



JBS S.A. reports net revenue growth of 25.2% and EBITDA margin of 14.1% in 2Q07

São Paulo, August 14, 2007 – JBS S.A. (“JBS”) (Bovespa: JBSS3), the world's largest beef producer and exporter, announces today its results for the second quarter of 2007 (2Q07). The financial and operating information herein is presented on a consolidated basis in BR GAAP and in Brazilian real (R\$). The accounting statements for the quarter ended June 30, 2006, presented for comparison purposes, were prepared excluding the asset and financial situations and the result of the operations from the Hygiene and Cleaning division due to the partial spin-off carried out on December 31, 2006, as described in the explanatory notes to the financial statements. Accordingly, the accounting statements are referred to as "pro-forma" and should not be used as a base for dividend calculations or for any corporate purpose other than providing comparative information on the Company's operating performance. The presented information and statements do not include the results from Swift Foods Company, whose acquisition was concluded on July 11, 2007. The results from Swift Foods Company will be presented to the market on a consolidated basis starting in the third quarter of 2007.

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Conference Call 2Q07

Date: Thursday, August 16, 2007

> **Portuguese**
10h00 (Brasília time)
09h00 (NY time)
Phone: (11) 4688-6301
Code: JBS

> **English**
12h00 (Brasília time)
11h00 (NY time)
Phone: +1 (973) 935-8893
Code: 9096199

PERIOD HIGHLIGHTS

- (JBS)** Growth in consolidated net revenue of 25.2%, compared to the 2Q06 and of 7.8% in comparison to 1Q07;
- (JBS)** Growth in net export revenues of 20.5% compared to the 2Q06 and 9.2% in comparison to the 1Q07. In the domestic market, net revenues grew by 32.3% compared to the 2Q06 and by 6.0% in comparison to the 1Q07;
- (JBS)** EBITDA growth of 18.3% in comparison to the 2Q06, amounting R\$165.2 million. For the quarter, the Company posted an EBITDA margin of 14.1%, compared to 14.9% in the same period of last year and 14.4% in the 1Q07;
- (JBS)** Growth in the amount of cattle slaughtered of 14.1% compared to the 2Q06 and 6.8% in comparison to the 1Q07;
- (JBS)** Net income growth of 20.8%, totaling R\$38.7 million in the 2Q07, compared to R\$32.1 million in the 2Q06;
- (JBS)** Start-up of the industrial unit for the production of *beef jerky* in the city of Santo Antonio da Posse, state of São Paulo;
- (JBS)** Beginning of operations in the units of Teófilo Otoni, state of Minas Gerais, Brazil, Pontevedra and Berazategui, Argentina;
- (JBS)** Acquisition of a cattle confinement unit in the state of São Paulo with an annual capacity for 150,000 animals.





FINANCIAL HIGHLIGHTS – 2Q07

Consolidated Financial Indicators

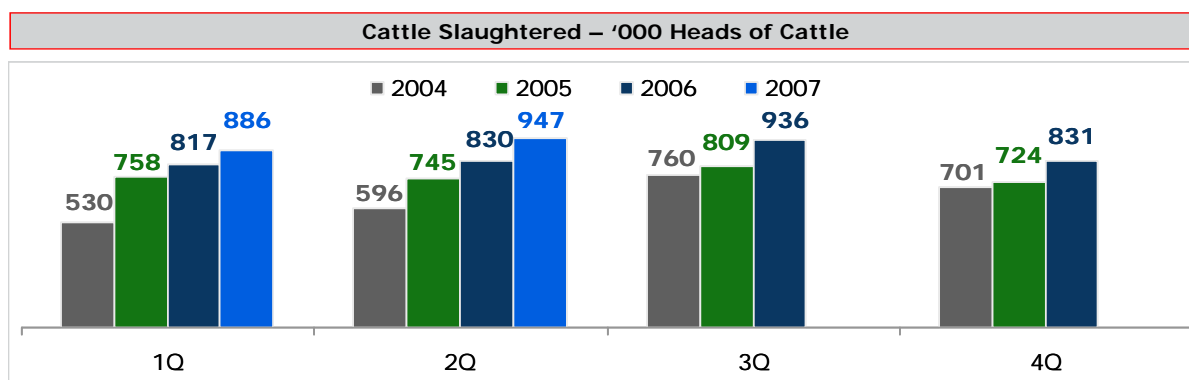
R\$ million	2Q07	2Q06	Var.% 2Q07/2Q06	1Q07	Var.% 2Q07/1Q07	1H07	1H06	Var.% 1H07/1H06
Net Sales Revenue	1,171.2	935.8	25.2%	1,086.1	7.8%	2,257.4	1,821.9	23.9%
Domestic Market	487.9	368.8	32.3%	460.2	6.0%	948.1	753.4	25.8%
Exports	683.3	567.0	20.5%	626.0	9.2%	1,309.2	1,068.5	22.5%
Gross Profit	280.9	241.9	16.1%	257.6	9.0%	538.5	446.4	20.6%
Gross Margin	24.0%	25.8%		23.7%		23.9%	24.5%	
Net Income	38.7	32.1	20.8%	10.6	263.9%	49.4	64.3	-23.2%
Net Margin	3.3%	3.4%		1.0%		2.2%	3.5%	
EBITDA	165.2	139.6	18.3%	156.2	5.8%	321.4	260.2	23.5%
EBITDA Margin	14.1%	14.9%		14.4%		14.2%	14.3%	
Slaughtered Cattle ¹	947.0	829.9	14.1%	886.4	6.8%	1,833.4	1,647.4	11.3%
Sales Volumes ²								
Domestic Market	210.0	161.9	29.7%	189.2	11.0%	399.2	329.8	21.0%
Exports	112.2	90.5	23.9%	103.6	8.3%	215.7	166.7	29.4%
Total Volume	322.2	252.4	27.6%	292.7	10.1%	614.9	496.5	23.8%

