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(Convenience translation into English from the original previously issued in Portuguese)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management of
JBS S.A.
São Paulo - SP

1. We have audited the individual (Company) and consolidated balance sheets of JBS S.A (Company) and controlled companies as of December 31, 2009 and 2008 and the respective individual (Company) and consolidated statements of income, changes in shareholders' equity, cash flows and value added for the years then ended, prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements. The financial statements of directly controlled Inalca JBS S.p.A. and Pilgrim's Pride Corporation were audited by other independent auditors. Our opinion on the carrying values of the investments in these controlled companies and the equity in their earnings as of December 31, 2009 and 2008 to Inalca JBS S.p.A. and December 31, 2009 to Pilgrim's Pride Corporation is solely based on the work of those auditors.

2. Our audits were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Company and its controlled companies, (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed, and (c) evaluating the significant accounting practices and estimates adopted by management, as well as the presentation of the financial statements taken as a whole.

3. In our opinion, based on our audits and on the opinion of other independent auditors, as mentioned in paragraph 1, the financial statements referred to in that paragraph present fairly, in all material respects, the individual and consolidated financial position of JBS S.A. and controlled companies as of December 31, 2009 and 2008, and the results of their operations, the changes in shareholders' equity, the cash flows and value added to their operations for the years then ended, in conformity with Brazilian accounting practices.

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

São Paulo, 1 March 2010

Orlando Octávio de Freitas Júnior
Engagement Partner
BDO Auditores Independentes

Márcio Serpejante Peppe
Engagement partner
BDO Auditores Independentes

JBS S.A
Financial statements and Report of Independent auditors
As of December 31, 2009 and 2008

JBS S.A.

Balance sheets as of December 31, 2009 and 2008
(In thousands of Reais)

	Company 2009	Company 2008	Consolidated 2009	Consolidated 2008
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 5)	**4.097.027**	1.522.973	**4.962.519**	2.291.617
Trade accounts receivable, net (Note 6)	**1.273.377**	552.991	**3.201.435**	2.232.300
Inventories (Note 7)	**758.536**	539.510	**3.732.603**	2.549.674
Recoverable taxes (Note 8)	**841.306**	447.343	**1.066.033**	623.022
Prepaid expenses	**13.233**	1.754	**131.915**	70.881
Other current assets	**296.882**	166.275	**848.754**	493.372
TOTAL CURRENT ASSETS	**7.280.361**	**3.230.846**	**13.943.259**	**8.260.866**
NON-CURRENT ASSETS				
Long-term assets				
Credits with related parties (Note 9)	**-**	1.700.868	**326.974**	54.569
Judicial deposits and others	**70.640**	16.378	**645.645**	102.779
Deferred income taxes (Note 20)	**30.357**	22.626	**807.526**	481.485
Recoverable taxes (Note 8)	**550.848**	37.632	**615.748**	65.307
Total long-term assets	**651.845**	**1.777.504**	**2.395.893**	**704.140**
Investments in subsidiaries (Note 10)	**6.492.282**	3.803.669	**-**	-
Other investments	**10**	10	**3.984**	5.722
Property, plant and equipment, net (Note 11)	**7.419.579**	1.804.833	**13.292.503**	4.918.671
Intangible assets, net (Note 12)	**11.422.348**	959.230	**12.853.453**	2.205.347
Deferred charges	**-**	-	**-**	1.603
	25.334.219	**6.567.742**	**26.149.940**	**7.131.343**
TOTAL NON-CURRENT ASSETS	**25.986.064**	**8.345.246**	**28.545.833**	**7.835.483**
TOTAL ASSETS	**33.266.425**	**11.576.092**	**42.489.092**	**16.096.349**

	Company 2009	Company 2008	Consolidated 2009	Consolidated 2008
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade accounts payable (Note 13)	**905.770**	383.979	**2.525.353**	2.077.844
Loans and financings (Note 14)	**3.926.390**	1.494.690	**5.272.083**	2.214.788
Payroll, social charges and tax obligation (Note 16)	**287.082**	62.722	**721.855**	337.238
Declared dividends (Note 17)	**122.953**	51.127	**122.953**	51.127
Debit with third parties for investment (Note 19)	**427.523**	-	**427.523**	-
Other current liabilities	**485.145**	76.772	**373.167**	248.344
TOTAL CURRENT LIABILITIES	**6.154.863**	**2.069.290**	**9.442.934**	**4.929.341**
NON-CURRENT LIABILITIES				
Loans and financings (Note 14)	**5.311.023**	2.991.344	**9.157.729**	3.401.709
Convertible debentures (Note 15)	**3.462.212**	-	**3.462.212**	-
Deferred income taxes (Note 20)	**351.633**	83.453	**1.539.099**	884.927
Provision for contingencies (Note 18)	**210.088**	48.244	**421.880**	57.637
Debits with related parties (Note 9)	**828.662**	-	**-**	-
Debit with third parties for investment (Note 19)	**162.976**	210.480	**162.976**	210.480
Other non-current liabilities	**56.882**	38.870	**932.922**	480.302
TOTAL NON-CURRENT LIABILITIES	**10.383.476**	**3.372.391**	**15.676.818**	**5.035.055**
MINORITY INTEREST	**-**	**-**	**641.254**	**(2.458)**
SHAREHOLDERS' EQUITY (Note 21)				
Capital stock	**16.483.544**	4.495.581	**16.483.544**	4.495.581
Capital reserve	**714.503**	769.463	**714.503**	769.463
Revaluation reserve	**112.352**	118.178	**112.352**	118.178
Profit reserves	**30.993**	1.297	**30.993**	1.297
Valuation adjustments to shareholders' equity	**(914)**	(2.920)	**(914)**	(2.920)
Accumulated translation adjustments	**(612.392)**	752.812	**(612.392)**	752.812
TOTAL SHAREHOLDERS' EQUITY	**16.728.086**	**6.134.411**	**16.728.086**	**6.134.411**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**33.266.425**	**11.576.092**	**42.489.092**	**16.096.349**

The accompanying notes are an integral part of the financial statements

Statements of income for the years ended December 31, 2009 and 2008
(In thousands of Reais)

	Company		Consolidated	
	2009	2008	2009	2008
GROSS OPERATING REVENUE				
Sales of products				
Domestic sales	**3.907.867**	2.971.842	**27.091.607**	20.787.532
Foreign sales	**1.859.301**	2.424.375	**8.103.872**	10.318.077
	5.767.168	**5.396.217**	**35.195.479**	**31.105.609**
SALES DEDUCTIONS				
Returns and discounts	**(225.768)**	(206.162)	**(395.494)**	(369.178)
Sales taxes	**(392.606)**	(323.649)	**(488.179)**	(396.176)
	(618.374)	**(529.811)**	**(883.673)**	**(765.354)**
NET SALE REVENUE	**5.148.794**	**4.866.406**	**34.311.806**	**30.340.255**
Cost of goods sold	**(4.170.692)**	(3.957.624)	**(31.112.705)**	(27.347.753)
GROSS INCOME	**978.102**	**908.782**	**3.199.101**	**2.992.502**
OPERATING INCOME (EXPENSE)				
General and administrative expenses	**(193.241)**	(137.568)	**(705.586)**	(570.147)
Selling expenses	**(486.686)**	(470.620)	**(1.562.760)**	(1.517.591)
Financial income (expense), net (Note 22)	**(534.746)**	(263.633)	**(601.118)**	(612.176)
Equity in subsidiaries (Note 10)	**385.838**	211.876	**-**	-
Goodwill amortization	**-**	(179.867)	**-**	(179.867)
Non-recurring expenses	**-**	(35.693)	**-**	(35.693)
Other (expense) income, net	**3.433**	10.098	**10.886**	7.731
	(825.402)	**(865.407)**	**(2.858.578)**	**(2.907.743)**
NET INCOME BEFORE TAXES	**152.700**	**43.375**	**340.523**	**84.759**
Current income taxes	**3.001**	3.336	**(49.728)**	(52.246)
Deferred income taxes	**(26.277)**	(20.772)	**(161.953)**	(9.975)
	(23.276)	**(17.436)**	**(211.681)**	**(62.221)**
RESULT BEFORE MINORITY INTEREST	**129.424**	**25.939**	**128.842**	**22.538**
Minority interest (expense) income	**-**	-	**582**	3.401
NET INCOME PER THOUSAND SHARES	**129.424**	**25.939**	**129.424**	**25.939**
NET INCOME PER THOUSAND SHARES	**55,70**	**18,48**		

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

	Company 2009	Company 2008	Consolidated 2009	Consolidated 2008
Net income before taxes	**152.700**	43.375	**340.523**	84.759
Financial income (expense), net (Note 22)	**534.746**	263.633	**601.118**	612.176
Depreciation and amortization	**97.515**	71.157	**343.591**	243.591
Equity in subsidiaries (Note 10)	**(385.838)**	(211.876)	**-**	-
Non-recurring expenses	**-**	35.693	**-**	35.693
Goodwill amortization	**-**	179.867	**-**	179.867
AMOUNT OF EBITDA	**399.123**	**381.849**	**1.285.232**	**1.156.086**
AMOUNT OF EBITDA Pró-forma (Not audited) - Including PPC and Bertin, according to note 4	**1.030.289**	**381.849**	**3.057.956**	**1.156.086**

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statements of changes in shareholders' equity for the years ended December 31, 2009 and 2008
(In thousands of Reais)

	Capital stock	Capital reserve	Revaluation reserve	Profit Reserves		Valuation adjustments to shareholders' equity	Accumulated translation adjustments	Accumulated Profit	Total
		Goodwill		Legal	For expansion				
BALANCE AS OF DECEMBER 31, 2007	**1.945.581**	**985.664**	**123.343**	**-**	**-**	**-**	**-**	**-**	**3.054.588**
Adjustments to initial adoption of Law 11.628/2007 and Executive Act 449/08 (note 2)	-	-	-	-	-	-	-	(87)	(87)
BALANCE ADJUSTED AS OF JANUARY 1, 2008	**1.945.581**	**985.664**	**123.343**	**-**	**-**	**-**	**-**	**(87)**	**3.054.501**
Capital Increase	2.550.000	-	-	-	-	-	-	-	2.550.000
Goodwill in shares issue	-	279	-	-	-	-	-	-	279
Realization of revaluation reserve	-	-	(5.165)	-	-	-	-	5.165	-
Treasury Shares	-	(195.073)	-	-	-	-	-	-	(195.073)
Valuation adjustments in subsidiaries shareholders´ equity	-	-	-	-	-	(2.920)	-	-	(2.920)
Accumulated exchange conversion adjustments in subsidiaries shareholders' equity	-	-	-	-	-	-	4.794	-	4.794
Investiments exchange rate variations, net	-	-	-	-	-	-	748.018	-	748.018
Net income	-	-	-	-	-	-	-	25.939	25.939
Proposal for destination of the net income									
Mandatory	-	-	-	1.297	-	-	-	(1.297)	-
Declared dividends (R$ 36,42 to one thousand of shares) (note 17)	-	(21.407)	-	-	-	-	-	(29.720)	(51.127)
BALANCE AS OF DECEMBER 31, 2008	**4.495.581**	**769.463**	**118.178**	**1.297**	**-**	**(2.920)**	**752.812**	**-**	**6.134.411**
Capital Increase	11.987.963	-	-	-	-	-	-	-	**11.987.963**
Adjustment of net income destination from previous year	-	21.407	-	-	17.399	-	-	-	**38.806**
Realization of revaluation reserve	-	-	(5.826)	-	-	-	-	5.826	**-**
Treasury Shares	-	(76.367)	-	-	-	-	-	-	**(76.367)**
Valuation adjustments in subsidiaries shareholders' equity	-	-	-	-	-	2.006	-	-	**2.006**
Accumulated translation adjustments in subsidiaries shareholders' equity	-	-	-	-	-	-	(214.309)	-	**(214.309)**
Exchange variation rate of investments in foreign currency	-	-	-	-	-	-	(1.150.895)	-	**(1.150.895)**
Net income	-	-	-	-	-	-	-	129.424	**129.424**
Proposal for destination of the net income									
Mandatory	-	-	-	6.471	-	-	-	(6.471)	**-**
Declared dividends (R$ 13,23 to one thousand of shares) (note 17)	-	-	-	-	-	-	-	(122.953)	**(122.953)**
Expansion reserve	-	-	-	-	5.826	-	-	(5.826)	**-**
BALANCE AS OF DECEMBER 31, 2009	**16.483.544**	**714.503**	**112.352**	**7.768**	**23.225**	**(914)**	**(612.392)**	**-**	**16.728.086**

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statements of cash flows for the years ended December 31, 2009 and 2008
(In thousands of Reais)

	Company		Consolidated	
	2009	2008	2009	2008
Cash flow from operating activities				
. Net income of the year	**129.424**	25.939	**129.424**	25.939
Adjustments to reconcile net income to cash provided				
. Depreciation and amortization	**97.515**	71.157	**343.591**	243.591
. Allowance for doubtful accounts	**6.018**	4.423	**11.395**	10.393
. Goodwill amortization	**-**	179.867	**-**	179.867
. Minority interest	**-**	-	**(582)**	(3.401)
. Equity in subsidiaries	**(385.838)**	(211.876)	**-**	-
. Write-off of fixed assets	**3.878**	2.949	**12.833**	9.964
. Deferred income taxes	**26.277**	20.771	**161.953**	9.975
. Current and non-current financial charges	**(356.001)**	487.668	**355.615**	758.914
. Provision for contingencies	**4.207**	2.265	**8.128**	(1.074)
. Adjustment of assets and liabilities to present value	**(426)**	339	**(426)**	339
. Impairment	**-**	-	**1.048**	-
	(474.946)	**583.502**	**1.022.979**	**1.234.507**
Variation in operating assets and liabilities				
Increase in trade accounts receivable	**(108.890)**	(1.512)	**(34.872)**	(169.660)
Decrease (increase) in inventories	**259.878**	64.715	**365.928**	(294.794)
Increase in recoverable taxes	**(122.018)**	(103.038)	**(132.735)**	(135.969)
Decrease (increase) in other current and non-current assets	**40.070**	(141.158)	**184.388**	(329.459)
Decrease (increase) in credits with related parties	**-**	(1.178.154)	**458.274**	(22.395)
Increase (decrease) in trade accounts payable	**(166.651)**	18.521	**(317.805)**	(170.440)
Increase in other current and non-current liabilities	**220.309**	194.960	**1.224.267**	849.785
Increase in debits with related parties	**1.112.548**	-	**-**	-
Valuation adjustments to shareholders' equity	**-**	-	**(1.341.871)**	749.725
Net cash provided by (used in) operating activities	**760.300**	**(562.164)**	**1.428.553**	**1.711.300**
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	**(468.189)**	(806.687)	**(1.817.389)**	(1.237.702)
Increase in investments	**(1.348.475)**	(1.511.441)	**-**	(3.645)
Net effect of the working capital of acquired company	**(2.471.683)**	-	**(3.945.740)**	(1.721.877)
Net cash used in investing activities	**(4.288.347)**	**(2.318.128)**	**(5.763.129)**	**(2.963.224)**
Cash flow from financing activities				
Loans and financings	**2.436.612**	3.147.323	**4.585.835**	3.614.242
Payments of loans and financings	**(2.124.757)**	(1.917.921)	**(3.177.843)**	(3.926.026)
Convertible debentures	**3.462.212**	-	**3.462.212**	-
Declared dividends / distribution of retained earnings	**2.527.354**	2.550.279	**2.527.354**	2.550.279
Increase in capital stock	**(122.953)**	(51.127)	**(122.953)**	(51.127)
Shares acquisition of own emission	**(76.367)**	(195.073)	**(76.367)**	(195.073)
Net cash provided by financing activities	**6.102.101**	**3.533.481**	**7.198.238**	**1.992.295**
Effect of exchange variation on cash and cash equivalents	**-**	**-**	**(192.760)**	**169.543**
Net increase in cash and cash equivalents	**2.574.054**	653.189	**2.670.902**	909.914
Cash and cash equivalents at the beginning of the year	**1.522.973**	869.784	**2.291.617**	1.381.703
Cash and cash equivalents at the end of the year	**4.097.027**	**1.522.973**	**4.962.519**	**2.291.617**

