Special Review Report of JBS S.A
ITR - Six months period

As of September 30, 2008 and 2007

SPECIAL REVIEW REPORT

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

1. We have performed a special review of the accompanying Quarterly Information (Company and Consolidated) of JBS S.A. (the "Company") consisting of the balance sheet as of September 30, 2008, and the related statement of income and cash flows, the notes to the financial statements and the performance report for the quarter then ended, prepared under the responsibility of the Company's management. The financial statements of JBS Holding Internacional S.A., its directly-controlled company, were reviewed by us, and the financial statements of its indirectly-controlled company JBS Argentina S.A. and directly-controlled company JBS USA, Inc, were reviewed by other independent auditors, member firms of BDO network. The financial statements of Inalca JBS S.p.A., its directly-controlled company, were reviewed by other independent auditors. Our opinion on the carrying values of the investments in these companies and the equity in their earnings is based on the work 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 special review and on the other independent auditors' reports, 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 the standards issued by CVM - Brazilian Securities and Exchange Commission applicable to the preparation of Quarterly Information, including its Announcement to the Market of January 14, 2008 and CVM Instruction No. 469/08.

4. As mentioned in note 3.m, on December 28, 2007 Law No. 11.638/07 was enacted to come into effect from January 1, 2008. This law has modified and revoked provisions and introduced new ones into Law No. 6.404/76 (Stock Corporation Act), causing changes in Brazilian accounting practices. Although the Law has already come into effect, some of the changes introduced by it depend on regulation by regulatory agencies to be fully applied by companies. Therefore, CVM set forth on Instruction No. 469/08 that during the transition companies are not obliged to apply all provisions of Law No. 11.638/07 to prepare the Quarterly Information. Therefore, the accounting information included in the Quarterly Information – ITR of the quarter ended September 30, 2008 has been prepared in accordance with CVM's specific instructions, and do not include all changes in accounting practices introduced by Law No. 11.638/07.

5. The balances of assets and liabilities (Company and consolidated) of JBS S.A. and its controlled companies for the quarter ended as June 30, 2008, presented for comparative purposes, were rewied by us, and our special review report, dated July 30, 2008, had an emphasis-of-a-matter paragraph with respect the application of procedures related to Law No. 11.638/07. The balances of revenue and expense accounts for the quarter ended September 30, 2007, also presented for comparative purposes, were reviewed by other independent auditors, who issued a special review report, dated August 9, 200, was unqualified.

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

Ribeirão Preto, October 30, 2008

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

Estefan George Haddad
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JBS S.A.

Balance sheets
(In thousands of Reais)

	Company		Consolidated	
	September, 2008	June, 2008	September, 2008	June, 2008
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 5)	**243.725**	82.476	**840.982**	400.296
Short-term investments (Note 5)	**1.380.768**	2.046.278	**1.414.594**	2.069.591
Trade accounts receivable, net (Note 6)	**809.911**	561.742	**2.169.036**	1.828.260
Inventories (Note 7)	**821.150**	828.692	**2.380.535**	2.144.677
Recoverable taxes (Note 8)	**435.622**	405.228	**605.257**	559.451
Prepaid expenses	**2.778**	2.913	**83.671**	56.564
Other current assets	**25.768**	21.321	**241.872**	212.719
TOTAL CURRENT ASSETS	**3.719.722**	**3.948.650**	**7.735.947**	**7.271.558**
NON-CURRENT ASSETS				
Long-term assets				
Credits with related parties (Note 9)	**1.090.481**	342.990	**36.392**	25.780
Judicial deposits and others	**10.091**	9.532	**42.909**	41.498
Deferred income taxes (Note 17)	**20.308**	17.666	**343.392**	290.123
Recoverable taxes (Note 8)	**36.537**	35.064	**56.758**	51.682
Total long-term assets	**1.157.417**	**405.252**	**479.451**	**409.083**
Permanent assets				
Investments in subsidiaries (Note 10)	**4.140.512**	3.531.627	**976.567**	1.036.849
Other investments	**10**	10	**8.679**	5.456
Property, plant and equipment, net (Note 11)	**1.608.524**	1.457.037	**3.838.459**	3.440.831
Intangible assets, net	**9.615**	9.615	**165.139**	183.342
Deferred charges	**3.934**	2.650	**5.773**	4.506
Total Permanent assets	**5.762.595**	**5.000.939**	**4.994.617**	**4.670.984**
TOTAL NON-CURRENT ASSETS	**6.920.012**	**5.406.191**	**5.474.068**	**5.080.067**
TOTAL ASSETS	**10.639.734**	**9.354.841**	**13.210.015**	**12.351.625**

	Company		Consolidated	
	September, 2008	June, 2008	September, 2008	June, 2008
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade accounts payable (Note 12)	**250.974**	257.552	**1.409.778**	1.303.079
Loans and financings (Note 13)	**1.432.960**	1.298.887	**1.949.938**	2.322.907
Payroll, social charges and tax obligation (Note 14)	**80.007**	74.673	**299.335**	254.635
Other current liabilities	**139.128**	107.178	**186.483**	222.677
TOTAL CURRENT LIABILITIES	**1.903.069**	**1.738.290**	**3.845.534**	**4.103.298**
NON-CURRENT LIABILITIES				
Loans and financings (Note 13)	**2.675.492**	2.221.459	**2.801.711**	2.344.707
Deferred income taxes (Note 17)	**57.207**	58.091	**464.685**	409.019
Provision for contingencies (Note 15)	**43.086**	45.979	**47.143**	53.959
Debit with third parties for investment (Note 16)	**175.051**	162.909	**175.051**	162.909
Other non-current liabilities	**22.559**	22.050	**113.592**	172.970
TOTAL NON-CURRENT LIABILITIES	**2.973.395**	**2.510.488**	**3.602.182**	**3.143.564**
MINORITY INTEREST	**-**	**-**	**(971)**	**(1.300)**
SHAREHOLDERS' EQUITY (Note 18)				
Capital stock	**4.495.581**	4.495.581	**4.495.581**	4.495.581
Capital reserve	**821.432**	858.204	**821.432**	858.204
Revaluation reserve	**119.927**	121.643	**119.927**	121.643
Retained earnings	**326.330**	(369.365)	**326.330**	(369.365)
TOTAL SHAREHOLDERS' EQUITY	**5.763.270**	**5.106.063**	**5.763.270**	**5.106.063**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10.639.734**	**9.354.841**	**13.210.015**	**12.351.625**

The accompanying notes are an integral part of the financial statements

Statements of income for the period of nine months ended September 30, 2008 and 2007
(In thousands of Reais)