¹In thousands of heads

²In thousands of tons

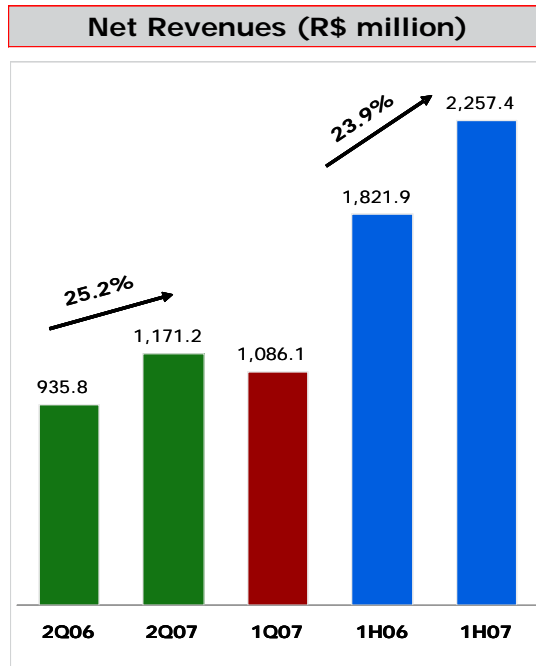
Volume of Cattle Slaughtered

In 2Q07, the amount of cattle slaughtered grew by 14.1% to 947 thousand heads, compared to 830 thousand heads of cattle slaughtered in the same period of last year. Compared to the 1Q07, the amount of cattle slaughtered grew by 6.8%, while on an year-to-date basis the Company posted an increase of 11.3% in comparison to the 1H06. Highlights for the period include the growth in the amount of cattle slaughtered in Argentina, which was positively impacted by the beginning of operations of the Pontevedra, Venado Tuerto and Berazategui plants, which were not owned by the Company in 2Q06. The graph below shows the Company's historical slaughter volumes in each quarter for the past three years (in thousands of heads):





Net Revenues (R\$ million)

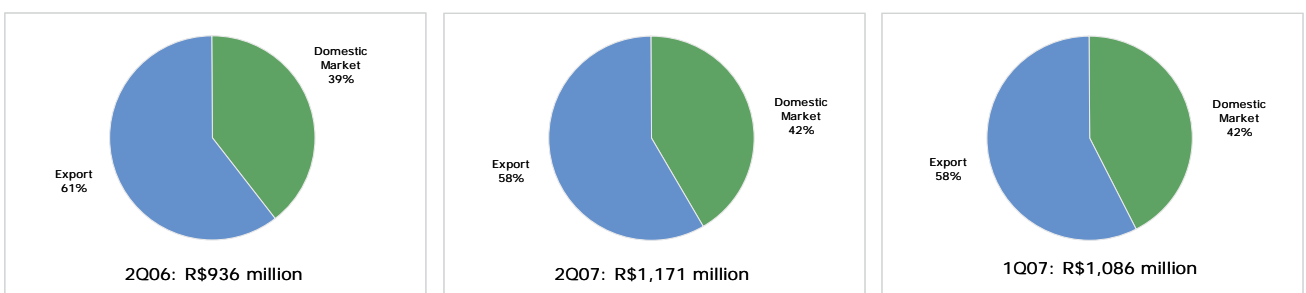


Net operating revenue increased by 25.2% to R\$1,171.2 million in the 2Q07, from R\$ 935.8 million in the 2Q06, mainly due to the volume growth of 27.6% posted for the period. The increase in volume is mainly a result of higher exports, which grew by 23.9%, and to higher volumes in the domestic market, which increased by 29.7% in comparison to the 2Q06.

Compared to the 1Q07, net operating revenue grew by 7.8% in the 2Q07, while total sales volume climbed by 10.0%. In the first half of 2007, net revenue increased by 23.9% in comparison to the 1H06, while volumes rose by 23.8%.

Export revenues as a percentage of the Company's total net revenue varied from 61% in the 2Q06 to 58% in the 2Q07, while the domestic market accounted for 39% of net revenue in the 2Q06, compared to 42% in the 2Q07, as shown in the chart below. The result reflects the Company's strategy of optimizing the sales mix between markets, commercializing its products in the market that offers the highest profitability. The percentage contributions of the domestic and export markets to net operating revenue remained stable when compared to the 1Q07.

Net Revenue Distribution – Consolidated



Source: JBS



Domestic Market

Domestic Market	2Q07	2Q06	Var.% 2Q07/2Q06	1Q07	Var.% 2Q07/1Q07	1H07	1H06	Var.% 1H07/1H06
Net Sales Revenue¹								
Fresh and Chilled Beef	330.6	240.7	37.4%	312.4	5.8%	643.0	508.1	26.6%
Processed Beef	68.7	63.0	9.0%	67.3	2.0%	136.0	116.7	16.5%
Others	88.6	65.2	36.0%	80.5	10.1%	169.1	128.6	31.5%
TOTAL	487.9	368.8	32.3%	460.2	6.0%	948.1	753.4	25.8%
Volume²								
Fresh and Chilled Beef	157.7	116.8	35.1%	138.5	13.9%	296.2	239.4	23.7%
Processed Beef	11.2	8.7	28.8%	12.6	-11.0%	23.8	18.6	28.5%
Others	41.0	36.4	12.7%	38.1	7.7%	79.1	71.9	10.1%
TOTAL	210.0	161.9	29.7%	189.2	11.0%	399.2	329.8	21.0%
Average Sales Price³								
Fresh and Chilled Beef	2.10	2.06	1.7%	2.26	-7.1%	2.17	2.12	2.3%
Processed Beef	6.12	7.22	-15.3%	5.34	14.6%	5.70	6.29	-9.4%
Others	2.16	1.79	20.7%	2.11	2.3%	2.14	1.79	19.5%
TOTAL	2.32	2.28	2.0%	2.43	-4.5%	2.38	2.28	4.0%

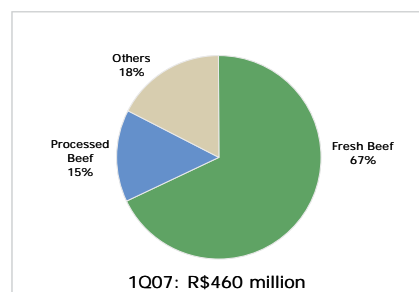
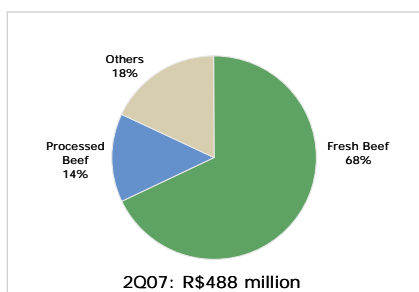
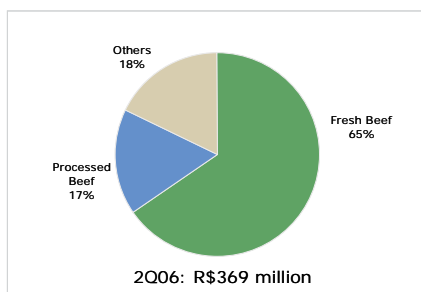
¹In millions