The accompanying notes are an integral part of the financial statements

Economic value added for the year ended December 31, 2009 and 2008
(In thousands of Reais)

	Company		Consolidated	
	2009	2008	2009	2008
Revenue				
Sales of goods and services	5.540.209	5.190.054	35.388.600	30.736.430
Other income	3.477	10.098	12.582	7.611
Own assets building income	(6.018)	(4.423)	(11.395)	(9.364)
	5.537.668	**5.195.729**	**35.389.787**	**30.734.677**
Goods				
Cost of services and goods sold	(3.492.452)	(3.236.824)	(25.124.199)	(22.458.475)
Materials, energy, services from third parties and others	(855.193)	(1.049.273)	(4.922.280)	(4.341.198)
Losses/Recovery of amounts	-	-	(188.928)	50.443
Other costs	426	852	426	852
	(4.347.219)	**(4.285.245)**	**(30.234.981)**	**(26.748.378)**
Gross added value	**1.190.449**	**910.484**	**5.154.806**	**3.986.299**
Depreciation and Amortization	(97.515)	(71.157)	(343.591)	(243.591)
Net added value generated by the Company	**1.092.934**	**839.327**	**4.811.215**	**3.742.708**
Net added value by transfer				
Equity in subsidiaries	385.838	211.876	-	-
Financial income	643.299	1.546.876	1.152.019	1.700.735
Others	3.079	(176.689)	4.857	(174.743)
Net added value to distribution	**2.125.150**	**2.421.390**	**5.968.091**	**5.268.700**
Distribution of added value				
Labor				
Salaries	422.958	378.937	2.775.914	2.173.072
Benefits	50.128	33.449	655.593	464.479
FGTS (Brazilian Social Charge)	23.639	21.711	23.870	21.847
	496.725	**434.097**	**3.455.377**	**2.659.398**
Taxes and contribution				
Federal	167.285	108.265	401.522	190.526
State	142.859	45.540	189.598	74.480
Municipal	193	1.966	1.393	3.162
	310.337	**155.771**	**592.513**	**268.168**
Capital Remuneration from third parties				
Interests	1.162.163	1.573.678	1.720.528	2.061.032
Rents	18.422	14.666	33.747	32.346
Others	8.079	217.239	37.084	225.218
	1.188.664	**1.805.583**	**1.791.359**	**2.318.596**
Owned capital remuneration				
Dividends	122.953	25.939	122.953	25.939
Retained earnings of the year	6.471	-	6.471	-
Minorit interests participation on retained income	-	-	(582)	(3.401)
	129.424	**25.939**	**128.842**	**22.538**
Added value distributed	**2.125.150**	**2.421.390**	**5.968.091**	**5.268.700**

The accompanying notes are an integral part of the financial statements.

1 Operating activities

JBS S.A (the Company) is a listed company in the Novo Mercado segment, which requires the highest level of corporate governance in the Brazilian market and its shares are traded on the BM&F Bovespa S.A - Stock Exchange, Commodity and Forward.

The operations of the Company and its subsidiaries consists of:

a) Activities in Brazil

The Company owns and operates slaughterhouses, cold storage and meat processing operations for the production of beef, canned goods, fat, animal rations and beef by-products, which are produced in the 26 plants located in the States of São Paulo, Goiás, Mato Grosso, Mato Grosso do Sul, Rondônia, Minas Gerais, Acre, Rio de Janeiro and Paraná.

The Company distributes its products through distribution centers located in the State of São Paulo, Rio de Janeiro, Brazilia, Manaus e Curitiba and a container terminal for export in the city of Santos.

Aiming to minimize transportation costs, the Company uses its own operations for the transport of cattle for slaughter and products intended for export.

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

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

Beef Snacks do Brasil Indústria e Comércio de Alimentos Ltda. (Beef Snacks), an indirect subsidiary of the Company is located in Santo Antônio da Posse, State of São Paulo, in operation since August 2007 produces Beef Jerky. Beef Snacks purchases fresh meat in the domestic market and exports to the United States of America.

Incorporation of Bertin S.A (Bertin)

According to the General Extraordinary Meeting realized on December 29, 2009, Bertin shares incorporation was deliberated by the Company and, subsequent incorporation of the entity, ratified at General Extraordinary Meeting realized on December 31, 2009, on terms and conditions set up on justified agreement signed between the parties which was released to the market through material facts.

Due to Bertin's incorporation, synergy and unification of operations between the both Companies were expected, regarding this fact, the Company's current operating activities has been incorporated Bertin's operations since December 31, 2009.

Bertin was a limited liability company organized with one hundred percent (100%) Brazilian capital which operates slaughter, industrialization, sale and market distribution of beefs and its derivatives, leather improvement and marketing of domestic and personal cleaning and hygiene products, production of pet toys - pet products, production of metal packages, transportation and recycling. The activities of the Company were organized into business units which are summarized as follows: Meat, leathers, energy, oils, biodiesel, hygiene and beauty products, pet products, can factory, logistics and environmental.

Bertin had 49 units, being 15 Leathers units located in the States of São Paulo, Maranhão, Goiás, Mato Grosso, Mato Grosso do Sul, Espírito Santo, Tocantins, Pará, Rondônia and Minas Gerais; 15 Slaughterhouses units located in the States of São Paulo, Mato Grosso, Mato Grosso do Sul, Goiás, Pará, Tocantins, Bahia, Minas Gerais and Rondônia; 6 commercial units located in the States of Rio de Janeiro, Bahia, Minas Gerais, Paraná and Rio Grande do Sul; 4 Hygiene and beauty units located in the State of São Paulo and Paraná; 2 Transportation units located in the State of São Paulo; 3 Beef Shoppings located in the State of São Paulo; 1 by-product unit located in the State of Minas Gerais; 1 Beef "Charque" unit located in the State of Pernambuco; 1 Pet Product located in the State of São Paulo and 1 Recycling unit located in the State of São Paulo.

Due to Bertin's incorporation by the Company, all Bertin's balance figures were incorporated by the Company on December 31, 2009.

b) Activities abroad

The Company has indirect subsidiaries located in England and Egypt, which are responsible for the sales and distribution of the Company's products in Europe, Asia, and Africa.

JBS Argentina S.A. (JBS Argentina), an indirect wholly-owned subsidiary of the Company, operates slaughterhouses and cold storage facilities for the production of beef, canned goods, fat, animal food and beef by-products, in 7 plants located in the provinces of Buenos Aires, Entre Rios, Santa Fé and Córdoba.

JBS Argentina has three subsidiaries: One meat-packing slaughterhouse in Berezategui (Consignaciones Rurales), other can factory located in Zarate (Argenvases), both located in the province of Buenos Aires, and one meat-packing slaughterhouse in Cordoba.

JBS Trading USA, Inc. (JBS Trading USA) and its subsidiaries, Tupman Thurlow Co., Inc. (Tupman) and Astro Sales International, Inc. (Astro) located in the United States of America sale processed beef products mainly in the North-American market.

Jerky Snack Brands, Inc (Jerky Snack), an indirect wholly-owned subsidiary of the Company, located in the United States of America, produces and sells meat snacks (Beef Jerky, Smoked Meat Sticks, Kippered Beef Steak, Meat&Cheese, Turkey Jerky and Hunter Sausage). Jerky Snack purchases meat from Brazil and in the local market and its sales are mainly in the United States of America.

Global Beef Trading Sociedade Unipessoal Lda (Global Beef Trading), an indirect wholly-owned subsidiary of the Company, located in Ilha da Madeira, Portugal, sells bovine meat, birds and porks products. Global Beef Trading imports the products from Latin America and exports to several countries, in Europe, Africa and Asia.

JBS USA Holdings Inc. (JBS USA) has feedlots and processes, packaging and delivery of fresh, further processed and value-added beef and pork “in natura” products for sale to customers in the United States and international markets. The fresh meat products prepared by JBS USA include refrigerated beef and pork processed to standard industry specifications.

JBS USA completed in October of 2008 the acquisition of the cattle meat unit of Smithfield group and also the fattening feedlot operations known as Five Rivers.

Smithfield beef, currently known as JBS Packerland, owns four cattle units and one feedlot cattle unit, and Five Rivers, known as JBS Five Rivers, own ten cattle feedlot units.

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

JBS USA divides its business into two big segments: Beef, operating the beef processing business; and pork, operating the pork processing business, both in the U.S. market.

The Company owns 50% of Inalca JBS S.p.A, (Inalca JBS), that is Italy's leading beef company and one of the main operators in the European processing beef sector. It produces and markets a complete range of fresh and frozen meat, packed under vacuum or portioned in a protective atmosphere, canned meat, ready-to-eat meals, fresh and frozen hamburger, minced meats and, pre-cooked products. Inalca JBS owns six facilities in Italy, specialized by production line, and nine foreign facilities in Europe and Africa.

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

Pilgrim’s Pride Corporation (PPC) acquisition

As of December 28, 2009 the Company concluded the operation by its subsidiary JBS USA., through the subscription of new shares, and become the owner of shares representing 64% of the capital stock and voting capital of PPC, located in Pittsburg, Texas, USA, by 800 millions of US dollar which were settled in cash.

PPC is located in Delaware, is one of the largest chicken companies in the United States (“US”), Mexico and Puerto Rico. Additionally, the Company exports commodity chicken products to approximately 90 countries such as fresh chicken products consisting of refrigerated whole or cut-up chicken.

The main customers are restaurant chains, food processors, distributors, supermarkets, wholesalers and retail distributors, additionally exports to Occidental Europe (including Russia), East (including China), Mexico and others worldwide markets.

2 Elaboration and presentation of financial information

The individual and consolidated financial statements as of the years ended December 31, 2009 and 2008 have been prepared in accordance with the generally accepted accounting principles in Brazil, that embraces the corporate Brazilian legislation, the Pronouncements, Guidance and Interpretations issued by the Brazilian Accounting Pronouncements Committee - CPC and deliberated by the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários – CVM).

The accounting practices in Brazil were changed during 2008, according to the Law n° 11.638 promulgated on December 28, 2007, with the respective modifications introduced by the Executive Act n° 449 (actual Law nº 11.941/09) of December 3, 2008, and the effects of the initial adoption were only recognized by the Company and its subsidiaries during the fourth quarter of 2008, and published in the financial statements of December 31, 2008.

The Company included in its financial statements the Economic Value Added (EVA) report. The objective of this report is to demonstrate the wealth generated by the Company, and the distribution of this wealth among the elements that contributed to its generation, such as employees, lenders, shareholders, government and others, as well as the wealth portion not distributed.

Transitional Tax Regime (Regime Tributário Transitório - RTT) - The amounts presented in financial statements are considering the adoption of the Tax Regime Transition (RTT) by the Company, as allowed by Law n° 11.941/09, which aims to maintain neutrality tax changes in the Brazilian corporate law, introduced by Law n° 11.638/07 and by the Law n° 11.941/09.

3 Significant accounting practices

a) Profit and loss calculation

The operations results are in conformity with the accounting regime of competence. Product sales revenue is recognized when the risk and property are transferred to customers.

b) Accounting estimates

The preparation of financial statements in accordance with generally accepted accounting practices in Brazil requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Significant assets and liabilities subjected to these estimates, includes definition of the useful lives of the fixed assets, allowance for doubtful accounts, inventories, deferred taxes, provision for contingencies, valuation of assets and liabilities derivatives instruments. The liquidation of these transactions involving estimative can differ from those estimates.

c) Financial instruments

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

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

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

d) Allowance for doubtful accounts

Allowance for doubtful accounts is computed based on the probable loss, which amount is considered sufficient to cover the exposure to possible losses.

e) Inventories

Inventories are stated at acquisition or production average cost, not in excess of the market or realizable value. The cost of those inventories are recognized in the income statements when it is sold.

f) Investments

Investments in subsidiaries are accounted according to the equity method.

g) Property, plant and equipment, net

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

As a result of the changes introduced by Law n° 11.638/07, which extinguished the possibility of fixed assets revaluation, since January 1, 2008 the Company and its subsidiaries, based on the option granted by the normative instruction n° 469 from May 2, 2008, opted for maintaining the revaluation balances from December 31, 2007, which will be realized, in its entirety, based on depreciation or disposal of the revaluated assets.

Depreciation is computed using the straight-line method, using rates described in Note 11, which take into account the useful and economic lives of the assets.

h) Intangible assets

The intangible assets are stated at the acquisition or formation cost, less the amortization. The intangible assets with indefinite useful lives are not amortized.

The goodwill has not been amortized starting from 2009 according to orientation OCPC 02 endorsed by CVM through the publication CVM/SNC/SEP nº 01/2009.

i) Reduction to recovery amount (Impairment)

The items of property, plant and equipment, intangible assets and other assets (current and non current), when applicable, are tested for impairment, at least annually, if indications of potential Impairment exist. The goodwill based on future profitability and the intangible assets with indefinite useful lives are tested for impairment on an annual basis, regardless of whether there is any indication of impairment in accordance to CPC 01 - Reduction to recovery amount - Impairment (Deliberation CVM n. 527/07).

j) Other current and non-current assets

Current and non-current assets are accounted for at realizable value including, if applicable, the related income, charges and monetary variations.

k) Current and non-current liabilities

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

l) Contingent assets and liabilities

Contingent assets are recognized only when it is "almost certain" their success or based on favorable judicial decisions rendered. Contingent assets with probable a gain are only disclosed in accompanying notes.

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

m) Income tax and social contribution

Current taxes

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

Deferred taxes

The Company records deferred income tax liabilities based on revaluation reserve and temporary differences. The deferred income tax asset is recorded based on fiscal tax losses and temporary differences, and the deferred social contribution asset is recorded based on temporary difference.

n) Result by share

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

o) Consolidation

In the consolidation of JBS S.A. and its subsidiaries the investments, intercompany receivables and payables, intercompany revenues and expenses are eliminated. Due to the immaterial identified amounts of the inter-company not realized profits, no adjustments were recognized. Accordingly, the shareholders' equity of JBS S.A. individually is equal to its consolidated shareholders' equity.

