JBS S.A

ITR - Nine month period

As of September 30, 2007

Report of Independent Auditors

To the shareholders and management of JBS S.A.

1. We have performed a special (limited) review of balance sheet and the related statements of income of JBS S.A. (Company) and JBS S.A. and its subsidiaries (Consolidated) and the performance report for the three-month period and nine-month period ended September 30, 2007 and 2006, prepared under the responsibility of the Companies's management. Our responsibility is to issue our special report, without expressing an opinion on these individual and consolidated financial statements. The interim financial information of Swift-Armour Sociedad Anónima Argentina, a wholly-owned subsidiary of the Company, for the three-month period and nine-month period ended September 30, 2007 and 2006 were subjected to a special review by other independent auditors and our special review was also based on its review.

2. We conducted our special review in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Federal Accounting Council, which consisted principally of: (a) inquiring of and discussing with executive officers responsible for the accounting, financial and operating areas of the JBS S.A. (Company) and its subsidiaries relating the criteria adopted in preparing the interim individual and consolidated financial information, and (b) reviewing the information and subsequent events that had or might have had material effects on the financial position and results of operations of JBS S.A. (Company) and its subsidiaries.

3. Based on our special review and on the special review report of the other independent auditors of Swift-Armour Sociedad Anónima Argentina as described in the first paragraph hereof, we are not aware of any material modifications that should be made to the interim JBS S.A. (Company) and JBS S.A. and its subsidiaries individual and consolidated financial information referred to in paragraph 1 for them to be in accordance with generally accepted accounting principles in Brazil, specially applicable to the preparation of the individual and consolidated interim financial information of JBS S.A. (Company) and JBS S.A. and its subsidiaries.

4. We have reviewed the balance sheets of JBS S.A. and JBS S.A. and its subsidiaries as of June 30, 2007, presented for comparative purposes with the correspondent ones taken as of September 30, 2007, and our special report was issued, without any qualifications, dated as of August 31, 2007.

São Paulo, November 5, 2007

Terco Grant Thornton

Auditores Independentes - S/S
CRC 2 SP 018.196/O-8

Luiz Cláudio Fontes

Luiz Cláudio Fontes
Sócio-contador
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JBS S.A. and its Subsidiaries

BALANCE SHEETS
(In thousands of Reais)

	Company		Consolidated	
	September, 2007	June, 2007	September, 2007	June, 2007
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	**61.007**	60.732	**235.954**	97.351
Short-term investments (Note 5)	**1.024.808**	676.492	**1.385.054**	719.032
Trade accounts receivable, net (Note 6)	**472.190**	568.655	**1.210.019**	636.757
Inventories (Note 7)	**510.637**	576.338	**1.560.825**	750.077
Recoverable taxes (Note 8)	**415.138**	423.690	**544.489**	522.245
Prepaid expenses	**5.525**	2.575	**55.012**	6.549
Other current assets	**90.912**	64.881	**168.438**	102.525
TOTAL CURRENT ASSETS	**2.580.217**	**2.373.363**	**5.159.791**	**2.834.536**
NON-CURRENT ASSETS				
Long-term assets				
Credits with related parties (Note 9)	**47.068**	48.227	**-**	-
Judicial deposits and others	**7.809**	6.608	**33.786**	9.173
Deferred income taxes (Note 16)	**15.256**	16.722	**22.416**	23.933
Recoverable taxes (Note 8)	**28.703**	27.256	**38.238**	38.066
Total long-term assets	**98.836**	**98.813**	**94.440**	**71.172**
Permanent assets				
Advances for investments in subsidiaries (Note 9)	**-**	44.114	**-**	-
Investments in subsidiaries (Note 10)	**2.279.987**	490.931	**882.745**	20.050
Other investments	**10**	10	**10**	10
Property, plant and equipment, net (Note 11)	**1.175.119**	1.096.718	**2.402.756**	1.401.504
Intangible assets, net	**9.615**	9.615	**178.074**	22.870
Total Permanent assets	**3.464.731**	**1.641.388**	**3.463.585**	**1.444.434**
TOTAL NON-CURRENT ASSETS	**3.563.567**	**1.740.201**	**3.558.025**	**1.515.606**
TOTAL ASSETS	**6.143.784**	**4.113.564**	**8.717.816**	**4.350.142**

	Company		Consolidated	
	September, 2007	June, 2007	September, 2007	June, 2007
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade accounts payable (Note 12)	**314.742**	248.152	**1.024.922**	343.481
Loans and financings (Note 13)	**805.562**	449.175	**2.387.251**	543.970
Payroll and social charges (Note 14)	**98.422**	103.485	**205.539**	121.564
Other current liabilities	**79.925**	69.394	**140.071**	80.242
TOTAL CURRENT LIABILITIES	**1.298.651**	**870.206**	**3.757.783**	**1.089.257**
NON-CURRENT LIABILITIES				
Loans and financings (Note 13)	**1.510.571**	1.676.778	**1.562.247**	1.685.013
Deferred income taxes (Note 16)	**60.525**	61.312	**84.949**	61.312
Provision for contingencies (Note 15)	**44.258**	49.182	**53.395**	55.194
Other non-current liabilities	**21.627**	23.670	**45.086**	29.069
TOTAL NON-CURRENT LIABILITIES	**1.636.981**	**1.810.942**	**1.745.677**	**1.830.588**
MINORITY INTEREST	**-**	**-**	**6.204**	(2.119)
SHAREHOLDERS' EQUITY (Note 17)				
Capital stock	**1.945.581**	91.748	**1.945.581**	91.748
Capital reserve	**1.160.983**	1.160.776	**1.160.983**	1.160.776
Revaluation reserve	**126.367**	127.475	**126.367**	127.475
Retained earnings	**(24.779)**	52.417	**(24.779)**	52.417
TOTAL SHAREHOLDERS' EQUITY	**3.208.152**	**1.432.416**	**3.208.152**	**1.432.416**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6.143.784**	**4.113.564**	**8.717.816**	**4.350.142**
		-		-

The accompanying notes are an integral part of the financial statements

JBS S.A. and its Subsidiaries

STATEMENTS OF INCOME FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006
(In thousands of Reais)

	Company		Consolidated	
	2007	"Pro Forma" 2006	2007	"Pro Forma" 2006
GROSS OPERATING REVENUE				
Sales of products:				
Domestic Sales	1.553.250	1.163.019	4.670.123	1.306.688
Foreign Sales	1.692.089	1.651.813	3.226.423	1.971.168
	3.245.339	2.814.832	7.896.546	3.277.856
SALES DEDUCTIONS				
Returns and discounts	(130.530)	(45.463)	(173.558)	(76.346)
Sales taxes	(191.044)	(123.208)	(232.069)	(144.927)
	(321.574)	(168.671)	(405.627)	(221.273)
NET SALE REVENUE	2.923.765	2.646.161	7.490.919	3.056.583
Cost of goods sold	(2.139.167)	(1.976.755)	(6.463.309)	(2.329.049)
GROSS INCOME	784.598	669.406	1.027.610	727.534
OPERATING INCOME (EXPENSE)				
General and administrative expenses	(50.321)	(50.497)	(149.443)	(76.037)
Selling expenses	(283.051)	(247.474)	(463.990)	(272.470)
Financial income (expense), net (Note 18)	(223.437)	(175.349)	(318.684)	(203.482)
Equity in subsidiaries	(125.015)	(21.156)	-	-
Initial Public Offering expenses	(52.244)	-	(52.244)	-
Goodwill amortization	(1.293)	-	(1.293)	-
	(735.361)	(494.476)	(985.654)	(551.989)
OPERATING INCOME	49.237	174.930	41.956	175.545
NON-OPERATING INCOME (EXPENSE), NET	(60)	(5.913)	5.814	(5.485)
INCOME BEFORE TAXES	49.177	169.017	47.770	170.060
Current income taxes	(77.316)	(64.659)	(80.586)	(65.669)
Deferred income taxes	(794)	-	(256)	-
	(78.110)	(64.659)	(80.842)	(65.669)
INCOME (LOSS) BEFORE MINORITY INTEREST	(28.933)	104.358	(33.072)	104.391
Minority interest (expense) income	-	-	4.139	(33)
NET INCOME (LOSS)	(28.933)	104.358	(28.933)	104.358
NET INCOME (LOSS) PER SHARE	(26,85)			
Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization and non-operating income (expense), net				
Income (loss) before taxes	49.177	169.017	47.770	170.060
Financial income (expense), net (Note 18)	223.437	175.349	318.684	203.482
Depreciation and amortization	42.147	33.516	82.118	51.441
Non-operating income (expense), net	60	5.913	(5.814)	5.485
Equity in subsidiaries	125.015	21.156	-	-
Initial Public Offering expenses	52.244	-	52.244	-
Goodwill Amortization	1.293	-	1.293	-
AMOUNT OF EBITDA	493.373	404.951	496.295	430.468

The accompanying notes are an integral part of the financial statements

JBS S.A. and its Subsidiaries

STATEMENTS OF INCOME FOR THE PERIOD OF THREE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006
(In thousands of Reais)

	Company		Consolidated	
	2007	"Pro Forma" 2006	2007	"Pro Forma" 2006
GROSS OPERATING REVENUE				
Sales of products:				
Domestic Sales	541.907	381.219	3.542.723	429.186
Foreign Sales	608.428	672.857	1.858.624	883.467
	1.150.335	1.054.076	5.401.347	1.312.653
SALES DEDUCTIONS				
Returns and discounts	(58.378)	(10.983)	(85.986)	(18.837)
Sales taxes	(64.220)	(37.463)	(81.796)	(59.182)
	(122.598)	(48.446)	(167.782)	(78.019)
NET SALE REVENUE	1.027.737	1.005.630	5.233.565	1.234.634
Cost of goods sold	(747.514)	(760.705)	(4.744.477)	(953.468)
GROSS INCOME	280.223	244.925	489.088	281.166
OPERATING INCOME (EXPENSE)				
General and administrative expenses	(19.337)	(24.413)	(100.972)	(39.680)
Selling expenses	(99.402)	(79.273)	(257.466)	(89.957)
Financial income (expense), net (Note 18)	(129.960)	(86.276)	(189.044)	(89.933)
Equity in subsidiaries	(83.615)	3.511	-	-
Initial Public Offering expenses	(1.653)	-	(1.653)	-
Goodwill amortization	(426)	-	(426)	-
	(334.393)	(186.451)	(549.561)	(219.570)
OPERATING INCOME	(54.170)	58.474	(60.473)	61.596
NON-OPERATING INCOME (EXPENSE), NET	(50)	388	4.982	215
INCOME BEFORE TAXES	(54.220)	58.862	(55.491)	61.811
Current income taxes	(22.618)	(18.820)	(24.012)	(21.762)
Deferred income taxes	(1.466)	-	(1.513)	-
	(24.084)	(18.820)	(25.525)	(21.762)
INCOME (LOSS) BEFORE MINORITY INTEREST	(78.304)	40.042	(81.016)	40.049
Minority interest (expense) income	-	-	2.712	(7)
NET INCOME (LOSS)	(78.304)	40.042	(78.304)	40.042
NET INCOME (LOSS) PER SHARE	(72,68)			

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

	Company 2007	Company "Pro Forma" 2006	Consolidated 2007	Consolidated "Pro Forma" 2006
Income (loss) before taxes	(54.220)	58.862	(55.491)	61.811
Financial income (expense), net (Note 18)	129.960	86.276	189.044	89.933
Depreciation and amortization	14.328	13.322	44.219	18.747
Non-operating income (expense), net	50	(388)	(4.982)	(215)
Equity in subsidiaries	83.615	(3.511)	-	-
Initial Public Offering expenses	1.653	-	1.653	-
Goodwill Amortization	426	-	426	-
AMOUNT OF EBITDA	175.812	154.561	174.869	170.276

The accompanying notes are an integral part of the financial statements

1 Operating activities

The operations of JBS S.A. and its subsidiaries (the "Company") consists of:

a) Activities

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 centers of distribution located in the States of São Paulo, Minas Gerais, Acre and Paraná.

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.

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 (Swift Armour), 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.

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 primarily purchased by the Company.

SB Holdings, Inc. and its subsidiaries, Tupman Thurlow Co., Inc. (Tupman) and Astro Sales International, Inc. (Astro) located in The United States acquired in January 2007, sale processed beef products in the north-american market.

Beef Snacks do Brasil Indústria e Comércio de Alimentos Ltda (Beef Snacks), an indirect wholly-owned subsidiary of the Company, located in Santo Antônio da Posse, State of São Paulo, operates since August, 2007 the production of Beef Jerky. Beef Snacks purchase meat in local market and export the Beef Jerky to United States of America.

Jerky Snacks Brands, INC (Jerky Snacks), an indirect wholly-owned subsidiary of the Company, located in Minong, Wisconsin, Industrialize and sell 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 local market and the 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, sell products of bovine meat, birds and porks. Global Beef Trading imports the products from Latin America and exports for several countries, in Europe, Africa, Asia and Middle East.

On July, 2007, the Company acquired Swift Foods Company, formerly known JBS USA Inc. (JBS USA). JBS USA feedlots, 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 operates four beef 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 conduct its U.S. domestic pork processing business; and Swift Australia, through which it conducts its Australian beef business.

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

(Expressed in thousands of reais, except when indicated)

The Company, until December 31, 2006, operated also in the hygiene and cleaning products segment, manufacturing and selling bar of soap, toilet cleaners, detergents, disinfectants, softeners, pharmaceutical glycerin, coconut soap, multi-functional degreaser and stain remover, shampoos, conditions, deodorant and liquid soap.

As described in letter b) the hygiene and cleaning products segment were assigned to Flora Produtos de Higiene e Limpeza Ltda.. as a result of a partial spin-off.

b) Corporate reorganization

Merger

As of March 1, 2006, Friboi Ltda. merged JBS S.A., assuming all of the assets and liabilities of JBS S.A., which prior to this merger was a holding company with an indirect 100% interest in the total capital stock of Swift-Armour. After giving effect to the merger, Friboi Ltda.'s capital stock increased from R$7,500 thousand to R$508,135 totaling R$515,635 represented by 515,635,240 quotas.

The following table shows the increase (decrease) in Friboi Ltda.'s assets and liabilities resulting from the merger, based on an appraisal report prepared by specialized accountants:

	R$
Current assets	557.997
Current Liabilities	(64.519)
Working Capital	493.478
Permanent assets	775.040
Long-Term Liabilities	(760.383)
	14.657
Shareholders' equity	**508.135**

On March 2, 2006, the quotaholders of Friboi Ltda. approved a proposal to (1) transform Friboi Ltda. into a corporation (*Sociedade Anônima*), (2) exchange their quotas for 515,635,240 common shares, without par value and (3) change Friboi Ltda.'s name to JBS S.A.

Partial spin-off

According to article 229 of Law no. 6404/76 (the "Brazilian Corporation Law"), the Company has conducted a partial spin-off on December 31, 2006, under which the Company's assets relating to its hygiene and cleaning products division were assigned to Flora Produtos de Higiene e Limpeza Ltda. The following chart describes the items of the Company's balance sheet that were assigned to Flora Produtos de Higiene e Limpeza Ltda. as a result of the partial spin-off:

Current assets		**Current liabilities**	
Cash and cash equivalents	43	Trade accounts payable	16.589
Short-term investments	439.631	Loans and financings	7.522
Trade accounts receivable, net	53.348	Payroll and social charges	8.187
Inventories	33.842	Other current liabilities	28.045
Recoverable taxes	4.323		**60.343**
Other current assets	9.016		
	540.203	**Long-term liabilities**	
		Loans and financings	11.669
Long-term assets		Other Long-term liabilities	364
Credits with related parties	265.882		**12.033**
Judicial deposits	461		
Other investments	6.516	**Total current and Long-term Liabilities**	**72.376**
Property, plant and equipment, net	278.600		
Intangible assets, net	5.694	**Net assets transferred**	**1.024.980**
	557.153		
Total assets	**1.097.356**	**Total liabilities and transferred net assets**	**1.097.356**

(Expressed in thousands of reais, except when indicated)

The operating loss recorded by the hygiene and cleaning products division for the period of three months ended on June 30, 2006, is summarized as follows:

Net operating sales	95.851
Cost of goods sold	(53.484)
Gross income	42.367
Operational expenses:	
General and administrative expenses	(40.828)
Selling expenses	(10.574)
Operating Loss	**(9.035)**

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 Swift Armour, we have compared the generally accepted accounting principles in Argentina with the corresponding principles in Brazil applied by the Company, and we have noted that there were no material differences.

The accounting practices adopted in JBS USA (US GAAP) were adjusted to the Brazilian GAAP, according to the following diferences:

- Finished goods inventories: were valued by market price, and were adjusted to production average cost method;
- Permanent assets: includes R$ 711.270, related to intangible assets and fixed assets goodwill, calculated according to the purchasing accounting, and it was adjusted reducing the shareholder´s equity;
- For 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.

The accounting principles adopted by the Companies Tupman and Astro, both subsidiaries of SB Holdings, Inc., do not differ significantly from those adopted in Brazil.

The individual and consolidated statements of income for the three and nine-month period ended in September 30, 2006, presented for comparability purposes, were prepared excluding the net income of the hygiene and cleaning products division, which was separated from the Company through a partial spin-off occurred in December 31, 2006, as explained in Note 1. Accordingly, such statements of income are denominated as "Pro Forma".

The "Pro Forma" statements of income are not entitled to be used as a basis for the calculation of dividends, nor for any other purpose rather than to provide comparable information about the financial performance of the Company.

3 Significant accounting policies

The significant accounting policies adopted by the Company in preparing its financial statements are described below:

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 clients, overall economic and financial condition and specific risks relating to the relevant client. The Company's management believes that the allowance for doubtful accounts is sufficient to cover the losses if such allowances materialize.

d) Inventories

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

e) Investments

The Company's investments in subsidiaries are accounted according to the equity method. Other investments of the Company are valued at their acquisition cost.

f) Property, plant and equipment

Fixed assets are stated at an amount equivalent to the sum of their historical acquisition cost and to 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 the straight-line method, at the rates described in Note 11, which take into account the useful and economic lives of the assets.

g) Other Current and Long-term Assets

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

h) Current Liabilities and Long-term Liabilities

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

i) Statements of Income

The income statement transactions are reported in accordance with the accrual method of accounting.

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) Supplemental information

In order to provide a better understanding of its financial statements the Company has presented in the accompanying note 22, as supplementary information, its consolidated statements of cash flows.

l) Consolidation

All balances of assets and liabilities accounts 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 currency of the country in which they are located. Subsequently, these amounts were converted into Reais using the applicable commercial selling exchange rates reported by the Central Bank of Brazil on the date of the consolidated balance sheet.

