JBS S.A.

Financial statements and Independent auditors' review report

As of March 31, 2015 and 2014

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

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

To the Shareholders, Board of Directors and Management of
JBS S.A.
São Paulo – SP

Introduction

We have reviewed the individual and consolidated interim financial information of **JBS S.A. ("Company")** contained within the Quarterly Financial Information – ITR, identified as Company and Consolidated, respectively, for the quarter ended on March 31, 2015, which comprise the balance sheet on March 31, 2015 and the related statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, as well as a summary of the significant accounting practices and other notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) – Interim Financial Reporting and with the International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and for the presentation of these interim financial information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the Quarterly Financial Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and International Standard on Review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

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

Other issues

Interim statements of added value

We have also reviewed the individual and consolidated interim statement of added value for the three-month period ended March 31, 2015, prepared under the responsibility of the Company's management, whose disclosure in the interim financial information is required in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Financial Information – ITR and considered as supplemental information by the International Financial Accounting Standards (IFRS), which do not require the disclosure of the Statement of Added Value. This statement was submitted to the same review procedures previously described and based on our review, we are not aware of any fact that would lead us to believe that they have not been fairly stated, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

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

São Paulo, May 13, 2015.

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

Paulo Sérgio Tufani
Accountant CRC 1 SP 124504/O-9

JBS S.A.

Balance sheets
(In thousands of Reais)

	Note	Company March 31, 2015	Company December 31, 2014	Consolidated March 31, 2015	Consolidated December 31, 2014
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	**8,339,789**	9,503,923	**14,120,824**	14,910,427
Trade accounts receivable, net	6	**3,579,616**	3,502,612	**10,680,262**	9,577,548
Inventories	7	**2,051,562**	2,417,608	**9,861,344**	8,273,110
Biological assets	8	**-**	-	**1,786,846**	1,567,866
Recoverable taxes	9	**1,355,500**	1,310,521	**2,435,582**	2,300,624
Prepaid expenses		**23,022**	17,449	**238,119**	181,881
Other current assets		**326,119**	416,599	**1,049,684**	730,776
TOTAL CURRENT ASSETS		**15,675,608**	**17,168,712**	**40,172,661**	**37,542,232**
NON-CURRENT ASSETS					
Long-term assets					
Credits with related parties	10	**2,780,415**	3,160,451	**1,080,169**	370,072
Biological assets	8	**-**	-	**715,650**	633,689
Recoverable taxes	9	**771,899**	779,147	**1,701,929**	1,546,038
Other non-current assets		**555,848**	506,785	**2,476,842**	2,121,092
Total long-term assets		**4,108,162**	**4,446,383**	**5,974,590**	**4,670,891**
Investments in associate, subsidiaries and joint ventures	11	**14,403,231**	10,161,077	**332,058**	295,350
Property, plant and equipment, net	12	**10,710,420**	10,590,430	**27,095,012**	24,098,697
Intangible assets, net	13	**9,551,151**	9,550,264	**18,886,229**	15,436,512
TOTAL NON-CURRENT ASSETS		**38,772,964**	**34,748,154**	**52,287,889**	**44,501,450**
TOTAL ASSETS		**54,448,572**	**51,916,866**	**92,460,550**	**82,043,682**

The accompanying notes are an integral part of the quarterly interim financial statements

JBS S.A.

Balance sheets
(In thousands of Reais)

	Note	Company		Consolidated	
		March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade accounts payable	14	**1,103,592**	1,567,402	**7,442,232**	6,942,933
Loans and financings	15/16	**8,322,532**	9,567,475	**13,547,509**	13,686,975
Income taxes	18	**-**	-	**721,341**	505,799
Payroll, social charges and tax obligation	18	**407,009**	369,756	**2,239,766**	2,105,278
Declared dividends	19	**484,010**	484,013	**484,010**	484,013
Payables related to facilities acquisitions	20	**33,202**	47,894	**322,850**	344,881
Other current liabilities		**542,960**	740,635	**710,595**	798,122
TOTAL CURRENT LIABILITIES		**10,893,305**	**12,777,175**	**25,468,303**	**24,868,001**
NON-CURRENT LIABILITIES					
Loans and financings	15/16	**15,421,979**	13,689,084	**33,794,370**	26,392,165
Payroll, social charges and tax obligation	18	**149,497**	151,199	**806,867**	639,114
Payables related to facilities acquisitions	20	**42,900**	44,904	**469,618**	490,461
Deferred income taxes	21	**1,291,054**	1,172,511	**2,963,780**	2,839,966
Provision for lawsuits risk	22	**182,391**	178,426	**874,472**	705,844
Other non-current liabilities		**31,340**	29,744	**543,195**	465,606
TOTAL NON-CURRENT LIABILITIES		**17,119,161**	**15,265,868**	**39,452,302**	**31,533,156**
EQUITY	23				
Capital stock		**21,506,247**	21,506,247	**21,506,247**	21,506,247
Treasury shares		**(483,686)**	(451,700)	**(483,686)**	(451,700)
Capital transaction		**116,044**	90,338	**116,044**	90,338
Capital reserve		**215,461**	212,793	**215,461**	212,793
Revaluation reserve		**86,784**	87,877	**86,784**	87,877
Profit reserves		**4,261,815**	4,261,815	**4,261,815**	4,261,815
Valuation adjustments to equity in subsidiaries		**92,633**	101,658	**92,633**	101,658
Accumulated translation adjustments in subsidiaries		**(754,004)**	(1,935,205)	**(754,004)**	(1,935,205)
Retained earnings		**1,394,812**	-	**1,394,812**	-
Attributable to controlling interest		**26,436,106**	**23,873,823**	**26,436,106**	**23,873,823**
Attributable to noncontrolling interest		**-**	**-**	**1,103,839**	**1,768,702**
TOTAL EQUITY		**26,436,106**	**23,873,823**	**27,539,945**	**25,642,525**
TOTAL LIABILITIES AND EQUITY		**54,448,572**	**51,916,866**	**92,460,550**	**82,043,682**

The accompanying notes are an integral part of the quarterly interim financial statements

JBS S.A.

Statements of income for the three months period ended March 31, 2015 and 2014
(In thousands of Reais)

	Note	Company 2015	Company 2014	Consolidated 2015	Consolidated 2014
NET REVENUE	24	**6.672.479**	**5.750.712**	**33.818.992**	**26.419.076**
Cost of goods sold		**(5.400.813)**	(4.407.031)	**(29.041.151)**	(22.997.772)
GROSS INCOME		**1.271.666**	**1.343.681**	**4.777.841**	**3.421.304**
OPERATING INCOME (EXPENSE)					
General and administrative expenses		**(349.517)**	(293.370)	**(843.290)**	(688.045)
Selling expenses		**(704.477)**	(600.591)	**(1.955.216)**	(1.604.382)
Financial expense, net	25	**97.953**	(628.880)	**83.862**	(869.326)
Equity in earnings of subsidiaries	11	**1.200.592**	248.898	**24.130**	4.693
Other income (expenses), net	26	**(3.955)**	(626)	**2.086**	(4.538)
		240.596	**(1.274.569)**	**(2.688.428)**	**(3.161.598)**
NET INCOME BEFORE TAXES		**1.512.262**	**69.112**	**2.089.413**	**259.706**
Current income taxes	21	**563**	549	**(840.154)**	(223.243)
Deferred income taxes	21	**(119.106)**	318	**278.826**	83.548
		(118.543)	**867**	**(561.328)**	**(139.695)**
NET INCOME		**1.393.719**	**69.979**	**1.528.085**	**120.011**
ATTRIBUTABLE TO:					
Controlling interest				**1.393.719**	69.979
Noncontrolling interest				**134.366**	50.032
				1.528.085	**120.011**
Net income basic and diluted per thousand shares - in reais	27	**482,48**	24,40	**482,48**	24,40

The accompanying notes are an integral part of the quarterly interim financial statements

JBS S.A.

Statement of comprehensive income for the three months period ended March 31, 2015 and 2014
(In thousands of Reais)

	Company		Consolidated	
	2015	2014	2015	2014
Net income	**1,393,719**	**69,979**	**1,528,085**	**120,011**
Other comprehensive income				
Valuation adjustments to equity in subsidiaries	**(9,025)**	(9,536)	**(9,025)**	(9,536)
Accumulated adjustment of conversion in subsidiaries	**114,722**	(44,827)	**114,722**	(44,827)
Exchange variation in subsidiaries	**1,066,479**	(212,462)	**1,066,479**	(212,462)
Total of comprehensive income	**2,565,895**	**(196,846)**	**2,700,261**	**(146,814)**
Total of comprehensive income attributable to:				
Controlling interest	**2,565,895**	(196,846)	**2,565,895**	(196,846)
Noncontrolling interest	**-**	-	**134,366**	50,032
	2,565,895	**(196,846)**	**2,700,261**	**(146,814)**

The accompanying notes are an integral part of the quarterly interim financial statements

JBS S.A.

Statements of changes in equity for the three months period ended March 31, 2015 and 2014
(In thousands of Reais)

					Profit reserves								
	Capital stock	Capital transactions	Capital reserve	Revaluation reserve	Legal	Statutory for expansion	Treasury shares	Valuation adjustments to equity	Accumulated translation adjustments	Retained Earnings	Total	Noncontrolling interest	Total equity
BALANCE AS OF DECEMBER 31, 2013	**21,506,247**	**86,444**	**211,879**	**92,227**	**90,060**	**2,615,024**	**(595,849)**	**132,787**	**(2,187,031)**	**-**	**21,951,788**	**1,181,466**	**23,133,254**
Net income of the period	-	-	-	-	-	-	-	-	-	69,979	**69,979**	50,032	**120,011**
Other comprehensive income of the period	-	-	-	-	-	-	-	(9,536)	(257,289)	-	**(266,825)**	-	**(266,825)**
Total of comprehensive income, net of taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,536)**	**(257,289)**	**69,979**	**(196,846)**	**50,032**	**(146,814)**
Capital transaction	-	2,313	-	-	-	-	-	-	-	-	**2,313**	-	**2,313**
Realization of revaluation reserve	-	-	-	(1,066)	-	-	-	-	-	1,066	**-**	-	**-**
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	**-**	(44,864)	**(44,864)**
BALANCE AS OF MARCH 31, 2014	**21,506,247**	**88,757**	**211,879**	**91,161**	**90,060**	**2,615,024**	**(595,849)**	**123,251**	**(2,444,320)**	**71,045**	**21,757,255**	**1,186,634**	**22,943,889**
BALANCE AS OF DECEMBER 31, 2014	**21,506,247**	**90,338**	**212,793**	**87,877**	**191,855**	**4,069,960**	**(451,700)**	**101,658**	**(1,935,205)**	**-**	**23,873,823**	**1,768,702**	**25,642,525**
Net income of the period	-	-	-	-	-	-	-	-	-	1,393,719	**1,393,719**	134,366	**1,528,085**
Other comprehensive income of the period	-	-	-	-	-	-	-	(9,025)	1,181,201	-	**1,172,176**	-	**1,172,176**
Total of comprehensive income, net of taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,025)**	**1,181,201**	**1,393,719**	**2,565,895**	**134,366**	**2,700,261**
Capital transactions	-	25,706	-	-	-	-	-	-	-	-	**25,706**	-	**25,706**
Purchase of treasury shares	-	-	-	-	-	-	(31,986)	-	-	-	**(31,986)**	-	**(31,986)**
Stock option premium (Note 23b)	-	-	2,668	-	-	-	-	-	-	-	**2,668**	-	**2,668**
Realization of revaluation reserve	-	-	-	(1,093)	-	-	-	-	-	1,093	**-**	-	**-**
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	**-**	(799,229)	**(799,229)**
BALANCE AS OF MARCH 31, 2015	**21,506,247**	**116,044**	**215,461**	**86,784**	**191,855**	**4,069,960**	**(483,686)**	**92,633**	**(754,004)**	**1,394,812**	**26,436,106**	**1,103,839**	**27,539,945**

The accompanying notes are an integral part of the quarterly interim financial statements

JBS S.A.

Statements of cash flows for the three months period ended March 31, 2015 and 2014
(In thousands of Reais)

	Company		Consolidated	
	2015	2014	2015	2014
Cash flow from operating activities				
Net income attributable to controlling interest	1,393,719	69,979	1,393,719	69,979
Adjustments to reconcile net income to cash provided on operating activities				
. Depreciation and amortization	170,188	140,035	776,390	614,078
. Allowance for doubtful accounts	-	-	(672)	5,617
. Equity in earnings of subsidiaries	(1,200,592)	(248,898)	(24,130)	(4,693)
. Loss on assets sales	3,954	626	774	(1,925)
. Deferred income taxes	119,106	(318)	(278,826)	(83,548)
. Current and non-current financial charges	3,809,487	(259,517)	4,451,601	(143,297)
. Provision for lawsuits risk	3,965	3,083	23,501	2,748
	4,299,827	(295,010)	6,342,357	458,959
Decrease (increase) in operating assets				
Trade accounts receivable	225,934	533,573	580,764	657,253
Inventories	366,046	(202,882)	(329,557)	(684,513)
Recoverable taxes	(36,995)	9,365	(129,691)	(25,842)
Other current and non-current assets	29,528	(34,903)	(128,830)	(111,577)
Related party receivable	(1,332,615)	57,163	(625,053)	38,238
Biological assets	-	-	(235,774)	(156,048)
Increase (decrease) operating liabilities				
Trade accounts payable	(490,805)	(300,327)	(902,280)	(303,411)
Other current and non-current liabilities	(178,190)	323,638	(342,560)	626,725
Noncontrolling interest	-	-	134,366	50,032
Valuation adjustments to equity in subsidiaries	-	-	174,237	(45,174)
Changes in operating assets and liabilities	(1,417,097)	385,627	(1,804,378)	45,683
Net cash provided by operating activities	2,882,730	90,617	4,537,979	504,642
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	(297,569)	(453,027)	(705,150)	(711,146)
Additions in investments in subsidiaries	(30)	(13,430)	-	-
Equity effect of acquired company	-	-	(3,905,196)	-
Net cash used in investing activities	(297,599)	(466,457)	(4,610,346)	(711,146)
Cash flow from financing activities				
Proceeds from loans and financings	1,674,162	2,402,373	10,695,945	4,740,538
Payments of loans and financings	(5,392,866)	(2,332,537)	(11,085,810)	(4,736,708)
Payments of dividends	(3)	-	(1,189,359)	-
Stock option premium received	1,428	-	1,428	-
Capital transactions	-	-	25,706	2,313
Shares acquisition of own emission	(31,986)	-	(31,986)	-
Net cash provided by (used in) financing activities	(3,749,265)	69,836	(1,584,076)	6,143
Effect of exchange variation on cash and cash equivalents	-	-	866,840	(116,414)
Variance in cash and cash equivalents	(1,164,134)	(306,004)	(789,603)	(316,775)
Cash and cash equivalents at the beginning of the period	9,503,923	5,223,978	14,910,427	9,013,147
Cash and cash equivalents at the end of the period	8,339,789	4,917,974	14,120,824	8,696,372

The accompanying notes are an integral part of the quarterly interim financial statements

JBS S.A.

Economic value added for the three months period ended March 31, 2015 and 2014
(In thousands of Reais)

	Company		Consolidated	
	2015	2014	2015	2014
Revenue				
Sales of goods and services	**7,016,731**	6,034,553	**34,415,827**	26,908,223
Other net income (expenses)	**(1,374)**	2,644	**1,709**	2,547
Allowance for doubtful accounts	**-**	-	**672**	(5,617)
	7,015,357	**6,037,197**	**34,418,208**	**26,905,153**
Goods				
Cost of services and goods sold	**(4,585,329)**	(3,764,307)	**(21,812,900)**	(18,468,169)
Materials, energy, services from third parties and others	**(862,728)**	(720,729)	**(5,504,412)**	(3,667,421)
	(5,448,057)	**(4,485,036)**	**(27,317,312)**	**(22,135,590)**
Gross added value	**1,567,300**	**1,552,161**	**7,100,896**	**4,769,563**
Depreciation and Amortization	**(170,188)**	(140,035)	**(776,390)**	(614,078)
Net added value generated by the company	**1,397,112**	**1,412,126**	**6,324,506**	**4,155,485**
Net added value by transfer				
Equity in earnings of subsidiaries	**1,200,592**	248,898	**24,130**	4,693
Financial income	**6,473,109**	2,079,854	**8,189,616**	2,198,765
Others	**(6,932)**	3,302	**(54,735)**	16,586
NET ADDED VALUE TOTAL TO DISTRIBUTION	**9,063,881**	**3,744,180**	**14,483,517**	**6,375,529**
Distribution of added value				
Labor				
Salaries	**570,822**	429,092	**2,872,245**	1,880,857
Benefits	**41,374**	54,797	**533,687**	413,720
FGTS (Brazilian Labor Social Charge)	**23,684**	20,899	**46,386**	21,054
	635,880	**504,788**	**3,452,318**	**2,315,631**
Taxes and contribution				
Federal	**243,128**	112,212	**819,324**	419,764
State	**402,188**	326,532	**529,926**	363,044
Municipal	**4,394**	5,587	**5,489**	6,184
	649,710	**444,331**	**1,354,739**	**788,992**
Capital Remuneration from third parties				
Interests and exchange variation	**6,345,706**	2,613,925	**7,991,230**	2,953,768
Rents	**20,588**	16,644	**97,737**	72,493
Others	**18,278**	94,513	**59,408**	124,634
	6,384,572	**2,725,082**	**8,148,375**	**3,150,895**
Owned capital remuneration				
Net income attributable to controlling interest	**1,393,719**	69,979	**1,393,719**	69,979
Noncontrolling interest	**-**	-	**134,366**	50,032
	1,393,719	**69,979**	**1,528,085**	**120,011**
ADDED VALUE TOTAL DISTRIBUTED	**9,063,881**	**3,744,180**	**14,483,517**	**6,375,529**

The accompanying notes are an integral part of the quarterly interim financial statements

1 Operating activities

JBS S.A (JBS, the Company) is a listed company in the "Novo Mercado" segment, based in the city of São Paulo, Brazil, which requires the highest level of corporate governance in the Brazilian market and its shares are traded on the BM&F Bovespa S.A - Stock Exchange, Commodity and Forward as ticker symbol "JBSS3" and American Depository Receipts traded over the counter as "JBSAY".

The Company and its subsidiaries have the following operational activities:

a) Activities in Brazil

In Company

The Company is engaged in the operation of slaughter facilities, cold storage of cattle meat, meat processing operations for the production of beef, meat by-products and canned goods, through fifty-three industrial facilities based in the States of Acre, Bahia, Goiás, Maranhão, Minas Gerais, Mato Grosso do Sul, Mato Grosso, Pará, Rio de Janeiro, Rondônia and São Paulo.

The Company distributes its products through eleven distribution centers based in the States of Amazonas, Bahia, Ceará, Minas Gerais, Pernambuco, Paraná, Rio de Janeiro, Rio Grande do Sul, Santa Catarina, São Paulo and Distrito Federal.

The Company has strong leather tanning operations, most of its production intended to export in the segments of leather for furniture, automotive, footwear and artifacts, in the stages of Wet Blue, Semi Finished and Finished. The structure is composed of twenty industrial facilities based in the States of Bahia, Ceará, Espírito Santo, Goiás, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Pará, Rio Grande do Sul, Rondônia, São Paulo and Tocantins. JBS has one distribution center based in the State of Mato Grosso do Sul and a warehouse in the State of São Paulo.

Additionally, the Company operates in the segment of steel cans production, industrial waste management and plastic resin manufacturing; bar soap and soap production for its own brands of cleaning and hygiene segment; production of biodiesel, glycerin, olein and fatty acid; purchase and sale of soybeans, tallow, palm oil, caustic soda, stearin; industrialization and sale of cattle tripe; own transport operations for retail sale, cattle for slaughter and export products; industrialization of collagen; industrialization of dog biscuits. The Company also has stores named "Mercado da Carne" that sell meat and barbecue related items directly to customers. The Company is also engaged in the production and distribution of electric power and cogeneration.

In subsidiaries / Joint Ventures

JBS Confinamento Ltda. (JBS Confinamento) is based in the State of São Paulo in the city of Castilho and Guaiçara, State of Goiás in the city of Nazário and Aruanã, in the State of Mato Grosso in the city of Lucas do Rio Verde and also in the State of Mato Grosso do Sul in the city of Terenos, is engaged in the activity of buying and reselling for fattening beef and providing services of fattening beef and third party cattle for slaughtering.

The indirect subsidiary Meat Snacks Partner do Brasil Ltda. (Meat Snacks), a joint venture with shared control between the Company and the third party company Jack Link Beef Jerky, based in Santo Antônio da Posse and Lins, State of São Paulo, produces Beef Jerky purchasing fresh meat in the domestic market and exports to the United States of America.

Brazservice Wet Leather S.A. (Brazservice), based in the State of Mato Grosso, in the city of Pedra Preta, has as main activity the process of leather from animal origim, industrialization and commercialization.

Tannery do Brasil S.A. (Tannery), based in the State of Mato Grosso, in the city of Cáceres, has as main activity the process of leather from animal origim, industrialization and commercialization.

In JBS Foods S.A., the subsidiary Seara Alimentos Ltda. (Seara Alimentos) based in the State of São Paulo, explores the activity of industrialization and commercialization of food products, breeding activity of broiler chickens and hogs for slaughtering, production of pet food and concentrates and meat industrialization. It operates thirty industrial facilities based in the States of Bahia, Minas Gerais, Mato Grosso, Mato Grosso do Sul, Paraná, Rio de Janeiro, Rio Grande do Sul, Santa Catarina, São Paulo and Distrito Federal and twelve warehouses in the States of Bahia, Ceará, Minas Gerais, Mato Grosso, Mato Grosso do Sul, Pernambuco, Rio de Janeiro, Paraná, Rio Grande do Sul, Rio Grande do Norte, São Paulo and Distrito Federal. It also has a private warehouse based in the State of Santa Catarina.

In JBS Foods S.A., the subsidiary JBS Aves Ltda. (JBS Aves), based in State of São Paulo, explores the activity of industrialization and commercialization of food products, breeding activity of broiler chickens and hogs for slaughtering, production of pet food and meat industrialization. It operates eight industrial facilities base in the States of Rio Grande do Sul, Santa Catarina, Paraná e Mato Grosso do Sul and two warehouses in the States of Rio Grande do Sul and São Paulo. JBS Aves also operates the activities of exploring warehouses through the subsidiary Agil Armazéns Gerais Imbituba Ltda.

In JBS Foods S.A., the subsidiary Braslo de Produtos de Carnes Ltda. (Braslo), based in the State of São Paulo, has as main activity the industrialization and commercialization of food products in two industrial facilities based in the State of São Paulo e Distrito Federal.

In JBS Foods S.A., the subsidiary Comércio e Indústria de Massas Alimentícias - Massa Leve Ltda. (Massa Leve), based in the State of São Paulo, has as main activity the industrialization and market of fresh pasta and industrialized products. It operates in two industrial facilities based in the States of São Paulo and Pernambuco.

In JBS Foods S.A., the subsidiary Excelsior Alimentos S.A. (Excelsior), direct subsidiary of JBS Foods S.A. and indirect of the holding Baumhardt Comércio e Participação Ltda. (Baumhardt), based in the State of Rio Grande do Sul, in the city of Santa Cruz do Sul, has as main activity the production of industrialized products. It operates an industrial facilities of built-in meat in the State of Rio Grande do Sul.

In JBS Foods, S.A., the subsidiary Macedo Agroindutrial Ltda., based in Curitiba, State of Paraná, has as main activity the industrialization and commercialization of food products, breeding activity of broiler chickens for slaughtering, production of pet food and meat processing operations for the production of beef, meat by-products in three industrial facilities based in the State of Santa Catarina.

In addition, JBS Foods S.A. also operates the following companies with less representativeness through Enersea Comercializadora de Energia Ltda. (Enersea), in which has as main activity the commercialization of energy; DBF Participações Societárias Ltda. (Avebom), in which has as main activity the industrialization and commercialization of food products, breeding activity of broiler chickens and hogs for slaughtering, production of pet food and concentrates and meat industrialization; MBL Alimentos Ltda. (MBL), in which has breeding activity of hogs; Sul Valle Alimentos Ltda., has as main activity commercialization and the industrialization of derivative products of breeding activity of hogs for slaughtering; Novagro Granja Avícola Ltda., in which has as main activity the commercialization of food products, breeding activity of broiler chickens for slaughtering, production of pet food and concentrates; AMSE02 Participações Ltda. (Grupo Big Frango), the only parent company of the companies (Big Frango Indústria e Comércio de Alimentos Ltda, Agrícola Jandelle S.A and Nutribig Administração e Participações Sociais S.A), in which has the breeding activity of broiler chickens for slaughtering, production of pet food and concentrates and meat industrialization. The companies, Penasul Alimentos Ltda., Agrofrango Ltda., DaGranja Industrial Ltda., and Ibirapuera Avícola Ltda., in which have their operations performed by Seara Alimentos Ltda., by leasing its industrial facilities.

Subsequent events: On April 1, 2015, JBS Foods S.A was merged into the subsidiary Seara Alimentos Ltda., in a simplifying process of the corporate structure of the economic group seeking for tax benefit through the amortization of goodwill and greater administrative efficiency.

b) Activities abroad

JBS Argentina S.A. (JBS Argentina), an indirect wholly-owned subsidiary of the Company, based in Argentina, operates slaughter facilities and cold storage facilities for the production of beef, canned goods, fat, pet food and beef products, and has six industrial facilities based in the provinces of Buenos Aires, Santa Fé and Córdoba.

JBS USA divides its operation into three categories: Beef, operating the segment of bovine products, Pork, operating the segment of pork and lamb products and chicken, operating the segment of chicken acquired through the business combination of Pilgrim´s Pride (PPC).

JBS USA Holdings Inc. (JBS USA) and its subsidiaries process and prepare fresh, further processed and value-added beef, pork, chicken and lamb products for sale to customers in the United States of America and in international markets. Additionally, through its subsidiaries JBS USA offers transport services as well as importing activities of manufactured products, processed meat, and other food items for sale in the North American market and Europe.

In the United States of America, JBS USA operated nine beef processing facilities, three pork processing facilities, one lamb slaughter facility, three value-added facilities and eleven feedyards. In Australia operated ten processing facilities, four value-added facilities, five manufacturing plants, seven distribution centers, thirty seven retail shops and five feedyards, composed by (four of the processing facilities process beef and lamb; one facility processes beef, lamb, and pork; and the remaining five facilities process solely beef). The Company operated one beef processing facility and one feedyard in Canada.

Part of JBS USA, Pilgrim's Pride - PPC based in Greeley, Colorado, United States of America is one of the largest chicken processors in the United States of America, listed company in NASDAQ, with operations in Mexico and Puerto Rico. Exporting commodities to over ninety countries, the main products are "in-natura", whole chilled or chilled parts. The main customers are restaurant chains, food processors, distributors, supermarkets, wholesalers, distributors and other retail, and export to Eastern Europe (including Russia), Far East (including China), Mexico and other world markets. The Company also operated twenty seven chicken processing facilities, supported by twenty eight feed mills, thirty six hatcheries, eight rendering facilities, five processing facilities and three pet food facilities in the United States and Mexico.

The indirect subsidiary Nawelur S.A., based in São José, Uruguay, is engaged in the trading of leathers in the local market.

JBS Global UK (Friboi), an indirect wholly-owned subsidiary of the Company, based in the United Kingdom, has import operations of fresh and processed beef, hogs, lambs, chicken and pork meat. The products are imported by the company to the United Kingdom and sold throughout the European Union.

JBS Toledo NV (Toledo), an indirect wholly-owned subsidiary of the Company, based in Belgium, has basically trading operations for the european and african markets, selling cooked and frozen meat . Additionally, it develops logistics operations, warehousing, customization and new products development.

JBS Paraguay S.A (JBS Paraguay), an indirect wholly-owned subsidiary of the Company, based in Assunção, as well as in San Antonio, slaughters and processes chilled and frozen beef and raw leather. Most of its production is destined to export to others subsidiaries of JBS Group. It is licensed to export to the European Union, Chile, Russia and other markets.

Frigorífico Canelones S.A (Frigorífico Canelones), an indirect wholly-owned subsidiary of the Company, based in Canelones, Uruguay, slaughters and processes “in natura” beef for export, and for local markets. Also sells meat cuts with bones, mainly to the local market.

Rigamonti Salumificio SpA (Rigamonti), an indirect wholly-owned subsidiary of the Company, based in Italy, leads the Italian market in the production and sale of Bresaola (bovine cured beef). Additionally, Rigamonti is engaged in the production and sales of beef jerky and flat cured pork belly (bacon), as well as the commercialization of cured ham.

Trump Asia Enterprises Limited (Trump), an indirect wholly-owned subsidiary of the Company, has one leather processing plants, based in Bien Hoa, Vietnam, engaged in the leather industrialization for the furniture market. It has two sales offices in Hong Kong and Dongguan, which sell in the Asian market and buy most of its products from JBS Group and third parties.

JBS Leather Italia S.R.L. (JBS Leather Italia), based in the city of Arzignano with another plant in the city of Matera, both in Italy, operates in the leather segment, buying leather from JBS Group and trading in domestic and European market, producing leather in Semi Finished and Finished stages.

Capital Joy Holding Limited (Capital Joy), based in British Virgin Islands, has a leather processing plant in the city of Jiangmen in China, whose activity consists in the process of leather industrialization to be sold mostly to the Asian market of production of shoes and artifacts, buying the "Wet Blue" stage from JBS Group.

Columbus Netherlands B.V. (Columbus), based in Netherlands, operates in its subsidiaries the activity of production and marketing of leather in stages of Semi Finished and Finished to the markets of shoes and furniture. In addition, it manufactures finished leathers for the automotive industry. It operates units located in Uruguay, Argentina, Mexico and distribution centers in the United States and Germany.

The indirect subsidiary Seara Holding Europe B.V. (Seara Holding), based in the city of Amsterdam, operates in its subsidiaries the activity of sale e purchase of products to the foreign market, which main activity is in the European market. It also operates with two commercial offices, based in Japan and Singapore.

2 Elaboration and presentation of quarterly interim financial statements

a. Declaration of conformity

These quarterly interim financial statements includes:

- The Company quarterly interim financial statements were prepared and in accordance with International Financing Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also in accordance with pronouncements, interpretations and orientations of Brazilian Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis - CPC) approved by resolutions of the Brazilian Federal Accounting Council (Conselho Federal de Contabilidade - CFC) and requirements of the Brazilian Securities Commission - CVM.

- The individual quarterly interim financial statements were prepared in accordance with accounting practices adopted in Brazil, in compliance with the Law of joint stock companies (Lei das sociedades por ações - Leis das SA's), considering the amendments made by Brazilian Laws 11.638/07 and 11.941/09 and pronouncements, interpretations and orientations of Brazilian Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis) - CPC approved by resolutions of the Brazilian Federal Accounting Council (Conselho Federal de Contabilidade) - CFC, and requirements of the Brazilian Securities Commission - CVM and with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

The individual quarterly interim financial statements present the evaluation of investments in associates, subsidiaries and joint ventures by the equity method.

The quarterly interim financial statements of subsidiaries presented prior to the first time adoption of IFRS are adjusted to the policies adopted by the Group - International Financing Reporting Standards (IFRS).Thus, the balance sheets of subsidiaries have been prepared with international accounting uniform policies and practices. Similarly, for the new investments acquisitions after adoption of IFRS, IFRS 3 (R)/CPC 15 R1 - Business Combinations is applied, which presents investment of fair value, subsequently, evaluating its investments.

b. Approval of quarterly interim financial statements

The approval of these quarterly interim financial statements was given at the Board of Directors' meeting held on May 13, 2015.

c. Functional and presentation currency

These individual and quarterly interim financial statements are presented in Reais (R$), which is the Company's functional currency. All financial information is presented in thousands of reais.

3 Significant accounting policies

The main accounting policies used in the preparation of these quarterly interim financial statements , as described below, have been consistently applied over all the reported periods, unless otherwise stated.

a) Statements of income

Revenue and expenses are recorded on the accrual basis. Revenue is measured at the fair value of the payment received or receivable for sale of products and services in the Company normal course of business and its subsidiaries.

In the income statement revenue is net of taxes, returns, rebates and discounts, as well as of intercompany sales. On note 24 is presented net revenue reconciliation.

In accordance with IAS 18/CPC 30 R1 - Revenues, the Company recognizes revenue when, and only when:

(i) the amount of revenue can be measured reliably;
(ii) the entity has transferred to the buyer the significant risks and rewards incidental to ownership over the goods;
(iii) it is probable that the economic benefits will flow to the Company and its subsidiaries;
(iv) the entity neither maintains involvement in the Management of product sold at levels normally associated with ownership nor effective control of such cost of good sold; and
(v) expenses incurred or to be incurred related to the transaction, can be reliably measured.

The expenses are recorded on the accrual basis.

b) Accounting estimates

In the process of applying the Company's accounting policies, Management made the following judgments which can eventually have a material impact on the amounts recognized in the quarterly interim financial statements :

• impairment of non-financial assets;
• impairment of recoverable taxes;
• retirement benefits;
• measurement at fair value of items related to business combinations;
• fair value of financial instruments;
• provision for tax, civil and labor risks;
• impairment of financial assets;
• biological assets; and
• useful lives of property, plant and equipment.

The Company reviews its estimates and underlying assumptions used in its accounting estimates on a quarterly basis. Revisions to accounting estimates are recognized in the quarterly interim financial statements in the period in which the estimates are revised.

The settlement of transactions involving these estimates may result in different amounts due to potential inaccuracies inherent in the process of its determination.

c) Cash and cash equivalents

Cash and cash equivalents include cash balances, banks and financial investments with original maturities of three months or less from the date of the contract. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value in accordance with IAS 7/CPC 03 R2 - Statement of Cash Flows. These investments are designed to satisfy the cash commitments of short-term (daily management of financial resources of the Company and its subsidiaries) and not for investment or other purposes.

d) Trade accounts receivable

Trade accounts receivable correspond to amounts owed by customers in the ordinary course of business of the Company. If the due date is equivalent to one year or less, the account receivable is classified as current assets. Otherwise, the corresponding amount is classified as noncurrent assets.

