Report of Independent auditors of JBS S.A
ITR - Six months period

As of June 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 June 30, 2008, and the related statement of income and cash flows 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 June 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 March 31, 2008, presented for comparative purposes, were rewied by us, and our special review report, dated May 9, 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 June 30, 2007, also presented for comparative purposes, were reviewed by other independent auditors, who issued a special review report on August 9, 2007 emphasizing the completion of the primary and secondary public offering of shares.

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

Ribeirão Preto, July 30, 2008

BDO Trevisan
BDO Trevisan Auditores Independentes
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Estefan George Haddad
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JBS S.A.

Balance sheets
(In thousands of Reais)

	Company		Consolidated	
	June, 2008	March, 2008	June, 2008	March, 2008
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 5)	**82.476**	1.818.412	**318.054**	1.999.129
Short-term investments (Note 6)	**2.046.278**	589.452	**2.151.833**	685.093
Trade accounts receivable, net (Note 7)	**561.742**	537.890	**1.828.260**	1.412.286
Inventories (Note 8)	**828.692**	652.904	**2.144.677**	1.922.830
Recoverable taxes (Note 9)	**405.228**	363.198	**559.451**	513.188
Prepaid expenses	**2.913**	1.973	**56.564**	48.342
Other current assets	**10.738**	14.822	**202.136**	101.810
TOTAL CURRENT ASSETS	**3.938.067**	**3.978.651**	**7.260.975**	**6.682.678**
NON-CURRENT ASSETS				
Long-term assets				
Credits with related parties (Note 10)	**342.990**	18.396	**25.780**	19.272
Judicial deposits and others	**9.532**	8.405	**41.498**	51.073
Deferred income taxes (Note 18)	**17.666**	16.529	**290.123**	35.171
Recoverable taxes (Note 9)	**35.064**	30.521	**51.682**	44.221
Total long-term assets	**405.252**	**73.851**	**409.083**	**149.737**
Permanent assets				
Investments in subsidiaries (Note 11)	**3.531.627**	3.514.823	**1.036.849**	1.081.822
Other investments	**10**	10	**5.456**	5.370
Property, plant and equipment, net (Note 12)	**1.457.037**	1.427.685	**3.440.831**	3.202.305
Intangible assets, net	**9.615**	9.615	**183.342**	223.619
Deferred charges	**2.650**	1.400	**4.506**	3.172
Total Permanent assets	**5.000.939**	**4.953.533**	**4.670.984**	**4.516.288**
TOTAL NON-CURRENT ASSETS	**5.406.191**	**5.027.384**	**5.080.067**	**4.666.025**
TOTAL ASSETS	**9.344.258**	**9.006.035**	**12.341.042**	**11.348.703**

	Company		Consolidated	
	June, 2008	March, 2008	June, 2008	March, 2008
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade accounts payable (Note 13)	**257.552**	216.434	**1.303.079**	995.446
Loans and financings (Note 14)	**1.298.887**	1.414.759	**2.322.907**	2.396.607
Payroll, social charges and tax obligation (Note 15)	**74.673**	69.022	**254.635**	197.530
Declared dividends (Note 19)	**-**	17.465	**-**	17.465
Other current liabilities	**96.595**	119.160	**212.094**	155.931
TOTAL CURRENT LIABILITIES	**1.727.707**	**1.836.840**	**4.092.715**	**3.762.979**
NON-CURRENT LIABILITIES				
Loans and financings (Note 14)	**2.221.459**	2.186.048	**2.344.707**	2.370.172
Deferred income taxes (Note 18)	**58.091**	58.848	**409.019**	146.063
Provision for contingencies (Note 16)	**45.979**	45.979	**53.959**	57.246
Debit with third parties for investment (Note 17)	**162.909**	179.439	**162.909**	179.439
Other non-current liabilities	**22.050**	22.612	**172.970**	157.784
TOTAL NON-CURRENT LIABILITIES	**2.510.488**	**2.492.926**	**3.143.564**	**2.910.704**
MINORITY INTEREST	**-**	**-**	**(1.300)**	**(1.249)**
SHAREHOLDERS' EQUITY (Note 19)				
Capital stock	**4.495.581**	3.676.132	**4.495.581**	3.676.132
Capital reserve	**858.204**	883.410	**858.204**	883.410
Revaluation reserve	**121.643**	123.113	**121.643**	123.113
Retained earnings	**(369.365)**	(6.386)	**(369.365)**	(6.386)
TOTAL SHAREHOLDERS' EQUITY	**5.106.063**	**4.676.269**	**5.106.063**	**4.676.269**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9.344.258**	**9.006.035**	**12.341.042**	**11.348.703**

