

# Independent auditors' report

Financial statements for the years ended  
December 31, 2013 and 2012



## Castrolanda



**Castrolanda Cooperativa Agroindustrial Ltda.**

**Financial statements for the years ended December 31, 2013 and 2012**

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

## **INDEPENDENT AUDITORS 'REPORT ON THE FINANCIAL STATEMENTS**

To the  
Management and members of  
Castrolanda Cooperativa Agroindustrial Ltda.  
Castro-PR

We have audited the financial statements of Castrolanda Cooperativa Agroindustrial Ltda. ("Company") on December 31, 2013, and the related statements of profits and losses, changes in shareholders' equity and cash flows for the year then ended, as a summary of significant accounting practices and other notes.

### **Management's responsibility for the financial statements**

The Management of the Cooperative is responsible for the preparation and fair presentation of the financial statements in accordance with Brazilian accounting practices and for the internal control considered necessary to allow the preparation of financial statements free of material distortion, whether due to fraud or error.

### **Independent auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit conducted in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements by auditors and the audit be planned and executed to obtain security whether the financial statements are free of material distortion.

An audit includes performing procedures to obtain evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material distortion of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Castrolanda Cooperativa Agroindustrial Ltda.** as of December 31, 2013, the results of its operations and its cash flows for the year then ended in conformity with Brazilian accounting practices.

## **Others issues**

We also examined the statements of value added for the year ended December 31, 2013, the disclosure of which is required by Brazilian corporate law for large companies. These statements were subject to the same audit procedures described above and, in our opinion are fairly stated in all material respects in relation to the financial statements taken as a whole.

Curitiba, January 30, 2014.



**BDO RCS Auditores Independentes S.S.**  
**CRC 2SP 013846/O-1 "S" PR**

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

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**Accountant CRC 1PR 35.508/O-5**

**EXHIBIT 1**  
**CASTROLANDA - COOPERATIVA AGROINDUSTRIAL**  
**LTDA**  
**BALANCE SHEETS AS OF DECEMBER 31, 2013 AND 2012**  
**(In thousand of Brazilian Reais)**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
<b>CURRENT</b>		
Cash (note 4)	300.247	257.952
Receivable from members (note 5)	162.622	185.333
Receivable from customers (note 6)	65.944	77.353
Inventories (note 7)	143.547	127.112
Recoverable taxes (note 8)	25.172	13.054
Others receivable (note 9)	7.523	7.396
Prepaid expenses	242	206
<b>Total Current Assets</b>	<b>705.297</b>	<b>668.406</b>
<b>NON-CURRENT</b>		
Receivables from members (note 5)	30.570	34.422
Trade accounts receivable from customers	32	57
Other accounts receivables (note 10)	21.840	10.557
Investments (note 11)	47.415	7.413
Property, plant and equipment (note 12)	424.983	262.786
Biological assets (note 13)	12.163	11.340
Intangible assets (note 14)	1.118	590
<b>Total Non-Current Assets</b>	<b>538.121</b>	<b>327.165</b>
<b>TOTAL ASSETS</b>	<b>1.243.418</b>	<b>995.571</b>

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



**EXHIBIT 1**  
**CASTROLANDA - COOPERATIVA AGROINDUSTRIAL**  
**LTDA**  
**BALANCE SHEETS AS OF DECEMBER 31, 2013 AND 2012**  
**(In thousand of Brazilian Reais)**

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2013</b>	<b>2012</b>
<b>CURRENT</b>		
Obligations with members (note 5)	121.570	120.000
Suppliers (note 15)	62.643	34.677
Loans and financing (note 16)	212.052	179.300
Social charges and tax liabilities	3.798	2.570
Customers' advances	2.532	2.166
Other accounts payable	3.287	2.851
Accrued liabilities (note 17)	9.480	7.959
<b>Total Current Liabilities</b>	<b>415.362</b>	<b>349.523</b>
<b>NON-CURRENT</b>		
Payables to members (note 5)	8.065	7.297
Suppliers (note 15)	20.988	
Loans and financing (note 16)	174.914	127.854
Accrued liabilities (note 17)	52.506	45.022
<b>Total Non-Current Liabilities</b>	<b>256.473</b>	<b>180.173</b>
<b>Shareholders' Equity</b>		
Realized capital stock (note 18)	130.092	84.507
Surplus reserves (note 18)	377.361	320.455
Surplus available at Annual Shareholders' Meeting (AGO)	64.130	60.913
	<b>571.583</b>	<b>465.875</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1.243.418</b>	<b>995.571</b>

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

**EXHIBIT 2**
**CASTROLANDA - COOPERATIVA AGROINDUSTRIAL LTDA**
**STATEMENT OF SURPLUS OR LOSS OF YEARS**
**ENDED DECEMBER 31, 2013 AND 2012**
**(In thousand of Brazilian Reais)**

	<b>2013</b>	<b>2012</b>
<b>GROSS OPERATING REVENUE</b>		
Sales of products and services	1.714.915	1.543.038
<b>DEDUCTIONS</b>		
Taxes on sales	(16.263)	(18.731)
Returns and discounts	(28.805)	(37.072)
<b>NET OPERATING REVENUE (note 19)</b>	<b>1.669.847</b>	<b>1.487.235</b>
<b>COST OF GOODS SOLD AND SERVICES RENDERED</b>	<b>(1.481.771)</b>	<b>(1.322.104)</b>
<b>GROSS SURPLUS</b>	<b>188.076</b>	<b>165.131</b>
<b>OPERATING REVENUES AND EXPENSES</b>		
Selling expenses	(23.437)	(24.048)
Staff costs	(39.478)	(31.391)
General and administrative expenses	(43.567)	(33.727)
Financial expenses (note 20)	(38.440)	(46.061)
Financial revenues (note 20)	42.065	47.798
	(102.857)	(87.429)
<b>NET OPERATING INCOME</b>	<b>85.219</b>	<b>77.702</b>
<b>OTHER OPERATING INCOME</b>	<b>983</b>	<b>1.552</b>
<b>SURPLUS BEFORE TAXES</b>	<b>86.202</b>	<b>79.254</b>
Income tax	(5.309)	(4.657)
Social contribution tax	(2.011)	(1.732)
	(7.320)	(6.389)
<b>NET SURPLUS FOR THE YEAR</b>	<b>78.882</b>	<b>72.865</b>
<b>STATUTORY AND BY-LAWS DESTINATION</b>		
Statutory reserve fund	(8.515)	(7.789)
Fund for Technical, Educational and Social Assistance (FATES)	(8.351)	(6.022)
	(16.866)	(13.811)
<b>USE OF FATES FOR THE YEAR</b>	<b>2.114</b>	<b>1.859</b>
<b>SURPLUS AVAILABLE AT A.G.O.</b>	<b>64.130</b>	<b>60.913</b>