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

4 JBS USA

On July 11, 2007 the Company, through its full subsidiary J&F Acquisition Co., created specifically for this purpose, concluded the acquisition of the controlling interest of Swift Foods Company ("Swift"), company headquartered in Delaware, United States of America, for the total amount US$1,459 million, being US$225 million paid to HM Capital Partners LLC, former controlling shareholder of Swift, and US$1,234 million used for the liquidation of financial debt of Swift.

A substantial portion of the financing proceeds for the acquisition of Swift by JBS is related to the capital increase, as approved in the Extraordinary Shareholders Meeting held on June 29, 2007, in the total amount of R$ 1,853,833 through the issuance, for private subscription of 227,400,000 (two hundred and twenty seven million and four hundred thousand) new common shares, nominative, without nominal value, in all identical to the existing shares, having the same rights given upon the remaining common shares issued by the Company, under the terms outlined in its by-laws (Estatuto Social) and according to applicable legislation. BNDES Participações S.A. – BNDESPAR ("BNDESPAR") subscribed a relevant portion of the new common shares representing the Company's capital, in the amount of R$ 1.137.006, allowing for a relevant participation by BNDESPAR in the proceeds that were raised by the Company for the acquisition of the Swift Foods.

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. The remaining proceeds were obtained through new debt at Swift Foods at the moment of the acquisition.

The conclusion of the Swift acquisition resulted in the creation of the world's largest company in the beef protein sector and the largest Brazilian company in the food sector, consolidating the Company in the national and global beef markets and making it an important competitor in the global market for pork meat. With this, the Company is able to produce and distribute in Brazil, Argentina, the United States of America and Australia, the four main beef consuming countries in the world. This position will enable the Company to (i) have access to the two blocks of commercial barriers: Atlantic and Pacific; (ii) diversify its risk with regards to sanitary barriers; and (iii) unify and strengthen the Swift brand globally.

Due the investment greatness and the consolidation in the financial statements of the Company in the period of three and nine months end on September 30, 2007, 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 Swift Foods, as well we are presenting the Swift Foods financial statements. Swift Foods income statements reflect the income statements since July 11, 2007, wich represents the period after the acquisition by the Company.

(Expressed in thousands of reais, except when indicated)

BALANCE SHEET	September 30, 2007			June 30, 2007
ASSETS	**Consolidated**	**JBS USA**	**JBS and other subsidiaries**	**Consolidated**
Cash, cash equivalents and short-term investments	1.621.008	461.367	1.159.641	816.383
Trade accounts receivable, net	1.210.019	683.753	526.266	636.757
Inventories	1.560.825	879.737	681.088	750.077
Other current and non current assets	862.379	134.127	728.252	702.491
Investments in subsidiaries	882.745	-	1.768.102	20.050
Property, plant and equipment, net	2.402.756	914.301	1.488.455	1.401.504
Other permanent assets	178.084	152.156	25.928	22.880
TOTAL ASSETS	**8.717.816**	**3.225.441**	**6.377.732**	**4.350.142**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Trade accounts payable	1.024.922	658.823	366.099	343.481
Loans and financings	3.949.498	1.499.235	2.450.263	2.228.983
Other current and non current liabilities	529.040	182.026	347.014	347.381
Minority interest	6.204	-	6.204	(2.119)
Shareholders' equity	3.208.152	885.357	3.208.152	1.432.416
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8.717.816**	**3.225.441**	**6.377.732**	**4.350.142**

INCOME STATEMENTS	Nine month period ended on September 30, 2007			2006
	Consolidated	**JBS USA**	**JBS and other subsidiaries**	**"Pro forma" Consolidated**
Net sales revenue	7.490.919	3.918.087	3.572.832	3.056.583
Cost of goods sold	(6.463.309)	(3.738.558)	(2.724.751)	(2.329.049)
GROSS INCOME	**1.027.610**	**179.529**	**848.081**	**727.534**
General, administrative and selling expenses	(613.433)	(201.615)	(411.818)	(348.507)
Financial income (expense), net	(318.684)	(17.260)	(301.424)	(203.482)
Equity in subsidiaries	-	-	(34.270)	-
Other operating expenses	(53.537)	-	(53.537)	-
Non-operating income (expense), net	5.814	5.907	(93)	(5.485)
Income taxes	(80.842)	(831)	(80.011)	(65.669)
Minority interest (expense) income	4.139	-	4.139	(33)
NET INCOME (LOSS)	**(28.933)**	**(34.270)**	**(28.933)**	**104.358**
AMOUNT OF EBITDA	**496.295**	**2.987**	**493.307**	**430.468**

(Expressed in thousands of reais, except when indicated)

INCOME STATEMENTS	Three months period ended on September 30, 2007			2006
	Consolidated	JBS USA	JBS and other subsidiaries	"Pro forma" Consolidated
Net sales revenue	5.233.565	3.918.087	1.315.478	1.234.634
Cost of goods sold	(4.744.477)	(3.738.558)	(1.005.919)	(953.468)
GROSS INCOME	**489.088**	**179.529**	**309.559**	**281.166**
General, administrative and selling expenses	(358.438)	(201.615)	(156.823)	(129.637)
Financial income (expense), net	(189.044)	(17.260)	(171.784)	(89.933)
Equity in subsidiaries	-	-	(34.270)	-
Other operating expenses	(2.079)	-	(2.079)	-
Non-operating income (expense), net	4.982	5.907	(925)	215
Income taxes	(25.525)	(831)	(24.694)	(21.762)
Minority interest (expense) income	2.712	-	2.712	(7)
NET INCOME (LOSS)	**(78.304)**	**(34.270)**	**(78.304)**	**40.042**
AMOUNT OF EBITDA	**174.869**	**2.987**	**171.881**	**170.276**

Assets appreciation not recognized by the Company

The assets of Swift Foods include an amount of US$ 386.791 thousand (R$ 711.270 thousand). The total amount include US$ 196.059 thousand (R$ 360.533) related to fixed assets appreciation and US$ 190.732 thousand (R$ 350.737) referring intangible assets, booked in the acquisition date according to the American accounting practices (US GAAP), wich represents the fair value of the assets. These assets were not recognized by the Company in the Brazilian financial statements due to the fact they do not represent Brazilian accounting practice.

5 Short-term investments

	Company		Consolidated	
	September, 2007	June, 2007	September, 2007	June, 2007
Certificates of bank deposits - CDB-DI	**820.234**	461.485	**835.441**	462.063
Investment funds	**204.574**	215.007	**255.067**	241.720
Certificates of deposits - CD	**-**	-	**-**	15.249
Auction-rate securities	**-**	-	**294.546**	-
	1.024.808	**676.492**	**1.385.054**	**719.032**

Certificates of bank deposits-CDB-DI are fixed income securities that provides yield of approximately 100% of the Brazilian interbank rate, and certificates of deposit-CD provide a yield equal to exchange rate variation plus a spread of 3.5% per year. The Investment Funds are supported by investments in Multi-Market funds.

Auction-rate securities are securities from JBS USA that participate in an auction process run by an agent where the interest rate earned on the bonds is reset every 7 - 28 days.

(Expressed in thousands of reais, except when indicated)

6 Trade accounts receivable, net

	Company		Consolidated	
	September, 2007	June, 2007	September, 2007	June, 2007
Receivables not yet due	**456.862**	**552.184**	**1.096.255**	**586.237**
Overdue receivables:				
From 1 to 30 days	**14.427**	12.605	**98.696**	36.134
From 31 to 60 days	**686**	2.706	**11.048**	8.905
From 61 to 90 days	**106**	624	**3.179**	2.138
Above 90 days	**2.753**	3.914	**9.024**	8.989
Allowance for doubtful accounts	**(2.644)**	(3.378)	**(8.183)**	(5.646)
	15.328	**16.471**	**113.764**	**50.520**
	472.190	**568.655**	**1.210.019**	**636.757**

7 Inventories

	Company		Consolidated	
	September, 2007	June, 2007	September, 2007	June, 2007
Finished products	**448.557**	523.711	**1.066.341**	647.565
Work-in-progress	**861**	-	**91.474**	10.687
Raw-materials	**27.677**	19.976	**49.824**	46.796
Livestock	**-**	-	**228.178**	-
Warehouse spare parts	**33.542**	32.651	**125.008**	45.029
	510.637	**576.338**	**1.560.825**	**750.077**

8 Recoverable taxes

	Company		Consolidated	
	September, 2007	June, 2007	September, 2007	June, 2007
ICMS (value added tax)	**272.864**	255.835	**294.494**	278.676
IPI (excise tax)	**104.445**	112.364	**161.284**	161.326
PIS and COFINS (social contribution on net income)	**58.608**	76.616	**68.319**	88.162
IRRF (withholding income tax)	**3.430**	1.333	**6.064**	3.967
IVA (Argentinian value added tax)	**-**	-	**38.353**	11.961
Others	**4.494**	4.798	**14.213**	16.219
	443.841	**450.946**	**582.727**	**560.311**
Current and Long-term:				
Current	**415.138**	423.690	**544.489**	522.245
Non-current	**28.703**	27.256	**38.238**	38.066
	443.841	**450.946**	**582.727**	**560.311**

ICMS (value added tax)

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 for a significant part of such credits during the next months.

IPI (excise tax)

IPI tax credits are generated as a result of social contributions (PIS and COFINS) included in the acquisition cost of raw-materials, packaging and other materials used in the manufacturing of the Company's products, which are offset against the IPI tax paid by the Company upon the sale of finished products. Due to the fact that the exports of the Company's products are exempt from IPI, a tax credit is generated. These tax credits were reviewed and approved by the Federal Tax Authority (*Secretaria da Receita Federal*). The Company expects to be reimbursed for these tax credits during the next months.

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. An amount of R$ 76,000 of these tax credits were reviewed and approved by the Federal Tax Authority. The Company expects to be reimbursed for these tax credits during the next months.

IRRF (withholding income tax)

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

General comments

Based upon final administrative decisions by the *Câmara Superior do Conselho de Contribuintes* and on the opinion of its legal counsels, the Company and JBS Embalagens has performed a monetary adjustment of its tax credits of PIS, COFINS and IPI based on the SELIC rate (which is the reference rate published by the Central Bank of Brazil). After such monetary adjustments, the total PIS, COFINS and IPI tax credits totaled R$117.676 on September 30, 2007.

(Expressed in thousands of reais, except when indicated)

9 Related parties transactions

Transactions with related parties are mainly represented by sales operations from the parent company to its subsidiaries abroad, under normal market prices and terms, and by inter-company loans with controlled and related subsidiaries with an interest rate of 1% per month. Balances between related parties in the balance sheet and income statement are the following:

September, 2007	Trade accounts receivable	Trade accounts payable	Purchases	Sales of products	Mutual contrats
Mouran Alimentos Ltda.	-	-	394	-	-
JBS Embalagens Metálicas Ltda.	400	2.365	21.577	1.548	65.109
JBS Global Beef Company SU Lda.	-	-	-	-	(43.214)
Friboi Egypt Company L.L.C	28.568	-	-	13.907	-
Friboi (UK) Limited	9.981	-	-	9.729	-
Swift Armour Socidad Anónima Argentina	-	462	2.001	-	-
The Tupman Thurlow Co.	29.979	356	-	18.908	-
Jerky Snacks Brands, Inc.	-	-	-	-	2.625
Global Beef Tranding SU Lda.	828	-	-	870	-
Transmundo Company Inc.	78	-	-	-	-
Beef Snacks Brasil Ind.Com.Alimento Ltda	617	-	-	1.565	22.548
	70.451	**3.183**	**23.972**	**46.527**	**47.068**

June, 2007	Trade accounts receivable	Trade accounts payable	Purchases	Sales of products	Mutual contrats
Mouran Alimentos Ltda.	1.805	172	296	5.587	-
JBS Embalagens Metálicas Ltda.	31.293	2.878	14.318	1.629	80.253
JBS Global Beef Company SU Lda.	-	-	-	-	(45.266)
Friboi Egypt Company L.L.C	49.539	-	-	29.355	-
Friboi (UK) Limited	10.546	-	-	12.792	-
Swift Armour Sociedad Anónima Argentina	-	867	1.490	-	-
The Tupman Thurlow Co.	26.884	394	-	24.889	-
Transmundo Company Inc.	81	-	-	-	-
Beef Snacks Brasil Ind.Com.Alimento Ltda	-	-	-	-	13.240
	120.148	**4.311**	**16.104**	**74.252**	**48.227**

(Expressed in thousands of reais, except when indicated)

10 Investments in subsidiaries

a) Relevant information about subsidiaries

September, 2007	Company's share quantity	Participation	Capital stock	Shareholders' equity	Net income (loss)
JBS Embalagens Metálicas Ltda.	9.902	99,00%	2	29.942	3.794
JBS Global Investments S.A.	23.000	100,00%	42.295	41.722	(18.725)
JBS Holding Internacional. S. A.	391.459	100,00%	391.459	264.832	(27.447)
JBS Global A/S (Dinamarca)	201	100,00%	29.629	71.437	(3.595)
Mouran Alimentos Ltda.	84	70,00%	120	(13.449)	(5.049)
JBS USA, Inc.	100	100,00%	919.627	885.357	(34.270)
SB Holding, Inc	20	100,00%	18	2.529	258

June, 2007	Company's share quantity	Participation	Capital stock	Shareholders' equity	Net income (loss)
JBS Embalagens Metálicas Ltda.	9.902	99,00%	2	33.855	(7.000)
JBS Global Investments S.A.	23.000	100,00%	34.672	53.170	7.205
JBS Holding Internacional. S. A.	391.459	100,00%	391.459	292.279	(21.143)
JBS Global A/S (Dinamarca)	200	100,00%	29.460	72.688	2.480
Mouran Alimentos Ltda.	84	70,00%	120	8.399	(2.755)
Beef Snacks do Brasil Ltda.	22.735	100,00%	22.737	22.737	-
SB Holding, Inc	20	100,00%	19	2.372	(224)

b) Investments movement

	Balance as of June 30, 2007	Addition (realization)	Exchange rate variation	Equity	Balance as of June 30, 2007
JBS Embalagens Metálicas Ltda.	**33.516**	58	-	3.699	**37.273**
JBS Global Investments S.A.	**53.171**	10.021	(2.745)	(18.725)	**41.722**
JBS Holding Internacional. S. A.	**292.279**	103.507	-	(27.447)	**368.339**
JBS Global A/S (Dinamarca)	**72.688**	-	2.344	(3.595)	**71.437**
Mouran Alimentos Ltda.	**(5.879)**	-	-	(3.535)	**(9.414)**
Beef Snacks do Brasil Ltda.	**22.735**	(22.735)	-	-	**-**
JBS USA, Inc.	**-**	1.824.922	(42.175)	(34.270)	**1.748.477**
SB Holding, Inc	**22.421**	(426)	(100)	258	**22.153**
Total	**490.931**	**1.915.347**	**(42.676)**	**(83.615)**	**2.279.987**

In the third quarter of 2007, was finalized 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) to operate the company Beef Snacks International BV, which became the holding of Beef Snacks and Jerky Snacks, both integrally. The participation of the investors in Beef Snacks International BV depends on the capital contributions made by each investor. As of September 30, 2007, the capital of Beef Snacks International BV is of US$ 16.000 thousand, and Global JBS A/S is the owner of 62,5% of the capital (US$ 10.000 thousand).

(Expressed in thousands of reais, except when indicated)

c) Goodwill

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$ 863.120, based on the expectation of future profits. The goodwill will be amortized as long as such profits are earned, in a period not exceeding 10 years. As described in note 17d, the Company intends to exclude permanently the goodwill from the dividends calculation base.

In January, 2007 the Company acquired 100% of the capital stock of SB Holdings, Inc., and paid a goodwill of R$ 20.917 based on the expectation of future profits of the subsidiary. The goodwill will be amortized as long as such profits are earned, in a period not exceeding 10 years. During the nine month period of 2007, an amount of R$ 426 of the goodwill was amortized.

11 Property, plant and equipment, net

Company

	Annual Depreciation Rates	Cost	Revaluation	Accumulated Depreciation	Net amount September, 2007	Net amount June, 2007
Buildings	4%	292.060	116.746	(20.383)	**388.423**	391.295
Land	-	76.732	9.352	-	**86.084**	86.084
Machinery & equipment	10%	220.054	44.571	(38.856)	**225.769**	224.731
Installations	10%	71.792	21.823	(12.932)	**80.683**	82.245
Computer equipment	20%	12.776	841	(5.109)	**8.508**	8.038
Vehicle and airplanes	20%	75.612	400	(37.084)	**38.928**	41.353
Construction in progress	-	334.128	-	-	**334.128**	250.936
Others	10 to 20%	14.318	4.293	(6.015)	**12.596**	12.036
		1.097.472	**198.026**	**(120.379)**	**1.175.119**	**1.096.718**

Consolidated

	Annual Depreciation Rates	Cost	Revaluation	Accumulated Depreciation	Net amount September, 2007	Net amount June, 2007
Buildings	3 to 20%	587.673	116.746	(74.105)	**630.314**	535.955
Land	-	432.713	9.352	-	**442.065**	99.148
Machinery & equipment	8 to 10%	937.808	44.571	(301.384)	**680.995**	322.434
Installations	10%	74.610	21.823	(12.958)	**83.475**	82.257
Computer equipment	20 to 100%	46.530	841	(8.476)	**38.895**	8.601
Vehicle and airplanes	14 to 50%	95.204	400	(39.350)	**56.254**	41.795
Construction in progress	-	426.949	-	-	**426.949**	296.652
Others	10 to 100%	51.083	4.293	(11.567)	**43.809**	14.662
		2.652.570	**198.026**	**(447.840)**	**2.402.756**	**1.401.504**

(Expressed in thousands of reais, except when indicated)

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

As of september 30 2007, the balance of the Company's revaluation of fixed assets account was R$198,026, the balance of the Company revaluation reserve account was R$ 126,367, and the balance of the Company income tax and social contribution account was R$ 60,525. The Company recorded accrued depreciation of R$ 11,134 with respect to the Company's revaluation of fixed assets as of September 30, 2007.

Other revaluations of fixed assets are scheduled to occur between 2007 and 2010, in conformity with the rules issued by IBRACON and the Rule No. 183/95 issued by CVM.