²In thousands of tons

³In R\$/Kg

In the 2Q07, JBS' net revenue in the domestic market totaled R\$487.9 million, a 32.3% increase in comparison to the 2Q06. This result was mainly due to the growth of 29.7% in total sales volume to 210.0 thousand tons, up from 161.9 thousand tons in the 2Q06, and to a lesser degree, to an average sales price increase of 2.0% in comparison to the 2Q06. Revenues in the domestic market rose by 6.0% when compared to the 1Q07 and by 25.8% in the first half of 2007 versus the 1H06.

Net Revenue Distribution – Domestic Market



Source: JBS



Fresh and chilled beef volumes climbed 35.1% to 157.7 thousand tons, from 116.8 thousand tons in the 2Q06. As it also occurred in the 1Q07, the increase in volumes was mainly due to higher slaughter volumes and the recovery in the average sales price of fresh beef in Brazil during the period, which had been negatively impacted by the outbreak of the avian flu in several countries in 2006. In comparison to the 1Q07, fresh and chilled beef volumes sold in the domestic market grew by 13.9%, while the average sales price declined by 7.1%, mainly due to a change in product mix, which in the first quarter tends to include higher value added cuts. On an year-to-date basis, net revenue grew by 26.6% and volumes increased by 23.7% in comparison to the 1H06.

In the processed beef segment, the Company posted a volume growth of 28.8% for the quarter to 11.2 thousand tons, from 8.7 thousand tons in the 2Q06. The average sales price declined by 15.3% against the 2Q06, mainly due to the product mix sold during the period, with no reductions in product prices when analyzed on an individual basis. As a result, the share of processed products as a percentage of domestic revenues declined from 17.1% in the 2Q06 to 14.1% in the 2Q07.

When compared to the 1Q07, processed beef volumes declined by 11.0%, while average sales price increased by 14.6%, reflecting a revision of the strategy to better positioning higher value-added brands. It is worth highlighting that JBS has been making important investments in marketing and point-of-sale campaigns with the objective of incrementing sales of the new Swift product line, as well as further consolidating the brand in the processed foods industry. Therefore, in spite of the decrease in volume, net revenue from domestic sales of processed beef grew in the domestic market by 2.0% in comparison to the 1Q07.

In the first half of 2007, processed beef volumes increased by 28.5% when compared to the same period of last year. In general, the increases in revenue and volume posted for the quarter were primarily due to the growth in the amount of cattle slaughtered and to the sales evolution of the new line of ready-to-eat meals launched in Brazil at the end of 2006 and of products for the foodservice sector.

In the 2Q07, with regards to the line for "others", which is mainly comprised of leather sales, the volume grew by 12.7% in comparison to the 2Q06 mainly as a result of the increase in the amount of cattle slaughtered during the period. The average sales price increased by 20.7% when compared to the same period of last year, representing a growth of leather market prices.



Exports

Exports	2Q07	2Q06	Var.% 2Q07/2Q06	1Q07	Var.% 2Q07/1Q07	1H07	1H06	Var.% 1H07/1H06
Net Sales Revenue¹								
Fresh and Chilled Beef	486.1	431.5	12.6%	436.3	11.4%	922.3	754.2	22.3%
Processed Beef	197.2	135.5	45.6%	189.7	4.0%	386.9	314.3	23.1%
TOTAL	683.3	567.0	20.5%	626.0	9.2%	1,309.2	1,068.5	22.5%
Volume²								
Fresh and Chilled Beef	75.8	66.4	14.2%	73.0	3.8%	148.8	115.2	29.2%
Processed Beef	36.4	24.2	50.6%	30.5	19.2%	66.9	51.5	29.9%
TOTAL	112.2	90.5	23.9%	103.6	8.3%	215.7	166.7	29.4%
Average Sales Price³								
Fresh and Chilled Beef	6.41	6.50	-1.4%	5.97	7.3%	6.20	6.55	-5.3%
Processed Beef	5.42	5.61	-3.4%	6.21	-12.8%	5.78	6.10	-5.2%
TOTAL	6.09	6.26	-2.7%	6.04	0.8%	6.07	6.41	-5.3%
Average Sales Price⁴								
Fresh and Chilled Beef	3.24	2.97	8.9%	2.83	14.2%	3.03	2.99	1.5%
Processed Beef	2.73	2.56	6.7%	2.95	-7.2%	2.83	2.78	1.6%
TOTAL	3.07	2.86	7.3%	2.87	7.2%	2.97	2.92	1.5%

¹In millions

²In thousands of tons

³In R\$/Kg

⁴In US\$/Kg

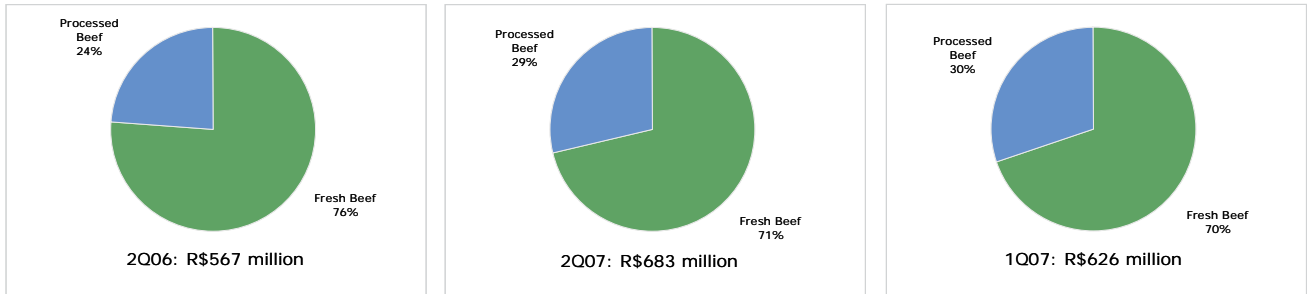
In the export market, JBS posted net revenues of R\$683.3 million for the quarter, 20.5% higher than the R\$567.0 million registered in the 2Q06. This growth reflects an increase in export volumes of 23.9%, combined with an increase of 7.3% in average sales price in U.S. dollar terms, which was partially offset by the appreciation in the average exchange rate of the Brazilian real against the U.S. dollar of 9.4% in comparison to the 2Q06.