The accompanying notes are an integral part of the financial statements

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

	Company		Consolidated	
	2008	2007	2008	2007
GROSS OPERATING REVENUE				
Sales of products:				
Domestic Sales	**1.204.629**	1.011.343	**8.566.214**	1.127.400
Foreign Sales	**1.165.275**	1.083.661	**4.733.329**	1.367.799
	2.369.904	**2.095.004**	**13.299.543**	**2.495.199**
SALES DEDUCTIONS				
Returns and discounts	**(76.197)**	(72.152)	**(150.739)**	(87.572)
Sales taxes	**(135.766)**	(126.824)	**(160.203)**	(150.273)
	(211.963)	**(198.976)**	**(310.942)**	**(237.845)**
NET SALE REVENUE	**2.157.941**	**1.896.028**	**12.988.601**	**2.257.354**
Cost of goods sold	**(1.724.598)**	(1.391.653)	**(11.784.579)**	(1.718.832)
GROSS INCOME	**433.343**	**504.375**	**1.204.022**	**538.522**
OPERATING INCOME (EXPENSE)				
General and administrative expenses	**(46.014)**	(30.984)	**(176.202)**	(48.471)
Selling expenses	**(216.626)**	(183.649)	**(669.022)**	(206.524)
Financial income (expense), net (Note 20)	**(396.967)**	(93.477)	**(585.598)**	(129.640)
Equity in subsidiaries (Note 11)	**(61.087)**	(41.400)	**-**	-
Goodwill amortization	**(89.444)**	(867)	**(89.444)**	(867)
Initial Public Offering expenses	**-**	(50.591)	**-**	(50.591)
	(810.138)	**(400.968)**	**(1.520.266)**	**(436.093)**
OPERATING INCOME (LOSS)	**(376.795)**	**103.407**	**(316.244)**	**102.429**
NON-OPERATING INCOME (EXPENSE), NET	**2.764**	(10)	**3.652**	832
INCOME (LOSS) BEFORE TAXES	**(374.031)**	**103.397**	**(312.592)**	**103.261**
Current income taxes	**1.551**	(54.698)	**(33.864)**	(56.574)
Deferred income taxes	**1.415**	672	**(25.179)**	1.257
	2.966	**(54.026)**	**(59.043)**	**(55.317)**
INCOME (LOSS) BEFORE MINORITY INTEREST	**(371.065)**	**49.371**	**(371.635)**	**47.944**
Minority interest (expense) income	**-**	-	**570**	1.427
NET INCOME (LOSS)	**(371.065)**	**49.371**	**(371.065)**	**49.371**
NET INCOME (LOSS) PER THOUSAND SHARES	**(261,60)**	**58,08**		

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	**(374.031)**	103.397	**(312.592)**	103.261
Financial income (expense), net (Note 20)	**396.967**	93.477	**585.598**	129.640
Depreciation and amortization	**31.611**	27.819	**108.257**	37.899
Non-operating income (expense), net	**(2.764)**	10	**(3.652)**	(832)
Equity in subsidiaries (Note 11)	**61.087**	41.400	**-**	-
Initial Public Offering expenses	**-**	50.591	**-**	50.591
Goodwill Amortization	**89.444**	867	**89.444**	867
AMOUNT OF EBITDA	**202.314**	**317.561**	**467.055**	**321.426**

The accompanying notes are an integral part of the financial statements

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

	Company		Consolidated	
	2008	2007	2008	2007
GROSS OPERATING REVENUE				
Sales of products:				
Domestic Sales	**681.089**	516.363	**4.617.110**	576.634
Foreign Sales	**584.144**	560.782	**2.676.912**	716.192
	1.265.233	**1.077.145**	**7.294.022**	**1.292.826**
SALES DEDUCTIONS				
Returns and discounts	**(42.747)**	(34.179)	**(78.639)**	(41.305)
Sales taxes	**(73.582)**	(64.628)	**(85.847)**	(80.305)
	(116.329)	**(98.807)**	**(164.486)**	**(121.610)**
NET SALE REVENUE	**1.148.904**	**978.338**	**7.129.536**	**1.171.216**
Cost of goods sold	**(960.262)**	(721.607)	**(6.435.740)**	(890.337)
GROSS INCOME	**188.642**	**256.731**	**693.796**	**280.879**
OPERATING INCOME (EXPENSE)				
General and administrative expenses	**(25.412)**	(16.131)	**(96.380)**	(27.904)
Selling expenses	**(116.467)**	(94.576)	**(363.876)**	(106.630)
Financial income (expense), net (Note 20)	**(392.367)**	(53.620)	**(508.796)**	(72.657)
Equity in subsidiaries (Note 11)	**17.131**	(19.689)	**-**	-
Goodwill amortization	**(45.131)**	(867)	**(45.131)**	(867)
Initial Public Offering expenses	**-**	(27)	**-**	(27)
	(562.246)	**(184.910)**	**(1.014.183)**	**(208.085)**
OPERATING INCOME (LOSS)	**(373.604)**	**71.821**	**(320.387)**	**72.794**
NON-OPERATING INCOME (EXPENSE), NET	**2.326**	(78)	**4.176**	772
INCOME (LOSS) BEFORE TAXES	**(371.278)**	**71.743**	**(316.211)**	**73.566**
Current income taxes	**5.692**	(32.884)	**(18.274)**	(34.500)
Deferred income taxes	**1.137**	(131)	**(30.128)**	(1.232)
	6.829	**(33.015)**	**(48.402)**	**(35.732)**
INCOME (LOSS) BEFORE MINORITY INTEREST	**(364.449)**	**38.728**	**(364.613)**	**37.834**
Minority interest (expense) income	**-**	-	**164**	894
NET INCOME (LOSS)	**(364.449)**	**38.728**	**(364.449)**	**38.728**
NET INCOME (LOSS) PER THOUSAND SHARES	**(256,94)**	**45,56**		

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	**(371.278)**	71.743	**(316.211)**	73.566
Financial income (expense), net (Note 20)	**392.367**	53.620	**508.796**	72.657
Depreciation and amortization	**16.220**	13.946	**57.250**	18.852
Non-operating income (expense), net	**(2.326)**	78	**(4.176)**	(772)
Equity in subsidiaries (Note 11)	**(17.131)**	19.689	**-**	-
Initial Public Offering expenses	**-**	27	**-**	27
Goodwill Amortization	**45.131**	867	**45.131**	867
AMOUNT OF EBITDA	**62.983**	**159.970**	**290.790**	**165.197**

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 BOVESPA - Stock Exchange of São Paulo.

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, organized in July 2006, and 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.

Swift-Armour Sociedad Anónima Argentina, presently known 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 and Santa Fé.

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, 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, Asia and the Middle East.

