

Lease contracts fall due as follows:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Local currency				
1Q13	-	718	-	880
2Q13	-	533	-	757
3Q13	229	355	344	540
4Q13	108	203	188	372
1Q14	77	-	132	-
2Q14	77	-	133	-
2014	382	1,560	714	2,143
2015	607	915	1,004	1,267
2016	236	276	379	393
2017	50	52	50	52
Total local currency	**1,766**	**4,612**	**2,944**	**6,404**
Foreign currency				
1Q13	-	-	-	16,018
2Q13	-	-	-	7,073
3Q13	-	-	9,185	6,579
4Q13	-	-	9,921	6,586
1Q14	-	-	8,590	-
2Q14	-	-	8,512	-
2014	-	-	12,744	22,118
2015	-	-	24,496	33,023
2016	-	-	37,706	29,763
2017	-	-	18,186	11,874
2018	-	-	572	6,083
2019	-	-	104	807
2020	-	-	87	-
Total foreign currency	**-**	**-**	**130,103**	**139,924**
Total lease amount	**1,766**	**4,612**	**133,047**	**146,328**

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Domestic currency				
Up to one year	491	1,809	797	2,549
From one to five years	1,275	2,803	2,147	3,855
Total domestic currency	**1,766**	**4,612**	**2,944**	**6,404**
Foreign currency				
Up to one year	-	-	36,208	36,256
From one to five years	-	-	93,808	102,861
More than five years	-	-	87	807
Total foreign currency	**-**	**-**	**130,103**	**139,924**
Total	**1,766**	**4,612**	**133,047**	**146,328**

The schedule for future payments of the finance lease is as follows:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Domestic currency				
Up to one year	959	3,191	1,410	14,399
From one to five years	2,490	4,945	3,800	21,777
Total domestic currency	**3,449**	**8,136**	**5,210**	**36,176**
Foreign currency				
Up to one year			35,225	40,366
From one to five years	-	-	91,263	114,523
More than five years	-	-	84	898
Total foreign currency	**-**	**-**	**126,572**	**155,787**
Total	**3,449**	**8,136**	**131,782**	**191,963**

Following are the guarantees for the leases:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Domestic currency				
Guarantees:				
Financed asset	1,766	4,612	2,944	6,404
Total domestic currency	**1,766**	**4,612**	**2,944**	**6,404**
Foreign currency				
Guarantees:				
Financed asset	-	-	130,103	139,924
Total foreign currency	**-**	**-**	**130,103**	**139,924**
Total	**1,766**	**4,612**	**133,047**	**146,328**

20.2 Operating lease

Operating lease as at June 30, 2013 is as follows:

		Parent				
Financial institution	Leased asset	Start date	Weighted average interest rate (p.a)	Weighted average maturity (years)	Total amount financed	Expense at 06/30/13
	Local currency					
CSI LATINA A. M. S.A	IT Equip.	02/16/11	7.01%	0.7	14,643	2,529
HP FIN SER ARREND.	IT Equip.	06/19/12	4.21%	1.9	1,309	255
BANCO IBM S.A	IT Equip.	07/05/12	8.18%	2.0	1,778	279
BANCO DE LAGE LADEN	IT Equip.	05/25/12	11.46%	0.2	2,610	1,088
LEASEPLAN ARRREND.SA	Meatpacking plant	01/20/12	7.01%	0.1	1,678	280
Frigorifico Extremo Sul	Meatpacking plant	10/01/09	IGP-M year	1.3	4,965	1,208
	Total Local currency				**26,983**	**5,639**
	Foreign currency					
AVN AIR LLC	Aircraft	12/01/07	libor + 3%	4.1	24,631	954
	Total Foreign currency				**24,631**	**954**
	Total local and foreign currency				**51,614**	**6,593**

		Consolidated				
Financial institution	Leased asset	Start date	Weighted average interest rate (p.a)	Weighted average maturity (years)	Total amount financed	Expense at 06/30/13
	Local currency					
CSI LATINA A. M. S.A	IT Equip.	02/16/11	9.61%	0.6	18,168	3,313
HP FIN SER ARREND.	IT Equip.	06/19/12	4.21%	1.9	1,309	255
BANCO IBM S.A	IT Equip.	07/05/12	8.18%	2.0	1,778	279
BANCO DE LAGE LADEN	IT Equip.	05/25/12	11.46%	0.2	2,610	1,088
LEASEPLAN ARRREND.SA	Meatpacking plant	01/20/12	7.01%	0.1	1,678	280
Frigorifico Extremo Sul	Meatpacking plant	10/01/09	IGP-M year	1.3	4,965	1,208
Frigorifico Mercosul	Meatpacking plant	09/21/09	IGP-M year	1.2	100,000	3,290
Frigorifico Margem	Meatpacking plant	10/09/09	IGP-M year	1.3	164,500	5,810
Frigorifico 4 Rios	Meatpacking plant	12/01/09	IGP-M year	1.4	9,600	1,266
Frigorfico Boivi	Meatpacking plant	12/29/09	IGP-M year	1.8	6,000	780
BRF-Brasil Food´s S/A	Meatpacking plant	06/18/12	IGP-M year	0.2	58,860	9,810
	Total local currency				**369,468**	**27,379**
	Foreign currency					
AVN AIR LLC	Aircraft	12/01/07	libor + 3%	4.1	24,631	954
	Total Foreign currency				**24,631**	**954**
	Total local and foreign currency				**394,099**	**28,333**

The financed balance of the operating lease payable falls due as follows:

	Parent	Consolidated
	06/30/13 (at present value)	06/30/13 (at present value)
Domestic currency		
Up to one year	6,956	29,248
From one to five years	2,992	11,206
Total domestic currency	9,948	40,454
Foreign currency		
Up to one year	1,976	1,976
From one to five years	5,503	5,503
Total foreign currency	**7,479**	**7,479**
Total	**17,427**	**47,933**

The operating leases the Company enters into have no restrictions or contingencies, follow market practices and include, in some cases, price adjustment clauses during their effective term.

The value of the leased assets is calculated at total definitive cost, which includes costs of transportation, taxes and documentation. Finance lease obligations are calculated on the total definitive cost, by applying a predefined percentage for each agreement.

In the event of termination, the lessor will have the option of cumulatively: (i) unilaterally cancelling all rights arising from the lease agreement; (ii) claiming the return of the leased goods; and (iii) accelerating the maturity of the lease agreement. In that case, the lessee undertakes to pay unsettled debts, including installments overdue and falling due, besides possible outstanding expenses, taxes and charges, plus a fine of 10% on the debt balance. The lessee, without prejudice to the lessor, may file a claim for damages.

In relation to the renewal option, the lessee should previously communicate their intention to renew the lease agreement, otherwise the renewal is automatic, the conditions of which should be agreed upon between the parties. In the event the parties do not reach an agreement, the lessee should opt for purchasing the goods at market value or returning them.

21. Notes payable

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Notes payable for investments in Brazil (d)	219,970	243,793	219,970	243,793
Notes payable - Sponsorships (a)	15,242	-	15,242	13,120
Derivatives payable (b)	203,703	260,891	205,517	304,569
Related parties (c)	2,523,314	1,686,679	-	-
JBS S/A (e)	399,664	-	399,664	-
Other	-	-	1,036	89
Discount to present value	-	(227)	-	(227)
	3,361,893	**2,191,136**	**841,429**	**561,344**
Current liabilities	904,512	492,167	656,114	352,852
Non-current liabilities	2,457,381	1,698,969	185,315	208,492

(a) On March 8, 2010, the Company signed a sponsorship agreement with the Brazilian Football Confederation (CBF) to sponsor the Brazilian football teams, including men's and women's national association football teams administered by the CBF ("Teams").The agreement allows the disclosure of the sponsorship of the "Teams" through display and associations with the SEARA, MONTANA, BASSI, DAGRANJA, PALATARE and other brands owned by MARFRIG. Image rights of athletes and members of the technical commissions of the teams and third parties, use of the CBF logo in advertising campaigns of the products, including in-store actions, gifts and packaging of products in Brazil and abroad are also allowed. CBF must make backdrop displays of MARFRIG brands at press conferences in Brazil and abroad, disclose the trademark's logo on the back of training and leisure uniforms, used by players of the team. This agreement is valid from the date of execution to December 31, 2026.
On March 29, 2010, the Company signed a sponsorship agreement with FIFA (*Fédération Internationale de Football Association*) to sponsor the 2010 FIFA World Cup™, FIFA Confederations Cup 2013 and 2014 FIFA World Cup™. The agreement permits the use of Marfrig Group brands, such as: SEARA, PEMMICAN and MOY PARK, and also the use of the tournament logo in advertisements and products and its distribution;

(b) In the note 33, we break down financial instrument operations practiced by the Company. The Company and its subsidiaries are subject to market risks related to foreign exchange variations, interest rates fluctuations and commodities prices variations. These represent the amount of derivatives payable. The derivative instrument related to the debenture operation was transferred to JBS S.A. as part of the debt assumption, pursuant to the Agreement for Purchase and Sale of Ownership Interest and Other Covenants;

(c) The breakdown of balance can be seen in note 10.1;

(d) In accordance with the Asset Exchange Agreement and Other Covenants entered into on June 11, 2012 between the Corporation and BRF – Brasil Foods S.A., Sadia S.A. and Sadia Alimentos S.A. ("Sadia Alimentos"), in accordance with the material fact notice disclosed by the Corporation, jointly with BRF – Brasil Foods S.A., on June 13, 2012, in addition to the assets exchanged by the parties, Marfrig has the obligation to pay in cash the outstanding balance of the original debt of R$350 million, in accordance with the Private Instrument for Settlement of the Cash Payment and Other Covenants ("Cash Payment Instrument"). On June 30, 2013, the outstanding balance of the Cash Payment Instrument was R$216.2 million.
The Cash Payment Instrument provides for the partial payment in advance of the balance of the Cash Payment Instrument if the Corporation carries out a Relevant Capitalization, which means a primary public share offering or transaction of similar nature that results in the flow of funds into the Company or its subsidiaries in an amount greater than R$1.0 billion;
Considering that the Corporation, under the scope of the Public Offering for the Primary Distribution of Common Shares in the Corporation and in accordance with the closing announcement published on December 26, 2012, raised proceeds of R$1.05 billion, the total amount to be prepaid to BRF for the Relevant Capitalization is R$25.1 million, divided into three (3) quarterly payments to be restated by the variation in the IGP-M index until the date of the respective payment, to be paid as from the first quarter of 2013 and with the other installments paid in the subsequent quarters. These amounts are duly provisioned for on the balance sheet under notes payable for investment in Brazil;

(e) Balance related to the advance made by JBS, as per the agreement for purchase and sale of ownership interest and other covenants entered into on June 7, 2013, on which date JBS assumed the Working Capital, Swap and PPE debts, which were deducted from the adjusted sales price for the acquisition of 100% of Columbus Netherlands, as informed in Note 13.4.

22. Mandatory deed convertible into shares

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Convertible mandatory deed	2,500,000	2,500,000	2,500,000	2,500,000
Conversion into shares	(350,000)	-	(350,000)	-
Issue expenses	(29,080)	(29,080)	(29,080)	(29,080)
	2,120,920	**2,470,920**	**2,120,920**	**2,470,920**

According to the "Indenture for the Second Issue of Debentures Convertible into Shares of (Mandatory Deed) Marfrig Alimentos S/A", the Company issued two hundred and fifty thousand (250,000) debentures, mainly convertible into shares, with unit par value of R$10, amounting to R$ 2,500,000. The Mandatory Deed was issued on July 15, 2010 through private subscription, with maturity within 60 months, annually restated at the interest rate at 100% of the accumulated variation of average interbank deposit rates of a day, plus spread of one per cent (1%). Remuneration of the Mandatory Deed is recognized as current liabilities and collateralized by a bank guarantee provided by Banco Itaú BBA S/A. The total amount of the two hundred and fifty thousand (250,000) debentures was subscribed on various dates during September, and the main debenture holder is BNDES Participações S/A.

As defined in said Indenture and except for the cases of voluntary conversion, the conversion price will be lower than the following items: (i) R$21.50, plus the percentage of interest paid to debenture holders over the par value of the issues, less earnings distributed to each share, both restated at CDI as from the actual payment, in the case of interest on debentures, or the date of debentures less earnings, in the case of earnings, until the conversion date; and (ii) the higher between the market price and R$24.50, the latter without adjustment for earnings in cash or monetary restatement.

The Company, based on the essence of the operation (equity) and on the characteristics thereof, initially recorded the Mandatory Deed (principal) as Capital Reserve, under Shareholders' Equity. However, the Securities and Exchange Commission of Brazil (CVM), through Official Letter CVM/SEP/GEA-5/no. 329/2012 dated October 10, 2012, stated its opinion of this instrument and ordered: (i) the accounting reclassification of the Mandatory Deed; and (ii) the re-filing of the 2011 financial statements with comparisons to the 2010 financial instatements.

The Company abided by the order of the CVM, proceeding with the full reclassification of the Mandatory Deed to the specific accounting line Non-current Liabilities. The previous method of accounting was based on accounting and legal opinions issued specifically regarding this matter.

Said reclassification does not affect any terms and conditions of the Mandatory Deed and there is no effect on the current financial indebtedness of the Company, on the servicing of its debt or on its financial covenants, since, unlike others items under the liabilities of the Company, the Mandatory Deed may not be liquidated into cash or cash equivalents, but only into common shares issued by the Company.

The Company spent R$12,328 to issue the Mandatory Deed, which was initially recorded as a valuation allowance to the Capital Reserve account. In August 2011 and 2012, surety was renewed in the amount of R$8,365 and R$8,387, respectively; accordingly, expenses with the issue of the Mandatory Deed amounted to R$29,080. These expenses were also reclassified under non-current liabilities, as a deduction from the account "Mandatory Deed Convertible into Shares", and will remain in said account until the effective conversion of the Mandatory Deed into shares.

Because of the paying in of such debentures made by BNDES Participações S/A, MMS Participações S/A and BNDES Participações S/A have entered into a Shareholders' Agreement with the purpose of regulating the relationship between the parties as shareholders of Marfrig Alimentos S.A.

On February 5, 2013 the Company conducted a capital increase, within the authorized limit due to the conversion of thirty-five thousand (35,000) debentures from the 2nd Issue of Convertible Debentures of the Company that were held by BNDES Participações S.A. – BNDESPAR into forty-three million, seven hundred and fifty thousand (43,750,000) common shares (the "Shares") issued by the Company, in accordance with Item III.16.11 of the "Private Deed of the 2nd Issue of Debentures Convertible Into Shares of Marfrig Alimentos S.A." that was entered into by the Company and Planner Trustee DTVM Ltda. on July 22, 2010, and as per the Material Fact published on October 24, 2012.

The Shares resulting from the conversion will have the same characteristics and conditions and enjoy all of the same rights and advantages ascribed by law and by the bylaws that are attributed to the existing common shares issued by the Company.

As a result of the abovementioned conversion of debentures, there was a material increase in the ownership interest held by the shareholder BNDESPAR, which now holds common shares representing 19.63% of the capital stock of the Company.

23. Provisions for contingencies

23.1 The Company and its subsidiaries are involved in several civil, administrative, tax, social security and tax proceedings, in the ordinary course of business, for which provisions based on legal counsel's estimates have been set up. The principal information about these proceedings is presented below:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Labor and social security	4,475	4,475	8,726	53,974
Tax	3,577	3,577	3,577	156,537
Civil	4,003	4,003	4,030	27,378
	12,055	**12,055**	**16,333**	**237,889**

23.1.1. Labor and social security

As at June 30, 2013, the Company and its subsidiaries are parties to various labor claims. Based on the Company's and its subsidiaries' payment history, a provision of R$8,726 was set up. In the opinion of the Management and legal counsel, this provision is sufficient to face probable losses. Most of the labor claims filed against the Company and its subsidiaries refer to matters usually questioned in this industry, such as dismissal for just cause, preparation time, breaks for personnel who work in refrigerated environments, commuting time and ergonomic risk, among others. The Management of the Company believes no individual labor claim is relevant.

23.1.2. Tax

Tax contingencies refer mostly to the following taxes:

State VAT - ICMS

According to the Management and its legal counsel, the provision for tax contingencies of the Company are rated as a probable unfavorable outcome, totaling R$ 1,596. Also, the Company provisioned the amount of R$ 1,981 as reserve for non-materialized risk, for a total of provisions for tax contingencies of R$ 3,577. They refer to ICMS in the State of Mato Grosso and arise from the issuance of electronic invoices.

23.1.3. Civil

Based on the opinion of legal advisors, the Management recognized on June 30, 2013 a provision for the amount of shares considered to be of probable risk, totaling R$4,030.

The civil suits of the Company and its subsidiaries involve disputes typically related to business agreements and indemnities. None of those proceedings is individually material.

23.2. Contingent liabilities, which are not recorded in the books of account, according to prevailing legislation, are shown below:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Labor and social security	111,321	81,892	129,017	197,171
Tax	685,447	489,570	755,366	965,746
Civil	10,453	8,224	10,652	137,427
	807,221	**579,686**	**895,035**	**1,300,344**

23.2.1 Tax

We list below the main tax matters discussed at court that in the opinion of the Management and legal counsel are rated as possible losses for the Company and its subsidiaries.

Federal Taxes and Contributions

As at June 30, 2013, the Company was a party to administrative proceedings filed by the Federal Government at the total historical value of R$317,275, claiming: (i) differences in payments of PIS and COFINS debts and accessory obligations, and (ii) fine for release of goods due to formal error in documentation. The total historical amount involved of items i) and ii) totaled R$1,172, for which no provision was accrued given that legal counsel considers the likelihood of an unfavorable outcome possible, (iii) IPI deemed credit, with a historical cost of R$293 and an administrative decision recognizing the origin of the company's credit/ (iv) deduction of ICMS from PIS and COFINS tax bases. This last lawsuit refers to a refund request at the historical value of R$68,552, for which a provision was not accrued, given that according to the opinion of the legal counsel, they are considered only possible losses. The Company has filed administrative defenses that are pending final judgments and allege non-enforceability due to miscalculation of their tax bases, and that inspectors estimated the amounts according to assumptions; v) contributions destined to Social Security (FUNRURAL and GILLRAT) and other entities and funds (SENAR), with two deficiency notices filed, the first related to 2006 and 2007 and the second related to 2008 at the historical amount of R$ 146,906, both of which already were the subject of an administrative defense alleging the non-constitutionality of said contribution based on the Federal Supreme Court's decision, the application of which at the administrative level is supported by Article 26 – A of Decree 70,235/72; vi) Income and Social Contribution Taxes verified due to measurement of profits of foreign subsidiaries at the historical amount of R$ 37,278, which is the subject-matter of the administrative defense under the allegation of failure to comply with the accrual basis principle, the non-constitutionality of law provision (Article 74 of Provisional Measure 2158-35/2011) and infringement of dual taxation treaties signed by Brazil, where also no provision was recorded in view of the chances of success; vii) income tax (IRPJ) and social contribution on net profit (CSLL) - Failure to accrue in net income when determining the taxable base, as well as in the CSLL calculation base, the income from branches, subsidiaries or affiliated companies determined for fiscal year 2008 in the historical amount of R$ 38,095. An administrative defense was presented. It is important to note that because this does not involve a tax credit, but rather the disallowance of a tax loss and negative calculation base for CSLL, the effect on deferred assets is the amount indicated in the proceeding; and viii) disallowance of the negative balance of income tax (IRPJ) for 2008, with partial approval of the offsets made, due to the non-recognition of a portion of the credit a debit was created in the historical amount of R$ 24,979, against said disallowance a statement of nonconformance was presented so that the entire credits of the company could be recognized.

