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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
JBS S.A.
São Paulo - SP

1. We have performed a special review of the accompanying quarterly information of JBS S.A. (the "Company") as of 30 June 2010, consisting of the balance sheet and the related statements of operations, changes in shareholders' equity, cash flows, value added, as well as notes and management report for the quarter then ended, all expressed in Brazilian reais, and prepared under the responsibility of the Company's management. The financial statements of Pilgrim's Pride Corporation, its indirectly controlled company, was reviewed by other independent accountants. Our review of the carrying values of this investment in the controlled company and the equity in its earnings as of 30 June 2010 are supported by the work of those other independent accountants.
2. Except for the mentioned in paragraph no. 3, our review was performed in accordance with specific standards established by IBRACON (Brazilian Institute of Independent Auditors) together with the Federal Association of Accountants (CFC) which consisted principally of: a) inquiry of and discussion with the managers responsible for the accounting, financial and operating areas as to the main criteria adopted in preparing the Quarterly Information and b) review of the information and subsequent events that have or may have material effects on the financial situation and operations of the Company.
3. As mentioned in Notes no. 1 and 3, Management of the Company, by doubts on the quality and credibility of the accounting information presented in the financial statements of the "Inalca JBS S.p.A.", chose not to consolidate them in the financial statements of JBS SA for the quarter and semester ended 30 June 2010. Furthermore, the auditing of the "Inalca JBS S.p.A." financial statements for the periods then mentioned, whose auditing is responsibility of another independent auditor, has not been completed to date. Due to the uncertainties generated by the subjects mentioned in this paragraph, we can not conclude as to their possible impacts on the financial statements of JBS SA for the quarter and semester ended 30 June 2010.
4. According to our special review, except for the possible adjustments that might result from the review of investment mentioned in paragraph no. 3, we are not aware of any relevant changes which should be made to the Quarterly Information referred to above for it to be in conformity with Brazilian accounting practices and the standards issued by CVM - Brazilian Securities and Exchange Commission applicable to the preparation of Quarterly Information.



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5. As mentioned in note 4, during 2009 various Technical Pronouncements, Interpretations and Guidelines issued by the Committee of Accounting Pronouncements (CPC) and effective as from 2010 were approved by CVM, changing Brazilian accounting practices. These changes, which were adopted in advance by the Company for the preparation of annual financial statements for the year ended 31 December 2009, were also adopted in the preparation of the Quarterly Information for the quarter ended 30 June 2010. The Quarterly Information for the previous period, presented for comparison purposes, was adjusted to include changing Brazilian accounting practices as provided in Accounting Policies, Changes in Accounting Estimates and Error Correction (NPC 12).
6. The Quarterly Information mentioned in the first paragraph also includes comparative accounting information on income (loss) for the quarter ended 30 June 2009, obtained from the Quarterly Information for that quarter, and to the balance sheet as of 31 December 2009 and 1 January 2009, obtained from the financial statements as of 31 December 2009. The limited review of the Quarterly Information for the quarter ended 30 June 2009 and the audit of the financial statements for the year ended 31 December 2009 were performed by us. We issued our review report on 12 August 2009 and our opinion on 1 March 2010 with no qualification, therefore before adjustments and a new preparation of the accounting information mentioned in note 4. In connection with our review described in paragraph 1, we have reviewed the adjustments described in the notes and in our opinion these adjustments are adequate and were correctly made, considering all significant aspects.
7. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, 4 August 2010


Orlando Octávio de Freitas Junior
Engagement Partner
BDO Auditores Independentes


Marcio Serpejante Peppe
Engagement Partner
BDO Auditores Independentes



JBS S.A
Brazilian corporate legislation
Quarterly Financial Statements and
Independent Auditor's Review Report
As of June 30, 2010 and 2009



Balance sheets
(In thousands of Reais)

	<u>June 30, 2010</u>	<u>December 31, 2009</u>		<u>June 30, 2010</u>	<u>December 31, 2009</u>
ASSETS			LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents (Note 7)	1,781,236	4,097,027	Trade accounts payable (Note 15)	520,161	627,542
Trade accounts receivable, net (Note 8)	1,871,852	1,273,377	Loans and financings (Note 16)	4,231,532	3,926,390
Inventories (Note 9)	921,467	758,536	Payroll, social charges and tax obligation (Note 19)	322,296	287,082
Recoverable taxes (Note 10)	950,628	841,306	Declared dividends (Note 20)	-	122,953
Prepaid expenses	16,510	13,233	Debit with third parties for investment (Note 21)	201,993	427,523
Other current assets	169,597	296,882	Other current liabilities	274,686	485,145
	<hr/>	<hr/>		<hr/>	<hr/>
TOTAL CURRENT ASSETS	5,711,290	7,280,361	TOTAL CURRENT LIABILITIES	5,550,668	5,876,635
	<hr/>	<hr/>		<hr/>	<hr/>
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES		
Long-term assets			Loans and financings (Note 16)	5,051,467	5,311,023
Judicial deposits and others	54,667	70,640	Convertible debentures (Note 18)	3,462,212	3,462,212
Deferred income taxes (Note 22)	33,897	30,357	Deferred income taxes (Note 22)	363,248	375,061
Recoverable taxes (Note 10)	553,770	550,848	Provision for contingencies (Note 20)	128,014	210,088
	<hr/>	<hr/>	Debit with related parties (Note 11)	2,025,644	1,106,890
Total long-term assets	642,334	651,845	Debit with third parties for investment (Note 22)	143,280	162,976
	<hr/>	<hr/>	Other non-current liabilities	83,453	56,882
			TOTAL NON-CURRENT LIABILITIES	11,257,318	10,685,132
	<hr/>	<hr/>		<hr/>	<hr/>
Investments in subsidiaries (Note 12)	10,848,950	7,234,791	SHAREHOLDERS' EQUITY (Note 23)		
Other investments	10	10	Capital stock	18,047,181	16,483,544
Property, plant and equipment, net (Note 13)	7,465,446	7,602,767	Capital reserve	714,503	714,503
Intangible assets, net (Note 14)	11,271,125	11,299,624	Revaluation reserve	109,530	112,352
	<hr/>	<hr/>	Profit reserves	897,952	810,538
TOTAL NON-CURRENT ASSETS	30,227,865	26,789,037	Valuation adjustments to shareholders' equity	1,059	(914)
	<hr/>	<hr/>	Accumulated translation adjustments	(744,943)	(612,392)
			Accumulated profit	105,887	-
			TOTAL SHAREHOLDERS' EQUITY	19,131,169	17,507,631
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TOTAL ASSETS	35,939,155	34,069,398	TOTAL SHAREHOLDERS' EQUITY	19,131,169	17,507,631
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			TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	35,939,155	34,069,398
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The accompanying notes are an integral part of the financial statements





JBS S.A.

Statements of income for the six months period ended June 30, 2010 and 2009 (In thousands of Reais)

	2010	Adjusted IFRS 2009
NET SALE REVENUE (Note 24)	5,634,454	2,495,040
Cost of goods sold	(4,445,356)	(2,032,232)
GROSS INCOME	1,189,098	462,808
OPERATING INCOME (EXPENSE)		
General and administrative expenses	(220,942)	(89,506)
Selling expenses	(434,424)	(237,904)
Financial income (expense), net (Note 25)	(913,895)	(435,521)
Equity in subsidiaries (Note 12)	481,932	98,326
Non-recurring expenses	(8,640)	-
Other (expense) income, net	4,161	1,019
	(1,091,808)	(663,586)
NET INCOME BEFORE TAXES	97,290	(200,778)
Current income taxes	1,454	1,462
Deferred income taxes	4,321	2,512
	5,775	3,974
NET INCOME (LOSS) OF THE PERIOD	103,065	(196,804)
Net Income (Basic) per thousand shares reais	40.84	(140.48)
Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization)		
Net income before taxes	97,290	(200,778)
Financial income (expense), net (Note 25)	913,895	435,521
Depreciation and amortization	143,928	43,469
Equity in subsidiaries (Note 12)	(481,932)	(98,326)
Non-recurring expenses	8,640	-
AMOUNT OF EBITDA	681,821	179,886

The accompanying notes are an integral part of the financial statements



JBS S.A.

**Statements of income for the three months period ended June 30, 2010 and 2009
(In thousands of Reais)**

	2010	Adjusted IFRS 2009
NET SALE REVENUE (Note 24)	3,134,296	1,370,637
Cost of goods sold	(2,472,307)	(1,121,033)
GROSS INCOME	661,989	249,604
OPERATING INCOME (EXPENSE)		
General and administrative expenses	(159,979)	(48,855)
Selling expenses	(242,150)	(123,549)
Financial income (expense), net (Note 25)	(554,899)	(27,915)
Equity in subsidiaries (Note 12)	292,663	82,311
Other (expense) income, net	1,376	587
	(662,989)	(117,421)
NET INCOME BEFORE TAXES	(1,000)	132,183
Current income taxes	717	698
Deferred income taxes	3,989	(7,001)
	4,706	(6,303)
NET INCOME OF THE PERIOD	3,706	125,880
Net Income (Basic) per thousand shares reais	1.47	89.85
Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization)		
Net income before taxes	(1,000)	132,183
Financial income (expense), net (Note 25)	554,899	27,915
Depreciation and amortization	69,483	21,598
Equity in subsidiaries (Note 12)	(292,663)	(82,311)
AMOUNT OF EBITDA	330,719	99,385

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statement of changes in shareholders' equity for the six months period ended June 30, 2010
(In thousands of Reais)

	Capital stock	Capital reserve	Revaluation reserve	Profit reserves		Valuation adjustments to shareholders' equity	Accumulated translation adjustments	Accumulated Profit	Total
		Goodwill		Legal	For expansion				
BALANCE AS OF DECEMBER 31, 2009	16,483,544	714,503	112,352	7,768	23,225	(914)	(612,392)	-	16,728,086
Adjustments to first-time adoption of IFRS (note 2)	-	-	-	-	779,545	-	-	-	779,545
BALANCE ADJUSTED AS OF JANUARY 1, 2010	16,483,544	714,503	112,352	7,768	802,770	(914)	(612,392)	-	17,507,631
Capital increase	1,563,637	-	-	-	-	-	-	-	1,563,637
Adjustment of net income destination from previous year	-	-	-	-	61,476	-	-	-	61,476
Realization of revaluation reserve	-	-	(2,822)	-	-	-	-	2,822	-
Valuation adjustments in subsidiaries shareholders' equity	-	-	-	-	-	1,973	-	-	1,973
Accumulated translation adjustments in subsidiaries shareholders' equity	-	-	-	-	-	-	48,985	-	48,985
Exchange variation rate of investments in foreign currency	-	-	-	-	-	-	(181,536)	-	(181,536)
Net income of the period	-	-	-	-	-	-	-	103,065	103,065
IFRS adjustment	-	-	-	-	25,938	-	-	-	25,938
BALANCE AS OF JUNE 30, 2010	18,047,181	714,503	109,530	7,768	890,184	1,059	(744,943)	105,887	19,131,169

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statement of changes in shareholders' equity for the three months period ended June 30, 2010

(In thousands of Reais)

	Capital stock	Capital reserve	Revaluation reserve	Profit Reserves		Valuation adjustments to shareholders' equity	Accumulated translation adjustments	Accumulated Profit	Total
		Goodwill		Legal	For expansion				
BALANCE AS OF MARCH 31, 2010	16,483,544	714,503	110,922	7,768	883,645	1,038	(661,755)	100,789	17,640,454
Capital increase	1,563,637	-	-	-	-	-	-	-	1,563,637
Realization of revaluation reserve	-	-	(1,392)	-	-	-	-	1,392	-
Valuation adjustments in subsidiaries shareholders' equity	-	-	-	-	-	21	-	-	21
Accumulated translation adjustments in subsidiaries shareholders' equity	-	-	-	-	-	-	10,404	-	10,404
Exchange variation rate of investments in foreign currency	-	-	-	-	-	-	(93,592)	-	(93,592)
Net income of the period	-	-	-	-	-	-	-	3,706	3,706
IFRS adjustment	-	-	-	-	6,539	-	-	-	6,539
Minority interest	-	-	-	-	-	-	-	-	-
BALANCE AS OF JUNE 30, 2010	18,047,181	714,503	109,530	7,768	890,184	1,059	(744,943)	105,887	19,131,169

The accompanying notes are an integral part of the financial statements

JBS S.A.
**Statements of cash flows for the six months period ended June 30, 2010 and 2009
(In thousands of Reais)**

	2010	2009
Cash flow from operating activities		
. Net income (loss) of the period	103,065	(149,941)
Adjustments to reconcile net income to cash provided		
. Depreciation and amortization	143,928	43,469
. Allowance for doubtful accounts	4,559	3,293
. Equity in subsidiaries	(481,932)	(153,035)
. Write-off of fixed assets	28,771	1,032
. Deferred income taxes	(4,321)	(2,512)
. Current and non-current financial charges	369,390	(261,194)
. Provision for contingencies	2,039	1,647
. Adjustment of assets and liabilities to present value	-	(917)
	165,499	(518,158)
Variation in operating assets and liabilities		
Increase in trade accounts receivable	(644,630)	(50,096)
Decrease (increase) in inventories	(162,931)	253,925
Increase in recoverable taxes	(107,522)	(58,086)
Decrease (increase) in other current and non-current assets	(98,418)	110,321
Increase in credits with related parties	-	(34,680)
Decrease in trade accounts payable	(385,613)	(126,509)
Increase (decrease) in other current and non-current liabilities	(412,319)	53,231
Increase in debits with related parties	1,135,869	1,118,635
	(510,065)	748,583
Net cash generated by (used in) operating activities		
Cash flow from investing activities		
Additions to property, plant and equipment and intangible assets	(264,424)	(295,877)
Increase in investments	(2,873,796)	(69,609)
	(3,138,220)	(365,486)
Net cash used in investing activities		
Cash flow from financing activities		
Loans and financings	3,407,216	1,394,489
Payments of loans and financings	(3,638,359)	(1,371,172)
Capital increase	1,563,637	-
Shares acquisition of own emission	-	(13,026)
	1,332,494	23,317
Net cash provided by financing activities		
Net decrease in cash and cash equivalents	(2,315,791)	393,388
Cash and cash equivalents at the beginning of the period	4,097,027	1,522,973
Cash and cash equivalents at the end of the period	1,781,236	1,916,361

The accompanying notes are an integral part of the financial statements

JBS S.A.
**Statements of cash flows for the three months period ended June 30, 2010 and 2009
(In thousands of Reais)**

	2010	2009
Cash flow from operating activities		
. Net income of the period	3,706	172,743
Adjustments to reconcile net income to cash provided		
. Depreciation and amortization	69,483	21,598
. Allowance for doubtful accounts	874	2,542
. Equity in subsidiaries	(292,663)	(137,020)
. Write-off of fixed assets	15,753	534
. Deferred income taxes	(3,989)	7,001
. Current and non-current financial charges	(134,535)	(401,559)
. Provision for contingencies	2,039	1,558
. Adjustment of assets and liabilities to present value	-	(1,227)
	(339,332)	(333,830)
Variation in operating assets and liabilities		
Increase in trade accounts receivable	(483,529)	(60,714)
Decrease (increase) in inventories	(133,619)	111,142
Increase in recoverable taxes	(66,527)	(45,954)
Decrease in other current and non-current assets	100,608	38,829
Increase in trade accounts payable	34,520	18,453
Increase (decrease) in other current and non-current liabilities	(38,868)	2,447
Increase in debits with related parties	20,860	1,118,635
Adjustments to first-time adoption of IFRS	3,728	-
	(902,159)	849,008
Cash flow from investing activities		
Additions to property, plant and equipment and intangible assets	(214,539)	(177,072)
Increase in investments	(47,885)	(44,488)
	(262,424)	(221,560)
Cash flow from financing activities		
Loans and financings	1,978,435	413,376
Payments of loans and financings	(1,741,875)	(451,376)
Capital increase	1,563,637	-
	1,800,197	(38,000)
Net cash provided by financing activities		
Net decrease in cash and cash equivalents	635,614	589,448
Cash and cash equivalents at the beginning of the period	1,145,622	1,326,913
Cash and cash equivalents at the end of the period	1,781,236	1,916,361

The accompanying notes are an integral part of the financial statements

JBS S.A.

Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
(Expressed in thousands of Brazilian reais)

1 Operating activities

JBS S.A. (the Company) is a listed company in the Novo Mercado segment, 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.

The operations of the Company and its subsidiaries consists of:

a) Activities in Brazil

The Company owns and operates slaughterhouses, cold storage and meat processing operations for the production of beef, canned goods, fat, animal rations and beef by-products, which are produced in the twenty six plants located in the States of São Paulo, Goiás, Mato Grosso, Mato Grosso do Sul, Rondônia, Minas Gerais, Acre, Rio de Janeiro and Paraná.

The Company distributes its products through distribution centers located in the State of São Paulo, Rio de Janeiro, Brasília, Manaus e Curitiba and a container terminal for export in the city of Santos.

Aiming to minimize transportation costs, the Company uses its own operations for the transport of cattle for slaughter and products intended for export.

JBS Embalagens Metálicas Ltda. (JBS Embalagens) produces metal cans in its plant located in the State of São Paulo, for the Company use.

The subsidiary JBS Confinamento Ltda. (JBS Confinamento) is located in Castilho, State of São Paulo and in Nazario, State of Goiás, and engages in cattle feedlot operations.

Beef Snacks do Brasil Indústria e Comércio de Alimentos Ltda. (Beef Snacks), an indirect subsidiary of the Company is located in Santo Antônio da Posse, State of São Paulo, in operation since August 2007 produces Beef Jerky. Beef Snacks purchases fresh meat in the domestic market and exports to the United States of America.

Incorporation of Bertin S.A. (Bertin)

Due to Bertin's incorporation on December 29, 2009 synergy and interaction of JBS and Bertin has been created and, as a result, since December 29, 2009 the Company assumed Bertin's operations.

Bertin was a wholly Brazilian company and was engaged in slaughter, processing and distribution of beef and derivatives, leather processing, processing and sale of personal hygiene and domestic cleaning products, production of pet food, production of metal packaging, cargo transportation and recycling. Bertin's activities were grouped into the following business units: meat, leather, electricity, oil, biodiesel, personal care and hygiene, pet products, can plant, logistics and environmental.