The financial statements of the overseas subsidiaries are prepared, originally, in its original currency, and for equity calculation and consolidation purposes, are converted to Brazilian reais by the exchange rate corresponding to the balance date closing for assets and liabilities, by historical exchange rate for the shareholder's equity movements and by the average exchange rate for the revenue and expenses (income statements). The gain and losses related to the shareholder's equity movements and impacts of the average exchange rate to income statements are accounted directly in the shareholder's equity, on accumulated adjustments to shareholder's equity, according to CPC 2 (Deliberation CVM n. 534/2008).

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

The accounting practices adopted by Tupman and Astro, both subsidiaries of JBS Trading USA, Inc. and by Jerky Snack, located in the United States of America, do not differ significantly from those adopted in Brazil.

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

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

- Permanent assets: includes R$ 480,535 related to intangible assets and fixed assets goodwill, calculated according to applicable purchasing accounting, and it was adjusted reducing the shareholder's equity.

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

p) Adjustments of assets and liabilities to present value.

The financial long term assets and liabilities are adjusted by its present value, and the short term, when the effect is considered relevant in the financial statements.

In present value calculation, the Company considered the following assumptions: (i) the amount to be deducted, (ii) the dates of execution and settlement, and (iii) the discount rate, according to the precepts of CPC 12.

The discount rate used by the Company considered the current market assessments of the money value over time and the specific risks for each asset.

The purchase and sale operations and the long-term recoverable tax (non-current), or short-term (current) when relevant, in case of addressing the precepts mentioned above, are brought to its present value by adopting a discount rate monthly CDI from 0,72% for year ended December 31, 2009.

During the current year, due to recent worldwide financial crisis, the Company has adopted some procedures to minimize customers default risk and increase the cash structure. In addition, the Company reviewed its credit policy, adopted the reduction of customers' receiving period, improved the management of suppliers' payable period, the resources applications and also, in some situations, applied customer's advances policy.

The amounts of customers, suppliers and taxes on the Company and Consolidated has increased due to the recent businesses combinations as well the reduction in financial cycle became the current adjustment to present value irrelevant relating the amounts that it is related.

Customer's receiving and suppliers' payable period of the overseas subsidiaries is substantially shorter than local market, as well the discounting rates used on assumptions of present value calculation.

Based on the above, the Company reviewed its present value calculations of long-term assets and liabilities, and short term when relevant, as of December 31, 2009 and concluded that the costs to develop this information is higher than the benefits regarding the immateriality. The Company's management supported by the requirements of CPC 12, deemed appropriated the write-off of the Present Value Adjustment accounted until December 31, 2009, accordingly the management's decision does not impact in the quality and reliability of the financial statements. In accordance with CPC 12, the Company will perform time basis analysis (at least on reporting period), and if identified the need for accounting the Present Value Adjustment, to improve the quality and presentation of its financial statements, the adoption of the accounting will occur immediately.

q) Changes in the Brazilian General Acceptable Accounting Principles

As part of the merging process of Brazilian General Acceptable Accounting Principles - BRGAAP into International Financial Reporting Standards - IFRS, new Pronouncements, Interpretations and Orientations had been issued during 2009, which adoption will be required on January 1, 2010, applying retrospectively to the Financial Statements of December 31, 2009, when applicable.

It is important to emphasize that accordingly to the requirements of CPC 43 – Initial Adoption of the Pronouncements CPC 15 to 40 (except CPC 34 that has not been issued yet), that includes the second stage of the merging process to the IFRS, the Management of the Company decided not adopt early application of the Pronouncements, Interpretations and Orientations that will concern the preparation, presentation and disclosure of the Financial Statements in 2010.

The Management of the Company and its subsidiaries has been evaluating the possible effects of these Pronouncements, Interpretations and Orientations issued by CPC. In instance of eventual adjustments regarding the initial adoption of the new General Acceptable Accounting Principles on January 1, 2010, the Company and its subsidiaries will evaluate the need to measure again the effects that would impact its financial statements as of 2009, for comparison purpose, in case of these new procedures was already in place on year ended December 31, 2009.

(a) New Pronouncements, Interpretations and Orientations issued by CPC with adoption on January 1, 2010, that reflect the operation and the Financial Statements of the Company

CPC 15 – Business Combinations – The adoption of this Pronouncement will impact significantly the concepts and methodology of recognition, measurement and presentation of a business combination, particularly the procedures for allocation of goodwill regarding future economic benefits within the balance sheet accounts, through the fair value. The main impact in the Financial Statements of the Company will be presented by the businesses combinations of the significant part of PPC’s shareholders and the incorporation of Bertin.

CPC 20 – Borrowing Costs – The Pronouncement requires the Company capitalization of borrowing costs directly attributable to the acquisition, constructions or production of a qualifying assets as part of the cost of that asset, presented as “Construction in Progress” in the Financial Statements. The borrowing costs of the Company and its subsidiaries regarding to the qualifying asset are compound by interest expenses and exchange variations that will not be fully allocated in the Statements of Income, due to part of these costs must be recognized as assets costs.

CPC 21 – Interim Financial Reporting and ICPC 09 – Individual Financial Statements, Separate and Consolidated Financial Statements, and applying the equity method – The adoption will be reflected in the Interim Financial Reporting on the First Quarter of 2010. However, it is not required the fully application of all Pronouncements, Interpretations and Orientations issued in 2009 by CPC to prepare it.

CPC 22 – Segment reporting – The main purpose of the Pronouncement is to disclose information that enable users of the Company’s Financial Statements to evaluate the nature and financial effects of the business activities where the Company is engaged and also the economic environments that the Company operates.

The Company performance is monitored by Cash Generation Unit – CGU, in accordance with the quarterly “press release” issued by the Investor Relationship department. However, the current structure is under improvement due to the new requirements of the Pronouncement and possibly the report will be aggregated on operating segments by products, such as, Beef, Pork, Poultry, Dairy, Leather and “Others”.

CPC 23 – Accounting Policies, Changes in Accounting Estimates and errors – The accounting policies and the changes in accounting estimates originated through the initial adoption of the Pronouncements issued by CPC required on January 1, 2010, will be wholly applied in the Financial Statements of December 31, 2010, retrospectively to Financial Statements of December 31, 2009. Moreover, the Company will prepare and present an opening CPC statement of financial position on January 1, 2009.

CPC 26 – Presentation of Financial Statements and ICPC 09 Individual Financial Statements, Separate and Consolidated Financial Statements, and applying the equity method – The Financial Statements on December 31, 2010 will be presented and disclosed in accordance with this Pronouncement comparative with the Financial Statements on December 31, 2009 in compliance with the Pronouncements, Interpretations and Orientations issued by CPC.

CPC 27 – Property, Plant and Equipment ICPC 03 – Leasing and ICPC 10 – Initial Adoption Property, Plant and Equipment and Investment Property – The main change from the previous accounting procedure (BR GAAP) is regarding the depreciation period that have to reflect the useful life of the Property, Plant and Equipment instead the period allowed by Brazilian Fiscal Law applied in some items. Thereby, the accounting effects should be presented in depreciation charge in the Statement of Income, affecting the residual value of the asset.

CPC 29 - Agriculture – Some subsidiaries of the Company have biological asset such as Beef Cattle at its cost less any accumulated depreciation or impairment losses. Though, in accordance with this Pronouncement, the biological assets must be measured at fair-value less cost sell, when measured reliably, which impacts the amounts of Inventories, Costs of the Goods Sold and the Changing in Fair-Value Price (in the Statement of Income).

CPC 31 – Non-current Assets Held for Sale and Discontinued Operations – Due to the recent incorporation of Bertin which includes the discontinued of some Dairy Operations from 2005 to 2007, the Company classified these assets, basically Property and Plants, as "Non-current Assets Held for Sale and Discontinued Operations" that are measured in accordance with the requirements of this Pronouncement.

CPC 36 – Consolidated Financial Statements and ICPC 09 Individual Financial Statements, Separate and Consolidated Financial Statements, and applying the equity method – The current procedures to prepare the Consolidated Financial Statements of the Company are based on the Pronouncements issued before January 1, 2010 which does not differ, in this subject matter, significantly from the new Pronouncements and Interpretations.

CPC 37 – First-time Adoption of International Financial Reporting Standard – The Company is obligated to adopt this Pronouncement that applies to first time by an explicit and unreserved statement of compliance with IFRS in its Interim Financial Report and Financial Statements in 2010.

CPC 38 – Financial Instruments – Recognition and Measurement, CPC 39 – Financial Instruments – Presentation, CPC 40 – Financial Instruments – Disclosure and OCPC 03 – Financial Instruments: The Company has adopted the requirements of CPC 14 – Financial Instruments – Recognition, Measurement and Disclosure for recognition, measurement, presentation and disclosure of the financial instruments contracts related to interest risk rate, exchange variation risk (currency) and Commodity future price risk (Cattle) since 2008. Nevertheless, CPC 14 was replaced with CPC´s 38, 39, 40 and OCPC 03, this last one was the technical reference to prepare the Financial Statements as of December 31, 2009. Due to the features of the financial instruments contracted by the Company, potential effects of those new Pronouncements and Interpretations are not expected.

CPC 43 – First-time adoption of the Pronouncements CPC 15 to 40 – The Company will apply this Pronouncement simultaneously with CPC´s 15 to 40, which is the guidance for the First-time adopters.

ICPC 08 – Dividends – The Company recognizes statutory legal dividends on 25% and additional dividends are immediately recognized in the year before the Financial Statements are authorized for issue. However, accordingly the new Pronouncement, dividends declared after the reporting period and before the Financial Statements are authorized for issue, the dividends are not recognized as a liability at the end of the reporting period because no obligation exists at that time.

(b) New Pronouncements, Interpretations and Orientations issued by CPC with adoption by January 1, 2010, that do not impact the operation and the Financial Statements of the Company

CPC 16 – Inventories – The current procedures are in accordance with the requirements of the Pronouncement that clarify the measurement of inventories costs and the criteria for valuating the net realizable value periodically.

CPC 18 – Investment in Associates – The procedures of measurement, presentation and disclosure of investment in associates are in conformity with the Pronouncement.

CPC 19 – Joint Venture – The Company has one directly joint venture represented by Inalca JBS S.P.A. and one indirectly joint venture by Beef Snacks International B.V. that are fully disclosed as the requirements of this Pronouncement.

CPC 24 – Events after the Reporting Period – The procedures adopted by the Company are in compliance with the Pronouncement that prescribes when the Company should adjust its Financial Statements for events after the reporting period and the disclosures that the Company should give about the date when the Financial Statements were authorized for issue and about events after reporting date.

CPC 25 – Provisions, Contingent Liabilities and Contingent Assets – According the current procedures, the measurement and recognition of provisions, contingent liabilities and contingent assets are in accordance with the Pronouncement.

CPC 30 - Revenue – The Company has previously adopted the cut-off procedures to measure the revenue of all operating segments where no material effects have been identified.

(Expressed in thousands of reais)

CPC 32 – Income taxes – The accounting treatment and the criteria for calculating income taxes whether assets or liabilities, current or deferred are in accordance the Pronouncement.

CPC 33 – Employee benefits – The Company does not have any post-employment benefits, such as, contribution plans or defined benefits plans, nonetheless, all short-term employee benefits, compensated absences, profit-sharing and bonuses plans are measured and recorded according this Pronouncement.

4 Acquisition of Pilgrim's Pride Corporation (PPC) and Incorporation of Bertin S.A (Bertin)

On December 28 and 31, 2009 the Company acquired, by its subsidiary JBS USA, 64% of the capital stock and voting capital of PPC and incorporated Bertin, respectively, accordingly to the markets' releases on that time.

Due to Bertin's incorporation by the Company and acquisition of significant shares of PPC by JBS USA near of the closing date, the Company and consolidated balance sheet, on December 31, 2009, mainly due to the materiality of these investments, were significantly increased on assets, liabilities and shareholders' equity which becomes impossible the comparison with the comparative financial statements from previous year. To provide better analysis of the financial statements, relating its comparison, is being presented, the balance sheet (pro-forma) of the Company and consolidated as of December 31, 2009, without the incorporation (Company) and without the acquisition of the relevant investment by JBS USA (consolidated):

BALANCE SHEET - Company	December, 2009			2008
ASSETS	JBS S.A. (Company)	Bertin S.A.	JBS S.A. without Bertin	JBS S.A.
Cash and Cash equivalents	4.097.027	62.080	4.034.947	1.522.973
Trade account receivable	1.273.377	737.056	536.321	552.991
Inventories	758.536	478.904	279.632	539.510
Recoverable taxes	1.392.154	783.979	608.175	484.975
Other current and non current assets	411.112	252.004	159.108	1.907.901
Investments in subsidiaries	6.492.282	694.293	5.797.989	3.803.669
Property, plant and equipment	7.419.579	5.276.567	2.143.012	1.804.833
Intangible assets and deferred charges	11.422.358	1.071.339	890.410	959.240
TOTAL ASSETS	33.266.425	9.356.222	14.449.594	11.576.092
LIABILITIES AND SHAREHOLDERS' EQUITY				
Trade accounts payable	905.770	684.063	221.707	383.979
Loans and financings	9.237.413	4.790.468	4.446.945	4.486.034
Convertible debentures	3.462.212	-	3.462.212	-
Other current and non current liabilities	2.932.944	1.354.337	1.578.607	571.668
Shareholders' equity	16.728.086	2.527.354	4.740.123	6.134.411
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	33.266.425	9.356.222	14.449.594	11.576.092

(Expressed in thousands of reais)

BALANCE SHEET - Consolidated

	December, 2009				2008
ASSETS	**JBS S.A (Consolidated)**	**Bertin S.A**	**PPC**	**JBS S.A. without Bertin and PPC**	**JBS S.A.**
Cash and Cash equivalents	**4.962.519**	**221.288**	**93.924**	**4.647.307**	2.291.617
Trade account receivable	**3.201.435**	**962.333**	**542.448**	**1.696.654**	2.232.300
Inventories	**3.732.603**	**741.564**	**1.289.898**	**1.701.141**	2.549.674
Recoverable taxes	**1.681.781**	**881.636**	**12.500**	**787.645**	688.329
Other current and non current assets	**2.760.814**	**378.465**	**1.129.638**	**1.252.711**	1.203.086
Investments in subsidiaries	**-**	**-**	**-**	**1.105.400**	-
Property, plant and equipment	**13.292.503**	**5.823.257**	**2.567.760**	**4.901.486**	4.918.671
Intangible assets and deferred charges	**12.857.437**	**1.187.397**	**95.127**	**2.114.304**	2.212.672
TOTAL ASSETS	**42.489.092**	**10.195.940**	**5.731.296**	**18.206.647**	**16.096.349**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Trade accounts payable	**2.525.353**	**640.943**	**574.041**	**1.310.369**	2.077.844
Loans and financings	**14.429.812**	**5.637.663**	**2.259.978**	**6.532.171**	5.616.497
Convertible debentures	**3.462.212**	**-**	**-**	**3.462.212**	-
Other current and non current liabilities	**4.702.375**	**1.378.394**	**1.158.747**	**2.165.234**	2.270.055
Minority interest (expense) income	**641.254**	**11.586**	**11.342**	**(3.461)**	(2.458)
Shareholders' equity	**16.728.086**	**2.527.354**	**1.727.187**	**4.740.123**	6.134.411
	-	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**42.489.092**	**10.195.940**	**5.731.296**	**18.206.647**	**16.096.349**

Income Statements- Pró-Forma

Due to Bertin's incorporation and acquisition of significant part of the capital stock and voting capital of PPC settled extremely near of the closing date of the year ended on December 31, 2009 and, there are no relevant income statements impacts from the date of these businesses combinations to the yearend to be impacted through equity. Even though, looking for providing to the user of the financial information the new scenario of future consolidated results of the Company and its subsidiaries, follow is being presented as additional information, a summary of Income Statements (pro-forma) of the Company and consolidated, including the results of Bertin and PPC during the year ended on December 31, 2009, in order to present the combined results of these companies with the results of the Company, during that current year.

