JBS S.A

Financial Statements and Independent auditors´ review report

ITR - Quarterly Information

As of March 31, 2009 and 2008

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders of JBS S.A.:

1. We have performed a review of the accompanying individual and consolidated Quarterly Information (ITR) of JBS S.A. (the "Company") and its controlled companies consisting of the balance sheets as of March 31, 2009, and the related statements of operations, cash flows and changes in shareholders' equity, notes and performance report for the quarter then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management. The financial statements of Inalca JBS S.p.A , directly controlled company, were reviewed by other independent auditors. Our opinion, insofar as it relates to the carrying value of the investment in this company and the equity in its earnings, is based on the report of those auditors.

2. Our review was performed in accordance with specific standards established by IBRACON (Brazilian Institute of Independent Auditors) together with the Federal Accounting Council, which consisted principally of: a) inquiry of and discussion with the managers responsible for the accounting, financial and operating areas as to the main criteria adopted in preparing the Quarterly Information and b) review of the information and subsequent events that have or may have material effects on the financial situation and operations of the Company and its controlled companies.

3. Based on our review, we are not aware of any material changes which should be made to the Quarterly Information referred to in paragraph 1 for it to be in conformity with the standards issued by CVM - Brazilian Securities and Exchange Commission applicable to the preparation of Quarterly Information, including CVM Instruction No. 469/08.

4. As mentioned in note 2, Brazilian accounting practices were changed during 2008, and the effects of their initial adoption were only accounted for by the Company and its controlled companies in the fourth quarter of 2008, and disclosed in the financial statements as of December 31, 2008. The statements of operations, cash flows, and changes in shareholders' equity for the quarter ended March 31, 2008, presented along with the current quarter information, were not adjusted for comparative purposes pursuant to CVM/SNC/SEP Circular Letter No. 02/2009.

5. Our review was conducted in order to form an opinion with respect to the financial statements cited in paragraph 1, taken as a whole. The individual (Company) and consolidated value added statements represent information complementary to the financial statements; they are not required by the accounting practices adopted in Brazil and are provided to enable additional analysis. This complementary information was submitted to the same auditing procedures described in paragraph 2 and, in our opinion, are adequately stated, in all material aspects, in relation to the financial statements for the quarter ended March 31, 2009.

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

Ribeirão Preto, May 8th, 2009.

BDO Trevisan
BDO Trevisan Auditores Independentes
CRC 2SP013439/O-5

Estefan George Haddad
Partner Accountant
CRC 1DF008320/O-5 "S" SP

JBS S.A.

Balance sheets
(In thousands of Reais)

	Company		Consolidated	
	March, 2009	December, 2008	March, 2009	December, 2008
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 4)	**1.326.913**	1.522.973	**1.797.951**	2.291.617
Trade accounts receivable, net (Note 5)	**520.692**	552.991	**2.001.484**	2.232.300
Inventories (Note 6)	**396.727**	539.510	**2.335.146**	2.549.674
Recoverable taxes (Note 7)	**458.254**	447.343	**632.981**	623.022
Prepaid expenses	**3.023**	1.754	**77.954**	70.881
Other current assets	**92.962**	166.275	**401.767**	493.372
TOTAL CURRENT ASSETS	**2.798.571**	**3.230.846**	**7.247.283**	**8.260.866**
NON-CURRENT ASSETS				
Long-term assets				
Credits with related parties (Note 8)	**161.433**	1.700.868	**455.987**	54.569
Judicial deposits and others	**16.930**	16.378	**100.876**	102.779
Deferred income taxes (Note 18)	**24.275**	22.626	**506.534**	481.485
Recoverable taxes (Note 7)	**39.147**	37.632	**65.675**	65.307
Total long-term assets	**241.785**	**1.777.504**	**1.129.072**	**704.140**
Permanent assets				
Investments in subsidiaries (Note 9)	**5.372.969**	3.803.669	**-**	-
Other investments	**10**	10	**5.749**	5.722
Property, plant and equipment, net (Note 10)	**1.866.269**	1.804.833	**5.019.454**	4.918.671
Intangible assets, net (Note 11)	**944.174**	959.230	**2.165.229**	2.205.347
Deferred charges	**-**	-	**1.597**	1.603
Total Permanent assets	**8.183.422**	**6.567.742**	**7.192.029**	**7.131.343**
TOTAL NON-CURRENT ASSETS	**8.425.207**	**8.345.246**	**8.321.101**	**7.835.483**
TOTAL ASSETS	**11.223.778**	**11.576.092**	**15.568.384**	**16.096.349**

	Company		Consolidated	
	March, 2009	December, 2008	March, 2009	December, 2008
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade accounts payable (Note 12)	**242.318**	383.979	**1.567.868**	2.077.844
Loans and financings (Note 13)	**2.080.299**	1.494.690	**2.780.018**	2.214.788
Payroll, social charges and tax obligation (Note 14)	**69.780**	62.722	**312.635**	337.238
Declared dividends (Note 15)	**12.321**	51.127	**12.321**	51.127
Other current liabilities	**122.390**	76.772	**272.766**	248.344
TOTAL CURRENT LIABILITIES	**2.527.108**	**2.069.290**	**4.945.608**	**4.929.341**
NON-CURRENT LIABILITIES				
Loans and financings (Note 13)	**2.570.489**	2.991.344	**3.191.779**	3.401.709
Deferred income taxes (Note 18)	**74.825**	83.453	**907.925**	884.927
Provision for contingencies (Note 16)	**48.333**	48.244	**57.596**	57.637
Debit with third parties for investment (Note 17)	**200.089**	210.480	**200.089**	210.480
Other non-current liabilities	**38.026**	38.870	**504.085**	480.302
TOTAL NON-CURRENT LIABILITIES	**2.931.762**	**3.372.391**	**4.861.474**	**5.035.055**
MINORITY INTEREST	**-**	**-**	**(3.606)**	**(2.458)**
SHAREHOLDERS' EQUITY (Note 19)				
Capital stock	**4.495.581**	4.495.581	**4.495.581**	4.495.581
Capital reserve	**777.844**	769.463	**777.844**	769.463
Revaluation reserve	**116.695**	118.178	**116.695**	118.178
Profit reserves	**18.696**	1.297	**18.696**	1.297
Valuation adjustments of shareholders´ equity	**(676)**	(2.920)	**(676)**	(2.920)
Accumulated exchange conversion adjustments	**677.969**	752.812	**677.969**	752.812
Accumulated losses	**(321.201)**	-	**(321.201)**	-
TOTAL SHAREHOLDERS' EQUITY	**5.764.908**	**6.134.411**	**5.764.908**	**6.134.411**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**11.223.778**	**11.576.092**	**15.568.384**	**16.096.349**

The accompanying notes are an integral part of the financial statements

Statements of income for the three months period ended March 31, 2009 and 2008
(In thousands of Reais)