	Company		Consolidated	
	2008	2007	2008	2007
GROSS OPERATING REVENUE				
Sales of products:				
Domestic Sales	**2.115.604**	1.553.250	**13.656.501**	4.670.123
Foreign Sales	**1.886.046**	1.692.089	**7.584.223**	3.226.423
	4.001.650	**3.245.339**	**21.240.724**	**7.896.546**
SALES DEDUCTIONS				
Returns and discounts	**(148.845)**	(130.530)	**(256.412)**	(173.558)
Sales taxes	**(229.245)**	(191.044)	**(277.251)**	(232.069)
	(378.090)	**(321.574)**	**(533.663)**	**(405.627)**
NET SALE REVENUE	**3.623.560**	**2.923.765**	**20.707.061**	**7.490.919**
Cost of goods sold	**(2.937.446)**	(2.139.167)	**(18.565.911)**	(6.463.309)
GROSS INCOME	**686.114**	**784.598**	**2.141.150**	**1.027.610**
OPERATING INCOME (EXPENSE)				
General and administrative expenses	**(78.781)**	(50.321)	**(342.612)**	(149.443)
Selling expenses	**(361.856)**	(283.051)	**(1.069.261)**	(463.990)
Financial income (expense), net	**19.175**	(223.437)	**(129.949)**	(318.684)
Equity in subsidiaries	**214.780**	(125.015)	**-**	-
Goodwill amortization (Note 10)	**(134.177)**	(1.293)	**(134.177)**	(1.293)
Non-recurring expenses	**(35.691)**	(52.244)	**(35.691)**	(52.244)
	(376.550)	**(735.361)**	**(1.711.690)**	**(985.654)**
OPERATING INCOME (LOSS)	**309.564**	**49.237**	**429.460**	**41.956**
NON-OPERATING INCOME (EXPENSE), NET	**6.858**	(60)	**8.108**	5.814
INCOME (LOSS) BEFORE TAXES	**316.422**	**49.177**	**437.568**	**47.770**
Current income taxes (Note 17)	**2.435**	(77.316)	**(32.669)**	(80.586)
Deferred income taxes (Note 17)	**4.057**	(794)	**(82.917)**	(256)
	6.492	**(78.110)**	**(115.586)**	**(80.842)**
INCOME (LOSS) BEFORE MINORITY INTEREST	**322.914**	**(28.933)**	**321.982**	**(33.072)**
Minority interest (expense) income	**-**	-	**932**	4.139
NET INCOME (LOSS)	**322.914**	**(28.933)**	**322.914**	**(28.933)**
NET INCOME (LOSS) PER THOUSAND SHARES	**228,81**	**(26,85)**		
Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization and non-operating income (expense), net				
Income (loss) before taxes	**316.422**	49.177	**437.568**	47.770
Financial income (expense), net	**(19.175)**	223.437	**129.949**	318.684
Depreciation and amortization	**48.372**	42.147	**160.941**	82.118
Non-operating income (expense), net	**(6.858)**	60	**(8.108)**	(5.814)
Equity in subsidiaries	**(214.780)**	125.015	**-**	-
Non-recurring expenses	**35.691**	52.244	**35.691**	52.244
Goodwill Amortization (Note 10)	**134.177**	1.293	**134.177**	1.293
AMOUNT OF EBITDA	**293.849**	**493.373**	**890.218**	**496.295**

The accompanying notes are an integral part of the financial statements

Statements of income for the period of three months ended September 30, 2008 and 2007
(In thousands of Reais)

	Company		Consolidated	
	2008	2007	2008	2007
GROSS OPERATING REVENUE				
Sales of products:				
Domestic Sales	**910.975**	541.907	**5.143.431**	3.542.723
Foreign Sales	**720.771**	608.428	**2.850.894**	1.858.624
	1.631.746	**1.150.335**	**7.994.325**	**5.401.347**
SALES DEDUCTIONS				
Returns and discounts	**(72.648)**	(58.378)	**(105.815)**	(85.986)
Sales taxes	**(93.479)**	(64.220)	**(117.048)**	(81.796)
	(166.127)	**(122.598)**	**(222.863)**	**(167.782)**
NET SALE REVENUE	**1.465.619**	**1.027.737**	**7.771.462**	**5.233.565**
Cost of goods sold	**(1.212.848)**	(747.514)	**(6.830.491)**	(4.744.477)
GROSS INCOME	**252.771**	**280.223**	**940.971**	**489.088**
OPERATING INCOME (EXPENSE)				
General and administrative expenses	**(32.767)**	(19.337)	**(120.790)**	(100.972)
Selling expenses	**(145.230)**	(99.402)	**(402.358)**	(257.466)
Financial income (expense), net (Note 19)	**416.142**	(129.960)	**408.690**	(189.044)
Equity in subsidiaries (Note 10)	**275.867**	(83.615)	**-**	-
Goodwill amortization (Note 10)	**(44.733)**	(426)	**(44.733)**	(426)
Non-recurring expenses (Note 20)	**(35.691)**	(1.653)	**(35.691)**	(1.653)
	433.588	**(334.393)**	**(194.882)**	**(549.561)**
OPERATING INCOME (LOSS)	**686.359**	**(54.170)**	**746.089**	**(60.473)**
NON-OPERATING INCOME (EXPENSE), NET	**4.094**	(50)	**4.442**	4.982
INCOME (LOSS) BEFORE TAXES	**690.453**	**(54.220)**	**750.531**	**(55.491)**
Current income taxes	**884**	(22.618)	**824**	(24.012)
Deferred income taxes	**2.642**	(1.466)	**(57.738)**	(1.513)
	3.526	**(24.084)**	**(56.914)**	**(25.525)**
INCOME (LOSS) BEFORE MINORITY INTEREST	**693.979**	**(78.304)**	**693.617**	**(81.016)**
Minority interest (expense) income	**-**	-	**362**	2.712
NET INCOME (LOSS)	**693.979**	**(78.304)**	**693.979**	**(78.304)**
NET INCOME (LOSS) PER THOUSAND SHARES	**491,75**	**(72,68)**		

Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization and non-operating income (expense), net

	Company 2008	Company 2007	Consolidated 2008	Consolidated 2007
Income (loss) before taxes	**690.453**	(54.220)	**750.531**	(55.491)
Financial income (expense), net (Note 19)	**(416.142)**	129.960	**(408.690)**	189.044
Depreciation and amortization	**16.761**	14.328	**52.684**	44.219
Non-operating income (expense), net	**(4.094)**	50	**(4.442)**	(4.982)
Equity in subsidiaries (Note 10)	**(275.867)**	83.615	**-**	-
Non-recurring expenses (Note 20)	**35.691**	1.653	**35.691**	1.653
Goodwill Amortization (Note 10)	**44.733**	426	**44.733**	426
AMOUNT OF EBITDA	**91.535**	**175.812**	**470.507**	**174.869**

The accompanying notes are an integral part of the financial statements

1 Operating activities

JBS S.A (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 operates slaughterhouses, cold storage and food processing operations for the production of beef, canned goods, fat, animal rations and beef by-products, which are produced in the manufacturing units 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 is responsible for the transportation of cattle to its slaughterhouses and the transportation of its export products.

Mouran Alimentos Ltda.. (Mouran) is a subsidiary wich 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), 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, located in Santo Antônio da Posse, State of São Paulo, in operation since August 2007 produces Beef Jerky. Beef Snacks purchases meat in the local market and exports to the United States of America.

b) Foreign activities

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 by-products, with industrial units located in the province of Buenos Aires, Entre Rios, Santa Fé and Córdoba.

JBS Argentina has two subsidiaries acquired in 2007, one of which is a meat-packing slaughterhouse in Berezategui (Consignaciones Rurales) and the other is a can factory located in Zavate (Argenvases), both located in the province of Buenos Aires.

SB Holdings, Inc. (SB Holdings) and its subsidiaries, Tupman Thurlow Co., Inc. (Tupman) and Astro Sales International, Inc. (Astro) located in the United States and acquired by the Company in January 2007, 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.

In July 2007, the Company acquired Swift Foods Company, presently known as JBS USA Inc. (JBS USA). JBS USA has feedlots and processes, packages and delivers 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.

In the United States, JBS USA operates four beef processing facilities, three pork processing facilities, one lamb slaughter facility and one value-added facility for pork. In Australia, JBS USA operates ten beef and small animals processing facilities.

JBS USA divides its business into three segments: Swift Beef, through which it conducts its U.S. domestic beef processing business; Swift Pork, through which it conducts its U.S. domestic pork processing business; and JBS Australia, through which it conducts its Australian beef and smalls animals, the last business in Australia since May 2008, with the acquisition of Tasman, which operates six beef and small animals slaughterhouses and one cattle feedlot unit.

JBS USA in Australia operates five feedlots that provide grain-fed cattle for its processing operations.