(Expressed in thousands of reais)

INCOME STATEMENTS - Company

	December, 2009			2008
	JBS S.A. (Company)	Bertin S.A.	JBS S.A. and Bertin S.A.	JBS S.A.
Net sales revenue	**5.148.794**	**5.861.942**	**11.010.736**	4.866.406
Cost of goods sold	**(4.170.692)**	**(4.663.115)**	**(8.833.807)**	(3.957.624)
GROSS INCOME	**978.102**	**1.198.827**	**2.176.929**	**908.782**
General, administrative and selling expenses	**(679.927)**	**(871.524)**	**(1.551.451)**	(608.188)
Financial income (expense), net	**(534.746)**	**(777.927)**	**(1.312.673)**	(263.633)
Equity in subsidiaries	**385.838**	**32.277**	**418.115**	211.876
Goodwill amortization	**-**	**-**	**-**	(179.867)
Other (expenses) income	**3.433**	**2.762**	**6.195**	(25.595)
Income taxes	**(23.276)**	**(170.422)**	**(193.698)**	(17.436)
NET INCOME (LOSS)	**129.424**	**(586.007)**	**(456.583)**	**25.939**
Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization)				
Net income before taxes	**152.700**	**(415.585)**	**(262.885)**	**43.375**
Financial income (expense)	**534.746**	**777.927**	**1.312.673**	**263.633**
Depreciation and amortization	**97.515**	**297.511**	**395.026**	**71.157**
Equity in subsidiaries	**(385.838)**	**(32.277)**	**(418.115)**	**(211.876)**
Non-recurring expenses	**-**	**-**	**-**	**35.693**
Goodwill amortization	**-**	**-**	**-**	**179.867**
Impairment, restructuring and others	**-**	**3.590**	**3.590**	**-**
AMOUNT OF EBITDA	**399.123**	**631.166**	**1.030.289**	**381.849**

INCOME STATEMENTS - Consolidated

	December, 2009				2008
	JBS S.A.	Bertin S.A.	PPC [1]	JBS S.A. Bertin S.A. Pilgrim	JBS S.A.
Net sales revenue	**34.311.806**	**7.297.437**	**13.614.333**	**55.223.576**	30.340.255
Cost of goods sold	**(31.112.705)**	**(5.652.290)**	**(12.542.527)**	**(49.307.522)**	(27.347.753)
GROSS INCOME	**3.199.101**	**1.645.147**	**1.071.806**	**5.916.054**	**2.992.502**
General, administrative and selling expenses	**(2.268.346)**	**(1.267.039)**	**(764.391)**	**(4.299.776)**	(2.087.738)
Financial income (expense), net	**(601.118)**	**(777.055)**	**(329.541)**	**(1.707.714)**	(612.176)
Goodwill amortization	**-**	**-**	**-**	**-**	(179.867)
Other (expenses) income	**10.886**	**20.800**	**7.093**	**38.779**	(27.962)
Income taxes	**(211.681)**	**(199.810)**	**248.228**	**(163.263)**	(62.221)
Minority interest (expense) income	**582**	**(8.050)**	**(486)**	**(91.729)**	3.401
NET INCOME (LOSS)	**129.424**	**(586.007)**	**232.709**	**(307.649)**	**25.939**
Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization)					
Net income before taxes	**340.523**	**(378.147)**	**(15.519)**	**(53.143)**	84.759
Financial income (expense)	**601.118**	**777.055**	**329.541**	**1.707.714**	612.176
Depreciation and amortization	**343.591**	**345.671**	**453.300**	**1.142.562**	243.591
Equity in subsidiaries	**-**	**-**	**-**	**-**	-
Non-recurring expenses	**-**	**-**	**-**	**-**	35.693
Goodwill amortization	**-**	**-**	**-**	**-**	179.867
Impairment, restructuring and others	**-**	**4.131**	**256.692**	**260.823**	-
AMOUNT OF EBITDA	**1.285.232**	**748.710**	**1.024.014**	**3.057.956**	**1.156.086**

(Expressed in thousands of reais)

(1) – Due to the fact of the fiscal year of PPC is being closed on September 30, 2009, we have excluded the first quarter of 2009 (October 1, 2008 to December 31, 2008) and have included the first quarter of 2010 (October 1, 2009 to December 31, 2009), presenting a full year 2009.

5 Cash and cash equivalents

Cash, bank accounts and short-term investments are the items of the balance sheet presented in the statements of the cash flows as cash and cash equivalents and are described as below:

	Company		Consolidated	
	2009	2008	2009	2008
Cash and bank accounts	**3.712.853**	236.432	**4.446.430**	975.194
Certificates of bank deposits - CDB-DI	**367.757**	1.147.326	**497.268**	1.150.604
Investment funds	**16.417**	139.215	**18.821**	165.819
	4.097.027	**1.522.973**	**4.962.519**	**2.291.617**

Certificates of bank deposits-CDB-DI, with first-line banks, are fixed income securities that provide yields of approximately 100% of the Brazilian interbank rate. The Investment Funds are supported by investments in Multi-Market funds, to the qualified public.

The amount of cash and cash equivalents on December 31, 2009, on the Company and consolidated, includes R$ 1,212,402 regarding the complementary receipt of convertible debentures operation realized on December 2009, according to the note 15, which financial settlement, through credit in the bank account, happened in the beginning of 2010.

6 Trade accounts receivable, net

	Company		Consolidated	
	2009	2008	2009	2008
Receivables not yet due	**770.116**	**505.910**	**2.279.430**	**1.654.871**
Overdue receivables:				
From 1 to 30 days	**316.443**	35.802	**606.157**	449.001
From 31 to 60 days	**101.783**	6.277	**167.136**	71.726
From 61 to 90 days	**51.675**	6.589	**68.543**	24.236
Above 90 days	**156.962**	7.875	**233.347**	63.050
Adjustment to present value	**-**	(1.191)	**-**	(1.191)
Allowance for doubtful accounts	**(123.602)**	(8.271)	**(153.178)**	(29.393)
	503.261	**47.081**	**922.005**	**577.429**
	1.273.377	**552.991**	**3.201.435**	**2.232.300**

7 Inventories

	Company		Consolidated	
	2009	2008	2009	2008
Finished products	**422.202**	489.953	**2.143.166**	1.770.199
Work-in-process	**80.507**	674	**215.102**	157.745
Raw-materials	**154.809**	1.978	**411.308**	70.213
Livestock	**-**	-	**317.888**	282.591
Warehouse spare parts	**101.018**	46.905	**645.139**	268.926
	758.536	**539.510**	**3.732.603**	**2.549.674**

(Expressed in thousands of reais)

8 Recoverable taxes

	Company		Consolidated	
	2009	2008	2009	2008
Value-added tax on sales and services (ICMS / IVA / VAT)	**896.294**	379.678	**1.018.822**	476.761
Excise tax - IPI	**55.544**	51.657	**112.863**	111.447
Social contribution and taxation on billings - PIS and Cofins	**282.683**	19.330	**355.882**	32.957
Income tax withheld at source - IRRF	**84.844**	25.556	**93.324**	29.612
Others	**72.789**	9.936	**100.890**	38.734
Adjustment to present value	**-**	(1.182)	**-**	(1.182)
	1.392.154	**484.975**	**1.681.781**	**688.329**
Current and Long-term:				
Current	**841.306**	447.343	**1.066.033**	623.022
Non-current	**550.848**	37.632	**615.748**	65.307
	1.392.154	**484.975**	**1.681.781**	**688.329**

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

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

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

Based on studies conducted by the Company's management, supported by its legal counsel, those claims of ICMS were segregated according to them realization, from current to non current, in the amount of R$ 484,948 in the Company and consolidated, performed on the year ended December 31, 2009.

PIS and COFINS (social contribution on net income)

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

IRRF (withholding income tax)

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

General comments

Based upon final administrative decisions by the *Câmara Superior do Conselho de Contribuintes* and on the opinion of its legal counsels, that believe it is "almost certain" the success in these lawsuits, 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$ 146,622. From the total amount the Company received an amount of R$28,986 and will receive an additional amount of R$ 114,636

JBS S.A.

Notes to the financial statements for the year ended December 31, 2009 and 2008
(Expressed in thousands of reais)

9 Related parties transactions

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

	2009			2008		
COMPANY	Trade accounts receivable	Trade accounts payable	Mutual Contracts	Trade accounts receivable	Trade accounts payable	Mutual Contracts
Direct subsidiaries						
Mouran Alimentos Ltda.	**-**	**-**	**11.455**	**-**	**-**	**5.719**
JBS Confinamento Ltda.	**138**	**4.638**	**76.010**	215	8	14.959
JBS Embalagens Metálicas Ltda.	**-**	**500**	**49.043**	-	2.735	57.282
JBS Global A/S (Denmark)	**-**	**-**	**-**	-	-	(531)
JBS USA, Inc	**-**	**-**	**-**	-	-	1.580.340
Inalca JBS S.p.A	**3.479**	**4**	**-**	6.798	-	-
JBS Slovakia Holdings s.r.o.	**-**	**-**	**(941.640)**	-	-	-
Indirect subsidiaries						
JBS Global Beef Company Lda.	**48**	**-**	**(40.918)**	-	-	(54.920)
JBS Global (UK) Limited	**21.920**	**-**	**-**	24.625	-	-
JBS Argentina S.A	**-**	**2.259**	**-**	-	677	-
The Tupman Thurlow Co.	**4.432**	**-**	**13.943**	34.258	715	18.488
Global Beef Trading SU Lda.	**521**	**-**	**-**	-	-	-
Beef Snacks Brasil Ind.Com. Ltda	**7**	**-**	**74.373**	5	-	72.135
Beef Snacks International BV	**-**	**-**	**3.569**	-	-	4.463
JBS HU Ltd	**-**	**-**	**(90.108)**	-	-	-
Marr Russia L.L.C	**1.734**	**-**	**-**	-	-	2.933
SARL Inalca Algerie	**-**	**-**	**-**	129	-	-
Frimo S.A.M.	**-**	**-**	**-**	-	4	-
Australia Meat	**-**	**1.144**	**-**	-	-	-
Incorporated subsidiaries [2]						
S/A fabrica de prod. alimenticios vigor	**3.029**	**281.257**	**-**	-	-	-
Cia Leco de Prod. Alimenticios	**2.152**	**-**	**-**	-	-	-
Cascavel Couros ltda	**112.872**	**230.771**	**-**	-	-	-
Novaprom Food Ingredients Ltda	**1.024**	**112**	**-**	-	-	-
Biolins Energia Ltda	**34.382**	**22**	**-**	-	-	-
Heber Participações S/A	**4**	**-**	**-**	-	-	-
Bracol Holding Ltda	**81.600**	**25.564**	**-**	-	-	-
Sampco Inc.	**30.529**	**-**	**11.951**	-	-	-
Newdrop Química Ltda	**42**	**695**	**-**	-	-	-
Bsb Produtora de Epi Ltda	**3.457**	**161**	**-**	-	-	-
Brasil Central Energia S/A	**1**	**-**	**-**	-	-	-
Gaia Energia e Participações S/A	**28**	**-**	**-**	-	-	-
São Fernando Açúcar e Álcool Ltda	**8**	**-**	**-**	-	-	-
Curuá Energia S/A	**36**	**-**	**-**	-	-	-
Apucarana Comercializadora	**2**	**-**	**-**	-	-	-
Frigorífico Canelones S/A	**-**	**533**	**-**	-	-	-
Wonder Best Holding Company	**10.857**	**-**	**-**	-	-	-
Trump Asia Entreprise Ltd	**6.422**	**-**	**-**	-	-	-
Bertin Paraguay	**-**	**-**	**3.660**	-	-	-
Other related parties						
JBS Agropecuária Ltda.	**137**	**2.446**	**-**	143	7.540	-
Flora Produtos de Hig. Limp. S.A.	**5.297**	**238**	**-**	1.813	83	-
	324.158	**550.345**	**(828.662)**	**67.986**	**11.762**	**1.700.868**

JBS S.A.

Notes to the financial statements for the year ended December 31, 2009 and 2008
(Expressed in thousands of reais)

	2009			2008		
	Financial income (expenses)	Purchases	Sales of products	Financial income (expenses)	Purchases	Sales of products
Direct subsidiaries						
Mouran Alimentos Ltda.	1.694	-	-	575	-	-
JBS Confinamento Ltda.	7.119	82.949	2.121	1.866	17.537	408
JBS Embalagens Metálicas Ltda.	9.878	43.358	-	3.043	49.734	-
JBS Global A/S (Dinamarca)	11	-	-	13	-	-
JBS USA, Inc	21.636	-	1.277	46.191	-	-
Inalca JBS S.p.A	-	-	34.095	-	-	24.568
JBS Slovakia Holdings s.r.o.	(26.722)	-	-	-	-	-
Indirect subsidiaries						
JBS Global (UK) Limited	-	-	71.818	-	-	165.589
JBS Argentina S.A	-	11.665	-	-	13.165	-
The Tupman Thurlow Co.	800	-	45.328	368	-	69.322
Global Beef Trading SU Lda.	-	-	55.882	-	-	20.943
Beef Snacks Brasil Ind.Com. Ltda	9.408	-	-	5.659	24	14.941
Beef Snacks International	(14)	-	-	4.344	-	-
JBS HU Ltd	(6.105)	-	-	-	-	-
Marr Russia L.L.C	15	-	121.347	12	-	21.049
SARL Inalca Algerie	-	-	-	-	-	2.027
Frimo S.A.M.	-	-	-	-	-	2.370
Australia Meat	-	11.346	-	-	-	-
Swift & Company Trade Group	-	-	2.955	-	-	893
Other related parties						
JBS Agropecuária Ltda.	-	73.141	1.501	-	52.704	3.072
Flora Produtos de Hig. Limp. S.A.	-	1.839	59.857	-	855	93.620
	17.720	224.298	396.181	62.071	134.019	418.802

(2) - Refers to the subsidiaries of the incorporated Bertin, that for better visualization and understanding of the users of the information, were segregated, impacting only assets and liabilities.

Guarantees provided and / or received

The Company guarantees US Bonds operation of the subsidiary JBS USA in the amount of US$ 700 million with final maturity in 2014.

The parent company J&F Participações S.A guarantees Eurobonds operation of the Company in the amount of US$ 275 million with final maturity in 2011.

Details of transactions with related parties

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

On the mutual contracts are calculated exchange rate and interests, when applicable.

During the year ended on December 31, 2009 and 2008 was not recorded any allowance for doubtful accounts, and were not recognized any costs of bad debts related to related party transactions.