	Company		Consolidated	
	2009	2008	2009	2008
GROSS OPERATING REVENUE				
Sales of products:				
Domestic Sales	**871.471**	523.540	**7.398.403**	3.949.104
Foreign Sales	**417.719**	581.131	**2.106.170**	2.056.417
	1.289.190	**1.104.671**	**9.504.573**	**6.005.521**
SALES DEDUCTIONS				
Returns and discounts	**(68.179)**	(33.450)	**(117.702)**	(72.100)
Sales taxes	**(96.608)**	(62.184)	**(118.944)**	(74.356)
	(164.787)	**(95.634)**	**(236.646)**	**(146.456)**
NET SALE REVENUE	**1.124.403**	**1.009.037**	**9.267.927**	**5.859.065**
Cost of goods sold	**(911.199)**	(764.336)	**(8.509.805)**	(5.348.839)
GROSS INCOME	**213.204**	**244.701**	**758.122**	**510.226**
OPERATING INCOME (EXPENSE)				
General and administrative expenses	**(40.651)**	(20.602)	**(215.275)**	(79.822)
Selling expenses	**(114.355)**	(100.159)	**(414.463)**	(305.146)
Financial income (expense), net (Note 20)	**(407.606)**	(4.600)	**(446.582)**	(76.802)
Equity in subsidiaries (Note 9)	**16.015**	(78.218)	**-**	-
Goodwill amortization (Note 11)	**-**	(44.313)	**-**	(44.313)
Other (expense) income, net	**432**	438	**(618)**	(524)
	(546.165)	**(247.454)**	**(1.076.938)**	**(506.607)**
LOSS BEFORE TAXES	**(332.961)**	**(2.753)**	**(318.816)**	**3.619**
Current income taxes	**764**	(4.141)	**(3.129)**	(15.590)
Deferred income taxes	**9.513**	278	**(1.674)**	4.949
	10.277	**(3.863)**	**(4.803)**	**(10.641)**
LOSS BEFORE MINORITY INTEREST	**(322.684)**	**(6.616)**	**(323.619)**	**(7.022)**
Minority interest (expense) income	**-**	-	**935**	406
LOSS OF THE PERIOD	**(322.684)**	**(6.616)**	**(322.684)**	**(6.616)**
LOSS PER THOUSAND SHARES	**(230,33)**	**(5,07)**		

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

	Company 2009	Company 2008	Consolidated 2009	Consolidated 2008
Income (loss) before taxes	**(332.961)**	(2.753)	**(318.816)**	3.619
Financial income (expense), net (Note 20)	**407.606**	4.600	**446.582**	76.802
Depreciation and amortization	**21.871**	15.391	**83.776**	51.007
Equity in subsidiaries (Note 9)	**(16.015)**	78.218	**-**	-
Goodwill Amortization (Note 11)	**-**	44.313	**-**	44.313
AMOUNT OF EBITDA	**80.501**	**139.769**	**211.542**	**175.741**

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, 2009
(In thousands of Reais)

	Capital stock	Capital reserve goodwill	Revaluation reserve	Profit Reserves Legal	Profit Reserves For expansion	Valuation adjustments of shareholders´ equity	Accumulated exchange conversion adjustments	Accumulated losses	Total
BALANCE AS OF DECEMBER 31, 2008	**4.495.581**	**769.463**	**118.178**	**1.297**	**-**	**(2.920)**	**752.812**	**-**	**6.134.411**
Adjustment of net income destination from previous year (note 15)	-	21.407	-	-	17.399	-	-	-	**38.806**
Realization of revaluation reserve	-	-	(1.483)	-	-	-	-	1.483	**-**
Shares acquisition	-	(13.026)	-	-	-	-	-	-	**(13.026)**
Valuation adjustments in subsidiaries shareholders´ equity	-	-	-	-	-	2.244	-	-	**2.244**
Accumulated exchange conversion adjustments in subsidiaries shareholders´ equity	-	-	-	-	-	-	(39.402)	-	**(39.402)**
Foreign investiments exchange rate variations	-	-	-	-	-	-	(35.441)	-	**(35.441)**
Loss of the period	-	-	-	-	-	-	-	(322.684)	**(322.684)**
BALANCE AS OF MARCH 31, 2009	**4.495.581**	**777.844**	**116.695**	**1.297**	**17.399**	**(676)**	**677.969**	**(321.201)**	**5.764.908**

JBS S.A.

Statements of cash flows for the three months period ended March 31, 2009 and 2008
(In thousands of Reais)

	Company		Consolidated	
	2009	2008	2009	2008
Cash flow from operating activities				
. Loss of the period	**(322.684)**	(6.616)	**(322.684)**	(6.616)
Adjustments to reconcile net income (loss) to cash provided				
. Depreciation and amortization	**21.871**	15.391	**83.776**	51.007
. Allowance for doubtful accounts	751	818	**3.696**	1.232
. Goodwill amortization	**-**	44.313	**-**	44.313
. Minority interest	**-**	-	**(935)**	(406)
. Equity in subsidiaries	**(16.015)**	78.218	**-**	-
. Write-off of fixed assets	**498**	505	**1.060**	505
. Deferred income taxes	**(9.513)**	(278)	**1.674**	(4.949)
. Current and non-current financial charges	**140.365**	24.242	**376.897**	89.111
. Provision for contingencies	**89**	-	**203**	-
. Adjustment to present value of assets and liabilities	**310**	-	**310**	-
	(184.328)	**156.593**	**143.997**	**174.197**
Variation in operating assets and liabilities				
. Decrease (increase) in trade accounts receivable	**10.618**	(136.658)	**170.598**	(219.575)
. Decrease (increase) in inventories	**142.783**	(48.679)	**169.009**	(411.235)
. Decrease (increase) in recoverable taxes	**(12.132)**	(10.600)	**(16.719)**	(30.286)
. Decrease (increase) in other current and non-current assets	**71.492**	16.649	**36.034**	(20.444)
. Decrease (increase) in credits with related parties	**(34.680)**	43.258	**(417.624)**	(66)
. Increase (decrease) in trade accounts payable	**(144.962)**	(139.123)	**(479.891)**	(103.986)
. Increase (decrease) in other current and non-current liabilities	**50.784**	214.200	**81.048**	366.019
. Valuation adjustments of shareholders´ equity	**-**	**-**	**(82.990)**	**-**
Net cash provided by (used in) operating activities	**(100.425)**	**95.640**	**(396.538)**	**(245.376)**
Cash flow used in investing activities				
. Additions to property, plant and equipment and intangible assets	**(118.805)**	(115.566)	**(260.790)**	(747.421)
. Increase in investments	**(25.121)**	(1.423.158)	**(309)**	(301.520)
Net cash used in investing activities	**(143.926)**	**(1.538.724)**	**(261.099)**	**(1.048.941)**
Cash flow from financing activities				
. Loans and financings	**981.113**	1.597.672	**1.320.342**	1.997.511
. Payments of loans and financings	**(919.796)**	(244.805)	**(1.130.736)**	(1.028.972)
. Increase in capital stock	**-**	1.730.551	**-**	1.730.551
. Shares acquisition of own emission	**(13.026)**	**(102.254)**	**(13.026)**	**(102.254)**
Net cash provided by financing activities	**48.291**	**2.981.164**	**176.580**	**2.596.836**
Effect of exchange rates on Cash and cash equivalents	**-**	**-**	**(12.609)**	**-**
Net increase (decrease) in cash	**(196.060)**	1.538.080	**(493.666)**	1.302.519
Cash and cash equivalents at the beginning of the period	**1.522.973**	869.784	**2.291.617**	1.381.703
Cash and cash equivalents at the end of the period	**1.326.913**	**2.407.864**	**1.797.951**	**2.684.222**

The accompanying notes are an integral part of the financial statements

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 plants located in the States of São Paulo, Goiás, Mato Grosso, Mato Grosso do Sul, Rondônia, Minas Gerais, Acre and Rio de Janeiro. The Company distributes its products through distribution centers located in the State of São Paulo, and a container terminal for export in the city of Santos.

In order to minimize transportation costs, the Company transports cattle to its slaughterhouses and the transportation of its export products.

Mouran Alimentos Ltda.. (Mouran) is a subsidiary which conducts slaughterhouse and cold storage business operations for the production of beef, canned goods, fat, animal rations and beef by-products in its facilities located in the State of São Paulo.

JBS Embalagens Metálicas Ltda. (JBS Embalagens) produces metallic cans in its plant located in the State of São Paulo, which are purchased by the Company.

The subsidiary JBS Confinamento Ltda. (JBS Confinamento) is located in Castilho, State of São Paulo, renders fattening service of bovine for slaughter.

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.

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 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 Zavate (Argenvases), both located in the province of Buenos Aires, and one meat-packing slaughterhouse in Cordoba (Col-car).

SB Holdings, Inc. (SB Holdings) 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 in the North-American market.

