Tel.: +55 (11) 3138-5000
Fax.: +55 (11) 3138-5227
www.bdobrazil.com.br

BDO Auditores Independentes
Rua Bela Cintra, 952 - 3° andar
São Paulo - SP - Brasil
01415-000

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

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Shareholders, Board Members and Management 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 31 March 2010, consisting of the balance sheet and the related statements of operations, changes in shareholders' equity, cash flows and value added and notes 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 and Inalca JBS, its directly controlled companies, were reviewed by other independent accountants. Our review of the carrying values of these investments in the controlled companies and the equity in their earnings as of 31 March 2010 is supported by the work of those other accountants.

2. Our review was performed in accordance with specific standards established by IBRACON (Brazilian Institute of Independent Auditors) and the Federal Association of Accountants (CFC), and 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. Based on our special review, we are not aware of any material 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.

4. 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 31 March 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).

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Shareholders, Board Members and Management of
JBS S.A.
São Paulo — SP

5. The Quarterly Information mentioned in the first paragraph also includes comparative accounting information on income (loss) for the quarter ended 31 March 2009 obtained from the Quarterly Information for that quarter and 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 31 March 2009 and the audit of the financial statements for the year ended 31 December 2009 were performed by us. We issued our report on 8 May 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 audited the adjustments described in the notes and in our opinion these adjustments are adequate and were correctly made, considering all significant issues.

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

São Paulo, 7 May 2010

Orlando Octávio de Freitas Junior
Engagement Partner
BDO Auditores Independentes

Marcio Serpejante Peppe
Engagement Partner
BDO Auditores Independentes

JBS S.A
Quarterly Financial Statements and Independent Auditor's Review Report
As of March 31, 2010 and 2009

JBS S.A.

Balance sheets
(In thousands of Reais)

	March 31, 2010	December 31, 2009	January 1, 2009
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (Note 7)	**1.145.622**	4.097.027	1.522.973
Trade accounts receivable, net (Note 8)	**1.408.648**	1.273.377	552.991
Inventories (Note 9)	**787.848**	758.536	539.510
Recoverable taxes (Note 10)	**882.746**	841.306	447.343
Prepaid expenses	**17.734**	13.233	1.754
Other current assets	**397.210**	296.882	166.275
TOTAL CURRENT ASSETS	**4.639.808**	**7.280.361**	**3.230.846**
NON-CURRENT ASSETS			
Long-term assets			
Credits with related parties (Note 11)	**-**	-	1.700.868
Judicial deposits and others	**50.165**	70.640	16.378
Deferred income taxes (Note 23)	**30.688**	30.357	22.626
Recoverable taxes (Note 10)	**553.770**	550.848	37.632
Total long-term assets	**634.623**	**651.845**	**1.777.504**
Investments in subsidiaries (Note 12)	**10.578.758**	7.234.791	4.652.319
Other investments	**10**	10	10
Property, plant and equipment, net (Note 13)	**7.333.784**	7.602.767	1.819.726
Intangible assets, net (Note 14)	**11.290.030**	11.299.624	959.230
	29.202.582	**26.137.192**	**7.431.286**
TOTAL NON-CURRENT ASSETS	**29.837.205**	**26.789.037**	**9.208.790**
TOTAL ASSETS	**34.477.013**	**34.069.398**	**12.439.636**

	March 31, 2010	December 31, 2009	January 1, 2009
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade accounts payable (Note 15)	**486.150**	905.770	383.979
Loans and financings (Note 16)	**4.634.021**	3.926.390	1.494.690
Payroll, social charges and tax obligation (Note 19)	**288.483**	287.082	62.722
Declared dividends (Note 20)	**61.477**	122.953	51.127
Debit with third parties for investment (Note 22)	**304.378**	427.523	-
Other current liabilities	**286.279**	485.145	76.772
TOTAL CURRENT LIABILITIES	**6.060.788**	**6.154.863**	**2.069.290**
NON-CURRENT LIABILITIES			
Loans and financings (Note 16)	**4.459.468**	5.311.023	2.991.344
Convertible debentures (Note 18)	**3.462.212**	3.462.212	-
Deferred income taxes (Note 23)	**372.569**	375.061	83.453
Provision for contingencies (Note 21)	**125.430**	210.088	48.244
Debit with related parties (Note 11)	**2.104.188**	828.662	-
Debit with third parties for investment (Note 22)	**156.494**	162.976	210.480
Other non-current liabilities	**95.410**	56.882	38.870
TOTAL NON-CURRENT LIABILITIES	**10.775.771**	**10.406.904**	**3.372.391**
SHAREHOLDERS' EQUITY (Note 24)			
Capital stock	**16.483.544**	16.483.544	4.495.581
Capital reserve	**714.503**	714.503	769.463
Revaluation reserve	**110.922**	112.352	118.178
Profit reserves	**891.413**	810.538	864.841
Valuation adjustments to shareholders' equity	**1.038**	(914)	(2.920)
Accumulated translation adjustments	**(661.755)**	(612.392)	752.812
Accumulated profit	**100.789**	-	-
	17.640.454	**17.507.631**	**6.997.955**
TOTAL SHAREHOLDERS' EQUITY	**17.640.454**	**17.507.631**	**6.997.955**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**34.477.013**	**34.069.398**	**12.439.636**

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statements of income for the three months period ended March 31, 2010 and 2009
(In thousands of Reais)

	2010	2009
NET SALE REVENUE (Note 25)	**2.500.158**	**1.124.403**
Cost of goods sold	**(1.973.049)**	(911.199)
GROSS INCOME	**527.109**	**213.204**
OPERATING INCOME (EXPENSE)		
General and administrative expenses	**(60.963)**	(40.651)
Selling expenses	**(192.274)**	(114.355)
Financial income (expense), net (Note 26)	**(358.996)**	(407.606)
Equity in subsidiaries (Note 12)	**189.269**	16.015
Non-recurring expenses	**(8.640)**	-
Other (expense) income, net	**2.785**	432
	(428.819)	**(546.165)**
NET INCOME BEFORE TAXES	**98.290**	**(332.961)**
Current income taxes	**737**	764
Deferred income taxes	**332**	9.513
	1.069	**10.277**
NET INCOME PER THOUSAND SHARES	**99.359**	**(322.684)**
Net Income (Basic) per thousand shares reais	**42,76**	**(230,33)**

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

	2010	2009
Net income before taxes	**98.290**	(332.961)
Financial income (expense), net (Note 26)	**358.996**	407.606
Depreciation and amortization	**74.445**	21.871
Equity in subsidiaries (Note 12)	**(189.269)**	(16.015)
Non-recurring expenses	**8.640**	-
AMOUNT OF EBITDA	**351.102**	**80.501**

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 March 31, 2010
(In thousands of Reais)

	Capital stock	Capital reserve Goodwill	Revaluation reserve	Profit Reserves Legal	Profit Reserves For expansion	Valuation adjustments to shareholders' equity	Accumulated translation adjustments	Accumulated Profit	Total
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**
Adjustment of net income destination from previous year	-	-	-	-	61.476	-	-	-	61.476
Realization of revaluation reserve	-	-	(1.430)	-	-	-	-	1.430	-
Valuation adjustments in subsidiaries shareholders' equity	-	-	-	-	-	1.952	-	-	1.952
Accumulated translation adjustments in subsidiaries shareholders' equity	-	-	-	-	-	-	38.581	-	38.581
Exchange variation rate of investments in foreign currency	-	-	-	-	-	-	(87.944)	-	(87.944)
Net income	-	-	-	-	-	-	-	99.359	99.359
IFRS adjustment	-	-	-	-	19.399	-	-	-	19.399
Minority interest	-	-	-	-	-	-	-	-	-
BALANCE AS OF DECEMBER 31, 2009	**16.483.544**	**714.503**	**110.922**	**7.768**	**883.645**	**1.038**	**(661.755)**	**100.789**	**17.640.454**