The consolidated balance of credits with related parties, in the amount of R$ 326,974 on December 31, 2009 (R$ 54,569 at December 31, 2008), has the following breakdown:

(Expressed in thousands of reais)

a) Not consolidated Companies

The amount of R$ 279.405 regarding part of the line of credit of US$ 200 million, with market interests, between the indirect subsidiary JBS Five Rivers and J&F Oklahoma, subsidiary of J&F Participações S.A., not consolidated, where J&F Oklahoma uses this credit for cattle acquisition for fattening that are placed in the fattening of JBS Five Rivers to be prepared for the slaughter.

J&F Oklahoma is still part in 2 commercial agreements with subsidiaries of the Company:

i) Cattle supply and feeding agreement with JBS Five Rivers, where it takes the responsibility for the cattle from J&F Oklahoma and collects the medicinal and fattening costs, besides a daily fee of rent in line with market terms;
ii) Sales and purchase cattle agreement with JBS USA of at least 500.000 animals/year, starting from 2009 up to 2011 with market prices.

JBS Five Rivers also guarantee in third degree, after warranty of the assets from J&F Oklahoma and its parent company, up to US$ 250 million in a line of credit of J&F Oklahoma.

b) Partially consolidated Companies

The amount of R$ 47.569 (R$ 54.569 as of December 31, 2008) regarding credits of partially consolidated subsidiaries, composed by:

	2009	2008
Beef Snacks do Brasil Ltda.	**37.186**	40.321
Beef Snacks International BV.	**3.722**	5.012
Jerky Snack Brands, Inc.	**6.661**	9.236
	47.569	**54.569**

Remuneration of key management

The key management board includes the Executive Board and Board of Directors. The value of the remuneration received by these key managers for services provided in their respective areas in the years ended on December 31, 2009 and 2008 is as follow:

	Members	2009	2008
Executive Board and Board of Directors	**8**	4.243	3.000
	8	**4.243**	**3.000**

The alternate members of the Board of Directors are paid for each meeting of Council in attendance

The Counsel Director and Investor Relations Director are part of the employment contract regime *CLT* (which is the Consolidation of Labor Laws), where follows all the legal prerogatives of payments and benefits. Not included any remuneration bonuses of the Company or other corporate benefits to additional employees or that should be extended to their family.

Except to those described above, the other members of the Executive Board, and Management Board are not part of any employment contract or any other contracts for additional business benefits such as post-employment benefits or other long-term benefits, termination of work that does not conform to those requested by the *CLT*, where applicable, or payment based on shares.

JBS S.A.

Notes to the financial statements for the year ended December 31, 2009 and 2008
(Expressed in thousands of reais)

10 Investments in subsidiaries

Relevant information about subsidiaries in the year ended on December 31, 2009:

December 31, 2009	Number of shares (Thousand)	Participation	Capital stock	Shareholders' equity	Net income (loss)
JBS Embalagens Metálicas Ltda.	10.002	99,00%	2	34.930	(4.018)
JBS Global Investments S.A.	93.000	100,00%	161.932	66.037	(17.773)
JBS Holding Internacional. S. A.	804.235	100,00%	804.235	402.886	(115.949)
JBS Global A/S	1.250	100,00%	138.385	143.657	(20.819)
Mouran Alimentos Ltda.	120	70,00%	120	(27.838)	(6.139)
JBS USA, Inc.	0,1	100,00%	2.780.548	3.379.725	453.238
JBS Trading USA, Inc.	20	100,00%	17.412	(1.766)	(6.460)
JBS Confinamento Ltda.	65.001	100,00%	65.001	56.667	(7.743)
Inalca JBS S.p.A	280.000	50,00%	702.052	926.022	17.514
JBS Slovakia Holdings, S.R.O	0,001	100,00%	1.294.178	1.251.415	101.075
Incorporated subsidiaries [3]					
Bertin Holding GMBH	96	100,00%	77	141.648	(3.826)
Novaprom Foods e Ingredientes Ltda	792	60,00%	792	5.092	3.353
S/A Fábrica de Produtos Alimentícios Vigor S.A.	165.447	99,54%	104.031	178.746	69.416
Companhia Leco de Produtos Alimentícios S.A.	145.000	19,08%	33.700	117.279	17.160
Cascavel Couros Ltda	265.127	100,00%	240.861	283.847	(27.964)
Bertin USA Corporation	-	100,00%	-	42.967	(2.749)
Biolins Energia S.A.	10.672	100,00%	43.727	43.727	-

				Equity in subsidiaries		
	Dec.08	Addition (disposal)	Exchange rate variation (i)	Shareholders' Equity (ii)	Income Statements	Dec.09
JBS Embalagens Metálicas Ltda.	**38.559**	-	-	-	(3.978)	**34.581**
JBS Global Investments S.A.	**109.421**	-	(27.896)	2.285	(17.773)	**66.037**
JBS Holding Internacional. S. A.	**582.180**	125.081	-	(188.427)	(115.948)	**402.886**
JBS Global A/S	**137.865**	71.113	(43.883)	(619)	(20.819)	**143.657**
Mouran Alimentos Ltda.	**(15.189)**	-	-	-	(4.297)	**(19.486)**
JBS USA, Inc.	**2.301.887**	1.152.051	(607.119)	79.668	453.238	**3.379.725**
JBS Trading USA, Inc.	**4.170**	-	(1.063)	1.587	(6.460)	**(1.766)**
JBS Confinamento Ltda.	**29.420**	35.000	-	-	(7.743)	**56.677**
Inalca JBS S.p.A	**600.167**	-	(135.452)	(10.461)	8.757	**463.011**
JBS Slovakia Holdings, S.R.O	**-**	1.560.830	(266.652)	(143.838)	101.075	**1.251.415**
JBS Couros Ltda	**-**	214	-	-	(214)	**-**
Incorporated subsidiaries [3]	**-**	-	-	-	-	**-**
Bertin Holding GMBH	**-**	142.582	-	-	-	**142.582**
Novaprom Foods e Ingredientes Ltda	**-**	3.056	-	-	-	**3.056**
S/A Fábrica de Produtos Alimentícios \	**-**	177.927	-	-	-	**177.927**
Cascavel Couros Ltda	**-**	283.847	-	-	-	**283.847**
Bertin USA Corporation	**-**	43.154	-	-	-	**43.154**
Biolins Energia S.A.	**-**	43.727	-	-	-	**43.727**
Transfer to Other current liabilities (Negative equity)	**15.189**	-	-	-	-	**21.252**
Total	**3.803.669**	**3.638.582**	**(1.082.065)**	**(259.805)**	**385.838**	**6.492.282**

[3] - Refers to the subsidiaries of the incorporated Bertin, that for better visualization and understanding of the users of the information, were segregated.

(Expressed in thousands of reais)

(i) - As defined in CPC 2, refers to the exchange rate variation of foreign currency investments that are accounted under the equity method, which was accounted directly to shareholders' equity of the Company on the line "Accumulated translation adjustments".

(ii) - Refers to the reflex of valuation adjustments and exchange rate variation of foreign investments, accounted in valuation adjustments to shareholders' equity in the subsidiaries, whose effect is being recognized when calculating the equity in subsidiaries, directly to shareholders' equity of the Company.

11 Property, plant and equipment, net

Company

					Net amount	
	Annual depreciation rates	Cost	Revaluation	Accumulated depreciation	2009	2008
Buildings	4%	2.402.669	116.742	(133.436)	**2.385.975**	486.669
Land	-	1.213.862	9.352	-	**1.223.214**	116.821
Machinery & equipment	10%	2.666.820	44.819	(276.265)	**2.435.374**	285.314
Facilities	10%	688.258	21.815	(59.971)	**650.102**	93.020
Computer equipment	20%	55.606	751	(30.019)	**26.338**	7.963
Vehicles	20%	404.438	195	(141.954)	**262.679**	41.374
Construction in progress	-	409.140	-	-	**409.140**	759.028
Others	10 to 20%	42.454	3.869	(19.566)	**26.757**	14.644
		7.883.247	**197.543**	**(661.211)**	**7.419.579**	**1.804.833**

Consolidated

					Net amount	
	Annual depreciation rates	Cost	Revaluation	Accumulated depreciation	2009	2008
Buildings	3 to 20%	5.835.401	116.742	(965.028)	**4.987.115**	1.572.864
Land	-	1.977.086	9.352	(31.620)	**1.954.818**	632.130
Machinery & equipment	8 to 10%	6.781.225	44.819	(2.440.316)	**4.385.728**	1.334.566
Facilities	10%	791.690	21.815	(92.634)	**720.871**	97.289
Computer equipment	20 to 100%	239.572	751	(157.596)	**82.727**	37.046
Vehicles	14 to 50%	572.058	195	(240.694)	**331.559**	80.101
Construction in progress	-	767.599	-	-	**767.599**	1.090.190
Others	10 to 100%	128.191	3.869	(69.375)	**62.685**	74.485
Impairment		-	-	-	**(599)**	-
		17.092.822	**197.543**	**(3.997.263)**	**13.292.503**	**4.918.671**

Movements of property, plant and equipment

	Dec.08	Incorporation	Addition	Disposal (4)	Depreciation	Exchange rate variation	Dec.09
Company	1.804.833	5.282.950	468.189	(38.878)	(97.515)	-	**7.419.579**
Consolidated	4.918.671	8.397.400	977.875	(49.237)	(340.560)	(611.646)	**13.292.503**

(4) - Part of the disposal from the Company and Consolidated, in the amount of R$ 35,000 refers to disposal to the purpose of investment increase in the subsidiary JBS Confinamento, according to note 10.

Construction in progress represents the investments in amplification, modernization and adaptation of the cold storage industrial units, seeking the maintenance and obtaining of new certifications demanded by the market. Upon completion and commencement of these assets operation, they are transferred to the appropriate account, and after it recognized the depreciation of that items.

Until December 2007, supported by appraisal reports from SETAPE- Serviços Técnicos de Avaliações do Patrimônio e Engenharia S/C Ltda., the Company made an appraisal of its facilities, resulting in an increase in the value of these assets, and the creation of the revaluation reserve and the related deferred income tax and social contribution provisions. As of December 31 2009, the balance of the Company's revaluation of fixed assets account was R$ 197.543 the balance of the Company revaluation reserve account was R$ 112.345 and the balance of the Company income tax and social contribution account was R$53.301. The Company recorded accrued depreciation of R$ 31.897 with respect to the Company's revaluation of fixed assets as of December 31, 2009.

(Expressed in thousands of reais)

The items of property, plant and equipment are tested for impairment, at least annually, if indications of potential impairment exist. Due to the temporary suspension of the indirect subsidiary Beef Snacks activities, the management hired the specialized company SETAPE - Serviços Técnicos de Avaliações do Patrimônio e Engenharia S/C Ltda. to evaluated the fair value of land, buildings and machinery & equipment that make up the industrial structure on September 30, 2009, and has identified the need to record valuation provision for impairment of these assets when valued at their "sales net price" on the amount of R$1,198 thousands which is recorded in Beef Snacks result. This subsidiary is owned only 50% by the Company, so only this participation of the impairment is booked in the Company balances.

12 Intangible assets, net

	Company		Consolidated	
	2009	2008	2009	2008 (reclassified)
Goodwill	**11.231.568**	949.615	**12.411.630**	2.167.351
Trademarks	**184.615**	9.615	**184.615**	9.615
Softwares	**6.165**	-	**6.165**	-
Water rights	**-**	-	**117.534**	28.381
Other intangibles	**-**	-	**133.509**	-
	11.422.348	**959.230**	**12.853.453**	**2.205.347**

Movements of intangible assets

	Dec.08	Incorporation	Addition	Amortization (5)	Exchange rate variation	Dec.09
Company	959.230	1.071.339	9.460.609	-	(68.830)	**11.422.348**
Consolidated	2.205.347	1.187.397	9.748.170	(3.031)	(284.430)	**12.853.453**

Goodwill

(5) - Refers to the intangibles with definite useful lives according to business combinations, as follow i) Inalca JBS referring Trademarks and Patents, in the amount of EUR 176, equivalent to R$ 487 as of December 31, 2009; ii) Referring to the incorporated Bertin, on its subsidiary International Foods Parker LLC referring Trademarks, Patents and Customers List in the amount of USD 190, equivalent to R$ 380 as of December 31, 2009; and iii) Referring to the incorporated Bertin, on its subsidiary Sampco, Inc referring Trademarks, Patents and Customers List in the amount of USD 1,083, equivalent to R$ 2,164 as of December 31, 2009.

In the Company

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

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

In March of 2008 the Company acquired 50% of the capital stock of Inalca S.p.A., currently known as Inalca JBS, and paid a goodwill of EUR 94,181, which correspond as of December 31, 2009 to R$ 236,143, based on the expectation of future profitability.

On December 2009, the Company has incorporated Bertin which based on the market value of Bertin, supported by appraisal reports issued by a specialized firm. Based on purchase agreement in the amount of R$ 11,987,963 that generates a goodwill on the acquisition of Bertin of R$ 9,460,609 which, according to the CPC 15 – Business Combination, starting on January 1, 2010, will be allocated through the balance sheet accounts that determined the goodwill.

(Expressed in thousands of reais)

In the Company - Due to the incorporation of Bertin

Goodwill - Bertin USA Corporation	R$	13.183
Goodwill - Novaprom Foods Ingredients	R$	12.000
Goodwill - Vigor	R$	798.503
Goodwill - Phitoderm	R$	4.044
Goodwill - Goult Participações	R$	48.598
Goodwill - Leco	R$	13.845
	R$	890.173

In subsidiaries

JBS USA has a goodwill in the amount of US$ 432,227 thousand, corresponding as of December 31, 2009 to R$ 752,594 represented, mainly, by the acquisition in 2008 of Smithfield beef, Tasman and Five Rivers, preliminary calculated and subject to adjustments.

In 2007, JBS Holding Internacional S.A., through its subsidiaries JBS Argentina S.A. and JBS Mendoza S.A., acquired 100% of the capital stock of Consignaciones Rurales S.A. and Argenvases S.A.I.C. and in 2008, through the same subsidiaries, acquired 100% of the capital stock of Colcar S.A., with a total goodwill in these acquisition of $53,341 thousand Argentinean pesos, that corresponds as of December 31, 2009 to R$ 24,414. These goodwill are based on the expectation of future profitability.

Inalca JBS has a goodwill of EUR 12.731 thousand, which corresponds as of December 31, 2009 to R$ 31,921 from the acquisition of the companies Montana, and Frimo Guardamiglio, based on the appreciation of assets.

On December 2009, JBS USA has concluded the acquisition, through the subscription of new shares, representing 64% of the capital stock and voting capital of PPC. The amount settled for the acquisition was US$ 800 millions that generates a goodwill of US$ 165,151 thousand (R$ 287,561 as of December 31, 2009) which, according to the CPC 15 – Business Combination, starting on January 1, 2010, will be allocated through the balance sheet accounts that determined the goodwill.

In subsidiaries - Due to the incorporation of Bertin

Goodwill - International Foods Parkers	R$	2.938
Goodwill - Bertin Holding Inc	R$	19.460
Goodwill - Misr Cold	R$	19.848
Goodwill - Rigamonti	R$	33.089
Goodwill - Serrabella	R$	1.459
Goodwill - Wonder Best	R$	811
Goodwill - International Foods Parkers	R$	5.967
	R$	83.572

The Company, in accordance with expressed pronouncements of Deliberation CVM no. 565 and Deliberation CVM no. 553, has stopped amortization of the goodwill related to future profitability since January 1, 2009. It is worth to emphasize that the undefined life intangible assets cannot be amortized as expressed on those Deliberations.