Jerky Snacks Brands, Inc (Jerky Snacks), 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 Snacks purchases meat from Brazil and in the local market and its sales are mainly in 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 bovine meat, birds and porks products. 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) has feedlots and processes, 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 refrigerated beef and pork processed to standard industry specifications.

(Expressed in thousands of reais)

In the United States, JBS USA operates eight beef processing facilities, three pork processing facilities, one lamb slaughter facility, one value-added facility for pork and eleven feedlot. In Australia, JBS USA operates ten beef and small animals processing facilities and JBS USA in Australia operates five feedlots that provide grain-fed cattle for its processing operations.

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, 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.

JBS USA divides its business into two segments: Beef, through which it conducts its beef processing business; and pork, through which it conducts its 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, packed under vacuum or portioned in a protective atmosphere, 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.

The integral subsidiary Montana Alimentari S.p.A. (Montana) is one of the leading Italian companies in the production, marketing and distribution of cured meats, snacks and ready-to-eat meals with over 230 products. Montana owns the well-known brands “Montana” and “IBIS”, and Montana owns four facilities, specialized by type of production and located in the area distinguished by the Protected Denomination of Origin (P.D.O.) and Protected Geographic Indication (P.G.I.) brands. Montana is also one of the main operators in the Italian canned meat market and pre-sliced products.

2 Elaboration and Presentation of financial information

The individual and consolidated financial statements as of the three months period ended March 31, 2009 have been prepared in accordance with the generally accepted accounting principles in Brazil, that embraces the corporate Brazilian legislation, the Pronouncements, Orientations and Interpretations issued by the Brazilian Accounting Pronouncements Committee - CPC and approved by the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários – CVM).

The accounting principles in Brazil were changed during 2008, according to the Law n° 11.638 approved on December 28, 2007, with the respective modifications introduced by the Executive Act n° 449, of December 3, 2008, and the effects of 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 statements of income and cash flows referring to the three months period ended March 31, 2008, presented together with the statements of the current quarter, were not adjusted for comparison purposes, according to the option of the publishment CVM/SNC/SEP n. 02/2009.

Below are presented the relevant effects in the income statements and shareholder´s equity of the three months period ended on March 31, 2008, that would be obtained if were adjusted by the accounting principles in place in the current quarter.

Effects at the profit & loss of the three months period and in the shareholders´ equity as of March 31, 2008

	Net income of the year		Shareholders´ equity	
	Company	Consolidated	Company	Consolidated
Loss of the period	**(6.616)**	**(6.616)**	**4.676.269**	**4.676.269**
Exchange variation on foreign investments, net	(46.186)	39.004	-	-
Equity in subsidiaries	7.182	-	-	-
Investments goodwill amortization	44.313	44.313	44.313	44.313
Net income (loss) as per accounting principles in 2009	**(1.307)**	**76.701**	**4.720.582**	**4.720.582**

3 Significant accounting policies

a) Profit and loss calculation

The operations results is in conformity with the accounting regime of competence.

b) Accounting estimates

The preparation of financial statements in accordance with generally accepted accounting principles in Brazil requires the Company's management to (i) make estimates and assumptions that affect the reported amounts of assets and liabilities and (ii) disclose (a) contingent assets and liabilities as of the date of the financial statements and (b) the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

c) Financial instruments

Financial instruments are recognized in the moment that the Company becomes part of the contractual dispositions of the instrument. When a financial asset or liability is initially recognized, it is registered by the fair value, plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset or liability.

In case of financial assets and liabilities classified in the category of fair value through the result, the transaction costs are directly accounted in the profit and loss of the year.

Subsequent measurement of the financial instruments happens in each date of the financial statements according to the rules established for each classification of financial assets and liabilities in: (i) assets and liabilities measured to the fair value through the result, (ii) maintained until the expiration date, (iii) loans and receivables (iv) available for sale.

d) Allowance for doubtful accounts

Allowance for doubtful accounts is computed based on the probable loss, the profile of the customers, overall economic and financial condition and specific risks relating to the relevant customers. The Company's management believes that the allowance for doubtful accounts is sufficient to cover the exposure to possible losses.

e) Inventories

Inventories are valued based on their cost of acquisition, creation or production, which cost is lower than the market or net realizable value.

f) Investments

Investments in subsidiaries are accounted according to the equity method.

g) Property, plant and equipment, net

Property, plant and equipment are stated at an amount equivalent to their historical acquisition cost plus the amount resulting from the increase in the value of these assets as determined by revaluations performed by independent appraisal firms until December 31, 2007.

Depreciation is computed pursuant to the straight-line method, using rates described in Note 10, which take into account the useful and economic lives of the assets.

h) Intangible assets

The intangible assets are demostrated by the acquisition or formation cost, deducted by the amortization. The intangible assets with indefinite useful life are not amortized.

The goodwill based on future profitability expectation is not been amortized starting from 2009 according to orientation OCPC 02 endorsed by CVM through the publication CVM/SNC/SEP 01/2009.

i) Reduction to recovery amount (Impairment)

The items of property, plant and equipment, intangible assets and deferred charges are tested by its recoverability amounts, at least annually, in case there are indications of loss of value. The goodwill and the intangible assets with indefinite useful life are tested annually independently of whether there is (or not) indication of loss of value.

j) Other Current and Long-term Assets

Current and long-term assets are accounted for at their realization value including, if applicable, the related income, charges and monetary variations.

k) Current Liabilities and non-current Liabilities

Current and non-current liabilities are accounted for at their known or computed amounts, including, if applicable, the related income, charges and monetary variations.

l) Contingent assets and liabilities

Contingent assets are recognized only when there are final judments or favorable judicial decisions rendered. Contingent assets with probable gain are only published in accompanying notes.

Contingent liabilities are provisioned when the losses are appraised as probable and the involved amounts are measurable with enough certainty. The contingent liabilities appraised as possible losses are only published in accompanying notes and the contingent liabilities appraised as remote losses are neither acrrued nor discloded.

m) Income Tax and Social Contribution

Current taxes

Provisions for income tax and social contribution are based on rates and laws and regulations in force.

Deferred taxes

The Company records deferred income tax assets and liabilities based on temporary differences between the carrying amounts on the Company's financial statements and the tax basis of assets and liabilities.

n) Result by share

The result by share is calculated based on the outstanding shares on the date of the financial statements.

o) Consolidation

All assets and liabilities of JBS S.A. and its subsidiaries and revenues and expenses from transactions between JBS S.A. and its subsidiaries were eliminated. No inter-company profits were recorded on the consolidated balance sheet of the Company. Accordingly, the shareholders' equity of JBS S.A. individually is equal to its consolidated shareholders' equity.

The financial statements of the subsidiaries of JBS S.A. located outside of Brazil were originally prepared using the local currency of the country in which they are located. Subsequently, these amounts were converted into Reais using the applicable commercial exchange rates reported by the Central Bank of Brazil on the date of the consolidated balance sheet for assets and liabilities, and the average exchange rate of the period to revenues and expenses. The gains and losses due to the conversion are recognized directly in the shareholders´ equity in the account of accumulated exchange conversion adjustments.

With respect to the Company's investment in JBS Argentina and its subsidiaries and Inalca JBS and its subsidiaries, we have compared the generally accepted accounting principles in Argentina and Italy with the corresponding principles in Brazil applied by the Company, and we have noted that there were no material differences.

The accounting practices adopted by Tupman and Astro, both subsidiaries of SB Holdings, located in the United States of America, do not differ significantly from those adopted in Brazil.

The accounting practices adopted in the United States of America by JBS USA (US GAAP) are adjusted to Brazilian GAAP, according to the following differences:

- Finished goods inventories: valued using market price, and are adjusted to production average cost method;
- Permanent assets: includes R$ 753,304 related to intangible assets and fixed assets goodwill, calculated according to applicable purchasing accounting, and it was adjusted reducing the shareholder´s equity.