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statements of cash flows for the three months period ended March 31, 2010 and 2009
(In thousands of Reais)

	2010	2009
Cash flow from operating activities		
. Net income (loss) of the period	**99.359**	(322.684)
Adjustments to reconcile net income to cash provided		
. Depreciation and amortization	**74.445**	21.871
. Allowance for doubtful accounts	**3.685**	751
. Equity in subsidiaries	**(189.269)**	(16.015)
. Write-off of fixed assets	**13.018**	498
. Deferred income taxes	**(332)**	(9.513)
. Current and non-current financial charges	**503.931**	140.365
. Provision for contingencies	**-**	89
. Adjustment of assets and liabilities to present value	**-**	310
	504.837	**(184.328)**
Variation in operating assets and liabilities		
Decrease (increase) in trade accounts receivable	**(161.101)**	10.618
Decrease (increase) in inventories	**(29.312)**	142.783
Increase in recoverable taxes	**(40.995)**	(12.132)
Decrease (increase) in other current and non-current assets	**(199.026)**	71.492
Increase in credits with related parties	**-**	(34.680)
Decrease in trade accounts payable	**(420.139)**	(144.962)
Increase (decrease) in other current and non-current liabilities	**(373.451)**	50.784
Increase in debits with related parties	**1.115.009**	-
Valuation adjustments to shareholders' equity	**-**	-
Adjustments to first-time adoption of IFRS	**(3.728)**	-
Net cash used in operating activities	**392.094**	**(100.425)**
Cash flow from investing activities		
Additions to property, plant and equipment and intangible assets	**(49.885)**	(118.805)
Increase in investments	**(2.825.911)**	(25.121)
Net cash used in investing activities	**(2.875.796)**	**(143.926)**
Cash flow from financing activities		
Loans and financings	**1.428.781**	981.113
Payments of loans and financings	**(1.896.484)**	(919.796)
Shares acquisition of own emission	**-**	(13.026)
Net cash provided by financing activities	**(467.703)**	**48.291**
Effect of exchange variation on cash and cash equivalents	**-**	**-**
Net decrease in cash and cash equivalents	**(2.951.405)**	(196.060)
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	**1.145.622**	**1.326.913**

The accompanying notes are an integral part of the financial statements

JBS S.A.

Notes to the interim financial statements for the three months period ended March 31, 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 twnty 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, Brazilia, 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 use by the Company.

The subsidiary JBS Confinamento Ltda. (JBS Confinamento) is located in Castilho, State of São Paulo and in Nazario, State of Goias, 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)

On December 29, 2009 Bertin's incorporation created synergy and interaction of JBS and Bertin and, as a result, since December 31, 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 fourty 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 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.

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 Sates of America , by 800 millions of US dollar which were settled in cash.

PPC is located in Delaware, is one of the largest chicken companies in the United States ("US"), Mexico and Puerto Rico. Additionally, the Company exports commodity chicken products to approximately 90 countries such as fresh chicken products consisting of refrigerated whole or cut-up chicken.

The main customers are restaurant chains, food processors, distributors, supermarkets, wholesalers and retail distributors, additionally exports to Occidental Europe (including Russia), East (including China), Mexico and others worldwide markets.

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 May 13, 2010.

The interim financial statements have been prepared in accordance with the generally accepted accounting principles in Brazil, that embraces the corporate Brazilian legislation, the Pronouncements, Guidance and Interpretations issued by the Brazilian Accounting Pronouncements Committee - CPC and deliberated by the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários – CVM).

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 nº 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 March 31, 2010, all Pronouncements, Interpretations and Orientations were applied retrospectvely 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.

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.

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.

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

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.

In case of financial assets and liabilities classified in the category of financial instruments at fair value through profit or loss, transaction costs are directly posted to profit or loss.

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.

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.

g) Property, plant and equipment

Property, plant and equipment are stated at historical acquisition cost, plus revaluations carried out on different dates until December 31, 2007 for a significant portion of property, plant and equipment items, based upon specialists' report. All revaluations are made based on depreciation or sale 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.

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 27.

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.

(Expressed in thousands of Brazilian reais)

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 March 31, 2010 including the Statements of Income on March, 2009 and March, 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 confiability 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 bellow.

		January 1, 2009	
		Shareholders' Equity	Net income
Amount in BRGAAP	**Ref**	**6.134.411**	**25.939**
Borrowings costs adjustments	(f)	14.893	14.893
Adjustments related investments in subsidiaries		-	-
Measurement adjustment on inventories costs	(a)	151.917	(14.610)
Fair value on businesses combinations	(b)	906.737	64.964
Effects on previous period	(c)	(78.708)	-
Deferred taxes	(e)	(58.110)	2.758
Others		(73.185)	8.655
Total relating accounting practices adjustments		**863.544**	**76.660**
Amount in BRGAAP (CPC)		**6.997.955**	**102.599**

		December 31, 2009	
		Shareholders' Equity	Net income
Amount in BRGAAP	**Ref**	**16.728.086**	**129.424**
Borrowings costs adjustments	(f)	37.036	22.143
Adjustments related investments in subsidiaries		-	-
Measurement adjustment on inventories costs	(a)	110.244	53.061
Fair value on businesses combinations	(b)	675.572	77.784
Effects on income statement	(c)	(68.640)	-
Bargain purchase on PPC	(d)	185.189	-
Deferred taxes	(e)	(62.964)	(55.359)
Measurement adjustment on biological assets	(g)	(6.342)	(6.342)
Effects on previous period		(88.808)	-
Others		(1.741)	-
Total relating accounting practices adjustments		**779.545**	**91.287**
Amount in BRGAAP (CPC)		**17.507.631**	**220.711**

(Expressed in thousands of Brazilian reais)

		March 31, 2010	
		Shareholders' Equity	Net income
Amount in BRGAAP	**Ref**	**17.601.452**	**95.631**
Borrowings costs adjustments	(f)	40.764	3.728
Others		(1.762)	-
Total relating accounting practices adjustments		**39.002**	**3.728**
Amount in BRGAAP (CPC)		**17.640.454**	**99.359**

(a) - Difference between the criteria to evaluate the inventories of finished goods that in accordance with USGAAP are evaluated by fair value; however, CPC 16 defines that the Company has to evaluate its inventories applying the cost method (NRV).

(b) - In accordance with CPC 15 Business Combination - which defines the purchase method based on the fair value of assets and liabilities.

(c) - Relating the adjustments that impact the income statement as mentioned in items (a), (b) e (f).

(d) - Refers the accounting practices presented in items (b), where the Company had a gain on bargain purchase, once PPC was Chapter 11 (Bankruptcy protection) that reduces the price of PPC.

(e) - Refers to the impact of deferred income taxes on the adjustments identified.

(f) - In accordance with CPC 20 borrowings costs directly attributable to the construction of a qualifying asset must be capitalized.

(g) - In accordance with CPC 29, biological assets are measured at fair value based on Market to Market (when applicable).