Bertin had a total of forty nine units, of which fifteen leather units located in the States of São Paulo, Maranhão, Goiás, Mato Grosso, Mato Grosso do Sul, Espírito Santo, Tocantins, Pará, Rondônia and Minas Gerais; fifteen slaughtering plants located in the States of São Paulo, Mato Grosso, Mato Grosso do Sul, Goiás, Pará, Tocantins, Bahia, Minas Gerais and Rondônia; six commercial units located in the States of Rio de Janeiro, Bahia, Minas Gerais, Paraná and Rio Grande do Sul; four cosmetics units in the State of São Paulo and Paraná; two transportation companies located in the State of São Paulo; three beef stores located in the State of São Paulo; one by-product unit in the State of Minas Gerais; one beef jerky unit located in the State of Pernambuco; one pet products unit located in the State of São Paulo and one recycling unit in the State of São Paulo.

Due to Bertin's incorporation, the asset and liabilities accounts of Bertin were consolidated into the Company as of December 29, 2009, as well as, on the interim financial statements as of December 31, 2009.

b) Activities abroad

The Company has indirect subsidiaries located in England and Egypt, which are responsible for the sales and distribution of the Company's products in Europe, Asia, and Africa.

JBS Argentina S.A. (JBS Argentina), an indirect wholly-owned subsidiary of the Company, operates slaughterhouses and cold storage facilities for the production of beef, canned goods, fat, animal food and beef by-products, in seven plants located in the provinces of Buenos Aires, Entre Rios, Santa Fé and Córdoba.

JBS Argentina has three subsidiaries: One meat-packing slaughterhouse in Berezategui (Consignaciones Rurales), other can factory located in Zarate (Argenvases), both located in the province of Buenos Aires, and one meat-packing slaughterhouse in Cordoba.

JBS S.A.

Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
(Expressed in thousands of Brazilian reais)

JBS Trading USA, Inc. (JBS Trading USA) and its subsidiaries, Tupman Thurlow Co., Inc. (Tupman) and Astro Sales International, Inc. (Astro) located in the United States of America sale processed beef products mainly in the North-American market.

Jerky Snack Brands, Inc (Jerky Snack), an indirect wholly-owned subsidiary of the Company, located in the United States of America, produces and sells meat snacks (Beef Jerky, Smoked Meat Sticks, Kippered Beef Steak, Meat&Cheese, Turkey Jerky and Hunter Sausage). Jerky Snack purchases meat from Brazil and in the local market and its the consumer market is mainly the United States of America.

Global Beef Trading Sociedade Unipessoal Lda (Global Beef Trading), an indirect wholly-owned subsidiary of the Company, located in Ilha da Madeira, Portugal, sells food products such as beef, chicken and pork. Global Beef Trading imports the products from Latin America and exports to several countries in Europe, Africa and Asia.

JBS USA Holdings Inc. (JBS USA) engages in slaughtering, processing, packaging and delivery of fresh, further processed and value-added beef and pork "in natura" products for sale to customers in the United States and international markets. The fresh meat products prepared by JBS USA include chilled meat cuts following standard industry specifications.

JBS USA completed in October of 2008 the acquisition of the cattle meat unit of Smithfield group and also the fattening feedlot operations known as Five Rivers.

Smithfield beef, currently known as JBS Packerland, owns four cattle units and one feedlot cattle unit, and Five Rivers, known as JBS Five Rivers, own ten cattle feedlot units.

In the United States of America, JBS USA owns eight beef slaughtering plants, three pork processing facilities, one lamb slaughtering plant, one case ready plant and eleven feedlot locations. In Australia, JBS USA owns ten beef and small animals slaughterhouses and operates five feedlots, which provide grain-fed cattle for its processing operations.

JBS USA operates in two major segments in the United States of America: Beef, operating the beef processing business; and pork, operating the pork processing business.

The Company owns 50% of Inalca JBS S.p.A, (Inalca JBS), that is Italy's leading beef company and one of the main operators in the European processing beef sector. It produces and markets a complete range of fresh and frozen meat, vacuum-packed, portioned products, canned meat, ready-to-eat meals, fresh and frozen hamburger, minced meats and, pre-cooked products. Inalca JBS owns six facilities in Italy, specialized by production line, and nine foreign facilities in Europe and Africa.

Inalca JBS's wholly-owned subsidiary Montana Alimentari S.p.A. (Montana) is among Italy's leading companies in the segment of production, marketing and distribution of cured meats, snacks and ready-to-eat products, with over 230 products. Montana owns the well-known brands "Montana" and "IBIS" and four facilities, specialized by product line and located in areas with Protected Denomination of Origin (P.D.O.) and Protected Geographic Indication (P.G.I.). Montana is also one of Italy's largest operators in the canned and pre-sliced meat market.

Incorporation of Bertin S.A. (Bertin)

The indirect subsidiary Bertin Paraguay S.A (Bertin Paraguay), located in Assunção, Paraguay, slaughters and process 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. In July 2009 Bertin Paraguay incorporated a new plant, San Antonio, which will come into operation in the second half of 2010.

The indirect subsidiary Frigorífico Canelones S.A (Frigorífico Canelones), located on Canelones, Uruguay, slaughters and process "in natura" beef to export and frozen and chilled meat for local markets. Also sells meat cuts with bones, mainly to the local market.

The indirect subsidiary Egygate Distribution (Egygate), located on Egypt, is a delivery center of food products located on Egypt, which has started it operations on March 31, 2008.

The indirect subsidiary Misr Cold Centers and Storage (Misr Cold), located on Egypt, is a storage of fruits, meats and other kind of products that need to be frozen or chilled.

The indirect subsidiary Rigamonti Salumificio SpA (Rigamonti), located in Italy, consists on the leadership of the Italian market in production and sales of Bresaola (dry cured beef). It is part of its operation also the production and sales of dry cured horse meat and flat cured pork belly (bacon), as well as the commercialization of cured ham.

The indirect subsidiary Sampco, Inc. (Sampco), localized on Chicago, in the United States of America, imports processed meats primarily from South America for sale principally in the United States, Canada and the Caribbean. Sampco also imports other foods such as canned fish, fruits and vegetables from other regions, including the Far East, for sale in North America and Europe.

JBS S.A.

Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009 (Expressed in thousands of Brazilian reais)

The indirect subsidiary Trump Asia Enterprises Limited (Trump), located on China, has one leather processing plant, and two commercial offices in Hong Kong.

Pilgrim's Pride Corporation (PPC) acquisition

As of December 28, 2009 the Company concluded the operation by its subsidiary JBS USA., through the subscription of new shares, and become the owner of shares representing 64% of the capital stock and voting capital of PPC, located in Pittsburg, Texas, United States of America, by 800 millions of US dollar which were settled in cash.

The PPC is a company located in Delaware, United States of America, one of the largest poultry processing in the United States of America, with operations in Mexico and Puerto Rico. Export commodities chicken for more than 90 countries, the main products are "in-kind", chilled whole or in pieces. 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.

c) Inalca JBS

As of July 7, 2010, JBS S.A. filed an injunction in Italian court, aiming to discuss outstanding issues related to Corporate Governance of Group Cremonini, which on December 22, 2007 JBS acquired 50% of Inalca, forming the Inalca JBS (representing on March 31, 2010, 2.8% of consolidated revenue of JBS).

The remaining issues are mainly related to the failure of certain contractual terms relating to (i) full access to all information and facilities of Inalca JBS by board members appointed by JBS (including the Chairman) and (ii) the fulfillment of the contractual clause that delegates to JBS S.A., the appointment of Administrative and Financial Director of Inalca JBS as well as Inalca JBS Managing Directors, (iii) - full operation of the Internal Audit. Through this injunction, JBS S.A. believes that will reach the appropriate stability administrative of Inalca JBS and safeguarding the interests of its shareholders.

As of August 2, 2010, was filed with the ICC (International Chamber of Commerce) in Paris (France), request for action in the House to settle any outstanding issues cited in Corporate Governance on Inalca JBS.

The inability to exercise some control functions guaranteed by contract clauses valid under Corporate Governance of Inalca JBS generated concern about the quality and credibility of accounting information presented in the financial statements of Inalca JBS, for the period of three and six months ended on June 30, 2010. As a result of all these legal procedures and doubts about the quality and credibility of accounting information of Inalca JBS, the financial statements of JBS S.A. for the period ended June 30, 2010 were not consolidated with the updated accounting information of Inalca JBS, for the period of three months ended June 30, 2010, see Note 3. Thus, for equity calculation purposes the financial statements have been repeated the information from the first quarter of Inalca JBS.

2 Elaboration and presentation of interim financial statements

The authorization for completion of these interim financial statements was given at the Board of Directors' meeting held on August 12, 2010.

The interim financial statements have been prepared and submitted in accordance with the CPC 21 - Interim Financial Reporting. In the preparation of interim financial statements for the period of six months ended June 30, 2010, all the pronouncements have been adopted, interpretations and guidelines applicable to them, issued by the CPC. In addition, these pronouncements, interpretations and guidelines were applied consistently to the annual financial statements of December 31, 2009 for comparison purposes and customer item 21 of the CPC 37.

The accounting practices in Brazil were changed during 2008, according to the Law n° 11.638 promulgated on December 28, 2007, with the respective modifications introduced by the Executive Act n° 449 (actual Law n° 11.941/09) of December 3, 2008, and the effects of the initial adoption were only recognized by the Company and its subsidiaries during the fourth quarter of 2008, and published in the financial statements of December 31, 2008.

The interim financial statements have been prepared and disclosed in accordance with CPC 21 - Interim Financial Reporting. When preparing the interim financial reporting as of June 30, 2010, all Pronouncements, Interpretations and Orientations were applied retrospectively in 2009 for comparison purposes. Additionally, these Pronouncements, Interpretations and Orientations were applied in the financial statements as of January 1st, 2009 accordingly item 21 of CPC 37.

The effects related the first-time adoption of all applicable Pronouncements, Interpretations and Orientations, issued by CPC are presented in the Note 4.

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Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
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The Company included in its financial statements the Economic Value Added (EVA) report. The objective of this report is to demonstrate the wealth generated by the Company, and the distribution of this wealth among the elements that contributed to its generation, such as employees, lenders, shareholders, government and others, as well as the wealth portion not distributed.

Transitional Tax Regime (Regime Tributário Transitório - RTT) - The amounts presented in financial statements are considering the adoption of the Tax Regime Transition (RTT) by the Company, as allowed by Law n° 11.941/09, which aims to maintain neutrality tax changes in the Brazilian corporate law, introduced by Law n° 11.638/07 and by the Law n° 11.941/09.

According with the CPC 21 - Interim Financial Reporting, the Company maintains the same accounting policies adopted in the most recent annual financial statements, and comparative. If these policies or methods have been changed, the Company discloses the nature and effects of such change.

3 Significant accounting practices

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

a) Profit and loss calculation

Revenue and expenses are recorded on the accrual basis. Revenue includes the fair value of the payment received or receivable for sale of products and services in the normal course of business.

Revenue is net of taxes, returns, rebates and discounts, as well as of intercompany sales. Revenue is recognized when the risks and rewards of ownership have been transferred to the buyer.

According to CPC 30 - Revenue, the Company recognizes revenue when, and only when:

- (i) the amount of revenue can be measured reliably;
- (ii) it is probable that the economic benefits will flow to the Company; and
- (iii) specific criteria for each activity of the Company and its subsidiaries have been met. The amount of revenue is not considered reliably measurable until all contingencies related to the sale have been transferred to the buyer. The Company's estimates are based on historical data, considering the type of customer, type of transaction and specifications of each sale.

b) Accounting estimates

The preparation of interim financial statements requires management to adopt assumptions and exercise its judgment in determining and recording accounting estimates. Significant estimates include the useful life of property, plant and equipment, allowance for doubtful accounts, inventories, deferred tax assets, provision for contingencies and valuation of derivative instruments. Actual results could differ from those estimates.

c) Financial instruments

Subsequent measurement of financial instruments occurs at each balance sheet date, according to the rules for each category of financial assets and liabilities: (i) assets and liabilities measured at fair value through profit or loss, (ii) held to maturity, (iii) loans and receivables (iv) available for sale.

The financial instruments of the Company and its subsidiaries are represented by cash, accounts receivable, accounts payable, debentures, loans and financing. They are initially recognized at fair value plus costs directly attributable to the acquisition or issue, except for financial instruments classified as instruments measured at fair value through results, which the costs are recorded on profit and loss of the period. The main financial assets recognized by the Company are: cash and cash equivalents and accounts receivable. The main financial liabilities recognized by the Company are: trade accounts payable, loans and financing and debentures.

The Company and its subsidiaries record derivatives in accordance with CPC 38 - Financial Instruments: Recognition and measurement and OCPC 03 - Financial Instruments. Financial instruments are recognized on the balance sheet only when the Company becomes a party to the contractual provisions of these instruments. A financial asset or liability is initially recognized at fair value, plus transaction costs that are directly attributable to its acquisition or issue.

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Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
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d) Allowance for doubtful accounts

Allowance for doubtful accounts is recorded in an amount considered sufficient to cover probable losses on accounts receivable.

The allowance for doubtful accounts expense was recorded under the caption "Operating Expenses" in the Income Statement. When no additional recovery is expected, the allowance for doubtful accounts is usually reversed against the definitive write-off of the account receivable.

e) Inventories

Inventories are stated at average cost of acquisition or production, not in excess of market or realizable value. The cost of inventories is recognized in income when inventories are sold.

f) Investments

Investments in subsidiaries are accounted for using the equity method.

As mentioned in Note 1.c, the Company's financial statements do not have the effect of equity on its equity interest in Inalca JBS referring to the three months ended June 30, 2010.

In order to provide additional information for the users of financial statements, considering the importance of investment in the Company Inalca JBS, and therefore provide more detail for comparison purposes, the pro forma financial statements of the Company will be presented for the six months period ended on June 30, 2010 with the effects of equity accounting of Inalca JBS for the three months period ended on June 30, 2010. Thus, for consolidation purposes the financial statements have been repeated the information from the first quarter of Inalca JBS.

	June 30, 2010		
	JBS S.A. Controladora*	Inalca JBS **	JBS S.A. Pro forma
ASSETS			
Cash and cash equivalents	1,781,236	-	1,781,236
Trade accounts receivable, net	1,871,852	-	1,871,852
Inventories	921,467	-	921,467
Recoverable taxes	1,504,398	-	1,504,398
Other current and non current assets	274,681	-	274,681
Investments in subsidiaries	10,848,950	14,053	10,863,003
Property, plant and equipment, net	7,465,446	-	7,465,446
Intangible assets, net	11,271,125	-	11,271,125
TOTAL ASSETS	35,939,155	14,053	35,953,208
LIABILITIES AND SHAREHOLDERS' EQUITY			
Trade accounts payable	520,161	-	520,161
Loans and financings	9,282,999	-	9,282,999
Convertible debentures	3,462,212	-	3,462,212
Other current and non-current liabilities	3,542,614	-	3,542,614
Shareholders' equity	19,131,169	14,053	19,145,222
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	35,939,155	14,053	35,953,208

JBS S.A.

Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
(Expressed in thousands of Brazilian reais)

Six months period ended on June 30, 2010

	JBS S.A. Controladora*	Inalca JBS **	JBS S.A. Pro forma
Net sale revenue	5,634,454	-	5,634,454
Costs of goods sold	(4,445,356)	-	(4,445,356)
GROSS INCOME	1,189,098	-	1,189,098
General and administrative expenses	(655,366)	-	(655,366)
Financial income (expense), net	(913,895)	-	(913,895)
Equity in subsidiaries	481,932	14,053	495,985
Non-recurring expenses	(4,479)	-	(4,479)
Current income taxes	5,775	-	5,775
NET INCOME OF THE PERIOD	103,065	14,053	117,118
Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization)			
Net income before taxes	97,290	14,053	111,343
Financial income (expense), net	913,895	-	913,895
Depreciation and amortization	143,928	-	143,928
Equity in subsidiaries	(481,932)	(14,053)	(495,985)
Non-recurring expenses	8,640	-	8,640
AMOUNT OF EBITDA	681,821	-	681,821

Three months period ended on June 30, 2010

	JBS S.A. Controladora*	Inalca JBS **	JBS S.A. Pro forma
Net sale revenue	3,134,296	-	3,134,296
Costs of goods sold	(2,472,307)	-	(2,472,307)
GROSS INCOME	661,989	-	661,989
General and administrative expenses	(402,129)	-	(402,129)
Financial income (expense), net	(554,899)	-	(554,899)
Equity in subsidiaries	292,663	14,053	306,716
Non-recurring expenses	1,376	-	1,376
Current income taxes	4,706	-	4,706
NET INCOME OF THE PERIOD	3,706	14,053	17,759
Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization)			
Net income before taxes	(1,000)	14,053	13,053
Financial income (expense), net	554,899	-	554,899
Depreciation and amortization	69,483	-	69,483
Equity in subsidiaries	(292,663)	(14,053)	(306,716)
AMOUNT OF EBITDA	330,719	-	330,719

* Contemplating the first quarter 2010 of Inalca JBS.

* Unaudited information, for the second quarter 2010 of Inalca JBS.

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Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
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g) Property, plant and equipment

According to CPC 37 - First-time adoption of International Financial Reporting Standards - IFRS, an entity may elect to measure an item of fixed assets at the date of transition to IFRS at its fair value and use that fair value as its estimated cost at that date. Thus, the fixed asset is recorded the fair value, stated at historical acquisition cost plus spontaneous revaluations conducted on various dates until December 31, 2007 for a significant proportion of goods in fixed assets, based on reports of specialized company. Such reassessments are being performed in its entirety, based on depreciation or disposal of revalued assets.

Depreciation is computed using the straight-line method, based on the estimated useful lives of the assets at the annual rates mentioned in Note 13.

h) Intangible assets

Intangible assets are stated at acquisition cost, less amortization. Intangible assets with indefinite useful lives are not amortized but tested for impairment annually.

i) Impairment

Property, plant and equipment, intangible assets, deferred charges and other assets (current and noncurrent) are tested for impairment at least annually, if indications of potential impairment exist. Goodwill and intangible assets with indefinite useful lives are tested for impairment on an annual basis, regardless of whether or not there is any indication of impairment, pursuant to CPC 01 - Impairment.

j) Other current and noncurrent assets

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

k) Current and noncurrent liabilities

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

l) Contingent assets and liabilities

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.

m) 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 and social contribution tax liabilities arise from revaluation reserves and temporary differences. Deferred income tax assets arise from tax losses and temporary differences and deferred social contribution tax assets arise from temporary differences.

n) Segment reporting

Segment reporting is presented consistently with the internal report provided to the Company's Executive Board in charge of allocation of funds, performance evaluation by segment and strategic decision making.