12 Trade accounts payable

	Company		Consolidated	
	September, 2007	**June, 2007**	**September, 2007**	**June, 2007**
Commodities	**208.861**	160.885	**460.703**	184.622
Materials and services	**102.418**	84.133	**547.631**	110.175
Finished products	**3.463**	3.134	**16.588**	48.684
	314.742	**248.152**	**1.024.922**	**343.481**

13 Loans and financings

a) Company

Modality	Annual average rate of interest and commissions	September, 2007	June, 2007
Financing for purchase of fixed assets			
FINAME / FINEM - Enterprise financing	TJLP-UMBNDES index rate	**253.466**	249.950
		253.466	**249.950**
Loans for working capital purposes			
ACC - Exchange advance contracts	Exchange rate variation and interest rate LIBOR + 0,20%	**317.193**	64.777
EXIM - BNDES export credit facility	TJLP and interest rate of 3,0%	**454.524**	483.172
Fixed Rate Notes with final maturity in February 2011 (Eurobonds)	Exchange rate variation and interest rate of 9,375%	**512.941**	537.568
Export prepayment	Exchange rate variation and interest rate of Libor + 1,0%	**176.918**	187.682
Fixed Rate Notes with final maturity in February 2016 (144-A)	Exchange rate variation and Interest rate of 10,5%	**561.002**	602.804
NCE / COMPROR	CDI and interest rate of 2,0%	**40.089**	-
		2.062.667	**1.876.003**
Total Loans and Financings		**2.316.133**	**2.125.953**
Current and Long-term			
Current		**805.562**	449.175
Non-current		**1.510.571**	1.676.778
		2.316.133	**2.125.953**

(Expressed in thousands of reais, except when indicated)

Long-term installments have the following maturities:

2008	**150.796**	267.428
2009	**173.740**	175.196
2010	**101.824**	102.876
2011	**531.164**	553.003
2012	**1.377**	415
2016	**551.670**	577.860
	1.510.571	**1.676.778**

b) Consolidated

Modality	Annual average rate of interest and commissions	September, 2007	June, 2007
Financing for purchase of fixed assets			
FINAME / FINEM - Enterprise financing	TJLP-UMBNDES index rate and interest rate of 3,0%	**253.466**	249.950
Notes Payable	Interest rate Libor + 1,75%	**20.358**	-
Senior Notes	Interest from 10,13% to 12,50%	**17.806**	-
		291.630	**249.950**
Loans for working capital purposes			
ACC - Exchange advance contracts	Exchange rate variation and interest rate LIBOR + 0,20%	**363.044**	93.471
EXIM - BNDES export credit facility	TJLP and interest rate of 3,0%	**454.524**	483.172
Fixed Rate Notes with final maturity in February 2011 (Eurobonds)	Exchange rate variation and interest rate of 9,375%	**512.941**	537.568
Working Capital	Interest rate Libor + 1,0%	**1.454.652**	37.867
Export prepayment	Exchange rate variation and interest rate of Libor + 1,0%	**176.918**	187.682
Fixed Rate Notes with final maturity February 2016 (144-A)	Exchange rate variation and Interest rate of 10,5%	**561.002**	602.804
NCE / COMPROR	CDI and interest rate of 2,0%	**69.290**	36.469
Swift Australia cash advance facility	BBSY + 0.35%	**65.497**	-
		3.657.868	**1.979.033**
Total		**3.949.498**	**2.228.983**
Current and Long-term			
Current		**2.387.251**	543.970
Non-current		**1.562.247**	1.685.013
		3.949.498	**2.228.983**

Long-term installments have the following maturities:

2008	**152.976**	270.999
2009	**181.178**	177.833
2010	**108.442**	104.903
2011	**536.254**	553.003
2012	**19.485**	415
2016	**563.912**	577.860
	1.562.247	**1.685.013**

(Expressed in thousands of reais, except when indicated)

Exchange Contract Advances (ACCs) are credits funded by financial institutions to JBS S.A., amounting to US$ 197.425 on September 30, 2007 (US$ 48.526 on June 30, 2007) and are used to finance Company's export sales.

Outstanding amounts of export pre-payment loans were US$ 96.209 on September 30, 2007 (US$ 97.436 on June 30, 2007). Such loans were funded by financial institutions.

PROGEREM is a financing program of the Brazilian National Economic and Social Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social* – BNDES) established to fund the expansion of industrial capacity and to foster the social benefits arising from such expansion.

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.

The financings provided by BNDES are secured by fixed assets. The ACC's are secured by export contracts.

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

14 Payroll and social charges

	Company		Consolidated	
	September, 2007	**June, 2007**	**September, 2007**	**June, 2007**
Payroll and related social charges	**35.342**	37.037	**54.887**	44.058
Accrual for labor liabilities	**41.956**	36.666	**105.997**	41.879
Income tax	**2.345**	8.638	**2.391**	8.638
Social contribution	**-**	3.110	**-**	3.110
ICMS taxes payable	**17.059**	16.387	**21.901**	21.372
Others	**1.720**	1.647	**20.363**	2.507
	98.422	**103.485**	**205.539**	**121.564**

15 Provision for contingencies

The Company and its subsidiaries are parties in several legal and administrative proceedings arising from the ordinary course of their respective businesses, including labor proceedings, civil proceedings and tax proceedings based on the estimative of its legal advisors. The Company has established provisions in its financial statements for the contingencies arising from these proceedings based on the estimates provided by its legal advisors. The table below sets forth the main information about the legal and administrative proceedings as of September 30, 2007:

Company			**Consolidated**
Type of Proceedings	Number of lawsuits/administrative proceedings	Provision	Provision
Labor	908	4.329	6.237
Civil	651	11.359	15.496
Tax	168	28.570	31.662
Total	**1.727**	**44.258**	**53.395**

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 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 interstate agreements, 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 estimates that the claims under these administrative proceedings amount to R$ 22,547 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.
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$ 1,354 as of September 30, 2007.

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$2,065 as of September 30, 2007.

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

Based on an amendment to the Brazilian Federal Constitution that exempted revenues from exports from federal contributions, the Company has filed a lawsuit against the Federal Tax Authority (Secretaria da Receita Federal) seeking to exclude its revenues from exports from the calculation of the Social Contribution on Net Profit (Contribuição Social Sobre o Lucro Líquido – CSLL) payable by the Company. Although there are no judicial precedents supporting the exclusion of revenues from exports from the calculation of CSLL, the Company has historically excluded these amounts from the calculation of the CSLL payable by it. Despite the Company's management belief that the Company will prevail in these proceedings, the Company's management has established a provision for losses arising from these lawsuits in the amount of R$16,596 as of September 30, 2007.

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 Company's legal counsel opinion 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 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 September 30, 2007. 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 September 30, 2007.

e) Other Tax Proceedings

The Company is also party of other 100 tax lawsuits and administrative proceedings. Contingencies arising from these proceedings are not material to the Company if considered on an individual basis. Set forth below are the details of these proceedings:

* Proceeding filed against the Company with claims totaling R$1,071, seeking to collect certain taxes allegedly owed by the Company in connection with the irregular remittance of goods by the Company to the Manaus Free Trade Area (*Zona Franca de Manaus*);
* Proceeding filed against the Company with claims totaling R$845, seeking to collect contributions to the National Service of Industrial Learning (*Serviço Nacional de Aprendizagem Industrial* - SENAI) allegedly owed by the Company;
* Proceeding filed against the Company with claims totaling R$2,277, seeking to collect amounts allegedly owed by the Company in connection with tax credits for fuel used in the transportation of cattle to slaughterhouses;
* Proceeding filed against the Company with claims totaling R$1,243, seeking to collect amounts allegedly owed by the Company with respect to an irregular invoice for the sale of certain products of the Company;
* Proceeding filed against the Company with claims totaling R$453, seeking to collect amounts allegedly owed by the Company for not presenting evidence of the delivery of products sold by the Company to the applicable tax authority;
* Other administrative tax proceedings with individual claims in amounts below R$200, which total R$2,666 in the aggregate.

Labor Proceedings

As of September 30, 2007, the Company was party to (i) 777 labor lawsuits and 129 administrative proceedings (*autos de infração*) filed by the Regional Labor Offices (*Delegacias Regionais do Trabalho*) involving claims in the total aggregate amount of R$16,561 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$4,329 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. Approximately 8,0% of these lawsuits were filed by employees of third-party companies that provide outsourced services to the Company. Pursuant to Brazilian labor laws, the Company is jointly liable for failure of these third-party companies to comply with applicable labor laws.

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.

Actually, the parts are in manifestation period regarding the accounting appraisal presented by the judicial expert, that after evaluating the payments made by Agropecuária Friboi, was concluded that 98,5% of 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 your legal advisers' opinion and based in the brazilian jurisprudence the Administration believes that their arguments will prevail and no provision was registered.

b) Trademark Infringement

In July 2005, Frigorífico Araputanga also filed a lawsuit against the Company seeking damages in the amount of R$26,938 and punitive damages in the amount of R$100,000 for the use by the Company of the trademark “Frigoara” without Frigorífico Araputanga’s consent. The amounts of the claim were based upon a report presented by Frigorífico Araputanga to the trial court, which appraised the value of the trademark “Frigoara” at R$315,000.

The Company presented its defense against this lawsuit alleging that (i) the lawsuit should be analyzed and reviewed together with the lawsuit relating to the purchase of the slaughterhouse from Frigorífico Araputanga by the Company, (ii) the trademark “Frigoara” was used by the Company for a limited period of time, with the written consent and upon the request of Frigorífico Araputanga (the use of the trademark by the Company was a requirement of SUDAM to consent to the registration of the public deed contemplating the transfer of the slaughterhouse from Frigorífico Araputanga to the Company) and (iii) the amount of any damages under the lawsuit should be limited to a percentage of products sold by the Company under the trademark “Frigoara,” pursuant to article 208 of the Intellectual Property Law. Almost all of the products manufactured by the Company were marketed under the trademark “Friboi.” The only product marketed by the Company under the trademark “Frigoara” was minced meat, in limited amounts.

In light of the foregoing, the Company’s management established a provision for losses arising from this lawsuit in the amount of R$600 as of September 30, 2007. 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) Administrative Council of Economic Defense (Conselho Administrativo de Defesa Econômica), or CADE

In 2005, the Economic Law Secretariat (*Secretaria de Direito Econômico*) initiated administrative proceedings against 11 Brazilian beef processing companies, including the Company (formerly Friboi Ltda.) and other large beef producers. The proceedings relate to allegations made by the Brazilian Confederation of Agriculture and Cattle Raising (*Confederação da Agricultura e Pecuária do Brasil*) that these beef companies may have breached Brazilian antitrust regulations by entering into agreements to establish the price of cattle purchased by them for slaughter.

The SDE submitted these proceedings to the review of the Brazilian Antitrust Authority (*Conselho Administrativo da Defesa Econômica* – CADE) with a recommendation to impose fines on the beef producers which are party to the proceedings. If CADE ultimately confirms such recommendation, CADE may impose administrative penalties on the Company in accordance with articles 23 and 24 of Law No. 8,884/84, including an administrative fine that may range from 1.0% to 30.0% of the Company’s annual gross revenues for the years prior to the proceeding.

Based on the evidence presented in connection with these proceedings and on the arguments of its defense (that will be presented together with the opinion of a renowned Economics professor), the Company’s management believes that CADE will grant the Company a favorable decision under these proceedings. In particular, the Company believes that there can be no standard discount prices for cattle carcass. Based on the opinion of the Company’s legal counsel supported by favorable domestic and international precedents, the Company’s management believes that the Company will prevail in these proceedings. Accordingly, the Company’s management has not established any provision for contingencies arising from these proceedings.

d) Accidents in the Workplace

The Company is party in several civil lawsuits, under 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$10,759 as of September 30, 2007.

(Expressed in thousands of reais, except when indicated)

16 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	
	Nine month period ended on June 30.		Nine month period ended on June 30.	
	2007	"Pro Forma" 2006	2007	"Pro Forma" 2006
Income before income tax and social contribution	**49.177**	169.017	**47.770**	170.060
Addition:				
Permanent differences	**180.611**	**21.156**	**186.788**	**21.156**
Exclusions:				
Temporary differences	**(2.334)**	**-**	**(6.172)**	**-**
Calculation basis for income tax and social contribution	**227.454**	**190.173**	**228.386**	**191.216**
Income tax and CSLL - 34%	**(77.316)**	**(64.659)**	**(80.586)**	**(65.669)**
Temporary differences	**(2.334)**	**-**	**649**	**-**
Deferred income tax and social contribution	**(794)**	**-**	**(256)**	**-**

b) Deferred income tax and social contribution

	Company		Consolidated	
	September, 2007	June, 2007	September, 2007	June, 2007
Assets:				
Over provision for contingencies				
. Current year	**(794)**	672	**(794)**	1.257
. Prior years	**16.050**	16.050	**23.210**	22.676
	15.256	**16.722**	**22.416**	**23.933**
Liabilities:				
Over revaluation reserve	**60.525**	61.312	**84.949**	61.312
	60.525	**61.312**	**84.949**	**61.312**

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, as follows:

(Expressed in thousands of reais, except when indicated)

	Company		Consolidated	
	September, 2007	June, 2007	September, 2007	June, 2007
2008	**374**	409	**2.125**	2.268
2209	**374**	409	**2.125**	2.268
2010	**374**	409	**2.125**	2.268
2011	**374**	409	**2.125**	2.268
2012 to 2014	**13.760**	15.086	**13.916**	14.861
	15.256	**16.722**	**22.416**	**23.933**

17 Shareholders' equity

a) Capital Stock

The capital stock as of September 30, 2007 is composed by 1.077.400.000 of ordinary shares, without nominal value.

The Company is authorized to increase its capital in more 50.000.000 ordinary nominative shares.

b) Retained earnings reserves

Mandatory

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

Reserve for expansion

It refers to the remaining balance of the net income after the computation of Mandatory reserve and dividend distribution. The purpose of this reserve is to provide funds to investment in assets.

c) Revaluation reserve

Revaluation reserve reflects the appraisal effected by the Company, net of tax effects that are progressively offset against retained earnings to the same extent that the increase in value of the revalued property is realized through depreciation, disposal or retirement.

d) Dividends

Mandatory dividends correspond to 25% of the adjusted net income of the year, according to article 202 of Law 6.404/76.

The Company, considering that it has been generating positive EBITDA, deliberated in the board of directors meeting of November 1, 2007 that for the dividends calculation base, the foreign investments exchange loss and the future amortization of the goodwill in investments acquisition will be permanently excluded. The decision of the board of directors will be opportunely appreciated and voted in the Extraordinary General Assembly.

(Expressed in thousands of reais, except when indicated)

18 Financial income (Expense), net

	Company		Consolidated	
	Nine month period ended on June 30,		Nine month period ended on June 30,	
	2007	"Pro Forma" 2006	2007	"Pro Forma" 2006
Exchange variation	**94.381**	(84.237)	**29.794**	(108.260)
Results on derivatives	**(165.462)**	44.967	**(185.655)**	43.079
Interest - Loss	**(171.349)**	(170.342)	**(202.516)**	(172.972)
Interest - Gain	**47.661**	68.922	**72.537**	70.421
Taxes, contribution, tariff and others	**(28.668)**	(34.659)	**(32.844)**	(35.750)
	(223.437)	**(175.349)**	**(318.684)**	**(203.482)**

The financial income of the three and nine months period ended on September 30, 2007 is substantially affected by the exchange variation of the permanent foreign investments, mainly due to the high devaluation of the north american dollar and of the argentinean currency (peso) related to the Brazilian reais. The approximate impact of the exchange variation in companie´s financial income is R$ 43.000 in the three months period (R$ 67.000 in the consolidated) and R$ 53.000 in the nine months period ended on September 30, 2007 (R$67.000 in the consolidated), and did not affected the EBITDA.

19 Management’s compensation

For the nine months periods ended September 30, 2007 and 2006, the aggregate compensation paid by the Company to the Company’s management was R$ 2,250 and R$ 3,885, respectively.

20 Insurance coverage (unaudited)

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

As of September 30, 2007 the maximum individual coverage was R$ 99,000, considering all types of risks.

The insurance coverage related to the controlled Company Swift Armour has the same characteristics as explained above, and the maximum coverage as of September 30, 2007 and 2006 was US$ 65 million (equivalent to R$ 120 million as of September 30, 2007).

The insurance coverage related to the controlled Company JBS USA, Inc. has the same characteristics as explained above, and the maximum coverage as of September 23, 2007 was US$295 million (equivalent to R$ 542 million as of September 30, 2007).

21 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 September 30, 2007, 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 from customers, which are partially mitigated through the diversification of the credit profile of the Company's customer 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 for in the consolidated balance sheet and in the "pro forma" balance sheets of JBS S.A. 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 fair market or liquidation value.

(Expressed in thousands of reais, except when indicated)

22 Supplementary information - Cash flows statements for the period of three months ended September 30, 2007 and June 30, 2007

	Company		Consolidated	
	September, 2007	June, 2007	September, 2007	June, 2007
Cash from operating activities				
. Net income of the period	(78.304)	38.728	(78.304)	38.728
Adjustments to reconcile net income (loss) to cash provided				
. Depreciation and amortization	14.328	13.946	44.219	18.852
. Allowance for doubtful accounts	(734)	(441)	169	(761)
. Goodwill amortization	426	867	426	867
. Financial charges of loans and financings	(38.848)	(65.222)	(41.349)	(65.365)
. Minority interest	-	-	-	-
. Equity	83.615	19.689	-	-
. Write-off of fixed assets	155	4.799	731	4.799
. Deferred income taxes	678	(541)	1.143	967
. Current and non-current financial charges	104.043	47.884	109.742	49.659
. Provision for contingencies	(4.924)	(386)	(6.304)	(273)
	80.435	**59.323**	**30.473**	**47.473**
Variation in operating assets and liabilities				
. Decrease (increase) in trade accounts receivable	29.558	89.417	6.361	17.159
. Decrease (increase) in inventories	65.701	55.426	26.203	34.939
. Decrease (increase) in recoverable taxes	7.105	10.588	(9.902)	19.720
. Decrease (increase) in other current and non-current assets	(30.181)	(14.697)	(34.860)	13.329
. Decrease (increase) in credits with related parties	7.434	(7.345)	-	-
. Increase (decrease) in trade accounts payable	66.590	(12.590)	73.899	21.914
. Increase (decrease) in other current and non-current liabilities	3.425	(52.759)	(18.148)	(47.242)
Total cash provided by operating activities	**230.067**	**127.363**	**74.026**	**107.292**
Cash used in investing activities				
. Additions to property, plant and equipment and intangible assets	(92.884)	(81.461)	(132.907)	(112.677)
. Increase in investments	(1.871.660)	(43.293)	(580.708)	958
Total cash used in investing activities	**(1.964.544)**	**(124.754)**	**(713.615)**	**(111.719)**
Cash from financing activities				
. Loans and financings	824.579	16.246	2.296.722	39.333
. Payments of loans and financings	(595.551)	(675.325)	(2.765.461)	(687.395)
. Increase in capital stock	1.854.040	-	1.854.040	-
Total cash provided by (used in) financing activities	**2.083.068**	**(659.079)**	**1.385.301**	**(648.062)**
Net increase (decrease) in cash	**348.591**	(656.470)	**745.711**	**(652.489)**
Cash, cash equivalents and short-term investments at the beginning of the period	737.224	1.393.694	875.297	1.468.872
Cash, cash equivalents and short-term investments at the end of the period	**1.085.815**	**737.224**	**1.621.008**	**816.383**
	-	-	-	-

JBS S.A. reports consolidated 3Q07 results including JBS USA, Inc. (formerly Swift Foods Co.)