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 March 31, 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 March 31, 2009, including the incorporation made by the Company, for the purpose of presenting the combined result of these companies in the three months period ended as of March 31, 2009 with the net income of the Company in the current quarter:

	March, 31 2010	March 31, 2009 Pro-forma		
	JBS S.A.	JBS S.A.	Bertin S.A.	JBS S.A. Bertin S.A.
Net operating revenue	**2.500.158**	1.124.403	1.431.016	**2.555.419**
Cost of products sold	**(1.973.049)**	(911.199)	(1.117.503)	**(2.028.702)**
GROSS INCOME	**527.109**	213.204	313.513	**526.717**
Selling, general and administrative expenses	**(253.237)**	(155.006)	(173.382)	**(328.388)**
Financial expenses, net	**(358.996)**	(407.606)	(69.251)	**(476.857)**
Other (expenses) income	**(5.855)**	432	2.549	**2.981**
Income and social contribution taxes	**1.069**	10.277	(13.244)	**(2.967)**
Equity in subsidiaries	**189.269**	16.015	(9.305)	**6.710**
NET INCOME (LOSS)	**99.359**	**(322.684)**	**50.880**	**(271.804)**

(Expressed in thousands of Brazilian reais)

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

Income (loss) before provision for income and social contribution taxes	**98.290**	(332.961)	64.124	**(268.837)**
Financial income, net	**358.996**	407.606	69.251	**476.857**
Depreciation and amortization	**74.445**	21.871	(42.407)	**(20.536)**
Equity in subsidiaries	**(189.269)**	(16.015)	9.305	**(6.710)**
Extraordinary expenses	**8.640**	-	-	**-**
EBITDA	**351.102**	**80.501**	**100.273**	**180.774**

BALANCE SHEET AT THE TRANSITION DATE - Pro forma

For purposes of adoption of BRGAAP in full CPC, the balance of assets and liabilities should be comparable to the prior period as well as to the opening balance under full CPC at January 1, 2009. Since the incorporation of Bertin by the Company occurred in 2009, the opening balance does not show this significant investment. Therefore, to enhance comparability of the balances, shown below is a pro forma balance sheet presenting the opening balance under full CPC at the transition date of January 1, 2009, including the incorporation of Bertin by the Company:

	January 1, 2009 Pro forma		
ASSETS	**JBS S.A**	**Bertin S.A.**	**JBS S.A. with Bertin**
Cash and cash equivalents	1.522.973	2.289.107	**3.812.080**
Trade accounts receivable	552.991	571.938	**1.124.929**
Inventories	539.510	824.651	**1.364.161**
Recoverable taxes	484.975	811.221	**1.296.196**
Other	1.907.911	322.136	**2.230.047**
Investments in subsidiaries	4.652.319	280.964	**4.933.283**
Property, plant and equipment	1.819.726	3.707.579	**5.527.305**
Intangible assets and deferred charges	959.230	845.822	**1.805.052**
TOTAL ASSETS	**12.439.636**	**9.653.418**	**22.093.054**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Trade accounts payable	383.979	522.198	**906.177**
Loans and financing	4.486.034	5.054.789	**9.540.823**
Other	571.668	904.334	**1.476.002**
Shareholders' equity	6.997.955	3.172.097	**10.170.052**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**12.439.636**	**9.653.418**	**22.093.054**

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.

(Expressed in thousands of Brazilian reais)

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$ 4,949,046,230.13, 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.

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:

	March 31, 2010	Dec 31, 2009	January 1, 2009
Cash and banks	**352.619**	3.712.853	236.432
CDB-DI (bank certificates of deposit)	**622.777**	367.757	1.147.326
Investment funds	**170.226**	16.417	139.215
	1.145.622	**4.097.027**	**1.522.973**

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.

JBS S.A.

Notes to the interim financial statements for the three months period ended March 31, 2010 and 2009
(Expressed in thousands of Brazilian reais)

8 Trade accounts receivable, net

	March 31, 2010	Dec 31, 2009	January 1, 2009
Receivables not yet due	**893.848**	**770.116**	**505.910**
Overdue receivables:			
From 1 to 30 days	**246.430**	316.443	35.802
From 31 to 60 days	**78.408**	101.783	6.277
From 61 to 90 days	**65.523**	51.675	6.589
Above 90 days	**254.466**	156.962	7.875
Adjustment to present value	**-**	-	(1.191)
Allowance for doubtful accounts	**(130.027)**	(123.602)	(8.271)
	514.800	**503.261**	**47.081**
	1.408.648	**1.273.377**	**552.991**

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.

	March 31, 2010	Dec 31, 2009	January 1, 2009
Initial balance	**(123.602)**	**(8.271)**	**(3.848)**
(+) Additions	**(6.425)**	**(6.018)**	**(4.423)**
(+) Acquisition	**-**	**(109.313)**	**-**
Final balance	**(130.027)**	**(123.602)**	**(8.271)**

9 Inventories

	March 31, 2010	Dec 31, 2009	January 1, 2009
Finished products	**412.502**	422.202	489.953
Work in process	**124.804**	80.507	674
Raw materials	**158.020**	154.809	1.978
Warehouse spare parts	**92.522**	101.018	46.905
	787.848	**758.536**	**539.510**

10 Recoverable taxes

	March 31, 2010	Dec 31, 2009	January 1, 2009
Value-added tax on sales and services (ICMS / IVA / VAT)	**923.578**	896.294	379.678
Excise tax - IPI	**55.834**	55.544	51.657
Social contribution and taxation on billings - PIS and Cofins	**294.973**	282.683	19.330
Income tax withheld at source - IRRF	**93.551**	84.844	25.556
Other	**68.580**	72.789	9.936
Adjustment to present value	**-**	-	(1.182)
	1.436.516	**1.392.154**	**484.975**
Current and Long-term:			
Current	**882.746**	841.306	447.343
Non-current	**553.770**	550.848	37.632
	1.436.516	**1.392.154**	**484.975**

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.

(Expressed in thousands of Brazilian reais)

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 the Company, according to their realization, from current to noncurrent, and were realized in the period ended 31 March 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$ 144,505. As of this date, the Company received R$ 28,986, and the remaining balance of R$ 115,519 is recorded in noncurrent assets, in consolidated.

11 Related parties transactions

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

	March 31, 2010			December 31, 2009		
COMPANY	Trade accounts receivable	Trade accounts payable	Mutual contracts	Trade accounts receivable	Trade accounts payable	Mutual contracts
Direct subsidiaries						
Mouran Alimentos Ltda.	-	-	13.757	-	-	11.455
JBS Confinamento Ltda.	99	3.126	86.528	138	4.638	76.010
JBS Embalagens Metálicas Ltda.	-	1.893	51.551	-	500	49.043
JBS USA, Inc	-	-	(801.947)	-	-	-
Inalca JBS S.p.A	697	4	-	3.479	4	-
JBS Slovakia Holdings s.r.o.	-	-	(1.158.127)	-	-	(941.640)
Indirect subsidiaries	-	-	-	-	-	-
JBS Global Beef Company Lda.	48	-	(41.854)	48	-	(40.918)
JBS Global (UK) Limited	13.625	-	-	21.920	-	-
JBS Argentina S.A.	-	798	53.868	-	2.259	-
The Tupman Thurlow Co.	5.364	-	14.441	4.432	-	13.943
Global Beef Trading SU Lda.	1.534	238	-	521	-	-
Beef Snacks Brasil Ind.Com. Ltda.	20	8	76.883	7	-	74.373
Beef Snacks International BV	-	-	3.712	-	-	3.569
JBS HU Ltd	-	-	(94.749)	-	-	(90.108)
Marr Russia L.L.C	5.069	-	-	1.734	-	-
SARL Inalca Algerie	-	4	-	-	-	-
Austrália Meat	-	610	-	-	1.144	-
Subsidiaries of incorporated (1)	-	-	-	-	-	-
Fabrica de Prod. Alimentícios Vigor S.A.	2.858	2	(175.824)	3.029	281.257	-
Cia Leco de Prod. Alimenticios	343	-	2.621	2.152	-	-
Cascavel Couros Ltda	115.629	3.325	(195.498)	112.872	230.771	-
Novaprom Food Ingredients Ltda	277	244	2.310	1.024	112	-
Biolins Energia Ltda.	3.445	789	35.610	34.382	22	-
Sampco Inc.	41.107	-	-	30.529	-	11.951
Frigorífico Canelones S.A.	-	259	-	-	533	-
Wonder Best Holding Company	15.284	-	-	10.857	-	-
Trump Asia Entreprise Ltd	6.888	-	-	6.422	-	-
Bertin Paraguay	-	-	3.740	-	-	3.660
Bertin USA Corporation	-	-	18.790	-	-	-
Other related parties	-	-	-	-	-	-
JBS Agropecuária Ltda.	15	-	-	137	2.446	-
Flora Produtos de Hig. Limp. S.A.	2.302	379	-	5.297	238	-
	214.604	11.679	(2.104.188)	238.980	523.924	(828.662)

JBS S.A.