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

**EXHIBIT 3**  
**CASTROLANDA - COOPERATIVA**  
**AGROINDUSTRIAL LTDA**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED**  
**DECEMBRO 31, 2013 AND 2012**  
(In thousand of Brazilian Reais)

	Realized capital stock	Surplus reserves			Surplus available at A.G.O.	Total
		Statutory reserve fund	FATES	Developme nt funds		
<b>AS OF DECEMBER 31, 2011</b>	<b>69.855</b>	<b>51.453</b>	<b>29.632</b>	<b>185.588</b>	<b>56.590</b>	<b>393.118</b>
Incorp. of surplus reserves according to AGO	-	3.041	-	31.515	(34.556)	-
Capital Contribution/withholdings	2.621	-	-	-	-	2.621
Withholdings for Capitalization fund	2.308	-	-	-	-	2.308
Contribution in participation quotas	7.997	-	-	-	-	7.997
Write-off capital for dismissed members/65 years	(3.028)	-	-	-	-	(3.028)
Write-off capital - membership unit system	(909)	-	-	-	-	(909)
Development fund Constitution	-	-	-	7.112	-	7.112
Capitalization according to AGO	5.663	-	-	-	(5.663)	-
Use of FATES for the year	-	-	(1.859)	-	1.859	-
Update UBC/Capitalization fund	-	-	-	-	556	556
Distribution of surplus for members according to AGO	-	-	-	162	(16.927)	(16.765)
Net surplus for the year	-	-	-	-	72.865	72.865
Recognition of statutory reserve	-	7.789	-	-	(7.789)	-
FATES	-	-	6.022	-	(6.022)	-
<b>DECEMBER 31, 2012</b>	<b>84.507</b>	<b>62.283</b>	<b>33.795</b>	<b>224.377</b>	<b>60.913</b>	<b>465.875</b>
Incorp. of surplus reserves according to AGO	-	2.088	-	34.491	(36.579)	-
Capital Contribution/withholdings	4.277	-	-	-	-	4.277
Contribution intercooperation	35.030	-	-	-	-	35.030
Withholdings for Capitalization fund	2.046	-	-	-	-	2.046
Contribution in participation quotas	6.106	-	-	-	-	6.106
Write-off capital for dismissed members/65 years	(7.827)	-	-	-	-	(7.827)
Write-off capital - membership unit system	(1.345)	-	-	-	-	(1.345)
Development fund Constitution	-	-	-	5.560	-	5.560
Capitalization according to AGO	7.298	-	-	-	(7.298)	-
Use of FATES for the year	-	-	(2.114)	-	2.114	-
Adjustment of shares UBC/Capitalization fund	-	-	-	-	534	534
Distribution of surplus for members according to AGO	-	-	-	15	(17.570)	(17.555)
Net surplus for the year	-	-	-	-	78.882	78.882
Recognition of statutory reserve	-	8.515	-	-	(8.515)	-
FATES	-	-	8.351	-	(8.351)	-
<b>DECEMBER 31, 2013</b>	<b>130.092</b>	<b>72.886</b>	<b>40.032</b>	<b>264.443</b>	<b>64.130</b>	<b>571.583</b>

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



**EXHIBIT 4**  
**CASTROLANDA - COOPERATIVA AGROINDUSTRIAL LTDA**  
**STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(In thousand of Brazilian Reais)

	2013	2012
<b>1 - CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net surplus for the year</b>	<b>78.882</b>	<b>72.865</b>
<b>Adjustments to reconcile profit for the year to cash generated by operating activities</b>		
Depreciation, amortization and depletion	23.778	21.224
Monetary variation on long-term loans	11.139	12.784
Monetary variation on long-term accounts receivables	(5.991)	(6.478)
Provision for contingencies	9.745	10.533
Write-off of property, plant and equipment	831	1.883
	<b>118.384</b>	<b>112.811</b>
<b>Changes in assets:</b>		
Accounts receivable	43.988	20.831
Inventories	(16.435)	(34.650)
Others	(23.564)	(9.416)
	<b>3.989</b>	<b>(23.235)</b>
<b>Changes in liabilities:</b>		
Trade accounts payable	48.954	7.691
Payables to members	2.338	45.069
Customers' advances	366	(1.995)
Social charges and tax liabilities	(6.093)	(5.885)
Payments of income and social contribution taxes	4.406	2.506
Offset of income and social contribution taxes	2.915	3.883
Other accounts payable	436	336
Accrued liabilities	(740)	166
	<b>52.582</b>	<b>51.771</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>174.955</b>	<b>141.347</b>
<b>2 - CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to permanent assets	(185.322)	(69.243)
Additions to investments	(40.002)	(4.462)
Additions to biological assets	(2.307)	(106)
Additions to intangible assets	(528)	(590)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(228.159)</b>	<b>(74.401)</b>
<b>3 - CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in loans and financing	68.673	(95.400)
Constitution of development reserves	5.560	7.112
Statutory appropriations:		
Distribution of surplus for members	(17.555)	(16.765)
Return of capital to members	(7.827)	(3.028)
Capital Contribution/withholdings	4.277	2.621
Contribution intercooperation	35.030	0
Withholdings for capitalisation fund - agriculture	2.046	2.308
Contribution in participation quotas	4.761	7.088
Adjustment of shares UBC/Capitalisation fund	534	556
<b>NET CASH PROVIDED (APPLIED) BY FINANCING ACTIVITIES</b>	<b>95.499</b>	<b>(95.508)</b>
<b>4 - INCREASE / DECREASE IN CASH AND EQUIVALENTS</b>	<b>42.295</b>	<b>(28.562)</b>
<b>At beginning of year</b>	<b>257.952</b>	<b>286.514</b>
<b>At end of year</b>	<b>300.247</b>	<b>257.952</b>

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

**EXHIBIT 5**
**CASTROLANDA - COOPERATIVA AGROINDUSTRIAL LTDA**
**STATEMENTS OF VALUE ADDED FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**
**(In thousands of Brazilian Reais)**