Since January 2008, the Company owns 50% of Inalca S.p.A. social capital, presently known as Inalca JBS S.p.A, (Inalca JBS). Inalca S.p.A. 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-serve products, 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, snack and ready-to eat products 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 Presentation of financial information

The individual and consolidated financial statements, were prepared in accordance with the generally accepted accounting principles in Brazil, and they are presented in accordance with NPC rule No. 27 issued by the Brazilian Institute of Independent Auditors (*Instituto dos Auditores Independentes do Brasil* - IBRACON) and rule No. 488 issued by the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários* – CVM) , both dated October 3, 2005.

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 principles 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$ 673.623, related to intangible assets and fixed assets goodwill, calculated according to applicable purchasing accounting, and it was adjusted reducing the shareholder´s equity.

3 Significant accounting policies

a) 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.

b) Swap Receivables or Payables

The market value of derivative instruments is computed daily, and the resulting receivables or payables are recorded based on their fair market value.

c) 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.

d) Inventories

The Company’s inventories are valued based on their cost of acquisition, creation or production, which cost is lower than the market or net realizable value.

e) Investments

The Company's investments in subsidiaries are accounted according to the equity method.

f) Property, plant and equipment

Property, plant and equipment are stated at an amount equivalent to the sum of their historical acquisition cost and the amount resulting from the increase in the value of these assets as determined by revaluations performed by independent appraisal firms until December 31, 2008. Depreciation is computed pursuant to the straight-line method, using rates described in Note 11, which take into account the useful and economic lives of the assets.

g) 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.

h) Current Liabilities and Long-term Liabilities

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

i) 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 not provisioned and not published.

j) 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.

k) Profit by share

The profit by share is calculated based on the shares in circulation on the date of the financial statements.

l) 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 in the financial income (loss).

The subsidiaries companies included in the consolidation are mentioned in the Note 10.

m) Changes in Brazilian corporate legislation

On December 28, 2007, Law 11.638/07 was enacted (new Law) , which modified some aspects of Law no. 6404/76 (the "Brazilian Corporation Law"). In general terms, the new law requests the harmonization of the accounting practices adopted in Brazil with some international accounting pratices derived from IASB - International Accounting Standard Board, with application starting from January 1, 2008.

(Expressed in thousand of reais)

Some of the alterations requested in the accounting practices adopted in Brazil are: the substitution of the Statements of financial position for the Statements of cash flow; the inclusion of the Demonstration of the Added Value; the creation of new accounts subgroups; and the introduction of new criteria for classification and evaluation of financial instruments, valorization of certain assets to market value and the concept of adjusting to the present value for the operations (assets and liabilities) of long term, and for the current period if relevant. The Company already adopts the practice of publishing the Statements of cash flow.

Part of the changes proposed by the new Law still requires regulation, that needs to be issued by the CVM.

The Instruction CVM n° 469, from May 2, 2008 setting forth the application of the new Law, allowed the companies listed on the BOVESPA to immediately apply in the quarterly information in 2008 all of the accounting dispositions contained in the new Law, or publishing in accompanying note the changes that can impact the financial statements, valuating, if possible, the effects in the equity and in the income statements of the period.

The main impact of the alterations introduced by the Law 11.638/07 in the individual and consolidated financial statements for the three and six months period ended June 30, 2008 is due to the conversion adjustments relating to the investments exchange variation to the Company and subsidiaries, in foreign countries, that if were calculated based on the Technical Pronouncement CPC 02 of the Committee of Accounting Pronouncements, of November 9, 2007, approved by the Deliberation CVM n° 534, of January 29, 2008 would produce the following effects, that would be recognize directly in the Shareholders´ Group, in the subgroup of Adjustments of Evaluation:

- a reduction in the profit in the three month period of R$ 693.979 to R$ 270.127, that would be reflected in an decrease in the positive equity of R$ 275.867 to R$ 208.377 in the Company and a reduction of the financial income of R$ 416.142 to R$ 59.780 in the Company and R$ 408.690 to R$ 15.162 in the consolidated; and
- a reduction in the profit in the nine month period ended September 30, 2008 of R$ 322.914 to R$ 79.477, that would be reflected in an reduction in the positive equity of R$ 214.780 to R$ 172.919 in the Company and a reduction of the financial income of R$ 19.175 to R$ (182.401) in the Company and R$ (129.949) to R$ (373.386) in the consolidated.

The Company opted to publish the effects of the new Law in the accompanying notes. With respect to the requirement to adjust to the present value of the operating long term assets and liabilities, or current when there are material impacts, requested by the Instruction CVM n° 469, there were not identified any matterial impacts.

The Company opted to maintaining the revaluation reserve amounts booked until December 31, 2007 and is still evaluating other possible impacts of the changes introduced by the new Law, which will be recognized during the year of 2008.

4 Aquisitions of Swift Foods Company (Presently JBS USA) and Inalca S.p.A (Presently Inalca JBS)

In July of 2007, the Company acquired 100% of Swift Foods Company (presently JBS USA) and since January 2008 the Company owns 50% of Inalca S.p.A. social capital, presently Inalca JBS S.p.A, (Inalca JBS).

Due the significance of these investments in the consolidation in the financial statements of the Company for the three and nine months period ended September 30, 2008, and the comparability loss with previous periods, we are presenting below the combined income statements to allow a comparison of the consolidated financial statements before the investment in JBS USA and Inalca JBS, and we are presenting these referred financial statements.

	Nine month period ended September 30,				
INCOME STATEMENTS	**2008**				**2007**
	Consolidated	**JBS USA**	**INALCA JBS**	**JBS and other subsidiaries**	**JBS and other subsidiaries**
Net sales revenue	20.707.061	15.135.339	1.065.085	4.506.637	3.572.832
Cost of goods sold	(18.565.911)	(13.878.606)	(953.250)	(3.734.054)	(2.724.751)
GROSS INCOME	**2.141.150**	**1.256.733**	**111.835**	**772.583**	**848.081**
General, administrative and selling expenses	(1.411.873)	(780.406)	(86.382)	(545.085)	(411.818)
Financial income (expense), net	(129.949)	(48.344)	(16.753)	(64.852)	(301.424)
Equity in subsidiaries	-	-	-	307.311	(34.270)
Goodwill amortization	(134.177)	-	-	(134.177)	(1.293)
Other operating expenses	(35.691)	-	-	(35.691)	(52.244)
Non-operating income (expense), net	8.108	393	(174)	7.890	(93)
Income taxes	(115.586)	(125.196)	(3.679)	13.289	(80.011)
Minority interest (expense) income	932	-	(715)	1.646	4.139
NET INCOME (LOSS)	**322.914**	**303.180**	**4.131**	**322.914**	**(28.933)**
AMOUNT OF EBITDA	**890.218**	**541.840**	**55.265**	**293.113**	**493.307**

(Expressed in thousand of reais)

INCOME STATEMENTS	Three month period ended September 30, 2008			2007
	Consolidated	INALCA JBS	JBS and other subsidiaries	Consolidated
Net sales revenue	7.771.462	358.198	7.413.264	5.233.565
Cost of goods sold	(6.830.491)	(321.613)	(6.508.878)	(4.744.477)
GROSS INCOME	**940.971**	**36.585**	**904.386**	**489.088**
General, administrative and selling expenses	(523.148)	(28.075)	(495.073)	(358.438)
Financial income (expense), net	408.690	6.435	402.255	(189.044)
Equity in subsidiaries	-	-	13.462	-
Goodwill amortization	(44.733)	-	(44.733)	(426)
Other operating expenses	(35.691)	-	(35.691)	(1.653)
Non-operating income (expense), net	4.442	62	4.380	4.982
Income taxes	(56.914)	(1.105)	(55.809)	(25.525)
Minority interest (expense) income	362	(440)	802	2.712
NET INCOME (LOSS)	**693.979**	**13.462**	**693.979**	**(78.304)**
AMOUNT OF EBITDA	**470.507**	**18.984**	**451.523**	**174.869**

5 Cash and cash equivalents and Short-term investments

	Company		Consolidated	
	Sept, 2008	June, 2008	Sept, 2008	June, 2008
Cash and cash equivalents	**243.725**	82.476	**840.982**	400.296
Certificates of bank deposits - CDB-DI	**967.172**	1.614.758	**974.814**	1.616.325
Investment funds	**413.596**	431.520	**439.780**	453.266
	1.624.493	**2.128.754**	**2.255.576**	**2.469.887**

Certificates of bank deposits-CDB-DI 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.