Notes to the interim financial statements for the three months period ended March 31, 2010 and 2009
(Expressed in thousands of Brazilian reais)

	January 1, 2009		
COMPANY	Trade accounts receivable	Trade accounts payable	Mutual contracts
Direct subsidiaries			
Mouran Alimentos Ltda.	-	-	5.719
JBS Confinamento Ltda.	215	8	14.959
JBS Embalagens Metálicas Ltda.	-	2.735	57.282
JBS Global A/S (Dinamarca)	-	-	(531)
JBS USA, Inc	-	-	1.580.340
Inalca JBS S.p.A	6.798	-	-
Indirect subsidiaries	-	-	-
JBS Global Beef Company Lda.	-	-	(54.920)
JBS Global (UK) Limited	24.625	-	-
JBS Argentina S.A.	-	677	-
The Tupman Thurlow Co.	34.258	715	18.488
Beef Snacks Brasil Ind.Com. Ltda.	5	-	72.135
Beef Snacks International BV	-	-	4.463
Marr Russia L.L.C	-	-	2.933
SARL Inalca Algerie	129	-	-
Frimo S.A.M.	-	4	-
Other related parties	-	-	-
JBS Agropecuária Ltda.	143	7.540	-
Flora Produtos de Hig. Limp. S.A.	1.813	83	-
	67.986	**11.762**	**1.700.868**

	March 31, 2010			March 31, 2009		
	Financial income (expenses)	Purchases	Sales of products	Financial income (expenses)	Purchases	Sales of products
Direct subsidiaries						
Mouran Alimentos Ltda.	**503**	**-**	**-**	382	-	-
JBS Confinamento Ltda.	**2.343**	**12.673**	**259**	766	471	106
JBS Embalagens Metálicas Ltda.	**2.070**	**10.029**	**-**	2.795	9.148	-
JBS Global A/S (Dinamarca)	**-**	**-**	**-**	4	-	-
JBS USA, Inc	**(497)**	**986**	**1.427**	21.636	-	712
Inalca JBS S.p.A	**-**	**-**	**6.879**	-	-	7.804
JBS Slovakia Holdings s.r.o.	**(10.775)**	**-**	**-**	-	-	-
Indirect subsidiaries	**-**	**-**	**-**	-	-	-
JBS Global (UK) Limited	**-**	**-**	**13.951**	-	-	16.414
JBS Argentina S.A	**-**	**2.219**	**-**	-	36.208	-
The Tupman Thurlow Co.	**195**	**-**	**6.293**	323	-	26.805
Global Beef Trading SU Lda.	**-**	**448**	**7.589**	-	-	13.363
Beef Snacks Brasil Ind.Com. Ltda.	**2.230**	**8**	**-**	2.704	-	149
Beef Snacks International	**84**	**-**	**-**	71	-	-
JBS HU Ltd	**(2.640)**	**-**	**-**	-	-	-
Marr Russia L.L.C	**-**	**-**	**12.920**	35	-	29.611
Swift & Company Trade Group	**-**	**-**	**124**	-	-	-
Subsidiaries of incorporated [(1)]	**-**	**-**	**-**	-	-	-
Fabrica de Prod. Alimentícios Vigor S.A.	**-**	**13**	**-**	-	-	-
Cascavel Couros Ltda	**-**	**6.673**	**-**	-	-	-
Novaprom Food Ingredients Ltda	**-**	**402**	**-**	-	-	-
Biolins Energia Ltda.	**-**	**4.141**	**-**	-	-	-
Sampco Inc.	**156**	**-**	**-**	-	-	-
Frigorífico Canelones S.A.	**-**	**939**	**-**	-	-	-
Bertin Paraguay	**83**	**-**	**-**	-	-	-
Other related parties	**-**	**-**	**-**	-	-	-
JBS Agropecuária Ltda.	**-**	**457**	**137**	-	6.317	57
Flora Produtos de Hig. Limp. S.A.	**-**	**179**	**9.710**	-	685	20.220
	(6.248)	**39.167**	**59.289**	**28.716**	**52.829**	**115.241**

(Expressed in thousands of Brazilian reais)

(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.

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 three months period ended as of March 31, 2010, year ended December 31, 2009 and initial balance as of January 1, 2009.

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 March 31, 2010, in the year ended December 31, 2009 and initial balance as of January 1, 2009 is the following:

	Members	March 31, 2010	Dec 31, 2009	January 1, 2009
Executive Board and Board of Directors	8	963	4.243	3.000
	8	**963**	**4.243**	**3.000**

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 March 31, 2010:

March 31, 2010	Number of shares (Thousand)	Participation	Capital stock	Shareholders' equity	Net income (loss)
JBS Embalagens Metálicas Ltda.	10.002	99,00%	2	34.370	(560)
JBS Global Investments S.A.	93.000	100,00%	165.633	91.547	24.290
JBS Holding Internacional S. A.	804.235	100,00%	804.235	363.190	(41.045)
JBS Global A/S	1.250	100,00%	433.589	441.948	4.607
Mouran Alimentos Ltda.	120	70,00%	120	(29.326)	(1.488)
JBS USA, Inc.	0	100,00%	5.248.456	6.737.480	97.187
JBS Trading USA, Inc.	20	100,00%	17.810	(3.348)	(1.561)
JBS Confinamento Ltda.	415.001	100,00%	415.001	391.466	(8.870)
Inalca JBS S.p.A	280.000	50,00%	674.128	928.188	24.492
JBS Slovakia Holdings, s.r.o.	0	100,00%	1.242.702	1.298.612	79.174
JBS Italia S.R.L.	0	100,00%	24	24	-
Subsidiaries of incorporated (2)					
Bertin Holding GMBH	96	100,00%	77	182.483	4.973
Novaprom Foods e Ingredientes Ltda	792	60,00%	792	4.912	(181)
Fábrica de Produtos Alimentícios Vigor S.A.	165.447	99,54%	104.031	193.308	14.215
Cascavel Couros Ltda	265.127	100,00%	240.861	290.879	5.790
Bertin USA Corporation	-	100,00%	-	44.242	262
Biolins Energia S.A.	10.672	100,00%	43.727	43.678	(49)

JBS S.A.

Notes to the interim financial statements for the three months period ended March 31, 2010 and 2009

(Expressed in thousands of Brazilian reais)

				Equity in subsidiaries		
	December, 2009	Addition (disposal)	Exchange rate variation (i)	Shareholders' Equity (ii)	Income Statements	March, 2010
JBS Embalagens Metálicas Ltda.	**34.581**	-	-	-	(554)	**34.027**
JBS Global Investments S.A.	**66.037**	-	1.509	(289)	24.290	**91.547**
JBS Holding Internacional S. A.	**402.886**	-	-	1.348	(41.045)	**363.189**
JBS Global A/S	**143.657**	313.414	(16.933)	(2.797)	4.607	**441.948**
Mouran Alimentos Ltda.	**(19.486)**	-	-	-	(1.042)	**(20.528)**
JBS USA, Inc.	**4.122.234**	2.482.743	(1.139)	36.455	97.187	**6.737.480**
JBS Trading USA, Inc.	**(1.766)**	-	(40)	19	(1.561)	**(3.348)**
JBS Confinamento Ltda.	**56.677**	350.000	-	(6.341)	(8.870)	**391.466**
Inalca JBS S.p.A	**463.011**	-	(18.416)	7.253	12.246	**464.094**
JBS Slovakia Holdings, s.r.o.	**1.251.415**	-	(49.776)	17.799	79.174	**1.298.612**
JBS Italia S.R.L.	**-**	24	-	-	-	**24**
Subsidiaries of incorporated [(2)]	**-**	-	-	-	-	**-**
Bertin Holding GMBH	**142.582**	29.754	5.159	-	4.988	**182.483**
Novaprom Foods e Ingredientes Ltda	**3.056**	-	-	-	(140)	**2.916**
Fábrica de Produtos Alimentícios Vigor S.A.	**177.927**	-	345	-	14.150	**192.422**
Cascavel Couros Ltda	**283.847**	-	-	1.243	5.790	**290.880**
Bertin USA Corporation	**43.154**	-	740	-	348	**44.242**
Biolins Energia S.A.	**43.727**	-	-	-	(299)	**43.428**
Transfer to Other current liabilities (Negative equity)	**21.252**	-	-	-	-	**23.876**
Total	**7.234.791**	**3.175.935**	**(78.551)**	**54.690**	**189.269**	**10.578.758**