Accounts receivable are initially recognized at fair value, subsequently measured at amortized cost, less any impairment. In practice, they are recognized at the invoiced amount, adjusted to its recoverable value.

e) Allowance for doubtful accounts

Allowance for doubtful accounts of accounts receivable are calculated based on the analysis of the aging list, provisioning the items of long standing, and considering the probable estimated losses, which the amount is considered sufficient by the Management to cover probable losses on accounts receivable based on historical losses.

Allowance for doubtful accounts expenses with the constitution of the provision for adjustment to recoverable value are recorded under the caption "Selling Expenses" in the individual and consolidated statements of income. When no additional recoverability is expected, the account receivable is derecognized.

f) Inventories

In accordance with IAS 2/CPC 16 R1 - Inventories, the inventories are stated at the lower of the average cost of acquisition or production, and the net realizable value. The cost of inventories is recognized in the income statement when inventories are sold or perishing.

g) Biological assets

In accordance with IAS 41/CPC 29 - Biological Assets, companies that operate with agricultural activities, such as grain crops, increased herd (of cattle feedlot operations or livestock grazing), and various agriculture crops are required to mark to market these assets, which effect shall be recorded in the income statement of the period.

The evaluation of biological assets is done on a quarterly basis by the Company, and the gain or loss on change in fair value of biological assets is recognized in the income statement in the period in which it occurs, in specific line as a reduction of gross revenue.

The registration of biological assets is done through the concept of market to market and cost, according to the criteria defined in the Note 8.

h) Investments in associates, subsidiaries and joint ventures

In the individual quarterly interim financial statements of the Company, the investments in associates, subsidiaries and joint ventures are recognized by the equity method.

In accordance with IAS 28/CPC 18 R2 - Investments in Associates, Subsidiaries and Joint Ventures, Associate is an entity over which an investee has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but not control or joint control).

According to IAS 31/CPC 19 R2 - Interests in joint venture, Joint ventures are business jointly controlled whereby parties that hold the joint control have rights to the net assets of the business . The interests in joint ventures are treated as investment and recorded by the equity method, in accordance with IAS28/CPC 18 R2 - Investments in associates, subsidiaries and joint ventures.

Exchange differences on foreign currency investments are recognized in equity in the accumulated translation adjustments.

i) Property, plant and equipment - PP&E

The items of property, plant and equipment are valued at historical cost of acquisition or construction, net of accumulated depreciation and impairment.

The interest on loans that are directly attributable to fixed assets acquisition or construction of assets are capitalized as part of the costs of these assets. Borrowing costs that are not directly related to specific assets (but related to more than one asset) are capitalized based on average interest rate on the balance of construction in progress. These costs are amortized according to the estimated useful lives of the related assets.

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, so that the value of cost less its residual value after the useful life is fully depreciated (except for land and construction in progress). The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date and the effect of any changes in estimates are accounted for prospectively.

An item is disposed when of there are no future economic benefits resulting from its continued use. Any gains or losses on sale or disposal of fixed assets are determined by the difference between the amounts received against the carrying value and are recognized in the income statement.

j) Assets leased

Leases which the Company assumes substantially all the risks and benefits of ownership are classified as financial leases, which are registered as financed purchase, recognizing, at its beginning, a fixed asset and a financial liability. If there is no significant transfer of the risks and inherent benefits of the property, the leases are classified as operational leases, and are recognized as expenses over the leasing period.

In the Company's individual quarterly interim financial statements there are only operational leases, the value recognized as financial leasing in the consolidated refers to JBS USA figures.

k) Intangible assets

Consist mostly of goodwill recorded in accordance with IAS 38/CPC 4 R1 - Intangible assets by cost or formation, less amortization and any applicable losses due to impairment. Amortization, when applicable, is recognized using straight-line method based on the useful lives of assets. The estimated useful lives and amortization method are reviewed at the end of each financial year and the effect of any changes in estimated are accounted for prospectively.

<u>Goodwill arising from business combination</u>

Goodwill resulting from business combinations is stated at cost at the date of business combination, net of accumulated impairment.

Goodwill is subject to annual impairment testing or more frequently when impairment indications are identified. If the recoverable amount of the cash-generating unit is less than the carrying value, an impairment loss is recorded. Any impairment loss on the recoverable amount of goodwill is directly recognized in income statement of the period. The impairment loss is not reversed in subsequent periods.

At the sale of the corresponding cash-generating unit, the goodwill is included in the calculation of profit or loss on disposal.

<u>Impairment of tangible and intangible assets, excluding goodwill</u>

Property, plant and equipment, intangible assets with defined useful lives and other assets (current and noncurrent) are tested for impairment, if indications of potential impairment exist. Intangible assets are tested for impairment when an indication of potential impairment exists or on an annual basis, regardless of whether or not there is any indication of impairment, pursuant to IAS 38/CPC 4 R1- Intangible Assets.

After each period a review is made of the carrying value of tangible and intangible assets to determine whether there is some indication that those assets have suffered any impairment. If such indication is indentified, the recoverable amount of the asset is estimated in order to measure the amount of such loss, if any.

The recoverable amount is the higher amount between fair value less costs to sell and value in use. In evaluation of value in use, the estimated future cash flows are discounted to present value by the discount rate before tax that reflects current market assessment of the time value of money and the specific risks to the asset.

If the recoverable amount of an asset is lower than its carrying value, the asset is reduced to its recoverable amount. The loss on the impairment is recognized immediately in the statement of income and is reversed if there has been a change in the estimates used to determine the recoverable amount. When an impairment loss is subsequently reversed, there is an increase in amount of the asset due to the revised estimate of its recoverable amount, but it does not exceed carrying amount that would have been determined if no loss on the impairment had been recognized for the asset in prior years. Reversal of loss on the impairment is recognized directly in the income statement.

l) Other current and noncurrent assets

Other current and noncurrent assets are stated at cost or realizable value including, if applicable, income earned through the reporting date.

m) Trade accounts payable

Correspond to the amounts owed to suppliers in the ordinary course of business of the Company. If the payment period is equivalent to one year or less, suppliers are classified as current liabilities. Otherwise, the corresponding amount is classified as noncurrent liabilities. When applicable, are added interest, monetary or exchange rate.

n) Loans and financings

Loans and financings are recognized at fair value upon receipt of the proceeds, net of transaction costs, when applicable, plus charges, interests and monetary and exchange rate variation contractually defined, incurred until the end of each period, as shown in note 15.

o) Income tax and social contribution

Current taxes

Current taxes are computed based on taxable income at tax rates in effect, according to prevailing legislation.

Deferred taxes

Deferred income tax (deferred tax) is calculated on the temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates enacted and expected to be applied when the deferred tax assets are realized or when the income tax liability is settled.

Deferred tax assets are recognized only in proportion to the expectation or likelihood that future taxable income will be available against which the temporary differences, tax losses and tax credits can be used.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and they are related to income taxes levied by the same taxation authority on the same taxable entity.

p) Dividends

Dividend distribution, when applicable, proposed by Management is equivalent to the mandatory minimum dividend of 25% and is recorded under the caption "Declared Dividends" in liabilities since it is considered a legal obligation established by the Company's laws.

q) Current and noncurrent liabilities

Current and noncurrent liabilities are stated at known or estimated amounts, including, if applicable, charges and monetary or exchange rate variations.

r) Negotiation premium with trading options

The Company trade selling Put option of “JBSS3” and recognizes the premium received as a liability, being registered on other current liabilities account. On the maturity date (i) the option is in the money and it is exercised or (ii) the options is out of the money and it is not exercised . Thus, these situations are detailed below:

- When the Put option is exercised (JBSS3 stock price is below the strike price of the option) the Company has the obligation to purchase shares at the strike price minus the premium received at the trade date. The shares are them held in treasury.

- When the Put option is not exercised (JBSS3 stock price is above the strike price of the option), the Put option value is zero and the premium is recognized on a capital reserve account.

s) Noncontrolling interest

According to IAS 1/CPC 26 R1, Presentation of quarterly interim financial statements , noncontrolling interests are presented in the quarterly interim financial statements within equity, with respective effects included in the statement of income.

t) Contingent assets and liabilities

According to IAS 37/CPC 25 -Provisions, Contingent Liabilities and Contingent Assets, contingent assets are recognized only when their realization is "virtually certain", based on favorable final judicial decision. Contingent assets are disclosed where an inflow of economic benefits is probable.

Contingent liabilities are accrued when losses are probable and the amounts can be estimated reliably. Contingent liabilities classified as possible are only disclosed and contingent liabilities classified as remote are neither accrued nor disclosed.

u) Adjustment of assets and liabilities to present value

The Company presents, when relevant, assets and liabilities at present value long-term assets and liabilities, according to CPC12 - Present value adjustment. The present value is calculated timely by the Company, and recorded if relevant, being detailed in the notes in which these assets and liabilities refers to.

In the present value calculation adjustment the Company consider the following assumptions: (i) the amount to be discounted; (ii) the dates of realization and settlement; and (iii) the discount rate.

The discount rate assumption relies on current market valuations as to time value of money and specific risks for each asset and liability.

v) Consolidation

The quarterly interim financial statements includes individual quarterly interim financial statements of the Company, its subsidiaries and joint controlled entities (proportionally consolidated). Control is obtained when the Company has the power to control financial and operating policies of an entity so as to obtain benefits from its activities. When necessary, the quarterly interim financial statements of subsidiaries are adjusted according to the accounting policies established by the Group. All transactions, balances, income and expenses between Group companies are eliminated in the quarterly interim financial statements . Consolidated subsidiaries are detailed described on note 11.

The quarterly interim financial statements of the foreign subsidiaries are originally prepared in the currency of the country in which they are based and, subsequently, are adjusted to IFRS and translated to Brazilian reais using the exchange rate in effect at the reporting date for assets and liabilities, the historical exchange rate for changes in equity and the average exchange rate for the period for income and expenses when it is appropriate. Exchange gains and losses are recognized in equity under the caption "accumulated translation adjustments" in accordance with IAS 21/CPC 2 R2 - The effects of changes in foreign exchange rates.

w) Foreign currency translation

Functional and reporting currency

Transactions in foreign currencies are translated to the respective functional currencies of the Company entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

The items of the quarterly interim financial statements of the subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate ("functional currency"), being adjusted to IFRS and translated to Brazilian Real at the corresponding exchange rate of the reporting period for assets and liabilities, the historical rate for equity and the average exchange rate of the period for the income statement, if applicable, and with the exchange rate effects recognized in comprehensive income.

x) Earning per share

According to with IAS 33/CPC 41 - Earnings per share, the Company presents the basic and diluted earnings per share data for its common shares:

Basic: Calculated by dividing net income allocated to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted: Calculated by dividing net income of the period attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for the effects of all dilutive potential common shares, adjusted for own shares held.

y) Financial instruments

Subsequent measurement of financial instruments occurs at each reporting date, according to the rules for each category of financial assets and liabilities.

• Financial assets at fair value through profit or loss

Financial asset are classified by its fair value on the financial report if it is classified as held for trading or designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair values in accordance with a documented risk management and investment strategy of the Company. Transaction costs, after initial recognition are recognized in income statement when incurred. Financial assets recorded at fair value through profit or loss are measured at fair value and changes in fair value of these assets are recognized in statement of income of the period. The financial instruments classified in this category are "Financial investments" and "Derivatives".

• Loans granted and receivables

Loans granted and receivables are financial assets with fixed or estimated payment amounts that are not quoted in an active market. Such assets are initially recognized at fair value plus any attributable transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, decreased by any loss on the impairment. The main assets of the Company classified in this category are "cash and cash equivalents", "trade accounts receivables" and "credits with related parties".

• Held to maturity

In the case when the Company intends and is able to hold bonds to maturity, then such financial assets are classified as held to maturity. Investments held to maturity are initially recognized at fair value plus any directly attributable transaction costs. After initial recognition, investments held to maturity are measured at amortized cost using the effective interest method, decreased by any loss on the impairment. The Company has no financial instruments in this category.

• Non derivative financial liabilities

The Company recognizes debt securities and subordinated debt on the date on which they originated. All other financial liabilities (including liabilities designated at fair value recorded in income) are initially recognized on the trade date on which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are canceled or expired. The Company has the following non-derivative financial liabilities: loans, financing, trade accounts payable, debts with related parties, declared dividends, payables related to facilities acquisitions and other payables.

• Impairment of financial assets

Financial assets, except those designated at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Impairment loss is recognized if, and only if there is any indication that an asset may be impaired as a result of one or more events that occurred after initial recognition, and had an impact on the future cash flows estimated of this asset.

The financial asset carrying value is reduced directly by the loss of the impairment for all financial assets, except accounts receivable in which the carrying value is reduced by a loss estimate. Subsequent recoveries of amounts previously written off are credited to the loss estimate. Changes in the carrying value of the loss estimate are recognized in statement of income.

• Derivatives

The Company and subsidiaries recognize and disclose financial instruments and derivatives according to IAS 39/CPC 38 - Financial Instruments: Recognition and Measurement, IFRIC 9 - Assessment of embedded derivatives and IFRS 7/CPC 40 R1 - Disclosure of Financial Instruments. Financial instruments are recognized after the Company and its subsidiaries become a party to the contractual provisions at the instruments.

Based on a risk management policy of the JBS Group, the Company and/its subsidiaries, contract financial derivatives instruments in order to minimize the risk of losses due to the exposure to fluctuation in exchange rates, interest rates, commodities prices, and others, which can affect the valuation of current and noncurrent assets, future cash flow and profit.

The fair value of derivative instruments is calculated by the treasury department, based on information of each contracted transaction and market information on the reporting dates such as interest rates and exchange rates.

z) Business combinations

According to IFRS 3 (R)/CPC 15 R1 - Business Combination, business acquisitions are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group . The consideration transferred in a business combination is measured at fair value, which is calculated by adding the fair values of assets transferred, liabilities incurred on the acquisition date to the previous owners of the acquired shares issued in exchange for control of the acquired. The acquisition-related costs are generally recognized in income when incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the recognized amount of noncontrolling interests in the acquired business plus the fair value of the existing equity interest in the acquired less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. If the excess is negative, a gain on bargain is recognized immediately in income as a gain.

If the initial accounting for a business combination is incomplete at the closing of the period in which the business combination has occurred, the recording of the temporary values of items whose accounting is incomplete are made. These temporary figures are adjusted during the measurement period (which shall not exceed one year from the date of acquisition), or additional assets and liabilities are recognized to reflect new information relating to facts and circumstances existing at the acquisition date which, if known, would have affected the amounts recognized on that date.

aa) Employee benefits

Defined Contribution Plans:

A defined contribution plan is a plan for post-employment benefits under which an entity pays fixed contributions into a separate entity (Provident Fund) and has no legal or constructive obligation to pay additional amounts. Obligations for contributions to pension plans to defined contribution plans are recognized as expenses for employee benefits in income in the periods during which employees render services. Prepaid contributions are recognized as an asset upon condition that reimbursement of cash or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employee renders service are discounted to their present values.

Defined benefit plans

The amount of the defined benefit plans that will be received by the beneficiaries are previously defined, calculated individually for each of the plan by using actuarial assumptions. The contributions can be adjusted in order to guarantee the payment of these benefits.

The recognized obligation for these contributions is the present value of the obligation defined in the closing, less the fair value of the assets of the plan, adjusted by actuarial gains or losses and past service costs.

The discount rate is yield at the reporting date on funds that have maturity dates approximating the terms of the appropriate indirect subsidiary PPC's obligation and that are denominated in the same currency in which benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit for the indirect subsidiary, the asset to be recognized is limited to the total cost of any unrecognized past service and present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan . To calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in indirect subsidiary. An economic benefit is available to the indirect subsidiary if it is achievable during the life of the plan or the liquidation of the plan liabilities.

When the benefits of a plan are increased, the portion of the increased benefit relating to past service by employees is recognized in the straight-line method over the average period until the benefits become vested. To the extent the benefits become vested immediately, the expense is recognized immediately in income.

All actuarial gains and losses arising from defined benefit plans are accounted for in other comprehensive income.

ab) Segment reporting

In accordance with IFRS 8/CPC 22 - Segment reporting - Segment reporting is presented consistently with the internal reports provided to the entity's chief operating decision maker to make decisions about resources allocations, performance evaluation by segment and strategic decision making process.

ac) Statements of Cash flow

The statements of cash flows have been prepared by the indirect method in accordance with the instructions contained in IAS 7/CPC 3 R2 - Statement of Cash Flows.

ad) Statement of comprehensive income

According to IAS 1/CPC 26 R1 - Presentation of quarterly interim financial statements - The statement of comprehensive income is composed by the conversion rate of foreign currency investments abroad and equity valuation in investments.

ae) Economic Value Added

In accordance with CPC 9 - Statement of Economic Value Added, the Company included in the quarterly interim financial statements , the Statement of Value Added (EVA), and as additional information in the quarterly interim financial statements , because it is not a compulsory statement according to IFRS.

The EVA, aims to demonstrate the value of the wealth generated by the Company and its subsidiaries, its distribution among the elements that contributed to the generation of it, such as employees, lenders, shareholders, government and others, as well as the share of wealth not distributed.

af) New pronouncements, issues, changes and interpretations

There are not other rules, amendments and interpretations that are not in force in which the Company expects to have a relevant impact arising from its application on its quarterly interim financial statements .

4 Business Combination

According to IFRS 3 (R)/CPC 15 R1 - Business Combination, business acquisitions are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group . The consideration transferred in a business combination is measured at fair value, which is calculated by adding the fair values of assets transferred, liabilities incurred on the acquisition date to the previous owners of the acquired shares issued in exchange for control of the acquired. The acquisition-related costs are generally recognized in income when incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the recognized amount of noncontrolling interests in the acquired business plus the fair value of the existing equity interest in the acquired less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. If the excess is negative, a bargain purchase gain is recognized immediately in income as a gain.

If the initial accounting for a business combination is incomplete at the closing of the period in which the business combination has occurred, the recording of the temporary values of items whose accounting is incomplete are made. These temporary figures are adjusted during the measurement period (which shall not exceed one year from the date of acquisition), or additional assets and liabilities are recognized to reflect new information relating to facts and circumstances existing at the acquisition date which, if known, would have affected the amounts recognized on that date.

The Company includes in this note the acquisitions that: i) have been implemented in the period of three months ended on March 31,2015; ii) have changed the amount paid or the fair value of the assets since the date of acquisition until the maturity of the business combination and; iii) the acquisition were concluded after one year. Thus, the other acquisitions that does not qualify under these conditions, are presented in the previous disclosures of the current period.

(Expressed in thousands of reais)

In subsidiaries

4.1) Sul Valle's acquisition

In JBS Foods S.A., the indirect subsidiary Seara Alimentos Ltda. (Seara Alimentos) assumed the control of Sul Valle Alimentos Ltda. (Sul Valle) in March, 2014, by the total amount of R$ 24,000.

According to CPC 15 (R1)/IFRS 3, Seara Alimentos completed Sul Valle business combination adjustments and the fair value adjustments were recognized in the quarterly interim financial statements.

ASSETS	
Cash and cash equivalents	540
Trade accounts receivable	1,894
Inventories	534
Biological assets	7,773
Recoverable taxes	21,669
Prepaid expenses and other assets	140
Property, plant and equipment, net	42,986
Intangible assets, net	21
TOTAL ASSETS	**75,557**
LIABILITIES AND EQUITY	
Trade accounts payable	20,961
Loans and financings	23,542
Payroll, social charges and tax obligation	3,321
Other liabilities	11,855
Equity	15,878
TOTAL LIABILITIES AND EQUITY	**75,557**

Estimated value of goodwill to expectation of future earnings:

Below, we present the goodwill to expectation of future earnings, which corresponds to the difference between the amount paid for controlling acquisition over the acquired equity, calculated based on the identified assets and liabilities assumed in a business combination:

Total amount paid	24,000
(-) Fair value of equity in the date of acquisition	15,878
Goodwill (excess) of the transaction	**8,122**

Goodwill (excess) allocation in the transaction

Goodwill on trademark	3,333
Goodwill on fixed asset	5,889
Deferred income tax and social contribution	(3,135)
Goodwill amount to expectation of future earnings (note 13)	2,035
	8,122

The goodwill portion after the allocations above mentioned was registered as “Goodwill to expectation of future earnings”, for accounting purposes, which is not amortized, and is subjected to annual impairment test in compliance with the IAS 36/CPC 01 (R1).

4.2) DBF Participações Societárias Ltda (Avebom)'s acquisition

In JBS Foods S.A., JBS Aves acquired all the shares of Avebom ("DBF") on August, 2014 by the amount of R$ 24,909.

JBS Aves continues to evaluate the impacts of the operation and the allocation of the purchase price is preliminary, remained pending completion of the assessments of the assets acquired and liabilities assumed,including deferred taxes. The allocation of the purchase price is subject to the following changes, which can occur within a year, as defined in IFRS 3 (R)/CPC 15 R1. The amounts below reflect the estimated fair value of individual assets and liabilities assumed on August , 2014:

ASSETS	
Cash and cash equivalents	3,575
Trade accounts receivable	22,284
Inventories	3,505
Biological assets	10,557
Recoverable taxes	23,045
Other current and non current assets	5,320
Property, plant and equipment, net	17,112
TOTAL ASSETS	**85,398**

(Expressed in thousands of reais)

LIABILITIES AND EQUITY	
Trade accounts payable	71,325
Loans and financings	42,816
Payroll, social charges and tax obligation and current and deferred income taxes	16,421
Other current and non current liabilities	1,596
Equity (net capital deficiency)	(46,760)
TOTAL LIABILITIES AND EQUITY	**85,398**

Estimated value of goodwill to expectation of future earnings:

Below, we present the goodwill to expectation of future earnings, which corresponds to the difference between the amount paid for controlling acquisition over the acquired equity, calculated based on the identified assets and liabilities assumed in a business combination:

Total amount paid	24,909
Fair value of equity (net capital deficiency) in the date of acquisition	(46,760)
Goodwill (excess) of the transaction	**71,669**

Goodwill (excess) allocation in the transaction

Goodwill on trademark	313
Goodwill on client portfolio	437
Goodwill on fixed asset	35,630
Deferred income tax and social contribution	(12,369)
Goodwill amount to expectation of future earnings (note 13)	47,658
	71,669

4.3) Novagro Granja Avícola Ltda.' acquisition

In JBS Foods S.A., JBS Aves acquired all the shares of Novagro on October, 2014 by the amount of R$ 39,154.

JBS Aves continues to evaluate the impacts of the operation and the allocation of the purchase price is preliminary, remained pending completion of the assessments of the assets acquired and liabilities assumed,including deferred taxes. The allocation of the purchase price is subject to the following changes, which can occur within a year, as defined in IFRS 3 (R)/CPC 15 R1. The amounts below reflect the estimated fair value of individual assets and liabilities assumed on December, 2014:

ASSETS	
Cash and cash equivalents	140
Trade accounts receivable	6,482
Inventories	469
Biological assets	8,516
Recoverable taxes	1,344
Other current and non current assets	637
Property, plant and equipment, net	11,458
TOTAL ASSETS	**29,046**

LIABILITIES AND EQUITY	
Trade accounts payable	2,938
Loans and financings	10,374
Payroll, social charges and tax obligation and current and deferred income taxes	742
Other current and non current liabilities	18
Equity	14,974
TOTAL LIABILITIES AND EQUITY	**29,046**

Estimated value of goodwill to expectation of future earnings:

Below, we present the goodwill to expectation of future earnings, which corresponds to the difference between the amount paid for controlling acquisition over the acquired equity, calculated based on the identified assets and liabilities assumed in a business combination:

Total amount paid	39,154
Fair value of the equity	14,974
Estimated Goodwill to expectation of future earnings (note 13)	**24,180**

4.4) AMSE02 Participações Ltda. (Grupo Big Frango)'s acquisition

In JBS Foods S.A., JBS Aves acquired all the shares of AMSE02 Participações Ltda. on February, 2015 by the amount of R$ 103,559.

JBS Aves continues to evaluate the impacts of the operation and the allocation of the purchase price is preliminary, remained pending completion of the assessments of the assets acquired and liabilities assumed,including deferred taxes. The allocation of the purchase price is subject to the following changes, which can occur within a year, as defined in IFRS 3 (R)/CPC 15 R1. The amounts below reflect the estimated fair value of individual assets and liabilities assumed on February, 2015:

(Expressed in thousands of reais)

ASSETS	
Cash and cash equivalents	18,744
Trade accounts receivable	76,402
Inventories	32,078
Biological assets	42,483
Recoverable taxes	100,396
Other current and non current assets	52,398
Property, plant and equipment, net	170,935
Intangible assets, net	385
TOTAL ASSETS	**493,821**
LIABILITIES AND EQUITY	
Trade accounts payable	148,278
Loans and financings	449,786
Payroll, social charges and tax obligation and current and deferred income taxes	84,277
Provision for lawsuits risk	146,198
Other current and non current liabilities	26,470
Equity	(361,188)
TOTAL LIABILITIES AND EQUITY	**493,821**

Estimated value of goodwill to expectation of future earnings:

Below, we present the goodwill to expectation of future earnings, which corresponds to the difference between the amount paid for controlling acquisition over the acquired equity, calculated based on the identified assets and liabilities assumed in a business combination:

Total amount paid	103,559
Fair value of the equity	(361,188)
Estimated Goodwill to expectation of future earnings (note 13)	**464,747**

4.5) Australian Consolidated Food Holdings Pty. Ltd. ("Primo")' acquisition

In JBS USA, the indirect subsidiary JBS Australia, on March 30, 2015 completed the acquisition of 100% of the shares of Australian Consolidated Food Holdings Pty. Ltd. ("Primo")., by the amount of US$1.2 billion (R$ 3,836,428 on March 31,2015). JBS Australia continues to evaluate the impacts of the operation and the allocation of the purchase price is preliminary, remained pending completion of the assessments of the assets acquired and liabilities assumed.

The allocation of the purchase price is subject to the following changes, which can occur within a year, as defined in IFRS 3 (R)/CPC 15 R1. The amounts below reflect the estimated fair value of individual assets and liabilities assumed on March, 2015:

ASSETS	
Cash and cash equivalents	15,167
Trade accounts receivable	356,807
Inventories	368,205
Deferred taxes (assets)	27,579
Prepaid expenses and other assets	36,318
Property, plant and equipment, net	994,929
Intangible assets, net	447,718
TOTAL ASSETS	**2,246,723**
LIABILITIES AND EQUITY	
Deferred taxes (liabilities)	51,504
Payroll, social charges and tax obligation and other liabilities	496,946
Equity	1,698,273
TOTAL LIABILITIES AND EQUITY	**2,246,723**

Estimated value of goodwill to expectation of future earnings:

Below, we present the goodwill to expectation of future earnings, which corresponds to the difference between the amount paid for controlling acquisition over the acquired equity, calculated based on the identified assets and liabilities assumed in a business combination:

Total amount paid (converted the rate of R$ 3,2080 on March 31,2015)	3,836,428
Fair value of the equity	1,698,273
Estimated Goodwill to expectation of future earnings (note 13)	**2,138,155**

5 Cash and cash equivalents

Cash, bank accounts and short-term investments are the items of the balance sheets presented in the statements of the cash flows as cash and cash equivalents, as described below:

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Cash and banks	**3,245,777**	4,189,249	**7,587,966**	8,368,528
CDB-DI (bank certificates of deposit)	**3,173,039**	4,509,936	**3,486,033**	4,775,249
Investment funds	**-**	-	**1,125,852**	961,912
National treasury bill - LFT	**1,920,973**	804,738	**1,920,973**	804,738
	8,339,789	**9,503,923**	**14,120,824**	**14,910,427**

CDB-DI (bank certificates of deposit) are held by financial institutions, with floating-rate and yield an average of 100% of the variation of the interbank deposit certificate (Certificado de Depósito Interbancário - CDI).

National treasury bill (LFT) – Correspond to purchased bonds with financial institutions, whose conditions and characteristics are similar to the CDB's.

Investments funds - Consolidated

It is composed entirely of investments of the indirect subsidiary JBS Project Management GMBH (subsidiary of JBS Holding GMBH) in mutual investment funds nonexclusive, whose investments are performed by JP Morgan as part of a cash management service.

6 Trade accounts receivable, net

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Current receivables	**3,412,197**	**3,265,933**	**9,640,089**	**8,305,274**
Overdue receivables:				
From 1 to 30 days	**180,698**	229,464	**897,761**	1,085,777
From 31 to 60 days	**25,265**	14,696	**132,982**	127,764
From 61 to 90 days	**8,383**	20,906	**38,890**	59,952
Above 90 days	**41,658**	60,198	**175,163**	191,148
Allowance for doubtful accounts	**(88,585)**	(88,585)	**(204,623)**	(192,367)
	167,419	**236,679**	**1,040,173**	**1,272,274**
	3,579,616	**3,502,612**	**10,680,262**	**9,577,548**

Pursuant to IFRS 7/CPC 39 - Financial Instruments, below are the changes in the allowance for doubtful accounts:

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Initial balance	**(88,585)**	**(88,585)**	**(192,367)**	**(210,443)**
Additions	**-**	**-**	**(7,975)**	(2,674)
Exchange variation	**-**	-	**(4,624)**	(1,289)
Write-offs	**-**	-	**343**	22,039
Final balance	**(88,585)**	**(88,585)**	**(204,623)**	**(192,367)**

7 Inventories

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Finished products	**1,214,164**	1,582,328	**6,389,205**	5,426,529
Work in process	**312,375**	311,547	**898,471**	754,389
Raw materials	**383,092**	390,944	**1,212,831**	1,047,788
Warehouse spare parts	**141,931**	132,789	**1,360,837**	1,044,404
	2,051,562	**2,417,608**	**9,861,344**	**8,273,110**

8 Biological assets

The Company's biological assets are composed by live animals, which detail is as follows:

	Consolidated			
	March 31, 2015		December 31, 2014	
Current biological assets (consumable):	Amount	Quantity (in thousands)	Amount	Quantity (in thousands)
Chicken and eggs	**1,234,751**	**477,127**	1,059,805	453,046
Cattle	**57,732**	**23**	53,989	25
Hogs and lambs	**494,363**	**2,579**	454,072	2,528
	1,786,846	**479,729**	**1,567,866**	**455,599**

	Consolidated			
	March 31, 2015		December 31, 2014	
Non-Current biological assets (bearer assets):	Amount	Quantity (in thousands)	Amount	Quantity (in thousands)
Chicken and eggs	**645,535**	**31,300**	566,476	32,120
Hogs	**70,115**	**198**	67,213	189
	715,650	**31,498**	**633,689**	**32,309**
	2,502,496	**511,227**	**2,201,555**	**487,908**

Changes in biological assets:	**Current**	**Non-current**
Current amount on December 31, 2014	**1,567,866**	**633,689**
Increase by reproduction (born) and costs absorptions	**4,458,027**	263,039
Increase by Purchase	**273,291**	98,700
Fair value (Mark to market)	**1,611**	-
Changes from current to noncurrent	**105,289**	(105,289)
Decrease by Death	**(2,030)**	(506)
Reduction for slaughter, sale or consumption	**(4,812,464)**	(38,215)
Exchange rate variation	**152,773**	54,753
Amortization	**-**	(190,521)
Effect acquired companies	**42,483**	-
Current amount on March 31, 2015	**1,786,846**	**715,650**

The current biological assets consist mainly of eggs awaiting hatching and animals, mostly of feedlots and maturity period for slaughtering, which remain in development for a period of 30 to 48 days, for chicken, and 90 to 120 days, mainly cattle and 170 to 175 days, for hogs and lambs, until they reach maturity and therefore sent for slaughter units. Due to this fact they are classified on current assets.

Noncurrent biological assets are composed of layer and breeder chicken and hogs that are intended for breeding. The lifetime of these animals for breeding is approximately 68 weeks for chickens and 28 months for hogs, and for this reason, classified under non-current assets accounts.

Below, details of the biological assets of the Company:

	March 31, 2015		December 31, 2014	
COMPANIES IN UNITED STATES OF AMERICA	Amount	Quantity (in thousands)	Amount	Quantity (in thousands)
Current biological assets (consumable):				
Chicken and eggs	**835,783**	**240,544**	686,078	210,502
Cattle	**25,234**	**7**	18,965	6
Hogs and lambs	**61,555**	**166**	57,701	180
Total biological assets valued at cost	**922,572**	**240,717**	**762,744**	**210,688**
Noncurrent biological assets (bearer assets):				
Chicken and eggs	**418,618**	**17,844**	342,366	17,539
Total biological assets valued at cost	**418,618**	**17,844**	**342,366**	**17,539**

Chicken and eggs – PPC has breeding activity of broiler chickens for slaughtering (current) for production of fresh meat and / or industrialized products, and breeder chicken (noncurrent) that are intended for breeding.

Cattle - A subsidiary JBS USA keeps cattle in feedlots between the period of 75-100 days. The active market for cattle in feedlot just over 180 days.

Hogs and lambs - JBS USA keeps hogs and lambs in the feedlot system.

Due to the fact there is no active market for these biological assets, the fair value of these biological assets is substantially represented by its acquisition cost plus accumulated absorption, due to the short life cycle and by the fact that the profit margin is substantially representative only in the process of industrialization. Thereby, the current assets are maintained at cost and the non-current assets besides being maintained at cost, are amortized according to the lifetime of the animals.

	March 31, 2015		December 31, 2014	
COMPANIES IN BRAZIL	Amount	Quantity (in thousands)	Amount	Quantity (in thousands)
Current biological assets (consumable):				
Cattle	**32,498**	**16**	35,024	19
Biological assets valued at market:	**32,498**	**16**	**35,024**	**19**
Chicken and eggs	**398,968**	**236,583**	373,727	242,544
Hogs and lambs	**432,808**	**2,413**	396,371	2,348
Biological assets valued at cost:	**831,776**	**238,996**	**770,098**	**244,892**
Total current biological assets	**864,274**	**239,012**	**805,122**	**244,911**
Noncurrent biological assets (bearer assets):				
Chicken and eggs	**226,917**	**13,456**	224,110	14,581
Hogs	**70,115**	**198**	67,213	189
Total noncurrent biological assets valued at cost	**297,032**	**13,654**	**291,323**	**14,770**

The operations relating to activities of cattle in Brazil are represented mainly by cattle in feedlots (intensive) and cattle in pastures (extensive), whose valuation at market is reliably measured due to the existence of active markets.