The subsidiaries companies included in the consolidation are mentioned in the Note 9.

p) Adjustments of assets and liabilities to present value.

The financial long term assets and liabilities are adjusted by its present value, and the short term, when the effect is considered relevant in the financial statements. The adjustment to present value is calculated considerating the contractual cash flows and the market interest rate.

q) Complemental information

In order to provide a better understanding of its financial statements the Company has presented, as complemental information, its consolidated statements Economic Value Added (EVA) report for the three months period ended March 31, 2009. 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.

(Expressed in thousands of reais)

4 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:

	Company		Consolidated	
	March, 2009	Dec, 2008	March, 2009	Dec, 2008
Cash and bank accounts	**264.520**	236.432	**693.606**	975.194
Certificates of bank deposits - CDB-DI	**952.632**	1.147.326	**988.930**	1.150.604
Investment funds	**109.761**	139.215	**115.415**	165.819
	1.326.913	**1.522.973**	**1.797.951**	**2.291.617**

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.

5 Trade accounts receivable, net

	Company		Consolidated	
	March, 2009	Dec, 2008	March, 2009	Dec, 2008
Receivables not yet due	**476.607**	**505.910**	**1.520.379**	**1.654.871**
Overdue receivables:				
From 1 to 30 days	**35.018**	35.802	**373.971**	449.001
From 31 to 60 days	**7.175**	6.277	**56.395**	71.726
From 61 to 90 days	**4.323**	6.589	**19.749**	24.236
Above 90 days	**7.622**	7.875	**65.037**	63.050
Adjustment to present value	**(1.031)**	(1.191)	**(958)**	(1.191)
Allowance for doubtful accounts	**(9.022)**	(8.271)	**(33.089)**	(29.393)
	44.085	**47.081**	**481.105**	**577.429**
	520.692	**552.991**	**2.001.484**	**2.232.300**

6 Inventories

	Company		Consolidated	
	March, 2009	Dec, 2008	March, 2009	Dec, 2008
Finished products	**354.270**	489.953	**1.606.491**	1.770.199
Work-in-process	**616**	674	**136.110**	157.745
Raw-materials	**323**	1.978	**60.147**	70.213
Livestock	**-**	-	**275.520**	282.591
Warehouse spare parts	**41.518**	46.905	**256.878**	268.926
	396.727	**539.510**	**2.335.146**	**2.549.674**

7 Recoverable taxes

	Company		Consolidated	
	March, 2009	Dec, 2008	March, 2009	Dec, 2008
Value-added tax on sales and services (ICMS / IVA / VAT)	**399.885**	379.678	**495.915**	476.761
Excise tax - IPI	**51.659**	51.657	**111.731**	111.447
Social contribution and taxation on billings - PIS and Cofins	**4.143**	19.330	**17.327**	32.957
Income tax withheld at source - IRRF	**32.655**	25.556	**36.745**	29.612
Others	**9.947**	9.936	**37.826**	38.734
Adjustment to present value	**(888)**	(1.182)	**(888)**	(1.182)
	497.401	**484.975**	**698.656**	**688.329**

(Expressed in thousands of reais)

Current and Long-term:				
Current	**458.254**	447.343	**632.981**	623.022
Non-current	**39.147**	37.632	**65.675**	65.307
	497.401	**484.975**	**698.656**	**688.329**

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

Brazilian law authorizes manufacturers of goods to set off the ICMS tax paid upon the purchase of raw materials against the taxes charged upon the sale of the finished goods manufactured with such raw materials. Recoverable ICMS derives from tax credits received by the Company in connection with ICMS taxes paid upon its purchase of raw-materials, packaging materials and other goods, which are offset against ICMS taxes resulting from the sale of the Company's products. As export sales are exempt from ICMS and a relevant portion of the Company's sales are export sales, a tax credit is generated.

The Tax Authority of the State of São Paulo (*Secretaria da Fazenda do Estado de São Paulo*) filed administrative proceedings against the Company challenging the amount of the Company's ICMS tax credits arising from the purchase of cattle by the Company in other Brazilian states. The Tax Authority of the State of São Paulo claims that the tax incentives granted by such other states were not based upon an agreement with the State of São Paulo, and accordingly, the Tax Authority of the State of São Paulo only recognizes the Company's ICMS tax credits up to the amount of the ICMS tax paid in such other states.The Company's management believes that its accounting of the ICMS tax credit is in accordance with Brazilian law, and expects to be reimbursed of such credits.

PIS and COFINS (social contribution on net income)

PIS and COFINS tax credits are generated as a result of PIS/COFINS taxes paid by the Company upon its purchase of raw-materials, packaging and other materials used in the manufacturing of its products against the PIS/COFINS taxes paid by Company upon the sale of its finished products. Similarly to ICMS and IPI, as exports of the Company's products are exempt from such taxes, a tax credit is created.

IRRF (withholding income tax)

IRFF corresponds to withholding income tax levied upon the redemption of marketable securities by the Company. The Company expects to set off such withholding income taxes against income taxes on net income paid for the applicable period.

General comments

Based upon final administrative decisions by the *Câmara Superior do Conselho de Contribuintes* and on the opinion of its legal counsels, the Company and JBS Embalagens has performed a monetary adjustment of its tax credits of PIS, COFINS and IPI based on the SELIC rate (which is the reference rate published by the Central Bank of Brazil). After such monetary adjustments, the total PIS, COFINS and IPI tax credits totaled R$ 134,753. From the total amount the Company received an amount of R$ 17,045, and will receive and additional amount of R$ 117,708.

(Expressed in thousands of reais)

8 Related parties transactions

Main transactions between related parties in the balance sheet and income statement are the following:

	March 31, 2009			December 31, 2009		
	Trade accounts receivable	Trade accounts payable	Credits (Debits)	Trade accounts receivable	Trade accounts payable	Credits (Debits)
Directly subsidiaries						
Mouran Alimentos Ltda.	**-**	**-**	**8.343**	-	-	5.719
JBS Confinamento Ltda.	**112**	**23**	**27.545**	215	8	14.959
JBS Embalagens Metálicas Ltda.	**-**	**1.454**	**58.331**	-	2.735	57.282
JBS Global A/S (Denmark)	**-**	**-**	**(500)**	-	-	(531)
JBS USA, Inc	**-**	**-**	**-**	-	-	1.580.340
Inalca JBS S.p.A	**2.028**	**-**	**-**	6.798	-	-
JBS Holding Internacional S/A	**-**	**-**	**32.656**	-	-	-
Indirectly subsidiaries						
JBS Global Beef Company Lda.	**48**	**-**	**(54.407)**	-	-	(54.920)
JBS Global (UK) Limited	**16.734**	**-**	**-**	24.625	-	-
JBS Argentina S.A	**-**	**638**	**-**	-	677	-
The Tupman Thurlow Co.	**43.281**	**447**	**17.829**	34.258	715	18.488
Global Beef Trading SU Lda.	**11.399**	**-**	**-**	-	-	-
Beef Snacks Brasil Ind.Com. Ltda	**64**	**2**	**67.089**	5	-	72.135
Beef Snacks International BV	**-**	**-**	**4.501**	-	-	4.463
Marr Russia L.L.C	**8.914**	**-**	**46**	-	-	2.933
Other related parties						
JBS Agropecuária Ltda.	**15**	**9**	**-**	143	7.540	-
Flora Produtos de Hig. Limp. S.A.	**5.693**	**231**	**-**	1.813	83	-
	88.288	**2.804**	**161.433**	**67.857**	**11.758**	**1.700.868**

	Three months period ended March 31, 2009		Three months period ended March 31, 2008	
	Purchases	Sales of products	Purchases	Sales of products
Directly subsidiaries				
JBS Confinamento Ltda.	**471**	**106**	-	-
JBS Embalagens Metálicas Ltda.	**9.148**	**-**	9.881	-
JBS USA, Inc	**-**	**712**	-	-
Inalca JBS S.p.A	**-**	**7.804**	-	6.178
Indirectly subsidiaries				
JBS Global (UK) Limited	**-**	**16.414**	-	106.402
JBS Argentina S.A	**36.208**	**-**	2.523	-
The Tupman Thurlow Co.	**-**	**26.805**	-	16.953
Global Beef Trading SU Lda.	**-**	**13.363**	-	8.781
Beef Snacks Brasil Ind.Com. Ltda	**-**	**149**	7	3.953
Marr Russia L.L.C	**-**	**29.611**	-	-
Other related parties				
JBS Agropecuária Ltda.	**6.317**	**57**	-	-
Flora Produtos de Hig. Limp. S.A.	**685**	**20.220**	-	-
	52.829	**115.241**	**12.411**	**142.267**

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

The credits and debits are presented, mainly, by mutual contracts which are calculated interests and exchange rate variation.