The Company has tax foreclosure related to CSLL, IRPJ and IE tax claims in the historical amount of R$16,481. Said foreclosure is currently duly guaranteed and being defended. A motion has been filed for the use of tax credits to pay debits pending analysis for the extinction of the debit.

The Company has two Tax Foreclosure actions claiming the payment of Social Security Contributions in the total amount of R$150,152. The company informed the existence of a legal measure regarding the right to use of export tax credits to pay such debits and said debt should remain suspended until the final judgment.

The subsidiary MFB has a Tax Foreclosure action claiming the payment of Social Security Contributions in the amount of R$45,852. The company informed the existence of a legal measure regarding the right to use of export tax credits to pay such debits and said debt should remain suspended until the final judgment.

The Company and its subsidiaries have administrative proceedings, which individually are not relevant, associated with federal tax credits offset against social security debts. The amounts are the following: Marfrig R$55,048, MFB R$47,395 and Pampeano R$5,243. These companies are parties to court actions discussing their right to the offset under those terms.

PIS and COFINS on imports

In November 2004, the Company filed a lawsuit challenging the enforceability of PIS and COFINS on imports and claimed the non-payment of those contributions. A provisional remedy was granted and confirmed in a sentence that is currently in effect, against which the Federal Government has filed an appeal that will be judged at the Federal Court of Appeals - 3rd Region. That action generates favorable effects on cash flows, as it allows the payment of those taxes during the sale of the goods, and not in advance during the import.

State VAT – ICMS

The discussions on ICMS involving the Company in administrative proceedings filed by the Finance Departments of the States of São Paulo, Goiás, Minas Gerais, Paraná, Bahia, Rio Grande do Sul, Rondônia and Ceará that question the credits from the transfer of goods, the allocation of presumed tax credit arising from slaughtering activities, non-fulfillment of accessory obligations, wrong issuance of invoices, credit granted and non-payment of ICMS ST, which amount to the historical value of R$ 46,296. From such amount, the amount of R$ 13,226 was the subject matter of a legal claim on the credit granted by the State of São Paulo, with an interim relief that suspended its mandatory payment. The Company is challenging the collection imposed for the lack of supporting documentation to prove the entrance of goods through the Free-Trade Zone of Manaus, at the historical value of R$ 968. In the State of Mato Grosso, the actions refer to the disregard of the tax regimen established with the State, the absence of issuance of electronic invoice, irregular issue of tax document and export evidence corresponding to R$ 5,010.

The most significant proceedings regarding ICMS were filed by the Finance Department of the State of São Paulo claiming amounts related to deemed credit taken on transfer invoices of goods sent by the branch located in the states of Mato Grosso do Sul and Goiás to the branches in the State of São Paulo, that is, a "Tax War". The assessed amounts correspond to the difference between the amount separately identified in the goods receiving documents at the distribution center and that paid to the State of origin. The total historical amount claimed in these administrative proceedings is R$ 292,533. The discussion at the administrative level is in the total amount is R$ 123,831. The Company has filed a lawsuit claiming the suspension of the enforceability of that credit, totaling R$ 98,635. Among these, five are court claims for taxes at the historical amount of R$ 97,078.

IPI CREDIT – premium

The Company has refund requests at the administrative level pleading IPI Credit – Premium amounting to R$671,899 already judged at the 1st Administrative Level but pending judgment on the appeal level. Said requests refer to credits the Company did not use.

23.2.2. Civil

The civil suits of the Company and its subsidiaries involve disputes typically related to business agreements and indemnities, which are not individually relevant.

23.3. Changes in provisions

	Parent				Consolidated			
	Labor and social security	Tax	Civil	Total	Labor and social security	Tax	Civil	Total
Balance on December 31, 2012	**4,475**	**3,577**	**4,003**	**12,055**	**53,974**	**156,537**	**27,378**	**237,889**
Addition	-	-	-	-	19,648	23,606	3,868	47,122
Reversal	-	-	-	-	(33,947)	(14,919)	(6,198)	(55,064)
Reclassification	-	-	-	-	17,209	(3,026)	4,456	18,639
Translation gains/losses	-	-	-	-	(30)	65	-	35
Discontinued operation	-	-	-	-	(48,128)	(158,686)	(25,474)	(232,288)
Balance on June 30, 2013	**4,475**	**3,577**	**4,003**	**12,055**	**8,726**	**3,577**	**4,030**	**16,333**

24. Deferred Income and Social Contribution Taxes - Liabilities

	Parent		Consolidated	
	06/30/13	**12/31/12**	**06/30/13**	**12/31/12**
Income Tax	77,394	79,723	563,601	1,131,575
Social Contribution	27,860	28,699	32,111	343,085
	105,254	**108,422**	**595,712**	**1,474,660**

Refer to (i) deferred taxes recorded when property, plant and equipment items adopted deemed cost as of January 1, 2009 in accordance with CPC 27 and ICPC 10, which will be settled as revalue assets are sold, written off, depreciated or amortized, according to their respective useful lives established in the appraisal report, and (ii) the effect of deferred federal taxes calculated on the effects of CPC 15 (R1) – business combination.

Below are the changes in deferred taxes in the period ended June 30, 2013:

	Parent		Consolidated	
Description	IRPJ	CSL	IRPJ	CSL
Balance on December 31, 2012	**79,723**	**28,699**	**1,131,575**	**343,085**
Accrual	-	-	1,082	390
Realization of revaluation reserve	(877)	(316)	(10,396)	(3,742)
Realization of deemed cost	(1,452)	(523)	(6,507)	(1,622)
Deferred taxes on temporary differences	-	-	3,071	85
Reversal of deferred taxes on temporary differences	-	-	(2,298)	(188)
Other	-	-	2,673	746
Translation gains/losses	-	-	25,936	-
Discontinued operation	-	-	(581,535)	(306,643)
Balance on June 30, 2013	**77,394**	**27,860**	**563,601**	**32,111**

25. Shareholders' equity

25.1. Share capital

Subscribed and paid-in share capital as at June 30, 2013 totals R$ 5,276,678 and is represented by 520,747,405 common shares without par value (R$ 4,926,678 as of December 31, 2012, represented by 476,997,405 shares). Under the scope of the primary public offering of common shares of the Company in December 2012, a total of 131,250,000 common shares were issued at the aggregate subscription price of R$ 1,050,000,000, as per the minutes of the meeting of the Board of Directors held on December 10 and 21, 2012. As per the Minutes of the Board of Directors' Meeting held on July 30, 2012, a total of 1,236,549 registered common shares, previously held in treasury, were canceled. Based on CVM Resolution nº 649/10, the Company recorded under shareholders equity the costs incurred with the processes of funding through public share offering and private share issue.

On February 5, 2013, the Corporation carried out a capital increase, within the authorized limit, in a Meeting of the Board of directors, due to the conversion of thirty-five thousand (35,000) debentures from the 2nd Issue of Convertible Debentures of the Corporation that were held by BNDES Participações S.A. (BNDESPAR) into forty-three million, seven hundred and fifty thousand (43,750,000) common shares ("Shares") issued by the Corporation, as explained in note 22.

Pursuant to the Company's by-laws, at the discretion of the Board of Directors, share capital can be composed of up to six hundred and thirty million (630,000,000) common shares, including share capital, regardless of amendments to the by-laws.

Also at discretion of the Board of Directors, the Company can issue shares and debentures convertible into shares or subscription warrants without pre-emptive rights or with the period reduction provided for in paragraph 4 of article 171 of Law No. 6.404/76. Their placement should be made through sale on stock exchange or public subscription, or by means of exchange for shares in a public offering for control acquisition, under the terms of the law and within the limit of authorized capital.

The Board of Directors defines issuance conditions (prices and periods).

The call option of shares, the conditions under which shareholders will have pre-emptive rights to subscription, or the inexistence of such right in relation to Management, employees, or individuals who render services to the Company or other companies under its control are presented in Note 29.5.

25.2. Income reserves

25.2.1. Legal reserve

It is 5% of the Company's net income, as defined in its by-laws and current legislation.

In 2012, the Company did not recognize legal reserve given that it recorded loss in the year. Accordingly, the balance as of June 30, 2013 remained at R$ 44,476.

25.2.2. Treasury shares

Share buyback program

Shares repurchased were held in treasury for exercise of stock options by the beneficiaries of the Company's Stock option Plan and/or subsequent cancellation or sale.

In the period ended June 30, 2013, there was no ongoing share buyback program and Marfrig did not acquire any shares.

Treasury shares

On June 30, 2013, Marfrig held five hundred forty-three thousand, six hundred seventy-five (543,675) common shares in treasury, representing 0.10% of the Company's total shares, which were booked at the amount of R$ 5,140, which corresponds to an average cost of nine reais and forty-five centavos (R$ 9.45) per share.

Changes in treasury shares are shown in the table below:

	Held in Treasury	
	Number of Shares	Value (R$ '000)
Balance as at 12/31/2012:	**690,704**	**6,530**
(-) Disposal - Stock options	(147,029)	(1,390)
Balance as at 06/30/2013	**543,675**	**5,140**

25.3. Other comprehensive income

25.3.1. Asset and liability valuation adjustment

Considering CVM Resolution No. 640/10, the Company created the account subgroup "Asset and Liability Valuation Adjustments" to record exchange rate gains (losses) on investments in subsidiaries abroad directly and indirectly held by the Company. Such accumulated effect will be transferred to the statement of operations for the year as gain or loss only upon the disposal or write-off of the investment.

This account also recognizes the effects of adoption of deemed cost.

25.3.2 Cumulative translation adjustment

According to Circular Letter CVM/SNC/SEP No. 01, of January 30, 2009, and CVM Resolution No. 640/10, the Company created a caption called "Cumulative Translation Adjustments" to record exchange rate gains (losses) resulting from the translation of the foreign subsidiaries' financial statements. The investee's functional currency is different from that of the Company.

25.3.3. Amounts under Shareholders' Equity related to assets held for sale

In compliance with CPC 31, the Company segregated from the balance of other comprehensive income recorded in its shareholders' equity the amounts related to assets held for sale.

25.4. Dividends payable

The Company's mandatory dividend is at least 25% of the adjusted net income determined in the Company's financial statements, pursuant to Brazilian Corporate Law and the Company's by-laws. The annual statement of dividends, including their payment, in addition to mandatory minimum dividends, are approved at an Annual Shareholders' Meeting by majority voting of Marfrig's shareholders and will depend on various factors. Among these factors are the Company's operating results, financial conditions, cash needs, future prospects and others which Marfrig's Board of Directors and shareholders deem relevant.

At a meeting held on March 27, 2013, in view of the net loss recorded in the period, the Board of Directors did not submit to the Extraordinary Shareholders' Meeting the proposal for distribution of dividends for 2012.

25.5. Interest on equity capital

The Company did not recognize interest on shareholders' equity for the period ended June 30, 2013.

25.6. Non-controlling interest

Refers to the interest of non-controlling shareholders in the Company's equity.

26. Net sales

	Parent		Consolidated	
	06/30/13	06/30/12	06/30/13	Reclassified 06/30/12
Revenue from sales of products				
Domestic sales	1,411,069	1,394,013	6,949,660	6,156,847
Foreign sales	895,510	835,424	2,087,827	1,793,455
	2,306,579	**2,229,437**	**9,037,487**	**7,950,302**
Deductions from gross sales				
Taxes on sales	28,765	(63,821)	(37,352)	(133,642)
Returns and discounts	(73,881)	(71,190)	(170,331)	(140,765)
	(45,116)	**(135,011)**	**(207,683)**	**(274,407)**
Net sales	**2,261,463**	**2,094,426**	**8,829,804**	**7,675,895**

27. Costs and expenses by nature

The Company has decided to present the statements of income by function. The breakdown by nature is below:

	Parent		Consolidated	
	06/30/13	06/30/12	06/30/13	Reclassified 06/30/12
Cost of sales				
Inventory costs	1,625,480	1,358,965	6,145,908	5,056,423
Depreciation [(1)]	33,754	32,680	162,004	144,685
Amortization	1,136	1,032	63,561	55,411
Employee salaries and benefits	104,667	85,825	1,394,670	1,340,090
	1,765,037	**1,478,502**	**7,766,143**	**6,596,609**
Administrative expenses				
Depreciation	1,403	2,671	6,369	7,275
Amortization	-	-	523	5,315
Employee salaries and benefits	40,189	31,427	178,454	174,200
Other	36,188	69,157	103,463	106,338
	77,780	**103,255**	**288,809**	**293,128**
Selling expenses				
Depreciation [(1)]	342	123	447	241
Amortization	-	-	-	41
Employee salaries and benefits	8,095	8,166	133,555	92,838
Other	115,144	126,414	230,386	236,427
	123,581	**134,703**	**364,388**	**329,547**

(1) The difference in the balance of Consolidated accumulated depreciation between this note the Cash Flow Statement, amounting to R$ 203,624, is related to the reclassification of Discontinued Operation, in compliance with CPC 31 – Non-current assets held for sale and discontinued operation.

28. Net financial result

The Company's net financial income (expenses) is as follows:

	Parent		Consolidated	
	06/30/13	06/30/12	06/30/13	Reclassified 06/30/12
Financial income				
Financial results with derivatives	18,868	51,777	112,624	59,926
Interest received, earnings from marketable securities	23,396	38,347	79,401	128,604
Discounts, other	(1,101)	7,325	1,065	5,966
Total financial income	**41,163**	**97,449**	**193,090**	**194,496**
Exchange rate gains	**219,369**	**203,993**	**283,680**	**228,391**
Financial expense [1]				
Provisioned interest, debentures and leasing with financial institutions	(475,933)	(410,064)	(611,127)	(583,361)
Derivatives	(176,085)	(44,826)	(188,093)	(57,892)
Bank expenses, commissions, fees, other	(72,484)	(22,686)	(117,726)	(45,686)
Total financial expense	**(724,502)**	**(477,576)**	**(916,946)**	**(686,939)**
Exchange rate losses	**(566,599)**	**(472,284)**	**(701,339)**	**(498,626)**
Net financial result	**(1,030,569)**	**(648,418)**	**(1,141,515)**	**(762,678)**

(1) The Company adopted criteria for presentation of financial expenses that segregates expenses with financial institutions from other expenses.

29. Management's compensation

The compensation policy is designed to establish the criteria, responsibilities and directions for the short- and long-term compensation program of Marfrig Group's Management (Bonus and Stock Option).

The purpose of this policy is to motivate the Company's executive officers to grow and develop to achieve maximum performance, in line with the business objectives, through a short- and long-term reward pay-out.

The Corporate Governance and Compensation Committee is responsible for evaluating/analyzing Management's compensation. The Committee is made up of a coordinator (Member of the Board of Directors), President and HR Officer. Meetings are held monthly to discuss strategic HR issues.

The parameters used to determine Management's compensation are based on market practices.

29.1. Board of directors

The Board of Directors' compensation consists of a fixed and variable pay.

Fixed pay – An annual amount is set for each member and paid on a monthly basis.

Variable pay – Short-term bonus or stock option-based payment. An annual amount convertible into stock is set for each member (Stock Option) – only long-term. The price of the share is based on the average of the last 20 trading sessions prior to March 3 of each year. There is no subsidy by the Company.

The option exercise is in 4 years (25% per year), in the same way as for officers appointed as per by-laws.

The board members' compensation is determined through market research with the major companies in the industry whereby a compensation base is defined and submitted to Marfrig's corporate governance and compensation committee for validation.

29.2. Officers appointed as per Bylaws

Fixed pay – An annual amount is set for each member and paid on a monthly basis.

Variable pay – Consists of short-term (bonus) and long-term (Stock Option) compensation. In general the goals set by the Company for Management evaluation refer to economic objectives (Division's EBITDA and Marfrig Group's net income) and individual goals.

The gain on the Stock Option Plan is tied to the appreciation of the market price of the share, i.e. the value added to the Company by the performance of the individual and the Management as a whole will reflect on the gain on the stock option plan. At the same time the employees' interests are aligned with the Company's interests in the long term.

The exercise price of the stock options is the average of the last 20 trading sessions prior to March 3 of each year and the grant price with a 50% discount starting with the grants in 2010.

The vesting period follows these criteria:

- 25% after 12 months of the grant;
- 25% after 24 months of the grant;

- 25% after 36 months of the grant;
- 25% after 48 months of the grant.

The officers' compensation is determined through market research with the major companies in the industry whereby measurement criteria are established according to the significance of the position within the organization. The macro policies are approved by the corporate governance and compensation committee.

29.3. Audit committee

The Company's Audit Committee was set up after approval at the Annual Shareholders' Meeting held on April 30, 2010. In the by-laws amended by the Special Shareholders' Meeting held on March 11, 2011, the Audit Committee became a permanent body.

Fixed pay – An annual amount is set for each member and paid on a monthly basis. There is no variable pay.

29.4. Consolidated compensation

Management and Board members compensation is made up of the compensation of three members of the Board of Directors (the other five opted for not receiving compensation as board members), six members of the Audit Committee (the other three are alternate members) and the officers appointed as per the Company's by-laws.