The operations relating to chicken activities in Brazil, are divided among broiler chicken for slaughtering (current) for production "in natura" and/or industrialized products, and layer and breeder chicken (noncurrent) that are intended for breeding. For both cases, the fair value of these biological assets is substantially represented by its acquisition cost plus accumulated absorption, due to the short life cycle and by the fact that the profit margin is substantially representative only in the process of industrialization. Thereby, the current assets are maintained at cost and the non-current assets besides being maintained at cost, are amortized according to the lifetime of the animals.

Operations related to hogs of activities in Brazil, are similar to the activities of chicken, divided among hogs for slaughtering (current) for production "in natura" and/or industrialized products, and layer and breeder hogs (non-current) that are intended for breeding. For both cases, the fair value of biological assets is substantially represented by its acquisition cost plus accumulated absorption. Thereby, the current assets are maintained at cost and the noncurrent assets besides being maintained at cost, are amortized according to the lifetime of the animals.

9 Recoverable taxes

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Value-added tax on sales and services (ICMS / IVA / VAT / GST)	**956,159**	944,751	**1,960,613**	1,791,298
Excise tax - IPI	**44,305**	44,037	**111,804**	110,688
Social contribution on billings - PIS and COFINS	**849,984**	817,737	**1,689,983**	1,552,775
Withholding income tax - IRRF/IRPJ	**225,716**	225,360	**241,481**	265,826
Reintegra	**34,320**	40,814	**52,824**	49,648
Other	**16,915**	16,969	**80,806**	76,427
	2,127,399	**2,089,668**	**4,137,511**	**3,846,662**
Current and Long-term:				
Current	**1,355,500**	1,310,521	**2,435,582**	2,300,624
Noncurrent	**771,899**	779,147	**1,701,929**	1,546,038
	2,127,399	**2,089,668**	**4,137,511**	**3,846,662**

Value-added tax on sales and services (ICMS / IVA / VAT/GST)

Recoverable ICMS refers to excess of credits derived from purchases of raw materials, packaging and other materials over tax charges due on domestic sales, since exports are tax-exempted.

The Company expects to recover the total amount of the tax credit, including the ICMS credits from other states (difference between the statutory rate for tax bookkeeping and the effective rate for ICMS collection in the state of origin).

Social contribution on billings - PIS and COFINS

Refers to non-cumulative PIS and COFINS credits arising from purchases of raw materials, packaging and other materials used in the products sold in the foreign market.

Withholding income tax - IRRF/IRPJ

Refers mainly to withholding income tax levied on short-term investments, deductions and remaining foreign tax credits and prepayments of income tax and social contribution paid by estimate, which can be offset against income tax payable on profits.

Reintegration of the Special Tax Values - Reintegra

The credit of Reintegra, according to the Law 12.546 from December 14, 2011, and later Provisory Measure nº 651 from July 10, 2014, aims to restore partial or full amounts related to tax costs of the production chain of exporting companies.

According to established in Ordinance nº 428/2014, the amount of the credits is calculated by applying the percentage of 3% from gross revenue from the export of certain industrial products, from October 1, 2014.

General comments

Company and JBS Embalagens recorded the monetary adjustment of their PIS, COFINS, IPI and IRPJ tax credits based on SELIC (Sistema Especial de Liquidação e de Custódia - Special Settlement and Custody System), in the amount of R$ 204,936. As of this amount the Company received R$ 51,787 and the remaining balance is R$ 153,149.

(Expressed in thousands of reais)

Annually, Company's management, supported by its tax and legal counsel, evaluates the segregation between current and noncurrent of tax credits according to their attainment.

10 Related parties transactions

Refers to agreements between related parties recorded on the balance sheet of the Company as credits and debits with related parties, as follows:

COMPANY	Currency	Maturity	Management and borrowing costs	March 31, 2015	December 31, 2014
Direct subsidiaries					
JBS Confinamento Ltda.	R$	Jan 1, 2016	Corresponds to CDI + 1% p.m.	**64,933**	61,153
JBS Embalagens Metálicas Ltda.	R$	Jan 1, 2016	Corresponds to CDI + 1% p.m.	**96,927**	91,459
JBS USA, Inc	US$	Mar 25, 2016	Corresponds to Libor + 2.5% to 3% p.y.	**-**	(14,145)
Brazservice Wet Leather S.A.	R$	Jan 1, 2016	Corresponds to CDI + 1% p.m.	**19,058**	17,942
JBS Foods S.A. (1)	R$	Mar 31, 2015	-	**-**	1,837,576
Tannery do Brasil S.A.	R$	Jun 24, 2016	Corresponds to CDI + 1% p.m.	**31,618**	28,442
JBS Global Investments S.A. (2)	US$	Mar 13, 2017	-	**963,863**	-
Indirect subsidiaries					
Seara Alimentos Ltda.	R$	Jan 1, 2016	Corresponds to CDI	**(133,263)**	(126,550)
JBS Aves Ltda.	R$	Jan 1, 2016	Corresponds to CDI	**1,713,980**	1,264,574
JBS Argentina S.A. (2)	R$	-	-	**23,299**	-
				2,780,415	**3,160,451**

(1) - Disposal through capitalization of the entire agreement balance (according to note 11 - Investments in associate, subsidiaries and joint ventures).

(2) - Advances made with the purpose of future capitalization.

Intercompany balances shown in the balance sheet of the Company and statement of operations are as follows:

	March 31, 2015		December 31, 2014	
COMPANY	Trade accounts receivable	Trade accounts payable	Trade accounts receivable	Trade accounts payable
Direct subsidiaries				
JBS Confinamento Ltda.	**385**	**10,085**	197	44,892
JBS Leather Itália SRL	**5,024**	**-**	15,034	-
Brazservice Wet Leather S.A.	**1,606**	**2,574**	2,713	33
Tannery do Brasil S.A.	**1,040**	**4,739**	363	8,084
Indirect subsidiaries				
JBS Global (UK) Limited	**66,740**	**34**	59,907	73
JBS Argentina S.A.	**-**	**-**	-	1,809
Austrália Meat	**-**	**94**	-	108
JBS Toledo NV	**41,641**	**-**	31,893	-
JBS Aves Ltda.	**3,031**	**12,197**	22,494	40,624
Weddel Limited	**-**	**-**	1,472	-
Sampco Inc.	**111,457**	**-**	58,269	-
JBS Leather Europe	**-**	**2**	-	2
Meat Snacks Partners do Brasil Ltda.	**11,433**	**115**	9,280	23
Frigorífico Canelones S.A.	**-**	**-**	-	278
Rigamonti Salumificio Spa	**-**	**9**	513	8
Trump Asia Enterprise Ltd	**52,823**	**-**	31,229	-
JBS Paraguay	**-**	**3,447**	2,622	1,355
Zenda Leather S.A	**6,458**	**-**	-	-
Braslo Produtos de Carnes Ltda.	**10,556**	**116**	9,581	-
Excelsior Alimentos S.A.	**2**	**-**	2	-
Seara Alimentos Ltda.	**9,368**	**2,479**	10,490	14,889
JBS Chile Ltda.	**-**	**-**	-	860
Other related parties				
S.A. Fabrica de Prod. Alimentícios Vigor	**9,508**	**3,283**	3,743	345
J&F Floresta Agropecuária Ltda.	**-**	**-**	1	-
Flora Produtos de Hig. Limp. S.A.	**4,117**	**6**	4,791	94
Flora Dist. Produtos de Hig. Limp. S.A.	**18,396**	**18**	24,159	9
Itambé Alimentos S.A.	**873**	**29,330**	909	32,344
	354,458	**68,528**	**289,662**	**145,830**

(Expressed in thousands of reais)

Impacts of related party transactions on Income Statements of the Company:

	March 31, 2015			March 31, 2014		
	Financial income (expenses)	Purchases	Sales of products	Financial income (expenses)	Purchases	Sales of products
Direct subsidiaries						
JBS Confinamento Ltda.	**2,052**	**37,947**	**988**	3,172	57,418	804
JBS Embalagens Metálicas Ltda.	**4,519**	**-**	**-**	3,392	-	-
JBS USA, Inc	**(1,106)**	**-**	**-**	(1,042)	-	-
JBS Leather Itália SRL	**-**	**-**	**31,512**	-	-	34,422
Brazservice Wet Leather S.A.	**967**	**22,129**	**14,289**	298	9,404	6,618
Tannery do Brasil S.A.	**1,304**	**20,440**	**16,426**	-	-	-
JBS Leather Paraguay	**-**	**1,882**	**-**	-	-	-
JBS Global Investments S.A.	**1,469**	**-**	**-**	-	-	-
Indirect subsidiaries						
JBS Global (UK) Limited	**-**	**-**	**65,324**	-	90	36,015
JBS Argentina S.A	**-**	**4,190**	**-**	-	1,299	-
Global Beef Trading SU Lda.	**-**	**-**	**-**	-	726	29,025
Beef Snacks Brasil Ind.Com. S.A.	**-**	**-**	**-**	2,585	-	-
Beef Snacks International	**-**	**-**	**-**	(16)	-	-
JBS Aves Ltda.	**33,294**	**105,720**	**16,630**	10,814	155,880	6,013
Australia Meat	**-**	**12,551**	**-**	-	7,745	-
JBS Toledo NV	**-**	**-**	**34,837**	-	-	34,837
Meat Snacks Partners do Brasil Ltda.	**-**	**434**	**51,235**	-	278	36,331
Weddel Limited	**-**	**-**	**333**	-	-	5,545
Sampco Inc.	**-**	**-**	**138,958**	-	-	43,393
Frigorífico Canelones S.A.	**-**	**2,826**	**-**	-	2,044	-
Trump Asia Enterprise Ltd	**-**	**84**	**38,095**	-	-	86,011
JBS Paraguay	**-**	**24,619**	**-**	-	13,625	-
Zenda Leather S.A.	**-**	**230**	**8,244**	190	-	6,782
Braslo Produtos de Carnes Ltda.	**-**	**-**	**45,977**	-	-	17,737
Excelsior Alimentos S.A	**-**	**-**	**13**	-	-	19
Seara Alimentos Ltda.	**(1,274)**	**13,817**	**43,966**	15,941	43,998	28,713
JBS Leather Uruguay	**-**	**-**	**-**	-	-	11,052
MBL Alimentos S.A	**-**	**-**	**-**	-	-	248
Rigamonti Salumificio Spa	**-**	**-**	**514**	-	-	-
Other related parties						
S.A. Fabrica de Prod. Alimentícios Vigor	**-**	**16,105**	**14,956**	-	9,566	14,031
J&F Floresta Agropecuária Ltda.	**-**	**38**	**131**	-	1,016	84
Flora Produtos de Hig. Limp. S.A.	**-**	**7**	**14,407**	-	-	13,893
Flora Dist. Produtos de Hig. Limp. S.A.	**-**	**145**	**42,974**	-	96	26,679
Itambé Alimentos S.A.	**-**	**50,636**	**1,067**	-	46,743	-
	41,225	**313,800**	**580,876**	**35,334**	**349,928**	**438,252**

Guarantees provided and / or received

Notes 2016 - JBS S.A.: The indenture of these notes requires that any significant subsidiary (according to the definition on the indentures) of the Company to guarantee the notes in an unsecured form, subject to certain exceptions. Currently the notes are guaranteed by JBS Hungary Holdings, Swift Beef Company, JBS USA Holdings and JBS USA LLC.

Notes 2016 - Bertin (JBS S.A. is the successor through merger): The indenture of these notes requires that any material subsidiary (according to the definition on the indenture) of the Company to guarantee the notes in an unsecured form, subject to certain exceptions. Currently the notes are guaranteed by JBS Hungary Holdings.

Notes 2018, Notes 2020, Notes 2023 and Notes 2024 - JBS S.A.: These registered notes on the Company are guaranteed, in an unsecured form, by the Company and JBS Hungary Holdings.

Notes 2020, Notes 2021 and Notes 2024 - JBS USA, LLC: These notes are guaranteed, in an unsecured form, by the Company and by other restricted American subsidiaries of JBS USA, LLC (according to the definition on the indenture).

Details of transactions with related parties

The main assets and liabilities balances, as well as the transactions that had impact on income statements of the period related with related parties transactions, which Management considers that were accomplished in the usual market conditions for similar types of operations of trade accounts receivable and trade accounts payable and for related parties operations of only pass the borrowing costs, in addition to the operational expenses that support these contracts.

Among the transactions between related parties more representative, we emphasize the purchase of cattle for slaughter between the Company and it subsidiary JBS Confinamento and the sale of finished products to (trading companies), JBS Global (UK), JBS Toledo, and Sampco and of leather in different stages to the subsidiaries Trump Asia and JBS Leather Itália. Such transactions are made at regular price and market conditions in their region because it takes the market prices applied with other suppliers (third parties not from JBS Group). The number of cattle supplied by these related parties is irrelevant comparing to the demanded volume by the Company, such as the volume of exported products by the Company over the volume of its exports.

On the related parties contracts are calculated management and borrowing costs, exchange rate and interests, when applicable.

No allowance for doubtful accounts or bad debts expenses relating to related-party transactions were recorded for the periods ended on March 31, 2015 and December 31, 2014.

(Expressed in thousands of reais)

Consolidated - Credits with related parties

The consolidated amount of credits with related parties, of R$ 1,080,169 in March 31, 2015 (R$ 370,072 in December 31, 2014) arises from the use of the credit of up to US$ 450 million between the indirect subsidiary JBS Five Rivers (subsidiary of JBS USA) and J&F Oklahoma (subsidiary of J&F Participações S.A., which is not consolidated in the Company).

This transaction has interest and J&F Oklahoma uses this credit to purchase cattle for fattening, which are allocated in the JBS Five Rivers feedyards for fattening until ready for slaughter.

J&F Oklahoma is still part in 2 commercial agreements with subsidiaries of the Company:

i) Cattle supply and feeding agreement with JBS Five Rivers, where it takes the responsibility for the cattle from J&F Oklahoma and collects the medicinal and adding value costs, besides a daily fee of rent in line with market terms;
ii) Sales and purchase cattle agreement with JBS USA of at least 800,000 animals/year, starting from 2009 up to 2019.

JBS Five Rivers also guarantee in third degree, after guarantee of the assets from J&F Oklahoma and its parent company, up to US$ 250 million in a line of credit of J&F Oklahoma.

In June 2011, J&F Australia entered into a purchase and sale of cattle to JBS Australia, according to this agreement, J&F Australia should sell for JBS Australia and this one should buy at least 200,000 head of cattle from J&F Australia per year.

In January 2013, J&F Canada entered into a purchase and sale of cattle to JBS Canada, according to this agreement, J&F Canada should sell for JBS Canada and this one should buy at least 50,000 head of cattle from J&F Canada per year.

Remuneration of key management

Company's management includes the Executive Board and the Board of Directors. The aggregate amount of compensation received by the members of Company's management for the services provided in their respective areas of business in the three months period ended on March 31, 2015 and 2014 is the following:

	March 31, 2015		March 31, 2014	
	Members	Value	Members	Value
Executive Board and Board of Directors	**13**	**1,893**	13	1,891
	13	**1,893**	**13**	**1,891**

The alternate members of the Board of Directors are paid for each meeting of Council in attendance.

The Institutional Relations Executive Officer, Administrative and Control Director and Investor Relations Director are part of the employment contract regime *CLT* (which is the Consolidation of Labor Laws), which follows all the legal prerogatives of payments and benefits. Not included any remuneration bonuses of the Company or other corporate benefits to additional employees or that should be extended to their family.

In accordance with IAS 24(R)/CPC 05 R1 - Related parties, except for those described above, the other members of the Executive Board, and Management Board are not part of any employment contract or any other contracts for additional business benefits such as post-employment benefits or other long-term benefits, termination of work that does not conform to those requested by the *CLT*, where applicable, or payment based on shares.

11 Investments in associate, subsidiaries and joint ventures

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Investments in subsidiaries, associates and joint ventures	**13,705,112**	9,462,958	**332,058**	295,350
Goodwill (note 13)	**698,119**	698,119	**-**	-
	14,403,231	**10,161,077**	**332,058**	**295,350**

(Expressed in thousands of reais)

Relevant information about investments in the in the period of March 31, 2015:

	Participation	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Controlled:						
JBS Embalagens Metálicas Ltda.	99.00%	90,802	2	(15,231)	-	(6,234)
JBS Global Investments S.A.	100.00%	990,463	255,036	26,600	-	(1,305)
JBS Holding Internacional S.A.	100.00%	751,785	1,505,844	528,999	308,855	(7,903)
JBS USA, Inc.	100.00%	32,742,096	3,283,953	5,488,821	22,637,483	446,897
JBS Confinamento Ltda.	100.00%	599,518	599,401	514,194	14,115	(2,085)
JBS Slovakia Holdings, s.r.o.	100.00%	46,402	7,842	39,750	-	(1,276)
JBS Leather Italia S.R.L.	100.00%	280,477	40,253	40,105	62,037	4,417
JBS Leather Paraguay	97.50%	8,916	27	(262)	7,692	78
JBS Holding GMBH	100.00%	5,559,277	513,398	1,749,325	545,290	200,825
JBS Global Luxembourg S.à.r.l.	100.00%	490,554	255,461	200,372	257,145	(12,742)
FG Holding III Ltda.	100.00%	65	53	65	-	(1)
JBS Global Meat S.A	100.00%	264,947	244,848	243,532	-	(1,316)
Columbus Netherlands B.V.	100.00%	530,157	333,577	201,613	106,893	(16,971)
Brazservice Wet Leather S.A.	100.00%	49,968	23,063	(2,802)	18,040	60
JBS Foods S.A.	100.00%	16,341,173	2,678,923	4,337,658	4,106,762	580,979
Tannery do Brasil S.A.	99.04%	41,548	29,843	2,040	16,965	(7,101)
Associates:						
Vigor Alimentos S.A.	19.43%	2,850,035	1,347,636	1,519,314	487,394	94,242
Joint venture:						
Meat Snack Partners LLC	50.00%	73,716	43,372	73,713	74,050	11,636

In consolidated quarterly interim financial statements, goodwill is recorded in the Intangible assets due to expected profitability of the acquired subsidiary, assets and liabilities are consolidated with the Individual Statement. In the balance sheets of the Company, this goodwill is recorded on Investments, the same group of noncurrent assets, because, for the Company it is part of its investment on subsidiary acquisition, not being its intangible assets (as stated above, the expectation of future earnings - the genuine intangible - is the subsidiary). In the company the intangible goodwill arising from the merger of Bertin and Novaprom, and the rest allocated to investments. Consolidated all goodwill re recorded as intangible.

In the Company:

				Equity in subsidiaries		
	December 31, 2014	Addition (disposal)	Exchange rate variation (i)	Equity in subsidiaries (ii)	Income Statements	March 31, 2015
JBS Embalagens Metálicas Ltda.	**(8,907)**	-	-	-	(6,172)	**(15,079)**
JBS Global Investments S.A.	**23,236**	-	4,669	-	(1,305)	**26,600**
JBS Holding Internacional S.A.	**467,095**	-	-	69,807	(7,903)	**528,999**
JBS USA, Inc.	**4,240,732**	-	934,757	(133,565)	446,897	**5,488,821**
JBS Confinamento Ltda.	**516,279**	-	-	-	(2,085)	**514,194**
JBS Slovakia Holdings, s.r.o.	**36,649**	-	2,393	1,984	(1,276)	**39,750**
JBS Leather Italia S.R.L	**33,129**	-	2,559	-	4,417	**40,105**
JBS S/A (DMCC Branch)	**313**	(313)	-	-	-	**-**
JBS Leather Paraguay	**(292)**	-	(39)	-	76	**(255)**
JBS Holding GMBH	**1,443,790**	-	66,455	38,255	200,825	**1,749,325**
JBS Global Luxembourg S.à.r.l.	**196,790**	-	12,432	3,892	(12,742)	**200,372**
FG Holding III Ltda.	**66**	-	-	-	(1)	**65**
JBS Global Meat S.A	**244,848**	-	-	-	(1,316)	**243,532**
Vigor Alimentos S.A.	**268,026**	-	-	8,864	18,311	**295,201**
Columbus Netherlands B.V.	**187,349**	-	36,876	(5,641)	(16,971)	**201,613**
Brazservice Wet Leather S.A.	**(2,862)**	-	-	-	60	**(2,802)**
JBS Foods S.A. [1]	**1,768,296**	1,837,888	-	150,495	580,979	**4,337,658**
Tannery do Brasil S.A.	**9,036**	30	-	(25)	(7,021)	**2,020**
Meat Snack Partners LLC	**27,324**	-	6,377	(2,663)	5,819	**36,857**
Subtotal	**9,450,897**	**1,837,605**	**1,066,479**	**131,403**	**1,200,592**	**13,686,976**
Accrual for loss	**12,061**					**18,136**
Total	**9,462,958**					**13,705,112**

[*] Transfer of the negative investments for other non-current liabilities (Brazservice, JBS Embalagens and Leather Paraguay).

In the Consolidated:

		Equity in subsidiaries		
	December 31, 2014	Equity in subsidiaries (ii)	Income Statements	March 31, 2015
Vigor Alimentos S.A.	**268,026**	8,864	18,311	**295,201**
Meat Snack Partners, LLC	**27,324**	3,714	5,819	**36,857**
Total	**295,350**	**12,578**	**24,130**	**332,058**

(Expressed in thousands of reais)

(i) - As defined in IAS 21/CPC 2 R1 - The effects of changes in foreign exchanges rates, refers to the exchange rate variation of foreign currency investments that are accounted under the equity method, which was accounted directly to equity of the Company on the line "Accumulated translation adjustments".

(ii) - Refers to the reflex of valuation adjustments and exchange rate variation of foreign investments and capital transactions, accounted in valuation adjustments to equity in the subsidiaries, whose effect is being recognized when calculating the equity in subsidiaries, directly to equity of the Company.

Below is presented the breakdown of main additions and disposals of investments during the period:

(1) - JBS Foods S.A - On March,2015 the Company made a capital increase through the loan capitalization.

12 Property, plant and equipment, net

Company	Cost	Revaluation	Accumulated depreciation	Net amount March 31, 2015	Net amount December 31, 2014
Buildings	3,345,753	116,620	(596,003)	**2,866,370**	2,745,594
Land	1,157,427	9,305	-	**1,166,732**	1,148,691
Machinery and equipment	5,182,654	44,116	(1,604,210)	**3,622,560**	3,529,824
Facilities	1,461,261	21,731	(336,648)	**1,146,344**	1,088,839
Computer equipment	205,208	679	(124,115)	**81,772**	84,340
Vehicles	631,546	51	(174,779)	**456,818**	452,938
Construction in progress	1,173,279	-	-	**1,173,279**	1,347,217
Other	235,580	1,233	(40,268)	**196,545**	192,987
	13,392,708	**193,735**	**(2,876,023)**	**10,710,420**	**10,590,430**

Consolidated	Cost	Revaluation	Accumulated depreciation	Net amount March 31, 2015	Net amount December 31, 2014
Buildings	11,361,555	116,620	(2,423,288)	**9,054,887**	7,753,951
Land	3,248,797	9,305	-	**3,258,102**	2,973,179
Machinery and equipment	16,171,252	44,116	(7,061,925)	**9,153,443**	8,019,236
Facilities	2,105,352	21,731	(593,826)	**1,533,257**	1,462,634
Computer equipment	506,772	679	(264,673)	**242,778**	198,971
Vehicles	1,011,277	51	(455,817)	**555,511**	526,644
Construction in progress	2,479,877	-	-	**2,479,877**	2,457,998
Other	1,387,367	1,233	(571,443)	**817,157**	706,084
	38,272,249	**193,735**	**(11,370,972)**	**27,095,012**	**24,098,697**

The Company annually accompanies the useful lives of fixed assets and no significant differences were indentified during the period. The weighted average depreciation rates of assets that make up each group are as follows:

	Average annual depreciation rates as of March 31, 2015 Company	2015 Consolidated	2014 Company	2014 Consolidated
Buildings	**3.71%**	**3.28%**	3.01%	3.86%
Land	**0.00%**	**0.00%**	0.00%	0.00%
Machinery and equipment	**7.00%**	**8.13%**	6.39%	9.05%
Facilities	**5.75%**	**5.83%**	5.35%	5.75%
Computer equipment	**11.47%**	**17.52%**	12.00%	15.32%
Vehicles	**10.57%**	**9.51%**	10.38%	9.83%
Other	**2.67%**	**12.40%**	2.46%	7.49%

Changes in property, plant and equipment

Company	December 31, 2014	Additions net of transferences	Disposals	Depreciation	March 31, 2015
Buildings	2,745,594	152,870	(11)	(32,083)	**2,866,370**
Land	1,148,691	18,041	-	-	**1,166,732**
Machinery and equipment	3,529,824	185,310	(1,065)	(91,509)	**3,622,560**
Facilities	1,088,839	78,838	(3)	(21,330)	**1,146,344**
Computer equipment	84,340	3,343	(6)	(5,905)	**81,772**
Vehicles	452,938	30,884	(10,319)	(16,685)	**456,818**
Construction in progress (1)	1,347,217	(173,938)	-	-	**1,173,279**
Other	192,987	5,161	(25)	(1,578)	**196,545**
	10,590,430	**300,509**	**(11,429)**	**(169,090)**	**10,710,420**

(1) - Changes of construction in progress are presented for quarterly interim financial statements purposes, net of transfers, being composed in March 31, 2015 as follow:

(+) Additions in the period: R$ 86,095;
(-) Transfer to a proper property plant item: (R$ 260,033);
(=) Net balance: (R$ 173,938).

(Expressed in thousands of reais)

Consolidated	December 31, 2014	Acquisitions [(2)]	Additions net of transferences [(3)]	Disposals	Adjustments IFRS 3/CPC 15	Depreciation	Exchange rate variation	March 31, 2015
Buildings	7.753.951	509.147	216.532	(128)	20.956	(93.227)	647.656	**9.054.887**
Land	2.973.179	106.930	29.714	(1.071)	-	-	149.350	**3.258.102**
Machinery and equipment	8.019.236	452.142	424.718	(9.385)	19.035	(327.436)	575.133	**9.153.443**
Facilities	1.462.634	7.101	94.193	(138)	(1.093)	(31.003)	1.563	**1.533.257**
Computer equipment	198.971	4.317	43.486	(106)	18	(22.184)	18.276	**242.778**
Vehicles	526.644	19.563	35.133	(11.892)	115	(24.033)	9.981	**555.511**
Construction in progress	2.457.998	43.930	(161.021)	-	-	-	138.970	**2.479.877**
Other	706.084	22.734	36.536	(3.695)	2.488	(42.879)	95.889	**817.157**
	24.098.697	**1.165.864**	**719.291**	**(26.415)**	**41.519**	**(540.762)**	**1.636.818**	**27.095.012**

IFRS 3/CPC 15 adjustments

According to the standard IFRS 3 (R)/CPC 15 (R1) - Business Combination, JBS Foods S.A. performed the accounting valuation at fair value of the business combination of the companies Sul Valle and Avebom. To proceed with the evaluation of the fair value, a specialized company was hired to issue the technical evaluation report.

(2) - The acquisitions of R$ 1,165,864 refers to Grupo Big Frango in the consolidated of JBS Foods S.A and Primo in the consolidated of JBS USA .

(3) - The additions of R$ 719,291 are composed by several acquisitions and pulverized construction in progress, including the amount of R$ 300,509 in the Company referring to a beef processing facility implementation recently acquired, awaiting physical inventory by a specialized company; R$ 252,871 in the subsidiary JBS USA and R$ 130,479 in the subsidiary JBS Foods S.A.

The balance of construction in progress refers to investments for expansion, modernization and adaptation of plants for the maintenance, increasing productivity and obtaining new certifications required by the market. When these assets are concluded and start operating, they will be transferred to a proper property, plant and equipment account and then will be subject to depreciation.

Until December 2007, revaluations were performed on property, plant and equipment items of several Company's plants, and offsetting entries were made to the revaluation reserve account and the provision for deferred income and social contribution taxes. The method and assumption applied to estimate the fair value of the assets were determined based on current market prices. As of March 31, 2015, the total amount of property, plant and equipment revaluation is R$ 193,735, which the revaluation reserve is R$ 86,784 and the provision for deferred income and social contribution taxes is R$ 40,134. For revalued property, plant and equipment, the Company recorded accumulated depreciation of R$ 66,817.

The Company and its subsidiaries reviewed the useful lives of their property, plant and equipment, by hiring a specialized company. Significant differences were not found in comparison with the useful lives adopted as of December 31, 2009. From January 1, 2010 new acquisitions are made with estimated useful lives, annually the useful lives are reviewed and when applicable adjusted.

Interest capitalization - Borrowing costs

Pursuant to IAS 23/CPC 20 R1 – Borrowing costs, the Company capitalized those borrowing costs directly and indirectly attributable to the construction of qualifying assets, which are exclusively represented by construction in progress. The borrowing costs allocated to the qualifying assets as of March 31, 2015 and December 31, 2014 are shown below:

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Construction in progress	**1,098,216**	1,283,834	**2,313,254**	2,323,934
(+) capitalized borrowing costs	**75,063**	63,383	**166,623**	134,064
	1,173,279	**1,347,217**	**2,479,877**	**2,457,998**

In the period ended on March 31, 2015, the amount of capitalized interest on construction in progress including the amount of the additions is R$ 14,146. in the Company.

Impairment test of assets

In compliance with the requirements of IAS 36/CPC 01 R1 - Impairment of assets, the Company performed the annual impairment test of the tangible and intangible assets on December 31, 2014, which were estimated based on the values in use of its various cash-generating units using the discounted cash flows, and showed that the estimated market value is higher than the net book value at the valuation date and, during the year there was no evidence of loss of value of individual assets or group of relevant assets. Potential impacts of loss recover them are highlighted in the notes, where relevant. The assumptions of the annual test of recovery are described in note 13.

13 Intangible assets, net

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Goodwill (incorporations and subsidiaries)	**9,085,970**	9,085,970	**15,818,840**	12,985,834
Trademarks	**452,578**	452,578	**1,689,496**	1,179,287
Software	**12,603**	11,716	**57,726**	52,780
Water rights	**-**	-	**108,711**	90,346
Client portfolio	**-**	-	**1,205,365**	1,122,591
Other	**-**	-	**6,091**	5,674
	9,551,151	**9,550,264**	**18,886,229**	**15,436,512**

(Expressed in thousands of reais)

The amortization, when applicable, is recognized linearly based on the estimated useful lives. The estimated useful life and the amortization method are reviewed at each year end and the effect of any changes in the estimates are recorded prospectively. The average amortization rates of assets comprising each group are as follows:

	Average annual amortization rates as of March 31,			
	2015		2014	
	Company	Consolidated	Company	Consolidated
Trademarks	**-**	**9%**	-	9%
Software	**20%**	**23%**	20%	26%
Water rights	**-**	**9%**	-	9%
Client portfolio	**-**	**13%**	-	12%
Other	**-**	**23%**	-	24%

Changes in intangible assets

Company	December 31, 2014	Additions	Amortization	March 31, 2015
Goodwill	9,085,970	-	-	**9,085,970**
Trademarks	452,578	-	-	**452,578**
Software	11,716	1,985	(1,098)	**12,603**
	9,550,264	**1,985**	**(1,098)**	**9,551,151**

Consolidated	December 31, 2014	Acquisitions [(1)]	Additions [(2)]	Adjustments IFRS 3/CPC 15	Amortization	Exchange rate variation	March 31, 2015
Goodwill	12.985.834	-	2.602.902	(28.944)	-	259.048	**15.818.840**
Trademarks	1.179.287	445.486	-	3.646	(2.061)	63.138	**1.689.496**
Software	52.780	2.617	5.388	-	(4.008)	949	**57.726**
Water rights	90.346	-	-	-	(31)	18.396	**108.711**
Client portfolio	1.122.591	-	-	437	(38.722)	121.059	**1.205.365**
Other	5.674	-	11	-	(285)	691	**6.091**
	15.436.512	**448.103**	**2.608.301**	**(24.861)**	**(45.107)**	**463.281**	**18.886.229**

IFRS 3/CPC 15 adjustments

According to the standard IFRS 3 (R)/CPC 15 (R1) - Business Combination, JBS Foods S.A. performed the accounting valuation at fair value of the business combination of the companies Sul Valle and Avebom. To proceed with the evaluation of the fair value, a specialized company was hired to issue the technical evaluation report.

[(1)] - The acquisitions in the amount of R$ 448,103 refers to the balances arising from Grupo Big Frango that were consolidated in the quarter in the consolidated of JBS Foods S.A and Primo in the consolidated of JBS USA.

[(2)] - The additions in goodwill for the period refers to the goodwill arising by the indirect subsidiary JBS Aves by the Grupo Big Frango's acquisition in the amount of R$ 464,747 and by the JBS USA subsidiary by the acquisition on Primo in the amount of R$ 2,138,155.

Amortization expenses are recorded in the accounts of "Cost of goods sold" and "General and administrative expenses".

Goodwill: According to technical interpretation ICPC 09 - Individual quarterly interim financial statements, Separate Statements, Consolidated Statements and Application of Equity Method, in the consolidated goodwill is recorded in the Intangible assets due to expected profitability of the acquired subsidiary, assets and liabilities are consolidated with the Individual Statement. In the balance sheets of the Company, this goodwill is recorded on Investments, the same group of noncurrent assets, because, for the Company it is part of its investment on subsidiary acquisition, not being its intangible assets (as stated above, the expectation of future earnings - the genuine intangible - is the subsidiary).

In the company the intangible goodwill arising from the merger of Bertin and Novaprom, and the rest allocated to investments. Consolidated all goodwill are recorded as intangible.

Goodwill

Company- Recorded as intangible (Goodwill)

In December 2009 the Company merged Bertin. The market value of this operation was ascertained based on an appraisal report prepared by a valuation company. The fair value of share exchange between the companies amounted to R$ 11,987,963, generating goodwill based on future profitability of R$ 9,069,926. Pursuant to IFRS 3 (R)/CPC 15 R1 – Business combinations, represents the residual amount in determining the fair value of net assets acquired. In Business Combination was allocated an amount of R$ 414,111 for the intangible and property, plant and equipment accounts.

The Company incorporated all the shares of Novaprom, which owned a goodwill based on expected future earnings of R$ 16,044. Upon such incorporation, the Company goodwill is transferred from investment line and is allocated as an intangible item.

Company- Recorded as investment (Goodwill in subsidiaries)

In July 2007 the Company acquired a 100% interest in Swift Foods Company, currently known as JBS USA , with goodwill of R$ 906,481, based on expected future earnings, which was being amortized over 5 years. Accumulated amortization until December 31, 2008 was R$ 248,654, showing a net carrying amount of R$ 657,827 as of March 31, 2015.