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Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
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o) Adjustment of assets and liabilities to present value

Long-term monetary assets and liabilities as well as current items, when the effect is material in relation to the interim financial statements as a whole, are adjusted to their present value.

In the present value calculation adjustment the Company considered 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.

During the current year, due to recent worldwide financial crisis, the Company has adopted some procedures to minimize customers default risk and increase the cash structure. In addition, the Company reviewed its credit policy, adopted the reduction of customers' receiving period, improved the management of suppliers' payable period, the resources applications and also, in some situations, applied customer's advances policy.

The amounts of customers, suppliers and taxes on the Company has increased due to the recent businesses combinations as well the reduction in financial cycle became the current adjustment to present value irrelevant relating the amounts that it is related.

Customer's receiving and suppliers' payable period of the overseas subsidiaries are substantially shorter than local market, as well the discounting rates used on assumptions of present value calculation.

Based on the above, the Company reviewed its present value calculations of long-term assets and liabilities, and short term when relevant, as of December 31, 2009 and concluded that the costs to develop this information is higher than the benefits regarding the immateriality. The Company's management supported by the requirements of CPC 12, deemed appropriated the write-off of the Present Value Adjustment accounted until December 31, 2009, accordingly the management's decision does not impact in the quality and reliability of the financial statements. In accordance with CPC 12, the Company will perform time basis analysis (at least on reporting period), and if identified the need for accounting the Present Value Adjustment, to improve the quality and presentation of its financial statements, the adoption of the accounting will occur immediately.

p) Foreign currency translation

Functional and reporting currency

The items of the interim financial statements are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The Company's functional currency is the Real (R\$).

q) Dividends

The dividend distribution proposed by Management that is equivalent to the mandatory minimum dividend of 25% is recorded under the caption "Declared Dividends" in liabilities since it is considered a legal obligation established by the Company's bylaws. However, the amount of dividends higher than the mandatory minimum dividend, declared after the period covered by the interim financial statements but before the date of authorization for release of the interim financial statements, is recorded under the caption "Proposed Additional Dividends" in shareholders' equity, with a disclosure in the notes to the financial statements.

r) Statement of comprehensive income

This statement presents net revenue, foreign currency translation, derivatives adjustment (net of taxes), unrealized gain (loss) on pensions, unrealized gains (losses) on securities, net of taxes, as described in note 26.

s) Business combination

The interim financial statements present the results of business combinations under the acquisition method in accordance with CPC 15. In the consolidated balance sheet, identifiable assets acquired and liabilities and any contingencies assumed in the business combinations are initially recognized at fair value at the acquisition date. The acquirer's profit or loss is included in the income statement on the date control is obtained. In step acquisitions, the acquired entity's assets, liabilities and contingencies are measured at the acquisition date.

t) Statements of Cash Flow

The statements of cash flows have been prepared by the indirect method starting from the financial information in accordance with the instructions contained in CPC 3 - Statement of Cash Flows.

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Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
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4 First-time adoption of full CPC

Due to the merging process of Brazilian General Acceptable Accounting Principles - BRGAAP into International Financial Reporting Standards - IFRS by Law 11.638/07, new Pronouncements, Interpretations and Orientations had been issued during 2009.

In connection with the merging process into IFRS, the opening balance on January 1, 2009 and the Equities on December 31, 2009 and June 30, 2010 including the Statements of Income on June, 2009 and June, 2010 had been reconciliated to be in accordance with the new accounting procedures adopted in Brazil, where no relevant adjustments were identified.

Considering the relevance of implementation of IFRS in Brazil which increase the reliability of the financial statements, in accordance with Instruction CVM n 457, of July 13, 2007, and based on Deliberation CVM n 609 of December 22, 2009 that explain the first-time adoption of IFRS, the management of the Company decided to present, the interim financial reporting in accordance with full CPC. Thus, the interim financial reporting are prepared in accordance with all applicable Pronouncements, Orientations and Interpretations issued by CPC, accordingly with the first-time adoption procedures.

(a) New Pronouncements, Interpretations and Orientations issued by CPC with adoption on January 1, 2010, that reflect the operation and the Financial Statements of the Company

CPC 15 – Business Combinations – The adoption of this Pronouncement impacted significantly the concepts and methodology of recognition, measurement and presentation of a business combination, particularly the procedures for allocation of goodwill regarding future economic benefits within the balance sheet accounts, through the fair value. The main impact in the Financial Statements of the Company will be presented by the businesses combinations of the incorporation of Bertin, presented in the Note 6.

CPC 20 – Borrowing Costs – The Pronouncement requires the Company capitalization of borrowing costs directly attributable to the acquisition, constructions or production of a qualifying assets as part of the cost of that asset, presented as “Construction in Progress” in the Financial Statements. The borrowing costs of the Company and its subsidiaries regarding to the qualifying asset are compound by interest expenses and exchange variations that will not be fully allocated in the Statements of Income, due to part of these costs must be recognized as assets costs.

The explanation of the differences in accounting practices which affects the Company are described in the footnotes below.

Amount in BRGAAP*	Ref	January 1, 2009 Shareholders' Equity
Amount in BRGAAP*		6,134,411
Borrowings costs adjustments	a	14,893
Adjustments related investments in subsidiaries		
Measurement adjustment on inventories costs	b	(2,458)
Fair value on businesses combinations	c	(1,603)
Effects on previous period	d	794,059
Deferred taxes	e	55,321
Others	f	3,332
Total relating accounting practices adjustments		863,544
Amount in BRGAAP (CPC)		6,997,955

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Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
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		December 31, 2009	
		Shareholders' Equity	Net income
Amount in BRGAAP *	Ref	15,085,196	129,424
Borrowings costs adjustments	a	37,036	22,143
Adjustments related investments in subsidiaries			
Reclassification of minority interests to the shareholders' equity	b	1,642,890	-
Measurement adjustment on biological assets	g	(6,342)	(6,342)
Fair value on businesses combinations	d	480,533	(136,220)
Bargain purchase on PPC	h	185,189	185,189
Deferred taxes	e	84,796	29,475
Others	f	(1,667)	(2,959)
Total relating accounting practices adjustments		2,422,435	91,287
Amount in BRGAAP (CPC)		17,507,631	220,711
		June 30, 2010	
		Shareholders' Equity	Net income
Amount in BRGAAP *	Ref	17,324,469	202,165
Borrowings costs adjustments	a	43,433	6,329
Adjustments related investments in subsidiaries			
Reclassification of minority interests to the shareholders' equity	b	1,164,205	-
Measurement adjustment on biological assets	g	4,592	8,246
Fair value on businesses combinations	d	297,382	(168,542)
Bargain purchase on PPC	h	162,971	-
Deferred taxes	e	135,784	54,799
Others	f	(1,667)	68
Total relating accounting practices adjustments		1,806,700	(99,100)
Amount in BRGAAP (CPC)		19,131,169	103,065

(a) - In accordance with CPC 36 (R) borrowing costs related to funding for construction of qualifying assets must be added to the cost of the asset.

(b) - Reclassification on the presentation of minority interests into shareholders' equity in accordance with CPC 36.

(c) - According to CPC 01, deferred charges was extinguished, and any remaining balances classified as an expense (if applicable).

(d) - Refers to the adjustment of practice adopted between the accounting treatment for acquisitions, fair value, since in JBS USA has applied the methodology of accounting for acquisitions of companies through its fair value, being classified in its profit and loss of the period consisting mainly of depreciation and amortization.

(e) - Refers to the impact of deferred income tax relating to differences in practices identified.

(f) - Other adjustments related to the differences in practices.

(g) - According with CPC 29, the biological assets must be valued at market price.

(h) - Refers to the difference in practices related to the letter (b), where there was gain on bargaining because of the negotiated acquisition price , whereas the PPC was in bankruptcy protection, leading to a trading value lower than the market value.

* BRGAAP are the Brazilian generally accounting accepted practices in place since January 1, 2009, CPC 01 to CPC 14.

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5 Incorporation of Bertin S.A. (Bertin)
CONSOLIDATED STATEMENTS OF INCOME - Pro forma

The Company incorporated Bertin on December 31, 2009, as announced to the market at that time.

Due to the incorporation of Bertin by the Company near the end of year 2009, the statements of income as of June 30, 2010 had a significant increase, making impossible a comparison with the interim financial statements for the prior period. To enhance comparability of these consolidated interim financial statements, shown below is (pro forma) statements of income as of June 30, 2009 including the incorporation made by the Company, for the purpose of presenting the combined result of these companies in the six months period ended as of June 30, 2009 with the net income of the Company in the current quarter:

	Six months period ended as of June 30,			
	2010	2009 - Pro-forma		
	JBS S.A.	JBS S.A.	Bertin S.A.	JBS S.A. Bertin S.A.
Net operating revenue	5,634,454	2,495,040	2,994,301	5,489,341
Cost of products sold	(4,445,356)	(2,032,232)	(2,374,606)	(4,406,838)
GROSS INCOME	1,189,098	462,808	619,695	1,082,503
Selling, general and administrative expenses	(655,366)	(327,410)	(347,673)	(675,083)
Financial expenses, net	(913,895)	(435,521)	(21,934)	(457,455)
Other (expenses) income	(4,479)	1,019	1,381	2,400
Income and social contribution taxes	5,775	3,974	(62,439)	(58,465)
Equity in subsidiaries	481,932	98,326	25,111	123,437
NET INCOME (LOSS)	103,065	(196,804)	214,142	17,338
Statement of EBITDA (Earnings before interest, taxes, depreciation and amortization)				
Income (loss) before provision for income and social contribution taxes	97,290	(200,778)	276,581	75,803
Financial income, net	913,895	435,521	21,934	457,455
Depreciation and amortization	143,928	43,469	75,572	119,041
Equity in subsidiaries	(481,932)	(98,326)	(25,111)	(123,437)
Non-recurring expenses	8,640	-	-	-
EBITDA	681,821	179,886	348,975	528,861
	Three months period ended as of June 30,			
	2010	2009 - Pro-forma		
	JBS S.A.	JBS S.A.	Bertin S.A.	JBS S.A. Bertin S.A.
Net operating revenue	3,134,296	1,370,637	1,563,285	2,933,922
Cost of products sold	(2,472,307)	(1,121,033)	(1,257,103)	(2,378,136)
GROSS INCOME	661,989	249,604	306,182	555,786
Selling, general and administrative expenses	(402,129)	(172,404)	(174,291)	(346,695)
Financial expenses, net	(554,899)	(27,915)	47,317	19,402
Other (expenses) income	1,376	587	(1,168)	(581)
Income and social contribution taxes	4,706	(6,303)	(49,195)	(55,498)
Equity in subsidiaries	292,663	82,311	34,416	116,727
NET INCOME (LOSS)	3,706	125,880	163,262	289,142

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Statement of EBITDA (Earnings before interest, taxes, depreciation and amortization)

Income (loss) before provision for income and social contribution taxes	(1,000)	132,183	212,457	344,640
Financial income, net	554,899	27,915	(47,317)	(19,402)
Depreciation and amortization	69,483	21,598	117,979	139,577
Equity in subsidiaries	(292,663)	(82,311)	(34,416)	(116,727)
Extraordinary expenses	-	-	-	-
EBITDA	330,719	99,385	248,702	348,087

6 Business Combinations

6.1 - Bertin's Incorporation

On September 16, 2009, J&F and ZMF, until then shareholders of the Company, and the controlling shareholders of Bertin, agreed to initiate a process to unify the operations of the two companies. Bertin was a Brazilian company and one of the largest meat exporters in Latin America. Pursuant to the association agreement: (1) the controlling shareholders of the Company agreed to contribute the shares owned directly or indirectly by them, representing 51.4% of the Company, in exchange for the shares to be issued by a recently created holding company called FB Participações S.A. (FB Participações); and (2) the controlling shareholders of Bertin agreed to contribute all their shares representing 73.1% of Bertin's capital in exchange for the shares to be issued by FB Participações.

On December 23, 2009 the former shareholders of the Company, J&F and ZMF, contributed, respectively, a total of 632,781,603 and 87,903,348 common shares to FB Participações, a current shareholder of the Company.

On December 28, 2009, the Company completed the process of association with the Bertin Group by a corporate restructuring that, after the previous acquisition of all 28,636,178 Bertin shares by the Company on December 29, 2009, resulted in the merger with Bertin. The controlling shareholders of Bertin contributed a total of 679,182,067 shares, that they received due to the above-mentioned share acquisition, to increase capital of FB Participações, in the total amount of R\$ 4,949,046, upon issue by FB Participações of 2,334,370,128 new registered common shares without par value.

At the Extraordinary General Meeting held on December 29, 2009, the shareholders approved the acquisition of Bertin shares and a subsequent merger, ratified at the Extraordinary General Meeting held on December 31, 2009, under the terms of the agreement entered into by and between the two parties, which was disclosed to the market as material developments.

The business value, related to the merger with Bertin, was R\$ 11,987,963, equivalent to the merger of 100% of the acquirer's shareholders' equity. The amount paid is based on the economic value of Bertin at the date of the deal, and total goodwill (excess) was R\$ 9,460,609, as shown below:

Summary of goodwill allocation operation

Amount invested in Bertin	11,987,963
Bertin's shareholders' equity as of Dec 31, 2009	2,527,354
Goodwill	9,460,609

For purposes of goodwill allocation under CPC 15, only goodwill related to the groups of property, plant and equipment and intangible assets (basically trademarks and patents) was taken into account. Deferred tax liabilities and other adjustments to assets (such as prepaid expenses) are not applicable in accordance with CPC 15 and CPC 32. Regarding trademarks and patents, the measurements of the dairy products division (Vigor and Leco) as well as of the processed meat division (Bertin) were considered. The calculation of the residual goodwill after allocation of generated goodwill to the related asset accounts is as follows:

Goodwill allocation - R\$ thousand

Goodwill arising from operation	9,460,609
(-) Fair value of property, plant and equipment	(146,152)
(-) Fair value of trademarks and patents	(267,959)
(+) Effect of income and social contribution taxes of inve	23,428
Residual goodwill	9,069,926

The residual goodwill after the above-mentioned allocations was recorded as "Goodwill" for accounting purposes, which is not amortizable and is tested for impairment as required by CPC 01.

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7 Cash and cash equivalents

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

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Cash and cash equivalents	510,914	3,712,853
CDB-DI (bank certificates of deposit)	885,751	367,757
Investment funds	290,009	16,417
National treasury bill	94,562	-
	<u>1,781,236</u>	<u>4,097,027</u>

Certificates of bank deposits-CDB-DI, with first-line banks, are fixed income securities that provide yields of approximately 100% of the Brazilian interbank rate. The Investment Funds are supported by investments in Multi-Market funds, to the qualified public. Investments in treasury bill are fixed income assets.

8 Trade accounts receivable, net

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Receivables not yet due	1,325,212	770,116
Overdue receivables:		
From 1 to 30 days	226,907	316,443
From 31 to 60 days	79,389	101,783
From 61 to 90 days	68,808	51,675
Above 90 days	295,296	156,962
Allowance for doubtful accounts	(123,760)	(123,602)
	<u>546,640</u>	<u>503,261</u>
	<u>1,871,852</u>	<u>1,273,377</u>

Pursuant to CPC 38, below are the changes in the allowance for doubtful accounts, the Company's policy for collection of trade accounts receivable in default and the estimate for recovery/losses of the accrued amounts.

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Initial balance	(123,602)	(8,271)
(+) Additions	(3,546)	(6,018)
(+) Acquisition	-	(109,313)
(-) Write-offs	3,388	-
Final balance	(123,760)	(123,602)

9 Inventories

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Finished products	490,175	422,202
Work in process	171,222	80,507
Raw materials	162,914	154,809
Warehouse spare parts	97,156	101,018
	<u>921,467</u>	<u>758,536</u>

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10 Recoverable taxes

	June 30, 2010	December 31, 2009
Value-added tax on sales and services (ICMS / IVA / VAT)	949,898	896,294
Excise duty - IPI	56,365	55,544
Social contribution and taxation on billings - PIS and Cofins	339,609	282,683
Income tax withheld at source - IRRF	72,139	84,844
Other	86,387	72,789
	1,504,398	1,392,154
Current and Long-term:		
Current	950,628	841,306
Non-current	553,770	550,848
	1,504,398	1,392,154

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

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 above-mentioned tax credit is under examination and homologation by the Tax Authority of the State of São Paulo. 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), which are being challenged by the São Paulo State. However, the procedure adopted by the Company is supported by prevailing legislation, according to external and internal legal counsel.

Based on studies performed by the Company's management, supported by its legal counsel, the ICMS credits, amounting to R\$ 320,000, were segregated in consolidation, according to their realization, from current to noncurrent, and were realized in the period ended June 30, 2010.

PIS and COFINS (social contribution on net income)

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.

IRRF (withholding income tax)

Refers to withholding income tax levied on short-term investments, which can be offset against income tax payable on profits.

General comments

Based upon previous decisions of the Board of Tax Appeals and the legal counsel's opinion, which considers that a favorable decision is almost certain, the Company and JBS Embalagens recorded the monetary adjustment of their PIS, COFINS and IPI tax credits based on SELIC (Central Bank overnight rate), in the amount of R\$ 145,233. As of this date, the Company received R\$ 28,987, and the remaining balance of R\$ 116,246 is recorded in noncurrent assets, in consolidated.