The goodwill and intangible assets without estimated useful life are tested at least annually for impairment according to CPC 01 (CVM Resolution n° 527/07).

13 Trade accounts payable

	Company		Consolidated	
	2009	2008	2009	2008
Commodities	**149.351**	313.316	**665.584**	1.044.142
Materials and services	**444.625**	70.586	**1.642.047**	916.293
Finished products	**311.794**	2.024	**217.722**	119.356
Adjustment to present value	**-**	(1.947)	**-**	(1.947)
	905.770	**383.979**	**2.525.353**	**2.077.844**

(Expressed in thousands of reais)

14 Loans and financings

a) Company

Modality	Annual average rate of interest and commissions	2009	2008
Financing for purchase of fixed assets:			
FINAME	TJLP interest rate of 2,75% to 2,88%	**330.159**	231.700
FINAME	Mix of currencies and interest rate of 3,73%	**563**	-
FINAME	Interest rate of 7,00% to 10,08%	**24.465**	-
FINEM	TJLP and interest rate of 3,00% to 3,98%	**426.675**	-
FINEM	Mix of currencies of BNDES and interest rate of 2,90%	**22.588**	-
FININP	Exchange rate variation and Interest rate of 3,8%	**974**	-
		805.424	**231.700**
Loans for working capital purposes:			
ACC - Exchange advance contracts	Exchange variation, Libor and interests of 0,45% to 7,20%	**1.499.167**	591.990
EXIM - BNDES export credit facility	TJLP and interests of 3,00% a 3,10%	**185.136**	177.407
EXIM - BNDES export credit facility	Interests of 9,15% to 18,27%	**326.678**	-
Fixed Rate Notes with final maturity in February 2011 (Euro Bonds)	Exchange variation and interests of 9,375%	**485.439**	651.713
Working capital - Reais	CDI and interests of 6,0%	**14.976**	51.113
Export prepayment	Exchange variation, Libor and interests of 1,00% to 2,00%	**1.514.128**	516.838
Fixed Rate Notes with final maturity in February 2016 (144-A)	Exchange variation and interests of 10,50%	**545.670**	731.569
NCE/COMPOR	CDI and interests of 2,0%	**1.510.450**	1.533.704
Foreign Loan	Exchange variation and interests of 10,25%	**624.342**	-
Foreign Loan	Exchange variation, Libor and interests of 1,85%	**87.370**	-
FCO - West Fund	Interests of 10,00%	**2.470**	-
FNO - North Fund	Interests of 10,00%	**34.670**	-
Working Capital - Agricultural	"TR" and interests of 10,50%	**75.686**	-
Working Capital - Industrial	Interests of 152,00% from CDI	**212.425**	-
Working Capital - Foreign currency	Exchange variation and interests of 4,50%	**117.498**	-
Credit Note - Export	Interests of 124,50% from CDI	**1.195.328**	-
Others	-	**556**	-
		8.431.989	**4.254.334**
Total		**9.237.413**	**4.486.034**
Balance Breakdown:			
Current		**3.926.390**	1.494.690
Non current		**5.311.023**	2.991.344
		9.237.413	**4.486.034**

(Expressed in thousands of reais)

Long term maturities breakdown:

2010	**-**	636.327
2011	**2.482.552**	1.122.953
2012	**922.847**	298.308
2013	**528.826**	232.656
2014	**187.092**	-
2015	**32.559**	-
2016	**1.139.869**	701.100
2017	**6.862**	-
2018	**6.443**	-
2019	**3.973**	-
	5.311.023	**2.991.344**

b) Consolidated

Modality	**Annual average rate of interest and commissions**	**2009**	**2008**
Financing for purchase of fixed assets:			
FINAME	TJLP interest rate of 2,75% to 2,88%	**330.159**	231.700
FINAME	Mix of currencies and interest rate of 3,73%	**182.997**	-
FINAME	Interest rate of 7,00% to 10,08%	**25.606**	-
FINEM	TJLP and interest rate of 3,00% to 3,98%	**427.127**	-
FINEM	Mix of currencies of BNDES and interest rate of 2,90%	**22.588**	-
FININP	Exchange rate variation and Interest rate of 3,8%	**974**	-
Installment note corp aircraft (Notes Payable)	Libor and interests of 1,75% to 7,25%	**16.184**	26.380
Installment note corp aircraft (Notes Payable)	Interests of 3,50% to 8,53%	**2.699**	-
		1.008.334	**258.080**

(Expressed in thousands of reais)

Loans for working capital purposes:

ACC - Exchange advance contracts	Exchange variation, Libor and interests of 0,45% to 7,20%	**1.633.724**	714.885
ACC - Exchange advance contracts	Exchange variation, Libor and interests of 4,65% to 8,90%	**126.847**	-
EXIM - BNDES export credit facility	TJLP and interests of 3,00% to 3,10%	**185.136**	177.407
EXIM - BNDES export credit facility	Interests of 9,15% to 18,27%	**326.678**	-
Fixed Rate Notes with final maturity in February 2011 (Euro Bonds)	Exchange variation and interests of 9,375%	**485.439**	651.713
USD Bonds	Interests of 11,625%	**1.167.053**	-
Tasman revolver	BBSY and interests of 1,60%	**72.646**	-
US revolver	Prime, Libor and interests de 2,25% a 3,25%	**315.032**	-
PPC - US revolver	Interests of 6,75%	**174.120**	-
PPC - US term notes	Interests of 5,25% to 9,00%	**2.002.380**	-
PPC - Mexico revolver	Interests of 9,5981%	**71.953**	-
PPC - US bonds	Interests of 7,625% to 9,25%	**8.826**	-
Working capital - Reais	CDI and interests of 6,00%	**14.976**	51.113
Working capital - US Dollars	Libor and interests of 1,10% to 3,20%	**46.446**	377.253
Working capital - Australian Dollars	BBSY + 0,975% a 1,6%	**-**	160.166
Working capital - Euros	Euribor and interests of 0,15% a 1,75%	**310.830**	418.241
Export prepayment	Exchange variation, Libor and interests of 1,00% to 2,00%	**1.521.175**	516.838
Fixed Rate Notes with final maturity in February 2016 (144-A)	Exchange variation and interests of 10,25 to 10,50%	**1.170.012**	731.569
NCE/COMPOR	CDI and interests of 2,0%	**1.536.301**	1.559.232
NCE/COMPOR	Interests of 124,50% of CDI	**1.208.951**	-
Foreign Loan	Exchange variation, Libor and interests of 1,85%	**87.370**	-
FCO - West Fund	Interests of 10,00%	**5.746**	-
FNO - North Fund	Interests of 10,00%	**34.670**	-
Working Capital - Agricultural	"TR" and interests of 10,50%	**75.686**	-
Working Capital - Industrial	Interests of 152,00% from CDI	**596.314**	-
Credit Note - Export	Exchange variation and Interests of 11,25%	**26.016**	-
EGF	Interests of 6,75%	**8.212**	-
Notes	Exchange variation and interests of 9,25%	**207.862**	-
Others	-	**1.077**	-
		13.421.478	**5.358.417**
Total		**14.429.812**	**5.616.497**
Balance Breakdown:			
Current		**5.272.083**	2.214.788
Non current		**9.157.729**	3.401.709
		14.429.812	**5.616.497**

(Expressed in thousands of reais)

Long term maturities breakdown:

2010	**-**	797
2011	**3.050.956**	666.020
2012	**1.640.619**	1.416.958
2013	**714.865**	322.770
2014	**2.348.104**	248.111
2015	**32.866**	747.053
2016	**1.178.922**	-
2017	**6.862**	-
2018	**180.563**	-
2019	**3.972**	-
	9.157.729	**3.401.709**

Exchange Advance Contracts (ACCs) are credits taken with financial institutions by the Company, by the subsidiary JBS Holding Internacional S.A. and by the incorporated Bertin and its subsidiaries NovaPron and Bracol leathers, and represents the amount of US$ 1,011,125 thousands on December 31, 2009 (US$ 305,899 thousands on December 31, 2008) and are used to finance the export sales.

US revolver - On November 5, 2008, the subsidiary JBS USA, through its subsidiary JBS USA LLC, started to use the credit line, that allows the loan amount until the amount of US$ 400 million, due on November 5, 2011.

Outstanding amounts of export pre-payment loans are an export finance credit facility, and were US$ 873,636 thousands on December 31, 2009 (US$ 221,155 thousands on December 31, 2008), used to finance the purchase of raw materials used in the Company's export products.

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, in its subsidiary Mouran, by the incorporated Bertin and its subsidiary Cascavel Leather to export products.

PPC US term notes - Upon exiting from bankruptcy, on December 28, 2009, the PPC and certain of its subsidiaries, including To-Ricos, Ltd. and To-Ricos Distribution, Ltd. (collectively, the “To-Ricos Borrowers”), entered into the Exit Credit Facility that provides for an aggregate commitment of $1,75 billion consisting of (i) a revolving loan commitment of $600 million, (ii) a Term A loans commitment of $375 million and (iii) a Term B loans commitment of $775 million. The revolving loan commitment and the Term A loans will mature on December 28, 2012. Term B loans will mature on December 28, 2014. CoBank ACB will serve as administrative agent (“Exit Facility Agent”) on behalf of the lenders under the Exit Credit Facility.

Notes – On February 23, 2007, the incorporated Bertin entered, through it's subsidiary Vigor, into a loan caption of US$ 100 million.

Guarantees provided

EUROBONDS - JBS S.A. issued 9.375% fixed rate notes due in 2011 in total aggregate amounts of US$200 million on February 6 and 8, 2006 and US$75 million on February 14, 2006. These notes are guaranteed by JBS S.A. and J&F Participações S.A., as bondsman.

US BONDS - On April 27, 2009, the subsidiary JBS USA issued 11.625% USD BONDS in the amount of US$ 700 million due in 2014. These notes are guaranteed by the Company and JBS USA and its subsidiaries. The original issue discount of approximately $48.7 million will be accreted over the life of the notes, as bondsman.

144-A - Refers to two loan caption operation in the local market. JBS S.A. also issued the 10.5% fixed rate notes due on 2016 in the total aggregate amount of US$300 million on July 28, 2006, these notes are also guaranteed by the Company, as bondsman; and by the incorporated Bertin on October 13th 2006, in the amount of US$ 350 million, with annual year interests of 10,25%, without guaranty.

FINAME / FINEM - Contracts with BNDES financing is secured by the financed fixed assets.

(Expressed in thousands of reais)

15 Convertible debentures

The Company received on December 22, 2009 correspondence from BNDES Participações SA - BNDESPAR, communicating the approval of the investment conduct through the subscription of subordinated debentures, convertible into shares and transfer clause of the first private placement the Company to be held in single series.

The Agreement Investment signature was approved by the Bord of Directors in a resolution held on December 7, 2009.

The resources were fully used to subscribe a capital increase in JBS USA, in order to complete the transaction reflected in the Stock Purchase Agreement whereby the JBS USA, by subscription of new shares, became the owner of shares representing 64% (sixty-four per cent) of the total voting capital of PPC and strengthen the capital structure consolidated by the Company for implementation of investment plans and expansion projects, and enable the completion of the integration of operations with Bertin.

The Company issued on December 28, 2009 the amount of 2,000,000 debentures, by the nominal value of R$ 1,739.80. The total value of the debentures is R$ 3,479,600, equivalent to the debentures issue date of US$ 2 billion under its indenture. The 2,000,0000 debentures will be mandatorily exchangeable for certificates of deposit of securities (Brazilian Depositary Receipt - BDR) sponsored Level II or III, backed by voting common shares issued by JBS USA Holdings, Inc., or mandatorily convertible into shares issued by the Company, if that does not realize the liquidity event.

Liquidity event means to combine the completion of an initial public offering of JBS USA, in the minimum amount equivalent to US$ 1,5 billion with primary placement of at least 50%, either through IPO or follow-on, when which the JBS USA (a) becomes a Reporting company with the Securities and Exchange Commission, (b) has shares listed on the New York Stock Exchange or NASDAQ, (c) has a minimum free float (excluding potential involvement of debenture holders) of 15% and (d) that the capital of JBS USA, on the day of the liquidity event, be composed of single species and class stocks, noting that will be allowed to issue classes of preferred shares with different political rights after the liquidity event.

The Liquidity event has to occur until December 31, 2010, subject to completion of the mandatory conversion into shares of debentures. However, the Company may, at least 5 days before the deadline, notify the trustee that intends to extend the deadline until December 31, 2011, in this case it must pay on the date of notification and in national currency, the debenture holders a prize of 15% on par value of all the Debentures then outstanding.

The maturity of the debentures will be 60 years from the issuance date, on December 28, 2069.

Due to the end of the deadline of the apportionment of surpluses in the issuance of debentures, the Company comunicated on February 19, 2010, based on the received information from bank Bradesco S.A., depository institution of the Compnay's debentures, which were endorsed all of the debentures issued, as approved by JBS General Extraordinary Meeting held on December 31, 2009.

16 Payroll, social charges and tax obligation

	Company		Consolidated	
	2009	2008	2009	2008
Payroll and related social charges	**65.564**	23.240	**136.811**	86.157
Accrual for labor liabilities	**81.650**	28.590	**355.737**	182.521
Income tax	**2.715**	-	**38.015**	15.960
Social contribution	**1.059**	-	**1.252**	119
ICMS / VAT tax payable	**15.899**	3.088	**20.207**	3.095
PIS / COFINS tax payable	**27.257**	-	**28.392**	-
Others	**92.938**	7.804	**141.441**	49.386
	287.082	**62.722**	**721.855**	**337.238**

17 Declared dividends

	Company		Consolidated	
	2009	2008	2009	2008
Declared dividends	**122.953**	51.127	**122.953**	51.127
	122.953	**51.127**	**122.953**	**51.127**

(Expressed in thousands of reais)

Considering the positive EBITDA, the Company has deliberated that for the dividends calculation should be excluded the amortization of the goodwill generated on the acquisition of the investments JBS USA e SB Holdings, that was included in the income statements accounts until December 31, 2008, which since January 1, 2009, according to the accounting rules in place in that time, is not more being amortized.

Based on the above, the Company declared dividends of R$122,953 (R$ 51,127 in 2008), that will be submitted to the General Assembly of the Shareholders for approval, as calculation demonstrated below:

	2009	2008
Net income of the year	**129.424**	25.939
Legal reserve (5%)	**(6.471)**	(1.297)
Goodwill amortization - JBS USA	**-**	175.522
Goodwill amortization - SB Holdings	**-**	4.345
Adjusted base for dividend calculation:	**122.953**	204.509
Compulsory dividends (25%)	**30.738**	51.127
Additional dividends [6]	**92.215**	-
Declared dividends	**122.953**	**51.127**

[6] - The Administration of the Company decided to distribute 100% of the net adjusted profit, after the legal reserve destination, and the distribution should be approved by the Administration Council, through the General Ordinary Meeting, according to the chapter VI of the by-laws.