The added value of the compensation received by the Company's Management and Board members for their services is defined through market practices, with the participation of the Corporate Governance and Compensation Committee, made up of one Member of the Board of Directors (coordinator), the Chief Executive Officer and the Human Resources Officer:

Key management compensation	06/30/13	06/30/12
Short-term benefits to employees and managers	12,808	6,837
	12,808	**6,837**

Key management compensation - Annual	Estimated (*) 2013	2012
Short-term benefits to employees and managers	22,538	13,835
Share-based compensation	1,570	602
	24,108	**14,437**

(*) This estimate does not constitute financial information and is being presented by the Company as supplementary information.

29.5 Stock option plan

On May 29, 2009, the Annual Shareholders' Meeting approved the amendment and restatement of the Stock Option Plan (Plan), with the purpose of: (i) promoting value generation to the Company's shareholders, through alignment of their interests with those of the Management, employees and outsourced employees of Marfrig or its subsidiaries and (ii) enabling a higher level of attraction, retention and motivation of strategic employees.

The Plan is managed by the Board of Directors, within the limits established in the general guidelines and applicable legislation, which are disclosed in details in the Company's Reference Form.

The exercise price of options granted under the Plan terms is determined by the Board of Directors, based on the weighted average price of shares practiced in the last twenty (20) trading sessions of the São Paulo Stock Exchange immediately prior to the option granting date and a discount of up to 20% on the amount calculated.

During the period ended June 30, 2013, 147,029 shares were transferred to the Management of the Company under the stock option plans. The changes in options exercised throughout the year are shown in the tables below:

Total options exercised by month

	Number of shares exercised	Average Market Price[1] (R$ per share)
January/13	0	9.48
February/13	0	10.07
March/13	102,399	9.01
April/13	6,065	6.93
May/13	18,739	7.27
June/13	19,826	7.45
Options exercised - 2013	**147,029**	

[1] Average monthly quote disclosed by BM&FBOVESPA – Bolsa de Valores, Mercadorias e Futuros S.A., related to Marfrig's common shares, traded under ticker MRFG3.

Consolidated Changes	2013	2012
(Shares)		
Opening balance	**764,267**	**637,064**
Options granted	1,002,213	571,105
Options exercised	(147,029)	(270,345)
Options canceled and expired	(13,800)	(173,557)
Closing balance	**1,605,651**	**764,267**

The expected dilution of ownership interest of current shareholders, when stock options are exercised at the vesting date, up to the limit of shares held in the treasury for this purpose, is 0.46%, as detailed in the table below:

Percentage of Dilution	2Q13								
	Plan Master 07-08	Plan Master 08-09	Plan ESP I LP 07-08	Plan ESP II CP 08-09	Plan ESP III LP 08-09	Plan ESP IV LP 09-10	Plan ESP V LP 10-11	Plan ESP VI LP 11-12	Total
Granting date	03/03/08	07/28/09	07/28/09	07/28/09	07/28/09	07/01/10	04/20/11	04/24/12	
Unexercised	-	27,650	-	-	55,232	156,775	416,560	949,434	1,605,651
Outstanding shares									347,077,558
Percentage of dilution	0.00%	0.01%	0.00%	0.00%	0.02%	0.05%	0.12%	0.12%	0.46%

On June 30, 2013, the fair value of options was recorded in Marfrig's shareholders' equity at the amount of R$5,140 (R$6,530 on December 31, 2012). The Company recognized expenses relating to granting of plans in effect at the net amount of R$248.9, as detailed in the table below:

Effects from the exercise of options (R$ '000)	2Q13	1Q13	2012
Amount received from sale of shares - Exercised options	173.0	412.3	3.3
(-) Cost of treasury shares disposed of	(421.9)	(968.1)	(3.8)
Effect on disposal of shares	**(248.9)**	**(555.8)**	**(0.5)**

The fair value of the options was measured on an indirect basis, according to the Black-Scholes pricing method, based on the following assumptions:

Risk-free interest rate: 5.0% p.a. The Company uses as risk-free interest rate the Long Term Interest Rate (TJLP) annualized on calculation date and available on the federal revenue service website:

- www.receita.fazenda.gov.br/pessoajuridica/refis/tjlp.htm

The fair value per share as of June 30, 2013 in the different programs and maturities ranged between a minimum of R$ 0.72 and a maximum of R$ 6.09 negative per share for MASTER plans, specific for board members, and between a maximum of R$ 6.82 and a minimum of R$ 3.53 negative per share for SPECIAL plans, specific for executive officers.

Options granted are broken down as follows:

Plans	Granting Date	Performance (vesting) period	Option expiration date	Options granted	Vested options	Options exercised in the period	Options cancelled and/or expired in the period	Options exercised and/or cancelled in prior periods	Unexercised agreements	Option exercise price	Value of option in the period (Black Scholes) in R$
Total at	**03/31/2013**			**2,771,498**	**1,654,617**	**102,399**	**13,800**	**1,005,018**	**1,650,281**		
MASTER 07-08	03/03/2008	03/04/2009	03/03/2010	13,800	13,800	0	0	13,800	0	R$ 13.5870	-R$ 6.0870
MASTER 07-08	03/03/2008	03/04/2010	03/03/2011	13,800	13,800	0	0	13,800	0	R$ 13.5870	-R$ 6.0870
MASTER 07-08	03/03/2008	03/04/2011	03/03/2012	13,800	13,800	0	0	13,800	0	R$ 13.5870	-R$ 6.0870
MASTER 07-08	03/03/2008	03/04/2012	03/03/2013	13,800	13,800	0	0	13,800	0	R$ 13.5870	-R$ 6.0870
				55,200	**55,200**	**0**	**0**	**55,200**	**0**		
MASTER 08-09	07/28/2009	03/04/2010	03/03/2011	27,900	27,900	0	0	27,900	0	R$ 6.7783	R$ 0.7217
MASTER 08-09	07/28/2009	03/04/2011	03/03/2012	27,675	27,675	0	0	27,675	0	R$ 6.7783	R$ 0.7217
MASTER 08-09	07/28/2009	03/04/2012	03/03/2013	27,675	27,675	0	0	27,675	0	R$ 6.7783	R$ 0.7217
MASTER 08-09	07/28/2009	03/04/2013	03/03/2014	27,650	27,650	0	0	0	27,650	R$ 6.7783	R$ 0.7217
				110,900	**110,900**	**0**	**0**	**83,250**	**27,650**		
ESP I LP 07-08	07/28/2009	07/28/2009	11/30/2009	50,000	50,000	0	0	50,000	0	R$ 0.7549	R$ 6.7452
ESP I LP 07-08	07/28/2009	03/03/2010	09/02/2010	50,000	50,000	0	0	50,000	0	R$ 0.7549	R$ 6.7452
ESP I LP 07-08	07/28/2009	03/03/2011	09/02/2011	50,000	50,000	0	0	50,000	0	R$ 0.7549	R$ 6.7452
ESP I LP 07-08	07/28/2009	03/03/2012	09/02/2012	50,000	50,000	0	0	50,000	0	R$ 0.7549	R$ 6.7452
				200,000	**200,000**	**0**	**0**	**200,000**	**0**		
ESP II CP 08-09	07/28/2009	07/28/2009	11/30/2009	80,200	80,200	0	0	80,200	0	R$ 1.0382	R$ 6.4618
				80,200	**80,200**	**0**	**0**	**80,200**	**0**		
ESP III LP 08-09	07/28/2009	03/03/2010	09/02/2010	108,083	108,083	0	0	108,083	0	R$ 0.6778	R$ 6.8222
ESP III LP 08-09	07/28/2009	03/03/2011	09/02/2011	108,083	108,083	0	0	108,083	0	R$ 0.6778	R$ 6.8222
ESP III LP 08-09	07/28/2009	03/03/2012	09/02/2012	108,082	108,082	0	0	108,082	0	R$ 0.6778	R$ 6.8222
ESP III LP 08-09	07/28/2009	03/03/2013	09/02/2013	108,082	108,082	11,650	0	41,200	55,232	R$ 0.6778	R$ 6.8222
				432,330	**432,330**	**11,650**	**0**	**365,448**	**55,232**		
ESP IV LP 09-10	07/01/2010	03/03/2011	09/02/2011	80,000	80,000	0	0	80,000	0	R$ 11.0261	-R$ 3.5261
ESP IV LP 09-10	07/01/2010	03/03/2012	09/02/2012	80,000	80,000	0	0	80,000	0	R$ 11.0261	-R$ 3.5261
ESP IV LP 09-10	07/01/2010	03/03/2013	09/02/2013	80,000	80,000	50	0	3,175	76,775	R$ 11.0261	-R$ 3.5261
ESP IV LP 09-10	07/01/2010	03/03/2014	09/02/2014	80,000	0	0	0	0	80,000	R$ 11.0261	R$ 1.6248
				320,000	**240,000**	**50**	**0**	**163,175**	**156,775**		
ESP V LP 10-11	04/20/2011	03/03/2012	09/02/2012	142,770	142,770	0	0	142,770	0	R$ 7.0251	R$ 0.4749
ESP V LP 10-11	04/20/2011	03/03/2013	09/02/2013	142,770	142,770	3,350	0	7,850	131,570	R$ 7.0251	R$ 0.4749
ESP V LP 10-11	04/20/2011	03/03/2014	09/02/2014	142,770	0	0	0	275	142,495	R$ 7.0251	R$ 2.7055
ESP V LP 10-11	04/20/2011	03/03/2015	09/02/2015	142,770	0	0	0	275	142,495	R$ 7.0251	R$ 3.9862
				571,080	**285,540**	**3,350**	**0**	**151,170**	**416,560**		
ESP VI LP 11-12	04/24/2012	03/03/2013	09/02/2013	250,447	250,447	29,580	0	22,774	198,093	R$ 4.7680	R$ 2.7320
ESP VI LP 11-12	04/24/2012	03/03/2014	09/02/2014	250,447	0	0	0	0	250,447	R$ 4.7680	R$ 3.7193
ESP VI LP 11-12	04/24/2012	03/03/2015	09/02/2015	250,447	0	0	0	0	250,447	R$ 4.7680	R$ 4.6900
ESP VI LP 11-12	04/24/2012	03/03/2016	09/02/2016	250,447	0	0	0	0	250,447	R$ 4.7680	R$ 5.3236
				1,001,788	**250,447**	**29,580**	**0**	**22,774**	**949,434**		
Total at	**06/30/2013**			**2,771,498**	**1,654,617**	**44,630**	**0**	**1,121,217**	**1,605,651**		

Plans	Granting Date	Market value of unvested options at the end of the period (R$ thousand)	Market value of outstanding vested options at the end of the period (R$ thousand)	Effects in the result in case of accounting (R$ thousand)	Share Closing Price in the Period	Days to Vesting	Treasury Return TJLP (aa)	Volatility (Std Dev) Adj Beta	D1	D2	Average cost of treasury shares at the end of the period (R$/share)	Amount received from sale of exercised options (R$ thousand)
Total at	**03/31/2013**	**5,622.0**	**1,391.0**	**6,022.0**	**R$ 8.44**		**5.00%**	**101.0%**			**R$ 9.45**	**412.3**
MASTER 07-08	03/03/2008	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
MASTER 07-08	03/03/2008	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
MASTER 07-08	03/03/2008	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
MASTER 07-08	03/03/2008	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
		0.0	**0.0**	**0.0**								**0.0**
MASTER 08-09	07/28/2009	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
MASTER 08-09	07/28/2009	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
MASTER 08-09	07/28/2009	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
MASTER 08-09	07/28/2009	0.0	20.0	74.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
		0.0	**20.0**	**74.0**								**0.0**
ESP I LP 07-08	07/28/2009	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
ESP I LP 07-08	07/28/2009	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
ESP I LP 07-08	07/28/2009	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
ESP I LP 07-08	07/28/2009	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
		0.0	**0.0**	**0.0**								**0.0**
ESP I CP 08-09	07/28/2009	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
		0.0	**0.0**	**0.0**								**0.0**
ESP II LP 08-09	07/28/2009	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
ESP II LP 08-09	07/28/2009	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
ESP II LP 08-09	07/28/2009	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
ESP II LP 08-09	07/28/2009	0.0	376.8	484.7	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	7.9
		0.0	**376.8**	**484.7**								**7.9**
ESP IV LP 09-10	07/01/2010	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
ESP IV LP 09-10	07/01/2010	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
ESP IV LP 09-10	07/01/2010	0.0	-270.7	-120.7	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.6
ESP IV LP 09-10	07/01/2010	130.0	0.0	-125.8	R$ 7.50	246	5.00%	102.8%	0.0053	-0.8387	R$ 9.45	0.0
		130.0	**-270.7**	**-246.5**								**0.6**
ESP V LP 10-11	04/20/2011	0.0	0.0	0.0	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	0.0
ESP V LP 10-11	04/20/2011	0.0	62.5	319.6	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	23.5
ESP V LP 10-11	04/20/2011	386.3	-0.7	346.1	R$ 7.50	246	5.00%	102.8%	0.5394	-0.3045	R$ 9.45	0.0
ESP V LP 10-11	04/20/2011	569.1	-1.1	346.1	R$ 7.50	611	5.00%	102.8%	0.7771	-0.5529	R$ 9.45	0.0
		955.4	**60.6**	**1,011.8**								**23.5**
ESP VI LP 11-12	04/24/2012	0.0	541.2	928.3	R$ 7.50	0	5.00%	102.8%	0.0000	0.0000	R$ 9.45	141.0
ESP VI LP 11-12	04/24/2012	931.5	0.0	1,173.6	R$ 7.50	246	5.00%	102.8%	0.9987	0.1547	R$ 9.45	0.0
ESP VI LP 11-12	04/24/2012	1,174.6	0.0	1,173.6	R$ 7.50	611	5.00%	102.8%	1.0685	-0.2615	R$ 9.45	0.0
ESP VI LP 11-12	04/24/2012	1,333.3	0.0	1,173.6	R$ 7.50	977	5.00%	102.8%	1.1898	-0.4920	R$ 9.45	0.0
		3,439.3	**541.2**	**4,449.1**								**141.0**
Total at	**06/30/2013**	**4,524.7**	**727.9**	**5,773.1**	**R$ 7.50**		**5.00%**	**102.8%**			**R$ 9.45**	**173.0**

30. Earnings (loss) per share

The following table shows the calculation of earnings (loss) per share for the periods ended June 30, 2013 and 2012 (in thousands, unless otherwise stated):

	06/30/13	06/30/12
Loss (profit) attributable to shareholders of continued operations	(538,315)	244,478
Profit attributable to shareholders of discontinued operations	37,163	(194,551)
Loss (profit) attributable to shareholders of the Company	(501,152)	49,927
Weighted average number of shares in the period (units)	520,747,405	346,983,954
Weighted average number of shares, including stock option (units)	(570,022)	2,081,661
Weighted average number of outstanding common shares in the period (units)	520,177,383	344,902,293
Profit (Loss) basic and diluted (in R$) from continued operations	**(1.0349)**	**0.7089**
Profit (Loss) basic and diluted (in R$) from discontinued operations	**0.0714**	**(0.5641)**
Profit or loss attributed to shareholders of the Company	**(0.9634)**	**0.1448**

The Company has debentures convertible into common shares, which are not added to the calculation of diluted earnings per share.

31. Segment reporting

Marfrig Alimentos S.A. is a multinational Brazilian-originated company dedicated to the production, processing and sale in domestic and foreign markets of diversified food products, focusing on products of animal protein.

The Company has built an integrated business model, geographically diverse, consisting of production bases located in places with significant competitive advantages in cost and a distribution network with access to major consumer markets in the world.

The Company is strategically organized into two main presentable areas, organized according to the animal protein that gives rise to revenue, with their own structures and professionalized and segmented into:

- Cattle, sheep and leather, with slaughter operations of animals found in South America (Brazil, Argentina, Uruguay and Chile) and Europe;
- Poultry and prepared & processed food products, with operations in Brazil, Europe, USA and Asia.

The group's global platform is present in four continents, with 67 industrial complexes and offices in South and North America, Asia, Europe and Oceania, with a distribution system that allows us to export to over 140 countries.

The Company provides information to the market, combined by segment of activity similar to that considered by its managers when taking strategic decisions.

The consolidated balance sheet and statement of operations summarized by information segment are as follows:

	06/30/2013			12/31/2012		
	Beef, lamb and leather	Poultry, pork and processed and elaborated products	Total	Beef, lamb and leather	Poultry, pork and processed and elaborated products	Total
Assets						
Current assets	5,764,772	1,939,868	7,704,640	6,074,988	4,159,664	10,234,652
Held for sale	43,326	8,468,583	8,511,909	-	-	-
Long-term receivables	2,263,418	183,577	2,446,995	1,916,181	1,344,969	3,261,150
Investments	178	55,065	55,243	178	10,929	11,107
Property, plant and equipment	2,659,720	1,778,892	4,438,612	2,688,616	5,068,643	7,757,259
Biological assets	4,720	94,955	99,675	17,597	235,764	253,361
Intangible assets	791,465	1,837,172	2,628,637	868,771	3,203,154	4,071,925
	11,527,599	**14,358,112**	**25,885,711**	**11,566,331**	**14,023,123**	**25,589,454**
Current liabilities	3,470,888	6,176,030	9,646,918	3,297,971	4,389,349	7,687,320
Non-current liabilities	7,279,637	4,857,089	12,136,726	8,696,451	4,900,591	13,597,042
	10,750,525	**11,033,119**	**21,783,644**	**11,994,422**	**9,289,940**	**21,284,362**

	06/30/2013			06/30/2012		
				Reclassified	Reclassified	
	Beef, lamb and leather	Poultry, pork and processed and elaborated products	Total	Beef, lamb and leather	Poultry, pork and processed and elaborated products	Total
Net Revenue	4,161,768	4,668,036	8,829,804	3,543,132	4,132,763	7,675,895
COGS	(3,466,904)	(4,299,239)	(7,766,143)	(2,769,687)	(3,826,922)	(6,596,609)
Equity income	-	(4,827)	(4,827)	-	-	-
Financial income (loss)	(1,066,152)	(75,364)	(1,141,516)	(787,591)	24,912	(762,679)
Income and social contribution taxes	252,036	(23,663)	228,373	198,329	(3,901)	194,428
Controlling interest in profits (losses) - continued operations	(525,490)	(12,825)	(538,315)	(13,854)	(198,317)	(212,171)
Controlling interest in profits (losses) - discontinued operations	384,978	(347,815)	37,163	(92,711)	549,360	456,649
Non-controlling interest - continued operations	2,723	2,793	5,516	14,930	(3,957)	10,973
Non-controlling interest - discontinued operatio	438	2,297	2,735	(14,319)	(1,382)	(15,701)

32. Insurance coverage

The Company's policy is to insure its property, plant and equipment and inventories subject to risk, at amounts deemed sufficient to cover possible losses, taking into consideration the nature of its activities and the insurance advisors' opinion.