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Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
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11 Related parties transactions

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

COMPANY	June 30, 2010		December 31, 2009	
	Trade accounts receivable	Trade accounts payable	Trade accounts receivable	Trade accounts payable
Direct subsidiaries				
JBS Confinamento Ltda.	550	56	138	4,638
JBS Embalagens Metálicas Ltda.	-	1,318	-	500
JBS USA, Inc	134	-	-	-
Inalca JBS S.p.A	3,455	4	3,479	4
JBS Itália SRL	771	-	-	-
Indirect subsidiaries				
JBS Global Beef Company Lda.	48	-	48	-
JBS Global (UK) Limited	19,949	-	21,920	-
JBS Argentina S.A.	-	729	-	2,259
The Tupman Thurlow Co.	96	-	4,432	-
Global Beef Trading SU Lda.	3,293	1	521	-
Beef Snacks Brasil Ind.Com. Ltda.	2	-	7	-
Marr Russia L.L.C	3,577	-	1,734	-
Austrália Meat	-	527	-	1,144
Subsidiaries incorporated ⁽¹⁾				
S.A. Fabrica de prod. alimenticios vigor	3,499	2	3,029	3,029
Cia Leco de Prod. Alimenticios	1,001	9	2,152	-
Cascavel Couros Ltda	59,936	4,512	112,872	230,771
Novaprom Food Ingredients Ltda	615	199	1,024	112
Biolins Energia Ltda	25	2,676	34,382	22
Sampco Inc.	45,232	-	30,529	-
Laticínios Serrabella Ltda	6	-	-	-
Frigorífico Canelones S.A.	-	127	-	533
Wonder Best Holding Company	25,212	-	10,857	-
Trump Asia Enterprise Ltd	7,873	-	6,422	-
Other related parties				
JBS Agropecuária Ltda.	963	366	137	2,446
Flora Produtos de Hig. Limp. S.A.	10,356	943	5,297	238
	186,593	11,469	238,980	245,696

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Mutual contracts between related parties recorded on the balance sheet as credits and debits with related parties:

COMPANY	Currency	Maturity	Annual rate	June 30, 2010	December 31, 2009
				Mutual Contracts	Mutual Contracts
Direct subsidiaries					
Mouran Alimentos Ltda.	R\$	Sep 13, 2011	CDI + 12% p.a.	14,356	11,455
JBS Confinamento Ltda.	R\$	Jul 21, 2011	CDI + 4% p.a.	99,165	76,010
JBS Embalagens Metálicas Ltda.	R\$	Jul 21, 2011	CDI + 12% p.a.	50,584	49,043
JBS USA, Inc	US\$	Aug 16, 2010	Libor + 2,5% p.a.	(816,827)	-
JBS Slovakia Holdings s.r.o.	EURO	May 8, 2010	4,5% p.a.	(1,184,343)	(941,640)
JBS Itália SRL	EURO	Jun 18, 2011	Libor + 3% p.a.	441	-
Indirect subsidiaries					
JBS Global Beef Company Lda.	EURO	Dec 31, 2011	Libor + 2% p.a.	(42,335)	(40,918)
JBS Argentina S.A.	US\$			88,927	-
The Tupman Thurlow Co.	US\$	May 5, 2011	Libor + 3% p.a.	-	13,943
Beef Snacks Brasil Ind.Com. Ltda.	R\$	Jan 24, 2011	CDI + 4% p.a.	79,803	74,373
Beef Snacks International BV	EURO	Dec 31, 2011	Libor + 2% - 3% p.a.	3,818	3,569
JBS HU Ltd	EURO	May 19, 2010	12% p.a.	(98,479)	(90,108)
Subsidiaries incorporated ⁽¹⁾					
S.A. Fabrica de Prod. Alimenticios Vigor	R\$	Jan 10, 2013	CDI + 12% p.a.	(160,470)	(278,228)
Cia Leco de Prod. Alimenticios	R\$	Jan 10, 2013	CDI + 12% p.a.	7,074	-
Cascavel Couros Ltda	R\$	Jan 10, 2013	CDI + 12% p.a.	(114,177)	-
Novaprom Food Ingredients Ltda	R\$	Jan 10, 2013	CDI + 12% p.a.	3,792	-
Biolins Energia Ltda	R\$	Jan 10, 2013	CDI + 12% p.a.	39,281	-
Sampco Inc.	US\$	Jan 10, 2013	Libor + 5% p.a.	-	11,951
Laticínios Serrabella Ltda	R\$	Jan 10, 2013	CDI + 12% p.a.	13	-
Bertin Paraguay	US\$	Jul 21, 2011	Libor + 5% p.a.	3,733	3,660
				(2,025,644)	(1,106,890)

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Impacts of related party transactions on Income Statements:

	June 30, 2010			June 30, 2009		
	Financial income (expenses)	Purchases	Sales of products	Financial income (expenses)	Purchases	Sales of products
Direct subsidiaries						
Mouran Alimentos Ltda.	1,101	-	-	1,694	-	-
JBS Confinamento Ltda.	5,188	17,612	735	7,119	82,949	2,121
JBS Embalagens Metálicas Ltda.	4,528	20,828	-	9,878	43,358	-
JBS Global A/S (Dinamarca)	-	-	-	11	-	-
JBS USA, Inc	(5,981)	-	2,058	21,636	-	1,277
Inalca JBS S.p.A	-	-	17,374	-	-	34,095
JBS Slovakia Holdings s.r.o.	(23,530)	-	-	(26,722)	-	-
JBS Itália SRL	1	-	-	-	-	-
Indirect subsidiaries						
JBS Global (UK) Limited	-	-	33,902	-	-	71,818
JBS Argentina S.A	-	2,998	-	-	11,665	-
The Tupman Thurlow Co.	93	-	6,293	800	-	45,328
Global Beef Trading SU Ltda.	-	448	25,584	-	-	55,882
Beef Snacks Brasil Ind.Com. Ltda.	4,700	18	-	9,408	-	-
Beef Snacks International	160	-	-	(14)	-	-
JBS HU Ltd	(5,253)	-	-	(6,105)	-	-
Marr Russia L.L.C	-	-	28,030	15	-	121,347
Australia Meat	-	1,736	-	-	11,346	-
Swift & Company Trade Group	-	-	124	-	-	2,955
Subsidiaries incorporated ⁽¹⁾						
Fabrica de Prod. Alimentícios Vigor S.A.	-	20	11,285	-	-	-
Cascavel Couros Ltda	-	10,088	95,288	-	-	-
Novaprom Food Ingredients Ltda	-	969	3,383	-	-	-
Cia Leco de Prod. Alimentícios	-	20	14,354	-	-	-
Biolins Energia Ltda.	-	12,729	4,446	-	-	-
Sampco Inc.	-	-	75,616	-	-	-
Laticínios Serrabella Ltda	-	-	24	-	-	-
Frigorífico Canelones S.A.	-	1,417	-	-	-	-
Trump Asia Enterprise Ltd	-	-	4,814	-	-	-
Bertin Paraguay	73	-	21,088	-	-	-
Other related parties						
JBS Agropecuária Ltda.	-	824	1,109	-	73,141	1,501
Flora Produtos de Hig. Limp. S.A.	-	183	20,304	-	1,839	59,857
	(18,920)	69,890	365,811	17,720	224,298	396,181

⁽¹⁾ - Refers to the subsidiaries of the incorporated Bertin, that for better visualization and understanding of the users of the information, were segregated, impacting only assets and liabilities.

Guarantees provided and / or received

The Company guarantees US Bonds operation of the subsidiary JBS USA in the amount of US\$ 700 million with final maturity in 2014.

The parent company J&F Participações S.A guarantees Eurobonds operation of the Company in the amount of US\$ 275 million with final maturity in 2011.

JBS USA together with its subsidiaries, JBS USA, LLC and Swift Beef Company, guarantee, in an unsecured way, US\$ 300 million of notes issued by the Company in 2016 as a result of commitment contained in the indenture governing such notes.

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Details of transactions with related parties

The Company and its subsidiaries conduct commercial transactions between them, mainly sales operations, realized with normal price and market conditions, when existing.

On the mutual contracts are calculated exchange rate and interests, when applicable.

No allowance for doubtful accounts or bad debts expenses relating to related-party transactions were recorded for the six months period ended as of June 30, 2010, and the year ended December 31, 2009.

JBS USA purchase and sale agreement

On December 21, 2009, the Company and JBS USA entered into a purchase and sale agreement pursuant to which it has been agreed to issue and sell 20%-25% of JBS USA common stock to the Company for an aggregate purchase price of US\$2.0 billion. The percentage of shares to be issued and sold shall be equal to US\$ 2.0 billion divided by the valuation of assets in U.S. dollars of JBS USA, based on the number of shares outstanding immediately prior to the IPO of JBS USA (the "JBS USA's IPO"), but calculated based on the IPO price per share of JBS USA, multiplied by 100. As a result of this purchase and sale. Accordingly, prior to the completion of JBS USA anticipated initial public offering ("IPO"), JBS USA will anticipate that to the Company that will hold a 20%-25% interest directly, in addition to the remaining controlling interest the Company will continue to hold in JBS USA indirectly through JBS Hungary Holdings Kft.

The consolidated balance of related parties, on the amount of R\$ 371,475 as of June 30, 2010 (R\$ 326,972 as of December 31, 2009), has the following composition:

a) Not consolidated Companies

The amount of R\$ 320,838 (R\$ 279,405 as of December 31, 2009) regarding part of the line of credit of US\$ 200 million, with market interests, between the indirect subsidiary JBS Five Rivers and J&F Oklahoma, subsidiary of J&F Participações S.A., not consolidated, where J&F Oklahoma uses this credit for cattle acquisition for fattening that are placed in the fattening of JBS Five Rivers to be prepared for the 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 fattening costs, besides a daily fee of rent in line with market terms;
- ii) Sales and purchase cattle agreement with JBS USA of at least 500,000 animals/year, starting from 2009 up to 2011 with market prices.

JBS Five Rivers also guarantee in third degree, after warranty 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.

b) Companies partially consolidated

The amount of R\$ 50,637 (R\$ 47,567 as of December 31, 2009) refers to credits of subsidiaries partially consolidated, as follows :

	June 30, 2010	December 31, 2009
Beef Snacks do Brasil Ltda.	39,902	37,186
Beef Snacks International BV.	3,674	3,720
Jerky Snack Brands, Inc.	7,061	6,661
	50,637	47,567

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Remuneration of key management

The Company's management includes the Executive Board and the Board of Directors. The aggregate amount of compensation received by the members of the Company's management for the services provided in their respective areas of business in the three months period ended as of June 30, 2010, in the year ended December 31, 2009 is the following:

	Members	Jun 30, 2010	Dec 31, 2009
Executive Board and Board of Directors	12	2,006	4,243
	12	2,006	4,243

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

The Counsel Director and Investor Relations Director are part of the employment contract regime *CLT* (which is the Consolidation of Labor Laws), where 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.

Except to 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.

12 Investments in subsidiaries

Relevant information about subsidiaries in the year ended on June 30, 2010:

June 30, 2010	Number of shares (Thousand)	Participation	Capital stock	Shareholders' equity	Net income (loss)
JBS Embalagens Metálicas Ltda.	10,002	99.00%	2	33,800	(1,130)
JBS Global Investments S.A.	93,000	100.00%	167,540	126,846	58,384
JBS Holding Internacional S. A.	804,235	100.00%	804,235	315,699	(87,695)
JBS Global A/S (Denmark)	1,250	100.00%	435,993	449,701	12,506
Mouran Alimentos Ltda.	120	70.00%	120	(30,663)	(2,826)
JBS USA, Inc.	0	100.00%	5,308,867	6,984,448	286,018
JBS Trading USA, Inc.	20	100.00%	18,015	(4,017)	(2,185)
JBS Confinamento Ltda.	415,001	100.00%	415,001	393,350	(6,986)
Inalca JBS S.p.A	280,000	50.00%	674,128	928,188	24,492
JBS Slovakia Holdings, s.r.o.	0	100.00%	1,137,767	1,324,760	191,650
JBS Italia S.R.L.	0	100.00%	22	8	(14)
Subsidiaries of incorporated ⁽²⁾					
Bertin Holding GMBH	96	100.00%	77	171,259	(2,234)
Novaprom Foods e Ingredientes Ltda	792	60.00%	792	3,421	(1,672)
Fábrica de Produtos Alimentícios Vigor S.A.	165,447	99.06%	104,031	194,097	14,808
Cascavel Couros Ltda	265,127	100.00%	240,861	296,020	10,033
Bertin USA Corporation	-	100.00%	-	51,607	(74)
Biolins Energia S.A.	10,672	100.00%	43,727	43,373	(354)

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	December, 2009	Addition (disposal)	Exchange rate variation (i)	Equity in subsidiaries		June, 2010
				Shareholders' Equity (ii)	Income Statements	
JBS Embalagens Metálicas Ltda.	34,581	-	-	-	(1,119)	33,462
JBS Global Investments S.A.	66,037	-	2,287	138	58,384	126,846
JBS Holding Internacional S. A.	402,886	-	-	508	(87,695)	315,699
JBS Global A/S	143,657	353,389	(55,426)	(4,425)	12,506	449,701
Mouran Alimentos Ltda.	(19,486)	-	-	-	(1,978)	(21,464)
JBS USA, Inc.	4,122,234	2,482,743	66,326	27,127	286,018	6,984,448
JBS Trading USA, Inc.	(1,766)	-	(61)	(5)	(2,185)	(4,017)
JBS Confinamento Ltda.	56,677	350,000	-	(6,341)	(6,986)	393,350
Inalca JBS S.p.A	463,011	-	(18,416)	7,253	12,246	464,094
JBS Slovakia Holdings, s.r.o.	1,251,415	-	(151,243)	32,938	191,650	1,324,760
JBS Italia S.R.L.	-	24	(2)	-	(14)	8
Subsidiaries of incorporated ⁽²⁾						
Bertin Holding GMBH	142,582	29,754	1,157	-	(2,234)	171,259
Novaprom Foods e Ingredientes Ltda	3,056	-	-	-	(1,003)	2,053
Fábrica de Produtos Alimentícios Vigor S.A.	177,927	(1,084)	690	-	14,737	192,270
Cascavel Couros Ltda	283,847	2,140	-	-	10,033	296,020
Bertin USA Corporation	43,154	6,830	1,697	-	(74)	51,607
Biolins Energia S.A.	43,727	-	-	-	(354)	43,373
Transfer to Other current liabilities (Negative equity)	21,252	-	-	-	-	25,481
Total	7,234,791	3,223,796	(152,991)	57,193	481,932	10,848,950

⁽²⁾ - Refers to the subsidiaries of the incorporated Bertin, that for better visualization and understanding of the users of the information, were segregated.

(i) - As defined in CPC 2, refers to the exchange rate variation of foreign currency investments that are accounted under the equity method, which was accounted directly to shareholders' 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, accounted in valuation adjustments to shareholders' equity in the subsidiaries, whose effect is being recognized when calculating the equity in subsidiaries, directly to shareholders' equity of the Company.

13 Property, plant and equipment, net

	Average annual depreciation rates	Cost	Revaluation	Net amount		
				Accumulated depreciation	June 30, 2010	December 31, 2009
Buildings	3 a 20%	2,526,802	116,742	(171,911)	2,471,633	2,385,975
Land	-	938,826	9,352	-	948,178	1,262,583
Machinery and equipment	8 a 10%	3,122,154	44,758	(348,997)	2,817,914	2,495,004
Facilities	10%	801,400	21,815	(75,267)	747,948	697,255
Computer equipment	20 a 100%	63,007	752	(34,577)	29,182	26,338
Vehicles	14 a 50%	425,565	189	(166,686)	259,067	262,679
Construction in progress	-	161,543	-	-	161,543	446,176
Other	10 a 100%	49,596	3,865	(21,909)	31,552	26,757
Impairment		(1,572)	-	-	(1,572)	-
		8,087,320	197,473	(819,347)	7,465,446	7,602,767

Changes in property, plant and equipment

December 31, 2009	Additions	First-time adoption of CPC	Write-offs ⁽³⁾	Depreciation	June 30, 2010
7,602,767	377,630	6,329	(378,771)	(142,509)	7,465,446

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⁽³⁾ - R\$ 350 million related to the capitalization of Planura farm from the Company to the subsidiary JBS Confinamento, Note 12.

The balance of construction in progress refers to investments for expansion, modernization and adaptation of meat-packing plants, aiming to maintain current and obtain 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, as supported by reports issued by the specialized firm SETAPE- Serviços Técnicos de Avaliações do Patrimônio e Engenharia S/C Ltda., 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 June 30, 2010, the total amount of property, plant and equipment revaluation is R\$ 197,473 which the revaluation reserve is R\$ 109,530 and the provision for income and social contribution taxes is R\$ 54,490. For revalued property, plant and equipment, the Company recorded accumulated depreciation of R\$ 33,453.

Property, plant and equipment are tested for impairment at least annually if indications of potential impairment exist.

The Company and its subsidiaries reviewed the useful life of their property, plant and equipment by engaging a The Company and its subsidiaries engaged the specialized firm SETAPE – Serviços Técnicos de Avaliações do Patrimônio e Engenharia S/C Ltda. to review the useful life of their property, plant and equipment. Significant divergences were found in comparison with the useful lives adopted as of December 31, 2009. The useful life of all property, plant and equipment items was duly reviewed and has been applied since January 1, 2010

Interest capitalization - Borrowing costs

Pursuant to CPC 20 – Borrowing costs, the Company capitalized those borrowing costs directly 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 June 30, 2010 and December 31, 2009 are shown below:

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Construction in progress	118,090	409,052
(+) capitalized borrowing costs	43,453	37,124
	161,543	446,176

14 Intangible assets, net

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Goodwill	10,812,346	11,108,844
Trademarks	452,574	184,615
Softwares	6,205	6,165
	11,271,125	11,299,624

Changes in intangible assets

<u>December 31, 2009</u>	<u>Additions</u>	<u>Write-offs</u>	<u>Amortization⁽⁴⁾</u>	<u>June 30, 2010</u>
11,299,624	1,459	(1,419)	(28,539)	11,271,125

⁽⁴⁾ - Refers to the amortization of definite intangible assets acquired in business combinations.

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Goodwill

Company

In July 2007 the Company acquired a 100% interest in Swift Foods Company, currently known as JBS USA, with goodwill of R\$ 877,609, based on expected future earnings of the acquired business, which will be paid over a period of 5 years. Goodwill amortized as of December 31, 2008 is R\$ 248,656.

In January 2007 the Company acquired 100% of JBS Trading USA, Inc., with goodwill of R\$ 21,725 based on expected future earnings of the acquired business, which will be amortized over the period and extent of the related projections, no more than ten years. As of December 31, 2008, accumulated goodwill amortization is R\$ 6,035.