São Paulo, November 6, 2007 – JBS S.A. ("JBS") (Bovespa: JBSS3), the world's largest beef producer and exporter, announces today its results for the third quarter of 2007 (3Q07) and the first nine months of 2007 (9M07). 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 September 30, 2006, presented for the purpose of comparison, 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. Accordingly, the accounting statements are referred to as "pro-forma" and should not be used as the basis for dividend calculations or for any corporate purpose other than providing comparative information on the Company's operating performance.

The consolidated information and statements presented in this report also include the results from its subsidiary JBS USA, Inc. ("JBS USA"), formerly Swift Foods Company ("Swift"), which was acquired on July 11, 2007. The results of JBS USA presented herein consider the 75-day period from July 11 to September 23, 2007.

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3Q07 Conference Call

Date: Thursday, November 8, 2007

> Portuguese
12h30 (Brasília)
09h30 (US EST)
Tel: +55 (11) 4003-9004
Código: JBS

> English
14h30 (Brasília)
11h30 (US EST)
Tel.: +1 (973) 935-8893
Código: 9408522

3Q07 HIGHLIGHTS

- Conclusion of the acquisition of Swift Foods Company on July 11, 2007, making JBS the world's largest beef producer and third largest pork producer in the United States;
- Conclusion of the private placement of 227,400,000 shares totaling R$1,853,833,020.00, resulting in a total of 1,077,400,000 shares issued by the Company;
- Entry of BNDESPar as an important shareholder of JBS, holding 12.95% of the capital stock;
- Continued focus on growth and consolidation in the Mercosul region, with (i) continued investments in the expansion of the slaughtering capacity and in the production of higher value-added products in Brazil; and (ii) expansion in Argentina through the acquisition of meatpacker Col Car for US$20.3 million;
- Start-up of the expanded frozen and cooked beef unit in Andradina and of the new container terminal for exports in Cubatão, both in the state of São Paulo, Brazil;
- Continued focus on improving the operational performance of JBS USA;

CONSOLIDATED INCOME STATEMENT – 3Q07

Introduction

On July 11, 2007, JBS concluded the acquisition of Swift Foods Company (now JBS USA), the third largest beef and pork producer in the United States and the largest beef exporter in Australia, with revenues of US$ 9.5 billion for the fiscal year ended May 27, 2007.

The acquisition of Swift Foods Company:

- Creates the world's largest beef producer and exporter;
- Consolidates JBS as a global company in the animal protein industry;
- Establishes production and distribution bases in the world's largest beef producing and consuming countries;
- Expands the scope of the Swift brand, given that JBS already held its rights in Brazil and Argentina;
- Allows for greater geographic and product diversification with the pork operations in the United States;
- Creates synergies within the group's commercial areas, particularly from the opportunity to increase sales of processed products from Brazil and Argentina; and
- Provides the opportunity to add value to the Company and its shareholders through the improvement of the operating performance of JBS USA.

Given the final structure of the acquisition, JBS USA was capitalized with US$950 million from the private placement of new shares concluded in September, which already represented an important step in strengthening the Company's capital structure and competitiveness in the markets in which it operates.

Accordingly, our short-term strategy is centered on recovering the operating and financial performance of JBS USA through the implementation of several initiatives, without deviating from focusing on JBS' consolidated growth.

Following the acquisition of JBS USA, various areas were identified that presented opportunities for improving the Company's operating results, as described below:

- Improve margin per head through improved yields (rear, forequarter and ribs de-boning processes) and the development of new markets;
- Increase in volumes through the implementation of a second shift at the Greeley plant and an increase in the utilization rate of the plants in Grand Island, Cactus and Hyrum as a way to dilute fixed costs at the plants;
- Focus on cost reductions: fixed (insurance, consulting and information technology), variable costs and freight and storage costs per head (higher utilization rates);

- Lower administrative expenses: reduction of management layers, separation of pork and beef divisions in the United States, and optimization of the sales team.

Seventy-five days after the acquisition of the Company by JBS, many of the initiatives described above have been implemented, such as: (i) reduction in selling, general and administrative expenses, eliminating positions unnecessary to move the business forward or positions that already existed in the structure of JBS S.A.; (ii) reduction in annual insurance costs through renegotiation of existing premiums and deductibles, maintaining all of the insurance policies required for the adequate continuity of the business; (ii) elimination of annual costs with outsourced services from professionals and consultants, terminating contracts signed by the previous controlling shareholder.

In addition, JBS USA is also developing and implementing initiatives that seek to improve the operating efficiency of the plant operations, whose benefits have yet to be fully captured. Although fixed costs have already been reduced by the de-layering of management at the plants, volume increases and yield improvement will only be captured gradually with the evolution of the second shift at the Greeley plant and the recovery in employee productivity at the Cactus plant following the immigration inspection of December 2006. The Company believes that these benefits will continue to be captured as the second shift of the Greeley plant reaches its full-capacity and newly hired employees are adequately trained.

Reporting Basis for JBS USA

Prior to its acquisition by JBS, the subsidiary of Swift Foods Company, S&C Holdco 3, Inc., "sub-holding", the direct parent company of all operating companies, reported its results in accordance with the regulations of the U.S. Securities and Exchange Commission ("SEC"), with a fiscal year ending in May of each year and, in accordance with local industry practices, on a weekly basis, with each quarter comprising a 13-week period, and the fiscal year comprising 52 or 53 weeks, depending on the specific year. Swift Foods Company, the holding company for the entire group, did not report its results to the SEC.

Following the conclusion of the Swift acquisition by JBS, the company's new management decided to (i) change its name from Swift Foods Company to JBS USA, Inc., (ii) change the fiscal year so that it ends in the month of December, aligning it to the fiscal year of JBS, (iii) maintain the presentation of results on a weekly basis, as described above, and (iv) change the external auditing of the company to Grant Thornton as of 7/11/2007, as to maintain a single external auditing company for the entire group.

Therefore, the results now consolidated at JBS refer to JBS USA (formerly Swift Foods Company and holding company of the entire group in the United States and Australia) and are being converted from US$ into Brazilian Real and from US GAAP into BR GAAP.

The accounting practices adopted at JBS USA (US GAAP) were adjusted to BR GAAP, according to the following differences:

- Finished goods inventories were previously valued at market price and were adjusted to average production cost method;

- Permanent assets include amounts related to intangible assets and fixed assets goodwill, calculated at the moment of the acquisition (purchasing accounting) and adjusted to reduce shareholder's equity;

- For derivatives designated as a hedge and used to hedge an anticipated transaction, changes in fair value of the derivative are deferred in the balance sheet and were adjusted to the income statement;

Exchange Rate Variances from Investments made in Foreign Currencies and Goodwill

Financial income for the 3-month and 9-month periods ended on September 30, 2007 were negatively impacted by the exchange variance from permanent investments made in foreign currency, mainly due to the high devaluation of the U.S. dollar and of the Argentine peso related against the Brazilian real. The impact of this exchange variance in the consolidated financial income is approximately R$67.0 million in the 3-month period and R$116.0 million in the 9-month period ended on September 30, 2007. It is important to highlight that unrealized exchange rate variances do not generate a cash effect for the Company, impacting net income, but not affecting EBITDA.

With the acquisition of Swift Foods Company, JBS recognized a goodwill of R$839.181, based on the expectation of future profits. This goodwill will be amortized as long as such profits are earned, in a period not exceeding 10 years.

Considering the proportion of the investment in JBS USA and the potential impacts that this unrealized foreign currency variance has on the Company's net income, and consequently on the amounts distributable to shareholders as dividends, the Board of Directors of JBS met on November 1, 2007 and resolved that exchange rate losses from investments made in foreign currency and future amortization of goodwill in JBS USA are permanently excluded for dividend calculation purposes. This decision will be deliberated and voted in and upcoming Extraordinary Shareholders Meeting.

Consolidated Income Statement

The table below shows the consolidated results of JBS S.A. ("JBS") in BR GAAP and in Brazilian real (R$), including the results of its U.S. subsidiary JBS USA during the 75-day period from its acquisition on July 11, 2007 through September 23, 2007.

R$ million	3Q07	%	3Q06	%	2Q07	%	9M07	9M06
Net Sales Revenue	**5,233.6**	*100.0%*	**1,234.6**	*100.0%*	**1,171.2**	*100.0%*	**7,490.9**	**3,056.6**
Cost of Goods Sold	-4,744.5	*-90.7%*	-953.5	*-77.2%*	-890.3	*-76.0%*	-6,463.3	-2,329.0
Gross Margin	**489.1**	*9.3%*	**281.2**	*22.8%*	**280.9**	*24.0%*	**1,027.6**	**727.5**
Selling Expenses	-257.5	*-4.9%*	-90.0	*-7.3%*	-106.6	*-9.1%*	-464.0	-272.5
General and Adm. Expenses	-101.0	*-1.9%*	-39.7	*-3.2%*	-27.9	*-2.4%*	-149.4	-76.0
Net Financial Income (Expenses)*	-189.0	*-3.6%*	-89.9	*-7.3%*	-72.7	*-6.2%*	-318.7	-203.5
Equity in Subsidiaries	0.0	*0.0%*	0.0	*0.0%*	0.0	*0.0%*	0.0	0.0
Initial Public Offering Expenses	-1.7	*0.0%*	0.0	*0.0%*	0.0	*0.0%*	-52.2	0.0
Amortization of Goodwill	-0.4	*0.0%*	0.0	*0.0%*	-0.9	*-0.1%*	-1.3	0.0
Operating Income	**-60.5**	*-1.2%*	**61.6**	*5.0%*	**72.8**	*6.2%*	**42.0**	**175.5**
Non-Operating Income	5.0	*0.1%*	0.2	*0.0%*	0.8	*0.1%*	5.8	-5.5
Taxes and Social Contribution	-25.5	*-0.5%*	-21.8	*-1.8%*	-35.7	*-3.0%*	-80.8	-65.7
Minority Interest	2.7	*0.1%*	0.0	*0.0%*	0.9	*0.1%*	4.1	0.0
Net Income	**-78.3**	*-1.5%*	**40.0**	*3.2%*	**38.7**	*3.3%*	**-28.9**	**104.4**

(*) The net financial result and, consequently, the net income for the 3Q07, were affected by exchange rate variances from investments made in foreign currencies in the amount of R$67.0 million for the 3Q07 and R$116.0 million for the 9M07. Currency variances do not have a cash effect on the Company, and as such, did not impact EBITDA for the period. Excluding this effect, the Company would have registered a net loss of R$11.3 million for the 3Q07 and a net income of R$87.1 million for the 9M07.

For the 3Q07, JBS' consolidated EBITDA totaled R$174.9 million compared to an EBITDA of R$170.3 million for the 3Q06. Consolidated EBITDA margin for the period was 3.3%, reflecting a 13.1% margin reported by JBS (excluding JBS USA) and a 0.1% margin reported by JBS USA.

A large portion of the variances presented in the consolidated results is attributable to the effect generated by the acquisition of Swift Foods Company by JBS. In the report, the operational results of JBS, as well as those of JBS USA, will be commented independently, as to facilitate the analysis and comparability of the figures and to preserve historical information provided since the Company's initial public offering.

Consolidated Debt Level

R$ million	3Q07	2Q07	Var.% 3Q07/2Q07
Total Debt	3,949.5	2,229.0	*77.2%*
Cash and Marketable Securities	1,621.0	816.4	*98.6%*
Total Net Debt	**2,328.5**	**1,412.6**	***64.8%***
Net Debt/EBITDA	**3,3X**	**2,3X**	

The Company's gross debt is primarily composed of financing lines with the Brazilian Development Bank (BNDES), export financing contracted with financial institutions, and Notes (Reg. S and 144A) with face value of US$575 million due in 2011 and 2016 (US$275 million 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). Additionally, JBS USA gross debt includes loans totaling approximately US$815 million, of which US$750 million consist of bridge loans contracted as part of the capital structured used for the Swift acquisition. These bridge loans have an average interest rate of Libor plus 1%, with US$100 million maturing in January/08 and the remaining in June and July of the same year.

ANALYSIS OF 3Q07 RESULTS – JBS S.A. (EXCLUDING JBS USA)

Main Operational Indicators (excluding JBS USA, Inc.)

R$ million	3Q07	3Q06	Var.% 3Q07/3Q06	2Q07	Var.% 3Q07/2Q07	9M07	9M06	% Chg. 9M07/9M06
Net Sales Revenue	1,315.5	1,234.6	6.5%	1,171.2	12.3%	3,572.8	3,056.6	16.9%
Domestic Market	511.6	364.4	40.4%	487.9	4.8%	1,459.7	1,117.8	30.6%
Exports	803.9	870.2	-7.6%	683.3	17.7%	2,113.2	1,938.8	9.0%
Gross Profit	309.6	281.2	10.1%	280.9	10.2%	848.1	727.5	16.6%
Gross Margin	23.5%	22.8%		24.0%		23.7%	23.8%	
Net Income	-78.3	40.0	-295.6%	38.7	-302.3%	-28.9	104.4	-127.7%
Net Margin	-6.0%	3.2%		3.3%		-0.8%	3.4%	
EBITDA	**171.9**	**170.3**	**0.9%**	**165.2**	**4.0%**	**493.3**	**430.5**	**14.6%**
EBITDA Margin	13.1%	13.8%		14.1%		13.8%	14.1%	
Slaughtered Cattle[1]	929.3	935.7	-0.7%	947.0	-1.9%	2,762.7	2,583.2	7.0%
Sales Volumes[2]								
Domestic Market	215.6	166.8	29.2%	210.0	2.6%	614.7	496.6	23.8%
Exports	111.0	114.9	-3.4%	112.2	-1.1%	326.8	281.7	16.0%
Total Volume	**326.6**	**281.7**	**15.9%**	**322.2**	**1.4%**	**941.5**	**778.3**	**21.0%**

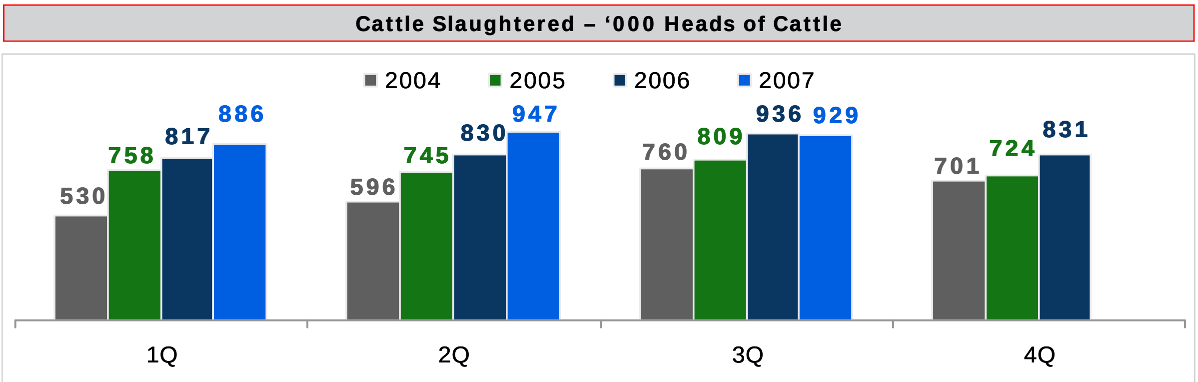
[1]In thousands of heads
[2]In thousands of tons

(*) The net financial result and, consequently, the net income for the 3Q07, were affected by exchange rate variances from investments made in foreign currencies in the amount of R$67.0 million for the 3Q07 and R$116.0 million for the 9M07. Currency variances do not have a cash effect on the Company, and as such, did not impact EBITDA for the period. Excluding this effect, the Company would have registered a net loss of R$11.3 million for the 3Q07 and a net income of R$87.1 million for the 9M07.

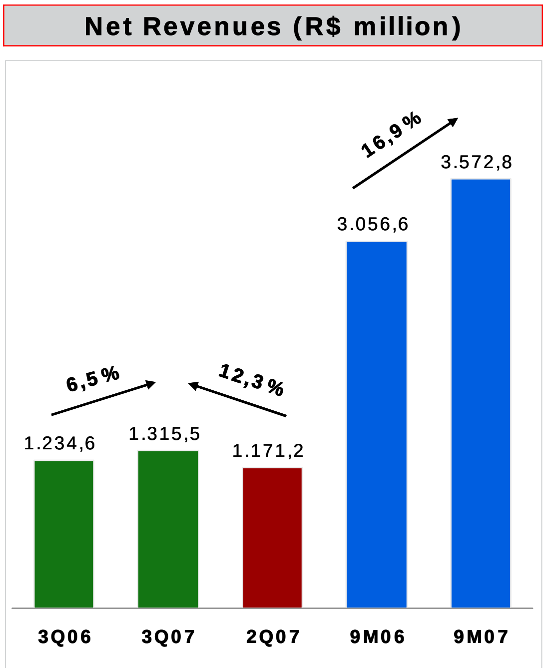
Cattle Slaughter Volume

In the 3Q07, the volume of cattle slaughtered declined by 0.7% to 929 thousand heads, compared to 936 thousand heads in the same period last year. Compared to the 2Q07, cattle slaughter volume declined by 1.9%, while in the 9M07, volume increased by 7.0% in comparison to the 9M06. The decline posted for the quarter is mainly due to lower slaughter volume in Brazil, as a result of the off-season period for cattle supply that generally occurs more intensively in the third quarter of each year. Slaughter volumes were favorably impacted by the startup of operations of the Pontevedra, Venado Tuerto and Berazategui plants, which were not operating in the 3Q06. Currently, the overall slaughter capacity of JBS is 18.8 thousand head/day in Brazil and 6.0 thousand head/day in Argentina (excluding the acquisition of meatpacker Col Car, which is still pending approval by Argentina's antitrust agency), totaling 24.8 thousand head/day of slaughtering capacity in the Mercosul.

