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

MARFRIG ALIMENTOS S.A.

INDIVIDUAL (COMPANY) AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3 (THREE) MONTH PERIOD ENDING 31 MARCH, 2010 AND INDEPENDENT AUDITORS' REVIEW REPORT

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

MARFRIG ALIMENTOS S.A.

INDIVIDUAL (COMPANY) AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3 (THREE) MONTH PERIODS ENDED MARCH 31, 2010 AND 2009

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

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders of
Marfrig Alimentos S.A.
São Paulo – SP

1. We have performed a review of the accompanying individual and consolidated Quarterly Information (ITR) of Marfrig Alimentos S.A. (the "Company") and its controlled companies consisting of the balance sheet as of 31 March 2010, and the related statements of operations, changes in shareholders' equity, cash flows, notes and management report for the quarter then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management.

2. Our review was performed in accordance with specific standards established by IBRACON (Brazilian Institute of Independent Auditors) together with the CFC (Federal Association of Accountants), which consisted principally of: a) inquiry of and discussion with the managers responsible for the accounting, financial and operating areas as to the main criteria adopted in preparing the Quarterly Information and b) review of the information and subsequent events that have or may have material effects on the financial situation and operations of the Company and its controlled companies.

3. Based on our special review, we are not aware of any material modifications that should be made to the Quarterly Information referred to in paragraph 1 for it to be in conformity with Brazilian accounting practices and standards established by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of Quarterly Information.

4. As mentioned in note 2, during 2009 various technical pronouncements, interpretations and guidelines issued by the Committee of Accounting Pronouncements effective for 2010 which changed Brazilian accounting practices. As allowed by CVM Resolution No. 603/09, the Company's management decided to present the Quarterly Information using Brazilian accounting practices adopted in Brazil until 31 December 2009, i.e. it did not apply these standards effective for 2010. As required by CVM Resolution No. 603/09, the Company disclosed this fact in note No. 2 to the Quarterly Information and the description of the main changes known so far that could have an impact on its year-end financial statements and the estimate of the possible effects on the controlling company's equity and income (loss) and an explanation of the reasons that prevent the presentation of an estimate of its possible effects on equity and income (loss) of controlled companies (consolidated), as required by the decision.

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

Ribeirão Preto, 30 April 2010





José Luiz Sanches
Engagement Partner
BDO Auditores Independentes

Esmir de Oliveira
Engagement Partner
BDO Auditores Independentes

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

EXHIBIT 1

MARFRIG ALIMENTOS S.A.

BALANCE SHEETS AS OF MARCH 31, 2010 AND DECEMBER 31, 2009
(In thousands of Brazilian reais)

	Company		Consolidated	
	03/31/10	12/31/09	03/31/10	12/31/09
ASSETS				
Current assets				
Money market instruments (note 4)	1,056,479	2,629,725	1,543,840	3,033,438
Trade accounts receivable - domestic (note 5)	432,108	495,147	871,256	758,815
Trade accounts receivable - foreign (note 5)	30,803	200,244	99,804	228,944
Inventories of goods and merchandise (note 6)	1,056,168	1,013,721	2,539,529	1,726,482
Recoverable taxes (note 7)	437,125	386,685	897,938	719,422
Deferred taxes (note 9)	19,468	19,468	27,470	19,468
Prepaid expenses	1,773	986	43,963	37,611
Notes receivable (note 8)	49,200	-	-	-
Other receivables	491	9,562	491	9,562
Total current assets	3,083,615	4,755,538	6,024,291	6,533,742
Noncurrent assets				
Long-term assets				
Short-term investments (note 4.2)	379	372	2,838	2,826
Compulsory deposits	15,915	15,594	25,419	24,979
Notes receivable (note 8)	927,450	1,215,607	5,476	3,069
Deferred taxes (note 9)	205,052	153,557	312,148	224,990
Recoverable taxes (note 7)	290,845	290,846	637,215	339,023
Other receivables	590	193	78,428	25,468
	1,440,231	1,676,169	1,061,524	620,355
Investments (note 10)	3,256,817	1,473,582	971	746
Property, plant and equipment (note 11)	1,044,267	1,016,954	3,202,947	2,415,076
Intangible assets (note 12)	530,590	530,568	2,606,255	1,870,293
Deferred charges (note 13)	-	-	10,819	11,429
	4,831,674	3,021,104	5,820,992	4,297,544
Total noncurrent assets	6,271,905	4,697,273	6,882,516	4,917,899
Total assets	9,355,520	9,452,811	12,906,807	11,451,641