The parent company J&F Participações S.A guarantees Eurobonds operation of the Company in the amount of US$ 275 million that become due in 2011.

(Expressed in thousands of reais)

9 Investments in subsidiaries

a) Relevant information about subsidiaries

March 31, 2009	Company's share quantity (Thousand)	Participation	Capital stock	Shareholders' equity	Net income (loss)
JBS Embalagens Metálicas Ltda.	10.002	99,00%	2	36.202	(2.746)
JBS Global Investments S.A.	93.000	100,00%	215.314	114.988	6.577
JBS Holding Internacional. S. A.	679.153	100,00%	679.153	506.942	(28.622)
JBS Global A/S	2.252	100,00%	123.510	146.007	(3.713)
Mouran Alimentos Ltda.	120	70,00%	120	(22.105)	(406)
JBS USA, Inc.	0,1	100,00%	2.192.298	2.337.687	46.929
SB Holdings, Inc	20	100,00%	23	3.760	(1.375)
JBS Confinamento Ltda.	65.001	100,00%	65.001	62.464	(1.956)
Inalca JBS S.p.A	280.000	50,00%	861.922	1.125.604	(188)
JBS Slovakia Holdings, S.R.O	0,001	100,00%	1.588.884	1.602.479	1.272

b) Investments movement

				Equity in subsidiaries		
	Dec 31, 2008	Addition (disposal)	Exchange rate variation	Shareholders´ Equity	Income Statements	March 31, 2009
JBS Embalagens Metálicas Ltda.	**38.559**	-	-	-	(2.719)	**35.840**
JBS Global Investments S.A.	**109.421**	-	(1.021)	11	6.577	**114.988**
JBS Holding Internacional. S. A.	**582.180**	-	-	(46.616)	(28.622)	**506.942**
JBS Global A/S	**137.865**	25.104	(6.668)	(6.581)	(3.713)	**146.007**
Mouran Alimentos Ltda.	**(15.189)**	-	-	-	(284)	**(15.473)**
JBS USA, Inc.	**2.301.887**	-	(21.472)	10.343	46.929	**2.337.687**
SB Holdings, Inc	**4.170**	-	(39)	1.004	(1.375)	**3.760**
JBS Confinamento Ltda.	**29.420**	35.000	-	-	(1.956)	**62.464**
Inalca JBS S.p.A	**600.167**	-	(29.629)	(7.642)	(94)	**562.802**
JBS Slovakia Holdings, S.R.O	**-**	1.560.831	28.053	12.323	1.272	**1.602.479**
Transfer to Other current liabilities (Negative equity Mouran)	**15.189**					**15.473**
Total	**3.803.669**	**1.620.935**	**(30.776)**	**(37.158)**	**16.015**	**5.372.969**

10 Property, plant and equipment, net

Company

					Net amount	
	Annual Depreciation Rates	Cost	Revaluation	Accumulated Depreciation	March, 2009	Dec, 2008
Buildings	4%	413.056	116.742	(41.400)	**488.398**	486.669
Land	-	107.469	9.352	-	**116.821**	116.821
Machinery & equipment	10%	404.761	45.846	(77.722)	**372.885**	285.314
Installations	10%	93.551	21.815	(24.434)	**90.932**	93.020
Computer equipment	20%	14.982	758	(8.219)	**7.521**	7.963
Vehicles and aircraft	20%	84.587	215	(47.317)	**37.485**	41.374
Construction in progress	-	737.808	-	-	**737.808**	759.028
Others	10 to 20%	19.908	4.580	(10.069)	**14.419**	14.644
		1.876.122	**199.308**	**(209.161)**	**1.866.269**	**1.804.833**

(Expressed in thousands of reais)

Consolidated

	Annual Depreciation Rates	Cost	Revaluation	Accumulated Depreciation	Net amount March, 2009	Net amount Dec, 2008
Buildings	3 to 20%	1.647.469	116.742	(186.787)	**1.577.424**	1.572.864
Land	-	654.812	9.352	(18.920)	**645.244**	632.130
Machinery & equipment	8 to 10%	2.074.553	45.846	(696.898)	**1.423.501**	1.334.566
Installations	10%	99.276	21.815	(25.407)	**95.684**	97.289
Computer equipment	20 to 100%	72.481	758	(37.880)	**35.359**	37.046
Vehicles and aircraft	14 to 50%	139.315	215	(62.267)	**77.263**	80.101
Construction in progress	-	1.100.998	-	(47.030)	**1.053.968**	1.090.190
Others	10 to 100%	106.431	4.580	-	**111.011**	74.485
		5.895.335	**199.308**	**(1.075.189)**	**5.019.454**	**4.918.671**

Until December 2007, supported by appraisal reports from SETAPE- Serviços Técnicos de Avaliações do Patrimônio e Engenharia S/C Ltda., the Company made an appraisal of its facilities, resulting in an increase in the value of these assets, and the creation of the revaluation reserve and the related deferred income tax and social contribution provisions.

As of March 31 2009, the balance of the Company's revaluation of fixed assets account was R$ 199,308, the balance of the Company revaluation reserve account was R$ 116,695, and the balance of the Company income tax and social contribution account was R$ 55,542. The Company recorded accrued depreciation of R$ 27,071 with respect to the Company's revaluation of fixed assets as of March 31, 2009.

11 Intangible assets, net

	Company March, 2009	Company Dec, 2008	Consolidated March, 2009	Consolidated Dec, 2008
Goodwill	**934.559**	949.615	**1.310.156**	1.331.283
Other intangible assets	**9.615**	9.615	**855.073**	874.064
	944.174	**959.230**	**2.165.229**	**2.205.347**

a) Goodwill

In the Company

In July 2007 the Company acquired 100% of the capital stock of Swift Foods Company, currently known as JBS USA Holdings, Inc., and paid a goodwill of R$ 877,609, based on the expectation of future profitability. The goodwill was been amortized as long as such profits are earned, during a period of five years. The accumulated goodwill amortization until December 31, 2008 is R$ 248,656.

In January 2007 the Company acquired 100% of the capital stock of SB Holdings, Inc., and paid a goodwill of R$ 21,725 based on the expectation of future profitability of the subsidiary. The goodwill was been amortized as long as such profits are earned, during a period not exceeding ten years. The accumulated goodwill amortization until December 31, 2008 is R$ 6,035.

In March of 2008 the Company acquired 50% of the capital stock of Inalca S.p.A., currently known as Inalca JBS, and paid a goodwill of EUR 94,181, which correspond as of March 31, 2009 to R$ 289,916, based on the expectation of future profitability.

In subsidiary

In 2007, JBS Holding International S.A., through its subsidiaries JBS Argentina S.A. and JBS Mendoza S.A., acquired 100% of the capital stock of Consignaciones Rurales S.A. and Argenvases S.A.I.C. and in 2008, through the same subsidiaries, acquired 100% of the capital stock of Colcar S.A., with a total goodwill in these acquisition of $53,341 thousand Argentinean pesos, that corresponds as of March 31, 2009 to R$ 33,283. These goodwill are based on the expectation of future profitability.