	<b>2013</b>	<b>2012</b>
<b>1. REVENUE</b>		
1.1. Sales of merchandise, products and services	1.709.897	1.535.863
1.2. Other operating revenues	5.018	7.175
1.3. Other operating income (loss)	983	1.552
1.4. Reversal (allowance) for doubtful accounts	(512)	603
1.5. Returns and discounts	(28.805)	(37.072)
	<b>1.686.581</b>	<b>1.508.121</b>
<b>2. INPUTS ACQUIRED FROM THIRD PARTIES</b>		
2.1. Cost of products, merchandise and services sold	1.452.521	1.296.622
2.2. Materials, energy, third-party services and others	53.724	47.146
2.3. Loss / recovery of assets	549	665
	<b>1.506.794</b>	<b>1.344.433</b>
<b>3. GROSS VALUE ADDED (1-2)</b>	<b>179.787</b>	<b>163.688</b>
<b>4. DEPRECIATION, AMORTIZATION AND DEPLETION</b>	<b>23.778</b>	<b>21.224</b>
<b>5. NET VALUE ADDED GENERATED BY THE COMPANY (3-4)</b>	<b>156.009</b>	<b>142.464</b>
<b>6. VALUE ADDED RECEIVED IN TRANSFER</b>		
6.1. Financial revenues	42.065	47.798
	<b>42.065</b>	<b>47.798</b>
<b>7. TOTAL VALUE ADDED TO BE DISTRIBUTE (5 +6)</b>	<b>198.074</b>	<b>190.262</b>
<b>8. DISTRIBUTION OF VALUE ADDED</b>		
<b>8.1. Personnel</b>		
8.1.1. Direct Compensation	37.950	30.926
8.1.2. Benefits	8.718	7.061
8.1.3. FGTS (Severance Pay Fund)	2.573	1.867
<b>8.2. Taxes, fees and contributions</b>		
8.2.1. Federal	15.009	13.183
8.2.2. State	16.388	18.189
8.2.3. Municipal	114	110
<b>8.3. Returne on debt capital</b>		
8.3.1. Interest	26.037	29.162
8.3.2. Other financial expenses	12.403	16.899
<b>8.4. Remuneration of own capital</b>		
8.4.1. Retained surpluses	78.882	72.865
	<b>198.074</b>	<b>190.262</b>

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

**NOTE 01 - OPERATIONS**

**The Company has 785 members (754 in 2012) and its activities mainly consist of:**

- a) Marketing of agricultural and livestock products , keeping , silos and warehouses to store products, equipment for drying, processing and standardization;
- b) Processing and sale of seeds, beans, animal feed, dairy, and potatoes, ovine and pork;
- c) Purchasing and storing crop and livestock inputs to be supplied to members;
- d) Rendering crop and livestock technical assistance services to members.

**NOTE 02 - PRESENTATION OF THE FINANCIAL STATEMENTS**

The financial statements have been prepared and are presented in conformity with Brazilian accounting practices, including the Brazilian Accounting Standards, the Pronouncements, Guidelines and Interpretations issued by the Committee of Accounting Pronouncements (CPC) and the Cooperative Act No. 5.764/71. According to Accounting Standard NBC TE – Cooperative Entities, the Company's financial statements have been standardized for nomenclatures and presentation form.

Laws No. 11.638/07 and No. 11.941/09 changed Law No. 6.404/76 regarding the preparation and disclosure of financial statements.

The financial statements have been prepared at historical cost, which is based on the fair value of the amounts paid in exchange for assets or for the settlement of liability.

*Functional and reporting currency*

These financial statements are presented in Brazilian Reais, which is the Company's functional currency. All financial information presented in Brazilian Reais was rounded to the next unit, except when otherwise stated.

*Use of accounting estimates and assumptions*

Accounting estimates and assumptions are based on objective and subjective factors and management's judgment for determining the adequate value to be recorded in the financial statements. Significant items subject to these estimates and assumptions include the residual value of property, plant and equipment, allowance for doubtful accounts, inventories, deferred income tax, provision for contingencies, and assets and liabilities related to employee benefits. Transaction settlement involving those estimates may result in amounts significantly different due to the inherent inaccuracy of the estimates when they are determined. The Company reviews these estimates and assumptions annually.

**NOTE 03 - SIGNIFICANT ACCOUNTING PRACTICES***CURRENT AND NON-CURRENT ASSETS AND LIABILITIES*

Where applicable Current and non-current assets, are reduced by an allowance to their probable realizable values and investments recognize the earnings pro rata basis. The current and non-current liabilities include the charges incurred, when applicable.

*SURPLUS AND LOSSES FOR THE YEAR*

Result of operations is determined in accordance with the accrual basis of account:

- income, charges and effects of monetary variations, at official rates or indices on assets and liabilities; and
- the effects of asset adjustments for market value or realizable value, when applicable.

Sales revenue is recognized in income when all the product's risks and benefits are transferred to the buyer. Service revenues are recognized in the profit and loss statement as they are realized. Revenue whose realization is significantly uncertain is not recognized.

*FOREIGN CURRENCY*

Monetary assets and liabilities denominated in foreign currencies were translated into Brazilian Reais at the exchange rate of the balance sheet date. Differences arising from currency translation were recognized in the profit and loss statement.

*CASH AND CASH EQUIVALENTS*

Include the balance of cash and bank and financial investments with maturity dates of up to 90 days from the date of application deposits, recorded at cost plus net income earned through the balance sheet date, not exceeding the market value.

*TRADE ACCOUNTS RECEIVABLE*

Are recorded in the balance sheet at nominal value of securities representing such credits, plus monetary or exchange variations, when contracted, discounted to present value where applicable and less allowance for doubtful accounts, calculated based on the individual analysis of accounts receivable in an amount considered sufficient to cover possible losses on realization of these credits.

*ALLOWANCE FOR DOUBTFUL ACCOUNTS - TRADE ACCOUNTS RECEIVABLE*

The allowance for doubtful accounts is recognized in an amount considered sufficient to cover possible losses on accounts receivable, after detailed analysis of overdue loans and advice of legal counsel Cooperative.

*ALLOWANCE FOR DOUBTFUL ACCOUNTS - RELATED-PARTY RECEIVABLE*

The allowance for doubtful accounts – related-party receivables is recognized in amounts considered sufficient according to ability to pay each member. The receivables of dismissed, withdrawn or excluded cooperated are fully provided at the end of each year.

*INVENTORIES*

Inventories are valued at average acquisition or production cost, which do not exceed their net realizable values. The methodology of the average cost of inventories includes expenditure incurred in acquiring and shipping. In the case of manufactured inventories and work in progress, cost includes manufacturing overheads based on normal operating capacity.