6 Trade accounts receivable, net

	Company		Consolidated	
	Sept, 2008	June, 2008	Sept, 2008	June, 2008
Receivables not yet due	**763.526**	**526.725**	**1.818.014**	**1.472.775**
Overdue receivables:				
From 1 to 30 days	**40.369**	32.991	**213.531**	283.848
From 31 to 60 days	**9.548**	1.405	**87.501**	42.909
From 61 to 90 days	**888**	1.969	**21.157**	11.681
Above 90 days	**2.612**	3.524	**47.942**	31.945
Allowance for doubtful accounts	**(7.032)**	(4.872)	**(19.109)**	(14.898)
	46.385	**35.017**	**351.022**	**355.485**
	809.911	**561.742**	**2.169.036**	**1.828.260**

(Expressed in thousand of reais)

7 Inventories

	Company		Consolidated	
	Sept, 2008	**June, 2008**	**Sept, 2008**	**June, 2008**
Finished products	**736.153**	717.126	**1.800.667**	1.583.787
Work-in-progress	**865**	820	**128.663**	94.811
Raw-materials	**36.602**	65.032	**67.924**	98.280
Livestock	**-**	-	**187.089**	205.373
Warehouse spare parts	**47.530**	45.714	**196.192**	162.426
	821.150	**828.692**	**2.380.535**	**2.144.677**

8 Recoverable taxes

	Company		Consolidated	
	Sept, 2008	**June, 2008**	**Sept, 2008**	**June, 2008**
Value-added tax on sales and services (ICMS / IVA / VAT)	**369.405**	338.237	**455.751**	413.088
Excise tax - IPI	**51.650**	51.648	**112.362**	111.689
Social contribution and taxation on billings - PIS and Cofins	**28.300**	26.766	**42.720**	41.227
Income tax withheld at source - IRRF	**12.871**	6.789	**16.752**	10.527
Others	**9.933**	16.852	**34.430**	34.602
	472.159	**440.292**	**662.015**	**611.133**
Current and Long-term:				
Current	**435.622**	405.228	**605.257**	559.451
Non-current	**36.537**	35.064	**56.758**	51.682
	472.159	**440.292**	**662.015**	**611.133**

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.

(Expressed in thousand of reais)

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$ 133.226. During the exercise was received an amount of R$ 17.045, remaining receivable an amount of R$ 116.181.

9 Related parties transactions

Transactions with related parties are mainly represented by sales operations from the parent company to its subsidiaries abroad, under normal market prices and terms, and by inter-company loans with controlled and related subsidiaries with interests. Balances between related parties in the balance sheet and income statement are the following:

September 30, 2008	Trade accounts receivable	Trade accounts payable	Purchases	Sales of products	Credits (Debits)
Mouran Alimentos Ltda.	-	-	-	-	4.531
JBS Confinamento Ltda.	62	5.335	10.198	226	24.481
JBS Embalagens Metálicas Ltda.	5	1.020	36.812	-	60.484
JBS Global Beef Company SU Lda.	-	-	-	-	(44.986)
JBS Global (UK) Limited	30.050	-	-	156.105	-
JBS Argentina S.A	-	2.098	6.356	-	-
The Tupman Thurlow Co.	12.407	72	-	33.302	5.056
JBS Global A/S (Dinamarca)	-	-	-	-	(725)
Global Beef Trading SU Lda.	241	-	-	19.971	-
Beef Snacks Brasil Ind.Com.Alimento Ltda	1.026	18	24	13.345	54.165
Beef Snacks International BV	-	-	-	-	3.588
Inalca JBS S.p.A	498	-	-	10.919	-
JBS USA, Inc	-	-	-	-	974.074
JBS Agropecuária Ltda.	222	7.664	22.281	2.191	-
Flora Produtos de Higiene e Limpeza S.A.	6.425	7	10	85.729	-
Marr Russia L.L.C	1.114	4	-	16.299	-
JBS Holding Internacional. S. A.	-	-	-	-	9.813
	52.050	**16.218**	**75.681**	**338.087**	**1.090.481**

June 30, 2008	Trade accounts receivable	Trade accounts payable	Purchases	Sales of products	Credits (Debits)
Mouran Alimentos Ltda.	-	-	-	-	3.822
JBS Confinamento Ltda.	365	-	-	208	11.832
JBS Embalagens Metálicas Ltda.	1	3.740	26.522	-	66.003
JBS Global Beef Company SU Lda.	-	-	-	-	(37.410)
JBS Global (UK) Limited	14.530	-	-	119.292	-
JBS Argentina S.A.	-	31	3.508	-	-
The Tupman Thurlow Co.	2.607	60	-	22.960	15.131
JBS Global A/S (Denmark))	-	-	-	-	(675)
Global Beef Trading SU Lda.	741	-	-	17.501	-
Beef Snacks Brasil Ind.Com.Alimento Ltda	1.899	-	7	10.372	40.510
Beef Snacks International BV	-	-	-	-	2.927
Inalca JBS S.p.A	-	-	-	10.436	-
JBS USA, Inc	-	-	-	-	240.850
JBS Agropecuária Ltda.	-	1.274	5.426	-	-
Flora Produtos de Higiene e Limpeza S.A.	12.216	-	-	65.329	-
	32.359	**5.105**	**35.463**	**246.098**	**342.990**

10 Investments in subsidiaries

a) Relevant information about subsidiaries

Three months period ended September 30, 2008	Company's share quantity (Thousand)	Participation	Capital stock	Shareholders' equity	Net income (loss)
JBS Embalagens Metálicas Ltda.	10.002	99,00%	2	39.169	(335)
JBS Global Investments S.A.	93.000	100,00%	178.030	70.497	(9.195)
JBS Holding Internacional. S. A.	602.071	100,00%	602.071	469.514	62.758
JBS Global A/S (Denmark))	232	100,00%	85.970	126.900	1.897
Mouran Alimentos Ltda.	120	70,00%	120	(20.931)	(2.661)
JBS USA, Inc.	0,1	100,00%	1.812.679	1.941.887	208.592
SB Holdings, Inc	20	100,00%	19	3.372	656
JBS Confinamento Ltda	30.001	100,00%	30.001	29.260	(111)
Inalca JBS S.p.A	280.000	50,00%	941.728	1.032.668	26.924