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

Below is a summary of the amounts insured by the Company:

Description	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Buildings and meatpacking plants	2,059,503	1,232,103	7,181,925	5,996,794
Inventories and loss of profit	299,037	310,081	2,236,363	2,141,668
Third-party warehouse	159,974	120,218	227,094	170,776
Vehicles	19,211	19,420	36,561	34,093
Transportation of goods	49,312	45,870	1,509,861	1,960,998
Officers' guarantees	66,468	61,305	140,046	114,947
Civil liability	10,000	10,000	335,422	347,670
Other	799,208	1,299,846	823,811	1,366,121
	3,462,713	**3,098,843**	**12,491,083**	**12,133,067**

33. Financial instruments - derivatives and risk management - consolidated

33.1. Overview

The Company and its subsidiaries are exposed to market risks related to exchange rate gains (losses), interest rate and commodities price fluctuations of a nature considered normal to their business. In order to minimize these risks, the Company has policies and procedures to minimize these exposures and may use hedging instruments, as long as previously approved by the Board of Directors.

Among the Company's policies we highlight: Monitoring levels of exposure to each market risk; measuring these risks; setting limits for making decisions and using hedging mechanisms, always aiming at minimizing the foreign exchange exposure of its debts, cash flows and interest rates.

Management is authorized to perform any and all acts listed below up to the amount equivalent to ten per cent (10%) of the Company's equity based on the last interim financial information disclosed in the market, except that for amounts higher than five per cent (5%) of shareholder's equity, an additional authorization from the Company's Finance Committee is necessary.

The Company's acts mentioned in the previous paragraph are as follows: (a) Offer guarantee for the obligations of the Company's subsidiaries and/or wholly-owned subsidiaries; (b) approve the acquisition and/or sale of permanent asset items; (c) Approve financial transactions, including leases; and (d) Approve single or group of transactions involving the Company and related parties, directly or indirectly.

The Company only enters into transactions with derivatives or similar instruments that offer a minimum protection against: foreign currencies, interest rates and commodity prices, and also adopts a conservative policy of not entering into transactions that could affect its financial position. The Company does not enter into leveraged transactions with derivatives or similar instruments

The Company also has a sound financial policy, maintaining a high level of cash balance and short-term financial investments. At the same time, the maturity of the Company's long-term indebtedness is such that it does not impact a single year.

33.2. Financial instruments by category

The Company's financial assets and liabilities are classified as below:

	Parent			
Financial assets				
	Financial assets and receivables		**Held for trading**	
	06/30/13	**12/31/12**	**06/30/13**	**12/31/12**
Cash and cash equivalents	189,416	211,130	86,928	85,707
Marketable Securities	-	-	301,191	904,239
Trade accounts receivable	520,764	486,283	-	-
Notes receivable - derivatives	-	-	53,320	53,201
Related parties	3,443,829	2,838,257	-	-
Total financial assets	**4,154,009**	**3,535,670**	**441,439**	**1,043,147**

Financial liabilities				
	Financial liabilities at amortized cost		**Held for trading**	
	06/30/13	**12/31/12**	**06/30/13**	**12/31/12**
Trade accounts payable	304,994	355,511	-	-
Loans, financing and debentures	4,752,480	5,385,671	-	-
Derivatives	-	-	203,703	260,891
Interest on debentures	202,726	144,445	-	-
Total financial liabilities	**5,260,200**	**5,885,627**	**203,703**	**260,891**

	Consolidated			
Financial assets				
	Financial assets and receivables		Held for trading	
	06/30/13	12/31/12	06/30/13	12/31/12
Cash and cash equivalents	640,555	832,586	87,397	87,322
Marketable Securities	-	-	1,598,693	2,259,172
Trade accounts receivable	1,606,691	1,793,315	-	
Notes receivable - derivatives	-	-	154,244	72,266
Total financial assets	**2,247,246**	**2,625,901**	**1,840,334**	**2,418,760**

Financial liabilities				
	Financial liabilities at amortized cost		Held for trading	
	06/30/13	12/31/12	06/30/13	12/31/12
Trade accounts payable	1,549,234	2,580,227	-	-
Loans, financing and debentures	10,917,867	12,237,474	-	-
Derivatives	-	-	205,517	304,569
Interest on debentures	178,949	144,445	-	-
Total financial liabilities	**12,646,050**	**14,962,146**	**205,517**	**304,569**

Details of the accounting policies and methods used (including criteria for recognition, measurement bases and criteria for recognition of gains and losses) for each class of financial instruments and equity are presented in Note 3.1.4.

33.3. Financial instruments by category

Market values for the financial instruments are shown below:

	Consolidated			
	06/30/13		12/31/12	
	Book value	Market value	Book value	Market value
Cash and cash equivalents	727,952	727,952	919,908	919,908
Marketable Securities	1,598,693	1,598,693	2,259,172	2,259,172
Trade accounts receivable	1,606,691	1,606,691	1,793,315	1,793,315
Trade accounts payable	1,549,234	1,549,234	2,580,227	2,580,227
Loans and financing	10,520,484	10,520,484	11,641,398	11,641,398
Derivatives	205,517	205,517	304,569	304,569
Interest on debentures	178,949	178,949	144,445	144,445
Debentures	397,383	397,383	596,076	596,076

The fair value of financial instruments is similar to the book value and largely reflects the values that would be obtained if they were traded in the market. However, due to the lack of an active market, variations may occur if the Company and its subsidiaries decide to prepay them.

33.4. Liquidity risk

Liquidity risk arises from the Company's and its subsidiaries' working capital management and the amortization of the principal and finance charges of debt instruments. This is the risk that the Company and its subsidiaries will find to settle its falling due payables.

The Company and its subsidiaries manage their capital based on parameters to optimize the shareholding structure focused on liquidity and leverage metrics that enable a return to shareholders over the medium term, consistent with the risks assumed in the transaction.

33.4.1. Capital management

	Consolidated	
	06/30/13	12/31/12
Short-term cash and cash equivalents and marketable securities	2,325,859	3,178,194
Short-term loans and financings	1,791,014	3,359,130
Modified liquidity ratio	1.30	0.95
Leverage ratio	3.83x	4.28x

The purpose of capital management is to define the best financing structure for the Company and its subsidiaries.

The main indicators for monitoring such management is the modified immediate liquidity ratio, which is the ratio between cash and cash equivalents and the leverage ratio - current indebtedness (short term) and the leverage ratio - monitoring the ratio of net debt (total debt indebtedness less cash and cash equivalents) to EBITDA at levels considered to be manageable for continuity of operations.

Based on the analysis of these indices, the management of working capital is defined so as to keep Company's and its subsidiaries' natural leverage at levels equal or lower than the leverage ratio deemed adequate.

The following table presents contractual terms (representing undiscounted contractual cash flows) of financial liabilities:

	Consolidated					
December 31, 2012	2013	2014	2015	2016	After	Total
Trade accounts payable	2,580,227	-	-	-	-	2,580,227
Loans, financing and debentures	3,558,530	3,091,092	1,709,391	1,189,075	2,689,386	12,237,474
Interest on debentures	144,445	-	-	-	-	144,445
Derivative financial liabilities	44,560	7,601	163,292	-	89,116	304,569
Total	**6,327,762**	**3,098,693**	**1,872,683**	**1,189,075**	**2,778,502**	**15,266,715**
June 30, 2013	2013	2014	2015	2016	After	Total
Trade accounts payable	1,549,234	-	-	-	-	1,549,234
Loans, financing and debentures	1,308,803	1,272,094	1,461,926	1,447,882	5,427,162	10,917,867
Interest on debentures	178,949	-	-	-	-	178,949
Derivative financial liabilities	1,067	4,735	131,169	-	68,546	205,517
Total	**3,038,053**	**1,276,829**	**1,593,095**	**1,447,882**	**5,495,708**	**12,851,567**

33.5. Interest rate risk management

Interest rate risk refers to the Company's risk of incurring economic losses due to negative changes in interest rates. This exposure basically refers to changes in market interest rates which affect the Company's assets and liabilities indexed to the TJLP (long-term interest rate), LIBOR (London Interbank Offered Rate) or CDI (interbank deposit rate).

In order to reduce debt service costs, the Company and its subsidiaries continually monitor market interest rates to assess the need to enter into new derivative contracts to hedge its operations against the risk of fluctuations of these rates. The internal controls used when managing the risk and the cover are made through calculation spreadsheets with the appropriate follow-up of transactions conducted and the calculation of VaR (Value at Risk) for one day, with a confidence interval of 95%.

The risk of exposure to interest rate for the Company and its subsidiaries as at June 30, 2013 and December 31, 2012 is as follows:

	Consolidated	
	06/30/13	**12/31/12**
Exposure to CDI rate:		
NCE (R$ and US$) / ACC / Working capital (R$)	2,602,901	3,612,004
(-) CDB-DI (R$)	(40,694)	(275,987)
Subtotal	**2,562,207**	**3,336,017**
Exposure to LIBOR rate:		
Prepayment (US$)	1,180,394	2,485,905
Working capital (US$)	4,248	215,279
Financing of industrial complex - (US$) / Revolving credit facility (US$)	843,746	946,299
Subtotal	**2,028,388**	**3,647,483**
Exposure to TJLP rate:		
FINAME / FINEM / FINEP	58,838	85,520
Subtotal	**58,838**	**85,520**
	4,649,433	**7,069,020**

The Company entered into non-speculative swap contracts to minimize the effects of exchange rates fluctuations on the settlement of its loans and financing, as below:

Instrument	Register	Receivable	Payable	Notional US$	Fair value	06/30/2013 Amount receivable (-) payable	12/31/2012 Amount receivable (-) payable
Interest Rate Swap	CETIP	USD	CDI	59,000	1,782	(1,066)	(1,069)
Interest Rate Swap	CETIP	CDI	USD	573,029	693,261	(211,634)	(211,727)
Interest Rate Swap	CETIP	Libor	USD	288,422	655,825	14,166	(15,043)
Interest Rate Swap	CETIP	USD	Libor	225,000	312,182	(8,784)	(8,480)
Interest Rate Swap	CETIP	BRL	USD	288,546	570,000	(91,695)	-
Interest Rate Swap	CETIP	BRL	USD	288,546	570,000	89,723	-
				1,722,543	**2,803,050**	**(209,290)**	**(236,319)**

Instrument	Register	Maturity	Receivable	Payable	Notional US$	Fair value	06/30/2013 Amount receivable (-) payable	12/31/2012 Amount receivable (-) payable
Interest Rate Swap	CETIP	2013	USD	CDI	59,000	1,782	(1,066)	(30,577)
Interest Rate Swap	CETIP	2014	Libor	USD	130,030	301,667	(4,735)	(7,601)
Interest Rate Swap	CETIP	2015	CDI	USD	453,029	525,774	(118,299)	(117,208)
Interest Rate Swap	CETIP	2015	Libor	USD	58,392	135,698	(4,085)	(5,403)
Interest Rate Swap	CETIP	2015	USD	Libor	225,000	312,182	(8,784)	(11,742)
Interest Rate Swap	CETIP	2016	Libor	USD	100,000	218,460	22,986	25,328
Interest Rate Swap	CETIP	2017	BRL	USD	288,546	570,000	(91,695)	-
Interest Rate Swap	OTC	2017	USD	BRL	288,546	570,000	89,723	-
Interest Rate Swap	CETIP	2018	CDI	USD	120,000	167,487	(93,335)	(89,116)
					1,722,543	2,803,050	(209,290)	(236,319)

33.6. Commodity price risk management

During its activities, the Company and its subsidiaries purchase some commodities, such as: cattle, grains and energy, which are the biggest individual components of the production cost and are subject to certain variables.

The price of cattle acquired from third parties is directly related to market conditions, and is influenced by domestic availability and foreign market demand.

Maize and soya bean meal ("grains") are subject to volatility resulting from weather conditions, crop yield, transport costs, warehousing costs, agricultural policy, exchange rates, international prices, among others, which is not under Management's control.

So as to reduce the impact over commodities, the Company and its subsidiaries manage inventory levels, keep cattle in feedlots and trade derivative financial instruments in the futures market.

The internal controls used when managing the risk and the cover are made through calculation spreadsheets with the appropriate follow-up of transactions conducted and the calculation of VaR (Value at Risk) for one day, with a confidence interval of 95%.

The Company and its subsidiaries purchase financial instruments to reduce the price risk related to the needs for commodities within 12 months.

A substantial part of these hedge instruments come from the futures market, with the Chicago Board of Trade (CBOT) as counterparty.

The position of derivatives related to commodity risks is shown below:

Exchange	Futures contract	No. of contracts	Maturity	Fair Value	Result on 06/30/2013
CBOT	soybean	1,743	2013	13,704	5,980
CBOT	corn	3,999	2013	-34,237	-51,969
CBOT	soybean	-235	2013	83	-1,435
CBOT	corn	-944	2013	-1,416	-1,416
		4,563		-21,866	-48,840

33.7. Credit risk management

The Company and its subsidiaries are subject to credit risk. Credit risk deals with group's financial losses if a client or counterpart in a financial instrument fails to comply with contractual obligations, which arise from most receivables.

The Company and its subsidiaries limit their exposure by analyzing credit and managing client's portfolio, seeking to minimize the economic exposure to a certain client and/or market that may represent significant losses.

The Global Credit Risk Policy determines the guideline for financial credit risk management based on the following:

- Limit of counterparty's credit risk concentration to 15% of total current assets;
- Investments in solid and prime financial institutions, based on their financial rating;
- Balance between assets and liabilities.

Conducted evaluations are based on information flows and follow-up of the volume of purchases in the market. The internal controls cover the assignment of credit limits.

The maximum exposure to credit risk for the Company and its subsidiaries are the trade accounts receivable shown in note 6, where the value of the effective risk of possible losses is presented as provision for credit risk is also shown.

Values subject to credit risk:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Cash and cash equivalents	276,344	296,837	727,952	919,908
Marketable securities	301,191	904,139	1,597,907	2,258,286
Receivables from Brazilian clients	324,875	354,232	1,026,695	1,391,752
Receivables from foreign clients	195,889	132,051	579,996	401,563
Other receivables	14,184	17,996	71,226	155,079
Total	**1,112,483**	**1,705,255**	**4,003,776**	**5,126,588**

33.8. Exchange rate risk management

Exchange rate risk consists of the risk of foreign exchange fluctuations leading the Company and its subsidiaries to incur losses and causing a reduction in the values of assets or an increase in the values of liabilities. The Company's main current exchange rate exposure relates to the US dollar fluctuation against the Brazilian real.

Given that approximately 79% of the Company's revenues are denominated in currencies other than the Brazilian real, the Company has a natural *hedge* against the maturities of future obligations in foreign currency. The internal controls used when managing the risk and the cover are made through calculation spreadsheets with the appropriate follow-up of transactions conducted and the calculation of VaR (Value at Risk) for one day, with a confidence interval of 95%.

The Company also has a sound financial policy, maintaining a high level of cash balance and short-term financial investments with solid financial institutions.

We believe that the Company's and its subsidiaries' consistent financial policy, grounded in a well-distributed capital structure, allows it to consolidate synergies achieved through the acquisitions made.

Outstanding foreign currency and derivatives position

Assets and liabilities in foreign currency are presented as follows:

	Parent		
Exposure			**Effects of exchange rate gains (losses)**
Description	**06/30/13**	**12/31/12**	**2013**
Operating			
Trade accounts receivable	583,367	356,149	(67,455)
ACE (advance on export contracts)	(350,812)	(219,007)	(18,834)
Imports payable	(47,086)	(27,392)	(12,617)
Subtotal	**185,469**	**109,750**	**(98,906)**
Financial			
Loans and financing	(2,403,451)	(3,257,030)	(265,172)
Notes payable	(67,804)	(3,790)	5,402
Balance of banks and marketable securities (*)	178,514	178,701	11,446
Subtotal	**(2,292,741)**	**(3,082,119)**	**(248,324)**
Total	**(2,107,272)**	**(2,972,369)**	**(347,230)**
Exchange rate gains			219,369
Exchange rate losses			(566,599)
Exchange rate gains (losses), net			**(347,23)**

(*) Refers only to banks and marketable securities that generated exchange rate gains (losses).

	Consolidated		
Exposure			**Effects of exchange rate gains (losses)**
Description	**06/30/13**	**12/31/12**	**2013**
Operating			
Trade accounts receivable	835,004	797,409	(44,515)
ACE (advance on export contracts)	(350,812)	(389,426)	(18,834)
Imports payable	(30,522)	(95,457)	(21,567)
Other	(9,136)	(33,216)	3,615
Subtotal	**444,534**	**279,310**	**(81,301)**
Financial			
Loans and financing	(9,099,028)	(9,268,121)	(266,583)
Notes payable	(124,637)	(8,013)	5,419
Balance of banks and marketable securities (*)	774,926	323,759	(48,896)
Other	(86,453)	1,616	(26,297)
Subtotal	**(8,535,192)**	**(8,950,759)**	**(336,357)**
Total	**(8,090,658)**	**(8,671,449)**	**(417,658)**
Exchange rate gains			283,680
Exchange rate losses			(701,338)
Exchange rate gains (losses), net			(417,658)

(*) Refers only to banks and marketable securities that generated exchange rate gains (losses).

As of June 30, 2013, no derivatives were contracted to hedge against currency risk.

33.9. Margins given as guarantee

The Company has no monetary assets as collateral for derivative transactions conducted on futures and commodities exchanges as at June 30, 2013.

At the same time, the Company does not have any collateral linked to financial assets.

33.10. Sensitivity analysis

To provide information about the behavior of market risks that the Company and its subsidiaries are exposed to as at June 30, 2013, three scenarios are considered and the probable scenario is the fair value as at June 30, 2013 and two more scenarios with deterioration of 25% and 50% of the risk variable taken into account, denominated as Possible and Remote, respectively. The source of information was Bloomberg.

The market future curve of June 30, 2013 was applied for currencies, with notional value of R$/US$2.2156.

The interest rate considered the Libor rate curve as at June 30, 2013, as follows: 1-month Libor of 0.19465%, 3-month Libor of 0.27310%, and 6-month Libor of 0.41340%.

The base prices for commodity futures are referenced to the prices quoted on the Chicago Board of Trade (CBOT) for contracts maturing on June 30, 2013.