When compared to the 1Q07, net export revenues grew by 9.2%, reflecting an 8.3% increase in sales volumes and the recovery in the average sales price in U.S. dollars of 7.2%, partially offset by the appreciation in the average exchange rate of the Brazilian real against the U.S. dollar of 6.0%. This recovery was marked by strong growth in the average sales price of fresh and chilled beef in U.S. dollar terms of 14.2%. Average sales price of processed beef declined by 7.2%, mainly due to the product mix sold during the period, with no significant changes in product prices when analyzed on an individual basis.

On an year-to-date basis, net revenues from exports increased by 22.5% in comparison to the same period of last year.



Net Revenue Distribution – Exports



Source: JBS

Total export volumes grew by 23.9%, from 90.5 thousand tons in the 2Q06 to 112.2 thousand tons in the 2Q07. In comparison to the 1Q07, export volumes rose by 8.3% and by 29.4% when comparing the 1H07 with the 1H06. The following factors can be highlighted as the main drivers for the presented results:

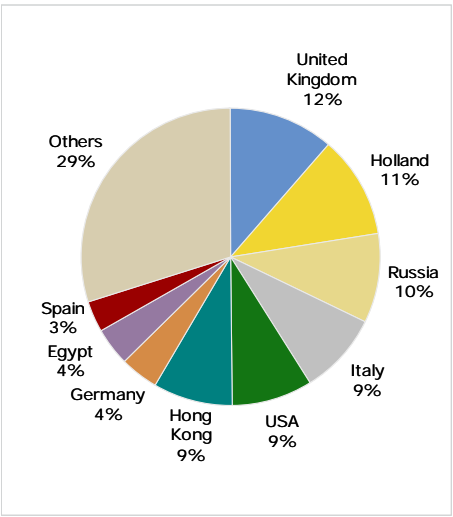
- (JBS) Growth in exports to the European Union, markedly to the United Kingdom, Holland and Italy;
- (JBS) Increased exports to Russia in comparison to the 2Q06, due to a gradual reduction of its cattle herd and the consequent decrease in its production capacity, as commented during the 1Q07;
- (JBS) Higher export volumes to Africa, especially to Algeria;
- (JBS) Growth in markets which are being developed by the Company, such as the Philippines, Venezuela and other countries in Latin America;
- (JBS) Increased exports of higher value added products, representing a growth of 50.6% in export volumes of processed beef in comparison to the 2Q06;

In addition, it is important to highlight the strong growth of exports to Hong Kong, which now represents 9% of total export revenues from 5% in the 2Q06. In the 2Q07, Europe remained as JBS' main export destination.

The average sales price in U.S. dollar increased by 7.3% in the 2Q07 comparison to the 2Q06, reflecting higher prices in the international market for both fresh/chilled and processed beef, which minimized the impact generated by the appreciation in the average exchange rate of the Brazilian real against the U.S. dollar of 9.4% during the period, when compared to the 2Q06.