In September 2013, the Company acquired the company Columbus, holding of Zenda's Group, with a goodwill in the amount of 40,292, based on the expectation of future earnings.

Consolidated- Recorded as intangible (Goodwill)

JBS USA has goodwill of US$ 905,444 thousand, equivalent to R$ 2,904,664 as of March 31, 2015, arising mainly from the acquisition in 2008 of Smithfield beef, Tasman and Five Rivers; Andrews Meat in 2014 and Primo in March 30,2015.

In 2007, JBS Holding Internacional S.A., through its subsidiaries JBS Argentina S.A. and JBS Mendoza S.A., acquired 100% of the capital stock of Consignaciones Rurales S.A. and Argenvases S.A.I.C. and, in 2008, through the same subsidiaries, acquired 100% of the capital stock of Colcar S.A., with total goodwill of $ 14,110 thousand Argentinean pesos, equivalent to R$ 5,132 as of March 31, 2015. Goodwill is based upon expected future earnings of the acquired businesses.

JBS Global Luxembourg has goodwill of EUR 5,188 thousands, equivalent to R$ 17,876 as March 31, 2015, arising from the acquisition of the Toledo Group , based on the appreciation of the assets.

The subsidiary JBS Foods S.A. possesses other goodwill arising from the acquisition of companies, and based on expectation of future earnings in the amount of R$ 1,657,052, as follows:

i) Parc Castell by acquisition of Valores Catalanes S.A. in the amount of R$ 651,806
ii) Seara Alimentos by acquisition of the subsidiary Massa Leve - R$ 196,920
iii) Seara Alimentos, successor by merger of Frigorífico Mabella Ltda. - R$ 123,124
iv) JBS Aves by acquisition of the subsidiary Avebom - R$ 47,658
v) JBS Aves by acquisition of the subsidiary Frinal S.A. - R$ 52,795
vi) JBS Aves by acquisition of the subsidiary Agrovêneto - R$ 33,618
vii) Masfrangos Part. Ltda. by acquisition of Agrofrango - R$ 28,343
viii) JBS Aves by acquisition of the subsidiary Novagro - R$ 24,180
ix) Babicora Holding Part. Ltda. by acquisition of Seara Alimentos - R$ 11,111
x) Mas do Brasil Part Ltda. by acquisition of Penasul Ltda. - R$ 9,974
xi) Seara Alimentos by acquisition of the subsidiary Sul Valle - R$ 2,035
xii) Brusand LTD by acquisition of the subsidiary Penasul UK - R$ 7,820
xiii) JBS Aves by acquisition of the subsidiary Eleven - R$ 2,874
xiv) JBS Aves by acquisition of the subsidiary Agil - R$ 47
xv) JBS Aves by acquisition of the subsidiary Big Frango - R$ 464,747

JBS Foods S.A. has a goodwill in the amount of R$ 1,322,217, being R$ 1,309,382 referring to the acquisition of JBS Foods Ltda. and R$ 12,835 referring to the acquisition of Excelsior Alimentos Ltda., both of them based on the expectation of future earnings.

The others Company's subsidiaries have another goodwill arising from the acquisition of companies, based on expected future earnings of R$ 127,810, for the following investments:

i) JBS Handels GmbH by acquisition of the subsidiary Holding Inc. - R$ 28,787
ii) Itaholb International B.V. by acquisition of the subsidiary Rigamonti - R$ 79,720
iii) Capital Joy Holding Limited - R$ 8,476
iv) Trump Asia Enterprises Ltd by acquisition of the subsidiary Wonder Best - R$ 3,157
v) JBS Paraguay S.A. by acquisition of the subsidiary IFPSA - R$ 7,670

In accordance with CVM decision No. 565, dated December 17, 2008, and CVM Decision No. 553, dated November 12, 2008, since January 1, 2009 the Company has adopted the criteria of not amortize goodwill based upon expected future earnings, which is in line with IFRS 3 (R) /CPC 15 R1 - Business combination. Under these CVM decisions and the IFRS, intangible assets with indefinite life can no longer be amortized.

Goodwill and intangible assets with no estimated useful lives are tested for impairment at least once a year, in accordance with IFRS 3 (R)CPC 15 R1 – Business combinations.

Impairment test of goodwill

The Company tested the recovery of the goodwill using the concept of "value in use" through models of discounted cash flow, representing the group of tangible and intangible assets used in the development and sale of products to its customers.

The process of determining the value in use involves the use of assumptions, judgments and estimates about cash flows, such as rates of revenue growth, costs and expenses, estimates of investment, future working capital and discount rates. The assumptions about growth projections, cash flow and future cash flows are based on Management's estimates, as well as comparable information from market, economic conditions that will exist during the economic life of the group of assets that provides the generation of the cash flows. The future cash flows were discounted based on the weighted average rate of the cost of capital (WACC).

Consistent with the techniques of economic evaluation, assessment of the value in use is effected for a period of 10 years, and after, considering the perpetuity of the premises in view of the indefinite business continuity capability. The Management judged appropriate to use the period of 10 years based on their past experience in designing accurately projected cash flows. This understanding is in accordance with paragraph 35 of IAS 36/CPC 01 R1 - Impairment of Assets.

The growth rates used to extrapolate the projections after the period of 10 years ranged from 3% to 4% at year in nominal values. The estimated future cash flows were discounted using discount rates ranging from 8.9% to 10.3% at year, also in nominal values. The principal assumptions used in estimating the value in use are as follows:

• Sales Revenue - Revenues are projected from 2015 to 2024 considering the growth in volume and the price of different products of Cash Generating Units.

• Operating costs and expenses - The costs and expenses were projected accordance with historical performance of the Company and, with the historical growth in revenues. In addition, we considered efficiency gains derived from process improvements.

• Capital investment - Investment in capital goods were estimated considering the maintenance of existing infrastructure and expectations required to enable the supply of products.

Key assumptions were based on historical performance of the Company and reasonable macroeconomic assumptions reasoned basis on projections of the financial market, documented and approved by management.

Based on the annual test for impairment of the Company's intangible assets, prepared with the projections made on the quarterly financial statements of December 31, 2014, growth prospects and results of operations for the period ended on March 31, 2015, there were no indications of possible losses or losses, as the estimated value in use is higher than the carrying amount at the valuation date.

(Expressed in thousands of reais)

14 Trade accounts payable

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Commodities - cattle	**523,897**	971,093	**2,263,657**	2,903,724
Materials and services	**498,954**	510,910	**4,874,681**	3,755,967
Finished products	**80,741**	85,399	**303,894**	283,242
	1,103,592	**1,567,402**	**7,442,232**	**6,942,933**

15 Loans and financings

The Company discloses below the operations in foreign and local currency, considering the functional currency of each subsidiary. Local currency indicates loans denominated in the functional currency of the borrower.

Current liabilities

		Company	
Type	**Annual rate of interest and commissions**	March 31, 2015	December 31, 2014
Foreign currency			
ACC - (advances on exchange contracts)	Exchange variation + interest from 1.98% to 3.35%	**6,215,954**	5,843,516
Prepayment	Exchange variation, Libor and interest from 2.25% to 7%	**873,428**	577,838
144-A	Exchange variation + interest from 6.25% to 10.50%	**294,418**	243,038
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	**234,144**	166,640
		7,617,944	**6,831,032**
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	**96,056**	94,973
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	**242,747**	960,027
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	**2,414**	2,771
Credit note - export	Interest from 1.2% to 8.54% or 100% to 118.5% of CDI	**352,049**	1,418,330
FNO - North Fund	Interest of 10.00%	**4,047**	4,053
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	**5,525**	9,270
FINEP	Interest of 4.0% to 4.5%	**1,750**	1,733
Debentures	127.6% of CDI and IPCA + 9%	**-**	245,286
		704,588	**2,736,443**
		8,322,532	**9,567,475**

Noncurrent liabilities

		Company	
Type	**Annual rate of interest and commissions**	March 31, 2015	December 31, 2014
Foreign currency			
Prepayment	Exchange variation, Libor and interest from 2.25% to 7%	**732,100**	358,971
144-A	Exchange variation + interest from 6.25% to 10.50%	**12,116,231**	10,075,940
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	**33,078**	54,777
		12,881,409	**10,489,688**
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	**261,332**	265,731
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	**923,893**	1,080,440
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	**35,308**	35,421
Credit note - export	Interest from 1.2% to 8.54% or 100% to 118.5% of CDI	**1,234,998**	1,730,805
FNO - North Fund	Interest of 10.00%	**7,682**	8,678
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	**2,062**	2,628
FINEP	TJLP and interest of 4% to 4.5%	**75,295**	75,693
		2,540,570	**3,199,396**
		15,421,979	**13,689,084**

Breakdown:		
Current liabilities	**8,322,532**	9,567,475
Noncurrent liabilities	**15,421,979**	13,689,084
	23,744,511	**23,256,559**

Maturities of noncurrent liabilities are as follows:		
2016	**2,780,844**	3,276,569
2017	**1,214,746**	981,247
2018	**3,193,052**	2,605,336
2019	**57,184**	53,299
2020	**3,221,146**	2,667,061
2021	**16,641**	14,513
Maturities thereafter 2021	**4,938,366**	4,091,059
	15,421,979	**13,689,084**

(Expressed in thousands of reais)

Current liabilities

Type	Annual rate of interest and commissions	Consolidated	
		March 31, 2015	December 31, 2014
Foreign currency			
ACC - (advances on exchange contracts)	Exchange variation + interest from 1.98% to 3.35%	**7,269,054**	6,456,114
Prepayment	Exchange variation, Libor and interest from 2.25% to 7%	**2,533,329**	2,032,200
144-A	Exchange variation + interest from 6.25% to 10.50%	**294,418**	243,038
Credit note - import	Exchange variation + interest of 11.25%	**32,135**	17,029
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	**234,144**	166,640
Canadian Credit Facility	ForEx variation + CDOR/RBC Prime/Libor + applic. Interest	**253**	141
Canadian Credit Facility - term loan	Exchange variation + Interest of 3.65%	**2,425**	2,149
Canadian Bank Facility	Exchange variation + Interest of 3.5%	**-**	2,869
Credit note - LCAL	Exchange variation + Interest of 3.9%	**26**	32
Andrews Meat Secured Facility	Exchange variation + BBSY + 0.8%	**9,948**	12,941
		10,375,732	**8,933,153**
Local Currency			
FINAME	TJLP and interest from 1% to 8.5%	**111,380**	109,856
JBS Mortgage	Interest from 5.8% to 8.4%	**33,687**	29,101
US revolver	Libor or Prime + applicable rate	**180**	507
JBS Term Loan due to 2018	Alternate Base Rate ("ABR")+1.75% or Libor +2.75%	**12,306**	10,189
Five Rivers term loan	Libor + 2.50% or Prime + 1.25%	**16,794**	13,831
Senior notes due 2020	Interest of 8.25%	**30,364**	63,064
Senior notes due 2021	Interest of 7.25%	**88,413**	17,225
Senior notes due 2024	Interest of 5.875%	**29,449**	59,820
PPC - Senior note due 2025	Interest of 5.75%	**4,867**	-
PPC - EUA Credit Facility - term loan	Libor + 1.25% to 2.75% or ABR + 0.25% to 1.75%	**1,707**	-
PPC - US bonds	Interest from 7.625% to 9.25%	**-**	449
Plainwell Bond	Interest of 4.39%	**6,403**	5,533
Marshaltown	Interest of 2.34%	**58**	-
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	**245,577**	1,050,457
Working capital - US dollars	Libor +interest from 1.10% to 3.20%	**395,257**	286,365
Working capital - EUROS	Euribor +interest from 0.15% to 1.75%	**146,433**	162,874
Working capital - Argentine Pesos	Interest of 18.77%	**4,886**	3,096
Credit note - export	Interest from 1.2% to 8.54% or 100% to 118.5% of CDI	**828,930**	1,742,824
FCO - Middle West Fund	Interest of 10.00%	**1,633**	1,636
FNO - North Fund	Interest of 10.00%	**4,047**	4,053
Credit note - import	Interest of 4.44% (LIBOR and interest of 2.80%)	**412,597**	244,127
Finep - Financing of Studies and Projects	Interest of 4.0% to 4.5%	**5,735**	5,719
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	**5,525**	9,270
Rural - Credit note	Interest of 5.5%	**297,006**	203,829
ACC - (advances on exchange contracts)	Interest de 1%	**-**	4,407
Rural - Credit note	Interest of 5,5%	**451,046**	442,225
Term loan due to 2020	Alternate Base Rate ("ABR")+1.75% or Libor +2.75%	**18,019**	14,787
Debentures	127.6% of CDI and IPCA + 9%	**-**	245,286
CCB - BNDES	Interest of 5.98% + UMBNDES until 8.7%	**19,324**	23,275
Others		**154**	17
		3,171,777	**4,753,822**
		13,547,509	**13,686,975**

(Expressed in thousands of reais)

Noncurrent liabilities

Type	Annual rate of interest and commissions	Consolidated March 31, 2015	Consolidated December 31, 2014
Foreign currency			
Prepayment	Exchange variation, Libor and interest from 2.25% to 7%	**2,738,498**	2,180,904
144-A	Exchange variation + interest from 6.25% to 10.50%	**12,116,231**	10,075,940
Credit note - export	Exchange variation + interest of 7.85% or 118% CDI	**33,078**	54,777
ACC - (advances on exchange contracts)	Exchange variation + interest from 1.98% to 3.35%	**8,599**	-
Canadian Credit Facility	ForEx variation + CDOR/RBC Prime/Libor + applic. Interest	**191,591**	174,207
Canadian Credit Facility - term loan	Exchange variation + interest of 3.65%	**36,773**	33,558
Credit note - LCAL	Exchange variation + Interest of 3.9%	**10,907**	9,456
		15,135,677	**12,528,842**
Local currency			
FINAME	TJLP and interest from 1% to 8.5%	**278,995**	288,529
JBS Mortgage	Interest from 5.8% to 8.4%	**7,529**	6,338
US revolver	Libor or Prime + applicable rate	**271,811**	335,024
JBS Term Loan due 2018	Alternate Base Rate ("ABR")+1.75% or Libor +2.75%	**1,299,474**	1,075,086
Five Rivers term loan	Libor + 2.50% or Prime + 1.25%	**299,101**	250,697
Senior note due 2020	Interest of 8.25%	**2,207,880**	1,826,493
Senior note due 2021	Interest of 7.25%	**3,627,712**	3,001,673
Senior notes due 2024	Interest of 5.875%	**2,385,915**	1,975,066
PPC - Senior note due 2025	Interest of 5.75%	**1,590,838**	-
PPC - EUA Credit Facility - term loan	Libor + 1.25% to 2.75% or ABR + 0.25% to 1.75%	**2,048,061**	-
PPC - US bonds	Interest from 7.625% to 9.25%	**-**	9,342
Plainwell Bond	Interest of 4.39%	**24,740**	21,834
Marshaltown	Interest of 2.34%	**31,009**	25,675
Working capital- Brazilian Reais	Interest of 4% + 100% of CDI or 100% to 120% of CDI	**924,542**	1,083,081
Working capital - US dollars	Libor +interest from 1.10% to 3.20%	**29,674**	29,883
Working capital - Euro	Euribor + interest from 0.15% to 1.75%	**35,308**	35,421
Working capital - Argentine Pesos	Interest of 18.77%	**2,199**	2,689
Credit Note - export	Interest from 1.2% to 8.54% or 100% to 118.5% of CDI	**1,900,551**	2,464,580
FCO - Middle West Fund	Interest of 10.00%	**4,247**	4,645
FNO - North Fund	Interest of 10.00%	**7,682**	8,678
Finep - Financing of Studies and Projects	Interest of 4% to 4.5%	**90,769**	92,154
CDC - Direct Credit to Consumers	TJLP and interest from 2.11% to 6.82%	**2,062**	2,628
Term loan due 2020	Alternate Base Rate ("ABR")+1.75% or Libor +2.75%	**1,549,961**	1,285,994
Rural - Credit note	Interest of 5.5%	**4,934**	4,008
CCB - BNDES	Interest of 5.98% + UMBNDES until 8.7%	**33,699**	33,805
		18,658,693	**13,863,323**
		33,794,370	**26,392,165**

	March 31, 2015	December 31, 2014
Breakdown:		
Current liabilities	**13,547,509**	13,686,975
Noncurrent liabilities	**33,794,370**	26,392,165
	47,341,879	**40,079,140**
Maturities of noncurrent liabilities are as follows:		
2016	**4,069,243**	4,625,423
2017	**2,066,539**	1,770,675
2018	**5,310,850**	4,773,027
2019	**680,352**	337,812
2020	**9,026,746**	5,747,090
2021	**3,671,814**	3,038,449
Maturities thereafter 2021	**8,968,826**	6,099,689
	33,794,370	**26,392,165**

ACC – (advances on exchange contracts) are credit facilities obtained from financial institutions by the Company, its subsidiary JBS Argentina and JBS Foods S.A. subsidiaries, in the amount of US$ 2,268,595 on March 31, 2015 (US$ 2,432,242 on December 31, 2014), to finance export transactions.

CDC – (Working Capital Financing contract) credit facilities obtained from financial institutions by the Company, to finance the truck fleet of the transport operation.

144-A – Refers to six issuances under the rules of 144-A notes and Reg S: (i) Notes 2016 - JBS S.A. in the amount of US$ 300 million with an interest rate of 10.50% per annum; (ii) Notes 2016 of Bertin (an enterprise of which the Company is the successor through merger) in the amount of US$ 350 million with an interest rate of 10.25% per annum, (iii) Notes 2018 - JBS S.A. in the amount of US$ 900 million with an interest rate of 8.25% per annum, (iv) Note 2020 - JBS S.A., in the amount of US$ 1 billion with an interest rate of 7.75% per annum, (v) Notes 2023 - JBS S.A. in the amount of US$ 775 million with an interest rate of 6.25% per annum and (v) Notes 2024 - JBS S.A. in the amount of US$ 750 million with an interest rate of 7.25% per annum.

FINAME / FINEM – Financing agreements with BNDES are secured by the assets subject matter of the financing.

Rural credit note – Refers to the capture the subsidiary Seara Alimentos Ltda. (Group Seara) with resources of Banco Itau, Banco do Brasil, Santander, Bradesco and Caixa for the purpose of fostering the supply chain (rural). Payment will be made within one year, with interest rate of 5.50% per year.

Senior Secured Credit Facility – On June 30, 2011 the subsidiary JBS USA, LLC entered into a credit agreement consisting of a term loan commitment of US$ 900 million, with a payment term of 5 years and LIBOR or Prime plus applicable margins.

Term Loan due to 2018 - On May 27, 2011 the subsidiary JBS USA, LLC entered into a credit agreement consisting of a term loan of US$ 475 million with a payment term of 7 years and ABL + 1.75% or LIBOR + 2.75% per year.

Term Loan A due to 2016 - On June 14, 2011 the indirect subsidiary JBS Five Rivers obtained an US$ 85 million term loan with a payment term of 5 years and LIBOR + 2.50% or Prime + 1.25% per year.

Term Loan due to 2020 - On September 18, 2013 the subsidiary JBS USA, LLC made the raising of US$ 500 million with a term of seven years and cost of: (i) ABR plus 1.75% or (ii) LIBOR + 2.75% per year.

Notes 8,25% due to 2020 - On January 30, 2012, the subsidiaries JBS USA, LLC and JBS USA Finance, issued the Notes 8,25% due to 2020, with the principal amount of US$ 700 millions with a payment term of 8 years and cost of 8,25% per year.

Notes 7,25% due to 2021- On May 27, 2011, the subsidiaries JBS USA and JBS USA Finance issued the Notes 7,25% due to 2021, with the principal amount of US$ 650 millions with a payment term of 10 years and cost of 7,25% per year.

Notes 5.875% due to 2024 – On June 25, 2014, the subsidiary JBS USA, LLC and JBS USA Finance issued the Notes 5.875% maturing in 2024, at the principal amount of US$ 750 million with a payment term of 10 years and cost of 5.875% per year.

5.75% notes due to 2025 from PPC - On March 11, 2015, the subsidiary PPC issued notes 5,75% due to 2025, with the principal amount of $500.0 million with a term of 10 years and cost of 5.75% per year.

PPC US Credit Facility - On February 11, 2015, PPC and its subsidiaries, To-Ricos, Ltd. and To-Ricos Distribution, Ltd., entered into an amendment of the USA Credit Line, which predicts for a revolving loan commitment of at least US$ 700 million and a term loan commitment of up to US$ 1 billion. This line of credit expires in 2020 and the cost of this is LIBOR + 1.25% to 2.75% or ABR + 0.25% to 1.75% per year.

Rural credit note - Refers to financing obtained by the subsidiary JBS Aves from Caixa Econômica Federal, with the purpose of promoting the supply chain (rural). The payment will be made within one year and it will have J&F Participações S.A. as guarantor.

16 Credit operations, guarantees and covenants

On March 31, 2015, the Company was in compliance with all covenants. The main credit operations, guarantees and covenants of the Company and its subsidiaries are described below.

Notes 2016 - JBS S.A. - On August 4, 2006, the Company issued Notes 2016 maturing in 2016, in the principal amount of US$300 million. The interest rate applicable to the notes is 10.50% per annum and interest is paid semiannually on February 4 and August 4, beginning on February 4, 2007. The principal amount of the notes should be fully paid by August 4, 2016. Pursuant to the additional indenture dated January 31, 2007, JBS Finance Ltd became a co-issuer of Notes 2016.

On July 10, 2014 the Company concluded the tender in connection with its previously announced cash tender offers and related consent solicitations for any or all of the outstanding Notes 2016. As a result of the tender, the Company purchased approximately US$116.4 million in aggregate principal amount of the Notes 2016, representing approximately 38.8% of the then outstanding Notes 2016. The Company has not obtained the requisite consents for the execution of a supplemental indenture to amend the indenture governing the Notes 2016. Accordingly, a supplemental indenture to the indenture governing the Notes 2016 was not executed. On March 23, 2015 the Company cancelled US$13.8 million in aggregate principal amount of the Notes 2016 which it has repurchased in the secondary market.

Guarantees: The indenture governing Notes 2016 requires that any significant subsidiary (as defined in the indenture governing the Notes 2016) guarantee all obligations of the Company as stated in Notes 2016, subject to certain exceptions. Notes 2016 are guaranteed by JBS Hungary Holdings Kft (indirect wholly owned subsidiary of the Company), by JBS USA Holdings, JBS USA, LLC and Swift Beef Company. Other subsidiaries of the Company may be required to guarantee the Notes 2016 in the future.

Covenants: The indenture for the Notes 2016 contains customary negative covenants that limit the Company's ability and the ability of certain subsidiaries to, among other things:

. incur additional debt, if the ratio net debt/EBITDA is higher than a determined ratio;
. incur liens;
. sell or dispose of assets;
. pay certain dividends and make other payments;
. permit restrictions on dividends and other restricted payments by its restricted subsidiaries;
. have certain transactions with related parties;
. consolidate or enter into merger or transfer all assets to another company;
. execute lease transactions with repurchase option (sale/leaseback); and
. change the control without making a purchase offer on Notes 2016.

As mentioned above, the terms and conditions for Notes 2016 include covenants. They restrict the Company and its subsidiaries, including JBS USA, to incur any debts (subject to certain permitted exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4.75/1.0.

Again, as mentioned above, Notes 2016 establish restrictions to the Company and its subsidiaries in the execution of certain actions, such as: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) obtaining loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; or (d) when imposed by standard documents of BNDES (National Bank of Economic and Social Development).

Additionally, according to the notes, the Company can only, directly or indirectly, declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) it is not in default in relation to the notes; (ii) the Company can incur in at least US$ 1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed 50% of the accrued net income in a certain year or when in a determined year where there is loss, the payment value does not exceed US$ 30 million.

Events of default: The indenture of Notes 2016 contains customary events of default. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If an event of default occurs, the trustee or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accrued interest on the notes.

Bertin's Notes 2016 - Bertin S.A., an enterprise of which the Company is the successor through merger, issued Bertin's Notes 2016 at the principal amount of US$350 million on October 13, 2006 (under its former corporate name of Bertin Ltda.). The interest applicable to Bertin's Notes 2016 corresponds to 10.25% per annum, paid semiannually on April 5 and October 5, beginning on April 5, 2007. The principal amount of the notes will be fully paid by October 5, 2016.

On December 14, 2009, Bertin successfully concluded a consent solicitation relating to the 2016 Bertin Notes. The consent solicitation (1) amended certain provisions in the indenture governing the Bertin's Notes 2016 to conform the provisions to the indenture governing Notes 2016 and (2) amended the change of control provisions to exclude the Bertin merger as an event that would trigger a change of control under the Bertin's 2016 Notes. The supplemental indenture implementing these amendments to the Bertin's Notes 2016 was executed on December 22, 2009.

On July 10, 2014 the Company announced the tender results in connection with its previously announced cash tender offers and related consent solicitations for any or all of the outstanding Bertin's Notes 2016. As a result of the tender, the Company purchased approximately US$147.7 million in aggregate principal amount of the Bertin's Notes 2016, representing approximately 42.2% of the then outstanding Notes 2016. The Company has not obtained the requisite consents for the execution of a supplemental indenture to amend the indenture governing the Bertin's Notes 2016. Accordingly, a supplemental indenture to the indenture governing the Bertin's Notes 2016 was not executed. On March 23, 2015 the Company cancelled US$6.6 million in aggregate principal amount of the Bertin's Notes 2016 which it has repurchased in the secondary market.

Guarantees: The indenture that governs Bertin's Notes 2016 requires that any "material subsidiary" (as defined in the indenture governing Bertin's Notes 2016) to guarantee all obligations of the Company established in Bertin's Notes 2016. They are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company). Other subsidiaries of the Company may be required to guarantee the Bertin's Notes 2016 in the future.

Covenants: The indenture of Bertin's Notes 2016 contains customary negative covenants that limit the Company's ability and the ability of its subsidiaries to, among other things:

. incur additional debt if the net debt/EBITDA ratio is higher than a determined ratio;
. incur liens;
. pay dividends or make certain payments to shareholders;
. sell or dispose of assets;
. have certain transactions with related parties;
. dissolve, consolidate, merge or acquire the business or assets of other entities;
. execute lease transactions with repurchase option (sale/leaseback);
. change the company's control without making a purchase offer on Bertin's Notes 2016; and
. in a general manner, limits dividends or other payments to shareholders by restricted subsidiaries.

As indicated above, the terms and conditions for Bertin's Notes 2016 include covenants that restrict the Company (as legal successor of Bertin) and the subsidiaries, to incur any debts (subject to certain permitted exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4.75/1.0.

Besides, Bertin's Notes 2016 restrict the Company and its subsidiaries from: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) making loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of the business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; (d) when imposed by standard documents of BNDES or other international governmental agencies.

Additionally, according to the notes, the Company can only, directly or indirectly, declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) it is not in default in relation to the notes; (ii) the Company can incur in at least US$ 1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed 50% of the accrued net income in a certain year or when in a determined year where there is loss, the payment value does not exceed US$ 30 million.

Events of default: The issuance instrument of Bertin's Notes 2016 contains customary events of default. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If an event of default occurs, the trustee or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accrued interest on the notes.

Notes 2018 - JBS S.A. - On July 29, 2010, JBS Finance II Ltd., a wholly-owned subsidiary of the Company, issued Notes 2018 maturing in 2018, at the principal amount of US$700 million and on September 10, 2010, the company issued additional notes at the principal amount of US$200 million under the indenture of Notes 2018. The interest rate applicable to the notes is 8.25% per annum and are semiannually paid on January 29 and July 29 of each year, beginning January 29, 2011. The principal amount of the Notes 2018 should be fully paid by January 29, 2018.

The Notes 2018 are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company) and by JBS S.A.

Covenants: The indenture of Notes 2018 contains customary negative covenants that limit the Company's ability and the ability of certain subsidiaries to, among other things:

. incur additional debt if the net debt/EBITDA ratio is higher than a determined ratio;
. incur liens;
. pay dividends or make certain payments to shareholders;
. permit restrictions on dividends and other restricted payments by restricted subsidiaries
. sell or dispose of assets;
. have certain transactions with related parties;
. execute lease transactions with repurchase option (sale/leaseback); and
. change the company's control without making a purchase offer on Notes 2018.

As mentioned above, the terms and conditions for Notes 2018 include covenants. They restrict the Company and its subsidiaries, including JBS USA, to incur any debts (subject to certain permitted exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4.75/1.0.

Also, as mentioned above, the Notes 2018 establish restrictions to the Company and its subsidiaries in the execution of certain actions, such as: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) obtaining loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; or (d) when imposed by standard documents of BNDES (National Bank of Economic and Social Development).

Additionally, according to Notes 2018, the Company can only, directly or indirectly, declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) it is not in default in relation to the Notes 2018; (ii) the Company can incur at least US$ 1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed (a) 50% of the amount of the net income accrued on a cumulative basis during the period, taken as one accounting period, beginning on the first day of the fiscal quarter in which the issue date of the Notes 2018 occurs and ending on the last day of JBS' most recently completed fiscal quarter for which financial statements are publicly available, or if the aggregate net income is a loss, minus 100% of the amount of the loss, plus (b) 100% of the net cash proceeds received by JBS from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes 2018, plus (c) 100% of the fair market value of property other than cash received by JBS from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes 2018.

Events of default: The indenture of Notes 2018 contains customary events of default. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If an event of default occurs, the trustee or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accrued interest on the notes.

Notes 2020 - On October 28, 2013, JBS Investments GmbH, a wholly-owned subsidiary of the Company, issued Notes 2020 maturing in 2020, at the principal amount of US$1 billion. The interest rate applicable to the notes is 7.75% per annum and are semiannually paid on April 28 and October 28 of each year, beginning April 28, 2014. The principal amount of the Notes 2020 should be fully paid by October 28, 2020.

The Notes 2020 are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company) and by JBS S.A.

Covenants: The indenture of Notes 2020 contains customary negative covenants that limit the Company's ability and the ability of certain subsidiaries to, among other things:

. incur additional debt if the net debt/EBITDA ratio is higher than a determined ratio;
. incur liens;
. pay dividends or make certain payments to shareholders;
. permit restrictions on dividends and other restricted payments by restricted subsidiaries
. sell or dispose of assets;
. have certain transactions with related parties;
. execute lease transactions with repurchase option (sale/leaseback); and
. change the company's control without making a purchase offer on Notes 2020.

As mentioned above, the terms and conditions for Notes 2020 include covenants. They restrict the Company and its subsidiaries, including JBS USA, to incur any debts (subject to certain permitted exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4.75/1.0.

Also, as mentioned above, the Notes 2020 establish restrictions to the Company and its subsidiaries in the execution of certain actions, such as: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) obtaining loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; or (d) when imposed by standard documents of BNDES (National Bank of Economic and Social Development).

Additionally, according to Notes 2020, the Company can only, directly or indirectly, declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) it is not in default in relation to the Notes 2020; (ii) the Company can incur at least US$ 1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed (a) 50% of the amount of the net income accrued on a cumulative basis during the period, taken as one accounting period, beginning on January 1, 2013 and ending on the last day of JBS' most recently completed fiscal quarter for which financial statements are publicly available, or if the aggregate net income is a loss, minus 100% of the amount of the loss, plus (b) 100% of the net cash proceeds received by JBS from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes 2020, plus (c) 100% of the fair market value of property other than cash received by JBS from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes 2020.

Events of default: The indenture of Notes 2020 contains customary events of default. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If an event of default occurs, the trustee or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accrued interest on the notes.

Notes 2023 - On February 5, 2013, JBS Investments GmbH, a wholly-owned subsidiary of the Company, issued Notes 2023 maturing in 2023, at the principal amount of US$500 million and on April 11, 2013, the company issued additional notes at the principal amount of US$275 million under the indenture of Notes 2023. The interest rate applicable to the notes is 6.25% per annum and are semiannually paid on February 5 and August 5 of each year, beginning August 5, 2013. The principal amount of the Notes 2023 should be fully paid by February 5, 2023.

The Notes 2023 are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company) and by JBS S.A.

Covenants: The indenture of Notes 2023 contains customary negative covenants that limit the Company's ability and the ability of certain subsidiaries to, among other things:

. incur additional debt if the net debt/EBITDA ratio is higher than a determined ratio;
. incur liens;
. pay dividends or make certain payments to shareholders;
. permit restrictions on dividends and other restricted payments by restricted subsidiaries
. sell or dispose of assets;
. have certain transactions with related parties;
. execute lease transactions with repurchase option (sale/leaseback); and
. change the company's control without making a purchase offer on Notes 2023.

As mentioned above, the terms and conditions for Notes 2023 include covenants. They restrict the Company and its subsidiaries, including JBS USA, to incur any debts (subject to certain permitted exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4.75/1.0.

Also, as mentioned above, the Notes 2023 establish restrictions to the Company and its subsidiaries in the execution of certain actions, such as: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) obtaining loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; or (d) when imposed by standard documents of BNDES (National Bank of Economic and Social Development).

Additionally, according to Notes 2023, the Company can only, directly or indirectly, declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) it is not in default in relation to the Notes 2023; (ii) the Company can incur at least US$ 1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed (a) 50% of the amount of the net income accrued on a cumulative basis during the period, taken as one accounting period, beginning on the first day of the fiscal quarter in which the issue date of the Notes 2023 occurs and ending on the last day of JBS' most recently completed fiscal quarter for which financial statements are publicly available, or if the aggregate net income is a loss, minus 100% of the amount of the loss, plus (b) 100% of the net cash proceeds received by JBS from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes 2023, plus (c) 100% of the fair market value of property other than cash received by JBS from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes 2023.

Events of default: The indenture of Notes 2023 contains customary events of default. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If an event of default occurs, the trustee or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accrued interest on the notes.

Notes 2024 - On April 3, 2014, JBS Investments GmbH, a wholly-owned subsidiary of the Company, issued Notes 2024 maturing in 2024, at the principal amount of US$750 million. The interest rate applicable to the notes is 7.25% per annum and are semiannually paid on April 3 and October 3 of each year, beginning October 3, 2014. The principal amount of the Notes 2024 should be fully paid by April 3, 2024.

The Notes 2024 are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company) and by JBS S.A.