Sensitivity scenarios are below:

Stress scenario - Swap Int Rate Consolidated

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
(209,290)	(59,908)	(308,363)	(99,073)	(400,509)	(191,219)

Stress scenario - Swap Int Rate USD x CDI

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
(212,700)	(58,488)	(265,875)	(53,175)	(319,050)	(106,350)

Stress scenario - Swap Int Rate Libor x USD

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
5,382	552	353	(5,029)	(3,732)	(9,114)

Stress scenario - Swap Int Rate R$ x USD

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
(1,972)	(1,972)	(42,840)	(40,868)	(77,727)	(75,755)

In the period ended June 30, 2013, a consolidated net financial loss of R$32,922 was recorded from derivatives, of which R$188,093 corresponded to expenses and R$155,171 to income.

Assets and liabilities presented on the balance sheet under “securities receivable” and "trade accounts payable" regarding derivative transactions, which are intended for equity hedging, are shown below:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Swap	(299,015)	(207,690)	(209,292)	(236,320)
Other	-	-	-	4,017
	(299,015)	**(207,690)**	**(209,292)**	**(232,303)**

As for exchange rate risk, following are the sensitivity scenarios:

	Stress Scenario - balance sheet exposure to foreign exchange		
06/30/2013	Probable scenario	Possible scenario	Remote scenario
Parent	(347,230)	(526,818)	(1,053,636)
Subsidiaries	(70,428)	(969,029)	(1,938,057)
	(417,658)	**(1,495,847)**	**(2,991,693)**

With regard to commodity risk, following are the sensitivity scenarios:

Stress scenario - Derivatives Commodities Consolidated

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
(21,867)	(48,839)	(27,334)	(5,467)	(32,801)	(10,934)

Stress scenario - Derivatives Commodities Soybean

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
13,787	4,546	11,030	(2,757)	9,191	(4,596)

Stress scenario - Derivatives Commodities Corn

Probable Scenario		Possible Scenario		Remote Scenario	
MTM	Result	MTM	Result	MTM	Result
(35,653)	(53,384)	(44,566)	(8,913)	(53,480)	(17,827)

33.11. Fair value of financial instruments

The Company and its subsidiaries use the Bloomberg's market curves for each derivative, brought to present value at the date of calculation, to obtain fair value, except for futures market derivatives whose fair values are calculated based on the on daily adjustments of variations in market prices of commodities and futures acting as consideration. The fair value of swap contracts for interest rate is obtained by calculating independently the active and liability positions, bringing them to their present value.

According to IFRS 7, the Company and its subsidiaries classify the measurement of fair value according to hierarchical levels which reflect the importance of indices used in such measurement, as follows:

- **Level 1:** Prices quoted in (non-adjusted) active market for identical assets and liabilities;
- **Level 2:** Other available information, except those of Level 1, where quoted prices relate to similar assets and liabilities, whether directly, by obtaining prices in active markets, or indirectly, such as evaluation techniques using active market data;
- **Level 3:** Indices used for the calculation do not derive from an active market. The Company and its subsidiaries do not have instruments at this measurement level.

As previously mentioned, the fair value of financial instruments, except for those falling due in the short term, equity instruments without an active market and agreements with discretionary characteristics, where fair value cannot be reliably measured, are presented by hierarchical levels, according to the table below:

	Level 1	Level 2	Level 3
Current assets			
Cash and cash equivalents	727,952	-	-
Marketable securities - held for trading	-	1,597,907	-
Non-current liabilities			
Derivatives	-	(51,273)	-
Total	727,952	1,546,634	-

Management understands that the results obtained with derivative transactions are in line with the risk management strategy adopted by the Company and its subsidiaries.

34. Income and social contribution taxes

Income and Social Contribution Taxes were calculated according to prevailing legislation and the Transition Tax System, provided for in Executive Act nº 449/2008, converted into Law nº 11.941/2009.

Income and Social Contribution Tax calculations and returns, when required, are open to review by tax authorities for varying statutory years in relation to the payment or filing date.

Reconciliation of income and social contribution tax account records with the Taxable Income Computation Book is as follows:

Tax		Parent		Consolidated	
		06/30/13	06/30/12	06/30/13	06/30/12
Income (loss) before tax effects		(776,680)	88,112	(766,688)	50,050
Add-backs					
Add-backs of corporate income tax (IRPJ)		534,184	204,106	1,814,365	305,781
Add-backs of social contribution tax (CSLL)		534,184	204,106	1,720,444	213,406
(-) Deductions					
(-) Deductions from IRPJ		(270,171)	(294,129)	(610,128)	(122,863)
(-) Deductions from CSLL		(270,171)	(294,129)	(616,951)	(134,999)
Tax base					
Income tax base		(512,667)	(1,911)	437,549	232,968
Social contribution tax base		(512,667)	(1,911)	336,805	128,457
Companies with income tax loss		-	-	416,565	209,772
Companies with social contribution tax loss carryforwards		-	-	370,006	213,756
Calculation base after carry forwards of IRPJ		(512,667)	(1,911)	854,114	442,740
Calculation base after carry forwards of CSLL		(512,667)	(1,911)	706,811	342,213
(-) Tax loss carryforwards		-	-	-	(3,338)
(-) Social contribution tax loss carryforwards		-	-	-	(3,334)
Calculation base after carry forwards					
Calculation base after carry forwards of IRPJ		(512,667)	(1,911)	854,114	439,402
Calculation base after carry forwards of CSLL		(512,667)	(1,911)	706,811	338,879
Income tax (15%)		(120,754)	-	(53,293)	18,744
Surtax (10%)		-	-	10,591	(289)
(-) PAT		-	-	(589)	176
Total income tax		(120,754)	-	(43,291)	18,631
Social contribution tax (9%)		(43,472)	-	(6,150)	(12,597)
		(164,226)	-	(49,441)	6,034
Rate difference on foreign results		-	-	41,707	(168,589)
Total taxes		(164,226)	-	(7,734)	(162,555)
Effect on Statement of Operations		(164,226)	-	(7,734)	(162,555)

Tax	Group	06/30/13	06/30/12	06/30/13	06/30/12
(-) Income tax - current	Current liabilities	120,754	-	539	(149,443)
Tax paid abroad	Current liabilities	-	-	(1,197)	7,815
Deferred income tax - Assets (1)	Non-current assets	52,185	102,320	154,076	156,016
Deferred income tax - Liabilities (1)	Non-current liabilities	2,329	12,655	15,047	134,123
Net	Income (loss)	175,268	114,975	168,465	148,511
(-) Social contribution tax - current	Current liabilities	43,472	-	7,195	(13,112)
Deferred social contribution tax - Assets (1)	Non-current assets	18,786	36,835	47,634	56,256
Deferred social contribution tax - Liabilities (1)	Non-current liabilities	839	4,556	5,079	2,773
Net	Income (loss)	63,097	41,391	59,908	45,917

(1) Refer to deferred Income and Social Contribution Taxes calculated on: taxes whose payment has been suspended (provisions), and which were added to the calculation of the taxable income and the social contribution tax basis; utilization for tax purposes of the goodwill paid on future profitability and income and social contribution tax losses, which are stated in notes 12 and 24.

35. Sustainable Development

Sustainability is one of the pillars of the Marfrig Group's corporate strategy and permeates all of its activities and divisions. The Company is committed to continuing to balance the economic, social and environmental aspects of its business in order to contribute to the development of society and help preserve the planet.

Marfrig is a reference in sustainability in many of its operating segments. By respecting the cultural aspects and practices of the local business community, it adopts a strategy of continuous improvement and technological innovation, combined with high levels of transparency and robust corporate governance practices.

The Company's sustainability strategy is based on six dimensions:

- Social: conducting actions that benefit the societies in which the Group operates, encouraging diversity in the organization and promoting health and safety in the workplace;
- Supply Chain: fostering sustainable cattle raising practices, maintaining healthy relationships with suppliers and ensuring the well-being of the animals;
- Environmental: managing the use of natural resources, the energy matrix and the disposal of waste and protecting biodiversity, while minimizing the impacts of its activities that contribute to climate change;
- Technology: investing in research and development, in innovation and new engineering processes, while contributing to the industry's development;
- Economic: manage risks, opportunities and costs while maintaining a long-term vision;
- Product: developing superior-quality products that contain high nutritional value, while ensuring food safety.

These six dimensions involve the Company's stakeholders: suppliers, partners, clients, employees, shareholders and society. They were created to generate synergies among them, to generate value and to ensure the best results for the Group.

To measure its environmental footprint, the Group has conducted an Inventory of Greenhouse Gas Emissions (GHG) since 2010. The inventory is currently detailed up to scope 3, which includes sources of emissions not directly controlled by the Company.

This year, the Company is mapping its "water footprint", based on the methodology of the Water Footprint Network, as part of its effort to improve the management of its water resources and to become even more effective in the sustainable use of water. The Group's units already adopt bio-digesters, effluent treatment and waste recycling practices.

Promoting sustainable activities and engaging the entire supply chain is essential to the success of our strategy. Through programs like the Marfrig Club, the Company acknowledges and awards conscientious producers, instructing them on how to achieve the most modern property certifications for food production and also awarding animals from farms with good agricultural and management practices. Through a professional relationship with suppliers, Marfrig is able to track animal origins, which guarantees, for example, their health and that they do not come from deforestation areas or areas involved in pending legal matters.

As result of such efforts, in June 2012, Marfrig Alimentos S.A. became the world's first food company in the animal protein segment to track its beef production cycle in accordance with the standards developed by the Agriculture and Forest Management and Certification Institute (Imaflora) and the Rainforest Alliance, one of the first to create forest-protection protocols. The Rainforest Alliance Certified (RAC) seal authorizes the Tangará da Serra unit to produce and sell products with the "green cattle farm seal" in the international market. RAC-certified meat is currently sold at Carrefour stores in the state of São Paulo, whereas the leather has already been used to manufacture Gucci brand bags.

The Company also entered into, this year, a partnership with The Nature Conservancy (TNC), one of the world's largest environmental organizations, and Walmart, the world's leading retailer, to foster sustainable cattle production in the southeastern region of the state of Pará, which will help preserve the Amazon Rainforest and promote the adoption of good social and environmental practices. In June this year, the Marfrig Group became the first company in the animal protein-based food segment to sign an individual commitment with the State of São Paulo Environment Department to create a reverse logistics system to recycle the packaging of products sold in the state. The document envisages that the company will implement recycling projects in the cities in São Paulo where it operates and which require it to expand selective waste collection, provide training for waste collector cooperatives and work in partnership with municipalities.

To create opportunities for educational development and recreation for children and adolescents in socially and economically vulnerable communities in the cities where the Group's industrial plants are located, Marfrig create the Marfrig Institute *Fazer e Ser Feliz*. The Institute currently offers after-school activities in the fields of education, sports, culture, health and food, benefiting some 200 children in its units located in the cities of Promissão (SP), Bataguassú (MS), Itajaí (SC) and Amparo (SP).

More information on the Marfrig Group's sustainability strategy and its results can be found at:

- www.marfrig.com.br/sustentabilidade.

36. Result from discontinued operations

On April 30, 2012, the Company completed the sale of Keystone's logistics assets to The Martin-Brower Company, LLC.

Pursuant to the Material Fact disclosed to the market on June 10, 2013, the Company entered into an Agreement for the Purchase and Sale of Ownership Interest and Other Covenants on June 7, 2013, which laid out the terms and conditions for: (i) the sale, by the Company, of certain ownership interests in companies of the group that owns the Seara Brasil business unit, to JBS; and (ii) the sale, by the Company, of 100% the capital of the company owning the leather business of the Marfrig Group in Uruguay (Zenda), to JBS.

Following the sale of these operations, and under CPC 31, the results from discontinued operations and the cash flow for the period of six months ended June 30, 2013 and 2012 are summarized below:

Result from discontinued operations

	06/30/13 (*)	06/30/12 (**)
Net Revenue	4,114,452	3,374,859
Cost of goods sold	(3,312,197)	(2,797,961)
Gross Income	802,255	576,898
Operating income (expenses)	(1,184,718)	(935,525)
Gain of disposal of investiments	483,018	-
Loss before tax effects	100,555	(358,627)
Provision for income and social contribution taxes	(60,657)	147,756
Net income from discontinued operations	**39,898**	**(210,871)**
Non-controlling interest	(2,735)	16,320
Net income from discontinued operations	**37,163**	**(194,551)**

	06/30/13 (*)	06/30/12 (**)
From operating activities	713,858	(178,730)
Used in investing activities	(690,619)	349,850
Used in financing activities	(129,831)	173,694
Exchange variation on cash and equivalents	3,458	3,460
Low cash from discontinued operation	(226,618)	(406,408)
Change	(329,752)	(58,134)

(*) Includes the operations of Seara Brasil and Columbus Netherlands BV;
(**) Includes the operations of Seara Brasil and Columbus Netherlands BV that were reclassified and the result of Keystone's logistics operations.

37. Events after the reporting period

On July 12, the General Meeting of Debenture Holders of the 2nd Issue of Convertible Debentures of Marfrig Alimentos S.A., deliberated and approved the change of the date of payment of interest for fiscal year 2013, from July 15, 2013 to November 15, 2013. The remaining dates for payment of interest stipulated in the Issue Indenture remain the same, and scheduled for July 15, 2014 and July 15, 2015. As a result, remuneration of the debentures related to fiscal years 2013 and 2014 will be payable within sixteen (16) and eight (8) months as of the payment of previous payment, respectively, to be paid on November 15, 2013 and July 15, 2014, respectively.

On July 1, the company announced to the market the new corporate structure of the beef, lamb and leather segment, which is now composed of two operating units: Brazil and Southern Cone. As of the September 1, 2013, the Business Division will be structured as follows: Andrew Murchie will remain as CEO of Marfrig Beef Brazil, while Martín Secco takes over as CEO of Marfrig Beef Southern Cone (Argentina, Chile, Uruguay and Rio Grande do Sul – Pampeano). The format of disclosure of financial information will maintain the current standard of the Marfrig Beef Segment.

On October 21, 2013, the Company announced to the market its financial projections for 2013 and 2014, as well as the five-year (2018) projections for a few financial metrics, calculated after an analysis of the macroeconomic environment in the markets where Marfrig operates, as well as their own prospects and projections. The projections are described in item 11.1 of this Form.

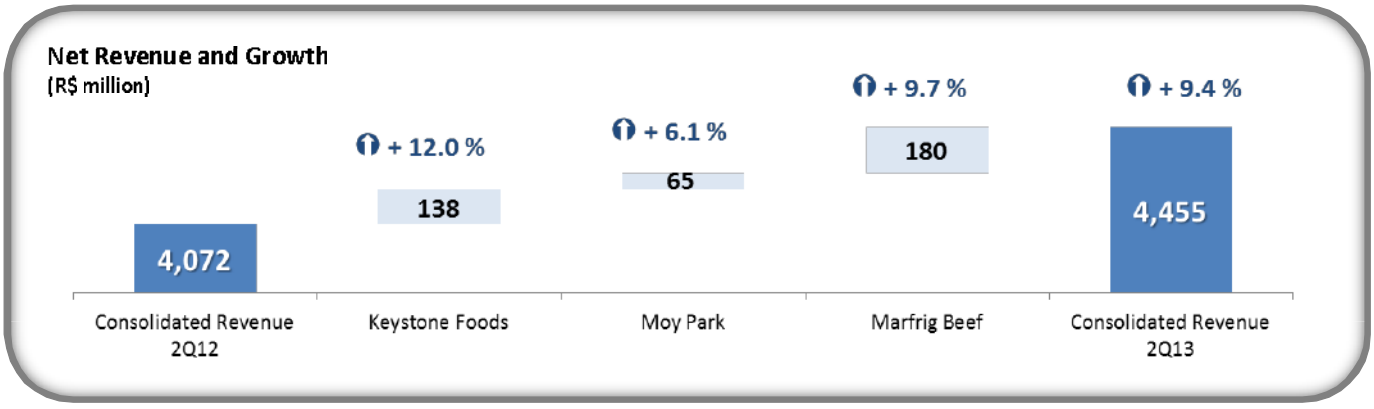
On October 9, 2013, the Board of Directors announced the resignation of the Chief Operating Officer Mr. James David Ramsay Cruden, from the Statutory Board of Executive Officers of the Company. On occasion, the Board ratified that the current Statutory Board of Executive Officers of the Company consist of Mr. Marcos Antonio Molina dos Santos, who is the Chief Executive Officer, and Mr. Ricardo Florence dos Santos, who is the Investor Relations Officer and Chief Financial and Administrative Officer.

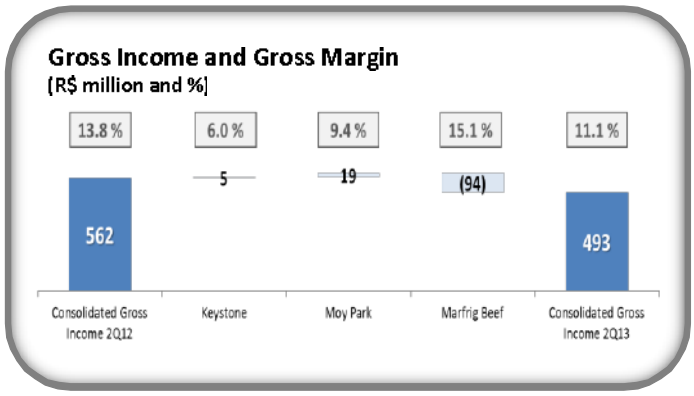
On October 1, the Managements of JBS S.A. and Marfrig Alimentos S.A, announced to the market that they concluded the transaction agreed upon through the Agreement for the Purchase and Sale of Interest and Other Covenants, involving the sale by Marfrig of Seara Brasil and Zenda. All the conditions precedent for the signing of the agreement were met, including approvals for the transaction from the antitrust authorities in Brazil and Europe.