*ACCOUNTS RECEIVABLE AND PAYABLE TO MEMBERS*

The accounting record of transactions with the cooperative is conducted in accordance with the nature of operations, and incorporates the charges incurred up to the balance sheet date, when applicable.

*INVESTMENTS*

The investments are valued at historical cost since it is primarily of investments in other cooperatives, in accordance with the NBC T 10.8. Investments at company non-cooperative are also valued at cost in accordance with the provisions of Law no. 6.404/76 and the pronouncements issued by the Committee of Accounting Pronouncements for not treating investments in affiliates or controlled companies.

*PROPERTY, PLANT AND EQUIPMENT*

Property, plant and equipment are recorded at cost of acquisition, formation or construction. Depreciation is calculated using the straight-line method at the rates mentioned in note 12, taking into account residual value and estimated useful lives of assets, in accordance with CPC 27 -. Fixed Assets.

The cooperative opted not to adopt the deemed cost to its property, plant and equipments, as permitted by CPC 27 and ICPC 10.

Costs are capitalized only when there is an increase in economic benefits of property, plant and equipments. All other expenditure is recognized as an expense.

#### *INTANGIBLE ASSETS*

Intangible assets include the amounts paid for software use rights, recorded at cost less amortization, calculated in accordance with their useful lives.

#### *RIGHTS AND OBLIGATIONS*

Adjustment by financial charges in accordance with current contracts, to reflect the amounts incurred through the balance sheet date.

#### *LOANS AND FINANCING*

Initially recognized, net of transaction costs and measured at amortized cost. The financial charges incurred by the end of the year, under the agreements, which are accounted for as financial expenses.

#### *PROVISIONS*

Provisions are recognized in the balance sheet when the Cooperative has a legal or constructive obligation as a result of a past event and funds are likely to be necessary to settle the obligation. Provisions are recorded according to the best estimates of the risks involved.

#### *OTHER CURRENT AND NON-CURRENT ASSETS AND LIABILITIES*

Other current and non-current assets are stated at cost or realizable value, including, when applicable, income earned. Due to operating characteristics are not applicable adjustments to net present value and / or fair value of achievement.

Other current and non-current liabilities are stated at known or estimated amounts, plus, when applicable, related charges and monetary and exchange variations, the adjustment to present value being used if applicable.



### *INCOME AND SOCIAL CONTRIBUTION TAXES*

These taxes are calculated on the basis of further 10% of the excess of R \$ 240 thousand in the year of the real to the Income Tax Profit and 9% for social contribution on the basis of calculating the same effective rate of 15% , levied on non-cooperative acts. The taxable income for both cases is obtained starting from the accounting profit with uncooperative acts, to which is added the non-deductible expenses and excluding non-taxable income as relevant legislation. We also consider the offsetting of tax losses and negative basis of social contribution up to 30% of taxable income.

### *IMPAIRMENT LOSS*

According with CPC 01 - Impairment, the asset is impaired when its carrying amount exceeds its recoverable amount, either by sale or use in the ordinary course of operations. Annually, to be analyzed if there are indicators that point to this and, if so, the loss shall be recognized in income.

The Castrolanda annually analyzes the internal and external indicators of impairment, in accordance with CPC 01 in all its cash generating units, recognizing the loss when applicable.

### *BIOLOGICAL ASSETS*

Pursuant to Pronouncement CPC 29, a biological asset is a live animal or plant. The Company recognizes its biological assets (forests, breeders, and breeder swine) at their fair values.

### *MEMBER'S ACTIVITIES AND NON-MEMBER'S ACTIVITIES*

According to NBCT 10.8 - cooperative societies, they must show separately result of the composition of the given period, considering the ticket less the expenditures of the cooperative act, and revenues, costs and expenses of the non-cooperative act, as shown in Note No. 25.

**NOTE 04 - CASH**

Financial investments are represented as follows:

Description	Rates	2013	2012
		R\$/thousand	R\$/thousand
Cash		3.119	4.321
CDB(Bank certificates of deposit)/CDI (Interbank deposit rate)	from 100% to 103% of CDI	297.128	252.021
Savings account	TR (Benchmark rate) + 0,5% a.m.	0	1.610
<b>Total</b>		<b>300.247</b>	<b>257.951</b>

**NOTE 05 - ACCOUNTS RECEIVABLE / PAYABLES TO MEMBERS**

Accounts receivable / payable to the cooperative members are represented as follows:

R\$ thousand	Assets		Liabilities	
	2013	2012	2013	2012
<b>Short term</b>				
Financing for costing	83.791	102.832		
Financing for working capital	33.819	37.932	44.640	40.993
Notes receivable	30.092	28.548		
Production account	7.578	7.912	50.528	52.929
Financing for participation fee	4.289	4.147		
Financing for investment	2.074	2.701		
Current account	979	1.261	12.237	14.380
ICMS (State VAT) payable		-	584	603
Others		-	132	692
Provision for acquisition of agricultural and livestock products		-	13.449	10.403
	<b>162.622</b>	<b>185.333</b>	<b>121.570</b>	<b>120.000</b>
<b>Long term</b>				
Financing for participation fee	19.014	20.075		-
Financing for investment	7.014	7.677		-
Financing for working capital	4.542	6.670		-
Agricultural mutual fund			8.065	7.297
	<b>30.570</b>	<b>34.422</b>	<b>8.065</b>	<b>7.297</b>
<b>Total</b>	<b>193.192</b>	<b>219.755</b>	<b>129.635</b>	<b>127.297</b>

The item "funding for costing" refers to funds provided to the cooperative members for use in farming.

The "financing to working capital" refers to features provided to the cooperative members to improve the cash flow of their agricultural activity.

In "production accounting" is moving to acquire agricultural inputs and sale of agricultural production cooperatives.

**NOTE 06 - TRADE ACCOUNTS RECEIVABLE**

Trade accounts receivable are represented as follows:

<b>Description</b>	<b>2013</b>	<b>2012</b>
	R\$/thousand	R\$/thousand
Notes receivable	70.123	79.555
Checks	460	406
Renegotiated debts	195	288
Others	38	47
(-) Allowance for doubtful accounts	(4.872)	(2.943)
<b>Total</b>	<b>65.944</b>	<b>77.353</b>

**NOTE 07 - INVENTORIES**

Inventories are represented as follows:

<b>Description</b>	<b>2013</b>	<b>2012</b>
	R\$/ thousand	R\$/ thousand
Agricultural inputs	74.440	54.253
Dairy products - UBL	14.503	10.919
Feed / raw material	12.562	10.839
Advances to suppliers	8.158	9.502
Agricultural products	6.368	14.400
Seeds of wheat	6.123	2.615
Farming store	5.943	3.307
Bean seeds	3.223	1.584
Merchandise in warehouses from third parties	1.675	9.210
Piglet production unit	1.500	1.539
Firewood	1.137	878
Livestock production farms	1.054	1.054
Seeds of pasture / forage	840	432
Corn seeds	821	1.661
Potato Seeds	791	867
Fried potato unit	471	644
Other	3.938	3.408
<b>Total</b>	<b>143.547</b>	<b>127.112</b>

***Agricultural inputs***

Mainly represented by pesticides, fertilizers and soil conditioners recorded at cost, which does not exceed their net realizable values.