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$ 580.467, related to intangible assets and fixed assets goodwill, calculated according to applicable purchasing accounting, and it was adjusted reducing the shareholder´s equity;
- Derivatives designated as a hedge and used to hedge an anticipated transaction, changes in fair value of the derivatives are deferred in the balance sheet within accumulated other comprehensive income and were recognized in the statement of earnings for Brazilian GAAP purposes.

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. Depreciation is computed pursuant to the straight-line method, using rates described in Note 12, 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 11.

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.

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, issued on 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 loss in the three month period of R$ (364.449) to R$ (145.030), that would be reflected in an increase in the positive equity of R$ 17.131 to R$ 35.578 in the Company and a reduction of the financial income of R$(392.367) to R$ (191.395) in the Company and R$ (508.796) to R$ (289.377) in the consolidated; and
- a reduction in the loss in the six month period of R$ (371.065) to R$ (190.650), that would be reflected in an reduction in the negative equity of R$ (61.087) to R$ (35.458) in the Company and a reduction of the financial income of R$(396.967) to R$ (242.181) in the Company and R$ (585.598) to R$ (366.179) 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 six months period ended June 30, 2008, and the comparability loss with previous periods, we are presenting below the combined balance sheet and 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 financial statements.

(Expressed in thousand of reais)

BALANCE SHEET

ASSETS	June 2008 Consolidated	June 2008 JBS USA	June 2008 INALCA JBS	June 2008 JBS and other subsidiaries	March 2008 Consolidated
Cash, cash equivalents and short-term investments	2.469.887	173.582	81.903	2.214.402	2.684.222
Trade accounts receivable, net	1.828.260	1.009.230	161.562	657.469	1.412.286
Inventories	2.144.677	956.972	168.426	1.019.278	1.922.830
Other current and non current assets	1.227.234	424.401	57.133	745.700	813.077
Investments in subsidiaries	1.036.849	-	-	2.961.503	1.081.822
Property, plant and equipment, net	3.440.831	1.127.938	555.295	1.757.599	3.202.305
Other permanent assets	193.304	127.973	36.967	28.365	232.161
TOTAL ASSETS	**12.341.042**	**3.820.095**	**1.061.286**	**9.384.315**	**11.348.703**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Trade accounts payable	1.303.079	797.091	195.852	310.136	995.446
Loans and financings	4.667.614	703.543	290.471	3.673.599	4.766.779
Other current and non current liabilities	1.265.586	862.151	103.912	299.523	911.458
Minority interest	(1.300)	-	3.707	(5.007)	(1.249)
Shareholders' equity	5.106.063	1.457.310	467.344	5.106.063	4.676.269
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**12.341.042**	**3.820.095**	**1.061.286**	**9.384.315**	**11.348.703**

INCOME STATEMENTS

	Six month period ended June 30, 2008 Consolidated	2008 JBS USA	2008 INALCA JBS	2008 JBS and other subsidiaries	2007 Consolidated
Net sales revenue	12.988.601	9.585.925	706.887	2.695.789	2.257.354
Cost of goods sold	(11.784.579)	(8.920.130)	(631.637)	(2.232.811)	(1.718.832)
GROSS INCOME	**1.204.022**	**665.794**	**75.250**	**462.978**	**538.522**
General, administrative and selling expenses	(845.224)	(471.691)	(58.307)	(315.226)	(254.995)
Financial income (expense), net	(585.598)	(31.339)	(23.188)	(531.071)	(129.640)
Equity in subsidiaries	-	-	-	85.257	-
Other operating expenses	(89.444)	-	-	(89.444)	(51.458)
Non-operating income (expense), net	3.652	165	(236)	3.724	832
Income taxes	(59.043)	(68.341)	(2.574)	11.872	(55.317)
Minority interest (expense) income	570	-	(275)	845	1.427
NET INCOME (LOSS)	**(371.065)**	**94.588**	**(9.331)**	**(371.065)**	**49.371**
AMOUNT OF EBITDA	**467.055**	**239.891**	**36.281**	**190.883**	**321.426**

(Expressed in thousand of reais)

INCOME STATEMENTS	Three month period ended June 30, 2008				2007
	Consolidated	JBS USA	INALCA JBS	JBS and other subsidiaries	Consolidated
Net sales revenue	7.129.536	5.303.000	402.017	1.424.519	1.171.216
Cost of goods sold	(6.435.740)	(4.852.666)	(359.324)	(1.223.750)	(890.337)
GROSS INCOME	**693.796**	**450.334**	**42.693**	**200.768**	**280.879**
General, administrative and selling expenses	(460.256)	(261.227)	(34.046)	(164.983)	(134.534)
Financial income (expense), net	(508.796)	(16.991)	(4.517)	(487.289)	(72.657)
Equity in subsidiaries	-	-	-	116.123	-
Other operating expenses	(45.131)	-	-	(45.131)	(894)
Non-operating income (expense), net	4.176	196	(206)	4.186	772
Income taxes	(48.402)	(58.555)	(1.285)	11.437	(35.732)
Minority interest (expense) income	164	-	(275)	439	894
NET INCOME (LOSS)	**(364.449)**	**113.758**	**2.365**	**(364.449)**	**38.728**
AMOUNT OF EBITDA	**290.790**	**213.285**	**19.319**	**58.186**	**165.197**

5 Cash and Cash equivalents

The Company and the consolidated balance of cash and cash equivalents on March 31, 2008, includes R$ 1,730,551 as cash equivalents, relating to payment of the capital increase in the amount of R$ 2,550,000, approved by the Extraordinary General Meeting, through the private issue of 360,678,926 new common, registered shares, without par value, at the price of R$ 7.07 per share, in accordance with the investment agreement signed on March 18, 2008 between the founding shareholders J&F Participações S.A. and ZMF Fundo de Investimentos em Participações, and the investors BNDES Participações S.A. – BNDESPAR and PROT – Fundo de Investimentos em Participações.