Covenants: The indenture of Notes 2024 contains customary negative covenants that limit the Company's ability and the ability of certain subsidiaries to, among other things:

. incur additional debt if the net debt/EBITDA ratio is higher than a determined ratio;
. incur liens;
. pay dividends or make certain payments to shareholders;
. permit restrictions on dividends and other restricted payments by restricted subsidiaries
. sell or dispose of assets;
. have certain transactions with related parties;
. execute lease transactions with repurchase option (sale/leaseback); and
. change the company's control without making a purchase offer on Notes 2024.

As mentioned above, the terms and conditions for Notes 2024 include covenants. They restrict the Company and its subsidiaries, including JBS USA, to incur any debts (subject to certain permitted exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4.75/1.0.

Also, as mentioned above, the Notes 2024 establish restrictions to the Company and its subsidiaries in the execution of certain actions, such as: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) obtaining loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; or (d) when imposed by standard documents of BNDES (National Bank of Economic and Social Development).

Additionally, according to Notes 2024, the Company can only, directly or indirectly, to declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) it is not in default in relation to the Notes 2024; (ii) the Company can incur at least US$ 1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed (a) 50% of the amount of the net income accrued on a cumulative basis during the period, taken as one accounting period, beginning January 1, 2013 and ending on the last day of JBS' most recently completed fiscal quarter for which financial statements are publicly available, or if the aggregate net income is a loss, minus 100% of the amount of the loss, plus (b) 100% of the net cash proceeds received by JBS from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes 2024, plus (c) 100% of the fair market value of property other than cash received by JBS from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes 2024.

Events of default: The indenture of Notes 2024 contains customary events of default. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If an event of default occurs, the trustee or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accrued interest on the notes.

Description of Indebtedness of JBS USA

Senior Secured Credit Facility - On November 5, 2008, JBS USA entered into a senior secured revolving credit facility (the "Credit Agreement") that allowed borrowings up to US$400.0 million. Up to US$75.0 million of the Credit Agreement was available for the issuance of letters of credit.

On August 15, 2014, JBS USA and JBS Australia executed the Senior Secured Revolving Credit Facility (the "Amended and Restated Revolving Facility") to amend and restate the Credit Agreement to increase the maximum borrowing availability to US$900.0 million available in three tranches of US$675.0 million, US$150.0 million and US$75.0 million. The facility includes swingline sub-facilities of US$75.0 million for JBS USA Holdings and US$35.0 million for JBS Australia. The facility matures on August 15, 2019. Loans bear interest at applicable LIBOR or the prime rate plus applicable margins that are based on utilization of the facility. At March 31, 2015 and March 31, 2014, the interest rate was 2.3% and 3.6%, respectively.

Availability: Availability under the Amended and Restated Revolving Facility is subject to a borrowing base. The borrowing base is based on certain JBS USA wholly-owned subsidiaries' assets as described below, with the exclusion of JBS Five Rivers. The borrowing base consists of percentages of eligible accounts receivable, inventory and supplies less certain eligibility and availability reserves. As of March 31, 2015, there were US$93.9 million of outstanding letters of credit and borrowing availability of US$717.4 million.

Security and Guarantees: Borrowings made by JBS USA under the Amended and Restated Revolving Facility are guaranteed by JBS S.A., JBS Hungary Holdings Kft., JBS USA Holdings and all domestic subsidiaries of JBS USA except JBS Five Rivers and certain other immaterial subsidiaries. In addition, all material subsidiaries of JBS Australia guarantee JBS Australia borrowings. Furthermore, the borrowings are collateralized by a first priority perfected lien and interest in accounts receivable, finished goods and supply inventories.

Covenants: The Amended and Restated Revolving Facility contains customary representations, warranties and a springing financial covenant that requires a minimum fixed charge coverage ratio of not less than 1.00 to 1.00. This ratio is applicable if borrowing availability causes a covenant trigger period, which only occurs when borrowing availability falls below the greater of 10.0% of the maximum borrowing amount or $70.0 million. The Amended and Restated Revolving Facility also contains negative covenants that may limit the ability of JBS USA and certain of its subsidiaries to, among other things, incur certain additional indebtedness, enter into certain acquisitions or sell or dispose of certain assets.

Events of Default: The Amended and Restated Revolving Facility also contains customary events of default, including failure to perform or observe terms, covenants or agreements included in the Amended and Restated Revolving Facility, payment of defaults on other indebtedness, defaults on other indebtedness if the effect is to permit acceleration, entry of unsatisfied judgments or orders against a loan party or its subsidiaries, failure of any collateral document to create or maintain a priority lien and certain events related to bankruptcy and insolvency or environmental matters. If an event of default occurs the lenders may, among other things, terminate their commitments, declare all outstanding borrowings to be immediately due and payable together with accrued interest and fees and exercise remedies under the collateral documents relating to the Amended and Restated Revolving Facility. At March 31, 2015, JBS USA was in compliance with all covenants.

ANZ credit facilities – On March 7, 2011, JBS Australia entered into a secured facility to fund working capital needs and letter of credit requirements. The facility includes a standby letter of credit limit of A$32.5 million and a A$20.0 million money market facility, subject to an annual review. On September 16, 2013, the facility was restated to provide for a A$55.0 million trade finance loan facility limit and a A$23.7 million standby letter of credit limit. On June 18, 2014, the facility was restated to increase the standby letter of credit limit to A$24.9 million. As of March 31, 2015, there were US$19.4 million of outstanding letters of credit and borrowing availability of US$42.6 million. At March 31, 2015 and March 31, 2014, the interest rate was 3.2% and 4.0%, respectively.

4.39% secured notes due 2019 – On December 20, 2010, JBS USA Holdings' wholly-owned subsidiaries, JBS USA and JBS Plainwell, Inc. issued 4.39% notes due 2019 in an aggregate principal amount of US$16.0 million to finance the construction of a cold storage warehouse. Interest is payable quarterly beginning on April 1, 2011. Principal is payable quarterly.

Marshalltown NMTC – On March 10, 2011, Swift Pork entered into the Marshalltown NMTC transaction to finance the construction of a distribution center. Swift Pork borrowed US$9.8 million at a 2.34% annual interest rate payable monthly for seven years. Of the total amount borrowed, US$7.2 million ("Loan A") was indirectly funded by JBS USA through a leverage loan and is included in judicial deposits and others within the Consolidated Balance Sheets. The remaining US$2.6 million ("Loan B") was funded by a local community development entity. At the end of the seven year period there is an option to dissolve the transaction through a put option with an exercise price of US$1 thousand or a call option with an exercise price which will be calculated at its fair market value. If the put or call option is not exercised then Loan A will begin to amortize over the remaining 28 years with principal and interest due monthly and a balloon payment for the remaining principal due March 2046. Loan B will continue to have interest only payments through 2046 at which time principal and interest are due.

Corporate building loans – In October 2010, JBS USA Holdings acquired its corporate headquarters in Greeley, Colorado. It paid US$9.2 million in cash and assumed US$20.1 million in mortgage debt. The debt is comprised of two mortgages in the amounts of US$17.0 million and US$3.1 million. The mortgages are repayable in monthly installments, beginning on November 1, 2010. The mortgages mature on September 1, 2015 and June 1, 2020. At both March 31, 2015 and March 31, 2014, the corporate building loans contained two mortgages payable at 5.8% and 8.4%.

7.25% senior unsecured notes due 2021 - On May 27, 2011 JBS USA and JBS USA Finance. issued 7.25% notes due 2021 in an aggregate principal amount of US$650.0 million primarily to make an intercompany loan to JBS USA Holdings, for further transfer to JBS S.A. to fund the repayment of short and medium-term debt of JBS S.A. These notes are guaranteed by JBS USA Holdings, JBS S.A., JBS Hungary Holdings Kft., and each of the US restricted subsidiaries that guarantee the Amended and Restated Revolving Facility (subject to certain exceptions). If certain conditions are met, JBS S.A. may be released from its guarantees.

Interest on these notes is payable semi-annually in arrears on June 1 and December 1 of each year. The principal amount of these notes is payable in full on June 1, 2021. The original issue discount of approximately US$11.3 million is being accreted over the life of the notes.

On September 18, 2013, JBS USA and JBS USA Finance, issued US$500.0 million in aggregate principal as a follow on to its 7.25% senior notes due 2021 under the indenture dated May 27, 2011. The proceeds from the issuance of these additional notes were used to repay the then outstanding principal amount of the 11.625% notes due 2014 and to repay a portion of the borrowings under the Revolving Facility. The original issue discount of US$2.5 million is being accreted over the life of the notes.

The indenture for the 7.25% senior unsecured notes due 2021 contains customary negative covenants that limit JBS USA and its restricted subsidiaries' ability to, among other things, incur certain additional indebtedness, enter into certain acquisitions or sell or dispose of certain assets.

Events of default: The indenture also contains customary events of default, including failure to perform or observe terms, covenants or other agreements in the indenture, defaults on other indebtedness if the effect is to permit acceleration, failure to make a payment on other indebtedness waived or extended within the applicable grace period, entry of unsatisfied judgments or orders against the issuer or its subsidiaries and certain events related to bankruptcy and insolvency matters. If an event of default occurs, the trustee or the holders of at least 25.0% in aggregate principal amount of the notes then outstanding may declare such principal and accrued interest on the notes to be immediately due and payable. At March 31, 2015, JBS USA and JBS USA Finance were in compliance with all covenants.

US$475 million term loan due 2018 – On May 27, 2011, JBS USA entered into a credit agreement consisting of a term loan commitment of US$475.0 million primarily to make an intercompany loan to JBS USA Holdings, for further transfer to JBS S.A. to fund the repayment of short and medium-term debt of JBS S.A. The loan is guaranteed by JBS USA Holdings, JBS S.A., JBS Hungary Holdings Kft., and each of the U.S. restricted subsidiaries that guarantee the Amended and Restated Revolving Facility (subject to certain exceptions). Loans under this agreement may be either Alternate Base Rate ("ABR") loans or Eurodollar loans at the election of JBS USA.

Interest on the ABR loans is based on ABR plus 1.75% with a 1.75% ABR floor or interest on the Eurodollar loans is based on LIBOR plus 2.75% with a 1.0% LIBOR floor. Interest on ABR loans is payable on the last day of each calendar quarter while interest on Eurodollar loans is payable at the end of the associated interest period. At both March 31, 2015 and March 31, 2014, the interest rate was 3.8%. The outstanding principal is payable on May 25, 2018. The original issue discount of approximately US$2.4 million is being accreted over the life of the loan. The covenants for this note contain customary negative covenants and customary events of default listed under the Amended and Restated Revolving Facility. Commencing on March 29, 2013 and continuing until maturity, approximately US$1.2 million will be payable on the last business day of each calendar quarter. At March 31, 2015, JBS USA was in compliance with all covenants.

Subsequent to the end of each fiscal year, a portion of JBS USA, LLC's cash flow must be used to repay outstanding principal amounts under the US$475 million term loan due 2018. On March 31, 2014 JBS USA, LLC paid approximately US$54 million of its cash flow from 2013 toward the outstanding principal under the US$475 million term loan due 2018. The excess cash flow payment was applied to the minimum required installments with the remaining amount applied to the outstanding principal amount. As a result of the excess cash flow payment, we are no longer required to make the quarterly installment payments.

US$500 million term loan due 2020 – On September 18, 2013, JBS USA executed an increased facility activation notice consisting of a term loan commitment of US$500.0 million in addition to the US$475.0 million term loan due 2018. The proceeds from the issuance of this loan were used to repay the outstanding principal amount of the 11.625% notes due 2014 and to repay a portion of the borrowings under the Amended and Restated Revolving Facility. The loan is guaranteed by JBS USA Holdings, JBS S.A., JBS Hungary Holdings Kft., and each of the U.S. restricted subsidiaries that guarantee the Amended and Restated Revolving Facility (subject to certain exceptions). Loans under this agreement may be either ABR loans or Eurodollar loans at the election of the Company. Interest on the ABR loans is based on ABR plus 1.75% with a 1.75% ABR floor or interest on the Eurodollar loans is based on LIBOR plus 2.75% with a 1.00% LIBOR floor. Interest on ABR loans is payable on the last day of each calendar quarter while interest on Eurodollar loans is payable at the end of the associated interest period. At both March 31, 2015 and March 31, 2014, the interest rate was 3.8%. Commencing on December 31, 2013 and continuing until maturity, payments of approximately US$1.3 million will be payable on the last business day of each calendar quarter. The outstanding principal is payable on September 18, 2020. The original issue discount of US$2.5 million is being accreted over the life of the loan. The covenants for this note contain customary negative covenants and customary events of default listed under the Amended and Restated Revolving Facility. At March 31, 2015, JBS USA was in compliance with all covenants.

JBS Five Rivers term loan – On June 14, 2011, JBS Five Rivers obtained an US$85.0 million term loan which has a maturity date of June 14, 2016. On November 7, 2014, JBS Five Rivers amended their term loan facility to, among other things, increase the term loan to US$100.0 million through a term loan reload and extend the maturity date to November 7, 2019.Repayment of the term loan is required to be made in 20 quarterly installments in the amount of US$1.25 million on the last day of each calendar quarter, with the remaining unpaid principal balance due upon maturity. Borrowings under the term loan bear interest at variable rates based on applicable LIBOR plus 2.50%, or based on the prime rate plus 1.25%. At March 31, 2015 and March 31,2014, the interest rate was 3.3% and 2.9%, respectively. The proceeds from the term loan were advanced to J&F Oklahoma Holdings, Inc. ("J&F Oklahoma"), under the note receivable from J&F Oklahoma. The amended term loan is secured by certain fixed assets, accounts receivable and inventories of JBS Five Rivers and accounts receivable and inventories of J&F Oklahoma. J&F Oklahoma is a guarantor under the amended term loan agreement and while it is possible that J&F Oklahoma would be required to repay the outstanding balance and certain other obligations and costs under the amended term loan as part of its guarantee, it is not probable at this time. The JBS Five Rivers amended term loan contains customary negative covenants that limit JBS Five Rivers and its restricted subsidiaries' ability to, among other things, incur certain additional indebtedness, enter into certain acquisitions or sell or dispose of certain assets.

Events of default – The JBS Five Rivers term loan also contains customary events of default, including failure to perform or observe terms, covenants or agreements included in the JBS Five Rivers amended term loan agreement, payment of defaults on other indebtedness, defaults on other indebtedness if the effect is to permit acceleration, entry of unsatisfied judgments or orders against a loan party or its subsidiaries, failure of any collateral document to create or maintain a priority lien, certain events related to bankruptcy and insolvency, certain events related to the Employee Retirement Income Security Act of 1974 ("ERISA"), and failure to comply with the terms of the Executive Succession Plan of J&F Oklahoma Holdings, Inc. If an event of default occurs the lenders may, among other things, terminate their commitments, declare all outstanding borrowings to be immediately due and payable together with accrued interest and fees and exercise remedies under the collateral documents relating to the JBS Five Rivers amended term loan. At March 31, 2015, JBS Five Rivers was in compliance with all covenants.

8.25% senior unsecured notes due 2020 – On January 30, 2012, JBS USA, LLC and JBS USA Finance issued 8.25% notes due 2020 in an aggregate principal amount of US$700.0 million. The proceeds were used (i) to make an intercompany loan to JBS USA Holdings, for further transfer to JBS S.A. to fund repayment of short and medium-term debt of JBS S.A. and its subsidiaries and (ii) for general corporate purposes. These notes are guaranteed by JBS USA Holdings, JBS S.A., JBS Hungary Holdings Kft., and each of the U.S. restricted subsidiaries that guarantee the Amended and Restated Revolving Facility (subject to certain exceptions). If certain conditions are met, JBS S.A. may be released from its guarantees. Interest on these notes is payable semi-annually in arrears on February 1 and August 1 of each year. The principal amount of these notes is payable in full on February 1, 2020. The original issue discount of approximately US$10.0 million is being accreted over the life of the notes. The covenants for these notes contain customary negative covenants and customary events of default listed under the 7.25% senior unsecured notes due 2021. At March 31, 2015, JBS USA was in compliance with all covenants.

LCAL facility - On March 3, 2013, JBS Australia entered into a secured facility which provides up to A$4.4 million with Low Carbon Australia Limited ("LCAL"), to fund a capital investment in energy efficiency technology and practices at JBS Australia's processing plant located in Dinmore, Queensland. Interest under this facility is based on the rate determined by LCAL to be equivalent to the Australian Financial Markets Association interest rate swap for a three year period and has a maturity date of September 30, 2017. At both March 31, 2015 and March 31, 2014, the interest rate was 3.9%.

Canadian Credit Facility: On May 15, 2013, JBS Canada entered into a credit agreement (the "Canadian Credit Facility") with the Royal Bank of Canada ("RBC") as administrative agent and collateral agent, and other lenders party thereto. The Canadian Credit Facility currently provides a revolving dual currency facility of CAD$110.0 million maximum borrowing availability that can be drawn in CAD$ and US$. Canadian dollar loans bear interest at the applicable Canadian Dealer Offered Rate ("CDOR") or RBC Prime Rate plus applicable margins. US dollar loans bear interest at the applicable LIBOR or RBC borrowing rate plus applicable margins. At March 31, 2015, the revolving credit facility contained one revolving loan payable at 3.0% for CAD$ borrowings and 4.3% for US$ borrowings. At March 31, 2014, the revolving credit facility contained one revolving loan payable at 3.4% for CAD$ borrowings and 4.5% for US$ borrowings.

The Canadian Credit Facility also provides for a CAD$17.0 million term loan. The loan is guaranteed by JBS USA Holdings and JBS S.A. The loan amortizes over a 15 year period with principal and interest due monthly. The outstanding principal is payable on May 15, 2018. This loan is secured by certain real property of JBS Canada. The covenants for this note contain customary negative covenants and customary events of default listed under the Canadian Credit Facility. At both March 31, 2015 and March 31, 2014, the interest rate was 3.7%.

Availability:Actual borrowings under this facility are subject to a borrowing base, which is a formula based on eligible receivables, inventory, machinery and equipment and real estate less certain eligibility and availability reserves. As of March 31, 2015, there were no outstanding letters of credit and borrowing availability of US$27.0 million.

Security and guarantees: Borrowings made by JBS Canada under the Canadian Credit Facility are guaranteed by JBS USA Holdings and JBS S.A. Furthermore, the borrowings are collateralized by a first priority perfected lien and interest in accounts receivable, finished goods, feed, live inventory and supply inventories, machinery equipment and real estate.

Covenants: The Canadian Credit Facility contains customary representations, warranties and a springing financial covenant that requires a minimum fixed charge coverage ratio of not less than 1.00 to 1.00. This ratio is applicable if borrowing availability causes a covenant trigger period, which only occurs when borrowing availability falls below the greater of 10% of the maximum borrowing amount or CAD$10.0 million for five consecutive business days. The Canadian Credit Facility also contains negative covenants that may limit the ability of JBS Canada to, among other things, incur certain additional indebtedness, enter into certain acquisitions or sell or dispose of certain assets.

Events of default: The Canadian Credit Facility also contains customary events of default, including failure to perform or observe terms, covenants or agreements included in the Canadian Credit Facility, payment of defaults on other indebtedness, defaults on other indebtedness if the effect is to permit acceleration, entry of unsatisfied judgments or orders against a loan party or its subsidiaries, failure of any collateral document to create or maintain a priority lien and certain events related to bankruptcy and insolvency or environmental matters. If an event of default occurs the lenders may, among other things, terminate their commitments, declare all outstanding borrowings to be immediately due and payable together with accrued interest and fees and exercise remedies under the collateral documents relating to the Canadian Credit Facility. At March 31, 2015, JBS Canada was in compliance with all covenants.

5.875% senior unsecured notes due 2024 – On June 25, 2014, JBS USA, LLC and JBS USA Finance issued 5.875% notes due 2024 in an aggregate principal amount of US$750.0 million primarily to make an intercompany loan to JBS USA Holdings, for further transfer to JBS S.A. to fund the repayment of short- and medium-term debt of JBS S.A. During the nine months ended September 30, 2014, the Company transferred approximately US$744.4 million of the proceeds to JBS S.A.. These notes are guaranteed by the JBS USA Holdings, JBS S.A., JBS Hungary Holdings Kft., and each of the U.S. restricted subsidiaries that guarantee the Amended and Restated Revolving Facility (subject to certain exceptions). If certain conditions are met, JBS S.A. may be released from its guarantees. Interest on these notes is payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2015. The principal amount of these notes is payable in full on July 15, 2024. The covenants for these notes contain customary negative covenants and customary events of default as listed under the 7.25% senior unsecured notes due 2021. At March 31, 2015, JBS USA was in compliance with all covenants.

Andrews Meat Secured Facility - On October 24, 2014, Andrews Meat entered into a secured facility to fund working capital. The facility includes a cash advance facility limit of A$6.0 million with interest based on the BBSY plus 0.8%, subject to an annual review. The facility is secured by certain real property of Andrews Meat. All principal and interest are due on or before October 24, 2015. At March 31, 2015, the interest rate was 3.1%.

Guarantee of J&F Oklahoma's revolving credit facility – On October 7, 2008, J&F Oklahoma entered into a US$600.0 million secured revolving credit facility. This credit facility and the guarantee thereof are secured solely by the assets of J&F Oklahoma and the net assets of JBS Five Rivers. This credit facility is used to acquire cattle which are then fed in the JBS Five Rivers' feedyards pursuant to the cattle supply and feeding agreement. The finished cattle are sold to JBS USA under the cattle purchase and sale agreement.

On June 14, 2011, J&F Oklahoma and JBS Five Rivers executed an amendment to increase the availability to US$1.0 billion and to add J&F Australia as a borrower under the facility. On March 6, 2012, J&F Oklahoma and JBS Five Rivers executed an amendment to increase the availability up to US$1.2 billion. On January 24, 2013, J&F Oklahoma executed an amendment to add J&F Canada as a borrower under the facility, allow borrowings under additional currency options and extend the maturity date to June 14, 2016. On November 7, 2014, J&F Oklahoma and JBS Five Rivers executed an amendment to increase the availability up to US$1.4 billion and extend the maturity date to November 7, 2019. Borrowings under the facility bear interest at variable rates based on applicable LIBOR plus 1.75% to 2.25%, or based on the prime rate plus 0.5% to 1.0%. The interest rate at March 31, 2015 was 2.8%. As of March 31, 2015, no borrowings were used towards letters of credit and the borrowing availability was US$201.1 million. As of March 31, 2015 and December 31, 2014, J&F Oklahoma had US$ 1.2 billion and US$1.3 billion, respectively, in outstanding borrowings on the facility.

The credit agreement is collateralized by accounts receivable and inventories of J&F Oklahoma and by certain fixed assets, accounts receivable and inventories of JBS Five Rivers. Among other requirements, the facility requires J&F Oklahoma to maintain certain financial ratios, minimum levels of net worth and establish limitations on certain types of payments, including dividends, investments and capital expenditures. In most instances, the covenants consider the combined position and results of J&F Oklahoma along with JBS Five Rivers. J&F Oklahoma's parent company has entered into a keep-well agreement whereby it will make contributions to J&F Oklahoma if J&F Oklahoma is not in compliance with its financial covenants under this credit facility. If J&F Oklahoma defaults on its obligations under the credit facility and such default is not cured by its parent under the keep-well agreement, JBS Five Rivers is obligated for up to US$250.0 million of guaranteed borrowings plus certain other obligations and costs under this credit facility. J&F Oklahoma was in compliance with the financial covenants under this credit facility as of March 31, 2015.

Credit facility to J&F Oklahoma – JBS Five Rivers is party to an agreement with J&F Oklahoma pursuant to which JBS Five Rivers has agreed to loan up to US$200.0 million in revolving loans to J&F Oklahoma. The loans are used by J&F Oklahoma to acquire feeder animals which are placed in JBS Five Rivers' feedyards for finishing. Borrowings accrue interest at a per annum rate of LIBOR plus 2.25% and interest is payable at least quarterly. On September 26, 2011, the facility was amended to accrue interest at a per annum rate of LIBOR plus 2.75%. On January 24, 2013, the agreement was amended to extend the facility up to US$450.0 million to fund working capital needs. On November 7, 2014, the facility was amended to extend the maturity date to December 31,2019. The interest rate at March 31, 2015 was 3.0%.

US$250 million intercompany loan – On July 12, 2007, a subsidiary of JBS USA issued a US$250.0 million intercompany loan to JBS Australia with an 8.0% interest rate and a maturity date of July 12, 2017. While this loan eliminates upon consolidation, the loan is denominated in US$, but reported by JBS Australia in A$. Therefore, the loan generates foreign currency transaction gains or losses due to fluctuations in the period end A$ to US$ exchange rate.

Credit facility to Sampco – On April 1, 2010, JBS USA Holdings executed a US$60.0 million related party revolving promissory note with Sampco, Inc. ("Sampco"), an indirect wholly-owned subsidiary of JBS S.A., with interest based on the three-month LIBOR plus a margin of 2.5% and a maturity date of March 31, 2012. On April 1, 2012, JBS USA Holdings and Sampco amended the related party revolving promissory note to increase the interest rate to the three-month LIBOR plus a 3.0% margin and to extend the maturity date to March 31, 2014. On March 6, 2014, the note was amended to extend the maturity date to March 31, 2016. The interest rate at March 31, 2015 was 3.2%. This note eliminates upon consolidation.

Revolving intercompany note to JBS USA Holdings - On June 2, 2011, JBS USA, LLC issued a US$2.0 billion revolving intercompany note to JBS USA Holdings. The note bears interest at a variable rate equal to LIBOR plus 3.0%. On September 30, 2013, JBS USA, LLC amended the revolving intercompany note to increase the maximum amount available unde the note to US$3.5 billion. On June 17, 2014, JBS USA, LLC amended the revolving intercompany note to increase the maximum amount available under the note to US$4.0 billion to allow for the transfer of funds to JBS S.A. to fund the repayment of short and medium-term debt. On August 20, 2014, JBS USA amended the revolving intercompany note to increase the maximum amount available under the note to US$4.25 billion. On December 17, 2014, JBS USA amended the revolving intercompany note to increase the maximum amount available under the note to US$5.5 billion. Principal and accrued interest are due and payable upon demand by JBS USA, LLC at any time on or after August 20, 2016. The interest rate at March 31, 2015 was 2.8%. This note eliminates upon consolidation.

JBS USA letters of credit - On October 26, 2011 and November 4, 2011, JBS USA, LLC agreed to provide letters of credit in the amount of US$40.0 million and US$16.5 million, respectively to an insurance company serving PPC in order to allow that insurance company to return cash it held as collateral against potential workers compensation, auto and general liability claims of PPC. In return for providing these letters of credit, PPC is reimbursing JBS USA for the cost PPC would have otherwise incurred. During the quarter ended March 31, 2015 and March 31, 2014, PPC reimbursed JBS USA, LLC US$0.2 million and US$0.3 million, respectively.

Note to Sampco - On March 15, 2012 Sampco executed a US$20.0 million revolving promissory note to JBS USA Holdings with interest based on the three-month LIBOR plus a margin of 3%. On September 18, 2012, the note was amended to increase the maximum amount available to US$100.0 million. Principal and interest are due and payable upon demand by Sampco at any time on or after March 31, 2014. On March 6, 2014, the note was amended to increase the maximum amount available to US$120.0 million and to extend the maturity date to March 31, 2016. The interest rate at March 31, 2015 was 3.2%. This note eliminates upon consolidation.

Note to JBS Five Rivers - On April 20, 2012, JBS USA Holdings issued a US$100.0 million intercompany revolving promissory note to JBS Five Rivers with interest based on the three-month LIBOR plus a margin of 3% and a maturity date of April 20, 2013 to fund working capital needs and general corporate purposes. On March 5, 2013, this note was amended to increase the maximum amount available under the note to US$175.0 million and to extend the maturity date to June 14, 2016. The interest rate at March 31, 2015 was 3.3%. This note eliminates upon consolidation.

Note to JBS Canada - On January 2, 2013, JBS USA Holdings issued an intercompany revolving promissory note to JBS Canada for CAD$200.0 million with interest based on the CDOR plus 3.0% and a maturity date of December 31, 2014 to fund working capital needs and general corporate purposes. On December 31, 2014 the note was amended to extend the maturity date to December 31, 2017. The interest rate at March 31, 2015 was 4.0%. While this note eliminates upon consolidation, the CAD$-denominated note will be reported by the JBS USA Holdings in US$; therefore, this note will generate foreign currency transaction gains or losses due to fluctuations in the period end CAD$ to US$ exchange rate.

Note to JBS Holdco Australia - On October 23, 2014, JBS Australia issued an intercompany promissory note to JBS Holdco Australia Pty. Ltd. (a wholly-owned subsidiary of JBS USA LLC) for US$149.0 million with an annual interest rate of 1.85% and a maturity date of October 1, 2022. While this note eliminates upon consolidation, the note is denominated in US$, but reported by JBS Australia in A$. Therefore, the note generates foreign currency transaction gains or losses due to fluctuations in the period end A$ to US$ exchange rate.

Note to JBS Holdco Australia - On February 20, 2015, JBS Australia issued an intercompany promissory note to JBS Holdco Australia Pty. Ltd. (a wholly-owned subsidiary of JBS USA LLC) for US$149.9 million with an annual interest rate of 1.85% and a maturity date of October 1, 2022. While this note eliminates upon consolidation, the note is denominated in US$, but reported by JBS Australia in A$. Therefore, the note generates foreign currency transaction gains or losses due to fluctuations in the period end A$ to US$ exchange rate.

Description of Indebtedness of PPC

5.75% senior unsecured notes due 2025 - On March 11, 2015, PPC completed a sale of US$500.0 million aggregate principal amount of its 5.75% senior notes due 2025 (the “Senior Notes”). PPC used the net proceeds from the sale of the Senior Notes to repay US$350.0 million of the term loan indebtedness under the 2015 US Credit Facility. The Notes were sold to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and outside the United States to non-US persons pursuant to Regulation S under the Securities Act.

The Senior Notes are governed by, and were issued pursuant to, an indenture dated as of March 11, 2015 by and among PPC, its guarantor subsidiary and Wells Fargo Bank, National Association, as trustee (the “Indenture”). The Indenture provides, among other things, that the Senior Notes will bear interest at a rate of 5.75% per annum from the date of issuance until maturity, payable semi-annually in cash in arrears, beginning on September 15, 2015. The Senior Notes are guaranteed on a senior unsecured basis by PPC's guarantor subsidiary. In addition, any of PPC's other existing or future domestic restricted subsidiaries that incur or guarantee any other indebtedness (with limited exceptions) must also guarantee the Senior Notes. The Senior Notes and related guarantees are unsecured senior obligations of PPC and its guarantor subsidiary and rank equally with all of PPC's and its guarantor subsidiary's other unsubordinated indebtedness. The Senior Notes and the Indenture also contain customary covenants and events of default, including failure to pay principal or interest on the Senior Notes when due, among others.

US Credit Facility – PPC and certain of its subsidiaries entered into a credit agreement (the “US Credit Facility”) with CoBank ACB, as administrative agent and collateral agent, and other lenders party thereto, which was amended and restated on August 7, 2013. As of December 31, 2014, the US Credit Facility provided for a US$700.0 million revolving credit facility and a delayed draw term loan commitment of up to US$400.0 million (the "Delayed Draw Term Loan"). PPC can draw upon the Delayed Draw Term Loan commitment, in one or more advances until December 28, 2014. The US Credit Facility also includes an accordion feature that allows PPC, at any time, to increase the aggregate revolving loan commitment by up to an additional US$250.0 million and to increase the aggregate Delayed Draw Term Loan by up to an additional US$500.0 million, in each case subject to the satisfaction of certain conditions, including obtaining the lenders' agreement to participate in the increase and an aggregate limit on all commitments under the US Credit Facility of US$1.9 billion. The US Credit Facility also provides for a US$100 million sub-limit for swingline loans and a US$200.0 million sub-limit for letters of credit. The revolving loan commitment under the U.S. Credit Facility matures on August 7, 2018. Any Delayed Draw Term Loans would be payable in quarterly installments beginning in fiscal year 2015 equal to 1.875% of the principal outstanding as of December 28, 2014, with all remaining principal and interest due at maturity on August 7, 2018.

Subsequent to the end of each fiscal year, a portion of PPC’s cash flow was required to be used to repay outstanding principal amounts under the Term B loans. On December 30, 2013, PPC paid US$204.9 million of its cash flow toward the outstanding principal under the Term B loans. On April 28, 2014, PPC paid US$205.2 million of its cash flow toward the outstanding principal under the Term B loans. Following this payment, PPC had no outstanding principal under the Term B loans. The US Credit Facility also requires PPC to use the proceeds it receives from certain asset sales and specified debt or equity issuances and upon the occurrence of other events to repay outstanding borrowings under the US Credit Facility.

Actual borrowings by PPC under the revolving credit commitment component of the US Credit Facility are subject to a borrowing base, which is a formula based on certain eligible inventory, eligible receivables and restricted cash under the control of CoBank, ACB. As of March 29, 2015, the applicable borrowing base was US$700.0 million with US$20.1 million of outstanding letters of credit and borrowing availability of US$679.9 million.

On February 11, 2015, PPC and its subsidiaries, To-Ricos, Ltd. and To-Ricos Distribution, Ltd., entered into a Second Amended and Restated Credit Agreement (the “2015 US Credit Facility”) with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland, New York Branch, as administrative agent, and the other lenders party thereto. The 2015 US Credit Facility amends and restates the 2013 US Credit Facility.

The 2015 US Credit Facility provides for a revolving loan commitment of at least US$700.0 million and a term loan commitment of up to US$1.0 billion (the “Term Loan”). The 2015 US Credit Facility also includes an accordion feature that allows PPC, at any time, to increase the aggregate revolving loan and term loan commitments by up to an additional US$1.0 billion, subject to the satisfaction of certain conditions, including obtaining the lenders’ agreement to participate in the increase.

(Expressed in thousands of reais)

The revolving loan commitment under the 2015 US Credit Facility matures on February 10, 2020. Beginning on April 2, 2015, the Term Loan were to be payable in quarterly installments equal to 1.25% of the principal outstanding as of closing, with all remaining principal and interest due upon maturity on February 11, 2020. However, because PPC prepaid US$350.0 million of the term loan indebtedness with the proceeds from the 5.75% Senior Unsecured Notes, PPC is no longer required to pay the quarterly installments. Covenants in the 2015 US Credit Facility also require PPC to use the proceeds it receives from certain asset sales and specified debt or equity issuances and upon the occurrence of other events to repay outstanding borrowings under the 2015 US Credit Facility.