In March 2008 the Company acquired a 50% interest in Inalca S.p.A., presently known as Inalca JBS, with goodwill of 94,181 thousand Euros, equivalent to R\$ 207,603 as of June 30, 2010, based on expected future earnings of the acquired business.

In December 2009 the Company acquired Bertin. The market value of this operation was ascertained based on an appraisal report prepared by a specialized company. The base value of the operation of share exchange between the companies amounted to R\$ 11,987,963, generating a goodwill of R\$ 9,069,926. Pursuant to CPC 15 – Business combinations, in 2010 the goodwill was allocated to the respective asset accounts, based on the appreciation of assets.

Company - Resulting from the incorporated Bertin

Goodwill from Bertin USA Corporation	13,183
Goodwill from Novaprom Foods Ingredients	12,000
Goodwill from Vigor shares	798,503
Goodwill from Phitoderm	4,044
Goodwill from Goult Participações	48,598
Goodwill from Leco shares	13,846
	890,174

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 criterion of not to amortize goodwill based upon expected future earnings, which is in line with CPC 15. Under these CVM decisions and the CPC 01, intangible assets with indefinite life can no longer be amortized.

15 Trade accounts payable

	June 30, 2010	December 31, 2009
Commodities	68,654	149,351
Materials and services	419,756	444,625
Finished products	31,751	33,566
	520,161	627,542

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16 Loans and financings

Type	rate of interest and commissions	June 30, 2010	December 31, 2009
FINAME	TJLP and interest from 1.5% to 3.08%	305,427	330,159
FINAME	Currency basket and interest from 3.30% to 3.73%	453	563
FINAME	Interest from 6.83% to 11.2%	13,982	24,465
FINEM	TJLP and interest of 3.00% to BNDES currency basket and interest of 2.90%	38,131	426,675
FINEM	Exchange variation and interest of 3.8%	-	22,588
FININP	Exchange variation, Libor plus interest from 0.45% to 7.20%	1,672,363	1,499,167
ACC - (advances on exchange contracts)	Exchange variation, interest from 4.65% to 8.9%	55,547	-
ACC - (advances on exchange contracts)	TJLP and interest from 3.00% to 5.5%	820,337	185,136
EXIM - export credit facility	Interest from 5.19% to 18.27% and exchange variation	66,742	326,678
EXIM - export credit facility	Currency basket and interest of	19,469	-
BNDES Automatic	Exchange variation and interest of 9.375%	497,852	485,439
Euro Bonds	CDI + interest of 6.00%	13,333	14,976
Working capital- Brazilian Reais	Exchange variation + Libor and interest from 1.00 to 2.30%	1,518,174	1,514,128
Prepayment	Exchange variation + interest of 10.25%	1,209,271	545,670
144-A	CDI + interest of 7,15% to 10,53%	2,347,952	1,510,450
NCE/COMPROR	Interest from 113.9% to 120.0% of CDI	669,101	-
NCE/COMPROR	Exchange variation + Interest from 10,25%	-	624,342
Foreign loan	Exchange variation + Libor and interest of 1.85%	-	87,370
Foreign loan from multilateral organisms	Interest of 10.00%	2,169	2,470
FCO - Middle West Fund	Interest of 10.00%	32,141	34,670
FNO - North Fund	TR and Interest of 10.50%	-	75,686
Working capital - Agriculture	Interest of 152.00% of CDI	-	212,425
Working capital - Processing	Exchange variation + Interest of 4,50%	-	117,498
Working capital - Foreign currency	Interest of 124.50% of CDI	555	1,195,328
Credit note - Export		-	556
Other		9,282,999	9,237,413
Breakdown:			
Current liabilities		4,231,532	3,926,390
Non current liabilities		5,051,467	5,311,023
		9,282,999	9,237,413

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Maturities of long-term debt are as follows:

2011	895,442	2,482,552
2012	1,407,895	922,847
2013	947,574	528,826
2014	383,749	187,092
2015	222,992	32,559
2016	1,179,503	1,139,869
2017	5,379	6,862
2018	4,960	6,443
2019	3,973	3,973
	5,051,467	5,311,023

ACCs (advances on exchange contracts) are credit facilities obtained from financial institutions by the Company, and the acquired company Bertin, in the amount of US\$ 959,151 as of December 31, 2009 (US\$ 860,996 as of December 31, 2009), to finance export transactions.

EUROBONDS - On January 26, 2006 the Company issued bonds in the total amount of US\$ 200 million and, on February 8, 2006, issued US\$ 75 million bonds, totaling US\$ 275 million, with a payment term of 5 years and coupon of 9.375% per year. The operation is guaranteed by the Company and its indirect subsidiary J&F Participações S.A.

144-A - On July 28, 2006, JBS S.A. issued 144-A rule notes in the international market, in the total amount of US\$ 300 million, with a payment term of 10 years and coupon of 10.5% per year. The operation is guaranteed by the Company itself. On 13 October 2006, Bertin issued 144-A rule notes in the international market, in the total amount of US\$ 350 million, with coupon of 10.25% per year. No guarantee was pledged for this operation.

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

17 Credit operations, guarantees and covenants

Notes 2011 - JBS S.A. - On February 6, 2006, the Company issued Notes 2011, maturing in February 2011, at the value of US\$275 million. Notes 2011 are guaranteed by J&F, by Flora Produtos de Higiene e Limpeza Ltda. (a subsidiary of J&F) and by JBS Agropecuária Ltda. The interest rate applicable to the notes is 9.375% starting February 6, 2006, and quarterly paid on February 7, May 7, August 7 and November 7, counted upon May 7, 2006. The principal amount of the notes should be fully paid by February 7, 2011.

Covenants. The issuance instrument of Notes 2011 contains covenants that restrict the Company and some of its subsidiaries from:

- . incurring additional debt, if the ratio net debt/EBITDA is higher than a determined index;
- . putting lien on goods, revenue or assets;
- . making certain loans or investments;
- . selling or disposing of assets;
- . paying certain dividends and making other payments;
- . paying in advance, cancelling or changing certain debts;
- . liquidating, consolidating, merging or acquiring the business or assets of other entities;
- . taking part in certain joint-ventures or creating certain types of subsidiaries;
- . having certain transactions with related parties;
- . executing lease transactions with repurchase option (sale/leaseback).
- . changing the control without making a purchase offer on Notes 2011.

As mentioned above, the terms and conditions for Notes 2011 include covenants. They forbid the Company and its subsidiaries, besides JBS USA, to incur any debts (observed certain 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.

Still as mentioned above, Notes 2011 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).

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Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009 (Expressed in thousands of Brazilian reais)

Besides, according to Notes 2011, the Company will not be able, 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) there has been default in relation to the notes 2011; (ii) the Company incurs at least US\$ 1.00 of debt under the terms of the net income/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 jointly 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.

Default events. The indenture of Notes 2011 establishes usual default events. 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 default takes place, the issuer 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 accumulated interest on the notes.

Repurchase offer. In December 2009, the Company made an offer on the repurchase of Notes 2011, at a total approximate value of US\$2.4 million. The mentioned offer was made according to the Company's obligation under the indenture that governs the notes of making an offer to buy them in case of a change in control (as defined in the indenture). A control change took place on December 31, 2009, when the Company merged Bertin S.A.

Notes 2014 - JBS USA, LLC and JBS USA Finance Inc. guaranteed by JBS S.A. - On April 27, 2009, the wholly-owned subsidiaries, JBS USA, LLC and JBS USA Finance, Inc. issued Notes 2014 at the total principal value of US\$700 million. Notes 2014 are guaranteed by the Company, by JBS USA, by JBS Hungary Holdings Kft. (an indirect wholly-owned subsidiary of the Company) and by certain restricted North American subsidiaries. The notes bear interest of 11.625% a year, paid every six months in May 1 and November 1, starting November 1, 2009. The principal amount of notes 2014 should be fully paid by May 1, 2014.

Covenants. The issuance instrument of Notes 2014 contains usual covenants that restrict JBS USA and its subsidiaries from:

- . incurring additional debt, if the ratio net debt/EBITDA is higher than a determined index;
- . putting lien on goods;
- . selling or disposing of assets;
- . paying dividends or making certain payments to shareholders;
- . in general manner, impose limits to dividends or other payments to shareholders by restricted subsidiaries;
- . executing transactions with related parties;
- . executing lease transactions with repurchase option (sale/leaseback); and
- . changing the control without making a purchase offer on Notes 2014.

Pro forma net debt/EBITDA index of JBS USA, LLC. Notes 2014 include covenants that forbid the subsidiary, JBS USA, LLC and the subsidiaries guarantying Notes 2014, to incur any debts or issue shares (observing certain exceptions) unless the pro forma net debt/EBITDA ratio of JBS USA, LLC at the date of contracting of the debt and destination of the respective product is lower than 3.0/1.0. The co-issuers of the notes were the wholly-owned subsidiaries JBS USA, LLC and JBS USA Finance, Inc.

The calculation of the net debt/EBITDA rate is based on the net debt/EBITDA index of JBS USA, LLC and of its restricted subsidiaries, as defined in the terms of the issuance indenture, and do not encompass JBS USA.

The terms and conditions of Notes 2014 define various restrictions that should be observed in the respective contract.

For the purpose of the covenants, the consolidated net income (loss) is adjusted to exclude, among other things, (1) the income of restricted subsidiaries, as the payment of dividends or similar distributions to them is not allowed by law or any contract that the restricted subsidiaries take part of, (2) the income of any company where JBS USA, LLC has jointly interests, except for the cases where dividends and other distributions are actually paid to JBS USA, LLC or one of its wholly-owned subsidiaries considered as restricted, and (3) certain items that are not in kind and are not recurring.

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Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009 (Expressed in thousands of Brazilian reais)

Default events. The indenture establishes usual default events. 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 default takes place, the issuer 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 accumulated interest on the notes.

Notes 2016 - JBS S.A. - On August 4, 2006, the Company issued seniors notes maturing in 2016, with principal total value of US\$ 300 million. The interest applicable to Notes 2016 is 10.5% a year, due every six months in February 4 and August 4, beginning on February 4, 2007. The principal value of Notes 2016 should be fully paid by August 4, 2016. According to the first complementary indenture of January 31, 2007, JBS Finance Ltd. is the co-issuer.

Guarantees - The indenture that governs Notes 2016 requires that any significant subsidiaries (that is, any subsidiary that represents at least 20% of all assets or annual gross revenue of the Company, according to the most recent financial statements) guarantee all obligations of the Company established in Notes 2016. They are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company), by JBS USA and its subsidiaries, JBS USA Holdings, Inc., JBS USA, LLC, Flora Produtos de Higiene e Limpeza Ltda. (subsidiary of J&F) and by Swift Beef Company. Other controlled companies of the Company (including the subsidiaries of JBS USA) can be required to guarantee the notes in the future.

Covenants. The indenture of Notes 2016 contains usual contract restrictions, restricting the Company and some of the subsidiaries from:

- . incurring additional debt, if the ratio net debt/EBITDA is higher than a determined index;
- . Putting lien on goods;
- . selling or disposing of assets;
- . paying dividends or making certain payments to shareholders;
- . in general manner, limits dividends or other payments to shareholders by restricted subsidiaries;
- . executing transactions with related parties;
- . consolidating or making mergers or disposing of all assets to another company;
- . executing lease transactions with repurchase option (sale/leaseback); and
- . changing the control without making a purchase offer on Notes 2016.

The terms and conditions for Notes 2016 include covenants that forbid the Company and its subsidiaries, including JBS USA, to incur any debts (observing certain 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.

Notes 2016 also establish restrictions to the Company and to 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) giving 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 clauses in joint venture agreements executed by the subsidiaries; or (d) when imposed by standard documents of BNDES.

Besides, according to Notes 2016, the Company will not be able, 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) there has been default in relation to the notes; (ii) the Company incurs at least US\$ 1.00 of debt under the terms of the net income/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 jointly 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.

Default events: The indenture of Notes 2016 establishes usual default events. 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 default takes place, the issuer 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 accumulated interest on the notes.

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Bertin's Notes 2016 - On November 9, 2006, Bertin S.A., an enterprise of which the Company is the successor through merger, issued Bertin's Notes 2016 at the principal value of US\$350 million (still under the name of Bertin Ltda.). The interest applicable to Bertin's Notes 2016 corresponds to 10.25%, per annum, paid every six months on April 5 and October 5, beginning April 5, 2007. The principal value of the notes should be fully paid by October 5, 2016.

Covenants. The issuance instrument of the notes contains usual covenants restricting Company and its subsidiaries from:

- . incurring additional debt if the net debt/EBITDA ratio is higher than a determined index and if the operation is not specifically allowed in the indenture of Bertin's Notes 2016;
- . putting lien on goods;
- . paying dividends or making certain payments to shareholders;
- . selling or disposing of assets;
- . having certain transactions with related parties;
- . liquidating, consolidating, merging or acquiring the business or assets of other entities;
- . executing lease transactions with repurchase option (sale/leaseback);
- . changing the company's control without making a purchase offer on Bertin' Notes 2016.
- . 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 forbid the Company (as legal successor of Bertin) and the subsidiaries, to incur any debts (observing certain exceptions) unless the pro form net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debit 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.

Besides, 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 incurs at least US\$ 1.00 of debt under the terms of the net income/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 jointly 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.

Default events: The issuance instrument of Bertin's Notes 2016 establishes usual default events. 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 default takes place, the issuer 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 accumulated interest on the notes.

On November 24, 2009, Bertin began a process of consent solicitation with the holders of Bertin's Notes 2016 . It aimed, among others, (i) to turn even certain terms of the indenture of the notes, especially those related to the covenants and default events of the Company's Notes 2016; and (ii) except the control change of Bertin, due to its merger by the Company, from the cases of control change.

Loans among companies of the same group payable by JBS USA Holdings, Inc. to a subsidiary of JBS S.A. - On March 29, 2009, JBS USA owed a total of US\$658.6 million for various loans between companies of the same group of the Company, from now on called JBS HU Liquidity Management LLC (Hungary), an indirect wholly-owned subsidiary of the Company. The product of those loans was destined to finance the operations of JBS USA and for the Acquisition of the enterprises Tasman and JBS Packerland. On April 27, 2009, the loan agreements were consolidated in a single loan agreement, the due dates of the principal amount of the loans were extended to April 18, 2019, and the interest rate was changed 12% per annum.

The net outcome of the offer and sale of Notes 2014 (less US\$100 million) was used in the amortization of accumulated interest and part of the principal amount of loans between companies of the same group. Besides, JBS USA executed a loan agreement between companies of the same group at the principal value of US\$6 million under the same terms of the previous loan agreement between companies of the consolidated group.

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18 Convertible debentures

The Company received on December 22, 2009 correspondence from BNDES Participações SA - BNDESPAR, communicating the approval of the investment conduct through the subscription of subordinated debentures, convertible into shares and transfer clause of the first private placement the Company to be held in single series.

The Agreement Investment signature was approved by the Board of Directors in a resolution held on December 7, 2009.

The funds were fully used to subscribe a capital increase in JBS USA, in order to complete the transaction reflected in the Stock Purchase Agreement whereby the JBS USA, by subscription of new shares, became the owner of shares representing 64% (sixty-four per cent) of the total voting capital of PPC and strengthen the capital structure consolidated by the Company for implementation of investment plans and expansion projects, and enable the completion of the integration of operations with Bertin.

On December 28, 2009, the Company issued 2,000,000 debentures at the unit par value of R\$ 1,739.80. The total value of the debentures is R\$3,479,600. Issuance and transaction costs corresponded to R\$17,388 and there is no premium in the in this fund raising operation. Under the terms of the indenture, the debentures corresponded to US\$2 billion at issuance date. The 2,000,000 debentures will be obligatorily exchangeable for certificates of deposit of securities (Brazilian Depositary Receipt - BDR) sponsored Level II or III, supported by voting common shares issued by JBS USA Holdings, Inc., or obligatorily convertible into shares issued by the Company, in the event the latter does not have liquidity.

Liquidity event means to combine the completion of an initial public offering of JBS USA, in the minimum amount equivalent to US\$ 1,5 billion with primary placement of at least 50%, either through IPO or follow-on, where JBS USA (a) becomes a Reporting company with the Securities and Exchange Commission, (b) has shares listed on the New York Stock Exchange or NASDAQ, (c) has a minimum free float (excluding potential involvement of debenture holders) of 15% and (d) that the capital of JBS USA, on the day of the liquidity event, be composed of single species and class stocks, noting that will be allowed to issue classes of preferred shares with different political rights after the liquidity event.

The Liquidity event has to occur until December 31, 2010, subject to mandatory conversion into shares of debentures. However, the Company may, at least 5 days before the deadline, notify the trustee that intends to extend the deadline until December 31, 2011, in this case it must pay on the date of notification and in national currency, the debenture holders a premium of 15% on par value of all the Debentures then outstanding.

The maturity of the debentures will be 60 years from the issuance date, on December 28, 2069.

Due to the end of the deadline for apportionment of surplus in the issuance of debentures, on February 19, 2010, the Company communicated, based on the information received from bank Bradesco S.A., depository institution of the Company's debentures, that all debentures issued were subscribed, as approved during a general extraordinary meeting held on December 31, 2009 at the Company.

Each debenture can only be converted into shares of the Company, exclusively in the following cases: (i) if the Liquity Event has not occurred within the period established in the indenture, (ii) in case certain requirements described in the indenture are not met, or (iii) in the occurrence of an Anticipated Expiration as established in the indenture. The number of common shares issued by the Company in the conversion of the debentures is based on the division of (a) their unit par value, plus a prize of 10% (ten percent); and (b) a conversion price based on the weighted average of the price of the common shares in negotiation ("JBSS3") in the 60 (sixty) trading sessions before date of conversion of the debentures. Such average should be adjusted for the declared proceeds, limited to the a floor of R\$6.50 (six reais and fifty cents) per share action and a ceiling of R\$12.50 (twelve reais and fifty cents) per share ("Conversion into Shares"). The Liquidity Event should take place until December 31, 2010, and the Company can extend such period to December 31, 2011, subject to the payment of an extension premium of 15% (fifteen percent) on the unit par value of all out

In case the Liquidity Event does not occur until the limit date and the Company has not paid the extension premium, the debentures will be obligatorily converted into shares of the Company on January 31, 2011. In the event the period was extended from the limit date and the Liquidity the has not occurred until January 31, 2011, the debentures will be obligatorily converted into actions of the Company on January 31, 2012.