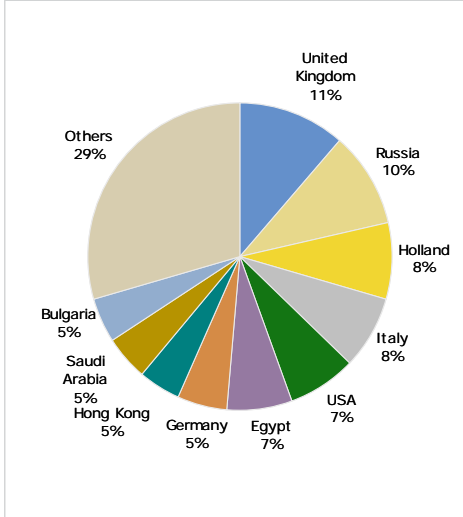


Exports Destinations – 2Q07



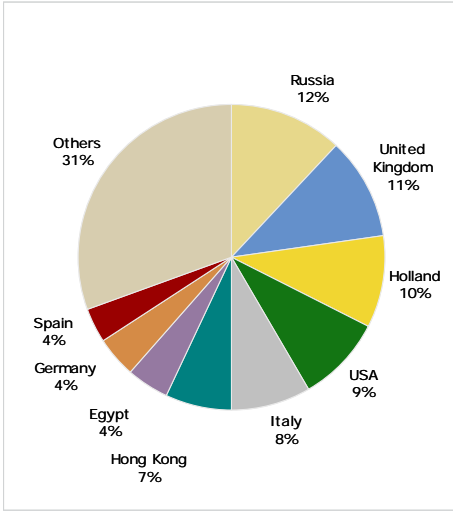
Source : JBS

Exports Destinations – 2Q06



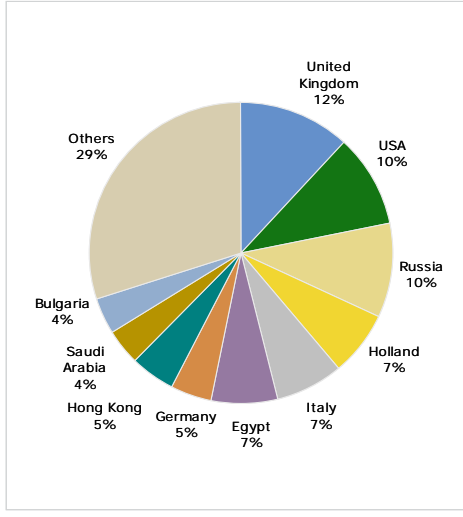
Source: JBS

Exports Destinations – 1H07



Source: JBS

Exports Destinations – 1H06



Source: JBS



Income Statement Analysis

R\$ million	2Q07	%	2Q06	%	1Q07	%	1H07	1H06
Net Sales Revenue	1,171.2	100.0%	935.8	100.0%	1,086.1	100.0%	2,257.4	1,821.9
Cost of Goods Sold	-890.3	-76.0%	-693.9	-74.1%	-828.5	-76.3%	-1,718.8	-1,375.6
Gross Margin	280.9	24.0%	241.9	25.9%	257.6	23.7%	538.5	446.4
Selling Expenses	-106.6	-9.1%	-104.9	-11.2%	-99.9	-9.2%	-206.5	-182.5
General and Adm. Expenses	-27.9	-2.4%	-13.2	-1.4%	-20.6	-1.9%	-48.5	-36.4
Net Financial Income (Expenses)	-72.7	-6.2%	-71.4	-7.6%	-57.0	-5.2%	-129.6	-113.5
Initial Public Offering Expenses	0.0	0.0%	0.0	0.0%	-50.6	-4.7%	-50.6	0.0
Amortization of Goodwill	-0.9	-0.1%	0.0	0.0%	0.0	0.0%	-0.9	0.0
Operating Income	72.8	6.2%	52.4	5.6%	29.6	2.7%	102.4	113.9
Non-Operating Income	0.8	0.1%	-5.8	-0.6%	0.1	0.0%	0.8	-5.7
Taxes and Social Contribution	-35.7	-3.1%	-14.5	-1.6%	-19.6	-1.8%	-55.3	-43.9
Minority Interest	0.9	0.1%	0.0	0.0%	0.5	0.0%	1.4	0.0
Net Income	38.7	3.3%	32.1	3.4%	10.6	1.0%	49.4	64.3

For the quarter, net operating revenue increased by 25.2% to R\$1,171.2 million, from R\$935.8 million in the 2Q06, mainly due to a volume growth of 27.6% posted for the period. The increase in volume is mainly a result of higher exports, which grew by 23.9%, and to higher volumes in the domestic market, which increased by 29.7% in comparison to the 2Q06.

Compared to the 1Q07, net operating revenue grew by 7.8%, while in the first half of 2007, net revenue increased by 23.9% in comparison to the same period of last year.

Cost of goods sold increased by 28.3% to R\$890.3 million, from R\$693.9 million in the 2Q06, mainly due to an increase in the amount of cattle slaughtered during the period and to the higher sales volumes posted for the quarter. As a percentage of net revenue, the cost of goods sold increased from 74.1% in the 2Q06 to 76.0% in the 2Q07, mainly as a result of an increase in the average cattle acquisition cost in Brazil. Nevertheless, it is important to highlight that through the presented volume growth and the optimization of its sales mix between the domestic and international markets, the Company was able to realign its businesses in spite of the increase in costs and maintain the profitability level close to the ones posted during previous periods.

As a result of the higher net operating revenue, gross profit grew by 16.1% to R\$280.9 million in the 2Q07, from R\$241.9 million in the 2Q06. Gross margin declined from 25.9% in the 2Q06 to 24.0% in the 2Q07, as a consequence of the factors described above. In the 1Q07, the company posted a gross margin of 23.7%.

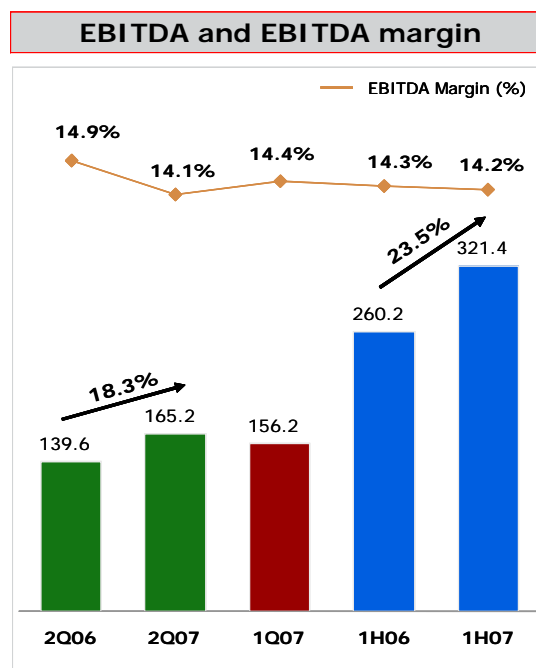
Selling expenses increased from R\$104.9 million in the 2Q06 to R\$106.6 million in the 2Q07 as a result of the growth in sales volumes in the period. As a percentage of net revenue, selling expenses declined to 9.1% in the 2Q07, from 11.2% in the 2Q06. This decrease was mainly due to efficiencies obtained during the period.



Administrative expenses increased as a percentage of net revenue to 2.4% in the 2Q07, from 1.4% in the 2Q06, mainly as a result of (i) non-recurring expenses related to services, such as advisory and legal services, related to the acquisition of Swift Foods Company; and (ii) administrative expenses related to the units not owned by the Company in the same period of last year, such as SB Holdings in the United States and the Pontevedra, Venado Tuerto and Berazategui plants in Argentina. In the 1Q07, administrative expenses represented 1.9% of net revenue.

As a result of the factors described above, the Company's net income posted an increase of 20.8% to R\$38.7 million in the 2Q07, from R\$32.1 million in the 2Q06.

For the quarter, EBITDA increased by 18.3% to R\$165.2 million, compared to R\$139.6 million in the 2Q06, while EBITDA margin declined to 14.1% compared to 14.9% in the same quarter of last year.



CAPITAL EXPENDITURES

The Company's aggregate capital expenditures in property, plant and equipment, including acquisitions, were R\$112.7 million and R\$77.2 million for the 2Q07 and 2Q06, respectively. On an year-to-date basis, these expenditures amount to R\$326.0 million.