***Dairy products - BPM***

Represented by warehouse inventories, raw materials and finished products Beneficiation Plant Milk.

***Feed / raw material***

Represented by raw materials to be used in feed production as well as finished products of this nature.

***Agricultural products***

Represented by grains, especially soybeans, corn and wheat purchased from members, pledged under sale with mills industries and not billed for these.

**NOTE 08 - RECOVERABLE TAXES**

These are represented as follows:

<b>Description</b>	<b>2013</b>	<b>2012</b>
	R\$/thousand	R\$/thousand
ICMS recoverable	14.712	9.494
ICMS awaiting approval SISCREDA	6.000	-
IRRF (Withholding income tax) on financial investments	4.456	3.556
Others	4	4
<b>Total</b>	<b>25.172</b>	<b>13.054</b>

The balance recoverable ICMS (State VAT) refers mainly to purchases of raw materials, fertilizers and pesticides from other states, being benefited by their deferral outs within the state of Paraná.

The ICMS balance SISCREDA awaiting approval, also refers to receivables arising from acquisitions of inputs from other states, which were targeted qualification request by the tax authorities Paraná, which will be used to purchase goods and payment of suppliers.

**NOTE 09 - OTHER RECEIVABLES - SHORT TERM**

Are represented as follows:

<b>Description</b>	<b>2013</b>	<b>2012</b>
	R\$/thousand	R\$/thousand
Related-party receivables	4.206	4.168
Provision for supplementary piglet price UPL	690	1.429
ICMS on acquisition of property, plant and equipment	524	881
Amount receivable from sale of property, plant and equipment	462	164
Others	1.641	754
<b>Total</b>	<b>7.523</b>	<b>7.396</b>

**NOTE 10 - OTHER RECEIVABLES - LONG TERM**

Are represented as follows:

<b>Description</b>	<b>2013</b>	<b>2012</b>
	R\$/thousand	R\$/thousand
Real estate properties for sale	13.324	8.413
ICMS on acquisition of property, plant and equipment	6.939	973
Court deposit	194	668
Others	1.383	503
<b>Total</b>	<b>21.840</b>	<b>10.557</b>

The amount of R\$ 13.324 thousand refers fully to the property of third parties and members, received as payment of existing debts with the Cooperative, which by their nature cannot be used in normal operation of Castrolanda. These amounts are recorded net of allowance for devaluation of these properties, and the values do not exceed the realizable market value.

The value of R\$ 6.939 thousand balance of ICMS (State Vat) on purchases of fixed assets refers mostly to machinery and equipment for new Beneficiation Plant Milk in Itapetininga, which will be suitable monthly at the rate of 01/48 from the start of operations.

**NOTE 11 - INVESTMENTS**

Investments are represented as follows:

<b>Description</b>	<b>2013</b>	<b>2012</b>
	R\$/thousand	R\$/thousand
Batavo Cooperativa	38.621	31
Eletrogeração	4.137	4.006
Sicredi	1.901	1.677
Coodetec	1.031	47
Cooperativa Central de Laticínios do Paraná	1.017	1.017
Coonagro	394	323
Eletrorural	306	306
Other investments	8	6
<b>Total</b>	<b>47.415</b>	<b>7.413</b>

Investment in Batavo Cooperativa Agroindustrial refers to the process of inter-cooperation in dairies industry and the industrial unit wheat.

Eletrogeração S/A is engaged in exploring the generation of electricity and other energy sources, in which the Company holds 13.88% ownership interest.

Sicredi is a credit cooperative that operates in the region of Campos Gerais, in which the Company holds ownership interest of 6.43% according to its financial movement with that institution.

Cooperativa Central de Pesquisa Agrícola – COODETEC is focused on research of improvement in seed, in which Castrolanda has an investment of 1.92% of the capital.

Cooperativa Central de Laticínios do Paraná – CCLPL was created to meet the common interests of its members (Castrolanda, Batavo e Capal), in which the Castrolanda holds ownership interests in 36.53%.

## NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are represented as follows:

CHANGES IN PROPERTY, PLANT AND EQUIPMENT 2013							R\$ thousand
TYPE	DEPRECIATION RATE	BALANCE AS OF 12/31/2012	ADDITIONS	WRITE-OFFS	TRANSFERS	DEPRECIATION/AMORTIZATION	BALANCE AS OF 12/31/2013
LAND		19.552	1.320	-	176		21.048
BUILDINGS	3,5% e 4%	77.777	299	-	1.745	(3.315)	76.506
METALLIC WAREHOUSES	4% e 5%	15.278	80	-	1.098	(876)	15.580
MACHINERY AND EQUIPMENT	7% e 10%	76.449	3.344	(135)	5.028	(10.980)	73.706
VEHICLES	15%	2.263	1.304	(321)	151	(498)	2.899
PACKAGES	20%	141	36	-		(88)	89
FURNITURE AND FIXTURES	10%	1.964	421	(55)	64	(302)	2.092
TOOLS	10%	1.106	132	(2)		(167)	1.069
FACILITIES	8% e 10%	29.122	4.265	(82)	3.123	(3.847)	32.581
PAVEMENT	10%	9.121	909	-	146	(1.258)	8.918
COMPUTERS AND PERIPHERALS	20%	2.614	2.285	(105)	63	(919)	3.938
ONGOING CONSTRUCTIONS		7.805	91.588		38.049		137.442
ADVANCE BILLING		181	29.202		(18.391)		10.992
ADVANCES		14.831	49.660		(31.754)		32.737
PLOTS OF LAND NON-OPERATIONAL		4399	477	(131)	24		4.769
BUILDINGS - ASSETS NOT OPER.		183					183
BUILDINGS - BUILDINGS OF THIRD	20%	0			478	(44)	434
<b>TOTAL</b>		<b>262.786</b>	<b>185.322</b>	<b>(831)</b>	<b>-</b>	<b>(22.294)</b>	<b>424.983</b>



In line with the Castrolanda growth strategy, many investments were made in 2013, with the main investments were:

- Continuity of construction of Meat Industrial Unit in Castro-PR, with investments of R\$ 79.058 million in the year;
- Start of works of Beneficiation Plant Milk in Itapetininga-SP, with investments of R\$ 64.486 million in 2013;
- Expansion of capacity Seed Processing Unit in Castro-PR, where R\$ 7.157 million was invested;
- Investment on the Units of Pirai do Sul, which are two distribution centers chemical, construction of new agricultural store and administrative offices, totaling R\$ 7.097 million in 2013;
- Improvements in Beneficiation Plant Milk Castro-PR, amounting to R\$ 5.771 million;
- Expansion and improvements in the productive capacity of the Bean Business Unit in the amount of R\$ 3.931 million;
- Expansion of production capacity and dispatching Factory Feed in the headquarters, with the investment of R\$ 3.894 million.