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Shareholders' Agreement

On December 22, 2009 the Company celebrated a Shareholder Agreement with J&F Participações S.A., ZMF Fundo de Investimento and BNDES PARTICIPAÇÕES - BNDESPAR, where BNDESPAR assumed commitment of accomplishing an investment in the Company through the subscription of debentures of the Company, as detailed above.

During the term of the Shareholders' Agreement, and while it continues being an Eligible Shareholder, the shareholder BNDESPAR will be entitled to interfering in any of the matters mentioned below (each one is an "Approval Item"):

(i) contracting by the Company and/or by any of its controlled companies of any debt (except in relation to refinancing of debt or already existing obligation, or debt between companies of the same group that do not affect the Maximum Debt Limit), implying that the ratio of the division between the Net Debt and EBITDA (in both cases related to the last four quarters, according to the quarterly or annual consolidated financial statements of the Company) calculated on a pro forma basis is higher than 5.5 ("Maximum Debt Limit");

(ii) the distribution of dividends, interest on equity capital or any other form of compensation to the shareholders by the Company, implying that the ratio of the division between Net Debt and EBITDA (in both cases related to the last four quarters, according to the quarterly or annual consolidated financial statements of the Company) calculated on a pro forma basis and after distribution, is higher than 4.0 ("Managerial Indebtedness Limit");

(iii) a reduction in the capital stock of the Company, of JBS USA and/or of any of their respective controlled companies, that, if executed, would exceed the Managerial Indebtedness Limit. Exceptions to this restriction are the controlled companies whose capital stock is directly or indirectly held by JBS in a percentage equal to or higher than 99% ("Exempt Controlled Companies");

(iv) proposition of an extrajudicial recovery plan, judicial recovery plan or filing of bankruptcy by the Company or by JBS USA;

(v) liquidation or dissolution of JBS, of JBS USA or of any of their controlled companies (except for Exempt Controlled Companies);

(vi) reduction in JBS's obligatory dividends;

(vii) amendments to article 33 of JBS's by-laws, so that the audit committee would start working in a non-permanent manner or any other changes in the by-laws of JBS regarding the business purpose (aiming a significant change in the business carried out by JBS), or other changes that conflict with any dispositions of the Shareholders' Agreement;

(viii) change, merger, spin-off, combination, including of shares, or any other corporate restructuring involving JBS, JBS USA and their controlled companies (except for (a) operations between Exempt Controlled Companies, or (b) in operations between (i) JBS or JBS USA and (ii) any of their Exempt Controlled Companies), including exchange, payment through shares or assignment of share subscription rights;

(ix) any operations between JBS and/or its controlled companies, on the one hand, and any related parties of JBS, on the other hand, amounting to more than R\$100,000,000.00 (one hundred million reais) for a period of 12 (twelve) months, taken as a whole or individually;

(x) disposal or encumbrance, by JBS and/or by its controlled companies, of noncurrent assets that, individually or cumulatively, have, in a period of 12 (twelve) months, a value of more than 10% (ten percent) of the Company's total assets (column 'Company', that is, non-consolidated numbers), based on the most recent financial statements;

(xi) approval of the annual budget of JBS and/or of its controlled companies in the event an increase in the ratio Net Debt/EBITDA would exceed the Managerial Indebtedness Limit;

(xii) investments of capital, as a whole or individually, not considered in the business plan or budget approved by the Board of Directors of the Company, that, if made, would exceed the Managerial Indebtedness Limit;

(xiii) (A) the cancellation of the registration of the Company or of JBS USA, as public-held corporations, or a reduction in the listing level of the Company with the Stock and Exchange of São Paulo (BM&FBOVESPA); or (B) the creation of types or classes of share of JBS USA under different policies or equity rights (including, without limitation, preferred shares);

(xiv) any acquisition operation by JBS or by its controlled companies of (a) ownerships interests that would be considered significant investments for JBS (even if acquired by a controlled company) as defined in the applicable legislation, and not included in the of business plan or budget approved by the Board of Directors of JBS or (b) noncurrent asset items, that, if executed, would exceed the Managerial Indebtedness Limit; and

(xv) giving of collateral or guarantees by JBS and/or its controlled companies to guarantee obligations of third parties, except for obligations of JBS and/or of its controlled companies, at an individual value lower than R\$ 200,000,000.00 (two hundred million reais).

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19 Payroll, social charges and tax obligation

	June 30, 2010	December 31, 2009
Payroll and related social charges	72,180	65,564
Accrual for labor liabilities	133,733	81,650
Income tax	9,758	2,715
Social contribution	3,513	1,059
ICMS / VAT tax payable	17,302	15,899
PIS / COFINS tax payable	77	27,257
Others	85,733	92,938
	322,296	287,082

20 Provision for contingencies

The Company is part in several procedure arising out of the regular course of their businesses, to which the provisions based on estimation of their legal consultants were established. The main information related to these procedures on June 30, 2010 and December 31, 2009, are as follows:

	Number of lawsuits	June 30, 2010	Dec 31, 2009
Labor	6,462	42,823	40,579
Civil	354	4,429	4,229
Tax and Social Security	386	80,762	165,280
Total	7,202	128,014	210,088

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 several 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 do not recognizes 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\$ 793,204 in the aggregate. 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.

The legal proceedings filed by the Company suspended the requirements of the State of São Paulo. Based on the opinion of the Company's legal counsels. The management believes, based on the advices from its legal counsel, that its arguments will prevail in these procedures, which is the reason why no provision were done.

The Tax Authority of the State of Goiás filed other administrative proceedings against the Company, due to interpretation divergences of the Law concerning the export VAT credits. Based on the opinion of the Company's external legal counsel, the management of the Company believes the Company will prevail in most of these proceedings, on the amount of R\$ 204,094. The management believes, based on the advices from its legal counsel, that its arguments will prevail in these procedures, which is the reason why no provision were done.

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

In September 2002, the INSS (Brazilian Social Security Institute) filed two 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) referring the period from January 1999 to December 2003, in the amount of R\$ 69,200, and from 2003 until 2006, in the amount of R\$ 198,800, with the aggregate amount of R\$ 268,000 million, that the Company should have allegedly withheld in connection with purchases of cattle from individual ranchers. As a result of a decision by a lower court in a proceeding to adjudicate a writ of mandamus action filed by the Company in order to challenge the constitutionality of such social security contributions, the administrative proceedings have been stayed and the INSS has been enjoined from collecting these social security contributions from the Company.

The INSS has not timely appealed from this decision and, accordingly, the proceeding has been submitted to the review of the Regional Federal Court of the 3rd Region as a matter of law. Currently, the proceedings await a ruling by such appellate court. Based on the opinion of the Company's legal counsel supported by precedents of the Federal Supreme Court in a similar case, the Company's management believes that the Company will prevail in these proceedings. Accordingly, the Company has not established any provision for contingencies arising from these proceedings.

Recently, according recent decision of the STF (Brazilian Supreme Courte) in other comparative claims, the Administration still believes that the final decision of it administrative claims will be favorable to the Company, excluding the obligation to pay the amounts described by this claim.

c) Other tax and social security procedures

The Company is a Party in additional 281 tax and social security procedures, 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\$ 76,321, as of June 30, 2010.

Labor Proceedings

As of June 30, 2010 the Company was party to 6,462 labor and accident proceedings, involving total value of R\$ 611,171. Based on the opinion of the Company's external legal counsel, the Company's management recorded a provision in the amount of R\$ 42,823 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) Slaughterhouse at Araputanga

In 2001, the Company (formerly known as Friboi Ltda.), entered into a purchase agreement for the acquisition of one slaughterhouse located in the City of Araputanga, State of Mato Grosso, from Frigorífico Araputanga S.A. ("Frigorífico Araputanga"). As a result of the payment of the purchase price by the Company and the acknowledgement by Frigorífico Araputanga of compliance by the Company with its obligations under the purchase agreement, a public deed reflecting the transfer of title of the slaughterhouse from Frigorífico Araputanga to the Company was registered with the applicable real estate notary.

As (i) Frigorífico Araputanga was a beneficiary of certain tax benefits granted by the Federal Government through an agency responsible for fostering the development of the northern region of Brazil (*Superintendência de Desenvolvimento da Amazônia – SUDAM*) and (ii) the slaughterhouse sold to the Company was granted by Frigorífico Araputanga to SUDAM as collateral for these tax benefits the consent of SUDAM was required for the registration of the public deed with the applicable real estate notary. In September 2004, Frigorífico Araputanga S.A. filed a lawsuit against the Company in a state court located in the City of Araputanga, State of Mato Grosso, alleging that the Company breached the purchase agreement and seeking an injunction to prevent the Company from finalizing the transfer of the slaughterhouse and a declaratory judgment that the purchase agreement and the public deed registered with the real estate notary were null and void.

The parties are waiting for new appraisal. The first judicial expert appraisal was favorable to the company, that after evaluating the payments made by Agropecuária Friboi, the appraisal concluded that the debit was already paid. The judicial appeal number 2006.01.00.024584-7 was judged favorably to the Company, when the "TRF" Regional Federal Court declared valid the purchase title deeds of the property, object of discussion. Based on the Company's legal advisers' opinion and based on Brazilian jurisprudence management of the Company believes that their arguments will prevail and no provision was registered.

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b) Trademark Infringement

In July 2005, Frigorífico Araputanga filed a lawsuit against the Company seeking damages in the amount of R\$ 26,938 and punitive damages in the amount of R\$100,000 for the use by the Company of the trademark “Frigoara” without Frigorífico Araputanga’s consent. 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.

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 slaughterhouse 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 the transfer of the slaughterhouse from Frigorífico Araputanga to the Company) and (iii) 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.

Following a determination of the judge of the trial court, the lawsuit was submitted to the review of the Federal Court of Cáceres on January 17, 2007. The judge of the Federal Court of Cáceres determined that this lawsuit be joined with the lawsuit relating to the purchase of the slaughterhouse by the Company from Frigorífico Araputanga. The Federal Government will be notified to issue an opinion on the matter under discussion in this lawsuit. Based on the Company’s legal counsel opinion supported by precedents of the Federal Brazilian Supreme Court (Supremo Tribunal Federal) and the Brazilian Superior Court of Justice (Superior Tribunal de Justiça), the Company’s management believes that the Company will prevail in these proceedings.

c) Other civil proceedings

The Company is also part to other civil proceedings that in the evaluation of the Administration and its legal advisers, the loss expectation on June 30, 2010 is R\$ 4,429.

Other proceedings

On June 30, 2010, the Company had other ongoing civil, labor and tax proceedings, on the approximately amounting of R\$ 76,321 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 CVM nº. 594 from 2009 and CPC 25.

21 Debit with third parties for investment

On incorporated Bertin current liabilities, the amount of R\$ 201,993 as of June 30, 2010 (R\$ 427,523 as of December 31, 2009 refers to the acquisition of the remaining debt investments, with discharge during the year 2010. Investments acquired are i) Plant Pimenta Bueno (R\$ 14,242), ii) Gould Participações Ltda. concerning the acquisition of Grupo Vigor, acquired in 2007 (R\$ 157,751) and iii) Electricity Co. Araguaia (R\$ 30,000).

The Company refers to 65 million of Euros, corresponding, on June 30, 2010, to R\$143,280 (R\$ 162,976 on December 31, 2009) to be added to the purchase price of Inalca JBS, should the company reaches, at least, one of the following goals: average EBITDA for the years 2008, 2009 and 2010 equal or higher than 75 million of Euros or, alternatively, an EBITDA equal or higher than 90 million of Euros for the fiscal year of 2010. If none of these goals are met, this debit will revert to the amount of the premium assessed on the purchase.

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22 Income taxes

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

a) Reconciliation of income tax and social contribution of the Company

	Three months period ended as of June 30,	
	2010	2009
Income (loss) before income tax and social contribution	<u>(1,000)</u>	<u>132,183</u>
Addition (exclusion), NET:		
Permanent differences (substantially equity in subsidiaries)	(550,291)	(86,873)
Temporary differences	11,733	(20,592)
	<u>(539,558)</u>	<u>24,718</u>
Calculation basis for income tax and social contribution		
Income tax and CSLL	-	-
Reversal of income tax and CSLL of revaluation	717	698
	<u>717</u>	<u>698</u>
Temporary differences	(11,733)	20,592
	<u>(3,989)</u>	<u>7,001</u>

b) Deferred income tax and social contribution

	June 30, 2010	December 31, 2009
Assets:		
. On tax losses and temporary differences	33,897	30,357
	<u>33,897</u>	<u>30,357</u>
Liabilities:		
. On revaluation reserve and temporary differences	363,248	375,061
	<u>363,248</u>	<u>375,061</u>

The Company and its subsidiaries have a history of future taxable net income. The Company expects to recover the tax credits arising there from within eight years due to the termination of the causes of their contingencies.

The Company expects to recover the tax credits referring to it deferred asset as following:

	June 30, 2010
2010	15,024
2011	6,827
2012	2,423
2013	2,423
2014	2,423
2017	3,385
2020	1,392
Total	<u>33,897</u>

The criteria for utilization of tax losses in taxable compensation, comply with the limits of the relevant tax legislation, limited in Brazil 30% of the positive basis for the calculation of income tax and social contribution.

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23 Shareholders' equity

a) Capital Stock

The Capital Stock on June 30, 2010 is represented by 2,567,471,476 ordinary shares, without nominal value. From the total shares, as described in letter e) below, 43,990,100 shares are maintained in treasury.

The Company is authorized to increase its capital by an additional 3,000,000,000 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 persons providing services companies under its control, excluding the preemptive rights of shareholders in issuing and exercise of stock options.

b) Profit reserves

Legal reserve

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

Reserve 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.

c) Revaluation reserve

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.

d) Dividends

Mandatory dividends corresponds to not less than 25% of the adjusted net income of the year, according to article 202 of Law 6.404/76.

e) Treasury shares

The Board of Directors of the Company, based on the amendment of it by-laws and according to the normative instructions of CVM nº 10/80, 268/97 and 390/03, authorized the acquisition of not more than 41,113,898 shares for maintenance in treasury and subsequent cancel or alienation without reduction of the social capital.

On June 30, 2010, the Company maintained 43,990,100 treasury shares, with an average unit cost of R\$ 6,17 and the minimum and maximum acquisition prices were R\$ 2,68 and R\$ 10,81, respectively (On December 31, 2009 no changes in the amounts were identified), with no disposal of acquired shares. The amount of 43,990,100 treasury shares on June 30, 2010, 9,763,900 shares were acquired during 2009, which were supported by approval of the Board of Directors' meeting occurred on December 29, 2008, that approve the acquisition limit of 41,113,898 own issued shares. The Company have not repurchased any shares during the current year.

The market value of the shares according to the BOVESPA as of June 30, 2010 R\$ 7,64 (December 31, 2009 was R\$ 9,32)

24 Net sale revenue

	Three months period ended as of June 30,	
	2010	2009
Gross sale revenue		
Products sales revenues		
Domestic sales	2,102,221	982,769
Foreign sales	1,316,854	549,242
	3,419,075	1,532,011
Sales deduction		
Returns and discounts	(109,570)	(53,612)
Sales taxes	(175,209)	(107,762)
	(284,779)	(161,374)
NET SALE REVENUE	3,134,296	1,370,637

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25 Financial income (expense), net

	Three months period ended as of June 30,	
	2010	2009
Exchange variation	(219,817)	554,466
Results on derivatives	(133,823)	(491,022)
Interest - Loss	(246,052)	(171,452)
Interest - Gain	52,419	95,667
Taxes, contribution, tariff and others	(7,626)	(15,574)
	<u>(554,899)</u>	<u>(27,915)</u>

26 Statement of comprehensive income

In accordance with CPC 21 - Interim Statements, the Company shall submit the statement of comprehensive income for the quarter and accumulated period.

	Six months period ended as of June 30,	
	2010	2009
NET PROFIT (LOSSES) OF THE CONTINUING OPERATIONS	<u>103,065</u>	<u>(196,804)</u>
Other general results		
Adjustment of assets evaluation in the controlled	1,973	2,301
Accumulated Adjustment of conversion in the Company	48,985	(162,463)
Exchange variation on foreign investments	(181,536)	(680,488)
Total comprehensive income for the period	<u>(27,513)</u>	<u>(1,037,454)</u>
Total comprehensive income for the period attributable to:		
Company's Shareholders	(2,848)	(1,043,490)
Non-controllers	(24,665)	6,036
	<u>(27,513)</u>	<u>(1,037,454)</u>

	Three months period ended as of June 30,	
	2010	2009
NET PROFIT (LOSSES) OF THE CONTINUING OPERATIONS	<u>3,706</u>	<u>125,880</u>
Other general results		
Adjustment of assets evaluation in the controlled	21	57
Accumulated Adjustment of conversion in the Company	10,404	(123,061)
Exchange variation on foreign investments	(93,592)	(645,047)
Total comprehensive income for the period	<u>(79,461)</u>	<u>(642,171)</u>
Total comprehensive income for the period attributable to:		
Company's Shareholders	(63,751)	(647,686)
Non-controllers	(15,710)	5,515
	<u>(79,461)</u>	<u>(642,171)</u>

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27 Transaction costs for the issuing of titles and securities

In accordance with the prerequisites under the CPC 08 – Transaction costs for issuing of titles and securities, the costs related to the transactions in the issuing of titles and securities must be accounted and stated in a highlighted in the financial statements.

During the fiscal years of 2009 and 2010, the Company has carried out, respectively, transactions for the issuance of debentures and Public Offering of Shares - POS. However, to render this transactions effective, the Company incurred in transaction expenses, i.e., the expenses directly attributable to the activities that are necessary to effect these transactions, exclusively.

a) Debentures

To effect the transaction of issuance of debentures, the Company incurred in transaction expenses of R\$ 17,388, which were classified as a reducer of the fair value of the debentures, initially recognized for R\$ 3,479,600, therefore, evidencing the net value received of R\$ 3,462,212.

The debentures must be convertible, mandatorily, with security deposit certificates (Brazilian depositary receipts - BDRs) sponsored of levels II or III, secured in ordinary shares, issued by JBS USA when the company went public (IPO), then the financial costs that support the issuance of the debentures will be reclassified for the Fiscal Year results. If the Liquidity Event does not take place, the bonds will convert, mandatorily, into shares issued by the Company. Therefore, the financial costs will be recorded directly under an account that reduces the Capital Stock.