[(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

					Net amount		
	Average annual depreciation rates	Cost	Revaluation	Accumulated depreciation	March 31, 2010	Dec 31, 2009	January 1, 2009
Buildings	3 a 20%	2.509.167	116.742	(152.973)	**2.472.936**	2.385.975	486.669
Land	-	938.826	9.352	-	**948.178**	1.262.583	116.821
Machinery and equipment	8 a 10%	2.967.832	44.705	(313.575)	**2.698.962**	2.495.004	285.314
Facilities	10%	797.953	21.815	(67.642)	**752.126**	697.255	93.020
Computer equipment	20 a 100%	60.162	754	(32.220)	**28.696**	26.338	7.963
Vehicles	14 a 50%	414.945	195	(155.764)	**259.376**	262.679	41.374
Construction in progress	-	143.258	-	-	**143.258**	446.176	773.921
Other	10 a 100%	47.100	3.866	(20.714)	**30.252**	26.757	14.644
		7.879.243	**197.429**	**(742.888)**	**7.333.784**	**7.602.767**	**1.819.726**

Changes in property, plant and equipment

Dec 31, 2009	First-time adoption of CPC	Additions	Write-offs [(3)]	Depreciation	March 31, 2010
7.602.767	3.728	163.991	(363.018)	(73.684)	**7.333.784**

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

(Expressed in thousands of Brazilian reais)

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 March 31, 2010, the total amount of property, plant and equipment revaluation is R$ 197,429 which the revaluation reserve is R$ 110,922 and the provision for income and social contribution taxes is R$ 52,569. For revalued property, plant and equipment, the Company recorded accumulated depreciation of R$ 33,938.

Property, plant and equipment are tested for impairment at least annually if indications of potential impairment exist. Due to the temporary suspension of activities of the indirect subsidiary Beef Snacks, management engaged a specialized firm, SETAPE - Serviços Técnicos de Avaliações do Patrimônio e Engenharia S/C Ltda., to ascertain the net sale value, based on the fair value of assets less possible transaction costs, of land, buildings and machinery and equipment that comprise the Company's plant. A need was identified to record an impairment provision for these assets when valued at their net sales value in the amount of R$ 1,198, which was recorded as "other operating income and expenses", in the statement of operations of Beef Snacks as of December 31, 2009 . Since this indirect subsidiary is a party to a joint venture in which the Company owns 50% interest , only this percentage of impairment is recorded in the consolidated interim financial statements of the Company

The Company enand 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 March 31, 2010, December 31, 2009 and January 1, 2009 are shown below:

	March 31, 2010	Dec 31, 2009	January 1, 2009
Construction in progress	**139.528**	424.035	759.028
(+) capitalized borrowing costs	**3.730**	22.141	14.893
	143.258	**446.176**	**773.921**

14 Intangible assets, net

	March 31, 2010	Dec 31, 2009	January 1, 2009
Goodwill	**10.831.493**	11.108.844	949.615
Trademarks	**452.574**	184.615	9.615
Softwares	**5.963**	6.165	-
	11.290.030	**11.299.624**	**959.230**

Changes in intangible assets

Dec 31, 2009	Additions	Write-offs	Amortization(4)	March 31, 2010
11.299.624	559	(761)	(9.392)	**11.290.030**

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

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.

(Expressed in thousands of Brazilian reais)

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$ 226,750 as of March 31, 2008, 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, intangible assets with indefinite life can no longer be amortized.

15 Trade accounts payable

	March 31, 2010	Dec 31, 2009	January 1, 2009
Commodities	**45.797**	149.351	313.316
Materials and services	**398.360**	444.625	70.586
Finished products	**41.993**	311.794	2.024
Adjustment to present value	**-**	-	(1.947)
	486.150	**905.770**	**383.979**

JBS S.A.
Notes to the interim financial statements for the three months period ended March 31, 2010 and 2009
(Expressed in thousands of Brazilian reais)

16 Loans and financings

Type	Average annual rate of interest and commissions	March 31, 2010	Dec 31, 2009	January 1, 2009
FINAME	TJLP and interest from 2.75% to 2.88%	**329.258**	330.159	231.700
FINAME	Currency basket and interest of 3.73%	**511**	563	-
FINAME	Interest from 7.00% to 10.08%	**22.518**	24.465	-
FINEM	TJLP and interest of 3.00% to 3.98%	**36.951**	426.675	-
FINEM	BNDES currency basket and interest of 2.90%	**21.117**	22.588	-
FININP	Exchange variation and interest of 3.8%	**559**	974	-
ACC - (advances on exchange contracts)	Exchange variation, Libor plus interest from 0.45% to 7.20%	**1.701.726**	1.499.167	591.990
EXIM - export credit facility	TJLP and interest from 3.00% to 3.10%	**122.991**	185.136	177.407
EXIM - export credit facility	Interest from 9.15% to 18.27%	**382.410**	326.678	-
Euro Bonds	Exchange variation and interest of 9.375%	**491.906**	485.439	651.713
Working capital- Brazilian Reais	CDI + interest of 6.00%	**15.430**	14.976	51.113
Prepayment	Libor and interest from 1.00 to 2.00%	**1.532.795**	1.514.128	516.838
144-A	Exchange variation + interest from 10.25% to 10.50%	**542.715**	545.670	731.569
NCE/COMPROR	CDI + interest of 2.0%	**1.665.841**	1.510.450	1.533.704
Foreign loan	Exchange variation + Interest from 10,25%	**654.586**	624.342	-
Foreign loan from multilateral organisms	Libor and interest of 1.85%	**63.619**	87.370	-
FCO - Middle West Fund	Interest of 10.00%	**2.318**	2.470	-
FNO - North Fund	Interest of 10.00%	**33.415**	34.670	-
Working capital - Agriculture	TR and Interest of 10.50%	**77.604**	75.686	-
Working capital - Processing	Interest of 152.00% of CDI	**203.029**	212.425	-
Working capital - Foreign currency	Exchange variation + Interest of 4,50%	**50.813**	117.498	-
Credit note - Export	Interest of 124.50% of CDI	**1.140.822**	1.195.328	-
Other		**555**	556	-
		9.093.489	**9.237.413**	**4.486.034**
Breakdown:				
Current liabilities		**4.634.021**	3.926.390	1.494.690
Non current liabilities		**4.459.468**	5.311.023	2.991.344
		9.093.489	**9.237.413**	**4.486.034**

(Expressed in thousands of Brazilian reais)

Maturities of long-term debt are as follows:

2010	**-**	-	636.327
2011	**1.214.290**	2.482.552	1.122.953
2012	**1.028.435**	922.847	298.308
2013	**714.024**	528.826	232.656
2014	**239.829**	187.092	-
2015	**79.507**	32.559	-
2016	**1.165.861**	1.139.869	701.100
2017	**6.984**	6.862	-
2018	**6.565**	6.443	-
2019	**3.973**	3.973	-
	4.459.468	**5.311.023**	**2.991.344**

ACCs (advances on exchange contracts) are credit facilities obtained from financial institutions by the Company, and the acquired company Bertin and its subsidiaries NovaProm and Bracol Couros, in the amount of US$ 955.489 as of December 31, 2010 (US$ 860.996 as of December 31, 2009 and US$ 253.312 as of January 1, 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).