JBS USA has a goodwill in the amount of US$ 147,855 thousand, corresponding as of March 31, 2008 to R$ 342,314 represented, mainly, by the acquisition in 2008 of Smithfield, Tasman and Five Rivers, preliminary calculated and subject to adjustments. The goodwill is represented by the excess of the aggregate purchase price over the fair value of the net identifiable assets acquired in the purchase business combination.

b) Other intangible assets

Represented, mainly, by customers' list, trademarks and patents, commercialization rights, and others, of the subsidiary JBS USA.

(Expressed in thousands of reais)

12 Trade accounts payable

	Company		Consolidated	
	March, 2009	Dec, 2008	March, 2009	Dec, 2008
Commodities	**168.450**	313.316	**740.142**	1.044.142
Materials and services	**72.808**	70.586	**674.673**	916.293
Finished products	**2.243**	2.024	**154.236**	119.356
Adjustment to present value	**(1.183)**	(1.947)	**(1.183)**	(1.947)
	242.318	**383.979**	**1.567.868**	**2.077.844**

13 Loans and financings

a) Company

Modality	Annual average rate of interest and commissions	March, 2009	Dec, 2009
Financing for purchase of fixed assets			
FINAME / FINEM - Enterprise financing	TJLP-UMBNDES index rate and interest rate of 3.0%	**221.896**	231.700
		221.896	**231.700**
Loans for working capital purposes			
ACC - Exchange advance contracts	Exchange rate variation and interest rate LIBOR + 2.00%	**1.297.469**	591.990
EXIM - BNDES export credit facility	TJLP and interest rate of 3.0%	**112.194**	177.407
Fixed Rate Notes with final maturity in February 2011 (Eurobonds)	Exchange rate variation and interest rate of 9.375%	**645.468**	651.713
Working Capital	CDI and interest rate of 6.0%	**-**	51.113
Export prepayment	Exchange rate variation and interest rate of Libor + 1.0%	**353.275**	516.838
Fixed Rate Notes with final maturity in February 2016 (144-A)	Exchange rate variation and Interest rate of 10.5%	**706.107**	731.569
NCE / COMPROR	CDI and interest rate of 2.0%	**1.314.379**	1.533.704
		4.428.892	**4.254.334**
Total Loans and Financings		**4.650.788**	**4.486.034**
Current and Non-Current			
Current		**2.080.299**	1.494.690
Non-current		**2.570.489**	2.991.344
		4.650.788	**4.486.034**
Long-term installments have the following maturities:			
2010		**230.125**	636.327
2011		**1.116.091**	1.122.953
2012		**297.496**	298.308
2013		**232.217**	232.656
2016		**694.560**	701.100
		2.570.489	**2.991.344**

(Expressed in thousands of reais)

b) Consolidated

Modality	Annual average rate of interest and commissions	March, 2009	Dec, 2009
Financing for purchase of fixed assets			
FINAME / FINEM - Enterprise financing	TJLP-UMBNDES index rate and interest rate of 3.0%	**221.896**	231.700
Notes Payable	Interest rate Libor + 1.75% and interests of 3.0% to 7.25%	**25.006**	26.380
		246.902	**258.080**
Loans for working capital purposes			
ACC - Exchange advance contracts	Exchange rate variation and interest rate LIBOR + 2.00%	**1.450.319**	714.885
EXIM - BNDES export credit facility	TJLP and interest rate of 3.0%	**112.194**	177.407
Fixed Rate Notes with final maturity in February 2011 (Eurobonds)	Exchange rate variation and interest rate of 9.375%	**645.468**	651.713
Working Capital - American Dollars	Libor + Interest rate of 1.1% to 3.2%	**561.044**	377.253
Working Capital - Australian Dollars	BBSY + 0,975% to 1,60%	**168.042**	160.166
Working Capital - Euros	Euribor + Interests 0.15% - 1.75%	**390.917**	418.241
Working Capital - Reais	CDI and interest rate of 6.0%	**-**	51.113
Export prepayment	Exchange rate variation and interest rate of Libor + 1.0%	**353.275**	516.838
Fixed Rate Notes with final maturity February 2016 (144-A)	Exchange rate variation and Interest rate of 10.5%	**706.107**	731.569
NCE / COMPROR	CDI and interest rate of 2.0%	**1.337.529**	1.559.232
		5.724.895	**5.358.417**
Total		**5.971.797**	**5.616.497**
Current and Non-Current			
Current		**2.780.018**	2.214.788
Non-current		**3.191.779**	3.401.709
		5.971.797	**5.616.497**
Long-term installments have the following maturities:			
2009		**-**	797
2010		**257.638**	666.020
2011		**1.627.532**	1.416.958
2012		**320.838**	322.770
2013		**247.527**	248.111
2016		**738.244**	747.053
		3.191.779	**3.401.709**

Exchange Contract Advances (ACCs) are credits funded by financial institutions to JBS S.A. and subsidiary, amounting to US$ 626,434 thousands on March 31, 2009 (US$ 305,899 thousands on December 31, 2008) and are used to finance the export sales.

Outstanding amounts of export pre-payment loans were US$ 152,589 thousands on March 31, 2009 (US$ 221,154 thousands on December 31, 2008). Such loans were funded by financial institutions.

NCE (*Notas de Crédito à Exportação)* /COMPROR are an export finance credit facility linked to COMPROR used to finance the purchase of raw materials used in the Company's export products.

EUROBONDS - JBS S.A. issued 9.375% fixed rate notes due in 2011 in total aggregate amounts of US$200 million on February 6, 2006 and US$75 million on February 14, 2006. These notes are guaranteed by JBS S.A. and J&F Participações S.A.

(Expressed in thousands of reais)

144-A - JBS S.A. also issued the 10.5% fixed rate notes due on 2016 in the total aggregate amount of US$300 million on July 28, 2006. These notes are also guaranteed by the Company.

14 Payroll, social charges and tax obligation

	Company		Consolidated	
	March, 2009	Dec, 2008	March, 2009	Dec, 2008
Payroll and related social charges	**22.094**	23.240	**86.595**	86.293
Accrual for labor liabilities	**34.732**	28.590	**165.783**	182.478
Income tax	**-**	-	**15.855**	15.986
ICMS / VAT taxes payable	**5.811**	3.088	**5.929**	3.095
Others	**7.143**	7.804	**38.473**	49.386
	69.780	**62.722**	**312.635**	**337.238**

15 Declared dividends

	Company		Consolidated	
	March, 2009	Dec, 2008	March, 2009	Dec, 2008
Declared dividends	**12.321**	51.127	**12.321**	51.127
	12.321	**51.127**	**12.321**	**51.127**

The shareholders approved at the Ordinary and Extraordinary General Shareholders' Meeting held on April 29, 2009 the payment of dividends to the shareholders of JBS in the amount of R$ 12,321.

The value of the dividends approved which is less than that had initially been proposed by the Administration of the Company of R$ 51,127 was reached by the Shareholders present at the Shareholders General Ordinary and Extraordinary meeting who decided that the amortization of goodwill should not be excluded in order to calculate dividend payments. Consequently, they preferred distributing 50% of the net profit of the period ending December 31, 2008 after discounting the legal reserve.

16 Provision for contingencies

The Company and its subsidiaries are parties in several legal and administrative proceedings arising from the ordinary course of their respective businesses, including labor proceedings, civil proceedings and tax proceedings based on the estimate of its legal advisors. The Company has established provisions in its financial statements for the contingencies arising from these proceedings based on the estimates provided by its legal advisors. The table below sets forth the main information about the legal and administrative proceedings as of March 31, 2009:

Company			**Consolidated**
Type of Proceedings	Number of lawsuits / administrative proceedings	Provision	Provision
Labor	1.357	19.445	22.758
Civil	159	2.208	7.728
Tax	171	26.680	27.110
Total	**1.687**	**48.333**	**57.596**

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 paid in such other states. The Company estimates that the claims under these administrative proceedings amount to R$ 118,000 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$ 826.