6 Short-term investments

	Company		Consolidated	
	30.06.2008	31.03.2008	30.06.2008	31.03.2008
Certificates of bank deposits - CDB-DI	**1.614.758**	299.983	**1.616.325**	300.129
Investment funds	**431.520**	289.469	**535.508**	384.964
	2.046.278	**589.452**	**2.151.833**	**685.093**

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.

7 Trade accounts receivable, net

	Company		Consolidated	
	30.06.2008	31.03.2008	30.06.2008	31.03.2008
Receivables not yet due	**526.725**	**507.301**	**1.472.775**	**1.078.774**
Overdue receivables:				
From 1 to 30 days	**32.991**	17.241	**283.848**	254.629
From 31 to 60 days	**1.405**	4.976	**42.909**	39.256
From 61 to 90 days	**1.969**	7.030	**11.681**	14.859
Above 90 days	**3.524**	6.008	**31.945**	38.886
Allowance for doubtful accounts	**(4.872)**	(4.666)	**(14.898)**	(14.118)
	35.017	**30.589**	**355.485**	**333.512**
	561.742	**537.890**	**1.828.260**	**1.412.286**

(Expressed in thousand of reais)

8 Inventories

	Company		Consolidated	
	30.06.2008	31.03.2008	30.06.2008	31.03.2008
Finished products	**717.126**	573.059	**1.583.787**	1.445.732
Work-in-progress	**820**	568	**94.811**	81.247
Raw-materials	**65.032**	41.187	**98.280**	68.707
Livestock	**-**	-	**205.373**	182.304
Warehouse spare parts	**45.714**	38.090	**162.426**	144.840
	828.692	**652.904**	**2.144.677**	**1.922.830**

9 Recoverable taxes

	Company		Consolidated	
	30.06.2008	31.03.2008	30.06.2008	31.03.2008
Value-added tax on sales and services (ICMS / IVA / VAT)	**338.237**	307.252	**413.088**	381.105
Excise tax - IPI	**51.648**	51.674	**111.689**	110.229
Social contribution and taxation on billings - PIS and Cofins	**26.766**	25.587	**41.227**	39.488
Income tax withheld at source - IRRF	**6.789**	3.803	**10.527**	7.596
Others	**16.852**	5.403	**34.602**	18.991
	440.292	**393.719**	**611.133**	**557.409**
Current and Long-term:				
Current	**405.228**	363.198	**559.451**	513.188
Non-current	**35.064**	30.521	**51.682**	44.221
	440.292	**393.719**	**611.133**	**557.409**

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$ 115.463.

10 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:

June 30, 2008	Trade accounts receivable	Trade accounts payable	Purchases	Sales of products	Credits
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)
Friboi Egypt Company L.L.C	-	-	-	-	-
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**

March 31, 2008	Trade accounts receivable	Trade accounts payable	Purchases	Sales of products	Credits
Mouran Alimentos Ltda.	-	-	-	-	654
JBS Confinamento Ltda.	-	-	-	-	1.013
JBS Embalagens Metálicas Ltda.	29	1.371	9.881	-	67.055
JBS Global Beef Company SU Lda.	-	-	-	-	(41.104)
Friboi Egypt Company L.L.C	447	-	-	-	-
JBS Global (UK) Limited	107.709	-	-	106.402	-
JBS Argentina S.A.	-	1.368	2.523	-	-
The Tupman Thurlow Co.	27.092	601	-	16.953	-
JBS Global A/S (Denmark))	-	-	-	-	(41.409)
Global Beef Trading SU Lda.	2.013	-	-	8.781	-
Beef Snacks Brasil Ind.Com.Alimento Ltda	1.280	7	7	3.953	29.031
Beef Snacks International BV	-	-	-	-	3.156
Inalca JBS S.p.A	1.852	-	-	6.178	-
JBS Agropecuária Ltda.	-	197	2.238	-	-
Flora Produtos de Higiene e Limpeza S.A.	10.774	-	-	25.851	-
	151.196	**3.544**	**14.649**	**168.118**	**18.396**

11 Investments in subsidiaries

a) Relevant information about subsidiaries

June 30, 2008	Company's share quantity (Thousand)	Participation	Capital stock	Shareholders' equity	Net income (loss)
JBS Embalagens Metálicas Ltda.	10.002	99,00%	2	39.502	(109)
JBS Global Investments S.A.	90.000	100,00%	143.271	44.902	(75.751)
JBS Holding Internacional. S. A.	569.079	100,00%	569.079	373.765	(24.862)
JBS Global A/S (Denmark))	222	100,00%	72.488	108.909	3.432
Mouran Alimentos Ltda.	120	70,00%	120	(18.271)	(1.459)
JBS USA, Inc.	100	100,00%	1.507.394	1.457.310	113.757
SB Holdings, Inc	20	100,00%	16	2.216	(122)
JBS Confinamento Ltda	30.001	100,00%	30.001	29.371	(618)
Inalca JBS S.p.A	280.000	50,00%	876.407	934.688	7.701