	Company		Consolidated	
	03/31/10	12/31/09	03/31/10	12/31/09
LIABILITIES				
Current liabilities				
Trade accounts payable	98,743	150,517	1,059,613	833,490
Accrued payroll and related charges (note 14)	84,308	70,144	319,811	205,349
Taxes payable (note 15)	19,391	22,077	154,195	138,789
Loans and financing (note 16)	1,198,877	932,953	2,114,161	1,473,611
Notes payable (note 18)	31,076	31,035	80,944	31,035
Lease payable (note 17)	47,781	47,641	61,506	61,683
Dividends payable (note 21e)	15,222	15,222	15,222	15,222
Interest on equity capital (note 21f)	146,059	146,059	146,059	146,059
Other payables	1,861	62,723	39,369	71,743
Total current liabilities	1,643,318	1,478,371	3,990,880	2,976,981
Noncurrent liabilities				
Loans and financing (note 16)	3,183,462	3,483,703	3,660,903	3,680,537
Taxes payable (note 15)	84,870	81,459	269,983	254,516
Deferred taxes (note 20)	35,698	36,410	95,265	95,336
Provisions (note 19)	6,558	6,558	392,027	38,829
Lease payable (note 17)	56,546	68,379	82,724	96,391
Other	134,693	113,646	122,848	111,243
Total noncurrent liabilities	3,501,827	3,790,155	4,623,750	4,276,852
Minority interest	-	-	81,802	13,523
Shareholders' equity (note 21)				
Capital stock	4,061,478	4,061,478	4,061,478	4,061,478
Share issuance expenses	(74,512)	(71,603)	(74,512)	(71,603)
Income reserves	653,275	651,510	653,275	651,510
Legal reserve	37,171	37,171	37,171	37,171
Appropriation of net income	624,992	624,992	624,992	624,992
Treasury shares	(8,888)	(10,653)	(8,888)	(10,653)
Asset and liability valuation adjustment	(489,570)	(491,567)	(489,570)	(491,567)
Accumulated translation adjustments	18,020	34,467	18,020	34,467
Retained earnings	41,684	-	41,684	-
	4,210,375	4,184,285	4,210,375	4,184,285
Total liabilities and shareholders' equity	9,355,520	9,452,811	12,906,807	11,451,641
	-	-	-	-

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

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

EXHIBIT 2

MARFRIG ALIMENTOS S.A.

STATEMENT OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31
(In thousands of Brazilian reais, except per share data)

	Company		Consolidated	
	2010	2009	2010	2009
GROSS SALES	843,196	564,094	3,431,909	2,445,527
Domestic market	546,329	373,212	1,954,659	1,483,222
Foreign market	296,867	190,882	1,477,250	962,305
DEDUCTIONS FROM GROSS SALES	(48,181)	(60,916)	(209,422)	(194,653)
Sales taxes	(478)	(31,297)	(105,250)	(97,655)
Returns and discounts	(47,703)	(29,619)	(104,172)	(96,998)
NET SALES	795,015	503,178	3,222,487	2,250,874
Cost of goods sold	(659,644)	(358,905)	(2,581,975)	(1,937,492)
GROSS INCOME	135,371	144,273	640,512	313,382
OPERATING REVENUES (EXPENSES)	(145,892)	(192,590)	(638,505)	(390,941)
Commercial expenses	(49,718)	(37,320)	(270,406)	(155,933)
Administrative and general expenses	(25,413)	(18,786)	(101,358)	(66,737)
Equity in earnings	166,286	8,027	-	-
Other operating revenues (expenses)	9,778	197	38,847	10,248
Financial income (loss)	(246,825)	(144,708)	(305,588)	(178,519)
Financial income	32,609	21,787	40,879	28,199
Exchange gain	9,394	9,395	15,626	5,952
Financial expenses	(139,368)	(133,475)	(194,940)	(168,823)
Exchange loss	(149,460)	(42,415)	(167,153)	(43,847)
OPERATING INCOME (EXPENSES)	(10,521)	(48,317)	2,007	(77,559)
INCOME (LOSS) BEFORE TAXES	(10,521)	(48,317)	2,007	(77,559)
PROVISION FOR INCOME AND SOCIAL CONTRIBUTION TAXES	52,205	12,164	37,761	40,057
Income tax	37,172	8,955	27,464	27,216
Social contribution tax	15,033	3,209	10,297	12,841
INCOME (LOSS) BEFORE MINORITY INTEREST	41,684	(36,153)	39,768	(37,502)
Minority interest	-	-	1,916	(664)
NET INCOME (LOSS) FOR THE PERIOD	41,684	(36,153)	41,684	(38,166)
PER THOUSAND SHARES - in Brazilian reais	120.13	(134.93)	120.13	(142.44)