The graph below shows the Company's historical slaughter volume in each quarter for the past three years (in thousands of head):



Net Operating Revenue

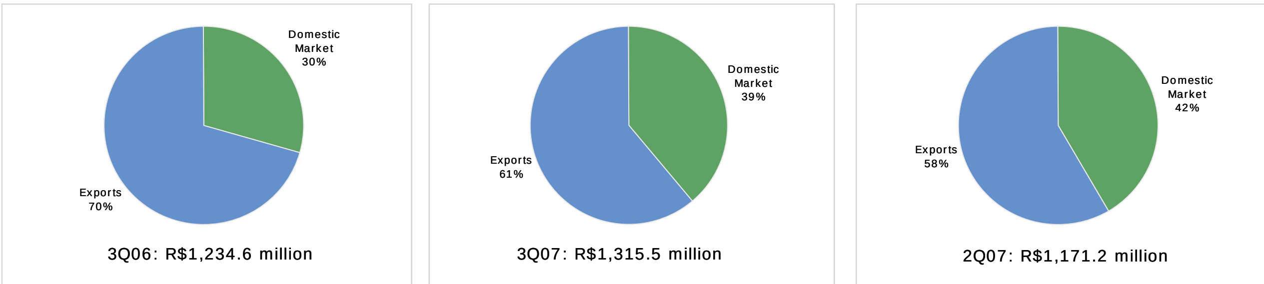


Net sales increased by 6.5% to R$1,315.5 million in 3Q07, from R$1,234.6 million in the 3Q06, mainly driven by a growth of 15.9% in sales volumes for the period. The presented volume growth was mainly fueled by a 29.2% increase in domestic sales and by an increase of 8.6% in the average sales price for the quarter in comparison to the same quarter of last year.

Compared to the 2Q07, net sales grew by 12.3%, while total sales volume increased by 1.4% and average sales prices rose by 10.8%. In the 9M07, net sales increased by 16.9% versus the 9M06, while volumes rose by 21.0%.

Exports revenue as a percentage of the Company's total net revenue declined from 70% in the 3Q06 to 61% in the 3Q07, while the domestic market accounted for 39% of net revenue in the quarter, up from 30% in the 3Q06, as shown in the graphs below. It is important to note that during the 3Q06, JBS posted strong export sales, led by shipments to the European Union and, especially to Russia, with exports to the latter country favorably impacted by the company's geographic diversification across Brazil, with a greater number of plants certified for exports following the outbreaks of foot-and-mouth disease that took place in late 2005 and early 2006. In addition, as it also occurred in the 2Q07, this distribution of sales also reflects the Company's strategy to optimize its sales mix across markets, selling its products in the markets that present the most attractive terms in each period.

Net Revenue Distribution – Consolidated



Source: JBS

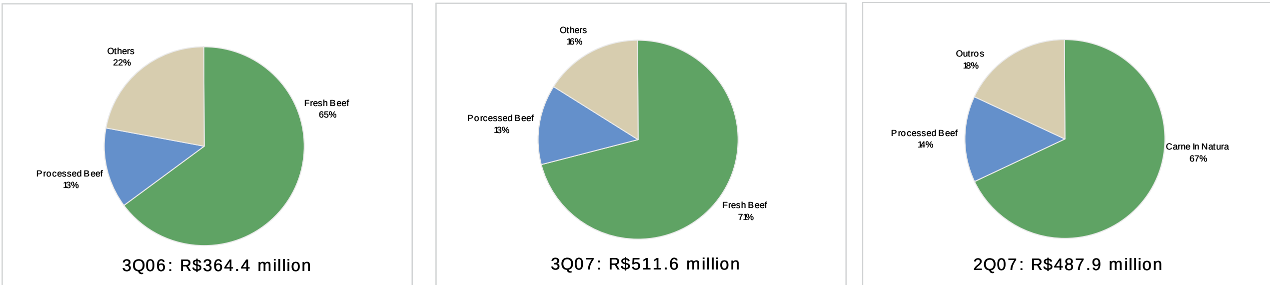
Domestic Market

Domestic Market	3Q07	3Q06	Var.% 3Q07/3Q06	2Q07	Var.% 3Q07/2Q07	9M07	9M06	% Chg. 9M07/9M06
Net Sales Revenue[1]								
Fresh and Chilled Beef	362.8	235.4	*54.1%*	330.6	*9.7%*	1,005.8	743.4	*35.3%*
Processed Beef	65.7	47.9	*37.2%*	68.7	*-4.4%*	201.6	164.6	*22.5%*
Others	83.1	81.2	*2.4%*	88.6	*-6.2%*	252.3	209.8	*20.3%*
TOTAL	**511.6**	**364.4**	***40.4%***	**487.9**	***4.8%***	**1,459.7**	**1,117.8**	***30.6%***
Volume[2]								
Fresh and Chilled Beef	163.5	115.7	*41.2%*	157.7	*3.6%*	459.7	355.1	*29.4%*
Processed Beef	11.2	10.0	*11.5%*	11.2	*-0.6%*	35.0	28.6	*22.6%*
Others	40.9	41.1	*-0.3%*	41.0	*-0.2%*	120.1	112.9	*6.3%*
TOTAL	**215.6**	**166.8**	***29.2%***	**210.0**	***2.7%***	**614.7**	**496.6**	***23.8%***
Average Sales Price[3]								
Fresh and Chilled Beef	2.22	2.03	*9.1%*	2.10	*5.9%*	2.19	2.09	*4.5%*
Processed Beef	5.88	4.78	*23.0%*	6.12	*-3.8%*	5.76	5.76	*-0.1%*
Others	2.03	1.98	*2.7%*	2.16	*-6.0%*	2.10	1.86	*13.1%*
TOTAL	**2.37**	**2.18**	***8.6%***	**2.32**	*2.3%*	**2.37**	**2.25**	***5.5%***

[1]In millions
[2]In thousands of tons
[3]In R$/Kg

In the 3Q07, JBS' net sales from the domestic market totaled R$511.6 million, 40.4% higher than in the 3Q06. This result was mainly due to the growth of 29.2% in sales volume to 215.6 thousand tons in the quarter, up from 166.8 thousand tons in the 3Q06, as well as an increase in the average sales price of 8.6% in relation to the 3Q06. Domestic sales rose by 4.8% in the quarter in comparison to the 2Q07 and by 30.6% in the 9M07 versus 9M06.

Net Revenue Distribution – Domestic Market



Source: JBS

Domestic fresh beef volumes climbed 41.2% to 163.5 thousand tons in the 3Q07, from 115.5 thousand tons in the 3Q06. This growth was mainly driven by (i) higher beef consumption in Brazil fueled by a good performance of the local economy; (ii) a greater allocation of volumes to this market, which in some cuts was more attractive than the international markets; (iii) a strong performance of higher value-added cuts, sold under JBS brands such as Matturata; and (iii) domestic sales growth in Argentina, due to the startup of operations of the Venado Tuerto, Pontevedra and Berazategui plants and to a higher consumption in that country.

The average sales price of fresh beef increased by 9.1% against the 3Q06, affected by higher raw materials costs during the period, which directly impacted sales prices to the Company's clients. Specifically in Brazil, average domestic sales prices of fresh beef rose by 18.1% during the quarter.

In comparison to the 2Q07, domestic fresh beef volumes grew by 3.6%, while average sales price rose by 5.9%. In the 9M07, net sales grew by 30.6%, while volumes increased by 23.8%, with average prices up 5.5% from the 9M06.

In the processed beef segment, the Company posted a volume growth of 11.5% in the quarter to 11.2 thousand tons, from 10.0 thousand tons in the 3Q06. This result was mainly driven by a higher consumption of the products sold by the Company, which has been investing heavily in the consolidation of its brands in the processed foods sector, as well as by volumes sold of Swift's new product line, which was launched in late 2006. The average price of processed beef increased by 23% in the quarter, mainly due to the product mix during the period, with increased sales of the higher value-added products sold under the Swift and Anglo brands.

In comparison to the 2Q07, processed beef volumes remained unchanged between the two quarters, while in the 9M07 these volumes increased by 22.6% and prices remained stable in relation to the 9M06.

Export Market

Exports	3Q07	3Q06	Var.% 3Q07/3Q06	2Q07	Var.% 3Q07/2Q07	9M07	9M06	% Chg. 9M07/9M06
Net Sales Revenue[1]								
Fresh and Chilled Beef	592.0	657.6	*-10.0%*	486.1	*21.8%*	1514.3	1411.8	*7.3%*
Processed Beef	211.9	212.7	*-0.3%*	197.2	*7.5%*	598.8	527.0	*13.6%*
TOTAL	**803.9**	**870.2**	***-7.6%***	**683.3**	***17.7%***	**2,113.2**	**1,938.8**	***9.0%***
Volume[2]								
Fresh and Chilled Beef	71.6	81.3	*-11.9%*	75.8	*-5.6%*	220.4	196.5	*12.2%*
Processed Beef	39.4	33.6	*17.2%*	36.4	*8.3%*	106.4	85.2	*24.9%*
TOTAL	**111.0**	**114.9**	***-3.4%***	**112.2**	***-1.0%***	**326.8**	**281.7**	***16.0%***
Average Sales Price[3]								
Fresh and Chilled Beef	8.27	8.09	*2.2%*	6.41	*28.9%*	6.87	7.18	*-4.4%*
Processed Beef	5.38	6.32	*-15.0%*	5.42	*-0.8%*	5.63	6.19	*-9.0%*
TOTAL	**7.24**	**7.57**	***-4.4%***	**6.09**	***18.9%***	**6.47**	**6.88**	***-6.0%***
Average Sales Price[4]								
Fresh and Chilled Beef	4.31	3.73	*15.7%*	3.24	*33.3%*	3.43	3.29	*4.4%*
Processed Beef	2.80	2.91	*-3.8%*	2.73	*2.5%*	2.81	2.83	*-0.7%*
TOTAL	**3.78**	**3.49**	***8.3%***	**3.07**	***23.0%***	**3.23**	**3.15**	***2.6%***

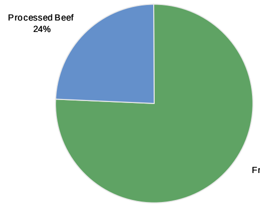
[1]In millions
[2]In thousands of tons
[3]In R$/Kg
[4]In US$/Kg

Export net sales declined by 7.6% to R$803.9 million in the quarter, versus R$870.2 million in the 3Q06, mainly as a result of 3.4% decrease in export volumes and an 8.3% increase in the average sales price in dollar terms (+15.7% for fresh beef and -3.8% for processed beef), which were offset by an appreciation of the Brazilian real versus the U.S. dollar in the period of 11.7%. The lower volumes were mainly a result of a greater allocation of certain cuts to the domestic market, which, during the quarter, were more attractive than the international markets. Furthermore, as mentioned above, the comparison base with the 3Q06 was adversely affected by that quarter's strong exports, especially to the European Union and Russia.

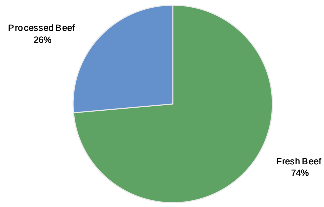
On the other hand, in comparison to the 2Q07, export net sales increased by 17.7%, reflecting a slight decline of 1.0% in volumes (-5.6% for fresh beef and +8.3% for processed beef) and a strong increase in the average sales price in dollar terms of 23.0% (33.3% for fresh beef and 2.5% for processed beef), which was slightly impacted by 3.2% appreciation of the Brazilian real against the U.S. dollar during the period. The increase in the average sales price in dollar terms was mainly driven by (i) a change in the product mix for the quarter, which favored sales of higher value-added cuts; (ii) a higher cost of raw materials for the period; and (iii) the variance of the Brazilian Real against the U.S. dollar.

In the 9M07, export net sales grew by 9.0% compared to the 9M06, driven by a growth in volumes shipped of 16.0%, and a 6.0% decrease in the average sales prices in Real terms, which was negatively impacted by the appreciation of the Brazilian Real against the U.S. dollar of 8.4% between the two periods.

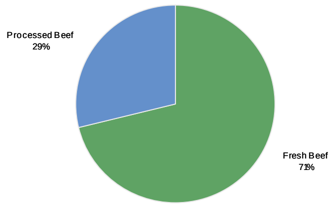
Net Revenue Distribution – Exports



3Q06: R$870.2 million



3Q07: R$803.9 million



2Q07: R$683.3 million

Source: JBS

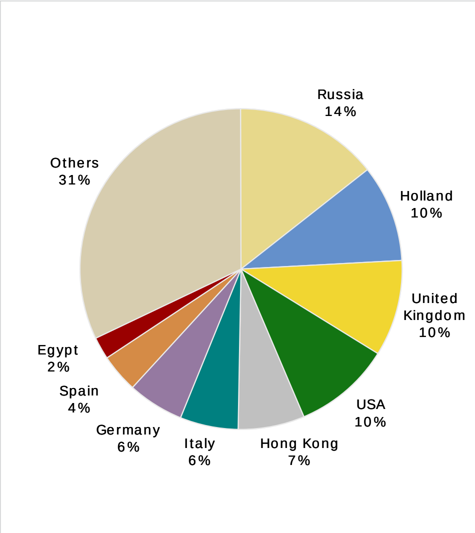
With regards to the exported volumes, the following drivers can be highlighted:

- Higher exports to the European Union, which has a product mix that favors more higher value-added cuts;
- Strong growth in exports to Hong Kong, which accounted for 6.8% of total export revenues in dollars in the 3Q07, up from 3.4% in the 3Q06;
- Higher export volumes to other Asian countries, such as Singapore and the Philippines;
- Higher export volumes to Africa, especially Algeria, as was also the case in the 2Q07;
- Growth in markets currently being developed by the Company, such as Venezuela and other Latin American countries;
- Growth in export volumes of processed beef, which increased by 17.2% compared to the 3Q06, 8.3% versus the 2Q07, and 24.9% on an year-to-date basis.

In the 3Q07, Europe remained as JBS' main export destination. During the same period, Russia accounted for 14.4% of export revenues, down from 21.3% in the 3Q06. This figure clearly shows the strong performance of Russian exports in the 3Q06 since the Company had a higher number of plants certified to export to that country following the outbreaks of foot-and-mouth disease in late 2005 and early 2006.

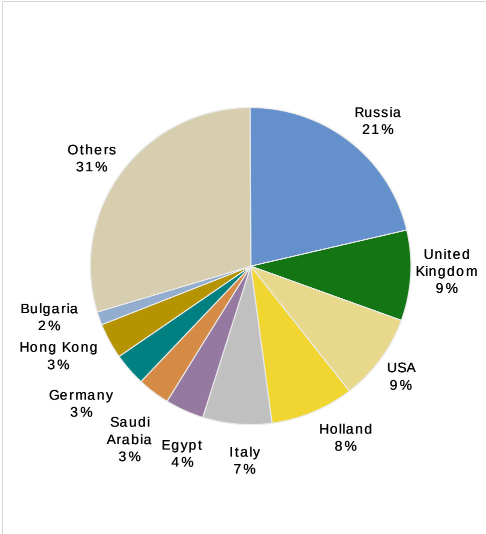
Compared to the 2Q07, export volumes to Russia increased by 37.7% in the quarter versus the 3Q06, and by 28.3% in the 9M07 in comparison to the 9M06.

Export Destinations – 3Q07



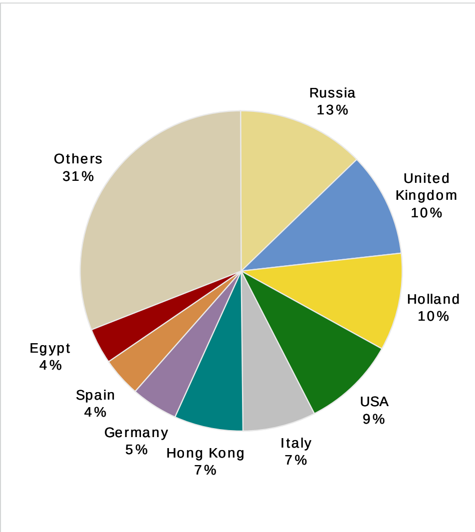
Source: JBS

Export Destinations – 3Q06



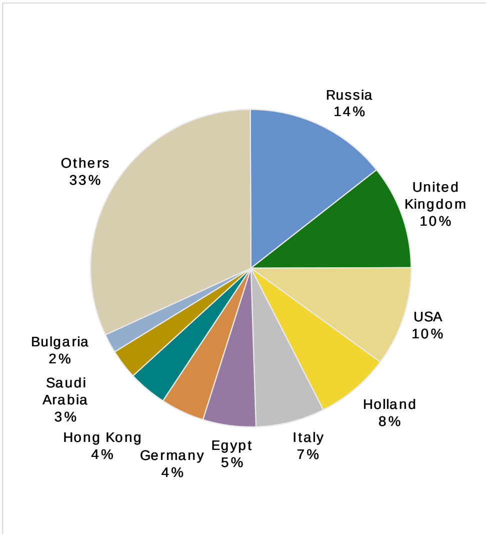
Source: JBS

Export Destinations – 9M07



Source: JBS

Export Destinations – 9M06



Source: JBS

Analysis of Operational Performance

R$ million	3Q07	%	3Q06	%	2Q07	%	9M07	9M06
Net Sales Revenue	**1,315.5**	***100.0%***	**1,234.6**	***100.0%***	**1,171.2**	***100.0%***	**3,572.8**	**3,056.6**
Cost of Goods Sold	-1,005.9	*-76.5%*	-953.5	*-77.2%*	-890.3	*-76.0%*	-2,724.8	-2,329.0
Gross Margin	**309.6**	***23.5%***	**281.2**	***22.8%***	**280.9**	***24.0%***	**848.1**	**727.5**
Selling Expenses	-115.7	*-8.8%*	-90.0	*-7.3%*	-106.6	*-9.1%*	-322.2	-272.5
General and Adm. Expenses	-41.1	*-3.1%*	-39.7	*-3.2%*	-27.9	*-2.4%*	-89.6	-76.0
Net Financial Income (Expenses)*	-171.8	*-13.1%*	-89.9	*-7.3%*	-72.7	*-6.2%*	-301.4	-203.5
Equity Accounting Income	-34.3	*-2.6%*	0.0	*0.0%*	0.0	*0.0%*	-34.3	0.0
Initial Public Offering Expenses	-1.7	*-0.1%*	0.0	*0.0%*	0.0	*0.0%*	-52.2	0.0
Amortization of Goodwill	-0.4	*0.0%*	0.0	*0.0%*	-0.9	*-0.1%*	-1.3	0.0
Operating Income	**-55.4**	***-4.2%***	**61.6**	***5.0%***	**72.8**	***6.2%***	**47.0**	**175.5**
Non-Operating Income	-0.9	*-0.1%*	0.2	*0.0%*	0.8	*0.1%*	-0.1	-5.5
Taxes and Social Contribution	-24.7	*-1.9%*	-21.8	*-1.8%*	-35.7	*-3.0%*	-80.0	-65.7
Minority Interest	2.7	*0.2%*	0.0	*0.0%*	0.9	*0.1%*	4.1	0.0
Net Income	**-78.3**	***-6.0%***	**40.0**	***3.2%***	**38.7**	***3.3%***	**-28.9**	**104.4**

(*) The net financial result and, consequently, the net income for the 3Q07, were affected by exchange rate variances from investments made in foreign currencies in the amount of R$67.0 million for the 3Q07 and R$116.0 million for the 9M07. Currency variances do not have a cash effect on the Company, and as such, did not impact EBITDA for the period. Excluding this effect, the Company would have registered a net loss of R$11.3 million for the 3Q07 and a net income of R$87.1 million for the 9M07.