### NOTE 13 - BIOLOGICAL ASSETS

Biological assets are represented as follows:

	Adjusted	Accumulated	R\$ thousand	
	cost	Deprec./Amortization	Total Net	
			2013	2012
Forests	15.530	(8.063)	7.467	6.895
Livestock	4.817	(121)	4.696	4.445
<b>Total</b>	<b>20.347</b>	<b>(8.184)</b>	<b>12.163</b>	<b>11.340</b>

According to Technical Pronouncement CPC 29 – Biological Assets and Agricultural Products, the Company's forests were valued at fair value on the balance sheet date based on an appraisal report prepared by a hired specialized company. Breeders of Swine and other breeders were valued at fair value based on appraisal reports prepared by internal experts.

On both cases, due to the accounting policy adopted by the Company, there were no significant divergences between the value used and the fair value, therefore, an adjustment is not required.

**NOTE 14 – INTANGIBLE ASSETS**

The amounts recorded as intangible assets are represented as follows:

	Restated value	Accumulated Amortization	R\$ thousand	
			Residual value	
			2013	2012
Use rights - software	1.340	(222)	1.118	590
<b>Total</b>	<b>1.340</b>	<b>(222)</b>	<b>1.118</b>	<b>590</b>

**NOTE 15 - SUPPLIERS**

Obligations with suppliers are represented as follows:

Description	R\$ thousand			
	Short term		Long term	
	2013	2012	2013	2012
Domestic market suppliers	58.858	33.691	20.988	-
External market suppliers	2.286	-	-	-
Transportation services	1.098	964	-	-
Other liabilities	401	22	-	-
<b>Total</b>	<b>62.643</b>	<b>34.677</b>	<b>20.988</b>	<b>0</b>

The values under "Providers external market" by treating yourself from monetary items in the form of CPC N° 02, were converted at balance sheet date using the closing exchange rate.

**NOTE 16 - LOANS AND FINANCING**

These are represented as follows:

	Currency	Rates	R\$ thousand			
			Short term		Long term	
			2013	2012	2013	2012
Agricultural inputs	Local currency	5,50% p.a.	105.811	12.229	0	0
Working capital	Local currency	6,50%-6,75 p.a.	49.914	36.374	55.983	52.584
Selling EGF	Local currency	5,50% p.a.	39.835	108.413	0	0
Acquisition of property, plant and equip.	Local currency	2,5%-6,75 p.a.	15.170	8.583	102.140	57.625
Other types	Local currency	3%-6,75 p.a.	917	502	2.278	3.995
PESA (Special Asset R. Program)	Local currency	IGP-M + 3% p.a.	187	422	12.109	11.064
Transfer to members	Local currency	3%-6,75 p.a.	218	215	2.404	2.586
Ad. Exchange contract	Foreign currency	2,50%p.a.+exchange rate	0	12.562	0	0
			<b>212.052</b>	<b>179.300</b>	<b>174.914</b>	<b>127.854</b>

The caption "Agricultural inputs" is conceptualized as a credit cooperative or service to supply resources to the cooperative, for the following purposes:

- a) advance the cooperative on behalf of delivered products for sale;
- b) procurement of inputs and goods for supply to the cooperative (seeds and seedlings, machinery, agricultural implements and utensils, vehicles, animals, essential consumer goods, many usable materials and products in rural farms); and
- c) acquisition of goods for services exclusively in rural farms (machinery, implements, farm implements and pure breeding males or high pedigree).

The "financing for working capital" refers to lines Prodecoop SPINNING AND SPINNING PROCAP, applying to cooperatives to improve their cash flow, equalized with charges of 6.50% to 6.75% a.a., with a maximum term of 6 years.

The financing for the acquisition of fixed assets are related to Prodecoop and FINE lines, and were mainly used for investments in the Industrial Unit of Meat and Milk Processing Plant in Itapetininga / SP.

Loans and financing are collateralized offered at: mortgages, collateral security, guaranty and surety of directors and rural promissory notes issued by the cooperative, with the final maturity on October 31, 2025.

The maturities of long-term, Corresponding to the balance at December 31, 2013 are as follows:

Year	R\$ thousand Balance
2015	38.380
2016	38.380
2017	38.380
2018	38.380
After 2018	21.394
<b>Total</b>	<b>174.914</b>

## NOTE 17 – ACCRUED LIABILITIES

These are represented as follows:

Description	Short term		R\$ thousand Long term	
	2013	2012	2013	2012
Provision for labor liabilities	8.579	7.059		
Provision for contingencies			49.054	41.905
Taxes to offset			3.452	3.117
Provision for adjustment of UBC shares	593	900		
Other provision	308	-		
<b>Total</b>	<b>9.480</b>	<b>7.959</b>	<b>52.506</b>	<b>45.022</b>

**PROVISION FOR TAX AND LABOR CONTIGENCIES**

The Cooperative has been discussing certain tax, labor and civil, both administratively and judicially issues, which, when applicable, are supported by judicial deposits. Management, based on the opinion of its legal counsel, believes that the provision for tax and labor contingencies are likely sufficient to cover any future, financial disbursements arising out of these issues.

**NOTE 18 - SHAREHOLDERS' EQUITY****CAPITAL STOCK**

The share capital, fully paid on December 31, 2013 is R \$ 130,092 thousand (R \$ 84,507 thousand in 2012), the fully owned cooperative domiciled in the country. According to the by-laws, each member has one vote, regardless of the number of their shares parts.