March 31, 2008	Company's share quantity (Thousand)	Participation	Capital stock	Shareholders' equity	Loss
JBS Embalagens Metálicas Ltda.	10.002	99%	2	39.611	(231)
JBS Global Investments S.A.	38.000	100%	66.466	43.863	(22.769)
JBS Holding Internacional. S. A.	544.075	100%	544.075	373.622	(21.156)
JBS Global A/S (Denmark))	222	100%	79.844	116.387	(2.098)
Mouran Alimentos Ltda.	120	70%	120	(16.812)	(1.360)
JBS USA, Inc.	100	100%	1.656.249	1.478.121	(19.170)
SB Holdings, Inc	20	100%	18	2.582	(134)
JBS Confinamento Ltda	30.001	100%	3.001	29.989	(12)
Inalca JBS S.p.A	238.148	44%	800.066	858.453	(26.364)

b) Investments movement

	Balance as of March 31, 2008	Goodwill (amortization)	Addition (realization)	Exchange rate variation	Equity	Balance as of June 30, 2008
JBS Embalagens Metálicas Ltda.	**39.215**	-	-	-	(108)	**39.107**
JBS Global Investments S.A.	**43.863**	88.007	-	(11.216)	(75.751)	**44.903**
JBS Holding Internacional. S. A.	**373.622**	25.004	-	-	(24.862)	**373.764**
JBS Global A/S (Denmark))	**116.387**	(59)	-	(10.909)	3.491	**108.910**
Mouran Alimentos Ltda.	**(11.768)**	-	-	-	(1.021)	**(12.789)**
JBS USA, Inc.	**2.238.715**	-	(43.880)	(134.569)	113.757	**2.174.023**
SB Holdings, Inc	**22.184**	-	(1.251)	(244)	(122)	**20.567**
JBS Confinamento Ltda.	**29.989**	-	-	-	(618)	**29.371**
Inalca JBS S.p.A	**650.848**	125.084	28.495	(65.810)	2.365	**740.982**
Transfer to Other current liabilities (Negative equity Mouran)	**11.768**					**12.789**
Total	**3.514.823**	**238.036**	**(16.636)**	**(222.748)**	**17.131**	**3.531.627**

In the third quarter of 2007, the Joint Venture operation between JBS S.A (through the subsidiary JBS Global A/S) and Jay Earl Link (through the company Link International Meat Products LTD) was finalized to operate the company Beef Snacks International BV, which became the holding company of Beef Snacks and Jerky Snacks, both integrally. JBS Global A/S is the owner of 50% of the social capital of Beef Snacks International BV.

(Expressed in thousand of reais)

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 six months period ended June 30, 2008 the goodwill was amortized in the amount of R$ 43.880 and R$ 87.760, respectively, and the actual accumulated goodwill amortization is R$ 160.894.

In January 2007 the Company acquired 100% of the capital stock of SB Holdings, Inc., and paid a goodwill of R$ 20.881 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 six months period ended June 30, 2008 the goodwill was amortized in the amount of R$ 1,251 and R$ 1.684, and the actual accumulated goodwill amortization is R$ 3.374.

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 109.181, which correspond as of June 30, 2008 to R$ 273.639, 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 19 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 $56.765 thousand argentinean pesos, that corresponds as of June 30, 2008 to R$ 29.872. 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 ten years.

12 Property, plant and equipment, net

Company

	Annual Depreciation Rates	Cost	Revaluation	Accumulated Depreciation	Net amount June 2008	Net amount March 2008
Buildings	4%	359.768	116.742	(30.452)	**446.058**	448.250
Land	-	107.469	9.352	-	**116.821**	117.821
Machinery & equipment	10%	268.539	45.643	(55.352)	**258.830**	245.499
Installations	10%	85.768	21.815	(18.202)	**89.381**	90.450
Computer equipment	20%	14.031	730	(6.650)	**8.111**	8.241
Vehicle and airplanes	20%	75.033	460	(44.137)	**31.356**	33.111
Construction in progress	-	492.602	-	-	**492.602**	470.881
Others	10 to 20%	17.888	3.880	(7.890)	**13.878**	13.432
		1.421.098	**198.622**	**(162.683)**	**1.457.037**	**1.427.685**

Consolidated

	Annual Depreciation Rates	Cost	Revaluation	Accumulated Depreciation	Net amount June 2008	Net amount March 2008
Buildings	3 to 20%	1.274.569	81.988	(124.244)	**1.232.313**	1.160.681
Land	-	384.611	8.714	(5.868)	**387.457**	385.238
Machinery & equipment	8 to 10%	1.395.710	45.643	(484.047)	**957.306**	822.379
Installations	10%	87.844	21.815	(18.692)	**90.967**	92.077
Computer equipment	20 to 100%	62.650	730	(32.360)	**31.020**	35.918
Vehicle and airplanes	14 to 50%	102.644	460	(51.639)	**51.465**	52.820
Construction in progress	-	644.688	-	-	**644.688**	604.079
Others	10 to 100%	66.511	3.880	(24.776)	**45.615**	49.113
		4.019.227	**163.230**	**(741.626)**	**3.440.831**	**3.202.305**

(Expressed in thousand of reais)

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 June 30 2008, the balance of the Company's revaluation of fixed assets account was R$198,622, the balance of the Company revaluation reserve account was R$ 121,643, and the balance of the Company income tax and social contribution account was R$ 58,091. The Company recorded accrued depreciation of R$ 18,888 with respect to the Company's revaluation of fixed assets as of June 30, 2008.