Net operating revenue from sales in the quarter rose 6.5% to R$1,315.5 million, from R$1,234.6 million in the 3Q06, mainly driven by a volume growth of 15.9% for the period and a 8.1% decline in the average sales price in Brazilian real terms, which was negatively impacted by the 11.7% appreciation of the Brazilian Real against the U.S. dollar during the period. This result was mainly driven by the strong domestic sales performance, which generated revenues for the quarter 40.4% higher than in the same period of last year. Net operating revenue rose by 12.3% in comparison to the 2Q07 and by 16.9% in the 9M07 versus the 9M06.

Cost of goods sold increased by 5.5%, from R$953.5 million in the 3Q06 to R$1,005.9 million in the 3Q07. As a percentage of net sales, cost of goods sold declined from 77.2% in the 3Q06 to 76.5% in the 3Q07, mainly due to the strategy employed by the Company in the purchasing of raw materials during the quarter. In view of the increase in cattle acquisition costs, the Company, taking advantage of the geographic distribution of its plants and of the market scenario, increased the purchasing of raw materials from third parties for deboning and processing, given the variances between cattle prices and prices of boned meat from third parties that occurred during the quarter.

As a result of the net sales growth posted for the quarter, gross profit increased by 10.1%, from R$281.2 million in the 3Q06 to R$309.6 million in the 3Q07. Gross margin grew by 0.7 p.p., from 22.8% in the 3Q06 to 23.5% in the 3Q07, driven by the factors described above. Compared to the 2Q07, gross margin declined by 0.5 p.p., representing 24.0% over net sales.

Selling expenses rose from R$90.0 million in the 3Q06 to R$115.7 million in the quarter, mainly as a result of (i) the higher sales volumes posted for the period, and (ii) marketing investments, which are being made by the company to promote and consolidate the Swift brand, especially its new product line, which in the 3Q06 had not yet been launched. As a percentage of net sales, selling expenses for the quarter rose by 1.5 p.p. to 8.8%, from 7.3% in the 3Q06. Administrative expenses remained within the same level as in the 3Q06, representing to 3.1% in the 3Q07, compared to 3.2% in the same period of last year.

For the quarter, the Company posted a net financial expense of R$171.8 million, compared to R$89.9 million for the 3Q06, which was negatively impacted by the exchange rate variances from investments made in foreign currency, mainly driven by the strong devaluation of the U.S. dollar and the Argentine peso against the Brazilian Real. The impact from these exchange rate fluctuations on the consolidated financial result is R$67.0 million for the 3-month period and R$116.0 million for the 9-month period ended on September 30, 2007. It is important to highlight that these impacts do not have a cash effect on the Company, and as such, did not impact EBITDA for the period.

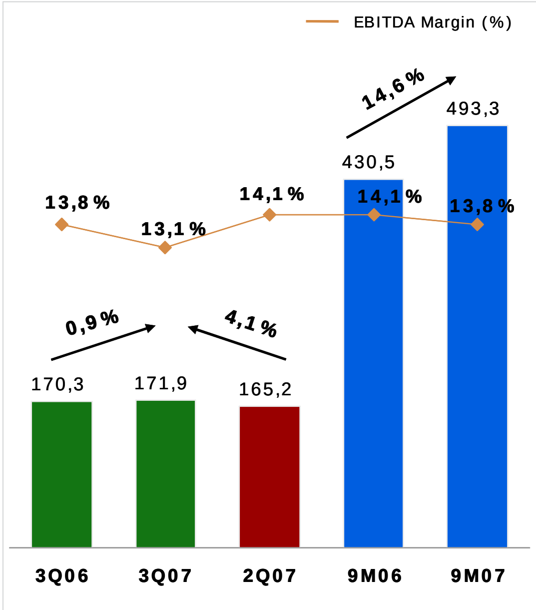
The equity income result reflects the loss posted by JBS USA during the period.

As a result of the above factors, the Company posted a net loss of R$78.3 million for the 3Q07, compared to a net income of R$40.0 million for the same quarter of last year. Eliminating the effect from exchange rate variances on investments in foreign currency of R$67.0 million, net income for the 3Q07 would total R$11.3 million.

As previously mentioned the Company's Board of Directors met on 11/01/2007 and resolved that exchange rate variances from investments made in foreign currency and the future amortization of goodwill from acquisition of JBS USA will be permanently excluded for dividend calculation purposes. This decision will be deliberated and voted at a future General Shareholders Meeting.

For the 3Q07, EBITDA (earnings before interest, tax, depreciation and amortization) increased by 0.9%, from R$170.3 million in the 3Q06 to R$171.9 million in the 3Q07. EBITDA margin declined by 0.7 p.p., from 13.8% in the 3Q06 to 13.1% in the 3Q07, impacted by the factors described above. It is important to highlight that due to the impacts from the off-season period on the cost of raw materials, which were significant during the 3Q07, the Company focused its management on maintaining profitability levels rather than on expanding sales volumes.

EBITDA and EBITDA margin



CAPITAL EXPENDITURES

For the 3Q07, the Company's aggregate capital expenditure in property, plant and equipment, including acquisitions (excluding Swift), totaled R$109.3 million. In the 9M07, these expenditures amounted to R$435.3 million.

During the quarter, JBS invested primarily in the projects launched in 2006 and continued into the first nine months of 2007, which include:

- Increase of the production capacity of its processed beef plant located in Andradina, São Paulo from 30 tons to 100 tons per day; The expansion of this unit was concluded in the first half of October and is already in the pre-operational phase;

- Increase of the production capacity of its unit located in Barra do Garça, Mato Grosso, from 1,300 head of cattle slaughtered and deboned per day to 2,500 head of cattle slaughtered and deboned per day. This unit's expansion has been partially concluded, with capacity currently at 2,000 head per day;

- Increase in 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 per day;

- Increase in the production capacity of its plant located in Vilhena, Rondônia, from 900 head of cattle slaughtered and deboned per day to 2,200 head per day;
- Increase in 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 per day;
- Construction of a new container terminal for exports in Cubatão, São Paulo, with a capacity to receive and store 240 containers. The terminal began operations in October 2007;
- Other investments, such as acquisition of new equipment and maintenance of production facilities.

RECENT EVENTS

In line with its expansion strategy and taking advantage of opportunities to consolidate the industry, on October 3, 2007, through its subsidiary Swift-Armour S.A. Argentina, JBS S.A. acquired meatpacker Col Car S.A., located in Colonia Caroya, in the province of Córdoba, Argentina. The Colonia Caroya unit features modern facilities and equipment and has a slaughtering and deboning capacity of 700 head per day, with production allocated to both the domestic and export markets.

For the Argentine market, the unit produces fresh, chilled and frozen beef, sold under its Col Car brand and distributed across the country through its own fleet. In 2006, sales to the domestic market totaled 81.4 million pesos. For the same period, exports amounted to approximately US$11.4 million, sold mainly to Germany, England, Italy and Holland. The unit is certified to export to the main markets in the Atlantic block, such as the European Union, Russia, Chile, Algeria and Egypt, among others, and holds a 325-ton share of the annual Hilton quota. Exports include fresh, chilled and frozen beef, as well as frozen offal.

The acquisition value is US$20,250,000 and the conclusion of the transaction is subject to approval by the Argentine government authorities.

The acquisition of the Colonia Caroya plant is part of JBS' strategy of internationalization and consolidation of the global beef industry and represents a continuation of its expansion process in the Mercosur. With this acquisition, the company will operate a total of six units in Argentina, with a total slaughtering capacity of 6.7 thousand head of cattle per day in that country, bringing its total slaughtering capacity in the Mercosur region to 25.5 thousand head per day.

Additionally, in October/07, the Company began operations of a new container terminal located in the city of Cubatão, state of São Paulo, Brazil, whose main objective is to contribute into further accelerating the export sales process and, consequently, ensuring the quality of the products sold by the company in international markets.

With a total area of approximately 30,000 m^2, consisting of an office building, container areas and facilities used for the maintenance of JBS' truck fleet, the new terminal substitutes the one previously leased by the company and can receive and store up to 240 containers, or the equivalent of up to 6 thousand tons of beef. Furthermore, there is space to accommodate up to 600 empty containers and parking for 80 trucks. In addition to increasing storage area by approximately 20,000 m^2 or 192 additional containers, this infrastructure will allow JBS to further centralize its export logistics

operations and obtain a higher level of control within the export supply chain, including adequate product refrigeration. This differential brings competitive advantages to JBS' customers as it ensures excellence in product quality and a better service level. The investment in the new terminal in Cubatão totaled approximately R$11 million.

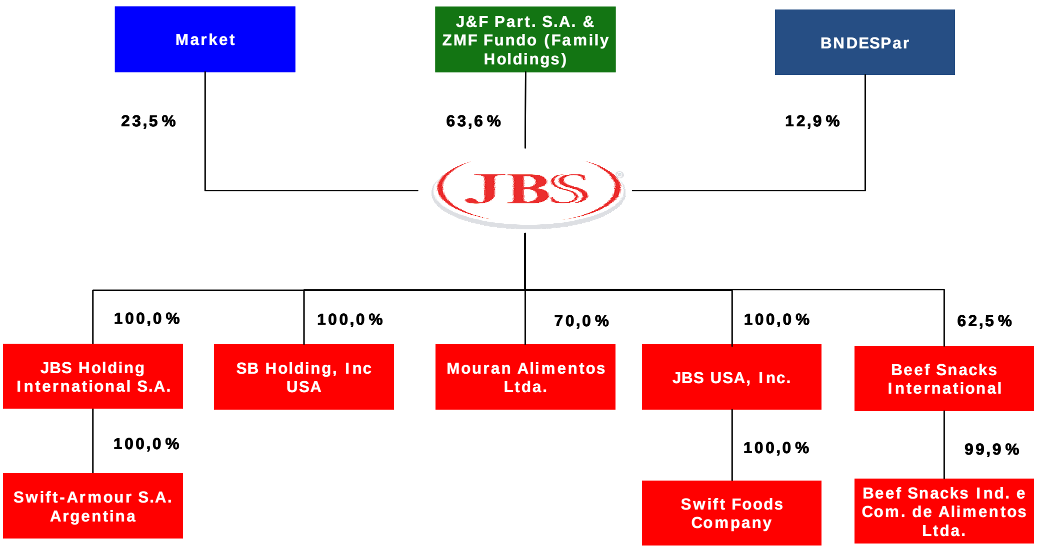
CAPITAL INCREASE

At an Extraordinary Shareholders Meeting held on September 28, 2007, the Company verified the total subscription of its 227,400,000 new common shares, whose issuance was approved at the Board of Directors meeting held on 06/08/2007 and at the Extraordinary Shareholders Meeting held on 06/29/2007, and also ratified its capital increase. As a result, the value of JBS' capital stock increased from R$91,747,942.12 to R$1,945,580,962.12, comprising of 1,077,400,000 book-entry registered common shares with no par value.

The table below shows the new shareholders structure of JBS:

Shareholders	Amount of Shares	% of Capital Stock
J&F Participações S.A.	597,195,003	*55.43%*
ZMF Fundo de Investimento em Part.	87,903,348	*8.16%*
BNDES Participações S.A. - BNDESPAR	139,470,610	*12.95%*
Administrators	16	*0.00%*
Market	252,831,023	*23.47%*
Total	**1,077,400,000**	***100.00%***

The graph below shows the new corporate structure of JBS:



ANALYSIS OF RESULTS - JBS USA, INC.

Introduction

JBS USA, Inc. ("JBS USA"), formerly "Swift Foods Company", was acquired by JBS on July 11, 2007, and operates in the processing, preparation and distribution of beef and pork for sale in the United States and in international markets, with production plants located in the United States and Australia. Founded more than 150 years ago, the Company is the third-largest producer of beef and pork in the United States in terms of slaughter capacity (26,300 cattle head/day and 47,900 head/day in swine). JBS USA produces fresh meat, with its main products consisting of chilled beef and pork in cuts and ground, which are sold in boxes customized to local-market industry standards. In addition, the Company also operates a case-ready plant, producing seasoned beef and pork packaged in individual servings for immediate consumption.

JBS USA operates through 3 divisions: Beef in the United States, responsible for the Company's beef operations in the United States; Pork in the United States, responsible for the pork operations in the United States; and Australia, responsible for the Australian beef operations. In the fiscal year ended May 27, 2007, these divisions accounted for approximately 57%, 23% and 20% of the total net revenue of JBS USA, respectively, which amounted to US$9.5 billion. The Company also operates a sheep plant, which accounted for less than 1% of total net revenue in fiscal year 2007. The slaughter capacity of JBS USA by product and region is 20,500 cattle head/day and 47,900 swine head/day in the United States, and 5,800 cattle head/day in Australia.

A significant part of the revenue from the pork division in the United States originates from the sale of fresh pork, however, the division also makes other pork products, such as hams and other cuts, which are sold mainly to processing companies to make bacon, hot dogs and other ready-to-eat products.

The revenue from the Australia division is primarily generated from the sale of fresh beef, which comes from grass-fed cattle, and confined cattle that is primarily grain fed, of higher value-added, and mainly exported to Japan. Approximately 85% of sales from the Australia division are exported to more than 30 countries, with a significant share going to the Pacific coast. The division also operates 4 confinement units, which supply cattle to its own operations and also to other producers, depending on market conditions.

The operating units of JBS USA are located as follows:

In the United States:

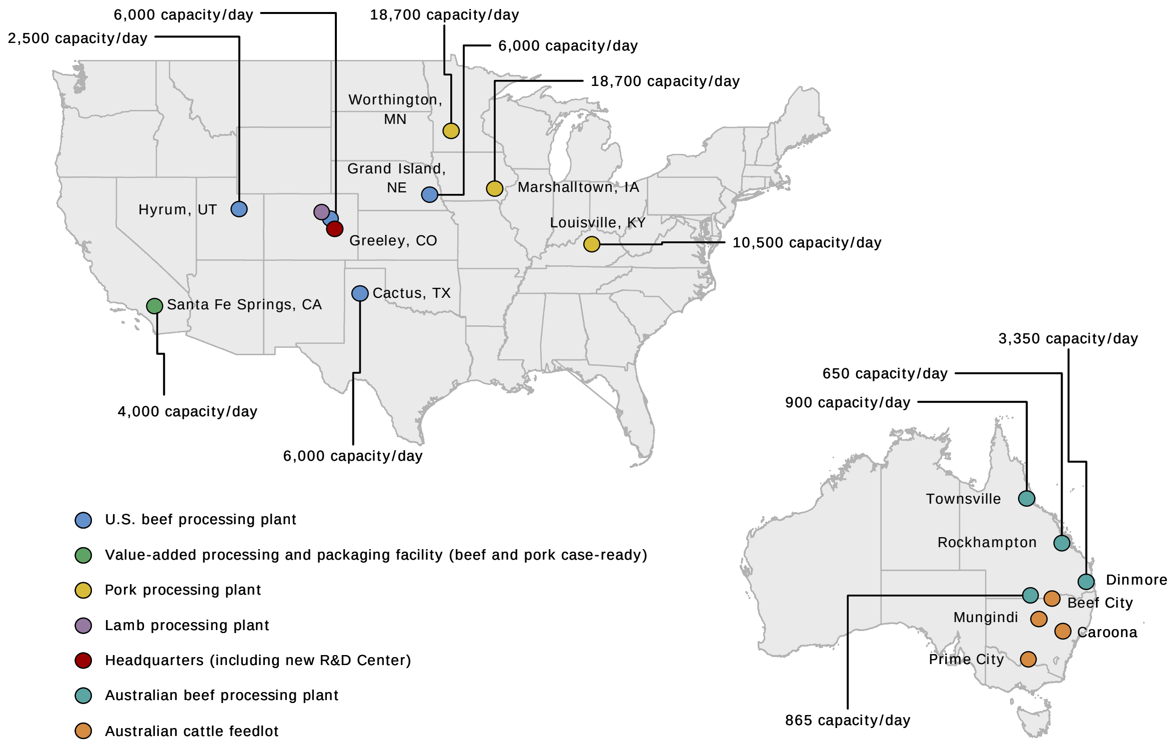
- 4 cattle slaughtering plants located in the states of Colorado, Utah, Nebraska and Texas;
- 1 case-ready plant (beef and pork) located in the state of California;
- 3 hog slaughtering plants located in the states of Minnesota, Iowa and Kentucky; and
- 1 lamb slaughtering plant located in the state of Colorado.

In Australia:

- 4 cattle slaughter plants located in Beef City, Dinmore, Townsville and Rockhampton;

- 4 cattle confinement units located in Beef City, Caroona, Prime City and Mungindi.

The maps below show the locations of the group's units in the United States and Australia and their respective slaughter capacity:



Reporting Basis for JBS USA

Prior to its acquisition by JBS, the subsidiary of Swift Foods Company, S&C Holdco 3, Inc., "sub-holding", the direct parent company of all operating companies, reported its results in accordance with the regulations of the U.S. Securities and Exchange Commission ("SEC"), with a fiscal year ending in May of each year and, in accordance with local industry practices, on a weekly basis, with each quarter comprising a 13-week period, and the fiscal year comprising 52 or 53 weeks, depending on the specific year. Swift Foods Company, the holding company for the entire group, did not report its results to the SEC.