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

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EXHIBIT 3

MARFRIG ALIMENTOS S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands of Brazilian reais)

	Capital stock	Share issuance expense	Income reserve	liability valuation adjustment	Accumulated translation adjustments	Retained earnings	Total
AS OF DECEMBER 31, 2009	4,061,478	(71,603)	651,510	(491,567)	34,467	-	4,184,285
Expenses on private issue of shares	-	(2,909)	-	-	-	-	(2,909)
Exchange variation on net investments	-	-	-	1,997	-	-	1,997
Exchange variation - balance sheet translation	-	-	-	-	(16,447)	-	(16,447)
Write-off of treasury shares	-	-	1,765	-	-	-	1,765
Net income (loss) for the period	-	-	-	-	-	41,684	41,684
AS OF MARCH 31, 2010	4,061,478	(74,512)	653,275	(489,570)	18,020	41,684	4,210,375

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

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

EXHIBIT 4

MARFRIG ALIMENTOS S.A.

STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31
(In thousands of Brazilian reais)

	Company		Consolidated	
	2010	2009	2010	2009
Net income (loss) for the period	41,684	(36,153)	41,684	(38,166)
Non-cash items	21,172	27,041	269,467	65,675
Depreciation	15,363	14,242	66,918	54,590
Amortization	-	-	32,386	8,026
Minority interest	-	-	(1,916)	664
Provision for contingencies	-	-	(42,758)	12,434
Deferred taxes	(52,207)	(12,164)	(42,314)	(46,419)
Equity in earnings (loss)	(166,286)	(8,027)	-	-
Exchange variance on financing	141,719	(7,960)	157,203	3,268
Exchange variation on other asset and liability accounts	(6,853)	40,980	(10,876)	34,627
Interest expense on financing debts	84,157	-	106,672	
Expense with interest on finance lease	5,826	-	6,059	
Write-off of property, plant and equipment	(547)	(30)	(1,907)	(1,515)
Changes in shareholders' equity	(5,381)	(292,344)	(144,304)	58,230
Trade accounts receivable	232,480	34,006	340,039	100,273
Inventories	(42,447)	(94,519)	(196,131)	(52,641)
Escrow deposits	(321)	338	(440)	(72)
Accrued payroll and related charges	14,164	12,998	43,011	23,499
Trade accounts payable	(51,774)	4,554	(18,622)	19,503
Taxes	(49,714)	(25,599)	(280,024)	(87,987)
Financial charges	-	72,649	-	96,134
Financial charges - lease	-	4,501	-	5,304
Notes receivable and payable	(75,163)	(261,017)	21,109	1,855
Other asset and liability accounts	(32,606)	(40,255)	(53,246)	(47,638)
Funds provided by (used in) operating activities	57,475	(301,456)	166,847	85,739
Investment activities				
Investments	(1,334,259)	(3,262)	(612,064)	(160,676)
Exchange variation on investments	-	30,573	-	30,573
Investment in property, plant and equipment	(42,129)	(16,555)	(148,933)	(74,297)
Exchange variation on property, plant and equipment	-	-	-	7,203
Investment in intangible assets	(22)	(149)	(704,270)	(389)
Exchange variation on intangible assets	-	-	-	4,898
Investing activities	(1,376,410)	10,607	(1,465,267)	(192,688)
Cash flows from financing activities				
Loans and financing	(235,648)	281,216	(170,927)	180,880
Loans taken out by the Company	506,341	600,966	1,289,122	876,572
Loans repaid by the Company	(741,989)	(319,750)	(1,460,049)	(695,692)
Lease payable	(17,519)	(14,173)	(21,589)	(17,875)
New leases	374	68	3,345	2,042
Paid leases	(17,893)	(14,241)	(24,934)	(19,917)
Treasury shares	1,765	-	1,765	-
Issuance of shares and expenses with issuance of shares	(2,909)	-	(2,909)	-
Net cash provided by (used in) financing activities	(254,311)	267,043	(193,660)	163,005
Exchange variation on cash and cash equivalents	-	-	2,482	(2,638)
Cash flows in the period	(1,573,246)	(23,806)	(1,489,598)	53,418
Cash, bank accounts and short-term financial investments				
Ending balance	1,056,479	750,354	1,543,840	1,125,082
Beginning balance	2,629,725	774,160	3,033,438	1,071,664
Variation in the period	(1,573,246)	(23,806)	(1,489,598)	53,418