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

b) PIS (Programa de Integração Social) and COFINS (Contribuição para Financiamento da Seguridade Social)

The Company has filed administrative proceedings challenging the calculation method used in the assessment of PIS and COFINS by the Federal Tax Authority (Secretaria da Receita Federal). The Company's management estimates that the contingencies arising from these legal proceedings amount to R$6,969 in the aggregate. Based on the opinion of the Company's legal counsels and recent decisions granted by the Brazilian Federal Supreme Court (Supremo Tribunal Federal), the Company's management has recorded a provision for losses arising from such legal proceedings in the amount of R$3,793.

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

In September 2002, the INSS 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.

In order to preserve its claims under the administrative proceeding and to avoid the lapse of the applicable statute of limitations period relating to these claims, the INSS sent the Company tax default notices (*notificações fiscais de lançamento de débito*) with respect to the contributions allegedly owed by the Company for the period from January 2009 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. In its defense to these default notices, the Company argued that it did not pay the contributions with respect to the period described in such notices in light of the favorable decision issued by the trial court reviewing the writ of mandamus action, which ordered the stay of the administrative proceedings and enjoined the INSS from collecting the contributions from the Company until a final decision is reached under such action.

An ongoing legal proceeding arguing as to the unconstitutionality of the contribution to the Rural Workers' Assistance Fund, with issues and factual circumstances similar to the writ of mandamus action is currently under review by the Brazilian Federal Supreme Court (*Supremo Tribunal Federal*). Up to the present moment, five of the ten judges opining on this proceeding have voted to declare this contribution unconstitutional and no judge has issued a dissenting opinion on this matter.

Based on this and other precedents and on the opinions of its external legal counsel, the Company's management believes the Company will prevail in these proceedings. Accordingly, the Company's management has not established any provision for contingencies arising from these proceedings. Currently, the Company is not forced to apply any discount, or pay the amount. In case any discount is made, due to commercial negotiation, the Company apply the discount and deposits it in Judgement, accomplishing the judicial decision.

The Company actually cannot assure that the INSS will not file other legal proceedings or issue default notices as a result of its failure to pay these social contributions for other fiscal years not covered by the administrative proceedings and default notices filed against the Company. In addition, the Company is granted an unfavorable decision under these administrative and legal proceedings, and INSS will not just be able to demand the withdrawal from the values of the debit notifications, estimate effect of R$ 38,000, as well as the values that have not been discounted, estimate effect of R$ 43,600, that will result in a total estimate exposure of R$ 81,600.

d) Other Tax Proceedings

The Company is also party to 100 other tax lawsuits and administrative proceedings. Contingencies arising from these proceedings are not material to the Company if considered on an individual basis. We highlight the proceedings with probable risk of loss, which have been provisioned for in the aggregate amount of R$ 17,876.

Labor Proceedings

As of March 31, 2009 the Company was party to 1,169 labor and accident proceedings, 186 tax proceedings filed by the work regional police stations and 2 proceedings established by the work public prosecution service, involving total value of R$ 106,606. Based on the opinion of the Company's external legal counsel, the Company's management recorded a provision in the amount of R$19,445 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.

In the three months period ended on March 31, 2009 the Company reviewed its criterion for contingencies allocation according to the legal natures, impacting in a considerable increase in the labor contingencies, in the involved and accrued amount, referring the new allocation of the proceedings of disease and labor accidents, that previously were allocated as civil nature contingencies, being now considered as labor contingencies.

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 June 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.

In the lawsuit, Frigorífico Araputanga claimed that the sale of the slaughterhouse should be nullified as the Company did not obtain the consent of SUDAM in order to register the public deed with the applicable real estate notary. In January 2005, the court of appeals (*Tribunal de Justiça do Mato Grosso*) held that the Company had complied with all material terms of the purchase agreement. The lawsuit was subsequently submitted to the review of the Federal Court of Cáceres, under No. 2005.36.01.001618-8, in light of the inclusion of the Federal Government as a party to the lawsuit. The Company obtained the consent of *Unidade de Gerenciamento dos Fundos de Investimento* - UGFIN, the successor of SUDAM, according to the Federal Regional Court of the 1st Region (*Tribunal Federal da 1ª Região*) decision, under Proceedings No. 2006.01.00.024584-7.

The parties are waiting for ruling following a judicial expert appraisal 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) Others

The Company is also party in other civil proceedings that in the evaluation of the Administration and its legal advisers, the loss expectation on March 31, 2009 is of R$ 1,608.

17 Debit with third parties for investment

Refers to the amount of 65 million Euros that will be increased in Inalca´s purchase price in case the Company achieves at least one of the following economic targets: EBITDA average over business year 2008, 2009 and 2010 equal or greater than Euro 75 million, or alternatively, EBITDA over business year 2010 equal or greater than Euro 90 million. In case none of these financial metrics is reached, the debit will be reverted against the goodwill of the acquisition.

(Expressed in thousands of reais)

18 Income taxes

Income tax and social contribution are recorded based on taxable net income pursuant to the rates set forth in the applicable laws. Deferred income tax and social contribution are recorded based on the temporary differences between the carrying amounts on the Company's financial statements and the tax basis of assets and liabilities, as well as on the tax loss carry forward credits.

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

	Three month period ended on March 31.	
	2009	**2008**
Income (loss) before income tax and social contribution	**(332.961)**	(2.753)
Addition (exclusion), NET:		
Permanent differences (substantially equity in subsidiaries)	**(14.830)**	14.874
Temporary differences	**27.979**	818
Calculation basis for income tax and social contribution	**(319.812)**	**12.939**
Income tax and CSLL	**-**	**(4.141)**
	-	**(4.141)**
Temporary differences	**(27.979)**	(818)
Deferred income tax and social contribution	**9.513**	**278**

b) Deferred income tax and social contribution

	Company		Consolidated	
	March, 2009	Dec, 2008	March, 2009	Dec, 2008
Assets:				
. On tax losses and temporary differences	**24.275**	22.626	**506.534**	481.485
	24.275	**22.626**	**506.534**	**481.485**
Liabilities:				
. On revaluation reserve and temporary differences	**74.825**	83.453	**907.925**	884.927
	74.825	**83.453**	**907.925**	**884.927**

The Company and its subsidiaries have a track record 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.

19 Shareholders' equity

a) Capital Stock

The Capital Stock on March 31, 2009 and December 31, 2008 is represented by 1,438,078,926 ordinary shares, without nominal value. From the total shares, as described in letter e) below, 37,140,300 shares are maintained in treasury (34,226,200 on December 31, 2008).

The Company is authorized to increase its capital by an additional 22,600,000 ordinary nominative shares.

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.

(Expressed in thousands of reais)

d) Dividends

Mandatory dividends correspond to 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 numbers 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, 2009, the Company maintained 37,140,300 treasury shares, with an average unit cost of R$ 5.60, and the minimum and maximum acquisition prices were R$ 2.68 and R$ 8.54, respectively.

The market value of the shares according to the BOVESPA as of March 31, 2009 was R$ 5.25.

20 Financial income (expense), net

	Company		Consolidated	
	Three month period ended on March 31,		Three month period ended on March 31,	
	2009	2008	2009	2008
Exchange variation	**(123.567)**	22.479	**(116.930)**	6.336
Results on derivatives	**(181.006)**	24.202	**(172.723)**	(2.986)
Interest - Loss	**(114.964)**	(100.052)	**(165.201)**	(125.702)
Interest - Gain	**13.871**	57.562	**18.316**	59.495
Taxes, contribution, tariff and others	**(1.940)**	(8.791)	**(10.044)**	(13.945)
	(407.606)	**(4.600)**	**(446.582)**	**(76.802)**

The financial expense for the three months period ended on March 31, 2008 is affected by the exchange variation and its relation to permanent foreign investments. The impact os the exchange rate variation is R$ 46.186 (R$ 39.004 in the consolidated), and did not affected the EBITDA.