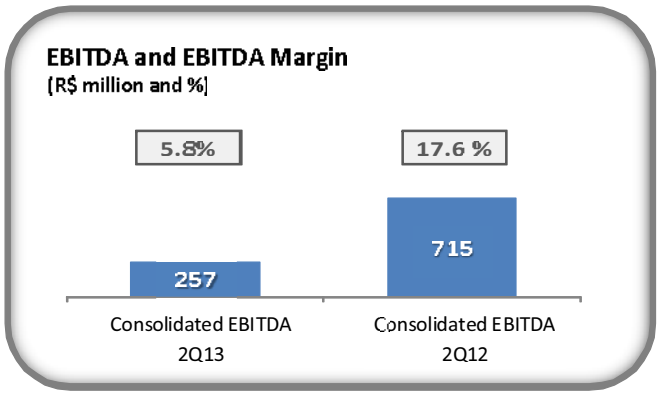
MARFRIG REPORTS EARNINGS FOR SECOND QUARTER 2013

São Paulo, August 8, 2013 *– Marfrig Alimentos S.A. – Marfrig (BM&FBOVESPA: MRFG3 and ADR Level 1: MRTTY) announces today its results for the second quarter of 2013 (2Q13). Except where stated otherwise, the following operating and financial information is presented in nominal Brazilian real, in accordance with the International Financial Reporting Standards (IFRS), and should be read together with the financial reports for the quarter ended June 30, 2013 filed at the Securities and Exchange Commission of Brazil (CVM).*

HIGHLIGHTS:







- Consolidated Net Revenue grew 9.4% (2Q13 vs. 2Q12), driven by improvements at Marfrig Beef Brazil in both domestic sales in the Food Service segment as well as exports. The result also benefited from the solid performance of Moy Park, led by the Agri-Fresh and Convenience Foods UK segments;
- EBITDA from continued operations of R$256.7 million in 2Q13 with EBITDA margin of 5.8%, decreasing 64.1% from 2Q12 (R$714.8 million and EBITDA margin of 17.6%);
- Financial Leverage (Net Debt/EBITDA) stood at 3.8 times in 2Q13, down from 4.4 times at the end of 1Q13; and
- Divestment of Seara Brasil and Zenda for R$5.85 billion, to be concluded in the second half of the year (after approval by governmental agencies).

DIVESTMENT OF SEARA BRASIL AND ZENDA

Transaction Overview:

Price/Payment conditions:

- ☎ JBS assumes R$5.85 billion in debt from Marfrig/Seara/Zenda, of which approximately R$3.0 billion is still to be transferred.

Debt transfer:

- ☎ Maturities between 2013 and 2017;
- ☎ Transfer of the bulk of Marfrig's short- and long-term bank debt;

Note: the Senior Notes (Bonds) remain at Marfrig.

Settlement:

- ☎ Expected within next months of signing (subject to approval by CADE).

Price adjustments:

- ☎ Post-settlement adjustments limited to variations in working capital; and
- ☎ BRL-denominated debt restated by the CDI overnight rate and foreign-denominated debt locked in at the BRL/USD exchange rate of 2.12.

Transaction Rationale:

- ☎ **Reduction** in the scale and complexity of the Corporation;
- ☎ **Focus** on food service operations: Brazil, USA, Europe and Asia; and
- ☎ Commitment to growth and **delivering** better leverage levels, higher margins and cash flow.

Goals Reached:

- ☎ Rapid and significant reduction in indebtedness: much higher than the R$2.0 billion anticipated to the market during the first quarter reporting season;
- ☎ Maintenance of one of the two major growth drivers and divestment of those requiring significant marketing investment and CAPEX over the next five years;
- ☎ Execution risk: in the current scenario, it could become more difficult to sustain price and volume growth;
- ☎ Leverage ratio of 3.8x in 2Q13; and
- ☎ Strong demonstration of corporate governance.

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2Q13 HIGHLIGHTS

MOY PARK

- Strong sales revenue growth (Moy Park +6.1%) compared to the same period last year;
- Sizeable increase in fresh poultry sales (Moy Park +19.6%) through successfully securing new clients and underlying market growth;
- Material increase in EBITDA and EBITDA margin through higher sales volumes, improved efficiencies and successfully offsetting higher feed costs;
- Strong year on year cash generation underpinning continued investment in meeting customer and consumer expectations while driving further growth and improving efficiencies and effective working capital control;
- Successful re-organization and integration of Marfrig's business units in Europe (Moy Park, Keystone Europe and Marfrig Beef) under the leadership of Moy Park, creating a stronger platform to grow Marfrig's international sales in Europe; and
- The UK market is presently characterized by a stated ambition by key retailers to source more meat and poultry from a local supply base, which we believe presents positive opportunities in the market.

KEYSTONE

- NOR growth of 12.0% from 2Q12, which is partially explained by the BRL depreciation against the USD; and
- Higher average price in the U.S. driven by new client growth and the resulting change in the product mix.

MARFRIG BEEF

- NOR growth of 9.7% compared to 2Q12, led by the 3.3% increase in cattle slaughter volume (capacity utilization in the quarter was 71%);
- Conclusion of the temporary closure of 2 production units in Argentina and gradual reduction in the feedlot infrastructure in Brazil, Argentina and Uruguay, aiming to optimize costs and expenses.

CORPORATE

- Divestment of Seara Brasil and Zenda for R$5.85 billion, with the transaction to be concluded possibly in the third quarter of the year (following approval by Brazil's antitrust agency CADE);
- Increased transparency with disclosure of the income statement broken down by business segment; and
- Change and optimization of Marfrig Beef's Corporate Structure (see Marfrig Beef section for more details); and
- Commitment to present to the market, in 3Q13, the Corporation's Long-Term Strategic Plan.

OUTLOOK FOR 2H13:

- Stronger focus by Marfrig Beef on the food service industry and small/midsized retailers.
- Reduction in costs and expenses through rigorous control of expenses.
- Moderate supply of cattle in Brazil in certain regions, but with a higher number of feedlot cattle than in the previous year;
- Export growth supported by the current parity in the USD/BRL exchange rate;
- The good performance of European units could indicate a gradual improvement in the region's economy; and
- Keystone Foods to focus on ramping up the operations in Asia.

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INCOME STATEMENT - MARFRIG CONSOLIDATED (R$ million)	2Q13	2Q12	2Q13 vs. 2Q12
NET OPERATING REVENUE	4,455.3	4,071.5	9.4%
(-) COGS	(3,962.6)	(3,509.3)	12.9%
GROSS INCOME	492.7	562.2	-12.4%
(%) GROSS MARGIN	11.1%	13.8%	*-270 bps*
SG&A	(330.9)	(322.2)	2.7%
(%) SG&A/NOR	-7.4%	-7.9%	*50 bps*
OTHER OPERATING INCOME AND EXPENSES	(358.1)	38.1	n/a
SELLING EXPENSES	(189.1)	(169.3)	11.7%
GENERAL AND ADMINISTRATIVE	(141.8)	(152.9)	-7.3%
OTHER OPERATING INCOME/EXPENSES	(23.1)	360.3	n/a
EBITDA(*)	**256.7**	**714.8**	**-64.1%**
(%) EBITDA MARGIN	5.8%	17.6%	*-1180 bps*
ADJUSTED EBITDA (**)	**279.8**	**354.5**	**-21,1%**
(%) ADJUSTED EBITDA MARGIN	6.3%	8.7%	*-240 bps*
NET INCOME OF CONTINUED OPERATIONS ATTRIBUTABLE TO CONTROLLING SHAREHOLDER	**(478.7)**	**172.2**	**n/a**

(*) 2Q13 and 2Q12 EBITDA include gain from sale of assets

(**) Excludes the effects from other operating income/expenses

CONSOLIDATED FINANCIAL HIGHLIGHTS

Net Operating Revenue: the growth of 9.4% from the year-ago period is explained by: (i) Marfrig Beef – Increases of 1.3% in volume and 8.3% in average price compared to 2Q12; (ii) Keystone Foods – 13.5% reduction in sales volume at Keystone, explained by adjustments to the U.S. operations (see below) and avian influenza outbreaks in Asia. However, the average price increased 29.5%, due to the increased diversification of channels with more Food Service clients; (iii) Moy Park – stable sales volume and 6.6% increase in the average price compared to 2Q12; and (iv) the depreciation in the Brazilian real against the U.S. dollar of 16%, which had a positive impact on the currency translation of results from international operations and on Beef exports in the period.

Gross Income and Gross Margin: consolidated gross income of R$492.7 million in 2Q13, decreasing 12.4% from R$562.2 million in 2Q12, basically explained by margin compression in the Beef and Keystone Asia operations (avian flu in China). Gross margin was 11.1%, decreasing 270 bps from 2Q12.

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Selling, General and Administrative Expenses: SG&A expenses amounted to R$330.9 million in 2Q13, up 2.7% from R$322.2 million in 2Q12. Selling expenses were R$189.1 million in 2Q13, increasing 11.7% from R$169.3 million in 2Q12, pressured by the R$15.5 million increase in logistics expenses in the period. The efforts to reduce G&A expenses yielded a decline of 7.3% in 2Q13 to R$141.8 million, compared to R$152.9 million in 2Q12.

EBITDA and EBITDA Margin: EBITDA amounted to R$256.7 million in 2Q13 (considering only the continued operations, i.e., excluding Seara Brasil and Zenda), with EBITDA margin of 5.8%, which represents a decrease of 64.1% from 2Q12 (R$714.8 million and EBITDA margin of 17.6%).

Excluding nonrecurring effects (other operating revenue/expenses), EBITDA in 2Q13 was R$279.8 million. On the same basis, EBITDA margin was 6.3%, down 240 bps from 8.7% in 2Q12.

Financial Result: The financial result excluding currency translation effects was an expense of R$417.9 million in 2Q13, compared to the expense of R$222.8 million in 2Q12, impacted by the loss from currency swaps (financial hedge) of R$86.4 million. Exchange variation, **which is noncash**, generated a loss of R$427.5 million, compared to a loss of R$342.9 million in 2Q12.

FINANCIAL INCOME AND EXPENSES (R$ thousand)	2Q12	1Q13	2Q13	2Q13 vs. 2Q12	2Q13 vs. 1Q13
FINANCIAL INCOME	**116,092**	**67,487**	**125,603**	**8.19%**	**86.11%**
- Derivative income	46,850	15,474	97,150	108.86%	532.37%
- Interest income, income from marketable securities	68,706	50,997	28,404	-56.77%	-41.75%
- Discounts, other	536	1,016	49	-90.84%	-95.16%
EXCHANGE GAIN	**77,513**	**130,690**	**152,990**	**97.37%**	**17.06%**
TOTAL FINANCIAL INCOME	**193,605**	**198,177**	**278,593**	**43.90%**	**40.58%**
FINANCIAL EXPENSES	**-338,937**	**-373,378**	**-543,569**	**60.37%**	**45.58%**
- Interests Provisioned, Debentures and Lease	-280,966	-322,777	-288,350	2.63%	-10.67%
- Derivative expense	-30,482	-4,512	-183,580	502.26%	3968.57%
- Bank fees, commissions, finance. disc. and other	-27,489	-46,089	-71,639	160.60%	55.44%
EXCHANGE LOSS	**-420,437**	**-120,869**	**-580,470**	**38.06%**	**380.25%**
TOTAL FINANCIAL EXPENSES	**-759,374**	**-494,248**	**-1,124,039**	**48.02%**	**127.42%**
NET FINANCIAL RESULT	**-565,769**	**-296,070**	**-845,446**	**49.43%**	**185.56%**

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GROSS DEBT AND DEBT PROFILE:
The leverage ratio (net debt/EBITDA) stood at 3.8 times, down from 3.7 times in 2Q12 and 4.4 times in 1Q13.

Leverage Summary:

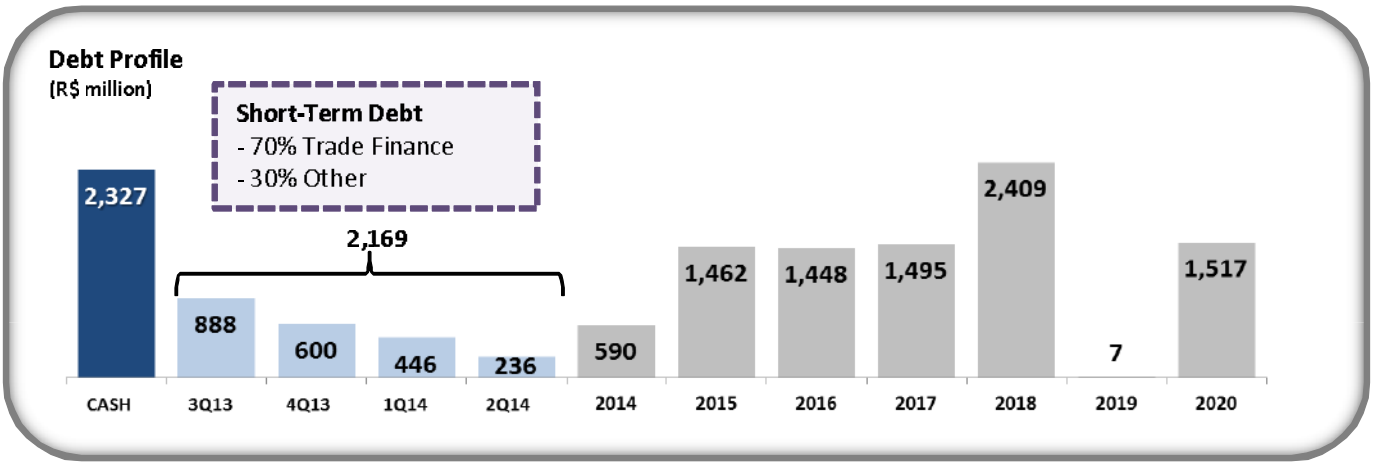
Indebtedness (R$ million)	06/30/2013			06/30/2012		
	Current	Non-current	Total	Current	Non-current	Total
Domestic currency (BRL)	943	1,055	1,998	1,314	1,540	2,854
Foreign currency	1,227	7,872	9,099	1,790	7,109	8,899
Consolidated Debt	**2,169**	**8,928**	**11,097**	**3,103**	**8,649**	**11,752**
Cash and equivalents			2,327			3,028
Net debt			**8,770**			**8,724**
LTM EBITDA			2,288			2,337
Net Debt/LTM EBITDA			**3.8x**			**3.7x**

The Corporation's consolidated gross debt stood at R$11,097 million at the end of 2Q13, while net debt stood R$ 8,770 million. Of the total debt, 19.5% matures in the short term and 80.5% in the long term.

Of the total debt, 18.0% was denominated in BRL and 82.0% in other currencies. At the end of 2Q13, the weighted average cost of our consolidated bank debt was 7.82% p.a., compared to 7.98% p.a. at the end of 1Q13.

At the end of the quarter, the Company held R$2.33 billion in cash and investments in continued operations.

The remaining debt to be transferred from the continued operations amounts to approximately R$3 billion and is well balanced between currencies (USD and BRL) and maturities, with approximately 40% Short Term and 60% Long Term.



CASH FLOW:

CASH FLOW (R$ million)	1H13	1H12
Net Income	**(538.3)**	**244.5**
(+) Items not affecting cash	971.8	414.0
(+) Working capital variation	**(501.8)**	**(196.7)**
Trade accounts receivable	(260.6)	223.1
Inventories	(136.6)	243.9
Trade accounts payable	(104.6)	(663.7)
(+) Other Variations in Equity	**(137.8)**	**(450.2)**
Other	213.0	(387.5)
Taxes	(350.8)	(62.7)
1. Operating Cash Flow from Continued Operations	**(206.2)**	**11.6**

CAPITAL EXPENDITURE: Investments in continued operations amounted to R$202.7 million in 2Q13, increasing 26.0% from R$160.5 million in 1Q13. The increase is explained by the investments made at Marfrig Beef Brazil to optimize plants, the investments in Asia to complement the ongoing logistics investments in the JV with COFCO and the expansion of certain lines of ready-to-eat meals and prepared products in Europe at Moy Park.

Investing activities (R$ million)	1Q13	2Q13
Investments in fixed assets	**158.6**	**202.3**
Fixed assets	120.3	171.8
Breeding stock	38.3	30.5
Investments in intangible assets	**1.9**	**0.4**
Investments in the period	**160.5**	**202.7**

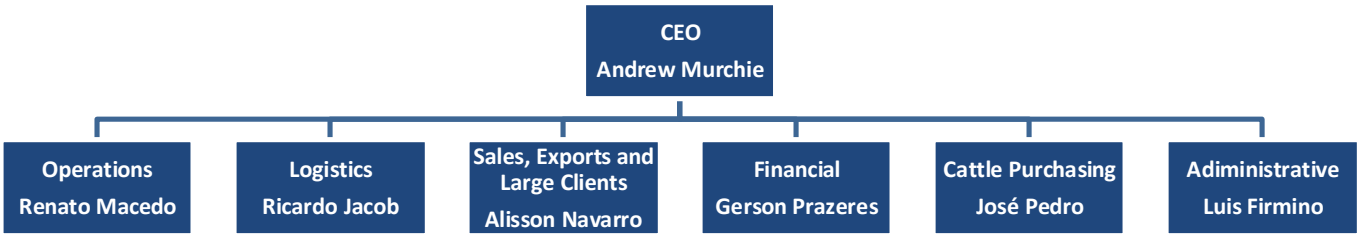
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MARFRIG BEEF SEGMENT

The Marfrig Beef business segment comprises the industrial operations for producing fresh and processed products made from beef and lamb, leather and other manufactured goods for consumption in the domestic and export markets. The Beef segment is divided into the Brazil Operations and the International Operations (Argentina, Uruguay and Chile).

As of September 1, 2013, Marfrig Beef will be structured as follows: **Andrew Murchie** will remain CEO of **Marfrig Beef Brazil,** while **Martín Secco** will become **CEO of Marfrig Beef Southern Cone** (Argentina, Chile, Uruguay and Rio Grande do Sul – Pampeano).

Therefore, as of September 1, 2013, Marfrig Beef Brazil will have the following structure:



Andrew Murchie: has over 20 years of experience in the beef industry, ten of which at the Marfrig Group. Previously he worked at companies such as Anglo Alimentos S.A., BF Alimentos and Grupo Friboi. He currently serves as CEO of Marfrig Beef Brazil, having previously served as Commercial Director of Marfrig Beef Brazil.

Renato Macedo: holds a bachelor's degree in Veterinary Medicine from the Federal University of Pelotas and a Graduate Degree in Business Administration from the Getúlio Vargas Foundation (FGV). He has 28 years of experience in the animal protein industry and currently serves as Industrial Operations Director of Marfrig Beef Brazil. Previously he served as Operations Director at Marfrig Brazil (2001 to 2006), Operations Director for the Uruguay operations (2006 to 2008) and Operations Director for the Argentina operations (2008 to 2013).

Ricardo Jacob: holds a bachelor's degree in Food Engineering from the Mauá Engineering School and an MBA in Business Management from the Getúlio Vargas Foundation (FGV). He has vast experience in the food industry, having worked at companies such as Sadia S.A., Buona Itália Alimentos and Tok Take Alimentos. In 2008, he joined the Marfrig Group through Frigorífico Mabella as Process Manager and since 2010 he has served as Supply Chain Director at Seara Brasil.