During the quarter, JBS invested primarily in the sequence of the following projects, which began in 2006 and continued in the 1Q07:



- (UBS) Increase of the production capacity of its processed beef plant located in Andradina, São Paulo from 30 tons to 100 tons per day;
- (UBS) Increase of the production capacity of its plant located in Barra do Garças, Mato Grosso from 1,300 head of cattle slaughtered and deboned per day to 2,500 head of cattle slaughtered and deboned per day;
- (UBS) Increase of the production capacity of its plant located in Campo Grande, Mato Grosso do Sul from 1,300 head of cattle slaughtered and deboned per day to 3,000 head of cattle slaughtered and deboned per day;
- (UBS) Increase of the production capacity of its plant located in Vilhena, Rondônia, from 900 head of cattle slaughtered and deboned per day to 2,200 head of cattle slaughtered and deboned per day;
- (UBS) Conclusion of a beef jerky production plant in Santo Antônio da Posse, São Paulo, which started its operations in June with a production capacity of 250 tons per month;
- (UBS) Increase of the production capacity of its plant located in Barretos, São Paulo from 1,600 head of cattle slaughtered and deboned per day to 2,500 head of cattle slaughtered and deboned per day;
- (UBS) Other investments such as acquisition of new equipment and maintenance of the Company's facilities;

DEBT LEVEL

R\$ million	2Q07	1Q07	Var.% 2Q07/1Q07
Short-term Loans	544.0	1,073.4	-49.3%
Long-term Loans	1,685.0	1,869.0	-9.8%
Total Debt	2,229.0	2,942.4	-24.2%
Cash and Marketable Securities	816.4	1,468.9	-44.4%
Net Debt	1,412.6	1,473.5	-4.1%
Net Debt/EBITDA	2.3X	2.5x	

The Company's total indebtedness is primarily comprised of credit lines with BNDES (Brazilian National Development Bank), export financing transactions and Notes (Reg. S and 144A) with a face value of US\$575 million, with maturity in 2011 and 2016, of which US\$275 million were issued at an interest rate of 9.375% per annum, payable on a quarterly basis, and US\$300 million at an interest rate of 10.50% per annum, payable on a semiannual basis. In the 2Q07, the Company's total debt declined mainly due to the payment of some short-term obligations, as described in the explanatory notes to the financial statements.



RECENT EVENTS

In line with its expansion strategy and taking advantage of opportunities to consolidate the industry, on April 30, 2007, JBS acquired a plant located in Maringá, state of Paraná, Brazil, with a slaughtering capacity of approximately 1,000 heads of cattle per day. The total value of the acquisition was R\$80 million. The Maringá plant is receiving investments of approximately R\$10 million to expand its slaughtering capacity to 1,500 heads per day.

Additionally, during the quarter, the Company inaugurated an industrial plant for the production of beef jerky in Santo Antonio da Posse, state of São Paulo, with production capacity for 250 tons of finished goods per month. Operations also began in the units of Teófilo Otoni, state of Minas Gerais, with a slaughtering capacity of 700 heads of cattle per day, Pontevedra and Berazategui, Argentina, both with a slaughtering capacity of 1,000 heads of cattle per day.

On June 5, 2007, JBS entered into the activity of cattle confinement, through the acquisition of a confinement unit located in the city of Castilho, state of São Paulo, with an annual capacity to fatten up to 150 thousand animals. The transaction amounted to R\$30 million reais.

With the objective of strengthening its relationship with shareholders, investors and the market in general and facilitating the flow of information, at the end of June, 2007, JBS decided to make the Investor Relations Department independent. Investor Relations was previously a part of the Financial Department, which will remain under the management of Mr. Sérgio Longo. The new department, which will report directly to the CEO of JBS, will be led, upon the approval of the split of the departments to be discussed on the next Extraordinary Shareholders Meeting, by Mr. José Paulo Macedo, who holds a bachelor's degree in business administration from the Economics and Business Administration School (FEA) of the University of São Paulo (USP), with more than 20 years of experience at large financial institutions. JBS takes this opportunity to reiterate its long-term commitment to the capital markets with the transparency and equality that have always guided its relationship with investors.

SUBSEQUENT EVENT

As published on the relevant fact dated May 29, 2007, J&F Participações S.A. ("J&F"), the controlling shareholder of JBS, entered into the Agreement and Plan of Merger ("Contract") with the objective of acquiring the controlling interest of the Swift Foods Company ("Swift"), a company headquartered in Delaware, United States. The acquisition of Swift was initially made by J&F so that JBS could adequate its capital structure to the obligations and restrictions of the financial contracts in force, given that it was never the intention of J&F, nor of its controlling shareholders, to maintain a beef business in parallel to that of JBS.

On June 1, 2007, after examining the justifications and reasons for the acquisition of the controlling interest of Swift by JBS, the Company's Board of Directors approved the investment recommendation through the assignment by J&F to JBS of all rights and obligations assumed by J&F in the Contract signed on May 25, 2007.



On July 11, 2007, JBS concluded the acquisition of the controlling interest of Swift for US\$1,458,872,836.55, of which US\$225,000,000.00 was paid to HM Capital Partners LLC, the former controlling shareholder of Swift, and US\$1,233,872,836.55 was used to retire the old debt of Swift existing prior to the acquisition, in addition to fees, commission and expenses associated with the acquisition process.

A substantial part of the funds used in the acquisition of Swift by JBS originates from the capital increase of JBS approved at the Extraordinary Shareholders Meeting held on June 29, 2007, while the remaining funds were obtained through new debt assumed by Swift upon the acquisition.

The conclusion of the Swift acquisition creates the world's largest company in the beef sector and the largest Brazilian food company, consolidating JBS in the domestic and international beef markets and making it an important player in the world pork industry. As a result, JBS will have production and distribution capacity in Brazil, Argentina, United States and Australia, the four main beef producing countries in the world. This position will enable the Company to (i) access the two blocks of trade barriers: Atlantic and Pacific; (ii) diversify its risk regarding sanitary barriers; (iii) unify and strengthen the Swift brand globally; (iv) capture value through the turnaround of Swift's operating performance and take advantage of existing synergies within the businesses.

CAPITAL INCREASE

Given the importance of the investment by JBS in Swift, on June 8, 2007, after an examination by JBS' administration of the alternatives for financing the investment in Swift, the Company's Board of Directors understood that the best alternative was to finance the investment through a capital increase at JBS.