In accordance with the CPC 38, the financial instruments hired by the Company must be presented at their fair values. Therefore, as this is a certain Bond transaction, the par value expressed on the Bonds correspond to the fair value of the transaction, and the carrying out of adjustments related to the variation between the par and the fair value is not necessary.

b) Initial Public Offering of shares - IPO

As of June 30, 2010, the Company had incurred in expenses of the order of R\$ 36,363 related to the costs of the transaction for securing resources to initial Public Offering, whose recording is under the temporary accounts of the asset, as advanced payment. As soon as the process of securing resources is over, there will be a reclassification of these values to the account that reduces the asset account, highlighted in the net asset, eventual effects deducted.

28 Operating segments

The Company, that is the main decision maker of its direct and indirect subsidiaries and considering the requirements of CPC 22 – Segment Reporting, has opted for presenting the consolidated operating segment reporting.

The Administration has defined the operational segments that can 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.

The modalities of commercialized products include Beef, Poultry and Pork Meat. Geographically, the Administration takes into account the operational performance of its unities in so Brazil, USA (including Australia), South America (Argentina, Paraguay and Uruguay), Italy.

Even though the Pork Meat segment does not meet the quantitative requirements of CPC 22, the Administration concluded that this segment ought to be presented as it is monitored by the Executive Board of Officers as a segment with potential for growth and therefore must contribute, in the future, significantly for the revenues of the Group.

The Beef segment exploits the slaughter house and the frigorific of bovines, the industrialization of meat, preservatives, fat, feed and derivate products, with 26 industrial unities located in the States of: São Paulo, Goiás, Mato Grosso, Mato Grosso do Sul, Rondônia, Minas Gerais, Acre, Rio de Janeiro and Paraná. In addition, there are producing unities in the USA, Italy, Australia, Argentina, Uruguay, Paraguay, the three latter ones with consolidated analyzes, as well as in the USA and Australia.

The Poultry is represented by in natura products, refrigerated as a whole or in pieces, whose productive unities are located in the USA and in Mexico, servicing restaurant chains, food processors, distributors, supermarkets, who sale 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 Meat segment slaughters, processes and delivers "in natura" meet with one operational unity in the USA servicing the internal and the foreign market. The products prepared by JBS USA include, also, specific industrial standards cuts, refrigerated.

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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".

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 – EBITDA.

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 of March 31, 2010 and 2009, are as following:

28.1 - Net revenue by product line:

	Three months period ended on June 30,	
	2010	2009
Net revenue of the segment		
Beef	9,084,144	8,095,980
Pork Meat	1,325,225	1,150,937
Poultry	3,045,845	-
Others	661,093	8,117
Total	14,116,307	9,255,034

28.2 - Depreciation by product line:

	Three months period ended on June 30,	
	2010	2009
Depreciation and amortization		
Beef	128,720	145,217
Pork Meat	12,979	26,114
Poultry	157,770	-
Others	9,883	314
Total	309,352	171,645

28.3 - EBITDA by product line:

	Three months period ended on	
	2010	2009
EBITDA		
Beef	616,565	326,467
Pork Meat	66,483	53,313
Poultry	232,740	-
Others	84,169	50
Total	999,957	379,830

28.4 - Assets by segment:

	June 30, 2010	December 31, 2009
Assets		
Beef	33,460,582	33,720,794
Pork Meat	850,495	750,411
Poultry	6,703,149	5,514,598
Others	3,534,911	4,712,157
Total	44,549,137	44,697,960

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28.5 - Revenues by geographic area:

	Three months period ended on June 30,	
	2010	2009
Net revenue		
United States of America (including Australia)	10,350,761	7,176,776
South America	3,521,857	1,589,400
Italy*	107,373	408,213
Others	136,316	80,645
Total	14,116,307	9,255,034

28.6 - Depreciation by geographic area:

	Three months period ended on June 30,	
	2010	2009
Depreciation and amortization		
United States of America (including Australia)	226,102	131,606
South America	81,377	26,943
Italy*	1,219	13,067
Others	654	29
Total	309,352	171,645

28.7 - EBITDA by geographic area:

	Three months period ended on June 30,	
	2010	2009
EBITDA		
United States of America (including Australia)	661,415	277,063
South America	334,494	83,543
Italy*	474	19,490
Others	3,574	(266)
Total	999,957	379,830

28.8 - Assets by geographic area:

	June 30, 2010	December 31, 2009
Assets		
United States of America (including Australia)	16,341,609	12,083,978
South America	25,251,461	29,762,734
Italy*	1,150,528	1,195,650
Others	1,805,539	1,655,598
Total	44,549,137	44,697,960

* As described in Note 1 and 3, it hasn't been contemplated the information from the second quarter 2010 of Inalca JBS.

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29 Expenses by nature

The Company has opted for the presentation of its Income Statement per function. As per requested by the CPC, following, there is the detailing of the Income Statement per nature:

Classification by nature	Three months period ended on June 30,	
	2010	2009
Depreciation and amortization	(69,483)	(21,598)
Expenses with personnel	(297,415)	(119,553)
Raw material use and consumption materials	(709,778)	(682,830)
Taxes, fees and contributions	(222,932)	(78,210)
Third party capital remuneration	(1,211,377)	(307,698)
Other expenses	(624,311)	(28,565)
	(3,135,296)	(1,238,454)
Classification by function	2010	2009
Cost of goods sold	(2,472,307)	(1,121,033)
Selling expenses	(242,150)	(123,549)
General and administrative Expenses	(159,979)	(48,855)
Financial income (expense), net	(554,899)	(27,915)
Equity in subsidiaries	292,663	82,311
Other (expense) income, net	1,376	587
	(3,135,296)	(1,238,454)

30 Insurance coverage

As of June 30, 2010, the maximum individual limit for coverage was R\$ 99,000. This coverage includes all types of casualties.

For the incorporated Bertin, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for June 30, 2010 was of R\$ 200,000.

31 Risk management and financial instruments

The Company and its subsidiaries are exposed to market risks arising from their operations, mainly related to possible changes in exchange rates, interest rates, commodity prices, credit risks and liquidity risk that may adversely affect the value of assets, liabilities or projected cash flows and profits. To minimize the risks of exposure the Company manages the risks of its financial instruments in assets and liabilities in an integrated way with its subsidiaries, hiring derivative financial instruments to minimize the risk of their exposure integrated net.

a) Management risk policy

The Company has a formal risk administration policy, controlled by the administration treasury department that uses control instruments through appropriate systems and qualified professionals in risk measurement, analysis and administration that make possible the reduction of the daily risk exposure. This policy is permanently monitored by the financial committee and for Directors of the Company that have the responsibility of the strategy definition to the risk administration, determining the position limits and exhibition. Additionally, operations with speculative financial instruments character are not allowed.

b) Management risks objectives and strategies

Through management risks the Company looks for mitigating the economical and accounting exposure of its exchange variation operations, credit risks, interest rates and commodities purchase prices (cattle). The strategies are based on detailed analyses of the Company's financial statements customers, consult to monitoring risk and credit agencies, and also risk to bring to zero the expository of forwards on Stock Exchange.

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c) Discretion of the Treasury

Having identified the Company exposure, the business units prices and turn to zero their risks on the Treasury, which consolidates these risks and seeks protection with market operations on Stock Exchange. These risks are monitored daily, to correct additional exposures caused by risks of "gaps" and controls margins and adjustments. The discretion of the Treasury to determine the position limits necessary to minimize the Company's exposure to foreign currencies and/or interest rates is limited to the analysis parameters of VAR (Value at Risk) portfolio of derivatives.

d) Interest rate risk

The risk of interest rate on short term investments, loans and financing is reduced by the strategy of equalization of the rates contracted to CDI through forward contracts on the Stock Exchange. The parameters for coverage take into consideration the relevance of the net exposure, based on amounts, terms and interest rates compared to the CDI. The internal controls used for risk management and coverage are made through spreadsheets and monitoring of operations performed and calculation of VAR for 1 day with a confidence interval of 99%. The nominal values of these contracts are not recorded in the financial statements. The results of the daily adjustments of position of forward contracts on the Stock Exchange, Commodity and Forward are recognized as income or expense in the income statement accounts.

The Company is exposed, mainly, to oscillation of the LIBOR rate, the loans rates are relating to the LIBOR rate. The strategy of the Administration is not to apply derivatives to this specific risk, because the possible oscillation would not affect materially the cash flow. The risk of exposure to interest rate of the Company on June 30, 2010 is described below:

Net liabilities and assets exposure to CDI rate:	June 30, 2010	December 31, 2009
NCE / Compror / Others	3,180,922	3,356,542
CDB-DI	(915,519)	(497,268)
Investment funds	(390,304)	(18,821)
Subtotal	1,875,099	2,840,453
Liabilities exposure to LIBOR/EURIBOR rate:		
ACC -advances on exchange contracts	1,866,446	1,760,571
Working capital - Euros	304,351	310,830
Working capital - Americans Dollars	23,766	46,446
Pre-payment	1,521,813	1,521,175
Foreign Loans	-	87,370
US revolver	803,339	489,152
Others	15,916	88,830
Subtotal	4,535,631	4,304,374
Liabilities exposure to TJLP rate:		
	June 30, 2010	December 31, 2009
FINAME / FINEM	359,373	988,477
EXIM - export credit facility	1,097,793	511,814
Subtotal	1,457,166	1,500,291
TOTAL	7,867,896	8,645,118

Breakdown of the derivatives financial instruments for interest risk protection

Derivative	Maturity	Receivable	Payable	Counterpart	(notional R\$)	Market value- R\$	Impact on the 2nd quarter 2010 income statements
Forwards (BM&F)	July, 2011 to July, 2012	DI	R\$	BM&F	94,715	104	195

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Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
(Expressed in thousands of Brazilian reais)

e) Exchange variation risks

The risk of exchange rate variation on loans, financing, trade accounts receivable in foreign currency from exports, inventories and any other payables denominated in foreign currency, are protected by a strategy of minimizing the daily position of assets and liabilities exposed to variation in exchange rates, by engaging in hedging the foreign exchange futures at BM&F contracts SWAP, seeking to bring the position to zero. The parameter of protection is based on net exposure in foreign currency, seeking to reduce excessive exposure to the risks of exchange rate changes balancing its assets not denominated in the foreign currency, against its obligations not denominated in the functional currency, thereby protecting the balance sheet of the Company and its subsidiaries. The internal controls used for risk management and hedging are made through spreadsheets and monitoring the operations performed and calculation of VAR for 1 day with a confidence interval of 99%.

The nominal values of these contracts are not recorded in the financial statements. The results of operations of the counter currency futures market, accounted and not financially settled and the daily adjustments of position of currency futures contracts on the Stock Exchange, Commodity and Forward - BM&F are recognized as income or expense in the income statement accounts.

Bellow are presented the assets and liabilities exposed to exchange rate variation risks that are subject to derivative instruments, as well as the effects of such accounts in the income statements for the period ended on June 30, 2010 and December 31, 2009:

EXPOSURE	June 30, 2010	December 31, 2009	Income statements effects on second quarter ended June 30, 2010	
			Exchange variation	Derivatives
OPERATING				
Cash and cash equivalents - US\$ / € / £	1,693,590	801,187	-	-
Accounts receivable - US\$ / € / £	3,294,748	2,554,393	(22,075)	28,959
Inventories - cattle	3,275,781	2,659,999	-	-
Sales orders - US\$ / € / £	667,221	321,390	(81)	2,442
Trade accounts payable - US\$ / € / £	(2,145,497)	(1,863,872)	-	-
Subtotal	6,785,843	4,473,097	(22,156)	31,401
FINANCIAL				
Credits with subsidiaries - US\$ / €	-	-	(24,486)	-
Loans and financings - US\$	(8,967,458)	(9,536,050)	(99,390)	(130,968)
Imports payable - US\$	(21,289)	(4,485)	28	-
Amounts receivable (payable) of forward contracts	(29,875)	(24,107)	-	-
Subtotal	(9,018,622)	(9,564,642)	(123,848)	(130,968)
TOTAL	(2,232,779)	(5,091,545)	(146,004)	(99,567)

The changes in foreign rates can impact in losses to the Company, due to possible assets decrease or increase in the liabilities. The mainly exposure that the Company is subjected, related to exchange variation, refers to US dollars, Euros and Pounds variations against Brazilian reais.

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Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
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Below is presented the foreign currency exposure covered by derivative financial instruments:

	June 30, 2010	December 31, 2009
Cash and cash equivalents - US\$ / € / £	1,693,590	801,187
Trade accounts receivable - US\$ / € / £	3,294,748	2,554,393
Inventories - cattle	3,275,781	2,659,999
Sales orders - US\$ / € / £	667,221	321,390
Trade accounts payable - US\$ / € / £	(2,145,497)	(1,863,872)
Loans and financings - US\$	(8,967,458)	(9,536,050)
Imports payable - US\$	(21,289)	(4,485)
	(2,202,904)	(5,067,438)
Forwards (BM&F) - Parent Company	330,016	1,302,755
Forwards (NewEdge) - Parent Company	287,364	188,965
Forward contracts - Parent Company	1,351,125	-
Swap (over-the-countermark - CETIP) - Parent Company	180,150	174,120
	2,148,655	1,665,840
Foreign currency exposure in R\$	(2,202,904)	(5,067,438)
Notional protection	2,148,655	1,665,840
Relation	98%	33%

Incorporation Bertin effects

Bertin was reducing its protection policy for exchange rates, and prices at sign cattle risks which it was exposed. The Company, after the incorporation, has implemented its protection policy to those assets and liabilities mentioned above.

However, as of December 31, 2009 the balances and expositors incorporated through Bertin impacted significantly the Company expositor relation (21% of derivatives coverage). With the intention of providing additional information, the covering index was 84% eliminating the effects of the incorporation on December 31, 2009, showing the continuous effectiveness of the Company in herein protection financial instruments.

JBS USA Holdings Inc.

On June 30, 2010, JBS USA and its subsidiaries had a high covering of its exchange risks, due to sales in foreign currency, and the related derivatives.

On the second quarter 2010, JBS USA and its subsidiaries recognized R\$ 382 (R\$ 56,542 as of June 30, 2009), due to the variation of fair value and liquidation of these derivatives. The fair value of these derivatives, on June 30, 2010, are registered in the assets and liability, by R\$ 27,298 and R\$ 12,513 (R\$ 39,753 and R\$ 3,991 on December 31, 2009), respectively.

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Breakdown of the derivatives financial instruments for exchange variation risks

Derivative	Maturity	Receivable	Payable	Counterpart	(notional R\$)	Market value- R\$	Impact on the 2nd quarter 2010 income statements
Forward contracts	August 2010	US\$ exchange variation	R\$	Banco Itaú BBA S.A.	100,000	(940)	(940)
Forward contracts	August 2010	US\$ exchange variation	R\$	Banco Santander (Brasil) S.A.	500,000	(4,015)	(4,015)
Forward contracts	August 2010	US\$ exchange variation	R\$	Banco J.P. Morgan S/A	150,000	(1,170)	(1,170)
Forwards (BM&F)	April to May 2010	US\$ exchange variation	R\$	BM&F	182,250	(2,128)	(93,729)
Total					<u>932,250</u>	<u>(8,253)</u>	<u>(99,854)</u>

Breakdown of the derivatives financial instruments for exchange variation risks

The financial instruments are derivative swap contract to hedge the net currency exposure of the Company and it's consolidated subsidiaries assets and liabilities, and are classified as financial asset or liability measured at fair value through income. It has been hired by the Bank Credit Suisse.

Starting day Swap	Principal (Amortizations) US\$	Maturity date Swap	Contract value (Assets)- R\$	Fair value (Assets) - R\$	Contract value (Liabilities)- R\$	Fair value (Liabilities) - R\$	Swap result June 30, 2010
			(a)	(b)	(c)	(b)	(d)
14/05/10	100,000,000	16/08/10	2,837	2,690	5,139	4,872	(2,182)
16/08/10	100,000,000	16/11/10	2,840	2,613	5,634	5,184	(2,571)
16/11/10	100,000,000	14/02/11	2,845	2,537	6,077	5,418	(2,881)
14/02/11	100,000,000 (11,111,111)	16/05/11	15,934	13,752	19,401	16,744	(2,992)
16/05/11	88,888,889 (11,111,111)	15/08/11	15,974	13,337	19,240	16,064	(2,727)
15/08/11	77,777,778 (11,111,111)	14/11/11	15,993	12,912	18,991	15,332	(2,421)
14/11/11	66,666,667 (11,111,111)	14/02/12	15,999	12,487	18,630	14,541	(2,054)
14/02/12	55,555,556 (11,111,111)	14/05/12	15,944	12,029	18,240	13,761	(1,732)
14/05/12	44,444,444 (11,111,111)	14/08/12	15,934	11,619	17,788	12,971	(1,352)
14/08/12	33,333,333 (11,111,111)	14/11/12	15,871	11,185	17,293	12,187	(1,002)
14/11/12	22,222,222 (11,111,111)	14/02/13	15,667	10,671	16,626	11,323	(653)
14/02/13	11,111,111 (11,111,111)	14/05/13	15,283	10,060	15,775	10,384	(324)
			<u>151,121</u>	<u>115,892</u>	<u>178,834</u>	<u>138,783</u>	<u>(22,891)</u>
Impact on the Income Statements on the second quarter period of 2010:							<u><u>92</u></u>

- (a) The swap assets contract value is calculated based on the dollar exchange rate on the maturity plus interest of 6% p.a.
 (b) The assets and liabilities fair value is calculated based on the contracts adjusted by the present value of CDI on the maturity month of swap.
 (c) The swap liabilities contract value is calculated based on the dollar exchange rate on the maturity date plus interest of 120% variation of maturity and beginning month of CDI.
 (d) Swap result is the difference between assets and liabilities.

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Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
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Hedge accounting

The notional is not registered in the balance sheet. The accounting is based on the methodology denominated hedge accounting, according to IAS 39 - financial Instruments - Recognition and Measurement, the exchange variation of the sales orders to impact the derivatives protection.