The 2015 US Credit Facility includes a US$75.0 million sub-limit for swingline loans and a US$125.0 million sub-limit for letters of credit. Outstanding borrowings under the revolving loan commitment and the Term Loan bear interest at a per annum rate equal to (i) in the case of LIBOR loans, LIBOR plus 1.50% through March 29, 2015 and, based on our net senior secured leverage ratio, between LIBOR plus 1.25% and LIBOR plus 2.75% and (ii) in the case of alternate base rate loans, the base rate plus 0.50% through March 29, 2015 and, based on our net senior secured leverage ratio, between the base rate plus 0.25% and base rate plus 1.75% thereafter.

Actual borrowings by PPC under the 2015 US Credit Facility are subject to a borrowing base, which is a formula based on certain eligible inventory, eligible receivables and restricted cash under the control of Rabobank, in its capacity as administrative agent. The borrowing base formula will be reduced by the sum of (i) inventory reserves, (ii) rent and collateral access reserves, and (iii) any amount more than 15 days past due that is owed by PPC or its subsidiaries to any person on account of the purchase price of agricultural products or services (including poultry and livestock) if that person is entitled to any grower's or producer's lien or other security arrangement. Revolving loan availability under the borrowing base also will be limited to an aggregate of US$25.0 million with respect to the To-Ricos borrowers. As of March 31, 2015, the applicable borrowing base was US$700.0 million and the amount available for borrowing under the revolving loan commitment was US$679.9 million. PPC had letters of credit of US$20.1 million and no outstanding borrowings under the revolving loan commitment as of March 31, 2015.

All obligations under the 2015 US Credit Facility will continue to be unconditionally guaranteed by certain of PPC's subsidiaries and will continue to be secured by a first priority lien on (i) the domestic (including Puerto Rico) accounts and inventory of PPC and its subsidiaries, (ii) 100.0% of the equity interests in the To-Ricos Borrowers and PPC's domestic subsidiaries and 65% of the equity interests in the PPC's direct foreign subsidiaries, (iii) substantially all of the personal property and intangibles of PPC, the To-Ricos Borrowers and the guarantor subsidiaries and (iv) substantially all of the real estate and fixed assets of PPC and the subsidiary guarantors.

PPC is also subject to customary covenants under the 2015 US Credit Facility, including certain reporting requirements. Proceeds of the borrowings under the 2015 US Credit Facility may be used to finance the general corporate purposes of the borrowers (including capital expenditures, permitted acquisitions, refinancing indebtedness and principal and interest payments under the 2015 US Credit Facility) and the payment of a special cash dividend of approximately US$1.5 billion. In addition, the 2015 US Credit Facility contains a number of covenants that, among other things, limit the PPC's and its subsidiaries' ability to (i) incur capital expenditures in excess of US$500.0 million in any fiscal year, (ii) incur additional indebtedness, (iii) create liens on any assets, (iv) pay dividends, redeem shares of capital stock or make certain restricted payments, (v) consummate certain asset sales, (vi) enter into certain transactions with the Company and PPC's other affiliates and (vii) merge, consolidate and/or sell or dispose of all or substantially all of the PPC's assets.

Mexico ING Credit Facility - On October 19, 2011, Avícola PPSRLCV and certain other Mexican subsidiaries, entered into an amended and restated credit agreement (the "Mexico ING Credit Facility") with ING Bank (México), S.A. Institución de Banca Múltiple, ING Grupo Financiero, as lender and ING Capital, LLC, as administrative agent. The Mexico ING Credit Facility had a final maturity date of September 25, 2014. The Mexico ING Credit Facility was secured by substantially all of the assets of PPC's Mexican subsidiaries. The Mexico ING Credit Facility was terminated on July 23, 2014.

Mexico Credit Facility - On July 23, 2014, Avícola and certain Mexican subsidiaries entered into an unsecured credit agreement (the "Mexico Credit Facility") with BBVA Bancomer, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer. The loan commitment under the Mexico Credit Facility is 560.0 million Mexican pesos. Outstanding borrowings under the Mexico Credit Facility will accrue interest at a rate equal to the Interbank Equilibrium Interest Rate plus 1.05%. The Mexico Credit Facility will mature on July 23, 2017. As of March 31, 2015, the US dollar equivalent of the loan commitment under the Mexico Credit Facility was US$36.8 million. There are currently no outstanding borrowings under the Mexico Credit Facility.

17 Operating and Finance leases

The Company and its subsidiaries have operating leases and financial leases agreements, as described below:

Operating Leases:

In the Company:

The Company has operational leases agreements of industrial complexes, tanneries and distribution centers based in the states of Bahia, Goiás, Maranhão, Mato Grosso, Mato Grosso do Sul, Pará, Rio de Janeiro e São Paulo.

In the Consolidated

The subsidiary JBS USA has operational lease agreements for warehouses, commercial offices and vehicles maintenance facilities in the United States of America, as well marketing offices in Asia, distribution centers and warehouses in Australia. Additionally, JBS USA leases equipments, over the road transportation vehicles and other assets.

The subsidiary JBS Foods through its subsidiaries Seara Alimentos and JBS Aves is a tenant of productive units in the states of Rio de Janeiro, Rio Grande do Sul, Mato Grosso do Sul, Santa Catarina, Paraná and São Paulo.

The future minimum payments of noncancellable operational leases of with terms exceeding one year are as follows:

	Company	Consolidated
	March 31, 2015	March 31, 2015
For the periods ending March:		
2015	**24,573**	**233,551**
2016	**30,126**	**281,158**
2017	**18,729**	**239,266**
2018	**14,048**	**193,033**
2019	**14,016**	**242,612**
Thereafter 2020	**55,591**	**233,009**
Total	**157,083**	**1,422,629**

The operational leases payments recognized as expenses at the periods ended in March 31, 2015 and 2014 totalized R$ 9,888 and R$ 5,596 in the Company and R$ 86,098 and R$ 61,513 in the consolidated.

(Expressed in thousands of reais)

Finance Leases:

In the consolidated

The subsidiary JBS USA has financial lease agreements referring to wastewater treatment facility in Kentucky and Texas, which the book value recorded on property, plant and equipment is detailed below:

	Annual Depreciation Rates	Cost	Accumulated Depreciation	March 31, 2015	December 31, 2014
Others - Wastewater treatment facility	9%	**122,395**	**(35,314)**	**87,081**	**69,568**
Total		**122,395**	**(35,314)**	**87,081**	**69,568**

The future minimum payments of noncancellable finance leases with terms exceeding one year are as follows:

	Consolidated		
	March 31, 2015		
	Present value	Adjustment to present value	Future payments
For the periods ending March:			
2015	**7,394**	**674**	**8,068**
2016	**9,460**	**670**	**10,130**
2017	**7,385**	**321**	**7,706**
2018	**5,492**	**119**	**5,611**
2019	**3,811**	**38**	**3,849**
Thereafter 2020	**43,821**	**13**	**43,834**
Total	**77,363**	**1,835**	**79,198**

18 Income taxes, payroll, social charges and tax obligation

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Payroll and related social charges	**113,602**	120,057	**592,281**	637,780
Accrual for labor liabilities	**188,805**	159,038	**1,743,222**	1,499,047
Income taxes	**-**	-	**721,341**	505,799
Withholding income taxes	**2,576**	1,848	**11,324**	7,128
ICMS / VAT / GST tax payable	**13,101**	12,913	**77,454**	80,297
PIS / COFINS tax payable	**193**	208	**2,036**	828
Taxes in installments	**191,855**	190,984	**265,339**	221,699
Others	**46,374**	35,907	**354,977**	297,613
	556,506	**520,955**	**3,767,974**	**3,250,191**
Breakdown:				
Current liabilities	**407,009**	369,756	**2,961,107**	2,611,077
Noncurrent liabilities	**149,497**	151,199	**806,867**	639,114
	556,506	**520,955**	**3,767,974**	**3,250,191**

19 Declared dividends

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Declared dividends	**484,010**	484,013	**484,010**	484,013
	484,010	**484,013**	**484,010**	**484,013**

Proposed dividends on 2012 - Residual	230
Proposed dividends on 2013 - Residual	251
Proposed dividends on 2014	483,529
	484,010

The Company has declared dividends in December 31, 2014 of R$ 483,529 approved by the General Meeting of Shareholders on April 30, 2015, according to the calculation presented below:

	2014
Net income of the year	**2,035,910**
Legal reserve - (5%)	(101,795)
Adjusted base for dividends calculation	**1,934,115**
Mandatory dividends (25%)	483,529
Declared dividends	**483,529**

The residual amount of dividends corresponds to the unpaid dividends due to lack of updated bank information. These pending items by some minority shareholders avoid the realization of fully payment. The Company sent notification to such shareholders to update their information so the amount would be paid. The liability will be maintained during the statutory period in the short term, since once the register is updated, the payment is automatic.

(Expressed in thousands of reais)

20 Payables related to facilities acquisitions

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Current	**33,202**	47,894	**322,850**	344,881
Noncurrent	**42,900**	44,904	**469,618**	490,461
	76,102	**92,798**	**792,468**	**835,342**

In Company:

The payables related to facilities acquisitions in the Company is related primarily to acquisitions of assets and other industrial complexes based in the States of Acre, Bahia, Mato Grosso, Mato Grosso do Sul, Rondônia and Goiás.

In the Consolidated

i) R$ 137,344 in the indirect subsidiary JBS Aves related to the acquisition in June, 2013 of assets and industrial complexes of Ana Rech, to implement the activity of hogs slaughtering and refrigeration, as well as industrialization and sub-products, being R$ 49,344 classified in the short term and R$ 88,000 classified in the long term.

ii) R$ 139,006 in the subsidiary JBS Foods S.A. related to the remaining debit assumed by Marfrig S.A. with BR Foods S.A. by the time of the acquisition of the assets. With the sale of Seara by Marfrig, the assets bought was transferred along with the debits to JBS S.A., being R$ 34,131 classified in the short term and R$ 104,875 classified in the long term.

iii) R$ 161,294 in the subsidiary JBS Foods S.A. refers to the acquisition of the plant of slaughtering and processing of pigs in Carambeí - PR that was leased by BR Foods S.A. on May 31, 2014, being R$ 80,647 classified in the short term and R$ 80,647 classified in the long term.

iv) R$ 102,178 in the indirect subsidiary JBS Aves is related to the acquisition in March, 2013 of the company Agrovêneto that explores an activity similar to JBS Aves, where the amount is recorded in the long term.

v) R$ 33,244 in the indirect subsidiary JBS Aves refers to the Frinal's acquisition occurred on June, 2014, which is engaged in the activity of creating, slaughter and marketing of pork, being R$ 11,110 classified as short term and R$ 22,134 classified as long term.

vi) R$ 21,415 in the subsidiary JBS Global Meat related to debts to Midtown acquisition, classified as short term.

vii) R$ 19,000 in the subsidiary JBS Aves refers to the Avebom's acquisition occurred on August, 2014, which is engaged in the activity of industrialization and commercialization of food products, breeding activity of broiler chickens and hogs for slaughtering, production of pet food and concentrates and meat industrialization, being R$ 7,000 classified in the short term and R$ 12,000 classified in the long term.

viii) R$ 12,000 in the indirect subsidiary Seara Alimentos refers to the Sul Valle's acquisition occurred on March, 2014, which is engaged in the activity of creating, slaughter and marketing of pork, classified as short term.

ix) R$ 24,271 in the indirect subsidiary JBS Aves is related to the acquisition in October, 2014 of the company Novagro, which explores the activity of commercialization of food products, breeding activity of broiler chickens for slaughtering, production of pet food and concentrates, being R$ 7,387 classified as short term and R$ 16,884 classified as long term.

x) R$ 66,614 in the indirect subsidiary Seara Alimentos is related to the acquisition of Property, plant and equipment in October, 2014 of the company Céu Azul, classified as short term.

21 Income taxes - Nominal and effective tax rate reconciliation

Income tax and social contribution are recorded based on taxable profit in accordance with the laws and applicable rates. Deferred Income tax and social contribution-assets are recognized on temporary differences and fiscal loss. Income tax and social contribution tax-liabilities were recorded on the revaluation reserves established by the Company and on temporary differences.

	Company		Consolidated	
	2015	2014	2015	2014
Income before income taxes	**1,512,262**	**69,112**	**2,089,413**	**259,706**
Expectation of expense of the income taxes - Combined nominal at 34%	**(514,169)**	(23,498)	**(710,400)**	(88,300)
Adjust to demonstrate the effective rate				
Additions, mostly result on equity subsidiaries, foreign income, goodwill amortization and tax equivalents in other countries	**395,626**	24,365	**149,072**	(51,395)
Income (expense) of the deferred income taxes	**(118,543)**	**867**	**(561,328)**	**(139,695)**
Effective rate	**-7.84%**	**1.25%**	**-26.87%**	**-53.79%**

Explanative notes

Composition of expenses of income tax and social contribution presented income statements of the Company and Consolidated results for three months period ended on March 31, 2015 and 2014.

	Company		Consolidated	
	2015	2014	2015	2014
Current income taxes	**563**	549	**(840,154)**	(223,243)
Deferred income taxes	**(119,106)**	318	**278,826**	83,548
	(118,543)	**867**	**(561,328)**	**(139,695)**

(Expressed in thousands of reais)

Composition of deferred income tax and social contribution

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
ASSETS				
. On tax losses and temporary differences	**394,165**	382,251	**1,143,925**	962,294
LIABILITIES				
. On goodwill amortization, revaluation reserve and temporary differences	**1,685,219**	1,554,762	**4,107,705**	3,802,260
Net	**1,291,054**	**1,172,511**	**2,963,780**	**2,839,966**

Deferred income taxes

Deferred income taxes is generated by temporary differences at reporting date between the taxable basis of assets and liabilities and its accounting basis. Deferred taxes liabilities are recognized for all temporary tax differences, except:

- when the deferred tax liability arises from initial recognition of goodwill, or when the deferred tax asset or liability asset from the initial recognition of an asset or liability in a transaction that is not a business combination and, on the transaction date, does not affect the accounting net income or taxable profit or fiscal loss;

- when taxable temporary differences related to investments in subsidiaries, can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future; and

- on the deductible temporary differences associated with investments in associates and in subsidiaries, when it is not probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available for the temporary differences can be utilized.

22 Provision for lawsuits risk

The Company and its subsidiaries are parties in several proceedings arising in the regular course of business, for which provisions were established based on estimation of their legal counsel. The main information related to these procedures on March 31, 2015 are as follows:

	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Labor	**65,260**	63,845	**303,901**	241,104
Civil	**10,263**	11,103	**81,684**	78,261
Tax and Social Security	**106,868**	103,478	**488,887**	386,479
Total	**182,391**	**178,426**	**874,472**	**705,844**

Changes in provisions

	December 31, 2014	Acquisitions [(1)]	Additions	Reversals	Exchange rate variation	March 31, 2015
Company	**178,426**	-	3,965	-	-	**182,391**
Consolidated	**705,844**	146,198	20,973	(1,222)	2,679	**874,472**

[(1)] - The acquisitions in the amount of R$ 146,198 refers to Grupo Big Frango in the consolidated of JBS Foods S.A.

Tax Proceedings

a) ICMS - Value Added Tax (Imposto sobre Operações Relativas à Circulação de Mercadorias e sobre a Prestação de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação)

The Tax Authority of the State of São Paulo (Secretaria da Fazenda do Estado de São Paulo) filed 216 administrative proceedings against the Company, under which the Tax Authority challenges the amount of the Company's ICMS tax credits arising from the purchase of cattle and meat transfer by the Company in other Brazilian states. The Tax Authority of the State of São Paulo claims that the tax incentives should be approved by Confaz , and are known as a "Tax War". The Tax Authority of the State of São Paulo does not recognize the Company's ICMS tax credits up to the amount of the ICMS tax guaranteed in such other states. The Company estimates that the claims under these administrative proceedings amount to R$ 1,759,075 in the aggregate in March 31, 2015. In addition to presenting its defense in such administrative proceedings, the Company has filed legal proceedings seeking the payment of damages from such other states if the Tax Authority of the State of São Paulo prevails in these administrative proceedings.

Management believes, based on the advice of its legal counsel, that its arguments will prevail in these procedures, which is the reason why no provision has been made.

b) Social contributions — Rural Workers' Assistance Fund (FUNRURAL)

Social Contributions – In January 2001, the INSS (Brazilian Social Security Institute) filed administrative proceedings (autos de infração) against the Company, seeking to collect certain social security contributions (which are referred to as contributions to the Rural Workers' Assistance Fund - NOVO FUNRURAL). This sentence was reformulate by the Federal Regional Court of 3rd region. The Company filed an extraordinary appeal, which was halted on the basis of Article 543-B, § 1 of the Code of Civil Procedure, until the final decision of the Supreme Court on the matter. To avoid the institution to lose the right to require the contribution to the New Funrural, INSS released tax notifications, in a total of 19 infringement notices, in the amount of R$ 948,536.

The Company has presented its defense in those administrative proceedings, informing that it does not collect the amount due to a favorable court ruling, considering that there is no final decision of the writ of mandamus mentioned.

This matter was the subject of decisions favorable to the taxpayer, issued by the Supreme Court - STF for companies whose activities are similar to the activity of the Company in the trials of Extraordinary Appeals number 363.852/MG and 596.177/RS. Currently, the Company does not make any rebate or payment. If a discount is made for commercial reasons, the Company will deposit it in court and, fulfill a court order. Based on the opinion of legal advisors and based on case law in favor of the Supreme Court in a similar case, management believes that its fundamentals will prevail and no provision was recorded for that contingency. The probability of loss is considered remote.

c) Other tax and social security procedures

The Company is a party in additional 1042 tax and social security proceedings, in which the individual contingencies are not relevant for the Company's context. We highlight that the ones with probable loss risk have contingencies for R$ 106,868 which are 100% accrued in March 31, 2015.

Labor Proceedings

As of March 31, 2015 the Company was party to 13.598 labor and accident proceedings, involving total value of R$ 2,073,685. Based on the opinion of the Company's external legal counsel, the Company's management recorded a provision in the amount of R$ 65,260 for losses arising from such proceedings. Most of these lawsuits were filed by former employees of the Company seeking overtime payments and payments relating to their exposure to health hazards.

Civil Proceedings

a) Slaughter facility at Araputanga

In 2001, the Company (formerly known as Friboi Ltda.), entered into a purchase agreement with Frigorífico Araputanga S.A. (Frigorífico Araputanga) for the acquisition of one property and slaughter facilities located in Araputanga, State of Mato Grosso. Frigorífico Araputanga was a beneficiary of certain tax benefits and the property was floating charge, for this reason it was required the consent of SUDAM (Superintendência de Desenvolvimento da Amazônia) for the registration of the public deed with the applicable real estate notary.

In September, 2004, Frigorífico Araputanga filed a lawsuit against the Company, alleging that the Company had not paid the price and had not obtained the consent of that authority, requiring the ineffectiveness of the contract. The case was referred to the Federal Court of Cáceres, due to the Union's interest in the dispute. The Company obtained the consent of UGFIN, successor SUDAM, according to the 5ª Chamber of the Federal Court of the 1ª Region decision, thereby obtaining effective registration of the deed of purchase and sale.

The second forensic accounting were presented which, like the first, confirmed that the Company paid the purchase price of the property and industrial facilities located in Araputanga, MT. The parties have spoken about the forensic accounting report and the case was taken in charge by AGU for the manifestation of the forensic accounting report . The probability of loss is considered remote, no provision was recorded.

b) Trademark Infringement

Also due to the barrier in Araputanga / MT, the seller distributed in the City of Araputanga / MT, filed a lawsuit for improper use of trademark, under the premise that Friboi Ltda. was using the mark Frigoara without its authorization.
The amounts of the claim were based upon a report presented by Frigorífico Araputanga to the trial court, which appraised the value of the trademark "Frigoara" at R$ 315,000, seeking damages in the amount of R$ 100,000 and punitive damages in the amount of R$ 26,938. The Company presented its defense against this lawsuit alleging that (i) the lawsuit should be analyzed and reviewed together with the lawsuit relating to the purchase of the slaughter facility from Frigorífico Araputanga by the Company, (ii) the trademark "Frigoara" was used by the Company for a limited period of time, with the written consent and upon the request of Frigorífico Araputanga (the use of the trademark by the Company was a requirement of SUDAM to consent to the registration of the public deed contemplating.

In the defense, the amount of any damages under the lawsuit should be limited to a percentage of products sold by the Company under the trademark "Frigoara," pursuant to article 208 of the Intellectual Property Law. Almost all of the products manufactured by the Company were marketed under the trademark "Friboi." The only product marketed by the Company under the trademark "Frigoara" was minced meat, in limited amounts. The expected loss on March 31, 2015, R$ 600, has been provisioned.

c) Other civil proceedings

The Company is also part to other civil proceedings that in the opinion of the Management and its legal advisers. The expected loss on March 31, 2015, R$ 9,663, has been provisioned.

Other proceedings

In March 31, 2015, the Company had other ongoing civil, labor and tax proceedings, on the approximately amounting of R$ 116,625, whose materialization, according to the evaluation of legal advisors, it is possible to loss, but not probable, for which the Company's management does not consider necessary to set a provision for possible loss, in line with the requirements of the IAS 37/CPC 25 - Provisions, Contingent Liabilities and Contingent Assets.

In JBS Foods Ltda.

Labor Proceedings

As of March 31, 2015 the subsidiaries of JBS Foods S.A. was party to 10,416 labor proceedings, involving total amount of R$ 731,061. Based on the opinion of the company's external legal council, the management recorded a provision in the amount of R$ 228,612 for losses arising from such proceedings. Most of these lawsuits are related to actions that deal with seeking damages for occupational disease, physical and aesthetical damage, seeking overtime payments, payments relating to their exposure to health hazards, commuting time, interval for thermal recovery, seeking damages for accidents and exchanging uniform.

Civil proceedings

As of March 31, 2015 the subsidiaries of JBS Foods S.A. was party to 2,562 civil and administrative proceedings, involving total amount of R$ 156,172. Based on the opinion of the company's external legal council, the company's management recorded a provision in the amount of R$ 65,048 for losses arising from such proceedings. Most of the lawsuits are related to indemnity for collective seeking damages, seeking damages for improper protest, repairing damages for termination of partner poultry or pigs integration, cancellation of industry or trade mark complaints and consumer contracts - product quality.

Tax Proceedings

a) Risk in the glosses of claims - PIS/COFINS

In between the years of 2003 to 2013 the indirect subsidiary Seara Alimentos has sent requests for electronics reimbursement of PIS/COFINS to the Federal Revenue of Brazil. The tax authorities have assessed the applications for compensation for periods relating to the 4th quarter of 2009 and perpetuated an initial gloss of about 47% of the value, causing fiscal proceedings with probable losses in the approximately amount of R$ 164,257.

b) Others tax proceedings

On March 31, 2015 the companies of JBS Foods S.A. was party of others 365 tax proceedings, in which the contingencies individually do not present relevant in their contexts. We emphasize that the proceedings considered as probable of losses are properly provisioned, in the amount of R$ 206,596.

(Expressed in thousands of reais)

23 Equity

a) Capital Stock

The Capital Stock on March 31, 2015 is R$ 21,506,247 and it is represented by 2,944,389,270 ordinary shares, without nominal value. From this total, as described below in the letter f), 57,309,482 shares are held in treasury.

The Capital Stock is presented with a net effect in the balance sheet in the amount of expenses of R$ 54,865, being expenses of the period of 2010 in the amount of R$ 37,477 related to the costs of the transaction for securing resources to Initial Public Offering, and expenses in the amount of R$ 17,388 regarding the debentures issuance for the period of 2011.

The Company is authorized to increase its capital by an additional 1,376,634,735 ordinary nominative shares. According with the social statute the Board of Directors shall determine the number, price, payment term and other conditions of the issuance of shares.

The Company may grant options to purchase shares to directors, employees or persons who will provide services, or the directors, employees or person providing services companies under its control, excluding the preemptive rights of shareholders in issuing and exercise of stock options.

b) Capital reserve

Composed of premium on issuance of shares, on the Initial Public Offering in 2007.

- Negotiation Premiums with trading options of "JBSS3"

The Board of Directors of the Company approved on October 2, 2014, the possibility of selling Put options on JBSS3 shares in Bovespa, in accordance to the guidelines of CVM Instruction 390, which among other terms, determines that i) the maturity of the Put option must not exceed six months from the trade date, and ii) the premium received by selling Put options on JBSS3 should be allocated as collateral on BMF&Bovespa. The Board of Directors also authorized the execution of other operations with shares and options referenced on JBSS3, exclusively for protecting the position of open options or to unwind them.

Below is the summary of the operations with maturity for the three months period ended on March 31, 2015:

Date	Number of option	Class and type of shares	Maturity of options	Premiums received	Mark-to-Market
Oct 14, 2014	2,000,000	JBSSM92	Jan 19, 2015	550	550
Nov 27, 2014	1,000,000	JBSSN40	Feb 9, 2015	185	185
Dec 1, 2014	2,000,000	JBSSN40	Feb 9, 2015	518	518
Dec 3, 2014	1,000,000	JBSSN40	Feb 9, 2015	285	285
Dec 22, 2014	1,000,000	JBSSN40	Feb 9, 2015	330	330
Dec 22, 2014	2,000,000	JBSSO10	Mar 16, 2015	350	350
Jan 1, 2015	1,000,000	JBSSO10	Mar 16, 2015	450	450
				Total kept in capital reserve:	**2,668**

c) Profit reserves

Legal reserve

Computed based on 5% of the net income of the year.

Statutory for expansion

Consists of the remaining balance of the net income after the computation of legal reserve and dividend distribution. The purpose of this reserve is to provide funds to investment in assets.

Subsequent events: It was approved in the Ordinary and Extraordinary Shareholders' General Meeting held on April 30,2015: i) the amendment of the title of this reserve to "Statutory reserve for investments", for greater clarity purposes, ii) Partial capitalization of this reserve's balance accrued until December 31, 2013, without the issuance of new shares.

d) Revaluation reserve

Refers to revaluations on fixed assets prior to CPC/IFRS adoption. Revaluation reserve reflects the appraisal effected by the Company, net of tax effects that are progressively offset against retained earnings to the same extent that the increase in value of the revalued property is realized through depreciation, disposal or retirement.

e) Dividends

Mandatory dividends corresponds to not less than 25% of the adjusted net income of the year, according to law.

f) Treasury shares

Below is presented the changes on treasury shares:

	Quantity	R$ thousand
Balance as of December 31, 2014	**54,829,482**	**451,700**
Purchase of treasury shares	2,480,000	31,986
Balance as of March 31, 2015	**57,309,482**	**483,686**

(Expressed in thousands of reais)

g) The Effects of Changes in Foreign Exchange Rates

According to CPC 02 R2/IAS 21 -The Effects of Changes in Foreign Exchange Rates, basically records changes in foreign currency rates of the subsidiaries valued by the equity method (translation adjustments).

According to CPC 37 R1 / IFRS 1 - First Time Adoption of International Accounting Standards, under the term of the CPC 02 R2 before the date of initial adoption, the adopting of IFRS for the first time should cancel the balances of exchange variation of investments recorded in equity (under the rubric of accumulated translation adjustments) transferring it to retained earnings or loss (profits reserves) and divulge distribution policy applicable to such outstanding results. The Company does not compute these adjustments to the distribution of profit.

h) Capital Transactions

According to IAS 27/CPC 36 R3 - Quarterly financial statements, the changes in the relative share of the parent over a subsidiary that do not result in loss of control must be accounted as capital transactions (ie transactions with shareholders, as owners). Any difference between the amount by which the participation of noncontrolling has been adjusted and the fair value of the amount received or paid must be recognized directly in equity attributable to owners of the parent.
Therefore, if the parent acquire additional shares or other equity instruments of an entity that already controls, it should consider this value to reduce its equity (individual and consolidated).

24 Net revenue

	Company		Consolidated	
	2015	2014	2015	2014
Gross sale revenue				
Products sales revenues				
Domestic sales	**4,832,380**	3,984,083	**25,023,998**	20,035,045
Foreign sales	**2,492,218**	2,306,172	**10,157,359**	7,435,885
	7,324,598	**6,290,255**	**35,181,357**	**27,470,930**
Sales deduction				
Returns and discounts	**(307,867)**	(255,702)	**(765,530)**	(562,708)
Sales taxes	**(344,252)**	(283,841)	**(596,835)**	(489,146)
	(652,119)	**(539,543)**	**(1,362,365)**	**(1,051,854)**
NET REVENUE	**6,672,479**	**5,750,712**	**33,818,992**	**26,419,076**

25 Financial income (expense), net

	Company		Consolidated	
	2015	2014	2015	2014
Exchange rate variation	**(3,385,024)**	629,149	**(3,756,983)**	629,016
Results on derivatives	**3,847,096**	(957,870)	**4,488,973**	(902,660)
Interest expense	**(508,830)**	(412,699)	**(825,577)**	(693,983)
Interest income	**174,160**	123,644	**229,400**	138,618
Taxes, contribution, tariff and others	**(29,449)**	(11,104)	**(51,951)**	(40,317)
	97,953	**(628,880)**	**83,862**	**(869,326)**

Results from daily settlements of future contracts used to protect assets and liabilities, as well as the marked to market value of instruments traded over the counter with the same purpose of protection are recognized under Results on Derivatives. For the period ended on March 31, 2015 the net effect in the results amounted to (R$ 462,072) in the Company and (R$ 731,990) in the Consolidated level.

26 Other income (expenses)

Other income for the period ended on March 31, 2015, in the consolidated, in the amount of R$ 2,086 relates mainly to:

i) Other expenses in JBS Argentina in the amount of R$ 719, related to the others with less sprayed representativeness;

ii) Other income in JBS USA in the amount of R$ 10,463, basically due to rental income and income from sale of fixed assets and scrap;

iii) Other expenses in JBS Foods in the amount of R$ 3,703, basically due to the others with less representativeness;

iv) Other expenses in the Company in the amount of R$ 3,955 referring basically due to the result of the sale of fixed assets and others, individually with less representativeness.

27 Net income per share

As required by the IAS 33/CPC 41 - Earnings per share, the following tables reconcile the net profit with the amounts used to calculate the basic per share.

Basic

The basic net profit per share is calculated through the division of the profit attributable to the shareholders of the Company by the weighted average amount of shares of the fiscal year, reduced by the shares in treasury.

	Consolidated	
	2015	2014
Net income attributable to shareholders - R$	**1,393,719**	**69,979**
Average of the shares in the period - thousands	**2,943,644**	2,943,644
Average of the shares in the Treasury - thousands	**(54,958)**	(75,190)
Average of shares circulating - thousands	**2,888,686**	**2,868,454**
Net income per thousand shares - Basic - R$	**482.48**	24.40

Diluted

The Company did not present the calculation of the diluted net income per share as required in IAS 33/CPC 41 - Profit per share, due the fact it does not have potentially dilutive ordinary shares. The deferred revenue transaction (Note 30) through historical analysis is expected to be settled by future delivery, and therefore is not potentially dilutive.

28 Transaction costs for the issuing of titles and securities

In accordance with the prerequisites under IAS 39/CPC 38 – Financial Instruments – Recognition and assessment, the costs related to the transactions in the issuance of notes and securities are accounted reducing the liabilities that they refer to.

Follows below, in detail, the operations which the Company incurred transaction costs, in other words, i.e., incurred costs directly attributable to the activities that are necessary to effect these transactions, exclusively.

a) Initial Public Offering of shares - IPO (Follow on)

In the year end on December 31, 2010, the Company incurred in R$ 37,477 related to the transaction costs of the process of raising funds through the Public Offering, which accounting is kept prominently in a reduction account of the equity, deducting any effects.

b) Exchange for Common Shares of Vigor Alimentos SA ("The Exchange Tender Offer")

In June 2012, the Company incurred in transaction costs on the amount of R$ 324 related to the acquisition process of 117,800,183 shares of its own issue, which is kept prominently in a reduction account of equity, deducting any effects.

c) Senior Notes Offering (Bonds)

During the year of December 31, 2010, the Company incurred in R$ 17,789 related to the transaction costs for financial funding with Senior Notes Offering (Bonds) – in the amounts of US$ 700 million and US$ 200 million realized on July and September of 2010, respectively, recorded as a reduction of the loan. On March 31, 2015, due to accumulated amortization of the amount based on the payments period, the Company has a residual amount of R$ 3,969 of transaction cost related to debt that will continue to be amortized in accordance with the period of the contract.

On June 2012, the Company incurred in R$ 13,699 related to the transaction costs in the process of amending certain dispositions of the Notes 2016 from JBS S.A. and Notes 2016 from Bertin S.A. through the consent of the holders of such Notes. These costs are maintained prominently in a reduction account of the liability. On March 31, 2015, because of accumulated amortization based on the recorded payments term period reduction, the Company has a residual amount of R$ 2,128 of transaction costs related to debt that will continue to be amortized according to the period of the contract.

On February 2013, the Company incurred in R$ 27,649 related to the transaction costs of the process of raising funds through issues of Senior Notes Offering (Bonds) in the amount of US$ 775 million in March, 2013, which accounting is kept prominently in a reduction account of liability. On March 31, 2015 due to accumulated amortization of the amount based on the payments term period, the Company has a residual amount of R$ 22,740 of transaction cost related to the debt that will continue to be amortized in accordance with the period of the contract.

On October 2013, the Company incurred in R$ 15,630 related to the transaction costs of the process of raising funds through issues of Senior Notes Offering (Bonds) in the amount of US$ 1 billion in October 2013, which accounting is kept prominently in a reduction account of liability. On March 31, 2015 due to accumulated amortization of the amount based on the payments term period, the Company has a residual amount of R$ 12,301 of transaction cost related to the debt that will continue to be amortized in accordance with the period of the contract.

On April, 2014, the Company incurred in R$ 9.924 related to the transaction costs of the process of raising funds through issues of Senior Notes Offering (Bonds) in the amount of US$ 750 million in April 2014, which accounting is kept prominently in a reduction account of liability. On March 31, 2015 due to accumulated amortization of the amount based on the payments term period, the Company has a residual amount of R$ 9,167 of transaction cost related to the debt that will continue to be amortized in accordance with the period of the contract.

d) Other Funding

In October 2013, the Company incurred in R$ 4,800 related to the transaction costs of the processes of funding Working capital in the amount of R$ 800,000 which accounting is maintained in a reduction account of the loan. On March 31, 2015, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R$ 3,000 of transaction cost related to debt that will continue to be amortized according to the period of the contract.