Following the conclusion of the Swift acquisition by JBS, the company's new management decided to (i) change its name from Swift Foods Company to JBS USA, Inc., (ii) alter the fiscal year so that its ends in the month of December, aligning it to the fiscal year of JBS, (iii) maintain the presentation of results on a weekly basis, as described above, and (iv) change the external auditing of the company to Grant Thornton as of 7/11/2007, as to maintain a single external auditing company for the entire group.

Therefore, the results now consolidated at JBS considers the 75-day period beginning July 11, 2007 and ended September 23, 2007.

Considering that all alterations described above result in an absence of comparability for the period consolidated at JBS, the following is being included below (i) audited results of JBS USA in Brazilian Real and in BR GAAP for the 75 days between 07/11/07 and 09/23/07 and (ii) an enclosure ("Enclosure I") containing a comparison between non-consecutive 90-day periods ended on 05/27/07 and 09/23/07, respectively, both in US GAAP and in US$.

With regards to item (ii) above, although the figures are in US GAAP and in US$, not fully reflecting the period for which results were consolidated at JBS, the qualifications and comments are valid and adequately reflect the variables that influenced the company's performance since the day of its acquisition by JBS.

Income Statement – JBS USA, Inc.

The table below shows the operating results of JBS USA, Inc., formerly Swift Foods Company ("Swift"), including its operations in the United States and Australia, in BR GAAP and in Brazilian Real (R$) for the period between 07/11/2007 and 09/23/2007.

R$ million	3Q07	%
Net Sales Revenue	**3,918.1**	***100.0%***
Cost of Goods Sold	3,738.6	*95.4%*
Gross Margin	**179.5**	***4.6%***
Selling Expenses	-141.8	*-3.6%*
General and Adm. Expenses	-59.8	*-1.5%*
Net Financial Income (Expenses)	-17.3	*-0.4%*
Equity Accounting Income	0.0	*0.0%*
Other Operational Expenses	0.0	*0.0%*
Non-operational Result	5.9	*0.2%*
Taxes and Social Contribution	-0.8	*0.0%*
Minority Interest	0.0	*0.0%*
Net Income	**-34.3**	***-0.9%***
EBITDA	**3.0**	***0.1%***

Net sales at JBS USA for the 75-day period between July 11, 2007 and September 23, 2007 totaled R$3.918,1 million. Gross margin for the period was 4.6% and net margin was a negative 1.5%. EBITDA totaled R$3.0 million with an EBITDA margin of 0.1%.

As previously mentioned, because of the lack of comparability between this period and the company's past results, comments on the operating performance of JBS USA, as well as by division can be found below on Enclosure I.

ENCLOSURE I – COMMENTS ON OPERATIONAL PERFORMANCE – JBS USA, INC.

The table below shows the operational results of JBS USA, Inc., formerly Swift Foods Company ("Swift"), including its operations in the United States and Australia, unaudited, in US GAAP and in U.S. dollars (US$), during the last 13 weeks that ended on 05/27/07 and 09/23/07, respectively. Results for the last 13 weeks that ended on 09/23/07 are pro-forma as they combine two distinct and non-consecutive periods.

US$ million	23/set	%	27/mai	%	Var. US$	Var. %
Net Sales Revenue	**2,588.2**	***100.0%***	**2,357.0**	***100.0%***	**231.2**	***9.8%***
Cost of Goods Sold	-2,571.7	*-99.4%*	-2,321.5	*-98.5%*	-250.2	*10.8%*
Gross Margin	**16.6**	***0.6%***	**30.3**	***1.3%***	**-13.8**	***-45.4%***
Selling, General and Adm. Expenses	-35.3	*-1.4%*	-37.4	*-1.6%*	2.2	*-5.8%*
Net Financial Income (Expenses)	-27.7	*-1.1%*	-30.8	*-1.3%*	3.2	*-10.2%*
EBITDA	**3.9**	***0.2%***	**19.3**	***0.8%***	**-15.4**	***-79.8%***

Net Revenue

Net revenue for the 13-week period ended on 9/23/2007 grew by US$231.2 million, or 9.8%, in relation to the 13 weeks ended on 5/27/2007, mainly driven by the growth of 19.8% in beef volumes produced in the United States, and the increase in the average selling price in the Australian division to offset the appreciation of the Australian dollar of 4.0% in relation to the U.S. dollar in the period.

Cost of Goods Sold

The cost of goods sold in the thirteen weeks ended on 9/23/2007 increased by US$250.2 million, or 10.8%, against the thirteen weeks ended on 5/27/2007, mainly driven by the appreciation of the Australian dollar against the U.S. dollar of 4.0%, as well as the costs associated with the higher volumes and the startup of a second shift at the Greeley plant.

Gross Margin

JBS USA gross margin was 0.6% in the thirteen weeks ended on 9/23/2007, compared to 1.3% in the thirteen weeks ended on 5/27/2007. Gross margin declined across all segments, due to different factors: (i) at the U.S. beef division, due to the costs associated with higher volumes and the startup of the second shift at the Greeley plant, including payroll and overtime; (ii) at the U.S. pork division, due to the higher raw material costs, which were not fully passed through to final clients; and (iii) at the Australian division, mainly due to the appreciation in the Australian dollar against the U.S. dollar of 4.0% in the period, which was not fully offset by the increase in the average selling price.

Selling, General and Administrative Expenses

Selling, general and administrative expenses totaled US$35.3 million in the 13 weeks ended 9/23/2007, compared to US$37.4 million in the 13 weeks ended 5/27/2007. These expenses declined by US$ 2.1 million, or 5.6%, mainly due to the elimination of overlapping management positions and the reduction in management levels, as well as the elimination and/or reduction in expenses with the outsourcing of professional and consulting services. Selling, general and administrative expenses include approximately US$2.4 million in non-recurring expenses associated with a retention agreement to ensure the continuity of certain management positions for a period of 6 months following the conclusion of the acquisition of Swift. The result in the quarter was also impacted by a non-recurring expense of US$1.1 million associated with the stock option plan of the previous controller. These non-recurrent expenses relate to the 15-day period prior to the acquisition, which is part of the 13 weeks that ended on 09/23/07.

Net Financial Result

The net financial result for the 13 weeks ended 9/23/2007 was US$27.7 million, compared to US$30.8 million in the 13 weeks ended on 5/27/2007. The decline in the period of US$3.1 million, or 10.1%, was mainly driven by the Company's lower debt levels and its new capital structure following the conclusion of the acquisition by JBS on July 11, 2007. The result would have been even lower were it not for the accounting of the payment of approximately US$12.0 million related to the costs and commissions associated with financing contracted for the acquisition of Swift that ended up not being used given the final capital structure for the acquisition. Note that these costs were already included in the total acquisition cost and, in accordance with US GAAP, should be expensed on day one rather than being amortized over time.

EBITDA

As a result of the operating aspects commented above, EBITDA for the 13 weeks ended 09/23/07 totaled US$3.9 million compared to US$19.3 million for the 13 weeks ended on 05/29/07. EBITDA margin was 0.15% and 0.82%, respectively.

ANALYSIS OF RESULTS BY DIVISION

Main Operational Indicators

Operating Results[1]	23/sept	27/may	Variance US$	Variance in Revenue	Variance in Head Kill	Variance in Average Price
Net Revenue[2]						
Swift - Beef	1,576.8	1,351.6	*225.2*	*16.7%*	*19.8%*	*-2.7%*
Swift - Pork	570.5	587.9	*-17.4*	*-3.0%*	*-5.5%*	*2.7%*
Swift - Australia	515.6	503.5	*12.1*	*2.4%*	*0.3%*	*2.1%*
Corporate and Others	-74.1	-86.1	*12.0*	*-13.9%*	-	-
TOTAL	**2,588.8**	**2,357.0**	***231.8***	***9.8%***	***0.2%***	***9.6%***
EBITDA[2]						
Swift - Beef	-10.34	-8.97	*-1.4*	*15.2%*	-	-
Swift - Pork	15.45	25.55	*-10.1*	*-39.5%*	-	-
Swift - Australia	-1.28	2.71	*-4.0*	*-147.3%*	-	-
Corporate and Others	-	-	-	-	-	-
TOTAL	**3.82**	**19.29**	***-15.5***	***-80.2%***	**-**	**-**
EBITDA Margin						
Swift - Beef	-0.66%	-0.66%	-	-	-	-
Swift - Pork	2.71%	4.35%	-	-	-	-
Swift - Australia	-0.25%	0.54%	-	-	-	-
Corporate and Others	-	-	-	-	-	-
TOTAL	**0.15%**	**0.82%**	**-**	**-**	**-**	**-**

[1]Last 13 weeks ended 05/27/07 and 09/23/07, respectively, in US$ and US GAAP
[2]In millions of US$

Beef – United States

Net Revenue

Net revenue in the U.S. beef division was US$1,576.8 million in the thirteen weeks ended 9/23/2007, compared to US$1,351.6 million in the thirteen weeks ended on 5/27/2007. This increase of US$225.2 million, or 16.7%, was mainly fueled by the increase of 19.8% in volumes produced, which was partially offset by the decline in the average price of 2.7%. The growth in volumes and production reflects the Company's recovery following the problems last year caused by U.S. immigration inspection, and the start of the second shift at the Greeley plant on September 1, 2007.

Gross Margin

Gross margin in the U.S. beef division was negative 0.2% for the thirteen weeks ended 9/23/2007, compared to negative 0.5% for the thirteen weeks ended 5/27/2007. The continuation of negative margins at the division were mainly driven by the higher personnel costs described above, and continued pressure on margins due to the higher cattle acquisition costs in the United States.

EBITDA

EBITDA in the U.S. beef division was a negative US$10.3 million for the thirteen weeks ended 9/23/2007, compared to a loss of US$9.0 million in the thirteen weeks ended on 5/27/2007, with both figures representing the same EBITDA margin of negative 0.66%. The EBITDA registered by the division, which reflects 16.7% higher sales and a 2.1% drop in cattle acquisition costs, was adversely affected by costs associated with hiring personnel following the problems caused last year from the U.S. immigration inspection (including payroll and overtime), as well as a decline in production until staff could be adequately trained to previous productivity levels. Some expenses associated with production declined between the two periods, including salaries, due to the reduction in headcount, operating inputs, insurance, utilities and maintenance. Selling general and administrative expenses declined by US$0.3 million (-2.0%) versus the prior period, even though the division incurred a non-recurring expense of US$1.2 million associated with retaining staff following the conclusion of the acquisition by JBS on July 11, 2007, and a non-recurring expense of US$0.6 million associated with the stock option plan of the previous controller. These non-recurrent expenses relate to the 15-day period prior to the acquisition.

Pork – United States

Net Revenue

Net revenue in the U.S. pork division was US$570.5 million for the thirteen weeks ended 9/23/2007, compared to US$587.9 million for the thirteen weeks ended 5/27/2007. The decrease of US$17.4 million, or 3.0%, reflects the drop of 5.5% in volumes produced, which was partially offset by the increase in the average selling price of 2.7%. Increases in selling prices were attributable to price umbrella for pork products as a result of continued high beef prices, however lower volumes attributable to higher hog prices which made it less economic to run in the current quarter.

Gross Margin

Gross margin for the U.S. pork division was 4.0% for the thirteen weeks ended 9/23/2007, compared to 5.5% in the thirteen weeks ended 5/27/2007, driven by the increase of 4.4% in raw material costs, which were partially mitigated by an increase of 2.7% in the average selling price.

EBITDA

EBITDA in the pork division was US$15.4 million for the thirteen weeks ended 9/23/2007, compared to US$25.6 million for the thirteen weeks ended 5/27/2007. The drop of US$10.2 million in EBITDA was mainly due to the increase of 4.4% in raw material acquisition costs, which were partially offset by an increase of 2.7% in average price, as well as the reduction in selling, general and administrative expenses in the quarter of US$0.5 million, or 4%. Selling general and administrative expenses would have declined even further were it not for the non-recurring expense of US$1.2 million associated with retaining staff following the conclusion of the acquisition of JBS on July 11, 2007, and a non-recurring expense of US$0.5 million associated with the stock option plan of the previous controller. These non-recurrent expenses relate to the 15-day period prior to the acquisition.

Production costs remained unchanged between the two periods, with an increase in expenses with salaries and utilities, which were offset by the lower packaging expenses and selling, general and administrative expenses.

Beef – Australia

Net Revenue

Net revenue in the Australia division was US$515.6 million for the thirteen weeks ended 9/23/2007, up from US$503.5 million for the thirteen weeks ended on 5/27/2007. The revenue growth of US$12.1 million, or 2.4%, was primarily fueled by an increase of 2.1% in the average selling price, given that sales volume remained stable between the two quarters. Sales prices, 80% of which are denominated in U.S. dollar, increased to offset the appreciation in the Australian dollar against the U.S. dollar of 4% in the period.

The grass fed operation is an opportunistic operation – where profitability is driven largely by the spread between livestock prices and selling prices, most prominent when cattle are plentiful. Australia continues to suffer unusual rain patterns which continue to affect the grass fed division. The breeding area for herds is generally an area north of the Tropic of Capricorn, and this area has received average to above average rainfall which enables the livestock to remain on range feeding at relatively low cost. The slaughter facilities and feeding ranges are generally in areas south of the Tropic of Capricorn which has received below average rainfall leading to producers keeping the herd on pasture in the north and not migrating the herd to the south as usually occurs seasonally for final range feeding prior to slaughter. This event reduced supply and pressured cattle acquisition costs.

In addition on the grain fed side of the business, worldwide high corn prices coupled with the high Australian dollar to US Dollar exchange rates has made international customers (who typically buy in US Dollars) less inclined to pay higher beef prices. The Company has had some success in recent weeks in explaining to customers the increased grain prices which have driven our breakeven price higher on the grain fed division and there has been some willingness to accept higher prices, though generally on lower volumes.

Gross Margin

Gross margin in the Australia division was negative 0.7% for the 13 weeks ended 9/23/2007, compared to 1.0% for the 13 weeks ended 5/27/2007, mainly driven by the impact on margins generated by the appreciation in the Australian dollar against the U.S. dollar, as well as the increase in grain costs, which negatively impacted margin in the confined cattle operation.

EBITDA

EBITDA in the Australia division was loss of US$1.3 million in the thirteen weeks ended 9/23/2007, down from a gain of US$2.7 million in the thirteen weeks ended on 5/27/2007. This US$4.0 million reduction was chiefly due to (i) the appreciation in the Australian dollar against the U.S. dollar of 4.0%; (ii) the higher cattle costs in the grass-fed operation; and (iii) the higher grain costs in the confined cattle operation.

NORMALIZATION OF EBITDA FOR THE PERIOD

As a result of the acquisition, we incurred certain one-time non-recurring costs which were recognized in the income statement for the quarter ended September 23, 2007 including executive retention expenses and predecessor stock option expenses, which, as previously mentioned were incurred in a 15-day period prior to the acquisition.

In addition, as a result of structural changes implemented by the new ownership, the Company has reduced certain run rate expenses (SG&A, wastewater) and improved certain operational efficiency items (beef yields, Australian sales model) in its first seventy-five days. As a large portion of these initiatives were completed toward the end of the September, the "full quarter benefit" of such initiatives will not be realized until future quarters.

Also, the announcement during the quarter that we would ramp Greeley beef plant back to a full second shift of production meant that we incurred certain incremental hourly labor cost during the period however since these new employees were not fully productive the cost was incurred prior to receiving the increased production throughput benefit. We consider this incremental inefficient labor cost a significant one time expenditure during the quarter ended September 23, 2007.

Adjusted EBITDA[1]	**Sept. 23**
EBITDA[2]	
Swift - Beef	-10.34
Swift - Pork	15.45
Swift - Australia	-1.28
Corporative and Others	-
TOTAL	**3.82**
Adjustments:	
Non-recurring Expenses – Retention Plan[3]	2.43
Non-recurring Expenses – Option Plan[4]	1.06
Expenses Reductions - JBS USA[5]	3.98
Costs – Increase in Production[6]	11.50
Non-recurring Expenses - Grand Island[7]	1.00
Adjustment - Australia Earnings[8]	11.68
Subtotal	**31.65**
Adjusted EBITDA	**35.47**

(1) Last 13 weeks ended 9/23/2007 in US GAAP and in US$;
(2) In millions of US$;
(3) Non-recurring expenses associated with the employee retention plan;
(4) Non-recurring expenses associated with the stock option plan of the previous controller;
(5) Permanent reductions in selling, general and administrative expenses obtained up to now by JBS USA;
(6) Costs associated with the higher production, the benefits of which will only be captured in the coming quarters;
(7) Non-recurring expenses related to water treatment at the Grand Island plant;
(8) Improved profitability levels at the Australia division.

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CONSOLIDATED FINANCIAL STATEMENTS – JBS S.A.