Three months period ended June 30, 2008	Company's share quantity (Thousand)	Participation	Capital stock	Shareholders' equity	Net income (loss)
JBS Embalagens Metálicas Ltda.	10.002	99%	2	39.502	(109)
JBS Global Investments S.A.	90.000	100%	143.271	44.902	(75.751)
JBS Holding Internacional. S. A.	569.079	100%	569.079	373.765	(24.862)
JBS Global A/S (Denmark))	222	100%	72.488	108.909	3.432
Mouran Alimentos Ltda.	120	70%	120	(18.271)	(1.459)
JBS USA, Inc.	0,1	100%	1.507.394	1.457.310	113.757
SB Holdings, Inc	20	100%	16	2.216	(122)
JBS Confinamento Ltda	30.001	100%	30.001	29.371	(618)
Inalca JBS S.p.A	280.000	50%	876.407	934.688	7.701

b) Investments movement

	Balance as of June 30, 2008	Addition (disposal)	Goodwill (amortization)	Exchange rate variation	Equity	Balance as of Sept 30, 2008
JBS Embalagens Metálicas Ltda.	**39.107**	-	-	-	(329)	**38.778**
JBS Global Investments S.A.	**44.903**	4.714	-	30.075	(9.195)	**70.497**
JBS Holding Internacional. S. A.	**373.764**	32.993	-	-	62.758	**469.515**
JBS Global A/S (Denmark))	**108.910**	7.272	-	8.821	1.897	**126.900**
Mouran Alimentos Ltda.	**(12.789)**	-	-	-	(1.863)	**(14.652)**
JBS USA, Inc.	**2.174.023**	-	(43.880)	275.985	208.592	**2.614.720**
SB Holdings, Inc	**20.567**	-	(853)	501	656	**20.871**
JBS Confinamento Ltda.	**29.371**	-	-	-	(111)	**29.260**
Inalca JBS S.p.A	**740.982**	(38.308)	-	53.835	13.462	**769.971**
Transfer to Other current liabilities (Negative equity Mouran)	**12.789**					**14.652**
Total	**3.531.627**	**6.671**	**(44.733)**	**369.217**	**275.867**	**4.140.512**

c) Goodwill

In the Company

In July 2007 the Company acquired 100% of the capital stock of Swift Foods Company, actual JBS USA, Inc., and paid a goodwill of R$ 877.609, based on the expectation of future profitability. The goodwill will be amortized as long as such profits are earned, during a period of five years. During the three and nine months period ended September 30, 2008 the goodwill was amortized in the amount of R$ 43.880 and R$ 131.640, respectively, and the actual accumulated goodwill amortization is R$ 204.775.

(Expressed in thousand of reais)

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 will be amortized as long as such profits are earned, during a period not exceeding ten years. During the three and nine months period ended September 30, 2008 the goodwill was amortized in the amount of R$ 853 and R$ 2.537, and the actual accumulated goodwill amortization is R$ 4.226.

In March of 2008 the Company acquired 50% of the capital stock of Inalca S.p.A., presently known as Inalca JBS, and paid a goodwill of EUR 94.181, which correspond as of September 30, 2008 to R$ 253.637, based on the expectation of future profitability. The goodwill will be amortized as long as such profits are earned, during a period not exceeding ten years.

As described in note 18 d), the Company intends to exclude permanently the goodwill from the dividends calculation base.

In subsidiary

In 2007, JBS Holding Internacional S.A., through its subsidiaries JBS Argentina S.A. and JBS Mendoza S.A., acquired 100% of the capital stock of Consignaciones Rurales S.A. and Argenvases S.A.I.C. and in 2008, through the same subsidiaries, acquired 100% of the capital stock of Colcar S.A., with a total goodwill in these acquisition of $53.341 thousand argentinean pesos, that corresponds as of September 30, 2008 to R$ 32.597. These goodwill are based on the expectation of future profitability and it will be amortized during the period and extension of the projections that determined it, not to exceed 10 years.

11 Property, plant and equipment, net

Company

	Annual Depreciation Rates	Cost	Revaluation	Accumulated Depreciation	Net amount Sept, 2008	Net amount June, 2008
Buildings	4%	407.508	116.742	(33.120)	**491.130**	446.058
Land	-	107.469	9.352	-	**116.821**	116.821
Machinery & equipment	10%	303.343	45.795	(61.103)	**288.035**	258.830
Installations	10%	93.711	21.815	(20.207)	**95.319**	89.381
Computer equipment	20%	14.516	739	(7.061)	**8.194**	8.111
Vehicle and airplanes	20%	72.462	460	(43.607)	**29.315**	31.356
Construction in progress	-	564.762	-	-	**564.762**	492.602
Others	10 to 20%	19.640	3.877	(8.569)	**14.948**	13.878
		1.583.411	**198.780**	**(173.667)**	**1.608.524**	**1.457.037**

Consolidated

	Annual Depreciation Rates	Cost	Revaluation	Accumulated Depreciation	Net amount Sept, 2008	Net amount June, 2008
Buildings	3 to 20%	1.374.145	116.742	(154.749)	**1.336.138**	1.232.313
Land	-	413.543	9.352	(8.822)	**414.073**	387.457
Machinery & equipment	8 to 10%	1.573.656	45.795	(561.780)	**1.057.671**	957.306
Installations	10%	98.964	21.815	(20.811)	**99.968**	90.967
Computer equipment	20 to 100%	61.752	739	(30.262)	**32.229**	31.020
Vehicle and airplanes	14 to 50%	104.081	460	(53.134)	**51.407**	51.465
Construction in progress	-	792.347	-	-	**792.347**	644.688
Others	10 to 100%	88.161	3.877	(37.412)	**54.626**	45.615
		4.506.649	**198.780**	**(866.970)**	**3.838.459**	**3.440.831**

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 September 30 2008, the balance of the Company's revaluation of fixed assets account was R$ 198,780, the balance of the Company revaluation reserve account was R$ 119,927, and the balance of the Company income tax and social contribution account was R$ 57,207. The Company recorded accrued depreciation of R$ 21,646 with respect to the Company's revaluation of fixed assets as of September 30, 2008.

(Expressed in thousand of reais)

12 Trade accounts payable

	Company		Consolidated	
	Sept, 2008	June, 2008	Sept, 2008	June, 2008
Commodities	**178.217**	171.171	**721.681**	630.634
Materials and services	**68.817**	82.026	**636.252**	644.163
Finished products	**3.940**	4.355	**51.845**	28.282
	250.974	**257.552**	**1.409.778**	**1.303.079**

13 Loans and financings

a) Company

Modality	Annual average rate of interest and commissions	Sept, 2008	June, 2008
Financing for purchase of fixed assets			
FINAME / FINEM - Enterprise financing	TJLP-UMBNDES index rate and interest rate of 3.0%	**268.981**	231.672
		268.981	**231.672**
Loans for working capital purposes			
ACC - Exchange advance contracts	Exchange rate variation and interest rate LIBOR + 0.45%	**523.734**	369.866
EXIM - BNDES export credit facility	TJLP and interest rate of 3.0%	**172.137**	267.003
Fixed Rate Notes with final maturity in February 2011 (Eurobonds)	Exchange rate variation and interest rate of 9.375%	**533.698**	444.499
Working Capital	CDI and interest rate of 6.0%	**101.192**	-
Export prepayment	Exchange rate variation and interest rate of Libor + 1.0%	**426.173**	358.706
Fixed Rate Notes with final maturity in February 2016 (144-A)	Exchange rate variation and Interest rate of 10.5%	**583.838**	498.464
NCE / COMPROR	CDI and interest rate of 2.0%	**1.498.699**	1.350.136
		3.839.471	**3.288.674**
Total Loans and Financings		**4.108.452**	**3.520.346**
Current and Long-term			
Current		**1.432.960**	1.298.887
Non-current		**2.675.492**	2.221.459
		4.108.452	**3.520.346**
Long-term installments have the following maturities:			
2009		**96.017**	70.277
2010		**515.385**	280.952
2011		**987.874**	921.673
2012		**279.030**	258.568
2013		**222.896**	212.419
2016		**574.290**	477.570
		2.675.492	**2.221.459**