The deductions and payments of capital in year 2013 totaled R\$ 47,459 (R\$ 12,926 thousand in 2012), plus additions to capital leftovers of the amount in R\$ 7.298 thousand (R\$ 5.663 mil em 2012). The significant increase in the amounts as capital payments refers to the value R\$ 35.030 thousand corresponding to the process of inter-cooperation among cooperatives Bata, Capal and Castrolanda in segments of dairy and meat.

The value of Capital Stock already reflects the low of the dismissed members and low regarding to the quota system in the year 2013, which totaled R\$ 9.172 thousand (R\$ 3.937 thousand in 2011).

After legal and statutory allocations net surplus for the year will be used as approved at the meeting of the cooperative.

***SURPLUS RESERVES AND FUNDS ESTABLISHED ACCORDING TO LAW AND BY-LAWS***

These are represented as follows:

<b>Description</b>	<b>2013</b>	<b>2012</b>
	R\$/thousand	R\$/thousand
Development fundto	264.443	224.377
Statutory reserve fund	72.886	62.283
Fund for technical, educational and social assistance - FATES	40.032	33.795
<b>Total</b>	<b>377.361</b>	<b>320.455</b>

**a) DEVELOPMENT FUND**

Development fund per sector intended for strengthening and developing sectors, to bring about improvements and investments by means of:

- Collection of 1% added to sale prices of inputs and merchandise; and
- Other amounts and credits as decided by the Board of Directors or Annual Meeting.

**b) STATUTORY RESERVE FUND**

Calculated at the minimum rate of 10% of the surpluses calculated per sector in the balance sheet of the year, the statutory reserve fund is intended to cover possible losses and contribute to the development of the Company's activities.

**c) FUND FOR TECHNICAL, EDUCATIONAL AND SOCIAL ASSISTANCE - FATES**

Calculated at the minimum rate of 5% of the year's surplus, the fund is intended to assist the Company's employees, members and their families.

Donations with no special destination and the results of transactions conducted by non-members, deducted from the result of financial investments, are also added to this fund.

**NOTE 19 – NET OPERATING REVENUE**

	<b>2013</b>	<b>2012</b>
	R\$/mil	R\$/mil
<b>GROSS OPERATING REVENUE</b>		
Sales of products and services	1.714.915	1.543.038
	<u>1.714.915</u>	<u>1.543.038</u>
<b>DEDUCTIONS</b>		
Taxes on sales	(16.263)	(18.731)
Returns and discounts	(28.805)	(37.072)
	<u>(45.068)</u>	<u>(55.803)</u>
<b>NET OPERATING REVENUE</b>	<b><u>1.669.847</u></b>	<b><u>1.487.235</u></b>

**NOTE 20 – FINANCIAL REVENUE AND EXPENSES**

	2013	2012
	R\$/thousand	R\$/thousand
Returns on financial investments	21.235	25.872
Interest	11.154	14.662
Discounts and financial negotiations	6.004	2.304
Others	3.672	4.960
<b>Total Financial Revenues</b>	<b>42.065</b>	<b>47.798</b>
Financial investment cost	(12.384)	(16.495)
Interest on loans and financing	(10.077)	(12.102)
Provisions for contingencies/doubtful accounts	(10.682)	(9.812)
Discounts	(3.137)	(3.760)
Others	(2.160)	(3.892)
<b>Total Financial Expenses</b>	<b>(38.440)</b>	<b>(46.061)</b>
<b>Financial Income, net</b>	<b>3.625</b>	<b>1.737</b>

**NOTE 21 – RELATED-PARTY TRANSACTIONS**

The transactions with partner cooperative for the most part, are made pursuant to commercial agreements of purchase and sale of agricultural products, and are consistent with current market practices. The balances at December 31 are as follows:

RELATED PARTIES	R\$ thousand					
	Accounts receivable		Others Accounts receivable		Trade accounts payable and other accounts payable	
	2013	2012	2013	2012	2013	2012
Batavo Cooperativa Agroindustrial	6.309	5.406	172	31	9.118	7.446
Capal Cooperativa Agroindustrial	-	30	113	-	18	30
Cooperativa Agropecuária Caetê	30	1	4.206	4.160	545	549
Coonagro	-	7	394	323	-	12
Cooperativa de Eletrificação Rural Castrolanda	-	-	306	306	428	280
<b>Total</b>	<b>6.339</b>	<b>5.444</b>	<b>5.191</b>	<b>4.820</b>	<b>10.109</b>	<b>8.317</b>



**NOTE 22 – INSURANCE COVERAGE**

The Company has taken out insurance in amounts considered sufficient to cover possible losses, with the following coverage amounts (fire). Given the nature of the risk assumptions adopted, they are not part of the scope of an audit of financial statements and therefore were not audited by our independent auditors.

	<b>2013</b>	<b>2012</b>
	R\$/thousand	R\$/ thousand
Industrial Park	54.500	54.500
Vehicles	3.306	2.679
Inventories and other assets	327.723	204.572
<b>Total</b>	<b>385.529</b>	<b>261.751</b>

**NOTE 23 – FINANCIAL INSTRUMENTS**

The Company has transactions with financial instruments. The management of these instruments is made through operational strategies and internal controls, aiming at ensuring liquidity, profitability, and security. Financial instruments for hedging purposes are taken through a periodic analysis of the risk exposure that the Management intends to cover (exchange rate, interest rate, etc). The control policy consists of a permanent follow-up on agreed conditions against the ones prevailing in the market. The Company does not invest in derivatives or any other risk assets for speculation purposes. The results of those operations are in accordance with the policies and strategies defined by the Company's Management.

All financial instrument operations are recognized in the Company's financial statements.

*a) Identifying and valuing financial instruments*

The Company operates with several financial instruments, mostly cash and cash equivalents, including financial investments, trade accounts receivable, trade accounts payable, loans and financings.

*b) Cash and cash equivalents, marketable securities, accounts receivable, other current assets and accounts payable.*

The book values of these instruments approximate their realizable values.