18 Provision for contingencies

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

	Company				Consolidated	
	2009		2008		2009	2008
	Number of lawsuits	Provision	Number of lawsuits	Provision	Provision	Provision
Labor	**5.444**	**40.579**	1.695	5.799	**50.189**	9.208
Civil	**281**	**4.229**	166	15.663	**54.979**	21.216
Tax	**255**	**165.280**	161	26.782	**316.712**	27.213
Total	**5.980**	**210.088**	**2.022**	**48.244**	**421.880**	**57.637**

Tax Proceedings

a) ICMS - Value Added Tax (Imposto sobre Operações Relativas à Circulação de Mercadorias e sobre a Prestação de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação)

The Tax Authority of the State of São Paulo (Secretaria da Fazenda do Estado de São Paulo) filed several administrative proceedings against the Company, under which the Tax Authority challenges the amount of the Company's ICMS tax credits arising from the purchase of cattle and meat transfer by the Company in other Brazilian states. The Tax Authority of the State of São Paulo claims that the tax incentives should be approved by Confaz , and are known as a "Tax War". The Tax Authority of the State of São Paulo do not recognizes the Company's ICMS tax credits up to the amount of the ICMS tax guaranteed in such other states. The Company estimates that the claims under these administrative proceedings amount to R$ 185,506 in the aggregate. In addition to presenting its defense in such administrative proceedings, the Company has filed legal proceedings seeking the payment of damages from such other states if the Tax Authority of the State of São Paulo prevails in these administrative proceedings.

The legal proceedings filed by the Company suspended the requirements of the State of São Paulo. Based on the opinion of the Company's legal counsels, the Company's management established a provision for losses arising from such administrative and legal proceedings in the amount of R$ 2,115.

The Tax Authority of the State of Goiás filed other administrative proceedings against the Company, due to interpretation divergences of the Law concerning the export VAT credits. Based on the opinion of the Company's external legal counsel, the management of the Company believes the Company will prevail in most of these proceedings, on the amount of R$ 204,094. The Company's management has recorded a provision for losses arising from such administrative proceedings in the amount of R$ 4,185.

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

In September 2002, the INSS (Brazilian Social Security Institute) filed two administrative proceedings (autos de infração) against the Company, seeking to collect certain social security contributions (which are referred to as contributions to the Rural Workers' Assistance Fund (NOVO FUNRURAL) referring the period from January 1999 to December 2003, in the amount of R$ 69,200, and from 2003 until 2006, in the amount of R$ 198,800, with the aggregate amount of R$ 268,000 million, that the Company should have allegedly withheld in connection with purchases of cattle from individual ranchers. As a result of a decision by a lower court in a proceeding to adjudicate a writ of mandamus action filed by the Company in order to challenge the constitutionality of such social security contributions, the administrative proceedings have been stayed and the INSS has been enjoined from collecting these social security contributions from the Company.

The INSS has not timely appealed from this decision and, accordingly, the proceeding has been submitted to the review of the Regional Federal Court of the 3rd Region as a matter of law. Currently, the proceedings await a ruling by such appellate court. Based on the opinion of the Company's legal counsel supported by precedents of the Federal Supreme Court in a similar case, the Company's management believes that the Company will prevail in these proceedings. Accordingly, the Company has not established any provision for contingencies arising from these proceedings.

Recently, according recent decision of the STF (Brazilian Supreme Courte) in other comparative claims, the Administration still believes that the final decision of it administrative claims will be favorable to the Company, excluding the obligation to pay the amounts described by this claim.

c) Other Tax Proceedings

The Company is also party to 148 other tax lawsuits and administrative proceedings. Contingencies arising from these proceedings are not material to the Company if considered on an individual basis. We highlight the proceedings with probable risk of loss, which have been provisioned for in the aggregate amount of R$ 20,866

Labor Proceedings

As of December 31, 2009 the Company was party to 2,764 labor and accident proceedings, involving total value of R$ 206,485. Based on the opinion of the Company's external legal counsel, the Company's management recorded a provision in the amount of R$23,410 for losses arising from such proceedings. Most of these lawsuits were filed by former employees of the Company seeking overtime payments and payments relating to their exposure to health hazards.

Civil Proceedings

a) Slaughterhouse at Araputanga

In 2001, the Company (formerly known as Friboi Ltda.), entered into a purchase agreement for the acquisition of one slaughterhouse located in the City of Araputanga, State of Mato Grosso, from Frigorífico Araputanga S.A. ("Frigorífico Araputanga"). As a result of the payment of the purchase price by the Company and the acknowledgement by Frigorífico Araputanga of compliance by the Company with its obligations under the purchase agreement, a public deed reflecting the transfer of title of the slaughterhouse from Frigorífico Araputanga to the Company was registered with the applicable real estate notary.

As (i) Frigorífico Araputanga was a beneficiary of certain tax benefits granted by the Federal Government through an agency responsible for fostering the development of the northern region of Brazil (*Superintendência de Desenvolvimento da Amazônia* – SUDAM*)* and (ii) the slaughterhouse sold to the Company was granted by Frigorífico Araputanga to SUDAM as collateral for these tax benefits the consent of SUDAM was required for the registration of the public deed with the applicable real estate notary. In September 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.

The parties are waiting for new appraisal. The first judicial expert appraisal was favorable to the company, that after evaluating the payments made by Agropecuária Friboi, the appraisal concluded that the debit was already paid. The judicial appeal number 2006.01.00.024584-7 was judged favorably to the Company, when the "TRF" Regional Federal Court declared valid the purchase title deeds of the property, object of discussion. Based on the Company's legal advisers' opinion and based on Brazilian jurisprudence management of the Company believes that their arguments will prevail and no provision was registered.

(Expressed in thousands of reais)

b) Trademark Infringement

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

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

In light of the foregoing, the Company’s management established a provision for losses arising from this lawsuit in the amount of R$600. Following a determination of the judge of the trial court, the lawsuit was submitted to the review of the Federal Court of Cáceres on January 17, 2007. The judge of the Federal Court of Cárceres determined that this lawsuit be joined with the lawsuit relating to the purchase of the slaughterhouse by the Company from Frigorífico Araputanga. The Federal Government will be notified to issue an opinion on the matter under discussion in this lawsuit. Based on the Company’s legal counsel opinion supported by precedents of the Federal Brazilian Supreme Court (Supremo Tribunal Federal) and the Brazilian Superior Court of Justice (Superior Tribunal de Justiça), the Company’s management believes that the Company will prevail in these proceedings.

c) Other civil proceedings

The Company is also party to other civil proceedings that in the evaluation of the Administration and its legal advisers, the loss expectation on December 31, 2009 is of R$ 1,275.

Other proceedings

On December 31, 2009, the Company had other ongoing civil, labor and tax proceedings, on the approximately amounting of R$ 55,142 whose materialization, according to the evaluation of legal advisors, it is possible to loss, but not probable, for which the Company's management does not consider necessary to set a provision for possible loss, in line with the requirements of the CVM nº 594 from 2009.

Contingencies due to the incorporation of Bertin

The incorporated Bertin is involved in claims arising from the ordinary course of its businesses, including labor proceedings, civil proceedings and tax proceedings, according to details above:

	Company		Consolidated
	2009		2009
	Number of lawsuits	Provision	Provision
Labor	**2.680**	**17.169**	**23.911**
Civil	**88**	**2.354**	**10.363**
Tax	**52**	**138.114**	**287.375**
	2.820	**157.637**	**321.649**

Main tax proceedings

a) Social contribution and taxation on billings - PIS and Cofins

The subsidiaries S/A Fábrica de Produtos Alimentícios Vigor and Cia Leco de Produtos Alimentícios are involved in proceedings related to the legality of the increase on the tax rate of Cofins from 2% to 3%, instituted by the law 9,718/98 and after revoked by the law 7,689/88, which should revoked all dispositives that operated the tax rates of PIS on 90's, which provision accounted on December 31, 2009 represents R$108,364 and R$ 68,451, respectively.

b) Exercise tax - IPI "Tax Rate zero"

The subsidiaries S/A Fábrica de Produtos Alimentícios Vigor, Cia Leco de Produtos Alimentícios and Dan Vigor, are involved in proceedings related to the right of the entities to register the IPI presumed credit in the purchase of material taxed by zero tax rate, or not taxed, in the amount of R$ 36,469.

(Expressed in thousands of reais)

c) Compensation with public debits notes

The subsidiaries S/A Fábrica de Produtos Alimentícios Vigor, Cia Leco de Produtos Alimentícios are involved in proceedings related to the compensation of Pis/Cofins credits from notes of the public debit, issued by the Union between 1902 and 1926, in the amount, as of December 31, 2009 of R$ 31,824.

19 Debit with third parties for investment

Refering to the amount of 65 million Euros, corresponding December 31, 2009 to R$ 162,976 (R$ 210,480 at December 31, 2008), that will be increased in Inalca's purchase price in case the Company achieves at least one of the following economic targets: EBITDA average over business year 2008, 2009 and 2010 equal or greater than Euro 75 million, or alternatively, EBITDA over business year 2010 equal or greater than Euro 90 million. In case none of these financial metrics is reached, the debit will be reverted against the goodwill of the acquisition.

The incorporated Bertin has the amount of R$ 427,523 referring to remaining debits of acquisition of investments, payable during the year of 2010. The acquired investments are i) Planta Pimenta Bueno (R$ 16,277), ii) Gould Participações Ltda., referring the acquisition of Vigor Group, acquired in 2007 (R$ 351,246) e iii) Cia. Araguaia Eletricidade (R$ 60,000).

20 Income taxes

Income tax and social contribution are recorded based on taxable profit in accordance with the laws and applicable rates. Income tax and social contribution-assets are recognized on temporary differences. Income tax and social contribution tax-liabilities were recorded on the revaluation reserves established by the Company and on temporary differences.

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

	2009	2008
Income (loss) before income tax and social contribution	**152.700**	43.375
Addition (exclusion), NET:		
Permanent differences (substantially equity in subsidiaries)	**(87.295)**	(9.671)
Temporary differences	**(77.287)**	(61.092)
Calculation basis for income tax and social contribution	**(11.882)**	**(27.388)**
Income tax and CSLL	**-**	-
Reversal of income tax and CSLL of revaluation	**3.001**	**3.336**
	3.001	**3.336**
Temporary differences	**77.287**	61.092
Deferred income tax and social contribution	**(26.277)**	**(20.772)**

b) Deferred income tax and social contribution

	Company		Consolidated	
	2009	2008	2009	2008
Assets:			-	
. On tax losses and temporary differences	**30.357**	22.626	**807.526**	481.485
	30.357	**22.626**	**807.526**	**481.485**
Liabilities:				
. On revaluation reserve and temporary differences	**351.633**	83.453	**1.539.099**	884.927
	351.633	**83.453**	**1.539.099**	**884.927**

The Company and its subsidiaries have a history 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.

(Expressed in thousands of reais)

21 Shareholders' equity

a) Capital Stock

The Capital Stock on December 31, 2009 is represented by 2,367,471,476 ordinary shares, without nominal value. From the total shares, as described in letter e) below, 43,990,100 shares are maintained in treasury.

The Company is authorized to increase its capital by an additional 3,000,000,000 ordinary nominative shares.

b) Profit reserves

Legal reserve

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

Reserve for expansion

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

c) Revaluation reserve

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

d) Dividends

Mandatory dividends corresponds to not less than 25% of the adjusted net income of the year, according to article 202 of Law 6.404/76.

e) Treasury shares

The Board of Directors of the Company, based on the amendment of it by-laws and according to the normative instructions of CVM nº 10/80, 268/97 and 390/03, authorized the acquisition of not more than 41,113,898 shares for maintenance in treasury and subsequent cancel or alienation without reduction of the social capital.

On December 31, 2009, the Company maintained 43,990,100 treasury shares, with an average unit cost of R$ 6.17, and the minimum and maximum acquisition prices were R$ 2.68 and R$ 10.81, respectively.

The market value of the shares according to the BOVESPA as of December 31, 2009 was R$ 9.32.

22 Financial income (expense), net

	Company		Consolidated	
	2009	**2008**	**2009**	**2008**
Exchange variation	**713.085**	(86.013)	**854.613**	(223.595)
Results on derivatives	**(999.077)**	56.401	**(1.013.628)**	(30.383)
Interest - Loss	**(421.843)**	(435.481)	**(623.783)**	(553.370)
Interest - Gain	**189.788**	228.605	**219.540**	236.757
Taxes, contribution, tariff and others	**(16.699)**	(27.145)	**(37.860)**	(41.585)
	(534.746)	**(263.633)**	**(601.118)**	**(612.176)**

23 Insurance coverage

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

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

To the incorporated Bertin, the insurance coverage has the same characteristics described above, with the maximum individual coverage of R$ 200,000 as of December 31, 2009.

(Expressed in thousands of reais)

The insurance coverage related to the controlled company JBS Argentina has the same characteristics as explained above, and the maximum coverage as of December 31, 2009 was US$ 32 million (equivalent to R$ 55,718).

The insurance coverage related to the controlled Company JBS USA, Inc. has the same characteristics as explained above, and the maximum coverage as of December 31, 2009 was US$200 million (equivalent to R$ 348,240).

The insurance coverage related to the controlled Company Inalca JBS has the same characteristics as explained above, and the maximum coverage as of December 31, 2009 was Euros 141 million (equivalent to R$ 353,534).

24 Risk management and financial instruments

The Company's operations are exposed to market risks, mainly related to changes in exchange rates, credit worthiness of its customers, interest rates and cattle prices and uses derivatives financial instruments to reduce the exposure to those risks.

a) Management risk policy

The Company has a formal risk administration policy, controlled by the administration treasury department that uses control instruments through appropriate systems and qualified professionals in risk measurement, analysis and administration that make possible the reduction of the daily risk exposure. This policy is permanently monitored by the financial committee and for Directors of the Company that have the responsibility of the strategy definition to the risk administration, determining the position limits and exhibition. Additionally, operations with speculative financial instruments character are not allowed.

b) Management risks objectives and strategies

Through management risks the Company looks for mitigating the economical and accounting exposure of its exchange variation operations, credit risks, interest rates and prices in cattle purchase. The strategies are based on detailed analyses of the Company's financial statements customers, consult to monitoring risk and credit agencies, and also risk to bring to zero the expository of forwards on Stock Exchange.

c) Discretion of the Treasury

Having identified the Company exposure, the business units prices and turn to zero their risks on the Treasury, which consolidates these risks and seeks protection with market operations on Stock Exchange. These risks are monitored daily, to correct additional exposures caused by risks of "gaps" and controls margins and adjustments. The discretion of the Treasury to determine the position limits necessary to minimize the Company's exposure to foreign currencies and/or interest rates is limited to the analysis parameters of VAR (Value at Risk) portfolio of derivatives.