13 Trade accounts payable

	Company		Consolidated	
	30.06.2008	31.03.2008	30.06.2008	31.03.2008
Commodities	**171.171**	121.057	**630.634**	488.348
Materials and services	**82.026**	91.608	**644.163**	479.692
Finished products	**4.355**	3.769	**28.282**	27.406
	257.552	**216.434**	**1.303.079**	**995.446**

14 Loans and financings

a) Company

Modality	Annual average rate of interest and commissions	June 2008	March 2008
Financing for purchase of fixed assets			
FINAME / FINEM - Enterprise financing	TJLP-UMBNDES index rate and interest rate of 3.0%	**231.672**	244.482
		231.672	**244.482**
Loans for working capital purposes			
ACC - Exchange advance contracts	Exchange rate variation and interest rate LIBOR + 0.45%	**369.866**	361.160
EXIM - BNDES export credit facility	TJLP and interest rate of 3.0%	**267.003**	372.443
Fixed Rate Notes with final maturity in February 2011 (Eurobonds)	Exchange rate variation and interest rate of 9.375%	**444.499**	488.268
Export prepayment	Exchange rate variation and interest rate of Libor + 1.0%	**358.706**	220.446
Fixed Rate Notes with final maturity in February 2016 (144-A)	Exchange rate variation and Interest rate of 10.5%	**498.464**	533.760
NCE / COMPROR	CDI and interest rate of 2.0%	**1.350.136**	1.294.912
Others		**-**	85.336
		3.288.674	**3.356.325**
Total Loans and Financings		**3.520.346**	**3.600.807**
Current and Long-term			
Current		**1.298.887**	1.414.759
Non-current		**2.221.459**	2.186.048
		3.520.346	**3.600.807**
Long-term installments have the following maturities:			
2009		**70.277**	100.259
2010		**280.952**	286.963
2011		**921.673**	911.801
2012		**258.568**	185.398
2013		**212.419**	176.897
2016		**477.570**	524.730
		2.221.459	**2.186.048**

(Expressed in thousand of reais)

b) Consolidated

Modality	Annual average rate of interest and commissions	June 2008	March 2008
Financing for purchase of fixed assets			
FINAME / FINEM - Enterprise financing	TJLP-UMBNDES index rate and interest rate of 3.0%	**231.672**	244.482
Notes Payable	Interest rate Libor + 1.75%	**16.995**	18.878
		248.667	**263.360**
Loans for working capital purposes			
ACC - Exchange advance contracts	Exchange rate variation and interest rate LIBOR + 0.45%	**439.986**	435.601
EXIM - BNDES export credit facility	TJLP and interest rate of 3.0%	**267.003**	372.443
Fixed Rate Notes with final maturity in February 2011 (Eurobonds)	Exchange rate variation and interest rate of 9.375%	**444.499**	488.268
Working Capital - American Dollars	Interest rate Libor + 1.1%	**621.953**	755.540
Working Capital - Australian Dollars	BBSY + 0.35%	**122.860**	18.759
Working Capital - Euros	Euribor + Interests 0.15% - 1.75%	**290.471**	357.204
Export prepayment	Exchange rate variation and interest rate of Libor + 1.0%	**358.706**	220.446
Fixed Rate Notes with final maturity February 2016 (144-A)	Exchange rate variation and Interest rate of 10.5%	**498.464**	533.760
NCE / COMPROR	CDI and interest rate of 2.0%	**1.375.005**	1.321.398
		4.418.947	**4.503.419**
Total		**4.667.614**	**4.766.779**
Current and Long-term			
Current		**2.322.907**	2.396.607
Non-current		**2.344.707**	2.370.172
		4.667.614	**4.766.779**
Long-term installments have the following maturities:			
2009		**82.952**	129.264
2010		**305.689**	321.303
2011		**942.019**	940.963
2012		**277.326**	212.027
2013		**212.419**	176.897
2016		**524.302**	589.718
		2.344.707	**2.370.172**

Exchange Contract Advances (ACCs) are credits funded by financial institutions to JBS S.A., amounting to US$ 232.342 thousands on June 30, 2008 (US$ 206.483 thousands as of March 31, 2008) and are used to finance the Company´s export sales.

Outstanding amounts of export pre-payment loans were US$ 225.332 thousands on June 30, 2008 (US$ 126.034 thousands on March 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.

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)

15 Payroll, social charges and tax obligation

	Company		Consolidated	
	30.06.2008	31.03.2008	30.06.2008	31.03.2008
Payroll and related social charges	**25.817**	29.137	**74.739**	70.238
Accrual for labor liabilities	**43.079**	34.216	**118.794**	101.207
Income tax	**4**	-	**37.177**	2.189
ICMS taxes payable	**2.475**	2.094	**2.501**	2.094
Others	**3.298**	3.575	**21.424**	21.802
	74.673	**69.022**	**254.635**	**197.530**

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 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 June 30, 2008:

Company			Consolidated
Type of Proceedings	Number of lawsuits/administrative proceedings	Provision	Provision
Labor	1.120	5.994	8.481
Civil	483	15.065	20.137
Tax	189	24.920	25.341
Total	**1.792**	**45.979**	**53.959**

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 as of June 30, 2008.

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 as of June 30, 2008.

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 as of June 30, 2008.

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 as of June 30, 2008. Currently, the Company does not pay or deposit with any court any amounts in connection with contributions to the Rural Workers' Assistance Fund.

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 as of June 30, 2008.

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$ 20,301.

Labor Proceedings

As of June 30, 2008, the Company was party to (i) 1,120 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$33,743 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$5,994 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.

(Expressed in thousand of reais)

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 in June 30, 2008. 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$14,465 as of June 30, 2008.

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.