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; (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.

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.

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.

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$17,398, 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 2,000,0000 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 occurance 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 celing 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 outstanding debentures.

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.

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;

(Expressed in thousands of Brazilian reais)

(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).

19 Payroll, social charges and tax obligation

	March 31, 2010	Dec 31, 2009	January 1, 2009
Payroll and related social charges	**72.316**	65.564	23.240
Accrual for labor liabilities	**100.252**	81.650	28.590
Income tax	**5.859**	2.715	-
Social contribution	**2.126**	1.059	-
ICMS / VAT tax payable	**15.468**	15.899	3.088
PIS / COFINS tax payable	**3.942**	27.257	-
Others	**88.520**	92.938	7.804
	288.483	**287.082**	**62.722**

20 Declared dividends

	March 31, 2010	Dec 31, 2009	January 1, 2009
Declared dividends	**61.477**	122.953	51.127
	61.477	**122.953**	**51.127**

Considering the positive EBITDA, the Company has decided that for the calculation of dividends, the amortization of the goodwill generated on the acquisition of the investments made by JBS USA and SB Holdings should be excluded, which were included in the income statements until December 31, 2008. Starting January 1, 2009, according to the prevailing accounting standards, that is no longer amortized.

As of December 31, 2009, the Company declared dividends of R$ 122,953, representing 100% of adjusted net income of the year ended December 31, 2009. After the ordinary shareholders' meeting held on April 30, 2010, it was decided a distribution of dividends referring the year then ended, at an amount of R$ 61,477.

21 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 March 31, 2010, December 31, 2009, and January 1, 2009, areas follows:

	March 31, 2010	Dec 31, 2009	January 1, 2009
Labor	**41.240**	40.579	5.799
Civil	**4.229**	4.229	15.663
Tax and Social Security	**79.961**	165.280	26.782
Total	**125.430**	**210.088**	**48.244**

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$ 185,506 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 Company's management established a provision for losses arising from such administrative and legal proceedings in the amount of R$ 2,115.

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 Company's management has recorded a provision for losses arising from such administrative proceedings in the amount of R$ 4,185.

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 148 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$ 20,866.

Labor Proceedings

As of March 31, 2010 the Company was party to 2,764 labor and accident proceedings, involving total value of R$ 206,485. Based on the opinion of the Company's external legal counsel, the Company's management recorded a provision in the amount of R$ 23,410 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.

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.

In light of the foregoing, the Company's management established a provision for losses arising from this lawsuit in the amount of R$600. 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 Cárceres 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 March 31, 2010 is R$ 1,275.

Other proceedings

On March 31, 2010, the Company had other ongoing civil, labor and tax proceedings, on the approximately amounting of R$ 55,142 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 n 594 from 2009 and CPC 25.

22 Debit with third parties for investment

On incorporated Bertin current liabilities, the amount of R$ 304,378 as of March 31, 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$ 14,241), ii) Gould Participações Ltda. concerning the acquisition of Grupo Vigor, acquired in 2007 (R$ 250,137) and iii) Electricity Co. Araguaia (R$ 40,000).

The Company refers to 65 million of Euros, corresponding, on March 31, 2010, to R$ 156,494 (R$ 162,976 on December 31, 2009 and R$ 210,480 on January 1, 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.

JBS S.A.

Notes to the interim financial statements for the three months period ended March 31, 2010 and 2009
(Expressed in thousands of Brazilian reais)

23 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 March 31,	
	2010	**2009**
Income (loss) before income tax and social contribution	**98.290**	(332.961)
Addition (exclusion), NET:		
Permanent differences (substantially equity in subsidiaries)	**(476.581)**	(14.830)
Temporary differences	**976**	27.979
Calculation basis for income tax and social contribution	**(377.315)**	**(319.812)**
Income tax and CSLL	**-**	-
Reversal of income tax and CSLL of revaluation	**737**	764
	737	**764**
Temporary differences	**(976)**	(27.979)
Deferred income tax and social contribution	**(332)**	**9.513**

b) Deferred income tax and social contribution

	March 31, 2010	Dec 31, 2009	January 1, 2009
Assets:			
. On tax losses and temporary differences	**30.688**	30.357	22.626
	30.688	**30.357**	**22.626**
Liabilities:			
. On revaluation reserve and temporary differences	**372.569**	375.061	83.453
	372.569	**375.061**	**83.453**

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:

	March 31, 2010
2010	13.602
2011	6.181
2012	2.194
2013	2.194
2014	2.194
2015 to 2017	3.064
2018 to 2020	1.259
Total	**30.688**

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.

JBS S.A.

Notes to the interim financial statements for the three months period ended March 31, 2010 and 2009
(Expressed in thousands of Brazilian reais)

24 Shareholders' equity

a) Capital Stock

The Capital Stock on March 31, 2010 is represented by 2,367,471,476 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 March 31, 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 March 31, 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 March 31, 2010 R$ 7,95 (December 31, 2009 was R$ 9,32)

25 Net sale revenue

	Three months period ended on March 31,	
	2010	**2009**
Gross sale revenue		
Products sales revenues		
Domestic sales	**1.792.105**	871.471
Foreign sales	**948.367**	417.719
	2.740.472	**1.289.190**
Sales deduction		
Returns and discounts	**(84.110)**	(68.179)
Sales taxes	**(156.204)**	(96.608)
	(240.314)	**(164.787)**
NET SALE REVENUE	**2.500.158**	**1.124.403**

(Expressed in thousands of Brazilian reais)

26 Financial income (expense), net

	Three months period ended as of March 31,	
	2010	2009
Exchange variation	**(143.933)**	(123.567)
Results on derivatives	**(63.922)**	(181.006)
Interest - Loss	**(201.760)**	(114.964)
Interest - Gain	**73.087**	13.871
Taxes, contribution, tariff and others	**(22.468)**	(1.940)
	(358.996)	**(407.606)**

27 Statement of comprehensive income

	Three months period ended as of March 31,	
	2010	2009
NET PROFIT (LOSSES) OF THE CONTINUING OPERATIONS	**99.359**	**(322.684)**
Other general results		
Adjustment of assets evaluation in the controlled	**1.952**	2.244
Accumulated Adjustment of conversion in the Company	**38.581**	(39.402)
Exchange variation on foreing investments	**(87.944)**	(35.441)
Total of the Fiscal Year's Results	**51.948**	**(395.283)**
Total general results of the Fiscal Year attributable to:		
Company's Shareholders	**43.086**	**(396.429)**
Non-controllers	**8.862**	**1.146**
	51.948	**(395.283)**

28 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 covert, 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 March 31, 2010, the Company had incurred in expenses of the order of R$ 748 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.

(Expressed in thousands of Brazilian reais)

29 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 s o Brazil, USA (including Australia), South America (Argentine, 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 t 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, Argentine, 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 Western 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.