Alisson Navarro: holds a bachelor's degree in business administration with a major in Business from Faculdade de Engenharia Industrial (FEI) and an MBA in International Business from the Getúlio Vargas Foundation (FGV) at Santo André. She is responsible for the Export Sales (fresh and processed products) department and for wholesale distribution in the domestic market. Previously she served as general manager at Weston Importers, the unit responsible for absorbing and distributing Marfrig Beef products in the United Kingdom. She joined the Marfrig Group in 2004 and her career is grounded in solid experience gleaned from export, administration, finance and commercial projects.

Gerson Prazeres: holds bachelor's degrees in Business Administration and Accounting from the University of Vale do Itajaí (Univale) and a graduate degree in Production Engineering and Marketing from the same university. He has 28 years of experience in accounting, finance, controllership and taxation at manufacturers of food products (Ceval, Seara and Moy Park-UK) and wall and floor tiles (Portobello S.A.). For 10 years he was a professor in the Business Administration and Accounting programs at Univale.

José Pedro Crespo: holds a bachelor's degree in Zootechny from Pontifical Catholic University of Rio Grande do Sul (PUC-RS) and has served at the company for 2 years, where he is currently Feedlot and Cattle Purchasing Director at Marfrig Beef. He holds 22 years of experience in the food industry, with vast expertise in the agribusiness chain, where he also worked in the export sales area.

Luiz Firmino: holds a bachelor's degree in Accounting Sciences from Moura Lacerda University and concluded a non-degree specialization program in Business Restructuring at Veloza Lawyers. He has served at Marfrig for 3 years. Previously he worked at Anglo Alimentos and JBS group companies in Brazil and Argentina, where he served in various positions in the financial area, including controller and CFO. He is currently Administrative Director and Controller at Marfrig Beef, where he is responsible for managing the division's administrative, planning and controllership departments.

INCOME STATEMENT - MARFRIG BEEF (R$ thousand)	2Q13	2Q12	2Q13 vs. 2Q12
NET OPERATING REVENUE	**1,667.5**	**1,553.8**	**7.3%**
NOR FOOD SERVICE BRAZIL	**370.4**	**303.6**	**22.0%**
NET OPERATING REVENUE - TOTAL	**2,037.9**	**1,857.4**	**9.7%**
(-) COGS	(1,729.3)	(1,455.6)	18.8%
GROSS INCOME	**308.6**	**401.8**	**-23.2%**
(%) GROSS MARGIN	*15.1%*	*21.6%*	*-650 bps*
SG&A	(195.5)	(208.5)	-6.2%
(%) SG&A/NOR	*-9.6%*	*-11.2%*	*160 bps*
OTHER OPERATING INCOME AND EXPENSES	**(209.4)**	**(102.0)**	**105.3%**
SELLING EXPENSES	(127.7)	(122.9)	3.9%
GENERAL AND ADMINISTRATIVE	(67.8)	(85.5)	-20.7%
OTHER	(13.9)	106.3	n/a
EBITDA	**131.5**	**331.7**	**-60.3%**
(%) EBITDA MARGIN	*6.5%*	*17.9%*	*-1140 bps*
ADJUSTED EBITDA (*)	**145.5**	**225.4**	**-35.4%**
(%) ADJUSTED EBITDA MARGIN	*7.1%*	*12.1%*	*-500 bps*

(*) Excludes the effects from other operating income/expenses

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Net Operating Revenue: NOR in 2Q13 amounted to R$2.04 billion and grew 9.7% from R$1.86 billion in 2Q12, which basically reflects the solid performance of the operations in Brazil (Food Service, Retail and Export) and which was adversely affected by the operations in Argentina, where we closed temporarily 2 plants in the quarter.

Brazil Operations –

Domestic Market – Sales volume growth of 3.8% in 2Q13 compared to 2Q12, with sales volume growth of 8.0% in Food Service and 2.8% in other markets. In addition to sales volume growth, the average price also increased in the quarter, by 12.9% in Food Service and 15.7% in other markets.

Export Market – Export revenue grew 7.8%, of which 4.6% came from sales volume growth and 3.1% from price increases. The average export price decreased in the period, given the local currency depreciation of approximately 16% between the periods.

International Operations –

Argentina – Two slaughter plants were temporarily closed in the quarter, as announced in the 1Q13 earnings release, which adversely affected the results of this operation. The operations in the country remain challenging, with results not converging to the level of those in Brazil.

Uruguay – Revenue from domestic sales in the quarter compared to 2Q12 grew 35.9% (7.1% from volume and 26.9% from price), while export sales grew 12.2% (6.3% from volume and 5.6% from price). Part of the price impact in Uruguay was due to the depreciation in the BRL against the USD in the period, as mentioned previously.

GROSS INCOME AND GROSS MARGIN: Gross income in 2Q13 was R$308.6 million (gross margin of 15.1%), decreasing 23.2% from R$401.8 million (gross margin of 21.6%) in 2Q12. The decrease in gross margin is explained by: (i) Argentina, which is still subject to price controls in the domestic market, caps on export volumes, high cattle cost and low cattle supply, all of which adversely affected results in the quarter, combined with the temporary closure of 2 plants in the quarter; (ii) Uruguay, which continues to face difficulties related to cattle shortages and high costs; and (iii) the operations in Brazil, which this quarter suffered from irrationality in the market, with the higher slaughter volume in the quarter pressuring prices in both the export and domestic markets.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES: SG&A expenses in 2Q13 corresponded to 9.6% of NOR, compared to 11.2% in 2Q12. The reduction is due to the exposure of the business to Argentina (with the closure of 2 plants, as announced in 1Q13), the optimization of the operations in Brazil through staff reductions and the Corporation's focus on rigorously controlling general and administrative expenses.

EBITDA and EBITDA Margin: In 2Q13, EBITDA decreased by 60.3% to R$131.5 million, with EBITDA margin of 6.5%, compared to R$331.7 million and 17.9% margin in 2Q12.

Excluding nonrecurring effects (recorded in other operating income/expenses), EBITDA was R$145.5 million, down 35.5% from R$225.4 million in 2Q12. On the same basis, EBITDA margin was 7.1%, compared to 12.1% in 2Q12.

KEYSTONE FOODS

Keystone Foods - global company focused on producing and developing multi-protein foods to service large global restaurant chains, with operations in Europe and a strong presence in Asia and the United States.

INCOME STATEMENT - KEYSTONE (R$ thousand)	2Q13	2Q12	2Q13 vs. 2Q12
NET OPERATING REVENUE	**1,285.6**	**1,147.4**	12.0%
(-) COGS	(1,208.3)	(1,075.0)	12.4%
GROSS INCOME	**77.3**	**72.4**	6.8%
(%) GROSS MARGIN	*6.0%*	*6.3%*	*-30 bps*
SG&A	(47.1)	(39.8)	18.5%
(%) SG&A/NOR	*(3.7)%*	*(3.5)%*	*-20 bps*
OTHER OPERATING INCOME AND EXPENSES	**(58.0)**	**225.2**	n/a
SELLING EXPENSES	(5.7)	(1.3)	331.3%
GENERAL AND ADMINISTRATIVE	(41.4)	(38.5)	7.7%
OTHER	(6.7)	265.0	n/a
EBITDA (*)	**61.3**	**335.6**	-81.7%
(%) EBITDA MARGIN	*4.8%*	*29.2%*	*-2440 bps*
ADJUSTED EBITDA (**)	**68.0**	**70.5**	-3.5%
(%) ADJUSTED EBITDA MARGIN	*5.3%*	*6.1%*	*-80 bps*

(*) 2Q12 EBITDA includes a gain from the sale of discontinued operations
(**) Excludes the effects from other operating income/expenses

Net Operating Revenue:

USA - New processed chicken products introduced in 2Q13 with strong promotional and marketing activity by clients. Revenues increased 14.5%, while volumes fell 18.9% and the average price rose 41.2% (24.1% in local currency) on the change in mix and better prices for trim chicken.

ASIA - Avian influenza (AI) in China had a detrimental effect on results for China economic growth and affected our results as well.

- **SOUTH KOREA** – 2nd chicken production line in South Korea became operational during 2Q13, while demand from clients in South Korea remained strong.
- **JAPAN** - Lower demand for imports due to the avian influenza outbreaks (China and Thailand sell to Japan).
- **THAILAND** - Due to the product mix, the Thailand operations did not operate at full capacity, a situation that should be reversed in 3Q13 given the forecast demand for this JV.
- **AUSTRALIA AND MALAYSIA** - Operations in Australia and Malaysia have increased volumes to supply processed beef products to the Middle East.

Gross Income and Gross Margin: Gross income in 2Q13 amounted to R$77.3 million (gross margin of 6.0%), increasing 6.8% from R$72.4 million (gross margin of 6.3%) in 2Q12.

Selling, General and Administrative Expenses: SG&A expenses in 2Q13 corresponded to 3.7% of NOR, compared to 3.5% in 2Q12, remaining virtually stable between the periods.

EBITDA and EBITDA Margin: In 2Q13, EBITDA was R$61.3 million (margin of 4.8%), decreasing 81.7% from R$335.6 million (margin of 29.2%).

Excluding nonrecurring effects (other operating revenue/expenses, as mentioned above), EBITDA was R$68.0 million in 2Q13, down 3.5% from R$70.5 million in 2Q12 (excluding the effect from the sale of the logistics operations recorded in the period). On the same basis, EBITDA margin was 5.3%, or 80 bps lower than the 6.1% margin posted in 2Q12.

MOY PARK

Moy Park – second largest integrated system in the United Kingdom for the production of prepared food products made from poultry. With a strong presence throughout Europe and in the food service and retail channels, it produces and distributes prepared and processed food products made from chicken, turkey, beef and pork, as well as products made from vegetables and bread, such as hamburgers, vegetarian snacks and donuts.

INCOME STATEMENT – MOY PARK (R$ thousand)	2Q13	2Q12	2Q13 vs. 2Q12
NET OPERATING REVENUE	**1,131.8**	**1,066.7**	6.1%
(-) COGS	(1,025.0)	(978.6)	4.7%
GROSS INCOME	**106.8**	**88.1**	21.3%
(%) GROSS MARGIN	*9.4%*	*8.3%*	*110 bps*
SG&A	(88.3)	(73.9)	19.4%
(%) SG&A/NOR	*(7.8)%*	*(6.9)%*	*-90 bps*
OTHER OPERATING INCOME AND EXPENSES	(90.7)	(85.0)	6.7%
SELLING EXPENSES	(55.7)	(45.0)	23.8%
GENERAL AND ADMINISTRATIVE	(32.6)	(28.9)	12.6%
OTHER	(2.4)	(11.1)	-78.2%
EBITDA	**63.9**	**47.5**	34.6%
(%) EBITDA MARGIN	*5.6%*	*4.5%*	*110 bps*
ADJUSTED EBITDA (*)	**66.3**	**58.6**	13.2%
(%) ADJUSTED EBITDA MARGIN	*5.9%*	*5.5%*	*40 bps*

(*) Excludes the effects from other operating income/expenses

Net Operating Revenue: NOR in 2Q13 was R$1,131.8 million, increasing 6.1% from R$1,066.7 million in 2Q12. NOR growth was driven primarily by the good performance of the Agri-Fresh segment, due to the combination of securing new businesses with market growth and the higher fresh poultry prices in the domestic market.

Meanwhile, the Convenience Foods UK division delivered sales in line with a particularly strong 2Q12, driven largely by high demand during the Queen Elizabeth II Jubilee celebrations.

Gross Income and Gross Margin: Gross income in 2Q13 was R$106.8 million (gross margin of 9.4%), increasing 21.3% from R$88.1 million (gross margin of 8.3%) in 2Q12. The combination of higher sales volume and better operating efficiency was sufficient to offset the increase in production costs pressured by higher grain prices compared to 2Q12.

Selling, General and Administrative Expenses (SG&A): SG&A expenses in 2Q13 corresponded to 7.8% of NOR, up from 6.9% in 2Q12. The increase is explained by the higher sales volume and associated increase in freight and marketing expenses in the period.

EBITDA and EBITDA Margin: Volume and price increases, operating efficiency gains and better control of expenses supported EBITDA growth in 2Q13 of 34.6% (R$63.9 million and EBITDA margin of 5.6%) in relation to 2Q12 (R$47.5 million and EBITDA margin of 4.5%).

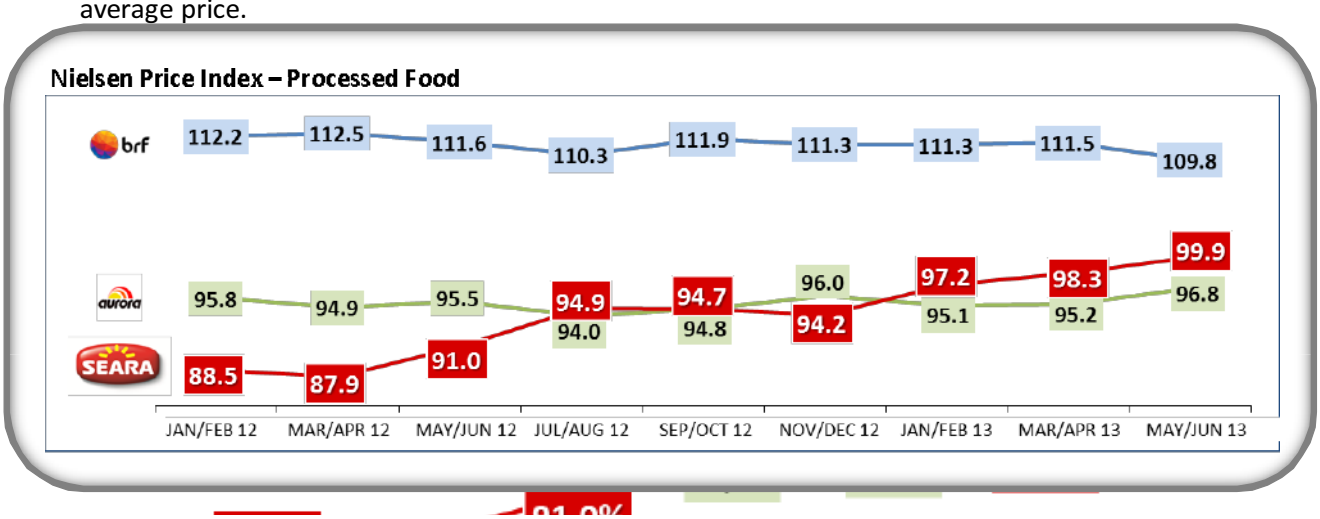
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FOLLOW-UP ON THE EVOLUTION OF SEARA BRASIL'S KPIs

The evolution in the 5 KPIs we presented in 1Q13 is presented below:

Price management:

- Seara and Rezende continued to close the gap to industry peers, though this was mainly due to the higher discounts implemented by the competition with the aim of reducing the high level of inventories amassed by the industry in the second quarter.
- At Seara, discounts per kilogram fell slightly from 1Q13, reflecting our efforts to recover margins.
- Our average price also benefited from the continuous migration to small retailers, which have a higher average price.



Channel and product mix management:

1- **Processed Products Domestic Market/NOR:** improvement in 2Q13.

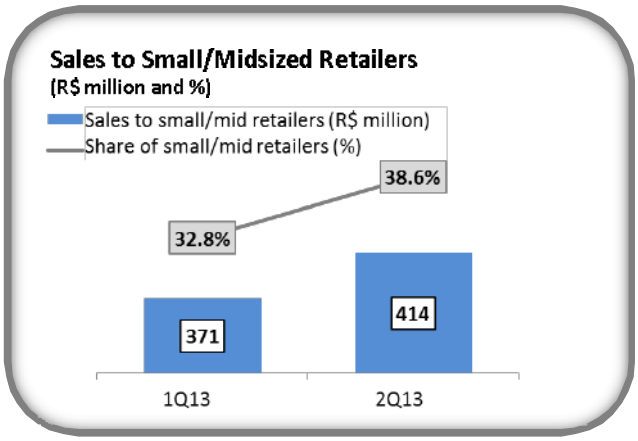
- Higher productivity at the plants ex-BRF;
- Reduction in the inventory of finished products due to the higher productivity of sales teams, which helped improve the sales mix; and
- Good sales of processed/prepared products in June 2013 due to the FIFA Confederations Cup.

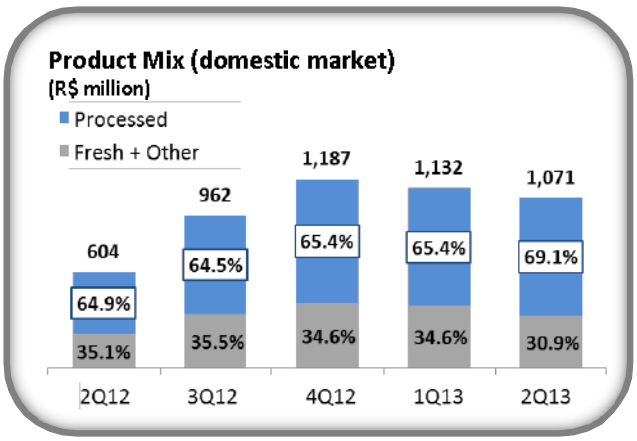
2- **% Small Retailer/NOR:** continued growth in the channel in 2Q13.

- The improvement in Fill Rate had a particularly significant impact on the network of small-sized clients;
- Sales team productivity (visits per day, sales per client, etc.) supported a better result among small retailers; and
- Demand/consumption at small clients was more resilient than at large chains and wholesalers.

3- % NOR Domestic Market: we did not meet our target, but this was basically due to a temporary and strategic change in course, given the USD/BRL exchange rate in the period, which benefitted exports. Other factors included:

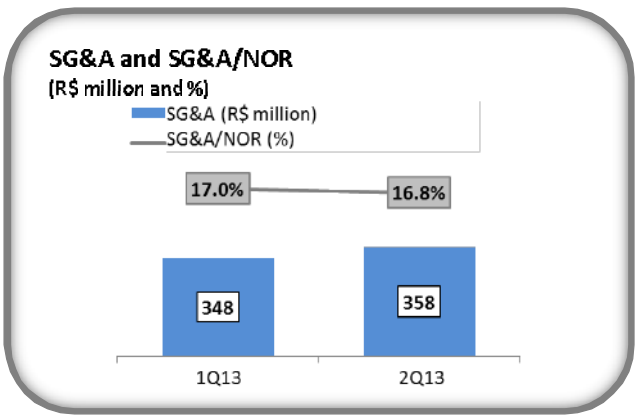
- The fact that the downward price pressure at large retailers in the domestic market resulting from the surplus inventory held by the industry could have compromised our results if we had not rapidly redirected volumes to export markets;
- Improvement in servicing demand from export plants and higher efficiency in export processes allowed us to become more competitive in exports without significantly impacting margins;
- We responded quickly to the favorable exchange rate in the second half of the quarter, already redirecting fresh chicken and pork volumes to export markets.