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

	Company		Consolidated	
	Six month period ended June 30,		Six month period ended June 30,	
	2008	2007	2008	2007
Income before income tax and social contribution	**(374.031)**	103.397	**(312.592)**	103.261
Addition (Exclusion), NET:				
Permanent differences (Mainly: Equity in subsidiaries and exchange variation of investments)	**225.961**	55.540	**487.389**	55.540
Temporary differences	**4.160**	1.975	**(71.294)**	3.645
Calculation basis for income tax and social contribution	**(143.910)**	**160.912**	**103.503**	**162.446**
Income tax and CSLL	**-**	**(54.698)**	**(35.415)**	**(56.574)**
Write-off of deferred income tax and social contribution under revaluation	**1.551**	**-**	**1.551**	**-**
	1.551	**(54.698)**	**(33.864)**	**(56.574)**
Temporary differences	**(4.160)**	(1.975)	**71.294**	(3.645)
Deferred income tax and social contribution	**1.415**	**672**	**(25.179)**	**1.257**

(Expressed in thousand of reais)

b) Deferred income tax and social contribution

	Company		Consolidated	
	30.06.2008	31.03.2008	30.06.2008	31.03.2008
Assets:				
. Over provision for contingencies	**1.415**	278	**25.179**	4.949
. Over tax losses and temporary differences	**16.251**	16.251	**264.944**	276.256
	17.666	**16.529**	**290.123**	**281.205**
Liabilities:				
. Over revaluation reserve	**58.091**	58.848	**58.091**	58.848
. Over depreciation, amortization and others	**-**	-	**350.928**	333.249
	58.091	**58.848**	**409.019**	**392.097**

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

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 June 30, 2008 is represented by 1.438.078.926 ordinary shares, without nominal value. From the total shares, as described in letter e) below, 19.650.100 shares are maintained as shares in treasury.

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

(Expressed in thousand of reais)

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 June 30, 2008, the Company maintained 16,650,100 treasury shares, with an average unit cost of R$ 6.50, 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 June 30, 2008 was R$ 8.10.

20 Financial income (expense), net

	Company		Consolidated	
	Six month period ended June 30,		Six month period ended June 30,	
	2008	2007	2008	2007
Exchange variation	**(74.580)**	110.878	**(104.333)**	73.596
Results on derivatives	**(233.937)**	(123.364)	**(342.447)**	(112.124)
Interest - Loss	**(190.381)**	(117.674)	**(237.379)**	(120.121)
Interest - Gain	**120.501**	57.319	**125.069**	54.518
Taxes, contribution, tariff and others	**(18.570)**	(20.636)	**(26.508)**	(25.509)
	(396.967)	**(93.477)**	**(585.598)**	**(129.640)**

The financial income for the six month period ended June 30, 2008 is negatively affected, by a significant amount, by exchange variation rate of the permanent investments in foreign currency and by losses with derivative financial instruments for exchange rate variation protection of the amount to be invested in Smithfield Beef and National Beef, companies that are in the acquisition process as described in the explanatory note 24. The impact of the referred exchange variation rate in the consolidated financial income is R$ 180.415 and the impact of the consolidated losses with derivative financial instruments for exchange rate variation protection is R$ 260.627, both did not affected the EBITDA.

21 Management's compensation

For the six month period ended June 30, 2008 and 2007, the aggregate compensation paid by the Company to the Company's management was R$ 1,500.

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 June 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 June 30, 2008 and 2007 was US$ 32 million (equivalent to R$ 50,941 as of June 30, 2008).

The insurance coverage related to the controlled Company JBS USA, Inc. has the same characteristics as explained above, and the maximum coverage as of June 30, 2008 and 2007 was US$200 million (equivalent to R$ 318,380 as of June 30, 2008).

The insurance coverage related to the controlled Company Inalca JBS has the same characteristics as explained above, and the maximum coverage as of June 30, 2008 was Euros 141 million (equivalent to R$ 353,387 as of June 30, 2008).

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, marketable securities and accounts receivable from clients denominated in foreign currencies 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 June 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 June 30, 2008 were estimate based on the quotation market price.

24 Aquisition contracts in process

Smithfield Beef

On March 4, 2008, the Company executed a Stock Purchase Agreement ("Smithfield Beef Agreement"), to acquire all of the shares of Smithfield Beef Processing, including full ownership of its subsidiary Five Rivers Ranch Cattle Feeding ("Five Rivers" and, together with Smithfield Beef Processing, "Smithfield Beef"). Smithfield Beef Processing is a company incorporated in Delaware, United States of America, which includes all of the beef producing unit of Smithfield Foods, Inc. The live cattle inventory is excluded from the Smithfield Beef acquisition, however JBS will continue to render the service of fattening the cattle. Closing of the transaction contemplated in the Smithfield Beef Agreement is subject to customary regulatory approvals and other customary closing conditions.

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 811,000 cattle units, located in the States of Colorado, Idaho, Kansas, Oklahoma and Texas.

Pursuant to the Smithfield Beef Agreement, the purchase price for Smithfield Beef is US$ 565 million which will be fully paid in cash. The purchase price is subject to adjustments, pursuant to fluctuations in the Smithfield Beef's working capital. Additionally, the Company intends to capitalize Five Rivers with an additional US$ 200 million after the closing of the transaction.

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.

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, JBS will seek the due authorization of the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários), pursuant to the terms of the CVM Ruling No. 10, of February 14, 1980.

In order to fulfill all of the obligations established in the agreements of the acquisitions of Smithfield, National Beef and Tasman, as well as the expenses incurred by the Company in connection with those acquisitions, a subscription of new shares of the Company was realized in the approximate amount of R$ 2,550,000, at the issue price of R$ 7.07 per share, according to the terms of the article 170, paragraph §1st, interruption III, of the Law no. 6.404/76 (the "Brazilian Corporation Law").