On the Extraordinary Shareholders Meeting held on June 29, 2007, with a favorable vote from all present shareholders, the Company's capital increase was approved for the amount of R\$1,853,833,020.00 (one billion, eight hundred fifty-three million, eight hundred thirty-three thousand and twenty reais), through the issuance, for private subscription, of 227,400,000 (two hundred twenty-seven million, four hundred thousand) new common shares with no par value, identical to the existing shares, with the same rights conferred to the other common shares issued by the Company, pursuant to the Company's bylaws and applicable legislation. The sole issue price of each of the new common shares was R\$8.1523 per share. Shareholders of JBS up until the date of the Extraordinary Shareholders Meeting were given preemptive rights to the subscription of the new shares, pursuant to Article 171 of Law 6,404/76. Furthermore, approval was obtained for the waiving of the obligation to hold a public tender offer for the acquisition of the totality of shares issued by the Company in the event that a shareholder may reach a position, after the formalization of the approved capital increase, of shares representing more than 10% (ten percent) of the Company's capital stock, given that the transaction is in the Company's best interest, as provided by Article 52, Paragraph 8, of the bylaws of JBS.



As published in the relevant fact dated June 27, 2007, BNDES Participações S.A. – BNDESPAR ("BNDESPAR", the private equity arm of BNDES) committed to subscribe to a significant portion of the new common shares representative of the capital stock of JBS, providing for a significant interest by BNDESPAR in the funds raised by JBS for the acquisition of Swift through the capital increase of JBS. The investment commitment of BNDESPAR in JBS was of up to R\$1,463,552,345.17 and the commitment of J&F Participações S.A. ("J&F") and/or ZMF Fundo de Investimento em Participações ("ZMF"), both shareholders in JBS, was of up to R\$ 390,280,674.83, or the total value of the proposed capital increase. The subscription of shares of JBS by BNDESPAR was effected through the assignment of a portion of the preemptive rights of J&F and/or ZMF in the subscription of new shares of JBS.

The period for the exercise of the preemptive rights by minority shareholders ended on July 31, 2007, while the period for the subscription of remaining shares by interested shareholders is currently in course and will end on August 21, 2007. The table below shows the subscription results of the capital increase of JBS until July 31, 2007, as published on the notice to the market released on August 6, 2007.

After the conclusion of the period for the subscription of the remaining shares, JBS will communicate its shareholders and the market in general of the Company's new capital structure.

Shareholders	Amount of Shares	% of Capital Increase
J&F Participações S.A.	36,491,360	16.05%
BNDES Participações S.A. - BNDESPAR	136,842,600	60.18%
Other Shareholders	49,783,821	21.89%
Remaning Unsubscribed shares	4,282,219	1.88%
Total	227,400,000	100.00%



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FINANCIAL STATEMENTS

JBS S.A. and its Subsidiaries

Balance Sheet - Assets

in thousands of Reais	Company		Consolidated	
	06.30.07	03.31.07	06.30.07	03.31.07
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	60,732	1,187,581	97,351	1,221,931
Short-term investments	676,492	206,113	719,032	246,941
Trade accounts receivable, net	568,655	708,215	636,757	747,879
Inventories	576,338	631,764	750,077	785,016
Recoverable taxes	423,690	437,405	522,245	546,361
Prepaid expenses	2,575	7,639	6,549	10,336
Other current assets	64,881	46,063	102,525	68,184
TOTAL CURRENT ASSETS	2,373,363	3,224,780	2,834,536	3,626,648
NON-CURRENT ASSETS				
Long-term assets				
Credit with related parties	48,227	34,067	0	0
Judicial deposits and others	6,608	5,665	9,173	8,915
Deferred income taxes	16,722	16,853	23,933	25,572
Recoverable taxes	27,256	24,129	38,066	33,670
Total Long-term assets	98,813	80,714	71,172	68,157
Permanent assets				
Advances for investments in subsidiaries	44,114	0	0	0
Investments in subsidiaries	490,931	516,460	20,050	20,988
Other investments	10	10	10	10
Property, plant and equipment, net	1,096,718	1,034,002	1,401,504	1,311,542
Intangible assets, net	9,615	9,615	22,870	23,806
Total Permanent assets	1,641,388	1,560,087	1,444,434	1,356,346
TOTAL NON-CURRENT ASSETS	1,740,201	1,640,801	1,515,606	1,424,503
TOTAL ASSETS	4,113,564	4,865,581	4,350,142	5,051,151

The accompanying explanatory notes are an integral part of the financial information



JBS S.A. and its Subsidiaries

Balance Sheet - Liabilities and shareholders' equity

in thousands of Reais	Company		Consolidated	
	06.30.07	03.31.07	06.30.07	03.31.07
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade accounts payable	248,152	279,981	343,481	340,806
Loans and financings	449,175	981,276	543,970	1,073,432
Payroll and social charges	103,485	90,466	121,564	114,045
Other current liabilities	69,394	114,385	80,242	117,405
TOTAL CURRENT LIABILITIES	870,206	1,466,108	1,089,257	1,645,688
NON-CURRENT LIABILITIES				
Loans and financings	1,676,778	1,868,978	1,685,013	1,868,978
Deferred income taxes	61,312	61,984	61,312	61,984
Provision for contingencies	49,182	49,568	55,194	55,467
Other non-current liabilities	23,670	25,255	29,069	26,626
TOTAL NON-CURRENT LIABILITIES	1,810,942	2,005,785	1,830,588	2,013,055
MINORITY INTEREST	0	0	(2,119)	(1,280)
SHAREHOLDERS' EQUITY				
Capital stock	91,748	91,748	91,748	91,748
Capital reserve	1,160,776	1,160,776	1,160,776	1,160,776
Revaluation reserve	127,475	129,199	127,475	129,199
Retained earnings	52,417	11,965	52,417	11,965
TOTAL SHAREHOLDERS' EQUITY	1,432,416	1,393,688	1,432,416	1,393,688
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,113,564	4,865,581	4,350,142	5,051,151

The accompanying explanatory notes are an integral part of the financial information