In February 2014, the Company incurred in R$ 843 related to the transaction costs of the processes of funding prepayment export (PPE) in the amount of R$ 144,471 which accounting is maintained in a reduction account of the loan. On March 31, 2015, because of the accumulated amortization of the balance based on the payments term period, the Company has a residual amount of R$ 589 of transaction cost related to debt that will continue to be amortized according to the period of the contract.

29 Defined Benefit and Contribution Plans

JBS Plans

The Company sponsors a tax-qualified employee savings and retirement plan (the “401(k) Savings Plan”) covering its US based employees, both union and non-union, excluding PPC employees. Pursuant to the 401(k) Savings Plan, eligible employees may elect to reduce their current compensation by up to the lesser of 75% of their annual compensation or the statutorily prescribed annual limit and have the amount of such reduction contributed to the 401(k) Savings Plan. The 401(k) Savings Plan provides for additional matching contributions by the Company, based on specific terms contained in the 401(k) Savings Plan. The trustee of the 401(k) Savings Plan, at the direction of each participant, invests the assets of the 401(k) Savings Plan in participant designated investment options. The 401(k) Savings Plan is intended to qualify under Section 401 of the Internal Revenue Code ("IRC").

One of the Company’s facilities participates in a multi-employer pension plan. Pursuant to a settlement agreement, the Company also participates in a multi-employer pension plan related to former employees at the idle Nampa, Idaho plant. One of the Company’s facilities participates in a supplemental executive retirement plan.

Employees of JBS Australia do not participate in the Company’s 401(k) Savings Plan. Under Australian law, JBS Australia contributes a percentage of employee compensation to a Superannuation fund as required under the Australian “Superannuation Act of 1997”. Effective July 1, 2013, the superannuation rate was increased to 9.25% of employee cash compensation. Effective July 1, 2014, the superannuation rate was increased to 9.5% of employee cash compensation. As the funds are administered by a third party, once this contribution is made to the Superannuation fund, JBS Australia has no obligation for payments to participants or oversight of the fund.

(Expressed in thousands of reais)

PPC Plans

PPC sponsors programs that provide retirement benefits to most of their employees. These programs include qualified defined benefit pension plans, non-qualified defined benefit retirement plans, a defined benefit postretirement life insurance plan and defined contribution retirement savings plans.

Qualified Defined Benefit Pension Plans:

- the Pilgrim's Pride Retirement Plan for Union Employees (the "Union Plan");
- the Pilgrim's Pride Pension Plan for Legacy Gold Kist Employees (the "GK Pension Plan").

The Union Plan covers certain locations or work groups within PPC. The GK Pension Plan covers certain eligible US employees who were employed at locations that PPC acquired in its acquisition of Gold Kist, Inc. ("Gold Kist") in 2007. Participation in the GK Pension Plan was frozen as of February 8, 2007 for all participants with the exception of terminated vested participants who are or may become permanently and totally disabled. The plan was frozen for that group as of March 31, 2007.

Non-qualified Defined Benefit Retirement Plans:

- the Former Gold Kist Inc. Supplemental Executive Retirement Plan (the "SERP Plan"); and
- the Former Gold Kist Inc. Directors' Emeriti Retirement Plan (the "Directors' Emeriti Plan").

PPC assumed sponsorship of the SERP Plan and Directors' Emeriti Plan through its acquisition of Gold Kist in 2007. The SERP Plan provides benefits on compensation in excess of certain IRC limitations to certain former executives with whom Gold Kist negotiated individual agreements. Benefits under the SERP Plan were frozen as of February 8, 2007. The Directors' Emeriti Plan provides benefits to former Gold Kist directors.

Defined Benefit Postretirement Life Insurance Plan:

- the Gold Kist Inc. Retiree Life Insurance Plan (the "Retiree Life Plan").

PPC also assumed defined benefit postretirement medical and life insurance obligations, including the Retiree Life Plan, through its acquisition of Gold Kist in 2007. In January 2001, Gold Kist began to substantially curtail its programs for active employees. On July 1, 2003, Gold Kist terminated medical coverage for retirees age 65 and older, and only retired employees in the closed group between ages 55 and 65 could continue their coverage at rates above the average cost of the medical insurance plan for active employees. These retired employees reached the age of 65 by 2012 and liabilities of the postretirement medical plan ended.

Defined Benefit Plans Obligations and Assets

The change in benefit obligation, change in fair value of plan assets, funded status and amounts recognized in the Consolidated Balance Sheets for these plans were as follows:

	March 31, 2015		March 31, 2014	
Change in projected benefit obligation	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Projected benefit obligation, beginning of period	**610,806**	**5,316**	401,950	4,031
Interest cost	**6,217**	**55**	4,789	47
Actuarial losses (gains)	**22,183**	**122**	21,316	123
Benefits paid	**(4,745)**	**(103)**	(8,517)	(87)
Curtailments and settlements	**(38,320)**	**-**	-	-
Projected benefit obligation, end of period	**596,141**	**5,390**	**419,538**	**4,114**

	March 31, 2015		March 31, 2014	
Change in plan assets	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Fair value of plan assets, beginning of the period	**364,275**	**-**	256,484	-
Actual return on plan assets	**6,612**	**-**	3,198	-
Contributions by employer	**6,034**	**103**	3,615	87
Benefits paid	**(4,745)**	**(103)**	(8,517)	(87)
Curtailments and settlements	**(38,320)**	**-**	-	-
Fair value of plan assets, end of period	**333,856**	**-**	**254,780**	**-**

	March 31, 2015		December 31, 2014	
Funded status	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Unfunded benefit obligation, end of period	**(262,285)**	**(5,390)**	**(204,126)**	**(4,401)**

	March 31, 2015		December 31, 2014	
Amounts recognized in the Consolidated Balance Sheets	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Payroll, taxes and social charges	**(30,052)**	**(414)**	(24,896)	(342)
Non-current payroll, taxes and social charges	**(232,233)**	**(4,976)**	(179,230)	(4,059)
Net amount recognized	**(262,285)**	**(5,390)**	**(204,126)**	**(4,401)**

	March 31, 2015		December 31, 2014	
Amounts recognized in the Consolidated Income Statement	**Pension Benefits**	**Other Benefits**	**Benefits**	**Other Benefits**
Net actuarial loss (gain)	**122,129**	**(122)**	**91,787**	**(203)**

The accumulated benefit obligation for the defined benefit pension plans was $185.8 million (R$ 596,141) and $177.5 million (R$ 419,538) at March 31, 2015 and 2014, respectively. Each of PPC's defined benefit pension plans had accumulated benefit obligations that exceeded the fair value of plan assets at March 31, 2015 and 2014.

(Expressed in thousands of reais)

The following table provides the components of net periodic benefit cost (income) for the plans:

	March 31, 2015		March 31, 2014	
Net Periodic Benefit Cost	**Pension Benefits**	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Interest cost	**6,084**	**53**	4,789	47
Estimated return on plan assets	**(5,246)**	**-**	(3,766)	-
Settlement loss (gain)	**9,613**	**-**	-	-
Amortization of net loss (gain)	**562**	**-**	7	-
Net periodic benefit cost	**11,013**	**53**	**1,030**	**47**

The following table presents the weighted average assumptions used in determining the pension and other postretirement plan obligations:

	March 31, 2015		December 31, 2014	
	Pension Benefits	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Benefit obligation				
Discount rate	**3.97%**	**3.97%**	4.22%	4.22%

	March 31, 2015		March 31, 2014	
	Pension Benefits	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Net pension and other postretirement costs:				
Discount rate	**4.22%**	**4.22%**	4.95%	4.95%
Expected return on plan assets	**6.00%**	**NA**	6.00%	NA

Discount rates were determined based on current investment yields on high-quality corporate long-term bonds. The expected rate of return on plan assets was determined based on the current interest rate environment and historical market premiums relative to the fixed income rates of equities and other asset classes. PPC also takes in consideration anticipated asset allocations, investment strategies and the views of various investment professionals when developing this rate.

The following table reflects the pension plans' actual asset allocations:

	March 31, 2015	December 31, 2014
Equity securities	**64%**	66%
Fixed income securities	**36%**	34%
Total assets	**100%**	**100%**

Absent regulatory or statutory limitations, the target asset allocation for the investment of pension assets in the pooled separate accounts is 50% in each of fixed income securities and equity securities and the target asset allocation for the investment of pension assets in the common collective trust funds is 30% in fixed income securities and 70% in equity securities. The plans only invest in fixed income and equity instruments for which there is a ready public market. PPC develops their expected long-term rate of return assumptions based on the historical rates of returns for equity and fixed income securities of the type in which PPC's plans invest.

The fair value measurements of plan assets fell into the following levels of the fair value hierarchy in March 31, 2015 and December 31, 2014:

	March 31, 2015			December 31, 2014		
	Level 1	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Cash and money market funds	**192**	**-**	**192**	88	-	**88**
Equity securities	**-**	**212,716**	**212,716**	-	199,303	**199,303**
Debt securities	**-**	**120,948**	**120,948**	-	102,227	**102,227**
Total assets	**192**	**333,664**	**333,856**	**88**	**301,529**	**301,617**

Benefit Payments

Because PPC pension plans are primarily funded plans, the anticipated benefits with respect to these plans will come primarily from the trusts established for these plans. Because PPC's other postretirement plans are unfunded, the anticipated benefits with respect to these plans will come from PPC's own assets. The following table reflects the benefits as of March 31, 2015 expected to be paid in each of the next five years and in the aggregate for the five years thereafter from PPC's pension and other postretirement plans:

	Pension Benefits	Other Benefits
2015 (remaining)	**32,382**	**308**
2016	**41,502**	**417**
2017	**40,106**	**417**
2018	**37,755**	**417**
2019	**36,180**	**417**
Thereafter	**167,320**	**2,011**
Total	**355,245**	**3,987**

PPC anticipates contributing $7.5 million (R$ 24,060) and $100 thousand (R$ 266), as required by funding regulations or laws, to their pension and other postretirement plans, respectively, during the remainder of 2015.

(Expressed in thousands of reais)

Unrecognized Benefit Amounts in Other Comprehensive Income

The amounts in other comprehensive income adjustments that were not recognized as components of net periodic benefits cost and the changes in those amounts are as follows:

	March 31, 2015		March 31, 2014	
	Pension Benefits	**Other Benefits**	**Pension Benefits**	**Other Benefits**
Net actuarial loss (gain), beginning of the period	**111,561**	**(247)**	18,394	(180)
Amortization	**(542)**	**-**	(7)	-
Curtailment and settlement adjustments	**(9,823)**	**-**	-	-
Liability loss (gain)	**22,181**	**125**	-	-
Asset loss (gain)	**(1,248)**	**-**	21,316	123
Others	**-**	**-**	570	-
Net actuarial loss (gain), end of the period	**122,129**	**(122)**	**40,273**	**(57)**

Defined Contribution Plans

PPC currently

- The Pilgrim's Pride Retirement Savings Plan (the "RS Plan"), a Section 401(k) salary deferral plan; and
- The To-Ricos Employee Savings and Retirement Plan (the "To-Ricos Plan"), a Section 1165(e) salary deferral plan.

PPC also maintains three postretirement plans for eligible Mexico employees as required by Mexico law that primarily cover termination benefits. Separate disclosure of the Mexican plan obligations is not considered material.

Under the RS Plan, eligible US employees may voluntarily contribute a percentage of their compensation. PPC matches up to 30% of the first 2.14% to 6% of salary based on the salary deferral and compensation levels up to $245 thousand (R$ 786). The To-Ricos Plan is maintained for certain eligible Puerto Rican employees. Under the To-Ricos Plan, eligible employees may voluntarily contribute a percentage of their compensation and there are various company matching provisions.

Certain retirement plans that PPC sponsors invest in a variety of financial instruments. Certain postretirement funds in which PPC participates hold significant amounts of mortgage-backed securities. However, none of the mortgages collateralizing these securities are considered subprime.

PPC Incentive Compensation:

PPC sponsors a performance-based, omnibus long-term incentive plan that provides for the grant of a broad range of long-term equity-based and cash-based awards to PPC's officers and other employees, members of the Board of Directors of PPC and any consultants (the "LTIP"). The equity-based awards that may be granted under the LTIP include "incentive stock options," within the meaning of the IRC, nonqualified stock options, stock appreciation rights, restricted stock awards ("RSAs") and restricted stock units ("RSUs"). At March 31, 2015, PPC has reserved approximately 5 million shares of common stock for future issuance under the LTIP.

The following awards existed at March 31, 2015:

Award Type	Benefit Plan	Award Quantity	Grant Date	Vesting Condition	Vesting Date	Estimate Forfeiture Rate	Awards Forfeited to Date	Settlement Method
RSU	LTIP	608.561	02/04/2013	Service	Dec 31, 2014	9,66%	144.382	Stock
RSA	LTIP	15.000	02/25/2013	Service	Feb 24, 2015	-	-	Stock
RSA	LTIP	15.000	02/25/2013	Service	Feb 24, 2016	-	-	Stock
RSU	LTIP	206.933	02/26/2013	Service	Dec 31, 2014	-	-	Stock
RSU	LTIP	462.518	02/19/2014	Service	Dec 31, 2016	13,49%	13.301	Stock
RSU	LTIP	269.662	03/03/2014	Performance / Service	Dec 31, 2017	12,34%	-	Stock
RSU	LTIP	158.226	02/26/2015	Performance / Service	Dec 31, 2018	-	-	Stock

The fair value of each RSA and RSU granted represents the closing price of PPC's common stock on the respective grant date.

The following table presents compensation costs and the income tax benefit recognized for PPC's share-based compensation arrangements:

	March 31, 2015	March 31, 2014
Share-based compensation costs:		
Costs of goods sold	**355**	45
Selling, general and administrative expenses	**2,147**	2,371
Total	**2,502**	**2,416**
Income tax benefit	**763**	**650**

(Expressed in thousands of reais)

PPC's restricted share and restricted stock unit activity is included below:

	March 31, 2015		March 31, 2014	
	Number	Weighted Average	Number	Weighted Average
RSAs:				
Outstanding at beginning of period	**30**	**27**	203	16
Vested	**(15)**	**27**	(100)	17
Outstanding at end of period	**15**	**9**	**103**	**14**
RSUs:				
Outstanding at beginning of period	**1,120**	**38**	729	21
Granted	**428**	**66**	462	39
Forfeited	**-**	**-**	(24)	21
Outstanding at end of period	**1,548**	**19**	**1,167**	**28**

The total fair value of shares vested during each of the three months period ended on March 31, 2015 and March 31, 2014 was $22.4 million (R$ 71,859) and $ 710 thousand (R$ 1,678), respectively.

At March 31, 2015, the total unrecognized compensation cost related to all nonvested awards was $13 million (R$ 40,813). That cost is expected to be recognized over a weighted average period of 3 years.

Historically, PPC has issued new shares to satisfy award conversions.

Bertin USA Plans

Bertin USA has a defined benefit and a supplemental benefit pension plan covering retirees meeting certain age and service requirements. The plan benefits are based primarily on years of service and employee's compensation. The funding policy is to meet ERISA funding requirements and to accumulate plan assets, which will, over time, approximate the present value of projected benefits payable. Plan assets are invested solely in a group annuity contract. The defined benefit and supplemental benefit plans were frozen on December 31, 1995.

Bertin USA also provides certain health care and life insurance benefits for certain retired and terminated employees based on contractual obligations incurred by the previous owners of JBS USA Trading, Inc. ("JBS USA Trading"), formerly known as SB Holdings, Inc., doing business as The Tupman Thurlow Co., Inc. Bertin USA has elected immediate recognition of the unfunded accumulated postretirement benefit obligation in conjunction with the purchase of the common stock of JBS USA Trading. The postretirement payments are funded in monthly installments.

JBS Canada Plans

JBS Canada participates in the Canada Pension Plan (the "CPP"), a government provided pension plan required for all employees aged 18 to 70 who are not recipients of any retirement or disability pension under the CPP, who do not participate in the Quebec Pension Plan and whose earnings exceed the year's basic exemption of CAD$3,500 (R$ 8,852). The contribution rate is equal to 9.9% of the employment earnings in excess of the basic exemption up to the maximum pensionable earnings. The employee and the employer must each pay half of the contribution.

JBS Canada also provides a group of Registered Retirement Savings Plans ("RRSP") to union and non-union employees. A RRSP is an arrangement between an individual and an issuer (e.g. an insurance company or a trust company) under which contributions are made by individuals and a retirement income is payable at maturity. Contributions are tax deductible and investment earnings are tax-free. Payments out of a RRSP are taxable upon receipt. JBS Canada offers a group of RRSPs issued by Sun Life Assurance Company of Canada.

JBS Foods Plans

JBS Foods offers to its employees additional benefit pension plan. The Pension Plan is closed and managed by Multipensions Bradesco. Since May 20, 2010, the defined benefit plan is closed to new members.

In addition, the plan guarantees the employee the right to continue health care after shutdown of the company. On March 31, 2015 this liability is recorded in the amount of R$ 11,728.

The technical report used to calculate the need for new provisions is held annually, being the last calculation performed on December 31, 2014 and is therefore not expect significant changes for the short-term due to the immateriality of the balances.

30 Deferred revenue

On October 22, 2008, JBS USA received a deposit in cash from a customer of $175.0 million for the customer to secure an exclusive right to collect a certain by-product of the beef fabrication process in all of our US beef plants. This agreement was formalized in writing as the Raw Material Supply Agreement ("Supply Agreement") on February 27, 2008 and matures on December 30, 2016. The customer's advance payment was recorded as deferred revenue. As the by-product is delivered to the customer over the term of the agreement, the deferred revenue is recognized within gross sales in the Consolidated Statements of Income.

To provide the customer with security, in the unlikely event JBS USA was to default on its commitment, the payment is evidenced by the Supply Agreement which bears interest at the three-month LIBOR plus 2%. The interest rate at March 31, 2015 was 2.3%. In the event of default, the Supply Agreement provides for a conversion into shares of common stock of JBS USA Holdings based on a formula stipulated in the Supply Agreement. Assuming default had occurred on March 31, 2015, the conversion right under the Supply Agreement would have equaled 2.96% of the outstanding common stock, or 2.96 shares.

The Supply Agreement contains affirmative and negative covenants which require JBS USA to, among other things: maintain defined market share; maintain certain tangible net worth levels; and comply in all material respects with the Supply Agreement. JBS USA was in compliance with all covenants as of March 31, 2015. During the second quarter of 2012, the customer ceased taking product from JBS USA and, since the Supply Agreement makes no provision for an alternate form of calculating the repayment of the unamortized balance, JBS USA continues to accrue interest on the unamortized balance. JBS USA is in discussions with the customer; however, no agreement has been reached. The unamortized balance at both March 31, 2015 and December 31, 2014 was approximately $100.8 million, being R$ 323,366 and R$ 267,745, respectively. At March 31, 2015 and December 31, 2014, JBS USA had accrued interest of $7.1 million (R$ 22.777) and $6.5 million (R$ 17.265) , respectively. At March 31, 2015 and December 31, 2014, other deferred revenue was $8.9 million (R$ 28.551) and $9.4 million (R$ 24.968), respectively.

31 Operating segments

According to IFRS 8/CPC 22 - Operating segments, Management has defined the operational segments that report to the Group, based on the reports use to make strategic decisions, analyzed by the Executive Board of Officers, which are segmented as per the commercialized product point of view, and per geographical location.

(Expressed in thousands of reais)

The modalities of commercialized products include Beef, Chicken and Pork. Geographically, the Management takes into account the operational performance of its unities in Brazil, USA (including Australia, Canada and Mexico) and South America (Brazil, Argentina, Paraguay and Uruguay).

The Beef segment performs slaughter facility, cold storage and meat processing operations for the production of beef preservatives, fat, feed and derivate products located in Brazil, United States of America, Canada, Australia, Argentina, Uruguay, Paraguay, the latter three with consolidated analyzes, as well as in United States of America, Australia, Canada and Mexico.

The Chicken segment is represented by "in natura" products, refrigerated as a whole or in pieces, whose productive units are located in United States of America, Mexico and Brazil, servicing restaurant chains, food processors, distributors, supermarkets, wholesale and other retail distributors, in addition to exporting to the Eastern Europe (including Russia), the Eastern Hemisphere (including China), Mexico and other international markets.

The Pork segment is presented by the segment of slaughters, processing, cold storage of pork meat, delivers "in natura" meat and manufacture of products and subproducts of the same origin. It operates in Brazil and Unites States of America, servicing the internal and the foreign market. The products also include specific industrial standards cuts, refrigerated.

Due to the significant percentage of the above-mentioned operational segments, the remaining segments and activities in which the Company acts are not relevant and are presented as "Others". In addition, all operations between segments will be eliminated in the group.

The accounting policies of the operational segments are the same as the ones described in the significant accounting policies summary. The Company evaluates its performance per segment, based on the profit or the losses before taxes, and it does not include the non-recurrent gains and losses and the exchange losses.

There are no revenues arising out of transactions with one only foreign client that represent 10% or more of the total revenues.

The information per businesses' operational segment, analyzed by the Executive Board of Officers, and related to the period ended on March 31, 2015 and 2014, are as following:

Net revenue by product modality:

	2015	2014
Net revenue of the segment		
Beef	**20,936,657**	16,075,045
Chicken	**8,715,237**	6,591,967
Pork	**2,720,627**	2,893,178
Others	**1,446,471**	858,886
Total	**33,818,992**	**26,419,076**

Depreciation by product modality:

	2015	2014
Depreciation and amortization		
Beef	**246,925**	197,001
Chicken	**410,473**	309,191
Pork	**51,107**	54,809
Others	**67,885**	53,077
Total	**776,390**	**614,078**

Assets by modality of product:

	March 31, 2015	December 31, 2014
Assets		
Beef	**42,693,204**	38,750,314
Chicken	**22,002,784**	18,986,167
Pork	**7,179,961**	6,136,535
Others	**20,584,601**	18,170,666
Total	**92,460,550**	**82,043,682**

Net revenues by geographic area:

	2015	2014
Net revenue		
United States of America	**22,637,483**	17,344,774
South America	**10,656,766**	8,505,335
Others	**524,743**	568,967
Total	**33,818,992**	**26,419,076**

Depreciation by geographic area:

	2015	2014
Depreciation and amortization		
United States of America	**422,137**	345,618
South America	**351,604**	266,459
Others	**2,649**	2,001
Total	**776,390**	**614,078**

(Expressed in thousands of reais)

Assets by geographic area:

	March 31, 2015	December 31, 2014
Assets		
United States of America	**31,376,063**	23,823,509
South America	**60,003,460**	57,708,970
Others	**1,081,027**	511,203
Total	**92,460,550**	**82,043,682**

32 Expenses by nature

The Company opted for the presentation of the Statements of Income per function. The following table details expenses by nature:

Company	**Company**		**Consolidated**	
Classification by nature	**2015**	**2014**	**2015**	**2014**
Depreciation and amortization	**(170,188)**	(140,035)	**(776,390)**	(614,078)
Personnel expense	**(635,880)**	(504,788)	**(3,452,318)**	(2,315,631)
Raw material use and consumption materials	**(5,448,057)**	(4,485,036)	**(27,317,312)**	(22,135,590)
Taxes, fees and contributions	**(649,710)**	(444,331)	**(1,354,739)**	(788,992)
Third party capital remuneration	**(6,384,572)**	(2,725,082)	**(8,148,375)**	(3,150,895)
Other income, net	**6,927,598**	2,368,774	**9,295,425**	2,841,123
	(6,360,809)	**(5,930,498)**	**(31,753,709)**	**(26,164,063)**

Classification by function	**2015**	**2014**	**2015**	**2014**
Cost of goods sold	**(5,400,813)**	(4,407,031)	**(29,041,151)**	(22,997,772)
Selling expenses	**(704,477)**	(600,591)	**(1,955,216)**	(1,604,382)
General and administrative Expenses	**(349,517)**	(293,370)	**(843,290)**	(688,045)
Financial expense, net	**97,953**	(628,880)	**83,862**	(869,326)
Other expense, net	**(3,955)**	(626)	**2,086**	(4,538)
	(6,360,809)	**(5,930,498)**	**(31,753,709)**	**(26,164,063)**

33 Insurance coverage

As of March 31, 2015, in the Company, the maximum individual limit for coverage was R$ 150,000. This coverage includes all types of casualties.

Regarding the indirect subsidiary JBS Argentina, located in the Republic of Argentina, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for March 31, 2015 was of US$ 37 million (equivalent to R$ 118,696).

Regarding the subsidiary JBS USA, located in the USA, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for March 31, 2015 was of US$ 250 million (equivalent to R$ 802,000).

Regarding the JBS Foods S.A., the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for March 31, 2015 was of R$ 150,000.

34 Risk management and financial instruments

The Company and its subsidiaries incur, during the regular course of their operations, exposures to market, credit and liquidity risks. Those exposures are managed in an integrated way by the Risk Management Department, following directives from the Financial and Commodities Risk Management Policy defined by the Risk Management Committee and approved by the Board of Directors.

The Risk Management Department is responsible for mapping all the risk factors that may bring adverse financial results for the Company and propose strategies to mitigate those risks. Their proposals are submitted to the Risk Management Committee for further submission to the Board of Directors, which supervises the implementation of new solutions, noting limitations of scope and guidelines of the Financial and Commodities Risk Management Policy.

a) Market Risk

In particular, the exposure to market risk is continuously monitored, especially the risk factors related to foreign exchange, interest rates and commodity prices, which directly affect the value of financial assets and liabilities, future cash flow and net investments in operations abroad. In these cases the Company and its subsidiaries may use financial hedge instruments, including derivatives, given the approval by the Board of Directors.

It is the function of the Risk Management Department to ensure that other areas of operations are within the exposure limits set by management, are financially protected against price fluctuations, centralizing the exposures and applying the Financial and Commodities Risk Management Policy of the Company.

The Risk Management Department uses proprietary and third party information systems specially developed to control and manage market risk, applying stress scenario and Value at Risk analysis (VaR) to measure the net exposure as well as the cash flow risk with the exchanges.

a.1) Interest rate risk

Interest rate risk is related to potentially adverse results that may arise from oscillations in interest rates, which may be caused by economic crisis, sovereign monetary policy alterations, or market movements. The Company has assets and liabilities exposed to interest rates like the CDI (Certificado de Depósito Interbancário - Interbank Deposit Certificate), TJLP (Taxa de Juros de Longo Prazo - Long Term Interest Rate), UMBNDES (Unidade Monetária do BNDES - BNDES Monetary Unit), LIBOR (London Interbank Offer Rate) and EURIBOR (Euro Interbank Offer Rate), among others. The Financial and Commodities Risk Management Policy does not define the proportion between float and fixed exposures, but the Risk Management Department monitors market conditions and may propose to the Risk Management Committee strategies to rebalance the exposure.

The Board understands that quantitative figures regarding the exposure to interest rate risks of the Company and its subsidiaries on March 31, 2015 and December 31, 2014 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period in accordance with paragraph 35 of CPC 40 R1.

(Expressed in thousands of reais)

	Company		Consolidated	
Net liabilities and assets exposure to CDI rate:	**March 31, 2015**	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
NCE / Compror / Others	**(3,020,909)**	(5,656,305)	**(4,166,822)**	(6,807,645)
CDB-DI	**3,173,039**	4,509,936	**3,486,033**	4,775,249
Investment funds, LCA-DI and national treasury bill	**1,920,973**	804,738	**3,046,825**	1,766,650
Total	**2,073,103**	**(341,631)**	**2,366,036**	**(265,746)**
Liabilities exposure to LIBOR/EURIBOR rate:				
Working Capital - Euro	**(37,722)**	(38,192)	**(181,741)**	(198,295)
Working Capital - USD	**-**	-	**(1,012,817)**	(916,307)
Pre-payment	**(1,605,528)**	(936,809)	**(5,271,827)**	(4,213,104)
Others	**-**	-	**(604,441)**	(418,475)
Total	**(1,643,250)**	**(975,001)**	**(7,070,826)**	**(5,746,181)**
Liabilities exposure to TJLP rate:				
FINAME	**(357,388)**	(360,704)	**(390,375)**	(398,385)
CDC	**(7,587)**	(11,898)	**(7,587)**	(11,898)
Total	**(364,975)**	**(372,602)**	**(397,962)**	**(410,283)**
Liabilities exposure to UMBNDES:				
CCB - BNDES	**-**	-	**(53,023)**	(57,080)
Total	**-**	**-**	**(53,023)**	**(57,080)**

Sensitivity analysis

The Company's operations are indexed to float rates such as TJLP, CDI, Libor, Euribor and UMBNDES . Thus, in general, Management believes that any fluctuation in interest rates, would create no significant impact on its income, so that preferably does not use derivative financial instruments to manage this risk, except in terms of specific situations that may arise.

With the aim of providing information on sensitivity to interest rate risks to which the Company is exposed on March 31, 2015, below is a simulation of possible changes of 25% and 50% in the relevant variables of risk in relation to the closing prices used in the measurement of assets and liabilities based on the date of these quarterly interim financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk analysis (VaR) for a confidence interval of 99% and a horizon of one day. The results of this analysis are shown below:

		Effect on income - Company		
Exposure	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) Interest rate variation - 25%**	**Scenario (III) Interest rate variation - 50%**
Contracts indexed to CDI	Increase on interest rate CDI	1,221	65,303	130,605
Contracts indexed to Libor / Euribor	Increase on interest rate Libor / Euribor	(3)	(2,871)	(5,743)
Contracts indexed to TJLP	Increase on interest rate TJLP	(4)	(5,018)	(10,037)
		1,214	**57,414**	**114,825**

		Effect on income - Consolidated		
Exposure	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) Interest rate variation - 25%**	**Scenario (III) Interest rate variation - 50%**
Contracts indexed to CDI	Decrease on interest rate CDI	1,394	74,530	149,060
Contracts indexed to Libor / Euribor	Increase on interest rate Libor / Euribor	(14)	(12,353)	(24,713)
Contracts indexed to TJLP	Increase on interest rate TJLP	(4)	(5,472)	(10,944)
Contracts indexed to UMBNDES	Increase on UMBNDES	(1,101)	(13,256)	(26,512)
		275	**43,449**	**86,891**

Premises	**Risk**	**Current Scenario**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) Variation - 25%**	**Scenario (III) Variation - 50%**
Interest rate CDI	Increase on interest rate	12.6000%	12.6589%	15.7500%	18.9000%
Interest Libor / Euribor	Increase on interest rate	0.6989%	0.6991%	0.8736%	1.0484%
Interest TJLP	Increase on interest rate	5.5000%	5.5011%	6.8750%	8.2500%
UMBNDES	Increase on UMBNDES	0.0636	0.0649	0.0795	0.0954

a.2) Exchange rate risk of Company

Exchange rate risk is related to potentially adverse results that may arise from oscillations in this risk factor, which may be caused by economic crisis, sovereign monetary policy alterations, or market movements. The Company has assets and liabilities exposed to foreign exchange rate, however the Financial and Commodities Risk Management Policy does not believe in natural hedging from those opposite exposures, since other important issues like expiry matching and market volatility are very relevant and must be observed.

(Expressed in thousands of reais)

The Risk Management Department applies approved hedge instruments by the Board of Directors to protect financial assets and liabilities, potential future cash flow from commercial activities and net investments in foreign operations. Futures, NDFs (non deliverable forwards), options and swaps may be used to hedge loans, investments, flows from interest payments, acquisition of raw material, and other flows, whenever they are quoted in currencies different than the Company's functional currency. In the Company, the main exposures to exchange rate risk are in US Dollars (US$), Canadian Dollars (C$), Euros (€) and the British Pound (£). In the consolidated, the Company disclosures its exposure in relation on each indexer based on the functional currency of the country, highlighting the operations indexed to the US Dollars (US$), in Australia, which the functional currency is Australian Dollar (AUD) and Mexico, which the functional currency is the Mexican Pesos (MXN) of JBS USA's subsidiaries. In addition, the others JBS USA's subsidiaries also have exposures in Japanese Yen (JPY) e New Zealand Dollars (NZD), of less representativeness.

The Board understands that quantitative figures regarding the foreign currency exposure risk of the Company on March 31, 2015 and December 31, 2014 are presented below in accordance with the Financial and Commodities Risk Management Policy. However, in view of paragraph 35 of CPC 40 R1, it should be mentioned that during the period there were representative movement due to hedging operations at the exchange as a result of financial and commercial operations.