(Expressed in thousand of reais)

25 Relevant information - Statements of cash flows for the six month period ended June 30, 2008 and 2007

	Company		Consolidated	
	2008	2007	2008	2007
Cash from operating activities				
. Net income (loss) of the period	**(371.065)**	49.371	**(371.065)**	49.371
Adjustments to reconcile net income (loss) to cash provided				
. Depreciation and amortization	**31.611**	27.819	**108.257**	37.899
. Allowance for doubtful accounts	**1.025**	1.363	**1.931**	1.043
. Goodwill amortization	**89.444**	867	**89.444**	867
. Minority interest	**-**	-	**(570)**	1.689
. Equity in subsidiaries	**61.087**	41.400	**-**	-
. Write-off of fixed assets	**825**	11.170	**826**	13.273
. Deferred income taxes	**(1.415)**	(2.025)	**25.179**	(2.203)
. Current and non-current financial charges	**226.387**	(6.779)	**55.713**	(26)
. Net effect of the working capital of acquired company	**-**	-	**(147.353)**	-
. Provision for contingencies	**-**	1.975	**(3.287)**	2.189
	37.899	**125.161**	**(240.925)**	**104.102**
Variation in operating assets and liabilities				
. Decrease (increase) in trade accounts receivable	**(206.604)**	33.034	**(546.880)**	(51.729)
. Decrease (increase) in inventories	**(224.467)**	(12.403)	**(481.046)**	(92.573)
. Decrease (increase) in recoverable taxes	**(57.173)**	(1.876)	**(72.703)**	41.705
. Decrease (increase) in other current and non-current assets	**18.666**	(24.695)	**(384.621)**	2.181
. Decrease (increase) in credits with related parties	**(285.554)**	30.327	**(7.470)**	-
. Increase (decrease) in trade accounts payable	**(97.926)**	(4.069)	**26.183**	53.426
. Increase (decrease) in other current and non-current liabilities	**160.951**	46.849	**619.780**	51.713
Total cash provided by (used in) operating activities	**(654.208)**	**192.328**	**(1.087.682)**	**108.825**
Cash used in investing activities				
. Additions to property, plant and equipment and intangible assets	**(161.458)**	(236.531)	**(483.327)**	(325.988)
. Additions to deferred charges	**(1.250)**	-	**(1.509)**	-
. Increase in investments	**(1.689.689)**	(184.051)	**(324.843)**	(20.917)
Total cash used in investing activities	**(1.852.397)**	**(420.582)**	**(809.679)**	**(346.905)**
Cash from financing activities				
. Loans and financings	**2.256.082**	468.531	**2.363.229**	546.190
. Payments of loans and financings	**(913.047)**	(902.774)	**(1.800.224)**	(952.798)
. Increase in capital stock and goodwill in subscription	**2.550.279**	1.200.000	**2.550.279**	1.200.000
. Shares acquisition of own emission	**(127.739)**	-	**(127.739)**	-
Total cash provided by financing activities	**3.765.575**	**765.757**	**2.985.545**	**793.392**
Net increase (decrease) in cash	**1.258.970**	**537.503**	**1.088.184**	**555.312**
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	**2.128.754**	**737.224**	**2.469.887**	**816.383**

(Expressed in thousand of reais)

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

	Company		Consolidated	
	2008	2007	2008	2007
Cash from operating activities				
. Net income (loss) of the period	**(364.449)**	38.728	**(364.449)**	38.728
Adjustments to reconcile net income (loss) to cash provided				
. Depreciation and amortization	**16.220**	13.946	**57.250**	18.852
. Allowance for doubtful accounts	**207**	(441)	**699**	(761)
. Goodwill amortization	**45.131**	867	**45.131**	867
. Minority interest	**-**	-	**(164)**	-
. Equity in subsidiaries	**(17.131)**	19.689	**-**	-
. Write-off of fixed assets	**320**	4.799	**321**	4.799
. Deferred income taxes	**(1.137)**	(541)	**30.128**	967
. Current and non-current financial charges	**202.145**	(17.338)	**(33.398)**	(15.706)
. Provision for contingencies	**-**	(386)	**(3.287)**	(273)
	(118.694)	**59.323**	**(267.769)**	**47.473**
Variation in operating assets and liabilities				
. Decrease (increase) in trade accounts receivable	**(69.946)**	89.417	**(464.900)**	17.159
. Decrease (increase) in inventories	**(175.788)**	55.426	**(227.242)**	34.939
. Decrease (increase) in recoverable taxes	**(46.573)**	10.588	**(55.996)**	19.720
. Decrease (increase) in other current and non-current assets	**2.017**	(14.697)	**(384.744)**	13.329
. Decrease (increase) in credits with related parties	**(328.812)**	(7.345)	**(7.404)**	-
. Increase (decrease) in trade accounts payable	**41.197**	(12.590)	**308.826**	21.914
. Increase (decrease) in other current and non-current liabilities	**(53.249)**	(52.759)	**413.535**	(47.242)
Total cash provided by (used in) operating activities	**(749.848)**	**127.363**	**(685.694)**	**107.292**
Cash used in investing activities				
. Additions to property, plant and equipment and intangible assets	**(45.892)**	(81.461)	**(268.067)**	(112.677)
. Additions to deferred charges	**(1.250)**	-	**(1.509)**	-
. Increase in investments	**(266.531)**	(43.293)	**(28.581)**	958
Total cash used in investing activities	**(313.673)**	**(124.754)**	**(298.157)**	**(111.719)**
Cash from financing activities				
. Loans and financings	**658.410**	16.246	**746.525**	24.489
. Payments of loans and financings	**(668.242)**	(675.325)	**(771.252)**	(672.551)
. Increase in capital stock and goodwill in subscription	**819.728**	-	**819.728**	-
. Shares acquisition of own emission	**(25.485)**	-	**(25.485)**	-
Total cash provided by financing activities	**784.411**	**(659.079)**	**769.516**	**(648.062)**
Net increase (decrease) in cash	**(279.110)**	**(656.470)**	**(214.335)**	**(652.489)**
Cash, cash equivalents and short-term investments at the beginning of the period	**2.407.864**	1.393.694	**2.684.222**	1.468.872
Cash, cash equivalents and short-term investments at the end of the period	**2.128.754**	**737.224**	**2.469.887**	**816.383**

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