(Expressed in thousand of reais)

b) Consolidated

Modality	Annual average rate of interest and commissions	Sept, 2008	June, 2008
Financing for purchase of fixed assets			
FINAME / FINEM - Enterprise financing	TJLP-UMBNDES index rate and interest rate of 3.0%	**268.981**	231.672
Notes Payable	Interest rate Libor + 1.75%	**19.993**	16.995
		288.974	**248.667**
Loans for working capital purposes			
ACC - Exchange advance contracts	Exchange rate variation and interest rate LIBOR + 0.45%	**628.253**	439.986
EXIM - BNDES export credit facility	TJLP and interest rate of 3.0%	**172.137**	267.003
Fixed Rate Notes with final maturity in February 2011 (Eurobonds)	Exchange rate variation and interest rate of 9.375%	**533.698**	444.499
Working Capital - American Dollars	Interest rate Libor + 1.1%	**72.419**	621.953
Working Capital - Australian Dollars	BBSY + 0.35%	**97.118**	122.860
Working Capital - Euros	Euribor + Interests 0.15% - 1.75%	**323.621**	290.471
Working Capital - Reais	CDI and interest rate of 6.0%	**101.192**	-
Export prepayment	Exchange rate variation and interest rate of Libor + 1.0%	**426.173**	358.706
Fixed Rate Notes with final maturity February 2016 (144-A)	Exchange rate variation and Interest rate of 10.5%	**583.838**	498.464
NCE / COMPROR	CDI and interest rate of 2.0%	**1.524.226**	1.375.005
		4.462.675	**4.418.947**
Total		**4.751.649**	**4.667.614**
Current and Long-term			
Current		**1.949.938**	2.322.907
Non-current		**2.801.711**	2.344.707
		4.751.649	**4.667.614**
Long-term installments have the following maturities:			
2009		104.488	82.952
2010		**539.177**	305.689
2011		**1.009.681**	942.019
2012		**299.549**	277.326
2013		**235.259**	212.419
2016		**613.557**	524.302
		2.801.711	**2.344.707**

Exchange Contract Advances (ACCs) are credits funded by financial institutions to JBS S.A. and subsidiary, amounting to US$ 273,590 thousands on September 30, 2008 (US$ 232.342 thousands as of June 30, 2008) and are used to finance the Company´s export sales.

Outstanding amounts of export pre-payment loans were US$ 222,626 thousands on September 30, 2008 (US$ 225,332 thousands on June 30, 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.

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.

(Expressed in thousand of reais)

14 Payroll, social charges and tax obligation

	Company		Consolidated	
	Sept, 2008	June, 2008	Sept, 2008	June, 2008
Payroll and related social charges	**23.968**	25.817	**78.708**	74.739
Accrual for labor liabilities	**48.438**	43.079	**156.100**	118.794
Income tax	**-**	4	**29.056**	37.177
ICMS taxes payable	**3.899**	2.475	**3.899**	2.501
Others	**3.702**	3.298	**31.572**	21.424
	80.007	**74.673**	**299.335**	**254.635**

15 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 estimative 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 September 30, 2008:

Company			**Consolidated**
Type of Proceedings	Number of lawsuits/administrative proceedings	Provision	Provision
Labor	1.079	5.606	8.797
Civil	466	12.815	13.256
Tax	152	24.665	25.090
Total	**1.697**	**43.086**	**47.143**

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.

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) CSLL - Social contribution on net profit (Contribuição Social sobre o Lucro Líquido)

Based on an amendment to the Brazilian Federal Constitution that exempted profits from exports from federal contributions, the Company has filed a lawsuit against the Federal Tax Authority (Secretaria da Receita Federal) seeking to exclude its profits from exports from the calculation of the Social Contribution on Net Profit (Contribuição Social Sobre o Lucro Líquido – CSLL) payable by the Company. The management believes, based on the opinion of the Company´s legal counsels, that it will obtain success in the claim. Accordingly, the management of the Company has not established any provision for contingencies arising from these proceedings.

d) INSS - National Social Security Institute (Instituto Social de Seguridade Social)

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) in the aggregate amount of R$69,194, 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 1999 to December 2003 in the aggregate amount of R$69,194. 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 proceed any discount, or pay the amount. In case any discount is made, due to commercial negociation, the Company proceeds the discount and deposits it in Judgement, accomplishing the judicial decision.

Social Security Contributions – Third-party Entities. The INSS filed several administrative proceedings against the Company with claims totaling approximately R$11,000, seeking to collect certain social security contributions with respect to third-party entities (contribuições previdenciárias – terceiras entidades) allegedly owed by the Company. These proceedings are based on a wrongful interpretation by the INSS of the Social Security Fund Code (Código do Fundo de Previdência e Assistência Social). Based on the opinion of the Company's external legal counsel, the management of the Company believes the Company will prevail in these proceedings. Accordingly, the management of the Company has not established any provision for contingencies arising from these proceedings.

e) 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$ 20,046.

Labor Proceedings

As of September 30, 2008, the Company was party to (i) 1,079 labor lawsuits and administrative proceedings (*autos de infração*) filed by the Regional Labor Offices (*Delegacias Regionais do Trabalho*) involving claims in the total aggregate amount of R$32,404 and (ii) 2 administrative proceedings filed by the Labor Department of Justice (*Ministério Público do Trabalho*) involving claims in the total aggregate amount of R$258. Based on the opinion of the Company's external legal counsel, the Company's management recorded a provision in the amount of R$5,606 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 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 tittle 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.

(Expressed in thousand of reais)

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 party in several civil lawsuits, mainly, pursuant to which certain of the Company's former and current employees are seeking damages from accidents that occurred in the workplace, in amounts varying based on their salaries. Based on the opinion of the Company's legal counsel, the Company's management recorded a provision for losses arising from these lawsuits in the amount of R$12,215 as of September 30, 2008.

16 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 economical objectives is reached, the debit will be reverted against the goodwill of the acquisition.

17 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

	Nine month period ended September 30,	
	2008	**2007**
Income before income tax and social contribution	**316.422**	49.177
Addition (Exclusion), NET:		
Permanent differences (Mainly equity in subsidiaries and exchange variation of investments)	**(419.014)**	180.611
Temporary differences	**11.933**	(2.334)
Calculation basis for income tax and social contribution	**(90.659)**	**227.454**
Income tax and CSLL	**2.435**	**(77.316)**
	2.435	**(77.316)**
Temporary differences	**(11.933)**	(2.334)
Deferred income tax and social contribution	**4.057**	**(794)**

b) Deferred income tax and social contribution

	Company		Consolidated	
	Sept, 2008	**June, 2008**	**Sept, 2008**	**June, 2008**
Assets:				
. Over tax losses and temporary differences	**20.308**	17.666	**343.392**	290.123
	20.308	**17.666**	**343.392**	**290.123**
Liabilities:				
. Over revaluation reserve	**57.207**	58.091	**57.207**	58.091
. Over depreciation, amortization and others	**-**	-	**407.478**	350.928
	57.207	**58.091**	**464.685**	**409.019**

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.

18 Shareholders' equity

a) Capital Stock

Through the Extraordinary Shareholders Meeting held on January 2, 2007, shareholders approved amendments of the by-laws and the deployment of the 52,523,990 existing shares into 350,000,000 common shares and without nominal value. Through the Extraordinary Shareholders Meeting held on March 7, 2007, the shareholders approved a new amendment of the by-laws and the deployment of these 350.000.000 shares into 700,000,000.

On March 28, 2007, the Company increased its Capital Stock through an initial public offering of 150,000,000 of ordinary common shares at the share price of R$ 8.00 per share, being the amount of R$ 39,224 considered as capital increase and R$ 1,160,776 considered as capital reserve (premium on shares issued).

Through the Extraordinary Shareholders Meeting held on June 29, 2007 shareholders approved the subscription of 227,400,000 new common shares, nominative, without nominal value by at the share price of R$ 8.1523 per share, corresponding to R$ 1,853,833 generating a capital reserve of R$ 207. BNDES Participações S.A. – BNDESPAR ("BNDESPAR") subscribed to a significant portion of the new common shares representing the Company's capital. The subscription of the shares by BNDESPAR occurred through an assignment of a portion of the preemptive rights of the shareholders of J&F and/or ZMF in the subscription of new shares.