	Company		Consolidated	
A) EXPOSURE in US$ (American Dollar)	**March 31, 2015**	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
OPERATING				
Cash and cash equivalents	**2,062,313**	2,178,112	**3,343,891**	3,448,839
Trade accounts receivable	**1,822,850**	2,406,882	**2,610,678**	3,384,133
Sales orders	**746,183**	705,399	**746,183**	1,271,129
Trade accounts payable	**(85,774)**	(63,515)	**(575,981)**	(140,452)
Purchase orders	**-**	-	**-**	(256,393)
Subtotal	**4,545,572**	**5,226,878**	**6,124,771**	**7,707,256**
FINANCIAL				
Related parties transaction (net)	**-**	(14,145)	**-**	-
Net debt in subsidiaries	**(13,480,504)**	-	**(13,480,504)**	-
Loans and financings	**(20,499,353)**	(17,320,720)	**(26,040,553)**	(22,299,809)
Subtotal	**(33,979,857)**	**(17,334,865)**	**(39,521,057)**	**(22,299,809)**
Total exposure	**(29,434,285)**	**(12,107,987)**	**(33,396,286)**	**(14,592,553)**
DERIVATIVES				
Future contracts	**15,336,646**	6,820,724	**16,479,496**	7,786,253
Non Deliverable Forwards (NDF´s)	**16,503,556**	12,165,396	**18,655,030**	13,662,776
Swap (Assets)	**-**	22,464	**1,644,476**	139,460
Swap (Liabilities)	**-**	(22,758)	**(435,044)**	(22,758)
Total of derivatives	**31,840,202**	**18,985,826**	**36,343,958**	**21,565,731**
NET EXPOSURE	**2,405,917**	**6,877,839**	**2,947,672**	**6,973,178**

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on March 31, 2015, below is a simulation of possible changes of 25% and 50% in the relevant variables of risk in relation to the closing prices used in the measurement of assets and liabilities based on the date of these quarterly interim financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk analysis (VaR) for a confidence interval of 99% and a horizon of one day. The results of this analysis are shown below:

Exchange rate risk (US$)		Effect on income - Company		
Exposure of R$ (Real) - Company	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) Rate variation - 25%**	**Scenario (III) Rate variation - 50%**
Financial	R$ depreciation	(801,831)	(8,494,964)	(16,989,929)
Operating	R$ appreciation	107,263	1,136,393	2,272,786
Hedge derivatives	R$ appreciation	751,341	7,960,051	15,920,101
		56,773	**601,480**	**1,202,958**

		Effect on income - Consolidated		
Exposure of R$ (Real) - Consolidated	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) Rate variation - 25%**	**Scenario (III) Rate variation - 50%**
Financial	R$ depreciation	(932,589)	(9,880,264)	(19,760,529)
Operating	R$ appreciation	144,528	1,531,193	3,062,386
Hedge derivatives	R$ appreciation	857,618	9,085,990	18,171,979
		69,557	**736,919**	**1,473,836**

(Expressed in thousands of reais)

Premises	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Depreciation of the R$ against dollar	3.2080	3.2837	4.0100	4.8120

	Company		Consolidated	
B) EXPOSURE in C$ (Canadian Dollar)	**March 31, 2015**	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
OPERATING				
Cash and cash equivalents	**-**	3,274	**760**	3,277
Trade accounts receivable	**-**	1,165	**11,161**	10,217
Sales orders	**1,730**	-	**1,730**	-
Trade accounts payable	**(11)**	(10)	**(1,246)**	(10)
Subtotal	**1,719**	**4,429**	**12,405**	**13,484**
Total exposure	**1,719**	**4,429**	**12,405**	**13,484**
DERIVATIVES				
Future contracts	**-**	(4,126)	**-**	(4,126)
Non Deliverable Forwards (NDF´s)	**-**	**-**	**(46,715)**	(32,360)
Total of derivatives	**-**	**(4,126)**	**(46,715)**	**(36,486)**
NET EXPOSURE	**1,719**	**303**	**(34,310)**	**(23,002)**

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on March 31, 2015, below is a simulation of possible changes of 25% and 50% in the relevant variables of risk in relation to the closing prices used in the measurement of assets and liabilities based on the date of these quarterly interim financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk analysis (VaR) for a confidence interval of 99% and a horizon of one day. The results of this analysis are shown below:

Exchange rate risk (C$ - Canadian Dollar)

		Effect on income - Company		
Exposure of R$ (Real) - Company	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) Rate variation - 25%**	**Scenario (III) Rate variation - 50%**
Operating	R$ appreciation	42	430	860
		42	**430**	**860**

		Effect on income - Consolidated		
Exposure of R$ (Real) - Consolidated	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) Rate variation - 25%**	**Scenario (III) Rate variation - 50%**
Operating	R$ appreciation	300	3,101	6,203
Hedge derivatives	R$ depreciation	(1,129)	(11,679)	(23,358)
		(829)	**(8,578)**	**(17,155)**

Premises	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Depreciation of the R$ against Canadian dollar	2.5292	2.5903	3.1615	3.7938

(Expressed in thousands of reais)

C) EXPOSURE in € (EURO)	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
OPERATING				
Cash and cash equivalents	**72,188**	43,904	**142,537**	44,061
Trade accounts receivable	**73,974**	43,671	**163,843**	73,603
Sales orders	**397**	1,505	**397**	3,153
Trade accounts payable	**(23,379)**	(18,965)	**(204,885)**	(30,384)
Purchase orders	**-**	-	**-**	(9,898)
Subtotal	**123,180**	**70,115**	**101,892**	**80,535**
FINANCIAL				
Loans and financings	**-**	-	**754,005**	706,148
Subtotal	**-**	**-**	**754,005**	**706,148**
Total exposure	**123,180**	**70,115**	**855,897**	**786,683**
DERIVATIVES				
Future contracts	**(12,060)**	32,270	**(41,348)**	48,405
Non Deliverable Forwards (NDF´s)	**(172,285)**	-	**(88,315)**	(1,474)
Total of derivatives	**(184,345)**	**32,270**	**(129,663)**	**46,931**
NET EXPOSURE	**(61,165)**	**102,385**	**726,234**	**833,614**

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on March 31, 2015, below is a simulation of possible changes of 25% and 50% in the relevant variables of risk in relation to the closing prices used in the measurement of assets and liabilities based on the date of these quarterly interim financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk analysis (VaR) for a confidence interval of 99% and a horizon of one day. The results of this analysis are shown below:

Exchange rate risk (€ - EURO)

Exposure of R$ (Real) - Company	Risk	Effect on income - Company		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Operating	R$ appreciation	3,153	30,794	61,592
Hedge derivatives	R$ depreciation	(4,719)	(46,085)	(92,175)
		(1,566)	**(15,291)**	**(30,583)**

Exposure of R$ (Real) - Consolidated	Risk	Effect on income - Consolidated		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Rate variation - 25%	Scenario (III) Rate variation - 50%
Financial	R$ appreciation	19,300	188,496	377,013
Operating	R$ appreciation	2,608	25,472	50,947
Hedge derivatives	R$ depreciation	(3,319)	(32,415)	(64,833)
		18,589	**181,553**	**363,127**

Premises	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Depreciation of the R$ against euro	3.4457	3.5339	4.3071	5.1686

D) EXPOSURE in £ (British Pound)	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
OPERATING				
Cash and cash equivalents	**-**	-	**1,296**	4,126
Trade accounts receivable	**60,767**	49,969	**109,015**	104,154
Sales orders	**723**	1,149	**723**	97,186
Trade accounts payable	**(34)**	(195)	**(1,124)**	(195)
Subtotal	**61,456**	**50,923**	**109,910**	**205,271**
Total exposure	**61,456**	**50,923**	**109,910**	**205,271**
DERIVATIVES				
Future contracts	**(1,667)**	(21,738)	**(2,501)**	(31,158)
Non Deliverable Forwards (NDF´s)	**(119,105)**	(103,513)	**(197,839)**	(186,025)
Total of derivatives	**(120,772)**	**(125,251)**	**(200,340)**	**(217,183)**
NET EXPOSURE	**(59,316)**	**(74,328)**	**(90,430)**	**(11,912)**

(Expressed in thousands of reais)

Sensitivity analysis

With the aim of providing information on sensitivity to exchange rate risks to which the Company is exposed on March 31, 2015, below is a simulation of possible changes of 25% and 50% in the relevant variables of risk in relation to the closing prices used in the measurement of assets and liabilities based on the date of these quarterly interim financial statements. To calculate the effect on the result in a probable scenario, the Company deems appropriate the application of the Value at Risk analysis (VaR) for a confidence interval of 99% and a horizon of one day. The results of this analysis are shown below:

Exchange rate risk £ (British Pound)

		Effect on income - Company		
Exposure of R$ (Real) - Company	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) Rate variation - 25%**	**Scenario (III) Rate variation - 50%**
Operating	R$ appreciation	1,474	15,365	30,728
Hedge derivatives	R$ depreciation	(2,897)	(30,194)	(60,386)
		(1,423)	**(14,829)**	**(29,658)**

		Effect on income - Consolidated		
Exposure of R$ (Real) - Consolidated	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) Rate variation - 25%**	**Scenario (III) Rate variation - 50%**
Operating	R$ appreciation	2,637	27,479	54,955
Hedge derivatives	R$ depreciation	(4,806)	(50,087)	(100,170)
		(2,169)	**(22,608)**	**(45,215)**

Premises	**Current Scenario**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) Variation - 25%**	**Scenario (III) Variation - 50%**
Depreciation of the R$ against British pound	4.7642	4.8785	5.9553	7.1463

a.2.1) Position balance in foreign exchange futures

US$ (American Dollar)

March 31, 2015

Future Contracts - BM&F

Risk factor	**Instrument**	**Nature**	**Quantity**	**Notional**	**Market value**
US$ (American Dollar)	Future	Long	34,070	5,464,828	(43,274)
DDI	Future	Long	61,545	9,871,818	(46,939)
				15,336,646	**(90,213)**

December 31, 2014

Future Contracts - BM&F

Risk factor	**Instrument**	**Nature**	**Quantity**	**Notional**	**Market value**
US$ (American Dollar)	Future	Long	14,760	1,960,276	(33,215)
DDI	Future	Long	36,597	4,860,448	(117,438)
				6,820,724	**(150,653)**

C$ (Canadian Dollar)

December 31, 2014

Future Contracts - BM&F

Risk factor	**Instrument**	**Nature**	**Quantity**	**Notional**	**Market value**
Canadian Dollar	Future	Short	30	(4,126)	71
				(4,126)	**71**

€ (EURO)

March 31, 2015

Future Contracts - BM&F

Risk factor	**Instrument**	**Nature**	**Quantity**	**Notional**	**Market value**
Euro	Future	Short	70	(12,060)	210
				(12,060)	**210**

(Expressed in thousands of reais)

December 31, 2014

Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
Euro	Future	Long	200	32,270	(601)
				32,270	**(601)**

£ (British Pound)

March 31, 2015

Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
British Pound	Future	Short	10	(1,667)	4
				(1,667)	**4**

December 31, 2014

Future Contracts - BM&F

Risk factor	Instrument	Nature	Quantity	Notional	Market value
British Pound	Future	Short	150	(21,738)	404
				(21,738)	**404**

a.2.2) Position Balance in foreign exchange swaps

Swaps are derivatives used to hedge net exchange exposures of assets and liabilities of the Company and its subsidiaries and are classified as financial assets or liabilities measured at fair value through profit or loss. On March 31, 2015 the Company had no position balance of derivatives financial instruments related to the foreign exchange swaps.

Swap (US$)

Initial date Swap	Notional US$	Notional R$	Expiry date	Fair value (receivable) - R$	Fair value (payable) - R$	December 31, 2014
Feb 3, 2009	26,317	69,903	Feb 4, 2015	22,464	(22,758)	(294)
	26,317	**69,903**		**22,464**	**(22,758)**	**(294)**

a.2.3) NDF's (Non deliverable forwards)

US$ (American Dollar)

Risk factor	Instrument	Nature	Notional - USD	Notional - R$	March 31, 2015	December 31, 2014
Dollar	NDF	Long	5,144,500	16,503,556	**34,588**	(147,741)
			5,144,500	**16,503,556**	**34,588**	**(147,741)**

€ (EURO)

Risk factor	Instrument	Nature	Notional - €	Notional - R$	March 31, 2015	December 31, 2014
Euro	NDF	Short	(50,000)	(172,285)	**1,992**	-
			(50,000)	**(172,285)**	**1,992**	**-**

£ (British Pound)

Risk factor	Instrument	Nature	Notional - €	Notional - R$	March 31, 2015	December 31, 2014
British Pound	NDF	Short	(25,000)	(119,105)	**(6,170)**	(2,903)
			(25,000)	**(119,105)**	**(6,170)**	**(2,903)**

a.3) Commodity price risk

The Company is a global player in different areas related to the Agribusiness (the entire livestock protein chain, biodiesel, among others) and the regular course of its operations brings exposures to price oscillations in feeder cattle, live cattle, lean hogs, corn, soybean complex, and energy, especially in the American, Australian and Brazilian markets. Commodity markets are characterized by volatility arising from external factors like climate, supply levels, transportation costs, agricultural policies, storage costs, among others. The Risk Management Committee is responsible for mapping the exposures to commodity prices of the Company and its subsidiaries and propose strategies to the Risk Management Committee, in order to mitigate such exposures.

A very important part of the raw materials needs of the Company and its subsidiaries are biological assets sensitive to stockpiling. In order to maintain future supply of these materials the Company contracts anticipated purchases from suppliers. To complement this purchase, ensuring minimum price and volume to the materials purchased for a planning horizon pre-defined by the Risk Management Committee and approved by the Board of Directors, as well as aiming at mitigating price oscillations risks on inventories and sales contracts, the Company and its subsidiaries use hedging instruments specific for each exposure, most notably futures contracts. The Company deems appropriate to take the average amount spent with materials as a parameter indicative of operational value to be protected by firm contracts.

(Expressed in thousands of reais)

a.3.1) Position balance in commodities (cattle) contracts of the Company

The field of activity of the Company is exposed to volatility in cattle prices, which changes arise from factors beyond the Company's control, such as climate, the supply volume, transportation costs, agricultural policies and others. The Company, in accordance with its policy of stock management, maintains its strategy of risk management, based on physical control, which includes anticipated purchases, combined with future market operations, and reducing the daily position of anticipated purchases contracts for future delivery through future contracts of cattle on BM&F, aimed at bringing the position to zero and ensuring the market price.

The parameters for reducing the cattle purchase risk are based on the physical position of term contracts of cattle purchase considering negotiated values and terms. The internal controls used for coverage and risk management are made through spreadsheets and monitoring of operations performed and calculation of VAR for 1 day, with a confidence interval of 99%.

The Company understands that quantitative figures regarding the exposure risk on the cattle's arroba (15kg) price changes of the Company on March 31, 2015 and December 31, 2014 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period in accordance with paragraph 35 of CPC 40 R1.

EXPOSURE	March 31, 2015	December 31, 2014
Firm Contracts of cattle purchase	**85,557**	36,953
TOTAL	**85,557**	**36,953**

Composition of derivative financial instruments to hedge of cattle purchase price

Derivative	Maturity	Receivable	Payable	Counterpart of the principal amount	Reference value (notional R$)	Market Value R$
Future contracts (BM&F)	April, 2015 to November, 2015	R$	Cattle @ (15 kg)	BM&F	(87,140)	65
					(87,140)	**65**

Sensitivity analysis

Price risk of cattle purchase		Effect on income - Company		
Exposure	**Risk**	**Scenario (I) VaR 99% I.C. 1 day**	**Scenario (II) @ Variation - 25%**	**Scenario (III) @ Variation - 50%**
Operational	@ (15kg) Depreciation	785	21,389	42,779
Hedging derivatives of cattle @ (15kg) price	@ (15kg) Appreciation	(799)	(21,785)	(43,570)
		(14)	**(396)**	**(791)**

Premises	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) @ Variation - 25%	Scenario (III) @ Variation - 50%
Appreciation of the price quote of @ (15kg)	151.0800	152.4659	188.8500	226.6200

The exposure operating risk in firm contracts of cattle purchase is the rise of cattle arroba price, thereby, it is calculated the risk of market price appreciation of the cattle market price.

a.3.2) Position balance in commodities (corn) derivatives financial instruments of the Company and JBS Foods S.A

The business segment of the Company in its division Confinamento and its subsidiary JBS Foods S.A. is exposed to price volatility of corn, which changes arise from factors beyond the Company's control, such as climate, the supply volume, transportation costs, agricultural policies and others.

The Company, in accordance with its policy of inventory management, started the strategy of risk management of corn's price based on physical control, including expectations of future consumption, anticipated purchases, combined with future market operations, by hedging with corn futures on BM&F and CME, in order to guarantee the market price.

The internal controls used for coverage and risk management are made through spreadsheets and monitoring of operations performed and calculation of VAR for 1 day, with a confidence interval of 99%.

The Company understands that quantitative figures regarding the exposure risk on the corn's sacks price changes of its subsidiary JBS Foods on March 31, 2015 and December 31, 2014 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period in accordance with paragraph 35 of CPC 40 R1.

March 31, 2015

Future Contracts

Risk factor	Instrument	Nature	Quantity	Notional	Market value
Corn	Future	Long	800	48,280	(1,018)
				48,280	**(1,018)**

(Expressed in thousands of reais)

Commodities risk JBS Foods S.A.

Exposure	Risk	Effect on income - JBS Foods S.A. subsidiary		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Price variation - 25%	Scenario (III) Price Variation - 50%
Hedging derivatives	Decrease of commodities price	1,728	12,070	24,141
		1,728	**12,070**	**24,141**

Premises	Current Scenario	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Decrease of commodities price	376.25	389.72	470.31	564.38

a.3.3) Position balance in commodities derivatives financial instruments of JBS USA

The Company understands that quantitative figures regarding the exposure risk of the commodities' price changes of the subsidiary JBS USA on March 31, 2015 and December 31, 2014 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of exposure incurred during the period in accordance with paragraph 35 of CPC 40 R1.

EXPOSURE	JBS USA subsidiary	
	March 31, 2015	December 31, 2014
OPERACIONAL		
Forwards - commodities	**(466,145)**	(3,936,680)
Subtotal	**(466,145)**	**(3,936,680)**
DERIVATIVES		
Future and option commodity contracts	**5,522,924**	5,662,129
Subtotal	**5,522,924**	**5,662,129**
TOTAL EXPOSURE	**5,056,779**	**1,725,449**

Sensitivity analysis

Commodities risk JBS USA

Exposure	Risk	Effect on income - JBS USA subsidiary		
		Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Price variation - 25%	Scenario (III) Price Variation - 50%
Operational	Commodities price depreciation	(5,297)	(116,536)	(233,072)
Hedging derivatives	Commodities price appreciation	62,765	1,380,731	2,761,462
		57,468	**1,264,195**	**2,528,390**

Premises	Scenario (I) VaR 99% I.C. 1 day	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Increase of commodities price	1.136%	25.000%	50.000%

b) Credit risk

The Company and its subsidiaries are potentially subject to credit risk related to accounts receivable, investments and hedging contracts. The Financial and Commodities Risk Management Policy understands that the diversity of the portfolio contributes significantly to reduce the credit risk, but parameters are set to operations where credit is provided, observing financial ratios and operational health, as well as consults to credit monitoring entities.

In case of the counterparty of a financial operation is a financial institution (investments and hedging contracts), the Company employs exposure limits set by the Risk Management Committee, based on risk ratings (ratings) of specialized international agencies.

Amounts invested in private bonds (notably bank certificates of deposit) and accumulated fair values receivables in hedging transactions contracted with banks, must comply with the following table limits, in order that, the total volume does not exceed a specified percentage of the equity of the financial institution (% Equity). In conjunction, the maturity of the application should be no longer than the maximum horizon.

Category	% Equity	Maximum horizon
Triple A	2.00%	5 years
Double A	1.00%	3 years
Single A	0.50%	2 years
Triple B	0.25%	1 year

Observations:

• In case of different ratings for the same financial institution, must adopt the most conservative;
• The associates banks should be consolidated at its headquarters;
• Financial institutions without rating are not eligible;
• In the absence of rating in the national scale, use the global rating scale;
• If the Company holds debt and applications with particular counterparty, the net value of the transactions should be considered;
• Exceptions can occur if previously approved by the Risk Management Committee .

(Expressed in thousands of reais)

Besides private bonds, the Company can also invest funds in federal national treasury bill: LFT, LTN, NTN-F and NTN-B. For these cases there is no pre-established limits. It is also permitted to invest in fixed income funds of low risk that have policy of investment applications in assets directly related to the basic interest rate (SELIC).

The book value of financial assets that represent the maximum exposure to credit risk at the financial statement date was:

		Company		Consolidated	
	Note	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Assets					
Cash and cash equivalents	5	**8,339,789**	9,503,923	**14,120,824**	14,910,427
Trade accounts receivable	6	**3,579,616**	3,502,612	**10,680,262**	9,577,548
Credits with related parties	10	**2,913,678**	3,301,146	**1,080,169**	370,072
		14,833,083	**16,307,681**	**25,881,255**	**24,858,047**

Trade accounts receivable, net	Company		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Current receivables	**3,412,197**	**3,265,933**	**9,640,089**	**8,305,274**
Overdue receivables:				
From 1 to 30 days	**180,698**	229,464	**897,761**	1,085,777
From 31 to 60 days	**25,265**	14,696	**132,982**	127,764
From 61 to 90 days	**8,383**	20,906	**38,890**	59,952
Above 90 days	**41,658**	60,198	**175,163**	191,148
Allowance for doubtful accounts	**(88,585)**	(88,585)	**(204,623)**	(192,367)
	167,419	**236,679**	**1,040,173**	**1,272,274**
	3,579,616	**3,502,612**	**10,680,262**	**9,577,548**

c) Liquidity risk

Liquidity risk arises from the management of working capital of the Company and its subsidiaries and amortization of financing costs and principal of the debt instruments. It is the risk that the Company and its subsidiaries will find difficulty in meeting their financial obligations falling due.

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

The Management of the Company's liquidity is done taking into account mainly the acid test ratio, represented by the level of cash plus investments divided by short-term debt. It is also maintained a focus on managing the overall leverage of the Company and its subsidiaries to monitor the ratio of net debt to "EBITDA" at levels we considered to be manageable for continuity of operations.

Based on the analysis of these indicators, the management of working capital has been defined to maintain the natural leverage of the Company and its subsidiaries at levels equal to or less than the leverage ratio that the Company would like to achieve.

The index of liquidity and leverage consolidated are shown below:

	Consolidated	
	March 31, 2015	December 31, 2014
Cash and cash equivalents	**14,120,824**	14,910,427
Loans and financings - Current	**13,547,509**	13,686,975
Acid test ratio	**1.04**	1.09
Leverage indicator	**2,3x**	2,1x

To calculate the leverage indicator the Company used the dollar and the euro correction rates of the last day of the year (closing rate). This criteria is intended to equalize the net debt and EBITDA at the same exchange rate.

(Expressed in thousands of reais)

The table below shows the fair value of financial liabilities of the Company and its subsidiaries according to their maturities:

	March 31, 2015				
Company	**Less than 1 year**	**Between 1 and 2 years**	**Between 3 and 5 years**	**More than 5 years**	**Fair Value**
Trade accounts payable	(1,103,592)	-	-	-	**(1,103,592)**
Debits with related parties	-	-	-	(133,263)	**(133,263)**
Loans and financings	(8,322,532)	(695,211)	(6,507,727)	(8,219,041)	**(23,744,511)**
Derivatives financing (liabilities) assets	(62,629)	-	-	-	**(62,629)**
TOTAL	**(9,488,753)**	**(695,211)**	**(6,507,727)**	**(8,352,304)**	**(25,043,995)**

	December 31, 2014				
	Less than 1 year	**Between 1 and 2 years**	**Between 3 and 5 years**	**More than 5 years**	**Fair Value**
Trade accounts payable	(1,567,402)	-	-	-	**(1,567,402)**
Debits with related parties	-	-	-	(140,695)	**(140,695)**
Loans and financings	(9,567,475)	(3,276,569)	(3,639,882)	(6,772,633)	**(23,256,559)**
Derivatives financing (liabilities) assets	(279,890)	-	-	-	**(279,890)**
TOTAL	**(11,414,767)**	**(3,276,569)**	**(3,639,882)**	**(6,913,328)**	**(25,244,546)**

	March 31, 2015				
Consolidated	**Less than 1 year**	**Between 1 and 2 years**	**Between 3 and 5 years**	**More than 5 years**	**Fair Value**
Trade accounts payable	(7,442,232)	-	-	-	**(7,442,232)**
Loans and financings	(13,547,509)	(1,017,311)	(10,599,409)	(22,177,650)	**(47,341,879)**
Derivatives financing (liabilities) assets	238,354	-	-	-	**238,354**
TOTAL	**(20,751,387)**	**(1,017,311)**	**(10,599,409)**	**(22,177,650)**	**(54,545,757)**

	December 31, 2014				
	Less than 1 year	**Between 1 and 2 years**	**Between 3 and 5 years**	**More than 5 years**	**Fair Value**
Trade accounts payable	(6,942,933)	-	-	-	**(6,942,933)**
Loans and financings	(13,686,975)	(4,625,423)	(6,881,514)	(14,885,228)	**(40,079,140)**
Derivatives financing (liabilities) assets	(241,899)	-	-	-	**(241,899)**
TOTAL	**(20,871,807)**	**(4,625,423)**	**(6,881,514)**	**(14,885,228)**	**(47,263,972)**

d) Estimated market values

The assets and liabilities are represented in the quarterly interim financial statements at cost and their appropriations of revenues and expenses are accounted for in accordance with its expected realization or settlement.

The market values of non-derivative financial instruments and derivatives were estimated based on information available on the market.

e) Guarantees provided and guarantees received

Guarantees provided

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at March 31, 2015 is R$ 2,284,740 (R$ 1,122,266 at December 31, 2014). This guarantee is superior to the need presented for these operations.

The indirect subsidiary JBS USA and its subsidiaries, has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at March 31, 2015 is R$ 250,224 (R$ 316,088 at December 31, 2014). This guarantee is superior to the need presented for these operations.

Other guarantees considered relevant are described in detail in the notes: 15 - Loans and financings, and 16 - Credit operations, guarantees and covenants.

Guarantees received

The Company and its subsidiaries have no guarantees received from third parties deemed relevant.

(Expressed in thousands of reais)

f) Financial instruments

All transactions with financial instruments are recognized in quarterly interim financial statements as described below:

		Company		Consolidated	
	Notes	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Assets					
Fair value through profit or loss					
Financial investments	5	**5,094,012**	5,314,674	**6,532,858**	6,541,899
Receivables derivatives		**-**	-	**238,354**	-
Loans and receivables					
Cash and banks	5	**3,245,777**	4,189,249	**7,587,966**	8,368,528
Trade accounts receivable	6	**3,579,616**	3,502,612	**10,680,262**	9,577,548
Credits with related parties	10	**2,913,678**	3,301,146	**1,080,169**	370,072
Total		**14,833,083**	**16,307,681**	**26,119,609**	**24,858,047**
Liabilities					
Liabilities at amortized cost					
Loans and financings	15/16	**(23,744,511)**	(23,256,559)	**(47,341,879)**	(40,079,140)
Trade accounts payable	14	**(1,103,592)**	(1,567,402)	**(7,442,232)**	(6,942,933)
Debits with related parties	10	**(133,263)**	(140,695)	**-**	-
Fair value through profit or loss					
Payables derivatives		**(62,629)**	(279,890)	**-**	(241,899)
Total		**(25,043,995)**	**(25,244,546)**	**(54,784,111)**	**(47,263,972)**

During this period there has been no reclassification between categories, fair value through profit or loss, loans and receivables and liabilities at amortized cost, shown in the table above.

g) Fair value of financial instruments

The assets and liabilities are represented in the quarterly interim financial statements at cost and their appropriations of revenues and expenses are accounted for in accordance with its expected realization or settlement. The future derivatives fair values are calculated based on daily settlements as a result of changes in market prices of futures and commodities. The swap is obtained by calculating independently the assets and liabilities legs, bringing them to present value. The future prices used to calculate the curve of the contracts were drawn from the Bloomberg database.

In accordance to CPC 40 R1/IFRS 7 - Financial Instruments: Disclosures, the Company and its subsidiaries classify fair value measurements in accordance with the hierarchical levels that reflect the significance of the indices used in this measurement, according to the following levels:

Level 1 - Quoted prices in active markets (unadjusted) for identical assets or liabilities;

Level 2 - Inputs other than Level 1, in which prices are quoted for similar assets and liabilities, either directly by obtaining prices in active markets or indirectly as valuation techniques that use data from active markets.

Level 3 - Indices used for calculation are not derived from an active market. The Company and its subsidiaries do not have this level of measurement instruments.

As noted above, the fair values of financial instruments, except for those maturing in the short term, equity instruments with no active market and contracts with discretionary features that fair value can not be reliably measured, are presented in hierarchical levels of measurement below:

__Fair value hierarchy__

	March 31, 2015		
	Company		
	Level 1	Level 2	Level 3
Current assets			
National treasury bill - LFT	**1,920,973**	**-**	**-**
Financial investments	**-**	**3,173,039**	**-**
Current liabilities			
Payables derivatives	**-**	**(62,629)**	**-**
	Consolidated		
	Level 1	Level 2	Level 3
Current assets			
National treasury bill - LFT	**3,046,825**	**-**	**-**
Financial investments	**-**	**3,486,033**	**-**
Receivables derivatives	**-**	**238,354**	**-**

(Expressed in thousands of reais)

	December 31, 2014		
	Company		
	Level 1	Level 2	Level 3
Current assets			
National treasury bill - LFT	804,738	-	-
Financial investments	-	4,509,936	-
Current liabilities			
Payables derivatives	-	(279,890)	-
	Consolidated		
	Level 1	Level 2	Level 3
Current assets			
National treasury bill - LFT and Financial investments	1,766,650	-	-
Financial investments	-	4,775,249	-
Current liabilities			
Payables derivatives	-	(241,899)	-

Fair value versus book value

The fair values of financial assets and liabilities, with the book values presented in the balance sheet position are as follows:

		March 31, 2015		December 31, 2014	
Company	Note	Book value	Fair value	Book value	Fair value
Cash and banks	5	**3,245,777**	**3,245,777**	4,189,249	4,189,249
Financial investments	5	**5,094,012**	**5,094,012**	5,314,674	5,314,674
Trade accounts receivable	6	**3,579,616**	**3,579,616**	3,502,612	3,502,612
Related parties receivable	10	**2,913,678**	**2,913,678**	3,301,146	3,301,146
Total financial assets		**14,833,083**	**14,833,083**	**16,307,681**	**16,307,681**
Trade accounts payable	14	**(1,103,592)**	**(1,103,592)**	(1,567,402)	(1,567,402)
Debits with related parties	10	**(133,263)**	**(133,263)**	(140,695)	(140,695)
Derivatives		**(62,629)**	**(62,629)**	(279,890)	(279,890)
Loans and financings	15/16	**(23,744,511)**	**(23,744,511)**	(23,256,559)	(23,256,559)
Declared dividends	19	**(484,010)**	**(484,010)**	(484,013)	(484,013)
Payables related to facilities acquisitions	20	**(76,102)**	**(76,102)**	(92,798)	(92,798)
Total financial liabilities		**(25,604,107)**	**(25,604,107)**	**(25,821,357)**	**(25,821,357)**
		(10,771,024)	**(10,771,024)**	**(9,513,676)**	**(9,513,676)**

		March 31, 2015		December 31, 2014	
Consolidated	Note	Book value	Fair value	Book value	Fair value
Cash and banks	5	**7,587,966**	**7,587,966**	8,368,528	8,368,528
Financial investments	5	**6,532,858**	**6,532,858**	6,541,899	6,541,899
Trade accounts receivable	6	**10,680,262**	**10,680,262**	9,577,548	9,577,548
Related parties receivable	10	**1,080,169**	**1,080,169**	370,072	370,072
Receivables derivatives		**238,354**	**238,354**	-	-
Total financial assets		**26,119,609**	**26,119,609**	**24,858,047**	**24,858,047**
Trade accounts payable	14	**(7,442,232)**	**(7,442,232)**	(6,942,933)	(6,942,933)
Derivatives		**-**	**-**	(241,899)	(241,899)
Loans and financings	15/16	**(47,341,879)**	**(47,341,879)**	(40,079,140)	(40,079,140)
Declared dividends	19	**(484,010)**	**(484,010)**	(484,013)	(484,013)
Payables related to facilities acquisitions	20	**(792,468)**	**(792,468)**	(835,342)	(835,342)
Total financial liabilities		**(56,060,589)**	**(56,060,589)**	**(48,583,327)**	**(48,583,327)**
		(29,940,980)	**(29,940,980)**	**(23,725,280)**	**(23,725,280)**

(Expressed in thousands of reais)

The loans and financing presented in the table above include the values of working capital in Reais and working capital in foreign currency (bonds), as shown in detail in notes 15 and 16. In the Management opinion the loans and financing, which are measured at their amortized cost values do not present significant variation regarding to their fair values. These loans and financing are restated with bases in contracted rates and interest through the date of closing of quarterly interim financial statements, the outstanding balance is recognized by an amount close to fair value. Since there is no active market for such instruments, the differences that could occur if these values were for amounts paid in advance would be unrepresentative.

	Company		Consolidated	
	2014	2013	2014	2013
Gains (losses) by category of financial instrument				
Fair value through profit or loss	**4,178,445**	(782,715)	**4,920,258**	(687,339)
Loans and receivables	**426,410**	135,367	**474,267**	111,515
Liabilities at amortized cost	**(4,477,453)**	18,468	**(5,258,712)**	(293,502)
Total	**127,402**	**(628,880)**	**135,813**	**(869,326)**

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EXECUTIVE BOARD

Wesley Mendonça Batista
Chief Executive Officer

Eliseo Santiago Perez Fernandez
Administrative and Control Officer

Jeremiah Alphonsus O'Callaghan
Investor Relations Officer

Francisco de Assis e Silva
Institutional Relations Executive Officer

Agnaldo dos Santos Moreira Jr.
Accountant CRC SP: 244207/O-4

BOARD OF DIRECTORS

Joesley Mendonça Batista
Chairman

Wesley Mendonça Batista
Vice-Chairman

José Batista Sobrinho

Humberto Junqueira de Farias

Carlos Alberto Caser

João Carlos Ferraz

Marcio Percival Alves Pinto

Tarek Mohamed Noshy Nasr Mohamed Farahat

FISCAL COUNCIL REPORT

The Fiscal Council reviewed the quarterly interim financial statements of the Company for the period ended on March 31, 2015.

Our review included: (a) analysis of the quarterly financial statements prepared by the Company; (b) monitoring of the review done by the external independent auditors through questions and discussions; and (c) questions about relevant actions and transactions made by the Management of the Company.

Based on our review, according to the information and explanations received, and considering the Independent Auditors Review, the Fiscal Council is not aware of any fact that would lead to believe that the quarterly Financial Statements above mentioned do not reflect at all relevant aspects of the information contained therein and are in condition to be disclosed by the Company, wherein do not have any qualified opinion or comments.

São Paulo, May 13, 2015.

Florisvaldo Caetano de Oliveira
Chairman

José Paulo da Silva Filho
Member

Demetrius Nichele Macei
Member

Francisco Vicente Santana Silva Telles
Member

STATEMENT OF OFFICERS ON THE QUARTTERLY INTERIM FINANCIAL STATEMENTS AND ON THE INDEPENDENT AUDITORS REVIEW REPORT

The Company's Officers declare for the purposes of Article 25, paragraph 1, item V and VI of CVM Instruction No. 480 of December 7, 2009, that:

(i) They reviewed, discussed and agreed with the views expressed in the review report of the independent auditors on the quarterly interim financial statements for the period ended on March 31, 2015, and

(ii) They reviewed, discussed and agreed with the quarterly interim financial statements for the period ended on March 31, 2015.

São Paulo, May 13, 2015.

Wesley Mendonça Batista
Chief Executive Officer

Eliseo Santiago Perez Fernandez
Administrative and Control Officer

Jeremiah Alphonsus O'Callaghan
Investor Relations Officer

Francisco de Assis e Silva
Institutional Relations Executive Officer

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