JBS S.A. and its Subsidiaries

STATEMENTS OF INCOME FOR THE PERIOD OF THREE MONTHS ENDED
JUNE 30, 2007 AND 2006

in thousand of Reais	Company		Consolidated	
	2007	"Pro Forma" 2006	2007	"Pro Forma" 2006
GROSS SALES REVENUE				
Sales of products:				
Domestic sales	516,363	374,718	576,634	427,711
Foreign sales	560,782	565,549	716,192	578,142
	<u>1,077,145</u>	<u>940,267</u>	<u>1,292,826</u>	<u>1,005,853</u>
SALES DEDUCTIONS				
Returns and discounts	(34,179)	(18,291)	(41,305)	(30,914)
Sales taxes	(64,628)	(39,101)	(80,305)	(39,101)
	<u>(98,807)</u>	<u>(57,392)</u>	<u>(121,610)</u>	<u>(70,015)</u>
NET SALE REVENUE	978,338	882,875	1,171,216	935,838
Cost of goods sold	(721,607)	(653,809)	(890,337)	(693,914)
GROSS INCOME	256,731	229,066	280,879	241,924
OPERATING INCOME (EXPENSE)				
General and administrative expenses	(16,131)	(10,022)	(27,904)	(13,200)
Selling expenses	(94,576)	(98,437)	(106,630)	(104,927)
Financial income (expense), net	(53,620)	(68,617)	(72,657)	(71,359)
Equity	(19,689)	1,781	-	-
Initial Public Offering expenses	(27)	-	(27)	-
Goodwill amortization	(867)	-	(867)	-
	<u>(184,910)</u>	<u>(175,295)</u>	<u>(208,085)</u>	<u>(189,486)</u>
OPERATING INCOME	71,821	53,771	72,794	52,438
NON-OPERATING INCOME (EXPENSE), NET	(78)	(6,120)	772	(5,829)
INCOME (LOSS) BEFORE TAXES	71,743	47,651	73,566	46,609
Current income taxes	(32,884)	(15,596)	(34,500)	(14,512)
Deferred income taxes	(131)	-	(1,232)	-
	<u>(33,015)</u>	<u>(15,596)</u>	<u>(35,732)</u>	<u>(14,512)</u>
INCOME (LOSS) BEFORE MINORITY INTEREST	38,728	32,055	37,834	32,097
Minority interest (expense) income	-	-	894	(42)
NET INCOME (LOSS)	38,728	32,055	38,728	32,055
NET INCOME (LOST) PER SHARE	45.56			

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

	2007	"Pro Forma" 2006	2007	"Pro Forma" 2006
Income (loss) before income taxes	71,743	47,651	73,566	46,609
Financial income (expense), net	53,620	68,617	72,657	71,359
Depreciation and amortization	13,946	11,887	18,852	15,796
Non-operating income (expense), net	78	6,120	(772)	5,829
Equity	19,689	(1,781)	-	-
Initial Public Offering expenses	27	-	27	-
Goodwill Amortization	867	-	867	-
	<u>159,970</u>	<u>132,494</u>	<u>165,197</u>	<u>139,593</u>
AMOUNT OF EBITDA	159,970	132,494	165,197	139,593

The accompanying explanatory notes are an integral part of the financial information



JBS S.A. and its Subsidiaries

STATEMENTS OF INCOME FOR THE PERIOD OF SIX MONTHS ENDED
JUNE 30, 2007 AND 2006

in thousand of Reais	Company		Consolidated	
	2007	"Pro Forma" 2006	2007	"Pro Forma" 2006
GROSS SALES REVENUE				
Sales of products:				
Domestic sales	1,011,343	781,800	1,127,400	877,502
Foreign sales	1,083,661	978,956	1,367,799	1,087,701
	<u>2,095,004</u>	<u>1,760,756</u>	<u>2,495,199</u>	<u>1,965,203</u>
SALES DEDUCTIONS				
Returns and discounts	(72,152)	(34,480)	(87,572)	(57,509)
Sales taxes	(126,824)	(85,745)	(150,273)	(85,745)
	<u>(198,976)</u>	<u>(120,225)</u>	<u>(237,845)</u>	<u>(143,254)</u>
NET SALE REVENUE	<u>1,896,028</u>	<u>1,640,531</u>	<u>2,257,354</u>	<u>1,821,949</u>
Cost of goods sold	(1,391,653)	(1,216,050)	(1,718,832)	(1,375,581)
GROSS INCOME	<u>504,375</u>	<u>424,481</u>	<u>538,522</u>	<u>446,368</u>
OPERATING INCOME (EXPENSE)				
General and administrative expenses	(30,984)	(26,084)	(48,471)	(36,357)
Selling expenses	(183,649)	(168,201)	(206,524)	(182,513)
Financial income (expense), net	(93,477)	(89,073)	(129,640)	(113,549)
Equity	(41,400)	(24,667)	-	-
Initial Public Offering expenses	(50,591)	-	(50,591)	-
Goodwill amortization	(867)	-	(867)	-
	<u>(400,968)</u>	<u>(308,025)</u>	<u>(436,093)</u>	<u>(332,419)</u>
OPERATING INCOME	<u>103,407</u>	<u>116,456</u>	<u>102,429</u>	<u>113,949</u>
NON-OPERATING INCOME (EXPENSE), NET	(10)	(6,301)	832	(5,700)
INCOME (LOSS) BEFORE TAXES	<u>103,397</u>	<u>110,155</u>	<u>103,261</u>	<u>108,249</u>
Current income taxes	(54,698)	(45,839)	(56,574)	(43,907)
Deferred income taxes	672	-	1,257	-
	<u>(54,026)</u>	<u>(45,839)</u>	<u>(55,317)</u>	<u>(43,907)</u>
INCOME (LOSS) BEFORE MINORITY INTEREST	<u>49,371</u>	<u>64,316</u>	<u>47,944</u>	<u>64,342</u>
Minority interest (expense) income	-	-	1,427	(26)
NET INCOME (LOSS)	<u>49,371</u>	<u>64,316</u>	<u>49,371</u>	<u>64,316</u>
NET INCOME (LOSS) PER SHARE	<u>58.08</u>			

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

	2007	"Pro Forma" 2006	2007	"Pro Forma" 2006
Income (loss) before taxes	103,397	110,155	103,261	108,249
Financial income (expense), net	93,477	89,073	129,640	113,549
Depreciation and amortization	27,819	20,194	37,899	32,694
Non-operating income (expense), net	10	6,301	(832)	5,700
Equity	41,400	24,667	-	-
Initial Public Offering expenses	50,591	-	50,591	-
Goodwill Amortization	867	-	867	-
AMOUNT OF EBITDA	<u>317,561</u>	<u>250,390</u>	<u>321,426</u>	<u>260,192</u>

The accompanying explanatory notes are an integral part of the financial information



This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of JBS. These are merely projections and, as such, are based exclusively on the expectations of JBS' management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors and risks disclosed in JBS' filed disclosure documents and are, therefore, subject to change without prior notice.