21 Management's compensation

For the trhree months period ended March 31, 2009 and 2008, the aggregate compensation paid by the Company to the Company's management was R$ 750.

22 Insurance coverage

The Company adopts the policy of maintaining insurance coverage for property, plant and equipment and inventories that are subject to risks, in the amounts considered sufficient to cover any loss arising from such risks. Due to the multi-location aspect of its business, the Company contracts insurance covering the maximum possible loss per operational unit. The insurance covers the following events: fire, flood and landslide.

As of March 31, 2009 the maximum individual coverage was R$ 99,000, considering all types of risks.

The insurance coverage related to the controlled company JBS Argentina has the same characteristics as explained above, and the maximum coverage as of March 31, 2009 was US$ 32 million (equivalent to R$ 74,086).

The insurance coverage related to the controlled Company JBS USA, Inc. has the same characteristics as explained above, and the maximum coverage as of March 31, 2009 was US$200 million (equivalent to R$ 463,040).

The insurance coverage related to the controlled Company Inalca JBS has the same characteristics as explained above, and the maximum coverage as of March 31, 2009 was Euros 141 million (equivalent to R$ 434,039).

23 Risk management and financial instruments

The Company's operations are exposed to market risks primarily related to changes in exchange rates, the credit worthiness of its customers, interest rates and cattle prices and uses derivatives financial instruments to reduce the exposure to those risks.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. Additionally, operations with speculative financial instruments character are not allowed. 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.

(Expressed in thousands of reais)

a) Foreing exchange and Interest Rate Risk

The exchange rate and interest rate risks related to financings and loans, and accounts receivable from clients denominated in foreign currencies, inventories, are hedged on a transaction by transaction basis, through derivative instruments, such as swap contracts (dollar to CDI or LIBOR to fixed interest rates or vice-versa), futures contracts traded on the *Bolsa de Mercadorias e Futuros* - BM&F and forward contracts.

The notional value of the contracts is not registered in the financial statements.

The results of over-the-counter trades in the futures market and daily adjustments of currency future contracts are made realized and liquidated; on the BM&F, and are recognized as financial income or expense, in the profit and loss accounts.

b) Credit risks

The Company is exposed to credit risks in respect of accounts receivable, which are partially mitigated through the diversification of the credit profile of the Company's portfolio. The Company does not have a custumer that represents more than 10% of its combined net sales revenue, and its customers have good financial and operating indicators.

c) Purchase Price of Cattle

The Company is exposed to volatility with respect to the price of cattle, caused by climate factors, supply, transportation cost and agricultural policies. According to its inventory policy, the Company maintains individual physical control of its livestock, which includes anticipated purchases combined with operations on the future markets.

d) Fair value estimate

The financial assets and liabilities of the Company are accounted for on the balance sheet based on their respective acquisition cost, and the related classification of revenue and expenses in the income statement is accounted for based on its expected realization or liquidation value.

The fair value of the financial instruments that are not derivatives and derivatives contracts was estimated based on the available market information.

e) Financial instruments information

Below are presented the assets and liabilities exposed to risks, which are subject to derivative instruments, as well as the effects of those accounts in the income statements of the three months period ended on March 31, 2009:

			Income Statements effects	
EXPOSURE	**March, 2009**	**Dec, 2008**	**Exchange variation**	**Derivatives**
OPERATING				
Accounts receivable - US$ / € / £	299.933	321.068	(21.090)	20.382
Investments - US$ / €	5.546.681	3.892.644	-	-
Inventories destined to export - cattle	47.314	53.960	-	(839)
Order of sales - US$ / € / £	269.451	442.583	(67.330)	643
Subtotal	**6.163.379**	**4.710.255**	**(88.420)**	**20.186**
FINANCIAL				
Credits with subsidiaries - US$ / €	34.559	1.550.774	(41.333)	
Loans and financings - US$	(3.183.058)	(2.740.319)	8.723	(201.192)
Imports payable - US$	(3.011)	(4.816)	(2.537)	
Amounts receivable (payable) of forward contracts, NET	29.978	60.205	-	
Subtotal	**(3.121.532)**	**(1.134.156)**	**(35.147)**	**(201.192)**
TOTAL	**3.041.847**	**3.576.099**	**(123.567)**	**(181.006)**

Investments - Was deliberated, in the Council of Administration meeting, that the Hedge of the investments in overseas companies should not be done.

Order of sales - The notional amount is not registered in financial statements. Starting in 2008, in accordance with the pronouncement CPC 14, the Company started to account the sales orders exchange variation to oppose the effects of the hedge of these same orders.

f) Sensitivity analysis

Considering that the Company is exposed, mainly, to the exchange rates and interests risks on its assets and liabilities in foreign currency, and uses derivative instruments for protection of these referred assets and liabilities, the variations scenarios are followed by the respective protection objects, generating almost zero effects.

24 Termination of purchase agreement

National Beef

On February 20th, 2009 the Company disclosure to its shareholders and the market in general that it has terminated the acquisition process of National Beef, and all related litigation with the Department of Justice will also be terminated. The Company announced the acquisition of National Beef on March 4th, 2008, and the Department of Justice of the United States Government filed a suit to block the deal on October 20th 2008 on competition grounds. The Company endeavored to encounter a solution with the parts involved but in the absence of satisfactory conditions decided not to follow on with the acquisition.

25 Subsequent events

Caption of Senior Unsecured Notes (Bonds) through the subsidiary JBS USA, LLC, and the indirect subsidiary JBS USA Finance, Inc.

On April 14, 2009 the Company and its subsidiary JBS USA, LLC, toguether with the indirect subsidiary JBS USA Finance, Inc. announced the offering, subject to market conditions, of Senior Unsecured Notes (Bonds) for an aggregate principal amount of US$ 400 million due 2014.

On April 23, 2009 the Company announced the decision to increase the aggregate principal amount to US$ 700 million, with a coupon of 11.625%, due in 2014. The transaction will be effective on April 27, 2009.

The Company intends to use the proceeds to balance debt with revenue geographically and improve its short term liquidity, as well as increasing its cash position.

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

(Expressed in thousands of reais)

26 Complemental information - Economic value added for the three months period ended March 31, 2009

	Controladora	Consolidado
Revenue		
Sales of goods and services	1.220.852	9.388.697
Other income	436	488
Own assets building income	(751)	(2.105)
	1.220.537	**9.387.080**
Goods		
Cost of services and goods sold	(775.797)	(6.690.146)
Materials, energy, services from third parties and others	(180.500)	(1.349.747)
Losses/Recovery of amounts	-	(144.827)
Other costs	(310)	(310)
	(956.607)	**(8.185.030)**
Gross added value	**263.930**	**1.202.050**
Depreciation and Amortization	(21.871)	(83.341)
Net added value generated by the Company	**242.059**	**1.118.709**
Net added value by transfer		
Equity in subsidiaries	16.015	-
Financial income	97.610	161.663
Others	781	1.135
Net added value to distribution	**356.465**	**1.281.507**

Distribution of added value		
Labor		
Salaries	109.090	739.701
Benefits	8.926	161.178
F.G.T.S. (Brazilian Social Charge)	5.179	5.234
	123.195	**906.113**
Taxes and contribution		
Federal	25.903	57.540
State	21.307	26.528
Municipal	56	374
	47.266	**84.442**
Capital Remuneration from third parties		
Interests	503.524	599.231
Rents	3.611	8.377
Others	1.553	6.963
	508.688	**614.571**
Owned capital remuneration		
Loss of the period	(322.684)	(322.684)
Minorit interests participation on retained income	-	(935)
	(322.684)	**(323.619)**
Added value distributed	**356.465**	**1.281.507**

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