As of December 31, 2009 the VAR (Value at Risk) of the derivatives portfolio for the period of one day, with a confidence interval of 99%, was R$ 33,833.

d) Interest rate risk

The risk of interest rate on short term investments, loans and financing is reduced by the strategy of equalization of the rates contracted to CDI through forward contracts on the Stock Exchange. The parameters for coverage take into consideration the relevance of the net exposure, based on amounts, terms and interest rates compared to the CDI. The internal controls used for risk management and coverage are made through spreadsheets and monitoring of operations performed and calculation of VAR for 1 day with a confidence interval of 99%. The nominal values of these contracts are not recorded in the financial statements. The results of the daily adjustments of position of forward contracts on the Stock Exchange, Commodity and Forward are recognized as income or expense in the income statement accounts. The risk of exposure to interest rate of the Company on December 31, 2009 is described below:

	2009	2008
FINAME / FINEM	**988.477**	231.700
EXIM	**511.814**	177.407
Working capital	**303.643**	51.113
NCE / Compror	**1.510.450**	1.533.704
FCO / FNO	**37.140**	-
Credit Note - Export	**1.195.328**	-
CDB-DI	**(367.757)**	(1.147.326)
Investments funds	**(16.417)**	(139.215)
	4.162.678	**707.383**

On December 31, 2009 there were not contracted and non-settled position of derivatives in BM&F to cover these specific risks.

(Expressed in thousands of reais)

e) Exchange variation risks

The risk of exchange rate variation on loans, financing, trade accounts receivable in foreign currency from exports, inventories and any other payables denominated in foreign currency, are protected through a strategy of minimizing the daily position of assets and liabilities exposed to variation in exchange rates, by engaging in hedging the foreign exchange futures at BM&F contracts SWAP (exchange rate variation by varying the CDI), seeking to bring the position to zero. The switch to protection is based on net exposure in foreign currency, seeking to reduce excessive exposure to the risks of exchange rate changes balancing their assets not denominated in Reais against its obligations not denominated in Reais, thereby protecting the Company's balance sheet. The internal controls used for risk management and coverage are made through spreadsheets and monitoring the operations performed and calculation of VAR for 1 day with a confidence interval of 99%.

The nominal values of these contracts are not recorded in the financial statements. The results of operations of the counter currency futures market, accounted and not financially settled and the daily adjustments of position of currency futures contracts on the Stock Exchange, Commodity and Forward - BM&F are recognized as income or expense in the income statement accounts.

Bellow are presented the assets and liabilities exposed to exchange variation risks that are subject to derivative instruments, as well as the effects of such accounts in the income statements for the period ended on December 31, 2009 and 2008:

			Income Statements effects	
EXPOSURE	**2009**	**2008**	**Exchange variation**	**Derivatives**
OPERATING				
Accounts receivable - US$ / € / £	**570.712**	321.068	**(120.733)**	**126.821**
Investments - US$ / €	**6.205.624**	3.892.644	**-**	**-**
Inventories destined to export - cattle	**40.585**	53.960	**-**	**2.897**
Sales order - US$ / € / £	**321.390**	442.583	**(85.110)**	**87.698**
Subtotal	**7.138.311**	**4.710.255**	**(205.843)**	**217.416**
FINANCIAL				
Credits with subsidiaries - US$ / €	**(917.363)**	1.550.774	**165.821**	
Loans and financings - US$	**(7.587.081)**	(2.740.319)	**755.539**	**(1.216.493)**
Imports payable - US$	**(4.485)**	(4.816)	**(2.432)**	
Amounts receivable (payable) of forward contracts, NET	**(24.107)**	60.205	**-**	
Subtotal	**(8.533.036)**	**(1.134.156)**	**918.928**	**(1.216.493)**
TOTAL	**(1.394.725)**	**3.576.099**	**713.085**	**(999.077)**

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

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

The changes in foreign rates can impact in losses to the Company, due to possible assets decrease or increase in the liabilities. The mainly exposure that the Company is subjected, related to exchange variation, refers to US dollars, Euros and Pounds variations against Brazilian reais.

(Expressed in thousands of reais)

Below is presented the foreign currency exposure covered by derivative financial instruments:

	2009	2008
Trade accounts receivable - US$ / € / £	**570.712**	321.068
Sales order - US$ / € / £	**321.390**	442.583
Loans and financings - US$	**(7.587.081)**	(2.740.319)
Imports payable - US$	**(4.485)**	(4.816)
	(6.699.464)	**(1.981.484)**
Forwards (BM&F) - Parent Company	**1.650.995**	1.664.592
Swap (over-the-countermark - CETIP) - Parent Company	**174.120**	233.700
	1.825.115	**1.898.292**
Foreign currency exposure in R$	**(6.699.464)**	**(1.981.484)**
Notional protection	**1.825.115**	**1.898.292**
Relation	**27%**	**96%**

Through the subsidiary JBS Global Investments, the Company administrate the treasury positions in foreign currency, with the objective of protecting exposures represented by financial assets and liabilities denominated in foreign currency. In case the positions were considered derivative for protection purposes, contracted by the subsidiary JBS Global Investments, the relation between the exposure and notional protection of the Company, as of December 31, 2009 and December 31, 2008, would be, respectively, 28% and 103%.

Incorporation Bertin effects

Bertin was reducing its protection policy for exchange rates, and prices at sign cattle risks which it was exposed. The Company, after the incorporation, has implemented its protection policy to those assets and liabilities mentioned above.

However, as of December 31, 2009 the balances and expositors incorporated through Bertin impacted significantly the Company expositor relation. Based on this, in a way to promote additional information, bellow is presented the Company consolidated expositor, and how it would be without Bertin incorporation, showing the continuous effectiveness of the Company in herein protection financial instruments.

	2009			2008
	JBS with Bertin	Bertin	JBS without Bertin	JBS
Trade accounts receivable - US$ / € / £	570.712	338.673	**232.039**	321.068
Sales order - US$ / € / £	321.390	-	**321.390**	442.583
Loans and financings - US$	(7.587.081)	(4.874.588)	**(2.712.493)**	(2.740.319)
Imports payable - US$	(4.485)	-	**(4.485)**	(4.816)
	(6.699.464)	**(4.535.915)**	**(2.163.549)**	**(1.981.484)**
Forwards (BM&F) - Parent Company	1.650.995	-	**1.650.995**	1.664.592
Swap (over-the-countermark - CETIP) - Parent Company	174.120	-	**174.120**	233.700
	1.825.115	**-**	**1.825.115**	**1.898.292**
Foreign currency exposure in R$	**(6.699.464)**	**(4.535.915)**	**(2.163.549)**	**(1.981.484)**
Notional protection	**1.825.115**	**-**	**1.825.115**	**1.898.292**
Relation	**27%**	**0%**	**84%**	**96%**

<u>Derivative financial instruments balances composition for assets protection</u>

Derivative	Maturity	Receivable	Payable	Counterpart of the Principal	Reference value (notional US$)	Market value R$	Impact in the income of the quarter
Swap (counter market-CETIP)	February, 2010 to February 2013	US$ (VC) + 6% per year	R$/CDI (weighted average 120% of CDI)	Credit Suisse Equity Hedge Fund	100.000	(23.520)	(30.526)
Forward (BM&F)	February, 2010 to February 2013	US$ (VC)	R$	BM&F	941.500	270	(842.669)

(Expressed in thousands of reais)

f) Credit risks

The Company is potentially subject to credit risks related to accounts receivable. Strategies to reduce the credit risk is based on the spread of portfolio, not having customers or business group representing over 10% of consolidated sales, credit-related financial ratios and operational health, detailed analysis of the financial ability of customers through own federal tax number, affiliates companies and partners federal tax number, and through consult with the agencies of information and constant monitoring of customers. The Company limits its exposure to credit risk by customer and market, through its department of credit analysis and portfolio management clients. Thus, the Company seeks to reduce the economic exposure to a particular customer and/or market that may represent significant losses to the Company in the event contractual default or implementation of sanitary or trade barrier in countries to which it exports. The market risk exposure is monitored by the Credit Committee of the Company that meets regularly with the commercial areas for analysis and control of the portfolio.

The parameters used are based on the daily flows of information monitoring operations that identify additional purchase volumes in the market, eventual contracts default, bad checks, and protests or lawsuits against their customers. Internal controls include the assignment of credit limits and configuration status granted to each individual client and automatic lock-billing in the event of default, timeouts or occurrence of restrictive information.

g) Purchase cattle price risk

The Company business is exposed to the volatility of cattle prices, which any variation can result from factors beyond the control of management, such as climate, volume of supply, transport, agricultural and other policies. The Company, in accordance with its policy of inventories, maintains its strategy of risk management, based on physical control, which includes anticipated purchases, combined with operations in the futures market, and reducing the daily position of purchases cattle contracts to future delivery through contracting of cattle future hedge at BM&F, aimed at resetting the position and ensuring the market price.

The parameters for reducing the risk of purchase cattle are based on the physical position of the portfolio of future cattle purchase contracts, considering prices and terms negotiated. The internal controls used for risk management and coverage are made through spreadsheets and monitoring of operations performed and calculation of VAR for 1 day with a confidence interval of 99%.

Exposure	**2009**	**2008**
Future cattle purchases contracts	**17.026**	43.480
	17.026	**43.480**

Derivative financial instruments balances composition for assets protection for purchase price of cattle

Derivative	**Maturity**	**Receivable**	**Payable**	**Counterpart of the Principal**	**Reference value (notional US$)**	**Market value R$**	**Impact in the income of the quarter**
Forward (BM&F)	January to October 2010	R$	cattle	BM&F	(13.980)	32	2.812

Below is presented a statement of cattle prices exposure with coverage by derivative financial instruments:

	2009	**2008**
Forwards (BM&F) - Cattle	**(13.980)**	**(37.170)**
	(13.980)	**(37.170)**
Cattle purchase price exposure - R$	**17.026**	**43.480**
Protection notional	**(13.980)**	**(37.170)**
	82%	**85%**

h) Fair value estimate

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

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

(Expressed in thousands of reais)

i) Margin in warranty

The Company has sales invoices given in warranty for derivative operations into BM&F, amounting R$179,800 on December 31, 2009 (R$ 308,476 on December 31, 2008). The warranty is higher than the needs for those operations.

j) Fair value of financial instruments

The fair value of the financial instruments is determined based on market prices, and in the absence of those, based on the present value of expected cash flows.

The fair value market of Cash and cash equivalents; Trade accounts receivable; Trade accounts payable; and Loans and financings is equivalent to their book values. The fair value of long term assets and liabilities does not differ significantly the accounting from book values.

k) Sensitivity analysis

The following sensitivity analysis was performed to the fair value of the foreign currency derivatives. The scenario probable is the fair value as of December 31, 2009, the scenario possible and remote considered the risk deterioration from 25% to 50%, respectively, in relation to the same date.

Exchange variation risk

Operation	Risk	Scenario Probable (I)	Scenario (II) deterioration of 25%	Scenario (II) deterioration of 50%
Forward (BM&F) - dollar	Appreciation of R$	-	412.749	825.498
SWAP	Appreciation of R$	-	43.530	87.060
Exposure indexed to foreign currency	Depreciation of R$	-	(540.887)	(1.081.774)
		-	**(84.608)**	**(169.216)**
Assumption	Exchange	1,7412	2,1765	2,6118

Cattle purchase price risks

Operation	Risk	Scenario Probable (I)	Scenario (II) deterioration of 25%	Scenario (II) deterioration of 50%
Cattle purchase price exposure - R$	Depreciation of @ - cattle price	-	4.257	8.515
Forward (BM&F) - cattle	Appreciation of @ - cattle price	-	(3.495)	(6.990)
		-	**762**	**1.525**
Assumption	Price of R$	75,6700	94,5875	113,5050

The derivative financial instruments balances recorded in the balance sheet of the Company are allocated on other current assets and other current liabilities. On December 31, 2009, there was no derivative financial instruments amount allocated to other current assets (R$ 69,373) on December 31, 2008), and the amount allocated in other current liabilities was R$24,107 (R$ 9,168 on December 31, 2008).

25 Material facts

Australia Tatiara Meat Company - acquisition agreement

The Company celebrated on December 15, 2009, through its wholly owned subsidiary Swift Australia, an agreement with the Vion Food Group to purchase the Tatiara Meat Company (Tatiara).

Tatiara is a high quality meat lamb processor, focused on sophisticated markets like United States, Canada and Europe, beyond the domestic Australian market. It is based in Bordertown South Australia, a region known for its high quality sheeps' flock, it has annual revenues of approximately AUD 200 million (approximately USD 183 million) and the Company agreed to pay AUD 30 million (approximately USD 27,5 million) by Tatiara, subject to completion of due diligence. With this acquisition, JBS will become Australia's largest lamb processor in Australia, with capacity to slaughter 24,500 head per day. The completion of this transaction is subject to approval by the competent authorities.

The Company confirmed on February 22, 2010, through a relevant fact disclosed to the market, the approval by the Australian authorities (ACCC - Australian Competition and Consumer Commission) the acquisition of Tatiara, the completion of the acquisition and the immediate incorporation of new assets, making the Company a market leader in Australia's lamb industry, with revenues slightly less than $200 million. Tatiara will strength the presence of JBS Australia on the export market of beef and lamb with high quality, in which Australia has increased its participation in recent years.

Initial Public Offering - JBS USA

JBS USA filed with the Securities and Exchange Commission ("SEC") a registration statement for the public offering of its common shares. The common shares are expected to be listed on The New York Stock Exchange - NYSE in the United States of America ("NYSE").

JBS USA also filed with the CVM an application for the registration of its Brazilian Depositary Receipts Level III - BDRs, each BDR representing a certain number of shares of the common stock of JBS USA.

The Global Offering described above is subject to the authorization of the SEC, CVM and BM&F Bovespa, as well as other authorities and is subject to market conditions at the time of the Global Offering.

The registration statement filed by JBS USA with the SEC has not yet become effective, and no securities described in that registration statement may be sold, nor may offers to buy be accepted, prior to the time the registration statement becomes effective.

On January 28, 2010 the Company reported through a notice to the market, that continues analyzing the prospect of making the IPO of JBS USA. However, due to recent transactions, the Company has elected to wait for the quarterly results in March 2010 while continuing monitoring the market conditions to determine the best time of the operation. In accordance with good corporate governance practices, the Company will notify the market relevant information as it becomes available.

EXECUTIVE BOARD

Joesley Mendonça Batista
Chief Executive Officer

Wesley Mendonça Batista
Chief Operating Officer

Jeremiah Alphonsus O'Callaghan
Investor Relations Director

Francisco de Assis e Silva
Legal Director

Wanderley Higino da Silva
Accountant CRC: 1SP123638/O-8

BOARD OF DIRECTORS

Joesley Mendonça Batista
Board President

Wesley Mendonça Batista
Vice-President

José Batista Sobrinho

José Batista Júnior

Marcus Vinicius Pratini de Moraes

Natalino Bertin

Wagner Pinheiro de Oliveira

SUPERVISORY BOARD REPORT

The Fiscal Council, in compliance with legal and statutory provisions, reviewed the Management Report and Financial Statements of the Company for the fiscal year ended on December 31, 2009.

Our examination were conducted in accordance with the legal provisions including: a) analysis of the Financial Statements periodically prepared by the Company b) monitoring the work done by the external independent auditors, c) questions about relevant actions and transactions made by the Administration.

Based on our examination, according to the information and explanations received, and considering the Independent Auditors Report, the Supervisory Board believes that the Management Report and Financial Statements above mentioned are adequately reflecting the information contained therein and are able to be assessed by the Ordinary General Meeting.

São Paulo, March 4, 2010.

Divino Aparecido dos Santos

Florisvaldo Caetano de Oliveira

Hélio Ricardo Teixeira de Moura

John Shojiro Suzuki

Alexandre Seiji Yokaichiya

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