*c) Loans and financings*

The book value of loans and financings in Brazilian Reais bears rates that approximate market value. For other loans and financings, including those denominated in foreign currency, common credit lines available in market are used and, therefore, there are no differences between the book value and market value.

d) *Investments*

These mainly refer to investments in closely-held companies, valued at cost method, and which are of strategic interest for the Company.

e) *Breakdown of balances*

In compliance with the Brazilian Accounting Standards, the book and market values of financial instruments included in the balance sheet as of December 31, 2013 are identified below:

<b>Description</b>	<b>R\$ thousand</b>	
	<b>Book value</b>	<b>Market value</b>
Loans and financing	386.966	386.966
Financial investments	297.128	297.128
Accounts receivable	259.168	259.168
Suppliers	213.266	213.266
Other receivables	29.363	29.363
Other payables	3.287	3.287
Cash	3.119	3.119
<b>Total</b>	<b>1.192.297</b>	<b>1.192.297</b>

f) *Liquidity risk*

It results from the possibility of the Company finding difficulties to comply with the obligations associated to its financial liabilities settled through payments in cash or through other financial assets. The Company's approach in the management of this risk is to guarantee enough liquidity to meet its obligations at maturity, under regular or unusual conditions, with no unacceptable losses or risking the Company's operations.

g) *Derivatives*

The Cooperative adopts the practice of eliminating market risks by avoiding exposure to exchange rate fluctuations in the short-term and using instruments that allow control over such risks.

*h) Risk management*

Market risks are hedged when it is necessary to support corporate strategies or keep financial flexibility, by means of exams and review of information related to risk management, including procedures and practices applied to it.

The main market risk factors affecting the Company's business are the ones listed below:

- *Risk of price of goods sold or produced or inputs acquired*

This risk results from the possibility of fluctuations in the market prices of the goods sold or produced by the Company and of the other inputs used in production. These price fluctuations may cause significant changes in the Company's inflows/revenues and expenses/costs. To mitigate these risks, the Company permanently monitors local markets, seeking to anticipate price changes.

- *Interest rate risk*

The associated risk is due to the possibility of the Company incurring gains/losses arising from variations on interest rates levied on its financial assets or liabilities, which may increase financial expenses on loans and financings raised in market. For mitigating this type of risk, the Company continuously monitors the market interest rates in order to evaluate the possible need to enter into new operations to hedge against fluctuation of these rates, aiming to diversify the funds raised at fixed and floating rates.

- *Credit risk*

These risks are managed through specific customer and member acceptance standards, credit analysis and establishment of exposure limits per customer, in view of the Company's wide portfolio.

- *Currency risk*

The administration of the Cooperative has decided not to transactions involving financial derivatives (swap) instruments to hedge its liabilities or net foreign currency exposure of the possible effects of currency fluctuations. The Castrolanda had no loans in foreign currency at the balance sheet.

**NOTE 24 - MEMBERS' AGRICULTURAL PRODUCTS IN STORAGE**

On balance sheet date, the Company had in its warehouses agricultural products of members' ownership. These inventories do not belong to Castrolanda, therefore, they are not included in the Company's inventory balances for accounting effects. For information purposes, we presented the breakdown of these inventories based on the minimum price established by Federal Government, as follows:

Product	2013		2012	
	qty (t)	total R\$/thousand	qty (t)	total R\$/thousand
Wheat	43.150	19.967	9.954	2.685
Soybeans	3.584	1.500	2.039	843
Seeds	132	106	767	321
Beans	2.295	3.148	623	831
Corn	3.571	1.039	194	56
Potato seed	459	385	-	-
Oatmeal	51	13	28	7
<b>Total</b>	<b>53.242</b>	<b>26.158</b>	<b>13.605</b>	<b>4.743</b>

**NOTE 25 - SURPLUS OR LOSS OF MEMBER'S AND NON-MEMBER'S ACTIVITIES**

According to the provisions of Article 65, sole paragraph of the Company's by-laws and NBC T 10.8 (Cooperative Entities), we present below the results for the years ended December 31, 2013 and 2012 of member's activities and non-member's activities:

	R\$ thousand			
	MEMBER'S ACTIVITIES	NON- MEMBER'S ACTIVITIES	2013	2012
<b>GENERAL</b>				
Inflows / revenues from sales of merchandise and services	1.590.422	124.493	1.714.915	1.543.038
Taxes and returns the inflows / revenue	(41.504)	(3.564)	(45.068)	(55.803)
Sales expenses and cost	(1.381.903)	(99.868)	(1.481.771)	(1.322.104)
Operating costs and expenses	(95.835)	(10.647)	(106.482)	(89.166)
<b>Income before financial income</b>	<b>71.180</b>	<b>10.414</b>	<b>81.594</b>	<b>75.965</b>
Financial effects	846	2.779	3.625	1.737
Income and social contribution taxes	-	(7.320)	(7.320)	(6.389)
Other operating income (loss)	316	667	983	1.552
<b>Surplus and net income for the year</b>	<b>72.341</b>	<b>6.541</b>	<b>78.882</b>	<b>72.865</b>

**NOTE 26 - CURRENT INCOME AND SOCIAL CONTRIBUTION TAXES**

	<b>2013</b>	<b>2012</b>
	R\$/thousand	R\$/thousand
Surplus before tax	86.202	79.254
Income and social contribution taxes at the nominal	29.309	26.946
Permanent add-backs and others	15.475	18.348
Permanent deductions and others	(6.986)	(9.303)
Non-taxable income (Loss) from member's activities	(72.341)	(69.053)
<b>Taxable Income</b>	<b>22.349</b>	<b>19.246</b>
Current income and Social Contribution taxes:		
Income Tax	5.309	4.657
Social Contribution Tax	2.011	1.732
	<b>7.320</b>	<b>6.389</b>
Effective rate	8%	8%

In accordance with Article 111 of Law No. 5.764/71, are taxed operations uncooperative, the act provided for in Articles 85, 86 and 88.

**NOTE 27 - STATEMENT OF EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION - EBITDA**

	<b>2013</b>	<b>2012</b>
	R\$/thousand	R\$/thousand
<b>GROSS OPERATING REVENUE</b>		
Sales of products and services	1.714.915	1.543.038
(-)Taxes on sales	(16.263)	(18.731)
(-)Returns and rebates	(28.805)	(37.072)
<b>NET OPERATING REVENUE</b>	<b>1.669.847</b>	<b>1.487.235</b>
(-)Cost of goods and services	(1.481.771)	(1.322.104)
(-)Expenses	(109.194)	(92.266)
<b>NET INCOME FOR THE YEAR</b>	<b>78.882</b>	<b>72.865</b>
<b>ADJUSTMENT COSTS AND EXPENSES THAT DO NOT AFFECT CASH FLOW</b>		
(+)Depreciation and amortization	23.778	21.224
(+)Financial Income	(3.625)	(1.737)
(+)Income and social contribution taxes	7.320	6.389
<b>EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION - EBITDA</b>	<b>106.355</b>	<b>98.741</b>

**Frans Borg**  
CEO

**Willem Berend Bouwman**  
Vice-Presidente

**Carlos Alberto Fontoura Kugler**  
Accountant  
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