Through the Extraordinary General Meeting of April 11, 2008 shareholders approved the private issue of 360,678,926 new common, registered shares, without par value, at the price of R$ 7,07 per share, corresponding to R$ 2,550,000, generating a capital reserve of R$ 279. BNDES Participações S.A. - BNDESPAR (BNDESPAR) and PROT - Fundo de investimentos em Participações (PROT) issued a significant portion of these new common shares. The subscription of shares by BNDESPAR and PROT occured through the cession of part of the preference right of the shareholders J&F and ZMF in the subscription of those new shares, pursuant to an investment agreement executed on March 18, 2008.

The Social Capital, subscribed and integralized on September 30, 2008 is represented by 1.438.078.926 ordinary shares, without nominal value. From the total shares, as described in letter e) below, 26.822.800 shares are maintained in treasury.

The Company is authorized to increase its capital by more 22.600.000 ordinary nominative shares.

b) Retained earnings reserves

Mandatory

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

Reserve for expansion

It refers to the remaining balance of the net income after the computation of mandatory 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 correspond to 25% of the adjusted net income of the year, according to article 202 of Law 6.404/76.

The Company, considering that it has been generating positive EBITDA, deliberated that for the dividends calculation base, the foreign permanent investments exchange loss and the amortization of the goodwill of the foreign investments will be excluded.

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, 39,230,164 shares of own emission for maintenance in treasury and subsequent alienation for payment of new investments, without reduction of the social capital.

On September 30, 2008, the Company maintained 26.822.800 treasury shares, with an average unit cost of R$ 6.13, and the minimum and maximum acquisition prices were R$ 4.42 and R$ 8.53, respectively, not having happened alienation of the acquired shares.

The market value of the shares according to the negotiation as of September 30, 2008 was R$ 4,74.

(Expressed in thousand of reais)

19 Financial income (expense), net

	Company		Consolidated	
	Three months period ended September 30,		Three months period ended September 30,	
	2008	2007	2008	2007
Exchange variation	**225.201**	(16.497)	**232.099**	(43.802)
Results on derivatives	**261.594**	(54.927)	**278.187**	(73.531)
Interest - Loss	**(103.882)**	(53.677)	**(130.397)**	(77.866)
Interest - Gain	**37.850**	8.684	**38.323**	18.974
Taxes, contribution, tariff and others	**(4.621)**	(13.543)	**(9.522)**	(12.819)
	416.142	**(129.960)**	**408.690**	**(189.044)**

The financial income for the three month period ended September 30, 2008 is positively affected, by a significant amount, by exchange variation rate of the permanent investments in foreign currency. The impact of the referred exchange variation rate in the consolidated financial income is R$ 423.853 and did not affected the EBITDA.

20 Non-recurring expenses

	Company		Consolidated	
	Three months period ended September 30,		Three months period ended September 30,	
	2008	2007	2008	2007
BONDS Expenses	**(35.691)**	-	**(35.691)**	-
Initial public offering	**-**	(1.653)	**-**	(1.653)
	(35.691)	**(1.653)**	**(35.691)**	**(1.653)**

Refers to non-recurring expenses referring to the "consent solicitation" process of the EURO BONDS and notes of the 144-A rule, as described in note 13.

21 Management's compensation

For the nine months period ended September 30, 2008 and 2007, the aggregate compensation paid by the Company to the Company's management was R$ 2,250.

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, flooding and landslide.

As of September 30, 2008 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 September 30, 2008 and 2007 was US$ 32 million (equivalent to R$ 61,258).

The insurance coverage related to the controlled Company JBS USA, Inc. has the same characteristics as explained above, and the maximum coverage as of September 30, 2008 and 2007 was US$200 million (equivalent to R$ 382,860).

The insurance coverage related to the controlled Company Inalca JBS has the same characteristics as explained above, and the maximum coverage as of September 30, 2008 was Euros 141 million (equivalent to R$ 379,726).

23 Risk management and derivative instruments

The Company's operations are exposed to market risks primarily related to exchange rates, the credit worthiness of its customers, interest rates and cattle prices. These types of risks are monitored by its treasury area, which manages these risks through a system of statistical computation of the Value at Risk (VAR) and its technical committee. This committee is composed of board members and by the Company's financial executives, who monitor the risks, limits on financial positions and overall level of risk exposure.

a) Exchange Rate 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 only accounted for in memorandum accounts.

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, as of September 30, 2008, are accounted for as "Amounts receivable from or payable to future contracts".

The results of over-the-counter trades contracted with a future maturity date are recorded on the balance sheet.

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 client that represents more than 10% of its combined net sales revenue, and its clients 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) Estimated Market Value

The financial assets and liabilities of the Company are accounted in 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 market amount of the financial instruments and derivatives contracts as of September 30, 2008 were estimate based on the quotation market price.

(Expressed in thousand of reais)

e) Financial instriments 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 September 30, 2008:

			Income Statements effects	
EXPOSURE	**Sept, 2008**	**June, 2008**	**Exchange variation**	**Derivatives**
OPERATING				
Accounts receivable - US$ / € / £	570.869	325.869	82.198	(74.928)
Investments - US$ / €	3.427.908	2.888.882	356.362	-
Inventories destined to export - @ cattle	75.816	74.637	-	6.022
Order of sales - US$ / € / £	684.981	433.689	-	(62.447)
Subtotal	**4.759.574**	**3.723.077**	**438.560**	**(131.353)**
FINANCIAL				
Credits with subsidiaries - US$ / €	946.820	261.333	152.318	
Firm commitment for investment acquisition - US$	(1.914.300)	(2.467.000)	-	
Loans and financings - US$	(2.067.443)	(1.671.535)	(365.449)	
Imports payable - US$	(17.522)	(28.268)	(228)	
Amounts receivable (payable) of forward contracts, NET	(63.171)	(8.096)	-	392.947
Subtotal	**(3.115.616)**	**(3.913.566)**	**(213.359)**	**392.947**
TOTAL	**1.643.958**	**(190.489)**	**225.201**	**261.594**

Investments and Firm commitment for investment acquisition - Was deliberated, in the Council of Administration meeting, that the Hedge of the investments in overseas companies should not be done, as well as was decided that between the begining and closing times of any new acquisition of overseas companies the Hedge should be done, during this interval of time.

Order of sales - The notional is not registered in the balance sheet, therefore, the effects of the derivative variation will be compensated in the moment of the effective invoicing by the quotation of the foreign currency in the day of the invoice issue.

Firm commitment for investment acquisition - The notional is not registered in the balance sheet, therefore, the effects of the derivative variation will be compensated in the moment of the operation conclusion.

Credits with subsidiaries - For the credits with overseas subsidiaries Hedges are not performed, since it has the same characteristics of the investments.

24 Aquisition contract in process

National Beef

In March 4, 2008, the Company executed the Membership Interest Purchase Agreement ("National Beef Agreement"), to acquire all of the membership interests representing the entire ownership of National Beef, a limited liability company organized under the laws of the state of Delaware, United States of America, which slaughters and trades boxed beef, case-ready beef and beef byproducts. Closing of the transaction contemplated in the National Beef Agreement is subject to customary regulatory approvals and other customary closing conditions. The Department of Justice of the United States filed a complaint in the Federal District Court challenging the acquisition. The Company look forward to defending this matter in court.

National Beef owns (i) three beef slaughter plants, one located in Dodge City, Kansas, one in Liberal, Kansas and the other in Brawley, California; (ii) two case-ready beef processing plants, specializing in products for sale to retailers destined to the end consumer, located in Hummels Wharf, Pennsylvania, and Moultrie, Georgia; (iii) one plant located in Kansas City, Kansas specializing in portioned products for commercial establishments and end consumers; and (iv) one transportation company, with approximately 1,200 vehicles including refrigerated transportation and transportation of live stock, headquartered in Liberal, Kansas.