The Administration of the Company describes as fair value hedge the orders sales contracts with the protection objective for the exchange risk between the recruiting date and the date of shipment of the goods. The sale price in foreign currency is closed on the date of the contract. For this covering, the Company uses dollar forward negotiated with BM&F. At least, at the financial statements preparation, the Company evaluates the effectiveness of these operations that normally must stay in a covering of 85% to 125% of the variation of the fair value of the protected risk.

f) Credit risks

The Company is potentially subject to credit risks related to accounts receivable, whose value is presented in Note 8. The Strategies to reduce the credit risk is based on the spread of portfolio, not having customers or business group representing over 10% of consolidated sales, credit-related financial ratios and operational health, credit limits, detailed analysis of the financial ability of customers through own federal tax number, affiliates companies and partners federal tax number, and through consult with the agencies of information and constant monitoring of customers.

The Company limits its exposure to credit risk by customer and market, through its department of credit analysis and portfolio management clients. Thus, the Company seeks to reduce the economic exposure to a particular customer and/or market that may represent significant losses to the Company in the event contractual default or implementation of sanitary or trade barrier in countries to which it exports. The market risk exposure is monitored by the Credit Committee of the Company that meets regularly with the commercial areas for analysis and control of the portfolio. Historically, there were no significant losses on its accounts receivables.

The parameters used are based on the daily flows of information monitoring operations that identify additional purchase volumes in the market, eventual contracts default, bad checks, and protests or lawsuits against their customers. Internal controls include the assignment of credit limits and configuration status granted to each individual client and automatic lock-billing in the event of default, timeouts or occurrence of restrictive information.

To minimize the credit risks of derivative contracts, the Company has a strategy to concentrate these operations in the futures market where the counterparty is the futures and commodities exchange. For these instruments, the variations of just value of derivatives occurs by daily adjustments, which are paid or received in cash daily, reducing the risk of default.

g) Commodities purchase price (cattle)

The Company's sector is exposed to volatility in cattle prices, whose fluctuation derives from factors out of the Company's control, such as climate factors, supply levels, transportation costs, agricultural and other policies. The Company, in accordance with its policy of inventories, maintains its strategy of risk management, based on physical control, which includes anticipated purchases, combined with operations in the futures market, and reducing the daily position of purchases cattle contracts to future delivery through contracting of cattle future hedge at BM&F, aimed at resetting the position and ensuring the market price.

On June 30, 2010, the Company had open derivatives position covering 90% of its needs for cattle purchases estimated until November 2010.

The parameters for reducing risk in cattle purchases are based on the physical position portfolio of the futures market, considering determined values and terms. The internal controls used for risk management are done through spreadsheets and monitoring of the transactions concluded and calculating 1-day VAR, with 99% confidence interval.

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The segment in which JBS USA Holdings Inc. and its subsidiaries are present is exposed to volatility in cattle prices, in grains such as corn and soybean meal and in energy, such as natural gas, electricity and diesel, whose fluctuations derive from factors out of the Company's control, such as climate, supply levels, transportation costs, political conditions, supply and demand, among others. The direct subsidiary JBS USA and its subsidiaries purchase derivatives aiming at reducing price risk related to the forecast needs for purchase of these commodities for the next 12 months. The Companies may enter into long-term contracts for specific commodities in case necessary. On June 30, 2010, the direct subsidiary JBS USA Holdings, Inc. and its subsidiaries had open derivatives positions covering 2.7% of its cattle purchase needs forecast until June 2011, 13.7% of its hogs needs forecast until March 2011, 0.6% of its grains needs and 0.1% of its natural gas needs until March 2011.

The parameters for risk reduction are based on the constant monitoring of the commodities exposure, considering values and terms negotiated, comparing that with the budget of the risk management team for the year. For these commodities fundamental to the business, such as live cattle, hogs, grains and energy ("fundamental commodities"), the stop loss for a trader ("Stop Loss") is assumed to be 25% of his budget for the year, calculated using the result of 10 days of operations and independent from the result accumulated in the current exercise of each trader ("calculating stop loss"). Each trader will be authorized to two "stop loss" in every 12-month period.

During these "stop loss", the trader will have to close his open positions and stay out of this transaction for two weeks or more, in case judged necessary by the financial committee. In case the loss exceeds the 25% authorized, as previously mentioned, this committee will have a formal conversation with the trader that exceeded the limit, analyzing if it will be appropriate to extend an additional "stop loss", reviewing the VAR limits and margins for this trader or if the employment contract will be terminated.

On the second quarter 2010, the Company and its subsidiaries recognized R\$ 46,001 (a gain of R\$ 80,966 on the second quarter of 2009) in the cost of goods sold, resulting from the fluctuation of fair value of these commodities instruments and of settlements of these instruments that took place in the period. The fair value of these derivatives, on June 30, 2010, are registered in the assets and liabilities, for R\$18,820 and R\$ 27,291 (R\$ 9,123 and R\$ 10,137 in December 31, 2009), respectively.

Below is presenting the assets, liabilities and total firm commitments exposed to risks of commodities price fluctuations:

EXPOSURE	June 30, 2010	December 31, 2009
OPERATING		
Firm Contracts for cattle purchase - R\$	168,336	17,026
Firm contracts for grains and energy - R\$	876,547	283,143
TOTAL	1,044,883	300,169

h) 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 immediate liquidity indicator modified, 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 we want to achieve.

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The index of liquidity and leverage consolidated are shown below:

	June 30, 2010	December 31, 2009
Cash and cash equivalents	3,515,090	5,067,530
Loans and financings - Current	5,016,515	5,123,099
	-	-
Liquidity indicator changed	0.70	0.99
	-	-
Leverage indicator	2,9x	3,1x

The drop in the liquidity indicator was changed caused by the need to use cash to restructure the operations of companies acquired at the end of 2009. The leverage of the company remained at similar levels.

The table below shows the fair value of financial liabilities of the Company and its subsidiaries according to their salaries, without considering the present value discount cash flow hired:

June 30, 2010	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Fair Value
Trade accounts payable	2,674,643	-	-	-	2,674,643
Loans and Financings	5,016,515	3,360,756	4,011,671	1,411,464	13,800,406
Derivatives financing liabilities	17,611	11,287	977	-	29,875
TOTAL	7,708,769	3,372,043	4,012,648	1,411,464	16,504,924

December 31, 2009	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Fair Value
Trade accounts payable	2,546,036	-	-	-	2,546,036
Loans and Financings	5,123,099	4,837,860	3,095,835	1,370,319	14,427,113
Derivatives financing liabilities	24,155	18,251	2,523	-	44,929
TOTAL	7,693,290	4,856,111	3,098,358	1,370,319	17,018,078

i) Estimated market values

The assets and liabilities are represented in the 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.

j) Guaranteed margins

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at June 30, 2010 is R\$ 302,256 (R\$ 230,643 at December 31, 2009). This warranty is superior to the need presented for these operations. The indirect subsidiary has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at June 30, 2010 is R\$ 46,700 (R\$ 50,800 at December 31, 2009). This warranty is superior to the need presented for these operations.

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k) Fair value of financial instruments

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

In accordance with IFRS 7, the Company and its subsidiaries classify the measuring of fair value in accordance with the hierarchical levels that reflects the significance of the indices used in this measurement, as the following levels:

Level 1: Prices quoted in active markets (unadjusted) for identical assets and liabilities;

Level 2 - Additional information available, except those of 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 - The indices used for calculation are not derived from an active market. The Company and its subsidiaries do not have this level of measurement instrument.

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:

	Level 1	Level 2	Level 3
Current liabilities			
Derivatives	(6,984)	(22,891)	-

Find below, the comparison between accounting records and the respective fair values:

	June 30, 2010		December 31, 2009	
	Book Value	Market Value	Book Value	Market Value
(i) Cash and banks	2,209,267	2,209,267	4,551,441	4,551,441
(iii) Financial investments	1,305,823	1,305,823	516,089	516,089
(iii) Trade accounts receivable	4,117,937	4,117,937	3,201,437	3,201,437
(iii) Credits with related parties	371,494	371,494	326,972	326,972
(i) Derivatives	-	-	48,844	48,844
Total financial assets	8,004,521	8,004,521	8,644,783	8,644,783
(iii) Trade accounts payable	2,674,643	2,674,643	2,546,036	2,546,036
(iii) Loans and financings	13,800,406	13,800,406	14,427,113	14,427,113
(ii) Convertible debentures	3,462,212	3,462,212	3,462,212	3,462,212
(i) Derivatives	29,875	29,875	38,235	38,235
Total liabilities assets	19,967,136	19,967,136	20,473,596	20,473,596
	(11,962,615)	(11,962,615)	(11,828,813)	(11,828,813)

Classification by financial instrument categories

- (i) Financial assets and Liabilities measured at cost or fair value through income
- (ii) Held to maturity
- (iii) Loans and receivables
- (iv) Available for sale

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I) Sensibility analysis

With the aim of providing information on how to behave market risks to which the Company and its subsidiaries are exposed on June 30, 2010, we simulate possible changes of 25% and 50% in the relevant variables of risk in relation to the likely scenario. The Administration believes that the closing prices used in measuring assets and liabilities, based on the date of these interim consolidated financial statements represent a scenario likely to impact the outcome. Following are the net result between the result of exposures and their derivatives:

Exchange risk

Exposure	Risk	Probable scenario (I)	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Financial	Depreciation R\$	(123,848)	(1,133,908)	(2,267,816)
Operation	Depreciation R\$	(22,156)	459,157	918,313
Hedge derivatives	Appreciation R\$	(99,567)	536,772	1,073,544
		(245,571)	(137,979)	(275,959)
Premise	Exchange	1.8015	2.2519	2.7023

32 Material facts

Initial Public Offering - JBS USA

JBS USA presented to the Securities and Exchange Commission ("SEC") a request for the registration for the initial public offering of ordinary shares issued by the Company. The ordinary shares issued by JBS USA should be registered in the USA, at the New York Stock Exchange - NYSE.

In addition, JBS USA has presented to the CVM a request for registration in the public offering program in Brazil, of Brazilian Depositary Receipts Level III - BDRs, representing the ordinary shares issued by JBS USA.

The Global Offer herein is subjected to registrations and authorizations by SEC, CVM and BM&F Bovespa, as well as from the remaining proper authorities and is subjected to the market conditions at the time of the Global Offer.

The request for registration by JBS USA at SEC has not been granted, yet, and no security can be sold, or there should be no acceptance of offers prior to the granting of the registration request.

On January 28, 2010 the Company reported, via a notice to the market that continues to assess the possibility of carrying out the IPO of JBS USA. However, due to recent transactions, the Company continues to monitor market conditions to determine the best time of the operation. In accordance with the Good Practices of corporative management, the Company will issue relevant communications to the market as long as news are available.

Closing of Public Offer of Shares - POS

On March 11, 2010, the Company filed request at the ANBIMA – Brazilian Association of Financial Market and Capital Stock institutions ("ANBIMA"), for the preliminary analyzes of the request for the registration of public distribution of ordinary shares issued by the Company ("Public Offer"). The Public Offer was carried out in a non-organized desk market, in Brazil, under the CVM Instruction no 400/03, as amended, and, still, with efforts for placement abroad, based on the risk exemptions under the U.S. A Securities Act of 1933, as amended.

The Public Offer was not and will not be registered in the Securities and Exchange Commission, or in any other agency or regulating institution of the Capital Stock market of any country, except for Brazil. The request for registration of the Public Offer will follow the procedures of the simplified procedure under the CVM Instruction no 471 and under the Securities Commission ("CVM").

The offer consisted of the primary public offering of 200,000,000 (two hundred million) of shares issued by the Company ("Offer") in Brazil on April 26, 2010, in non-organized desk market, under the CVM Instruction no 400/03, coordinated by the Coordinators of the Offering, with the participation of certain financial institutions included in the distribution system of securities and certain institutions consortium authorized to operate in the Brazilian capital market, accredited to the BM& FSA - Stock Exchange, Commodities and Forward. ("BM & F") as well as other financial institutions contracted to participate in the Retail Offer.

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On May 31, 2010, the Company, together with BANCO BTG PACTUAL S.A. ("BTG Pactual" or "Lead Manager"), BANCO JP MORGAN SA ("JP Morgan"), BANCO SANTANDER (BRAZIL) SA ("Santander"), BB INVESTMENT BANK SA ("BB BI") and Banco Bradesco BBI S.A. ("Bradesco BBI") and, together with the Lead Manager, JP Morgan, Santander and BI BB, the "Coordinators Offer"), announced the closure of the primary public offering of 200,000,000 ordinary shares, nominative, without par value, free and clear of any liens or encumbrances, issued by the Company ("Shares") to the exclusion of preference rights of its existing shareholders, under the Article 172, item I of Law No. 6,404 of December 15, 1976 and subsequent amendments ("Law Corporation") within the limit authorized capital under the Company's Bylaws, the price of R \$ 8.00 (eight dollars) per share ("Price per Share"), totaling R\$ 1,600,000,000.00.

Purchase Agreement McElhaney feedyard

On June 30, 2010, the Company has entered into an agreement to acquire through its US subsidiary – JBS FIVE RIVERS CATTLE FEEDING LLC – the McElhaney Feedyard in Welton, Arizona

This feedyard has a onetime capacity to feed 130,000 head of cattle and is strategically located in the region of the JBS production facility in Tolleson also in the State of Arizona. The transaction which includes the purchase of 100% of the asset including yards and feed mill is valued at USD24 million. The transaction is subject to the customary regulatory approvals.

33 Subsequent events

Toledo Group Acquisition

On July 13, 2010, the Company finalized the acquisition of the TOLEDO Group (including TOLEDO INTERNATIONAL nv) located in Gent, Belgium for an enterprise value of EUR 11 million. TOLEDO Group is specialized in Researching, Developing and Commercializing customized cooked and frozen beef products for a wide range of end users across Western Europe with a customer base in excess of 100 clients ranging from food service, Industrial Kitchens to large food companies that use beef products as an ingredient in their finished products.

In 2009 the TOLEDO Group had net revenues in excess of USD 50 million.

The TOLEDO Group was founded by Clayton Toledo and Bob Stevens more than 20 years ago and has pioneered the development of these cooked beef products through partnerships at production level with South American Beef Companies. Exports of this group of products out of South America has increased more than tenfold over these two decades due in large part to the pioneering work of Clayton and Bob.

Standard & Poor's upgrades JBS ratings two notes to 'BB'

On July 16, 2010, the rating agency Standard & Poor's raised its ratings on JBS S.A. and JBS USA LLC two notes from 'B+' (positive outlook) to 'BB' (stable outlook).

According to Standard & Poor's report: "The upgrade reflects JBS's better consolidated business profile that improved to fair from weak after it acquired a 64% stake in Pilgrim's Pride Corp. (PPC: not rated) and merged with Bertin S.A. (not rated). According to the report, these acquisitions have enhanced the company's market position and product diversity in beef, pork, and chicken, while benefiting it with economies of scale, operating synergies, and stronger bargaining power with suppliers and clients.

Senior Notes Offering – US\$ 700,000,000 – 8.25%

On the July 22, 2010, the Company announced the pricing of their Senior Unsecured Notes Offering, with the offering scheduled to close on Thursday, July 29, 2010. The aggregate principal amount is US\$ 700 million, with a coupon of 8.25%, due in 2018.

The Company intends to use the proceeds to extend our debt maturity profile by refinancing shorter maturity indebtedness and improve its liquidity, as well as increasing its cash position.

The notes have not been registered under the Securities Act of 1933 or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act of 1933 and applicable state laws.

JBS S.A.

Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
(Expressed in thousands of Brazilian reais)

34 Supplemental information - Economic value added

	Six months period ended June 30,	
	2010	2009
Revenue		
Sales of goods and services	5,963,209	2,699,071
Other income	6,914	1,029
Allowance for doubtful accounts constitution (write-off)	(4,559)	(3,293)
	5,965,564	2,696,807
Goods		
Cost of services and goods sold	(3,433,772)	(1,752,300)
Materials, energy, services from third parties and others	(816,899)	(392,288)
Others	-	918
	(4,250,671)	(2,143,670)
Gross added value	1,714,893	553,137
Depreciation and Amortization	(143,928)	(43,469)
Net added value generated by the Company	1,570,965	509,668
Net added value by transfer		
Equity in subsidiaries	481,932	153,035
Financial income	1,041,346	370,416
Others	2,484	1,550
Net added value to distribution	3,096,727	1,034,669
Distribution of added value		
Labor		
Salaries	479,077	211,765
Benefits	67,266	19,599
FGTS (Brazilian Social Charge)	32,429	11,384
	578,772	242,748
Taxes and contribution		
Federal	165,885	77,592
State	277,966	47,782
Municipal	1,240	102
	445,091	125,476
Capital Remuneration from third parties		
Interests	1,924,081	806,131
Rents	19,965	7,052
Others	25,753	3,203
	1,969,799	816,386
Owned capital remuneration		
Retained earnings of the period	103,065	(149,941)
	103,065	(149,941)
Added value distributed	3,096,727	1,034,669

JBS S.A.

Notes to the consolidated interim financial statements for the six months period ended June 30, 2010 and 2009
(Expressed in thousands of Brazilian reais)

35 Supplemental information - Economic value added

	Three months period ended	
	June 30,	
	2010	2009
Revenue		
Sales of goods and services	3,310,993	1,478,219
Other income	3,207	593
Allowance for doubtful accounts constitution (write-off)	(874)	(2,542)
	3,313,326	1,476,270
Goods		
Cost of services and goods sold	(1,916,275)	(976,503)
Materials, energy, services from third parties and others	(525,227)	(211,788)
Others	-	1,228
	(2,441,502)	(1,187,063)
Gross added value	871,824	289,207
Depreciation and Amortization	(69,483)	(21,598)
Net added value generated by the Company	802,341	267,609
Net added value by transfer		
Equity in subsidiaries	292,663	137,020
Financial income	638,739	272,806
Others	1,687	769
Net added value to distribution	1,735,430	678,204
Distribution of added value		
Labor		
Salaries	248,842	102,675
Benefits	31,302	10,673
FGTS (Brazilian Social Charge)	17,271	6,205
	297,415	119,553
Taxes and contribution		
Federal	75,576	51,689
State	146,773	26,475
Municipal	583	46
	222,932	78,210
Capital Remuneration from third parties		
Interests	1,181,331	302,607
Rents	13,975	3,441
Others	16,071	1,650
	1,211,377	307,698
Owned capital remuneration		
Retained earnings of the period	3,706	172,743
	3,706	172,743
Added value distributed	1,735,430	678,204

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