SG&A and SG&A/NOR: although the quarter's final figures are equivalent to those in 1Q13, there were a number of signs of improvement:

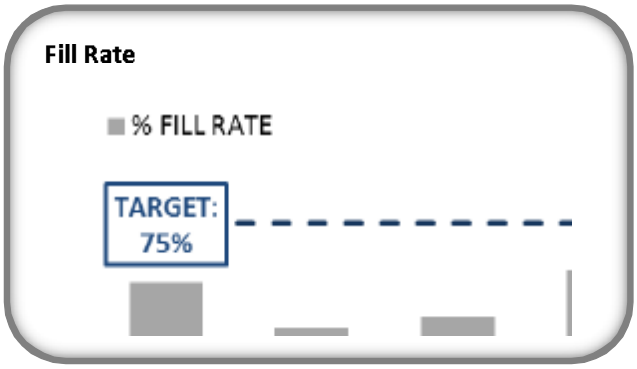
- The downward intra-quarter trend in expenses, with June, for example, closing down 16.0%;
- Nonrecurring events related to the restructuring in the quarter that are not likely to repeat in 3Q13, as well as one-off marketing expenses with the FIFA Confederations Cup;
- Steeper reductions are expected following approval by Brazil's antitrust agency CADE and the conclusion of the deal with JBS.



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Improved Logistics: we delivered the promised target, with room for further improvement:

- The average fill rate in 2Q13 was 80%, despite the ongoing transition to the Anhanguera Distribution Center;
- More than half of the DCs already have a fill rate above 80%, with three DCs above 90%; and
- The positive trends that are continuing into July with even better numbers, particularly at Anhanguera.



EARNINGS CONFERENCE CALL:

Date: August 8, 2013

In Portuguese:
9:30 a.m. (Brasilia) / 8:30 a.m. (US EDT) / 12:30 p.m. (GMT)
Dial-in: +55 (11) 4688-6361 / 2104-8901
Access code: Marfrig

In English:
11:30 a.m. (Brasilia) / 10:30 a.m. (US EDT) / 02:30 p.m. (GMT)
Dial-in (Brazil): +55 (11) 4688-6361 / 2104-8901
Dial-in (other countries): +1 (786) 924-6977
Access code: Marfrig

Live audio webcast with slide presentation.
Replay available for download on our website: www.marfrig.com.br/ri

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About Marfrig

Marfrig is a Brazilian multinational corporation with operations in the food and food service industries in Brazil and another 17 countries. It is engaged in the production, processing, marketing and distribution of food made from animal proteins (beef, pork, lamb, poultry and processed products) and in the distribution of other food products (frozen foods, cold cuts and sausages, fish, ready-to-eat meals, pastas, confectionary, margarines) and of semi-finished or finished leather products.

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Consolidated Income Statement (R$ million)	2Q13	2Q12	2Q13 vs. 2Q12
NET OPERATING REVENUE	**4,455.3**	**4,071.5**	**9.4%**
Cost of goods sold	(3,962.6)	(3,509.3)	12.9%
GROSS INCOME	**492.7**	**562.3**	**-12.4%**
% Gross Margin	*11.1%*	*13.8%*	*-280 bps*
SG&A	***(330.9)***	***(322.2)***	***2.7%***
% of Net revenue	*-7.4%*	*-7.9%*	*50 bps*
OPERATING INCOME (EXPENSES)	**(358.1)**	**38.1**	**n/a**
Selling expenses	(189.1)	(169.3)	11.7%
General and administrative expenses	(141.8)	(152.9)	-7.3%
Equity In Earnings (Losses) of Subsidiaries	(4.1)	-	n/a
Other operating income (expenses)	(23.1)	361.5	-106.4%
OPERATING INCOME (LOSS) before financial result	**134.5**	**600.4**	**-77.6%**
% Operating Margin	*3.0%*	*14.7%*	*-1170 bps*
FINANCIAL RESULT	**(845.4)**	**(565.8)**	**49.4%**
Financial income	125.6	116.1	8.2%
Financial expenses	(543.6)	(338.9)	60.4%
Exchange Gain	153.0	77.5	97.4%
Exchange Loss	(580.5)	(420.4)	38.1%
OPERATING RESULT	**(710.9)**	**34.6**	**n/a**
Provision for Income and Social Contribution taxes	234.9	141.1	**66.5%**
Income tax	173.0	107.7	60.5%
Social contribution tax	61.9	33.4	85.3%
Non-controlling Interest	(2.7)	(3.5)	-23.2%
NET INCOME (LOSS)	**(478.7)**	**172.2**	**n/a**
# Shares (million)	520.7	347.0	n/a
EARNINGS PER SHARE - R$	(0.92)	0.50	n/a
EBITDA	**256.7**	**714.8**	**-64.1%**
EBITDA Margin	5.8%	17.6%	-1180 bps
Adjusted EBITDA	**279.8**	**354.5**	**-21.1%**
EBITDA Margin	**6.3%**	**8.7%**	**-240 bps**

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	06/30/13	12/31/12		06/30/13	12/31/12
Current assets			**Current liabilities**		
Cash and cash equivalents	727,952	919,908	Trade accounts payable	1,549,234	2,580,227
Marketable securities	1,597,907	2,258,286	Accrued payroll and related charges	329,943	506,969
Trade accounts receivable - domestic	1,026,695	1,391,752	Taxes payable	104,062	187,503
Trade accounts receivable - foreign	579,996	401,563	Loans and financing	1,791,014	3,359,130
Inventories of goods and merchandise	1,945,589	2,703,732	Notes payable	656,114	352,852
Biological assets	423,412	943,832	Lease payable	37,005	38,805
Recoverable taxes	1,035,803	1,240,457	Debentures payable	199,400	199,400
Prepaid expenses	80,507	91,475	Interest on debentures	178,949	144,445
Notes receivable	161,124	77,372	Advances from customers	83,086	90,553
Advances to suppliers	54,429	51,196	Liabilities held for sale	4,587,914	-
Assets held for sale	8,511,909	-	Other payables	130,197	227,436
Other receivables	71,226	155,079			
Total current assets	**16,216,549**	**10,234,652**	**Total current liabilities**	**9,646,918**	**7,687,320**
Non-current assets			**Non-current liabilities**		
Marketable securities	786	886	Loans and financing	8,729,470	8,282,268
Court deposits	52,163	44,366	Taxes payable	81,904	252,737
Notes receivable	58,829	53,704	Deferred income and social contribution taxes	595,712	1,474,660
Deferred income and social contribution taxes	1,340,409	1,851,747	Provisions for contingencies	16,333	237,889
Recoverable taxes	961,864	1,232,640	Lease payable	96,042	107,523
Other receivables	32,944	77,807	Debentures payable	197,983	396,676
	2,446,995	**3,261,150**	Notes payable	185,315	208,492
			Mandatory deed convertible into shares	2,120,920	2,470,920
Investments	55,243	11,107	Other	113,047	165,877
Property, plant and equipment	4,438,612	7,757,259	**Total non-current liabilities**	**12,136,726**	**13,597,042**
Biological assets	99,675	253,361			
Intangible assets	2,628,637	4,071,925	**SHAREHOLDERS' EQUITY**		
	7,222,167	**12,093,652**	Share Capital	5,276,678	4,926,678
			(-) Share issue expenses	(108,210)	(108,210)
Total non-current assets	**9,669,162**	**15,354,802**	Capital reserve	184,800	184,800
			Issue of common shares	184,800	184,800
			Profit reserves	34,994	33,604
			Legal reserve	44,476	44,476
			Retained earnings	7,348	7,348
			Treasury Stock	(5,140)	(6,530)
			Treasury shares canceled	(11,690)	(11,690)
			Other comprehensive income	469,650	514,371
			Asset valuation adjustment	(317,835)	(168,805)
			Cumulative translation adjustment	601,854	683,176
			Amounts related to assets held for sale	185,631	-
			Accumulated losses	(1,868,223)	(1,395,005)
			Controlling shareholders' equity	3,989,689	4,156,238
			Non-controlling interest	112,378	148,854
			Total shareholders' equity	**4,102,067**	**4,305,092**
Total assets	**25,885,711**	**25,589,454**	**Total liabilities and shareholders' equity**	**25,885,711**	**25,589,454**

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CONSOLIDATED CASH FLOW

CASH FLOW (R$ million)	1H13	1H12
Net Income	**(538.3)**	**244.5**
(+) Items not affecting cash	971.8	414.0
(+) Working capital variation	**(501.8)**	**(196.7)**
Trade accounts receivable	(260.6)	223.1
Inventories	(136.6)	243.9
Trade accounts payable	(104.6)	(663.7)
(+) Other Variations in Equity	**(137.8)**	**(450.2)**
Other	213.0	(387.5)
Taxes	(350.8)	(62.7)
1. Operating Cash Flow	**(206.2)**	**11.6**

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REVENUE BREAKDOWN (R$ MILLION)	2Q13	2Q12	2Q13 vs. 2Q12
MARFRIG BEEF	***2,037.9***	***1,857.5***	***9.7%***
MARFRIG BEEF - BRAZIL	***1,488.5***	***1,290.3***	***15.4%***
Domestic Market	***953.4***	***793.9***	***20.1%***
Fresh Meat	*494.8*	*436.4*	*13.4%*
Processed Products	*276.3*	*198.5*	*39.2%*
Lamb, Leather and Other	*182.3*	*159.0*	*14.7%*
Exports	***535.1***	***496.4***	***7.8%***
Fresh Meat	*342.7*	*354.7*	*-3.4%*
Processed Products	*105.3*	*79.2*	*33.1%*
Lamb, Leather and Other	*87.1*	*62.6*	*39.1%*
MARFRIG BEEF - INTERNATIONAL OPERATIONS	***549.4***	***567.2***	***-3.1%***
Domestic Market	***302.8***	***326.1***	***-7.1%***
Fresh Meat	*221.6*	*154.3*	*43.6%*
Processed Products	*19.5*	*116.4*	*-83.2%*
Lamb, Leather and Other	*61.7*	*55.4*	*11.4%*
Exports	***246.6***	***241.1***	***2.3%***
Fresh Meat	*215.8*	*209.7*	*2.9%*
Processed Products	*3.4*	*9.1*	*-63.0%*
Lamb, Leather and Other	*27.5*	*22.3*	***23.0%***
KEYSTONE FOODS	***1,285.6***	***1,147.4***	***12.0%***
Processed Products	*1,285.6*	*1,147.4*	*12.0%*
MOY PARK	***1,131.8***	***1,066.7***	***6.1%***
Domestic Market	***982.9***	***929.1***	***5.8%***
Fresh Meat	*427.4*	*357.5*	*19.6%*
Processed Products	*468.4*	*490.4*	*-4.5%*
Other	*87.1*	*81.3*	*7.1%*
Exports	***148.9***	***137.6***	***8.2%***
Fresh Meat	*36.6*	*32.4*	*13.0%*
Processed Products	*112.2*	*105.2*	*6.7%*
Other	*0.0*	*0.0*	*n/a*
TOTAL MARFRIG BEEF	***2,037.9***	***1,857.5***	***9.7%***
Fresh Meat	*1,274.8*	*1,155.0*	*10.4%*
Processed Products	*404.5*	*403.1*	*0.3%*
Other	*358.6*	*299.4*	*19.8%*
TOTAL KEYSTONE FOODS	***1,285.6***	***1,147.4***	***12.0%***
Fresh Meat			*n/a*
Processed Products	*1,285.6*	*1,147.4*	*12.0%*
Other			*n/a*
TOTAL MOY PARK	***1,131.8***	***1,066.7***	***6.1%***
Fresh Meat	*464.1*	*389.9*	*19.0%*
Processed Products	*580.6*	*595.5*	*-2.5%*
Other	*87.1*	*81.3*	*7.1%*
TOTAL CONSOLIDATED MARFRIG	***4,455.3***	***4,071.5***	***9.4%***
Fresh Meat	*1,738.9*	*1,544.9*	*12.6%*
Processed Products	*2,270.7*	*2,146.1*	*5.8%*
Other	*445.6*	*380.6*	*17.1%*

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VOLUME BREAKDOWN (TONS)	2Q13	2Q12	2Q13 vs. 2Q12
MARFRIG BEEF	**316.4**	**312.3**	**1.3%**
MARFRIG BEEF - BRAZIL	**229.2**	**220.4**	**4.0%**
Domestic Market	**174.8**	**168.4**	**3.8%**
Fresh Meat	59.5	55.8	6.7%
Processed Products	21.1	15.4	37.5%
Lamb, Leather and Other	94.2	97.2	-3.2%
Exports	**54.4**	**52.0**	**4.6%**
Fresh Meat	35.0	35.6	-1.7%
Processed Products	8.1	6.6	22.5%
Lamb, Leather and Other	11.3	9.8	15.3%
MARFRIG BEEF - INTERNATIONAL OPERATIONS	**87.3**	**91.9**	**-5.1%**
Domestic Market	**62.4**	**67.7**	**-7.8%**
Fresh Meat	25.7	24.5	4.9%
Processed Products	2.3	10.8	-78.2%
Lamb, Leather and Other	34.4	32.5	6.0%
Exports	**24.8**	**24.2**	**2.5%**
Fresh Meat	18.9	18.9	0.1%
Processed Products	0.1	0.7	-80.5%
Lamb, Leather and Other	5.8	4.6	25.1%
KEYSTONE FOODS	**202.3**	**233.9**	**-13.5%**
Processed Products	202.3	233.9	-13.5%
MOY PARK	**160.1**	**160.9**	**-0.5%**
Domestic Market	**131.0**	**128.8**	**1.7%**
Fresh Meat	40.2	36.6	9.9%
Processed Products	38.6	41.1	-6.0%
Other	52.2	51.1	2.0%
Exports	**29.1**	**32.1**	**-9.4%**
Fresh Meat	5.6	5.5	1.8%
Processed Products	23.5	26.6	-11.6%
Other	0.0	0.0	n/a
TOTAL MARFRIG BEEF	**316.4**	**312.3**	**1.3%**
Fresh Meat	139.1	134.7	3.2%
Processed Products	31.7	33.5	-5.2%
Other	145.7	144.1	1.1%
TOTAL KEYSTONE FOODS	**202.3**	**233.9**	**-13.5%**
Fresh Meat			n/a
Processed Products	202.3	233.9	-13.5%
Other			n/a
TOTAL MOY PARK	**160.1**	**160.9**	**-0.5%**
Fresh Meat	45.8	42.0	8.9%
Processed Products	62.2	67.7	-8.2%
Other	52.2	51.1	2.0%
TOTAL CONSOLIDATED MARFRIG	**678.8**	**707.0**	**-4.0%**
Fresh Meat	184.8	176.7	4.6%
Processed Products	296.2	335.0	-11.6%
Other	197.8	195.3	1.3%

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BREAKDOWN OF AVERAGE PRICE (R$)	2Q13	2Q12	2Q13 vs. 2Q12
MARFRIG BEEF	***6.44***	***5.95***	***8.3%***
MARFRIG BEEF - BRAZIL	***6.50***	***5.85***	***10.9%***
Domestic Market	***5.45***	***4.71***	***15.7%***
Fresh Meat	*8.31*	*7.82*	*6.3%*
Processed Products	*13.09*	*12.93*	*1.3%*
Lamb, Leather and Other	*1.94*	*1.64*	*18.4%*
Exports	***9.84***	***9.55***	***3.1%***
Fresh Meat	*9.80*	*9.97*	*-1.7%*
Processed Products	*12.95*	*11.93*	*8.6%*
Lamb, Leather and Other	*7.70*	*6.38*	*20.7%*
MARFRIG BEEF - INTERNATIONAL OPERATIONS	***6.30***	***6.17***	***2.0%***
Domestic Market	***4.85***	***4.82***	***0.7%***
Fresh Meat	*8.63*	*6.30*	*36.9%*
Processed Products	*8.34*	*10.82*	*-23.0%*
Lamb, Leather and Other	*1.79*	*1.71*	*5.1%*
Exports	***9.94***	***9.96***	***-0.2%***
Fresh Meat	*11.41*	*11.10*	*2.8%*
Processed Products	*24.11*	*12.71*	*89.7%*
Lamb, Leather and Other	*4.76*	*4.85*	***-1.7%***
KEYSTONE FOODS	***6.35***	***4.91***	***29.5%***
Processed Products	*6.35*	*4.91*	*29.5%*
MOY PARK	***7.07***	***6.63***	***6.6%***
Domestic Market	***7.50***	***7.22***	***4.0%***
Fresh Meat	*10.64*	*9.78*	*8.8%*
Processed Products	*12.13*	*11.94*	*1.6%*
Other	*1.67*	*1.59*	*5.0%*
Exports	***5.11***	***4.28***	***19.4%***
Fresh Meat	*6.58*	*5.92*	*11.1%*
Processed Products	*4.77*	*3.95*	*20.8%*
Other	*n/a*	*n/a*	*n/a*
TOTAL MARFRIG BEEF	***6.44***	***5.95***	***8.3%***
Fresh Meat	*9.17*	*8.57*	*6.9%*
Processed Products	*12.75*	*12.05*	*5.9%*
Other	*2.46*	*2.08*	*18.5%*
TOTAL KEYSTONE FOODS	***6.35***	***4.91***	***29.5%***
Fresh Meat	*n/a*	*n/a*	*n/a*
Processed Products	*6.35*	*4.91*	*29.5%*
Other	*n/a*	*n/a*	*n/a*
TOTAL MOY PARK	***7.07***	***6.63***	***6.6%***
Fresh Meat	*10.14*	*9.28*	*9.3%*
Processed Products	*9.34*	*8.79*	*6.2%*
Other	*1.67*	*1.59*	*5.0%*
TOTAL CONSOLIDATED MARFRIG	***6.56***	***5.76***	***14.0%***
Fresh Meat	*9.41*	*8.74*	*7.6%*
Processed Products	*7.67*	*6.41*	*19.7%*
Other	*2.25*	*1.95*	*15.6%*

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