Pursuant to the agreement, the Company shall pay US$ 560 million to the members of National Beef, approximately US$ 465 million of which shall be paid in cash and US$ 95 million with JBS existing shares. At closing, the Company shall assume the debt and other liabilities of National Beef, resulting in an enterprise value of approximately US$ 970 million. JBS intends to use shares held in treasury to effect the payment of the portion of the acquisition price to be paid with shares, and, for this reason.

25 Subsequent Event

On October 23, 2008 the Company completed, through its subsidiary JBS USA, by US$565 Million, the purchase of the beef unit of the Smithfield Group as well as their feedlot operations known as Five Rivers.

Smithfield Beef Processing owns (i) four beef slaughter plants, located in Green Bay, Wisconsin, Plainwell, Michigan, Souderton, Pennsylvania and Tolleson, Arizona; (ii) one grease producing plant located in Elroy, Pennsylvania; (iii) one cattle feedlot unit in South Charleston, Ohio; and (iv) one transportation division, with approximately 120 refrigerated transportation vehicles. Smithfield Beef Processing processes approximately 680 thousand tons of fresh beef annually. Five Rivers owns ten cattle feedlot units with a one time feeding capacity of 820,000 cattle units, located in the States of Colorado, Idaho, Kansas, Oklahoma and Texas.

(Expressed in thousand of reais)

26 Relevant information - Statements of cash flows for the nine months period ended September 30, 2008 and 2007

	Company		Consolidated	
	2008	2007	2008	2007
Cash from operating activities				
. Net income (loss) of the period	**322.914**	(28.933)	**322.914**	(28.933)
Adjustments to reconcile net income (loss) to cash provided				
. Depreciation and amortization	**48.372**	42.147	**160.941**	82.118
. Allowance for doubtful accounts	**3.185**	629	**6.142**	1.212
. Goodwill amortization	**134.177**	1.293	**134.177**	1.293
. Minority interest	**-**	-	**(932)**	1.689
. Equity in subsidiaries	**(214.780)**	125.015	**-**	-
. Write-off of fixed assets	**1.608**	11.325	**3.004**	14.004
. Deferred income taxes	**(4.057)**	(1.347)	**82.917**	(1.060)
. Current and non-current financial charges	**72.735**	58.416	**208.656**	68.367
. Provision for contingencies	**(2.893)**	(2.949)	**(10.789)**	(4.115)
	361.261	**205.596**	**907.030**	**134.575**
Variation in operating assets and liabilities				
. Decrease (increase) in trade accounts receivable	**(374.735)**	62.592	**(800.193)**	(45.368)
. Decrease (increase) in inventories	**(216.925)**	53.298	**(698.683)**	(66.370)
. Decrease (increase) in recoverable taxes	**(89.040)**	5.229	**(115.084)**	31.803
. Decrease (increase) in other current and non-current assets	**13.795**	(54.876)	**(551.728)**	(32.679)
. Decrease (increase) in credits with related parties	**(862.864)**	37.761	**(14.811)**	-
. Increase (decrease) in trade accounts payable	**(104.733)**	62.521	**126.350**	127.325
. Increase (decrease) in other current and non-current liabilities	**208.139**	50.274	**801.473**	33.565
. Net effect of the working capital of acquired company	**-**	-	**(147.353)**	58.913
Total cash provided by (used in) operating activities	**(1.065.102)**	**422.395**	**(492.999)**	**241.764**
Cash used in investing activities				
. Additions to property, plant and equipment and intangible assets	**(330.489)**	(329.415)	**(709.894)**	(458.895)
. Additions to deferred charges	**(2.534)**	-	**(2.776)**	-
. Increase in investments	**(1.696.360)**	(2.055.711)	**(327.973)**	(601.625)
Total cash used in investing activities	**(2.029.383)**	**(2.385.126)**	**(1.040.643)**	**(1.060.520)**
Cash from financing activities				
. Loans and financings	**2.844.292**	1.293.110	**3.043.993**	2.842.912
. Payments of loans and financings	**(1.380.866)**	(1.498.325)	**(3.022.246)**	(3.718.259)
. Increase in capital stock and goodwill in subscription	**2.550.279**	3.054.040	**2.550.279**	3.054.040
. Shares acquisition of own emission	**(164.511)**	-	**(164.511)**	-
Total cash provided by financing activities	**3.849.194**	**2.848.825**	**2.407.515**	**2.178.693**
Net increase (decrease) in cash	**754.709**	**886.094**	**873.873**	**1.359.937**
Cash, cash equivalents and short-term investments at the beginning of the period	**869.784**	199.721	**1.381.703**	261.071
Cash, cash equivalents and short-term investments at the end of the period	**1.624.493**	**1.085.815**	**2.255.576**	**1.621.008**

(Expressed in thousand of reais)

27 Relevant information - Statements of cash flows for the three month period ended September 30, 2008 and 2007

	Company		Consolidated	
	2008	2007	2008	2007
Cash from operating activities				
. Net income (loss) of the period	**693.979**	(78.304)	**693.979**	(78.304)
Adjustments to reconcile net income (loss) to cash provided				
. Depreciation and amortization	**16.761**	14.328	**52.684**	44.219
. Allowance for doubtful accounts	**2.160**	(734)	**4.211**	169
. Goodwill amortization	**44.733**	426	**44.733**	426
. Minority interest	**-**	-	**(362)**	-
. Equity in subsidiaries	**(275.867)**	83.615	**-**	-
. Write-off of fixed assets	**783**	155	**2.178**	731
. Deferred income taxes	**(2.642)**	678	**57.738**	1.143
. Current and non-current financial charges	**(153.652)**	65.195	**152.943**	68.393
. Provision for contingencies	**(2.893)**	(4.924)	**(7.502)**	(6.304)
	323.362	**80.435**	**1.000.602**	**30.473**
Variation in operating assets and liabilities				
. Decrease (increase) in trade accounts receivable	**(168.131)**	29.558	**(253.313)**	6.361
. Decrease (increase) in inventories	**7.542**	65.701	**(217.637)**	26.203
. Decrease (increase) in recoverable taxes	**(31.867)**	7.105	**(42.381)**	(9.902)
. Decrease (increase) in other current and non-current assets	**(4.871)**	(30.181)	**(167.107)**	(34.860)
. Decrease (increase) in credits with related parties	**(577.310)**	7.434	**(7.341)**	-
. Increase (decrease) in trade accounts payable	**(6.807)**	66.590	**100.167**	73.899
. Increase (decrease) in other current and non-current liabilities	**47.188**	3.425	**181.693**	(18.148)
Total cash provided by (used in) operating activities	**(410.894)**	**230.067**	**594.683**	**74.026**
Cash used in investing activities				
. Additions to property, plant and equipment and intangible assets	**(169.031)**	(92.884)	**(226.567)**	(132.907)
. Additions to deferred charges	**(1.284)**	-	**(1.267)**	-
. Increase in investments	**(6.671)**	(1.871.660)	**(3.130)**	(580.708)
Total cash used in investing activities	**(176.986)**	**(1.964.544)**	**(230.964)**	**(713.615)**
Cash from financing activities				
. Loans and financings	**588.210**	824.579	**680.764**	2.296.722
. Payments of loans and financings	**(467.819)**	(595.551)	**(1.222.022)**	(2.765.461)
. Increase in capital stock and goodwill in subscription	**-**	1.854.040	**-**	1.854.040
. Shares acquisition of own emission	**(36.772)**	-	**(36.772)**	-
Total cash provided by financing activities	**83.619**	**2.083.068**	**(578.030)**	**1.385.301**
Net increase (decrease) in cash	**(504.261)**	**348.591**	**(214.311)**	**745.711**
Cash, cash equivalents and short-term investments at the beginning of the period	**2.128.754**	737.224	**2.469.887**	875.297
Cash, cash equivalents and short-term investments at the end of the period	**1.624.493**	**1.085.815**	**2.255.576**	**1.621.008**

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