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:

29.1 - Net revenue by product line:

	Three months period ended as of March 31,	
	2010	**2009**
Net revenue of the segment		
Beef	**8.325.381**	8.132.258
Pork Meat	**1.164.121**	1.229.713
Poultry	**2.944.813**	-
Others	**115.970**	(94.044)
Total	**12.550.285**	**9.267.927**

29.2 - Depreciation by product line:

	Three months period ended as of March 31,	
	2010	**2009**
Depreciation and amortization		
Beef	**144.818**	74.773
Pork Meat	**12.909**	8.759
Poultry	**153.980**	-
Others	**7.227**	244
Total	**318.934**	**83.776**

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29.3 - EBITDA by product line:

	Three months period ended as of	
	2010	2009
EBITDA		
Beef	**671.334**	245.004
Pork Meat	**72.195**	17.473
Poultry	**110.328**	-
Others	**8.104**	(50.935)
Total	**861.961**	**211.542**

29.4 - Revenues by geographic area:

	Three months period ended as of March 31,	
	2010	2009
Net revenue		
United States of America (including Australia)	**9.227.369**	7.387.752
South America	**2.957.910**	1.333.686
Italy	**374.594**	433.811
Others	**(9.588)**	112.678
Total	**12.550.285**	**9.267.927**

29.5 - EBITDA by geographic area:

	Three months period ended as of March 31,	
	2010	2009
EBITDA		
United States of America (including Australia)	**472.963**	140.767
South America	**352.577**	59.485
Italy	**27.281**	17.266
Others	**9.140**	(5.976)
Total	**861.961**	**211.542**

29.6 - Assets by segment:

	March 31, 2010	Dec 31, 2009
Assets		
Beef	**35.422.534**	37.909.327
Pork Meat	**840.486**	813.130
Poultry	**6.607.827**	5.975.503
Total	**42.870.847**	**44.697.960**

30 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	March 31, 2010	March 31, 2009
Depreciation and amortization	**(74.445)**	(21.871)
Expenses with personnel	**(281.357)**	(123.195)
Raw material use and consumption materials	**(547.231)**	(277.148)
Taxes, fees and contributions	**(222.159)**	(47.266)
Third party capital remuneration	**(758.422)**	(508.688)
Other expenses	**(518.254)**	(479.196)
	(2.401.868)	**(1.457.364)**

(Expressed in thousands of Brazilian reais)

Classification by function	March 31, 2010	March 31, 2009
Cost of goods sold	**(1.973.049)**	(911.199)
Selling expenses	**(192.274)**	(114.355)
General and administrative Expenses	**(60.963)**	(40.651)
Financial income (expense), net	**(358.996)**	(407.606)
Equity in subsidiaries	**189.269**	16.015
Other (expense) income, net	**(5.855)**	432
	(2.401.868)	**(1.457.364)**

31 Insurance coverage

As of March 31, 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 March 31, 2010 was of R$ 200,000.

32 Risk management and financial instruments

The Company's operations are exposed to market risks, mainly related to changes in exchange rates, credit worthiness of its customers, interest rates and cattle prices and uses derivatives financial instruments to reduce the exposure to those risks.

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.

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 March 31, 2010 is described below:

Exhibition to CDI rate:	March 31, 2010	Dec 31, 2009	January 1, 2009
NCE / Compror / Others	**2.822.093**	2.720.754	1.584.817
CDB-DI	**(622.777)**	(367.757)	(1.147.326)
Investment funds	**(170.226)**	(16.417)	(139.215)
Subtotal	**2.029.090**	**2.336.580**	**298.276**

(Expressed in thousands of Brazilian reais)

Exhibition to LIBOR/EURIBOR rate:

ACC -advances on exchange contracts	**1.701.726**	1.499.167	591.990
Pre-payment	**1.532.795**	1.514.128	516.838
Foreign Loans	**63.619**	87.370	-
Subtotal	**3.298.140**	**3.100.665**	**1.108.828**

Exhibition to TJLP rate:	**March 31, 2010**	**Dec 31, 2009**	**January 1, 2009**
FINAME / FINEM	**410.355**	804.450	231.700
EXIM - export credit facility	**122.991**	185.136	177.407
Subtotal	**533.346**	**989.586**	**409.107**
TOTAL	**5.860.576**	**6.426.831**	**1.816.211**

Breakdown of the derivatives financial instruments for interest risk protection

Derivative	Maturity	Receivable	Payable	Counterpart	(notional R$)	Market value- R$	Impact on the 1st quarter 2010 income statements
Forwards (BM&F)	July, 2011 to July, 2012	DI	R$	BM&F	280.788	113	(1.394)

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.

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Notes to the interim financial statements for the three months period ended March 31, 2010 and 2009
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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 March 31, 2010, December 31, 2009 and January 1, 2009:

				Income Statements effects March 31, 2010	
EXPOSURE	**March 31, 2010**	**Dec 31, 2009**	**January 1, 2009**	**Exchange variation**	**Derivatives**
OPERATING					
Accounts receivable - US$ / € / £	**799.264**	570.712	321.068	**(22.188)**	**31.832**
Investments - US$ / €	**9.620.271**	6.633.210	3.735.690	**-**	**-**
Inventories destined to export - cattle	**44.599**	40.585	53.960	**-**	**-**
Subtotal	**10.464.134**	**7.244.507**	**4.110.718**	**(22.188)**	**31.832**
FINANCIAL					
Credits with subsidiaries - US$ / €	**(2.002.126)**	(1.039.543)	1.550.774	**(17.525)**	
Loans and financings - US$	**(5.038.160)**	(4.873.614)	(2.492.110)	**(106.654)**	**(73.479)**
Imports payable - US$	**(14.596)**	(4.485)	(4.816)	**56**	
Amounts receivable (payable) of forward contracts	**(51.810)**	(24.107)	60.205	**-**	
Subtotal	**(7.106.692)**	**(5.941.749)**	**(885.947)**	**(124.123)**	**(73.479)**
TOTAL	**3.357.442**	**1.302.758**	**3.224.771**	**(146.311)**	**(41.647)**

Investments - It was deliberated, in the Council of Administration meeting, that the hedge of the investments in overseas companies should not be done.

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.

Below is presented the foreign currency exposure covered by derivative financial instruments:

	March 31, 2010	**Dec 31, 2009**	**January 1, 2009**
Trade accounts receivable - US$ / € / £	**799.264**	570.712	321.068
Loans and financings - US$ / € / £	**(5.038.160)**	(4.873.614)	(2.492.110)
Imports payable - US$	**(14.596)**	(4.485)	(4.816)
	(4.253.492)	**(4.307.387)**	**(2.175.858)**
Forwards (BM&F) - Parent Company	**3.183.528**	1.302.755	1.197.192
Swap (over-the-countermark - CETIP) - Parent Company	**178.120**	174.120	233.700
	3.361.648	**1.476.875**	**1.430.892**
Foreign currency exposure in R$	**(4.253.492)**	(4.307.387)	**(2.175.858)**
Notional protection	**3.361.648**	1.476.875	**1.430.892**
Relation	**79%**	**34%**	**66%**

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 (34% 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.

(Expressed in thousands of Brazilian reais)

Breakdown of the derivatives financial instruments for exchange variation risks

Derivative	Maturity	Receivable	Payable	Counterpart	(notional R$)	Market value- R$	Impact on the 1st quarter 2010 income statements
Swap (CETIP)	February 2010 to February 2013	US$ exchange variation + 6% year.	R$/CDI (average from 120% of CDI)	Credit Suisse Personal Investment Funds Multmarket	100.000	(22.983)	(1.257)
Forwards (BM&F)	April to May 2010	US$ exchange variation	R$	BM&F	1.976.750	(28.557)	(39.266)

Hedge accounting

The notional is not registered in the balance sheet. The accounting is based on the methodology denominated hedge accounting, accroding to CPC 38 - 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.

				Income Statements effects March 31, 2010	
EXPOSURE	**March 31, 2010**	**Dec 31, 2009**	**January 1, 2009**	**Exchange variation**	**Derivatives**
OPERATING					
Sales orders - US$ / € / £	**388.232**	**321.390**	442.583	**(2.378)**	**2.141**
Subtotal	**388.232**	**321.390**	**442.583**	**(2.378)**	**2.141**
TOTAL	**388.232**	**321.390**	**442.583**	**(2.378)**	**2.141**

Below are presented the financial instruments denominated as hedging accounting:

Derivative	Maturity	Receivable	Payable	Counterpart	(nocional R$)	Market value- R$	Impact on the 1st quarter 2010 income statements
Forwards (BM&F)	April and May 2010	US$ (Exchange variation)	R$	BM&F	356.200	2.890	2.141

Below are presented the foreign currency risks with derivatives protection denominated as hedging accounting:

	March 31, 2010	Dec 31, 2009	January 1, 2009
Sales orders - US$ / € / £	**388.232**	321.390	442.583
	388.232	**321.390**	**442.583**
Forwards (BM&F) - Company	**356.200**	348.240	467.400
	356.200	**348.240**	**467.400**
Foreign currency exposure - R$	**388.232**	**321.390**	**442.583**
Notional	**356.200**	**348.240**	**467.400**
Relation	**92%**	**108%**	**106%**

(Expressed in thousands of Brazilian reais)

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 March 31,2010, the Company had open derivatives position covering 88% 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.