JBS S.A. and its Subsidiaries

Balance Sheet - Assets

In thousands of Reais	Company		Consolidated	
	09.30.07	06.30.07	09.30.07	06.30.07
CURRENT ASSETS				
Cash and cash equivalents	**61,007**	60,732	**235,954**	97,351
Short-term investments (Note 5)	**1,024,808**	676,492	**1,385,054**	719,032
Trade accounts receivable, net (Note 6)	**472,190**	568,655	**1,210,019**	636,757
Inventories (Note 7)	**510,637**	576,338	**1,560,825**	750,077
Recoverable taxes (Note 8)	**415,138**	423,690	**544,489**	522,245
Prepaid expenses	**5,525**	2,575	**55,012**	6,549
Other current assets	**90,912**	64,881	**168,438**	102,525
TOTAL CURRENT ASSETS	**2,580,217**	**2,373,363**	**5,159,791**	**2,834,536**
NON-CURRENT ASSETS				
Long-term assets				
Credits with related parties (Note 9)	**47,068**	48,227	**-**	-
Judicial deposits and others	**7,808**	6,608	**33,786**	9,173
Deferred income taxes (Note 16)	**15,257**	16,722	**22,416**	23,933
Recoverable taxes (Note 8)	**28,703**	27,256	**38,238**	38,066
Total long-term assets	**98,836**	**98,813**	**94,440**	**71,172**
Permanent assets				
Advances for investments in subsidiaries (Note 9)	**-**	44,114	**-**	-
Investments in subsidiaries (Note 10)	**2,279,987**	490,931	**882,745**	20,050
Other investments	**10**	10	**10**	10
Property, plant and equipment, net (Note 11)	**1,175,119**	1,096,718	**2,402,756**	1,401,504
Intangible assets, net	**9,615**	9,615	**178,074**	22,870
Total Permanent assets	**3,464,731**	**1,641,388**	**3,463,585**	**1,444,434**
TOTAL NON-CURRENT ASSETS	**3,563,567**	**1,740,201**	**3,558,025**	**1,515,606**
TOTAL ASSETS	**6,143,784**	**4,113,564**	**8,717,816**	**4,350,142**

The accompanying notes are an integral part of the financial statements

JBS S.A. e Empresas Controladas

Balance Sheet - Liabilities and Shareholders' Equity

In thousands of Reais	Company		Consolidated	
	09.30.07	06.30.07	09.30.07	06.30.07
CURRENT LIABILITIES				
Trade accounts payable (Note 12)	**314,742**	248,152	**1,024,922**	343,481
Loans and financings (Note 13)	**805,562**	449,175	**2,416,704**	543,970
Payroll and social charges (Note 14)	**98,422**	103,485	**205,539**	121,564
Other current liabilities	**79,925**	69,394	**110,618**	80,242
TOTAL CURRENT LIABILITIES	**1,298,651**	**870,206**	**3,757,783**	**1,089,257**
NON-CURRENT LIABILITIES				
Loans and financings (Note 13)	**1,510,571**	1,676,778	**1,562,247**	1,685,013
Deferred income taxes (Note 16)	**60,525**	61,312	**84,949**	61,312
Provision for contingencies (Note 15)	**44,258**	49,182	**53,395**	55,194
Other non-current liabilities	**21,627**	23,670	**45,086**	29,069
TOTAL NON-CURRENT LIABILITIES	**1,636,981**	**1,810,942**	**1,745,677**	**1,830,588**
MINORITY INTEREST	**-**	**-**	**6,204**	**(2,119)**
SHAREHOLDERS' EQUITY (Note 17)				
Capital stock	**1,945,581**	91,748	**1,945,581**	**91,748**
Capital reserve	**1,160,983**	1,160,776	**1,160,983**	**1,160,776**
Revaluation reserve	**126,367**	127,475	**126,367**	**127,475**
Retained earnings	**(24,779)**	52,417	**(24,779)**	**52,417**
TOTAL SHAREHOLDERS' EQUITY	**3,208,152**	**1,432,416**	**3,208,152**	**1,432,416**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUIT'	**6,143,784**	**4,113,564**	**8,717,816**	**4,350,142**

The accompanying notes are an integral part of the financial statements

JBS S.A. and its Subsidiaries

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

In thousands of Reais	Company		Consolidated	
	2007	"Pro Forma" 2006	2007	"Pro Forma" 2006
GROSS OPERATING REVENUE				
Sales of products:				
Domestic Sales	**541.907**	381.219	**3.542.723**	429.186
Foreign Sales	**608.428**	672.857	**1.858.624**	883.467
	1.150.335	**1.054.076**	**5.401.347**	**1.312.653**
SALES DEDUCTIONS				
Returns and discounts	**(58.378)**	(10.983)	**(85.986)**	(18.837)
Sales taxes	**(64.220)**	(37.463)	**(81.796)**	(59.182)
	(122.598)	**(48.446)**	**(167.782)**	**(78.019)**
NET SALE REVENUE	**1.027.737**	**1.005.630**	**5.233.565**	**1.234.634**
Cost of goods sold	**(747.514)**	(760.705)	**(4.744.477)**	(953.468)
GROSS INCOME	**280.223**	**244.925**	**489.088**	**281.166**
OPERATING INCOME (EXPENSE)				
General and administrative expenses	**(19.337)**	(24.413)	**(100.972)**	(39.680)
Selling expenses	**(99.402)**	(79.273)	**(257.466)**	(89.957)
Financial income (expense), net (Note 18)	**(129.960)**	(86.276)	**(189.044)**	(89.933)
Equity in subsidiaries	**(83.615)**	3.511	**-**	-
Initial Public Offering expenses	**(1.653)**	-	**(1.653)**	-
Goodwill amortization	**(426)**	-	**(426)**	-
	(334.393)	**(186.451)**	**(549.561)**	**(219.570)**
OPERATING INCOME	**(54.170)**	**58.474**	**(60.473)**	**61.596**
NON-OPERATING INCOME (EXPENSE), NET	**(50)**	388	**4.982**	215
INCOME BEFORE TAXES	**(54.220)**	**58.862**	**(55.491)**	**61.811**
Current income taxes	**(22.618)**	(18.820)	**(24.012)**	(21.762)
Deferred income taxes	**(1.466)**	-	**(1.513)**	-
	(24.084)	**(18.820)**	**(25.525)**	**(21.762)**
INCOME BEFORE MINORITY INTEREST	**(78.304)**	**40.042**	**(81.016)**	**40.049**
Minority interest (expense) income	**-**	-	**2.712**	(7)
NET INCOME	**(78.304)**	**40.042**	**(78.304)**	**40.042**
NET INCOME PER SHARE	**(72,68)**			

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 before taxes	**(54.220)**	58.862	**(55.491)**	61.811
Financial income (expense), net (Note 18)	**129.960**	86.276	**189.044**	89.933
Depreciation and amortization	**14.328**	13.322	**44.219**	18.747
Non-operating income (expense), net	**50**	(388)	**(4.982)**	(215)
Equity in subsidiaries	**83.615**	(3.511)	**-**	-
Initial Public Offering expenses	**1.653**	-	**1.653**	-
Goodwill Amortization	**426**	-	**426**	-
AMOUNT OF EBITDA	**175.812**	**154.561**	**174.869**	**170.276**

The accompanying notes are an integral part of the financial statements

JBS S.A. and its Subsidiaries

STATEMENTS OF INCOME FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

In thousands of Reais	Company		Consolidated	
	2007	"Pro Forma" 2006	2007	"Pro Forma" 2006
GROSS OPERATING REVENUE				
Sales of products:				
Domestic Sales	1.553.250	1.163.019	4.670.123	1.306.688
Foreign Sales	1.692.089	1.651.813	3.226.423	1.971.168
	3.245.339	2.814.832	7.896.546	3.277.856
SALES DEDUCTIONS				
Returns and discounts	(130.530)	(45.463)	(173.558)	(76.346)
Sales taxes	(191.044)	(123.208)	(232.069)	(144.927)
	(321.574)	(168.671)	(405.627)	(221.273)
NET SALE REVENUE	2.923.765	2.646.161	7.490.919	3.056.583
Cost of goods sold	(2.139.167)	(1.976.755)	(6.463.309)	(2.329.049)
GROSS INCOME	784.598	669.406	1.027.610	727.534
OPERATING INCOME (EXPENSE)				
General and administrative expenses	(50.321)	(50.497)	(149.443)	(76.037)
Selling expenses	(283.051)	(247.474)	(463.990)	(272.470)
Financial income (expense), net (Note 18)	(223.437)	(175.349)	(318.684)	(203.482)
Equity in subsidiaries	(125.015)	(21.156)	-	-
Initial Public Offering expenses	(52.244)	-	(52.244)	-
Goodwill amortization	(1.293)	-	(1.293)	-
	(735.361)	(494.476)	(985.654)	(551.989)
OPERATING INCOME	49.237	174.930	41.956	175.545
NON-OPERATING INCOME (EXPENSE), NET	(60)	(5.913)	5.814	(5.485)
INCOME BEFORE TAXES	49.177	169.017	47.770	170.060
Current income taxes	(77.316)	(64.659)	(80.586)	(65.669)
Deferred income taxes	(794)	-	(256)	-
	(78.110)	(64.659)	(80.842)	(65.669)
INCOME BEFORE MINORITY INTEREST	(28.933)	104.358	(33.072)	104.391
Minority interest (expense) income	-	-	4.139	(33)
NET INCOME	(28.933)	104.358	(28.933)	104.358
NET INCOME PER SHARE	(26,85)			

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 before taxes	49.177	169.017	47.770	170.060
Financial income (expense), net (Note 18)	223.437	175.349	318.684	203.482
Depreciation and amortization	42.147	33.516	82.118	51.441
Non-operating income (expense), net	60	5.913	(5.814)	5.485
Equity in subsidiaries	125.015	21.156	-	-
Initial Public Offering expenses	52.244	-	52.244	-
Goodwill Amortization	1.293	-	1.293	-
AMOUNT OF EBITDA	493.373	404.951	496.295	430.468

The accompanying notes are an integral part of the financial statements

FINANCIAL STATEMENTS – JBS S.A. (EXCLUDING SWIFT)

JBS S.A. and its Subsidiaries - Without Swift

Balance Sheet - Assets

In thousands of Reais	Company		Consolidated	
	09.30.07	06.30.07	09.30.07	06.30.07
CURRENT ASSETS				
Cash and cash equivalents	**61.007**	60.732	**93.776**	97.351
Short-term investments (Note 5)	**1.024.808**	676.492	**1.065.865**	719.032
Trade accounts receivable, net (Note 6)	**472.190**	568.655	**526.267**	636.757
Inventories (Note 7)	**510.637**	576.338	**681.088**	750.077
Recoverable taxes (Note 8)	**415.138**	423.690	**524.507**	522.245
Prepaid expenses	**5.525**	2.575	**7.024**	6.549
Other current assets	**90.912**	64.881	**125.912**	102.525
TOTAL CURRENT ASSETS	**2.580.217**	**2.373.363**	**3.024.439**	**2.834.536**
NON-CURRENT ASSETS				
Long-term assets				
Credits with related parties (Note 9)	**47.068**	48.227	**-**	-
Judicial deposits and others	**7.808**	6.608	**10.153**	9.173
Deferred income taxes (Note 16)	**15.257**	16.722	**22.417**	23.933
Recoverable taxes (Note 8)	**28.703**	27.256	**38.238**	38.066
Total long-term assets	**98.836**	**98.813**	**70.808**	**71.172**
Permanent assets				
Advances for investments in subsidiaries (Note 9)	**-**	44.114	**-**	-
Investments in subsidiaries (Note 10)	**2.279.987**	490.931	**1.768.102**	20.050
Other investments	**10**	10	**10**	10
Property, plant and equipment, net (Note 11)	**1.175.119**	1.096.718	**1.488.455**	1.401.504
Intangible assets, net	**9.615**	9.615	**25.918**	22.870
Total Permanent assets	**3.464.731**	**1.641.388**	**3.282.485**	**1.444.434**
TOTAL NON-CURRENT ASSETS	**3.563.567**	**1.740.201**	**3.353.293**	**1.515.606**
TOTAL ASSETS	**6.143.784**	**4.113.564**	**6.377.732**	**4.350.142**

The accompanying notes are an integral part of the financial statements

JBS S.A. and its Subsidiaries - Without Swift

Balance Sheet - Liabilities and Shareholders' Equity

In thousands of Reais	Company		Consolidated	
	09.30.07	06.30.07	09.30.07	06.30.07
CURRENT LIABILITIES				
Trade accounts payable (Note 12)	**314.742**	248.152	**366.099**	343.481
Loans and financings (Note 13)	**805.562**	449.175	**934.172**	543.970
Payroll and social charges (Note 14)	**98.422**	103.485	**119.664**	121.564
Other current liabilities	**79.925**	69.394	**94.601**	80.242
TOTAL CURRENT LIABILITIES	**1.298.651**	**870.206**	**1.514.536**	**1.089.257**
NON-CURRENT LIABILITIES				
Loans and financings (Note 13)	**1.510.571**	1.676.778	**1.516.091**	1.685.013
Deferred income taxes (Note 16)	**60.525**	61.312	**60.525**	61.312
Provision for contingencies (Note 15)	**44.258**	49.182	**48.890**	55.194
Other non-current liabilities	**21.627**	23.670	**23.334**	29.069
TOTAL NON-CURRENT LIABILITIES	**1.636.981**	**1.810.942**	**1.648.840**	**1.830.588**
MINORITY INTEREST	**-**	**-**	**6.204**	**(2.119)**
SHAREHOLDERS' EQUITY (Note 17)				
Capital stock	**1.945.581**	91.748	**1.945.581**	**91.748**
Capital reserve	**1.160.983**	1.160.776	**1.160.983**	**1.160.776**
Revaluation reserve	**126.367**	127.475	**126.367**	**127.475**
Retained earnings	**(24.779)**	52.417	**(24.779)**	**52.417**
TOTAL SHAREHOLDERS' EQUITY	**3.208.152**	**1.432.416**	**3.208.152**	**1.432.416**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6.143.784**	**4.113.564**	**6.377.732**	**4.350.142**

The accompanying notes are an integral part of the financial statements

JBS S.A. and its Subsidiaries - Without Swift

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

In thousands of Reais	Company		Consolidated	
	2007	"Pro Forma" 2006	2007	"Pro Forma" 2006
GROSS OPERATING REVENUE				
Sales of products:				
Domestic Sales	**541.907**	381.219	**619.798**	429.186
Foreign Sales	**608.428**	672.857	**844.066**	883.467
	1.150.335	**1.054.076**	**1.463.864**	**1.312.653**
SALES DEDUCTIONS				
Returns and discounts	**(58.378)**	(10.983)	**(66.591)**	(18.837)
Sales taxes	**(64.220)**	(37.463)	**(81.796)**	(59.182)
	(122.598)	**(48.446)**	**(148.387)**	**(78.019)**
NET SALE REVENUE	**1.027.737**	**1.005.630**	**1.315.477**	**1.234.634**
Cost of goods sold	**(747.514)**	(760.705)	**(1.005.920)**	(953.468)
GROSS INCOME	**280.223**	**244.925**	**309.557**	**281.166**
OPERATING INCOME (EXPENSE)				
General and administrative expenses	**(19.337)**	(24.413)	**(41.145)**	(39.680)
Selling expenses	**(99.402)**	(79.273)	**(115.677)**	(89.957)
Financial income (expense), net (Note 18)	**(129.960)**	(86.276)	**(171.784)**	(89.933)
Equity in subsidiaries	**(83.615)**	3.511	**(34.270)**	-
Initial Public Offering expenses	**(1.653)**	-	**(1.653)**	-
Goodwill amortization	**(426)**	-	**(426)**	-
	(334.393)	**(186.451)**	**(364.955)**	**(219.570)**
OPERATING INCOME	**(54.170)**	**58.474**	**(55.398)**	**61.596**
NON-OPERATING INCOME (EXPENSE), NET	**(50)**	388	**(924)**	215
INCOME BEFORE TAXES	**(54.220)**	**58.862**	**(56.322)**	**61.811**
Current income taxes	**(22.618)**	(18.820)	**(23.595)**	(21.762)
Deferred income taxes	**(1.466)**	-	**(1.099)**	-
	(24.084)	**(18.820)**	**(24.694)**	**(21.762)**
INCOME BEFORE MINORITY INTEREST	**(78.304)**	**40.042**	**(81.016)**	**40.049**
Minority interest (expense) income	**-**	-	**2.712**	(7)
NET INCOME	**(78.304)**	**40.042**	**(78.304)**	**40.042**
NET INCOME PER SHARE	**(72,68)**			

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 before taxes	**(54.220)**	58.862	**(56.322)**	61.811
Financial income (expense), net (Note 18)	**129.960**	86.276	**171.784**	89.933
Depreciation and amortization	**14.328**	13.322	**19.147**	18.747
Non-operating income (expense), net	**50**	(388)	**924**	(215)
Equity in subsidiaries	**83.615**	(3.511)	**34.270**	-
Initial Public Offering expenses	**1.653**	-	**1.653**	-
Goodwill Amortization	**426**	-	**426**	-
AMOUNT OF EBITDA	**175.812**	**154.561**	**171.882**	**170.276**

The accompanying notes are an integral part of the financial statements

JBS S.A. and its Subsidiaries - Without Swift

STATEMENTS OF INCOME FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

In thousands of Reais	Company 2007	Company "Pro Forma" 2006	Consolidated 2007	Consolidated "Pro Forma" 2006
GROSS OPERATING REVENUE				
Sales of products:				
Domestic Sales	**1.553.250**	1.163.019	**1.747.198**	1.306.688
Foreign Sales	**1.692.089**	1.651.813	**2.211.865**	1.971.168
	3.245.339	**2.814.832**	**3.959.063**	**3.277.856**
SALES DEDUCTIONS				
Returns and discounts	**(130.530)**	(45.463)	**(154.163)**	(76.346)
Sales taxes	**(191.044)**	(123.208)	**(232.069)**	(144.927)
	(321.574)	**(168.671)**	**(386.232)**	**(221.273)**
NET SALE REVENUE	**2.923.765**	**2.646.161**	**3.572.831**	**3.056.583**
Cost of goods sold	**(2.139.167)**	(1.976.755)	**(2.724.752)**	(2.329.049)
GROSS INCOME	**784.598**	**669.406**	**848.079**	**727.534**
OPERATING INCOME (EXPENSE)				
General and administrative expenses	**(50.321)**	(50.497)	**(89.616)**	(76.037)
Selling expenses	**(283.051)**	(247.474)	**(322.201)**	(272.470)
Financial income (expense), net (Note 18)	**(223.437)**	(175.349)	**(301.424)**	(203.482)
Equity in subsidiaries	**(125.015)**	(21.156)	**(34.270)**	-
Initial Public Offering expenses	**(52.244)**	-	**(52.244)**	-
Goodwill amortization	**(1.293)**	-	**(1.293)**	-
	(735.361)	**(494.476)**	**(801.048)**	**(551.989)**
OPERATING INCOME	**49.237**	**174.930**	**47.031**	**175.545**
NON-OPERATING INCOME (EXPENSE), NET	**(60)**	(5.913)	**(92)**	(5.485)
INCOME BEFORE TAXES	**49.177**	**169.017**	**46.939**	**170.060**
Current income taxes	**(77.316)**	(64.659)	**(80.169)**	(65.669)
Deferred income taxes	**(794)**	-	**158**	-
	(78.110)	**(64.659)**	**(80.011)**	**(65.669)**
INCOME BEFORE MINORITY INTEREST	**(28.933)**	**104.358**	**(33.072)**	**104.391**
Minority interest (expense) income	**-**	-	**4.139**	(33)
NET INCOME	**(28.933)**	**104.358**	**(28.933)**	**104.358**
NET INCOME PER SHARE	**(26,85)**			

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 before taxes	**49.177**	169.017	**46.939**	170.060
Financial income (expense), net (Note 18)	**223.437**	175.349	**301.424**	203.482
Depreciation and amortization	**42.147**	33.516	**57.046**	51.441
Non-operating income (expense), net	**60**	5.913	**92**	5.485
Equity in subsidiaries	**125.015**	21.156	**34.270**	-
Initial Public Offering expenses	**52.244**	-	**52.244**	-
Goodwill Amortization	**1.293**	-	**1.293**	-
AMOUNT OF EBITDA	**493.373**	**404.951**	**493.308**	**430.468**

The accompanying notes are an integral part of the financial statements