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 commitee. 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, analysing if it will be apropriate to extend an additional "stop loss", reviewing the VAR limits and margins for this trader or if the employment contract will be terminated.

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

EXPOSURE	March 31, 2010	Dec 31, 2009	January 1, 2009
OPERATING			
Firm Contracts for cattle purchase - R$	**79.621**	**17.026**	**43.480**
TOTAL	**79.621**	**17.026**	**43.480**

(Expressed in thousands of Brazilian reais)

h) Liquidity Risk

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

The Company manages 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.

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

The indices of liquidity is shown below:

	March 31, 2010	Dec 31, 2009	January 1, 2009
Cash and cash equivalents	1.145.622	4.097.027	1.522.973
Loans and financings - Current	4.634.021	3.926.390	1.494.690
Liquidity indicator changed	0,25	1,04	1,02

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 according to their salaries, without considering the present value discount cash flow hired:

March 31, 2010	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Fair Value
Trade accounts payable	486.150	-	-	-	486.150
Loans and Financings	4.634.021	2.242.725	1.033.360	1.183.383	9.093.489
Derivatives financing liabilities	70.396	-	-	-	70.396
TOTAL	5.190.567	2.242.725	1.033.360	1.183.383	9.650.035

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	905.770	-	-	-	905.770
Loans and Financings	3.926.390	2.482.552	1.638.765	1.189.706	9.237.413
Derivatives financing liabilities	24.107	-	-	-	24.107
TOTAL	4.856.267	2.482.552	1.638.765	1.189.706	10.167.290

January 1, 2009	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Fair Value
Trade accounts payable	383.979	-	-	-	383.979
Loans and Financings	1.494.690	1.759.280	530.964	701.100	4.486.034
Derivatives financing liabilities	5.741	-	-	-	5.741
TOTAL	1.884.410	1.759.280	530.964	701.100	4.875.754

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.

(Expressed in thousands of Brazilian reais)

j) Garanteed margins

The Company and its subsidiaries have securities pledged as collateral for derivative transactions with the commodities and futures whose balance at March 31, 2010 is R$ 446,755 (R$ 179,800 at December 31, 2009). This warranty is superior to the need presented for these operations.

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 CPC 40, the Company classifies 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 does 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	(29.023)	(41.373)	-

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

		March 31, 2010		December 31, 2009	
		Book Value	Market Value	Book Value	Market Value
(i)	Cash and banks	352.619	352.619	3.712.853	3.712.853
(iii)	Financial investiments	793.003	793.003	384.174	384.174
(iii)	Trade accounts receivable	1.408.648	1.408.648	1.273.377	1.273.377
(i)	Derivatives	18.586	18.586	-	-
	Total financial assets	**2.572.856**	**2.572.856**	**5.370.404**	**5.370.404**
(iii)	Trade accounts payable	486.150	486.150	905.770	905.770
(iii)	Loans and financings	9.093.489	9.093.489	9.237.413	9.237.413
(iii)	Debit with related parties	2.104.188	2.104.188	828.662	828.662
(ii)	Convertible debentures	3.462.212	3.462.212	3.462.212	3.462.212
(i)	Derivatives	70.396	70.396	24.107	24.107
	Total liabilities assets	**15.216.435**	**15.216.435**	**14.458.164**	**14.458.164**
		(12.643.579)	**(12.643.579)**	**(9.087.760)**	**(9.087.760)**

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

(Expressed in thousands of Brazilian reais)

l) Sensivity analysis

With the aim of providing information on how to behave market risks to which the Company is exposed on March 31, 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

Exposition	Risk	Probable cenary(I)	Cenary (II) Variation - 25%	Cenary (III) Variation - 50%
Financial	Depreciation R$	(146.311)	(1.223.953)	(2.447.906)
Operation	Depreciation R$	(22.188)	275.237	550.473
Hedge derivatives	Apreciation R$	(41.917)	945.241	1.890.366
		(210.416)	**(3.475)**	**(7.067)**
Premise	Exchange	1,7810	2,2263	2,6715

33 Material facts

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").

34 Subsequent events

Public Offering of Shares - POS

The Offer included the primary public distribution of 200,000,000 (two hundred million) shares issued by the Company ("Offer"), in Brazil, on April 26, 2010, and at the non-organized desk market, in accordance with the CVM Instruction nº 400, coordinated by the Offer Coordinators with the participation of certain financial institutions of the securities distribution system and certain institution via consortium authorized operate in the Brazilian stock market, accredited at BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros ("BM&FBOVESPA") a well as other financial institutions hired to participate of the Retail Offer.

On April 27, 2010, an increase in the Capital Stock of the Company was authorized, within the limit of the authorized capital, with the exclusion of the current shareholders' preemptive rights under the Article 172 of the Corporations Law, for R$ 1,600,000,000,00 (one billion and six hundred million of Reais), so the Capital Stock is of R$ 16,483,544,165.08 (sixteen billion, four hundred and eighty three million five hundred and forty-four thousand one hundred and sixty-five reais and eight cents of reais) for R$ 18,083,544,165.08 (eighteen billion eighty-three million five hundred and forty-four one hundred and sixty-five reais and eight cents of reais) via the issuance of 200,000,000 (two hundred million) new ordinary shares issued within the limits of the Public Offer .

The subscribed capital shall be represented by 2,567,471,476 (two billion, five hundred sixty-seven million, four hundred and seventy-one thousand, four hundred and seventy-six) common shares, nominative, without par value. Shares issued herein shall have the same rights granted to the Company's shares issued pursuant to the By-laws and applicable law, guaranteeing the holder the allocation of dividends and all other benefits that may be declared by the Company from the date settlement of the Tender Offer.

JBS S.A.
Notes to the interim financial statements for the three months period ended March 31, 2010 and 2009
(Expressed in thousands of Brazilian reais)

35 Supplemental information - Economic value added for the three months period ended March 31,

	2010	2009
Revenue		
Sales of goods and services	**2.652.216**	1.220.852
Other income	**3.707**	436
Own assets building income	**(3.685)**	(751)
	2.652.238	**1.220.537**
Goods		
Cost of services and goods sold	**(1.517.497)**	(775.797)
Materials, energy, services from third parties and others	**(291.672)**	(180.500)
Other costs	**-**	(310)
	(1.809.169)	**(956.607)**
Gross added value	**843.069**	**263.930**
Depreciation and Amortization	**(74.445)**	(21.871)
Net added value generated by the Company	**768.624**	**242.059**
Net added value by transfer		
Equity in subsidiaries	**189.269**	16.015
Financial income	**402.607**	97.610
Others	**797**	781
Net added value to distribution	**1.361.297**	**356.465**
Distribution of added value		
Labor		
Salaries	**230.235**	109.090
Benefits	**35.964**	8.926
FGTS (Brazilian Social Charge)	**15.158**	5.179
	281.357	**123.195**
Taxes and contribution		
Federal	**90.309**	25.903
State	**131.193**	21.307
Municipal	**657**	56
	222.159	**47.266**
Capital Remuneration from third parties		
Interests	**742.750**	503.524
Rents	**5.990**	3.611
Others	**9.682**	1.553
	758.422	**508.688**
Owned capital remuneration		
Retained earnings of the period	**99.359**	(322.684)
	99.359	**(322.684)**
Added value distributed	**1.361.297**	**356.465**

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