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

MARFRIG ALIMENTOS S.A.

NOTES TO THE INDIVIDUAL (COMPANY) AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2010 AND YEAR ENDED DECEMBER 31, 2009.
(In thousands of Brazilian reais)

1. OPERATIONS

Marfrig Alimentos S.A. (the "Company"), is a publicly held company that carries out foodstuff production and meat packing activities consisting of cattle, pig, sheep and poultry slaughtering; industrial processing, distribution, import, export and marketing of animal products and by-products, whether edible or not, at their own or third parties' facilities.

Marfrig Alimentos S.A. was set up on June 6, 2000 and became a corporation on March 26, 2007. The Company was registered with the Brazilian Securities and Exchange Commission (CVM) under No. 20788 on June 18, 2007 and made its initial public offering (IPO) on June 29, 2007. Its shares were listed on the New Market of São Paulo Stock Exchange (Bovespa) under code No. MRFG3. On 28 April 2009, the Company's name was changed to Marfrig Alimentos S.A. As of December 31, 2009, the Company's subscribed and paid-in capital stock consisted of 346,983,954 common shares of which 141,478,573 or 40.77% are under the control of MMS Participações S.A. and 205,505,381 shares or 59.23% are traded ("*free float*") in capital markets. MMS Participações S.A. is controlled by Marcos Antônio Molina dos Santos and Márcia Aparecida Pascoal Marçal dos Santos, each holding a 50% ownership interest.

As a participant in BM&FBOVESPA's New Market, the Company is subject to arbitration under the Market Arbitration Chamber, pursuant to arbitration clause included in its by-laws.

The Company's financial and equity position should be considered within the context of the integrated activities of:

- Beef and *Food Service* Divisions – Brazil:

  - Marfrig Alimentos S.A. (Brazil) - made up of 10 cattle slaughtering units, 3 beef processing units, 1 leather processing plant, 1 hygiene and cleaning product plant and 4 fattening facilities located in the States of São Paulo, Rio Grande do Sul, Goiás, Mato Grosso do Sul, Mato Grosso and Rondônia, in addition to a Distribution Centre in the State of São Paulo;

- MFB Marfrig Frigoríficos Brasil S.A., current name of Frigoclass Alimentos S.A, is composed of 13 cattle slaughtering units, 1 of them also used for the slaughtering of sheep, as well as 2 beef processing and industrialization units, 1 of them located in the slaughtering unit of Rio Verde – State of Goias. The mentioned units are in the States of São Paulo, Rio Grande do Sul, Goiás, Mato Grosso do Sul, Pará, Paraná and Rondônia;

- Masplen Ltd (Jersey), (company which holds 100% of Pampeano Alimentos S.A. (Brazil)), an enterprise that produces canned meat and other industrialized products in Rio Grande do Sul.

- Division Nova Seara - Brazil:

  - Seara Holding BV (Europe), which holds 100% of Seara Alimentos S.A. (Brazil) besides its affiliated companies in Europe and Asia.

  - Secculum Participações Ltda. (Brazil) – 99% and União Frederiquense Participações Ltda. (Brazil) – 99.99%, (companies that together hold 100% of Frigorífico Mabella Ltda. (Brazil)). Mabella operates a pig-slaughtering unit in the State of Santa Catarina and one pig slaughtering and pork processing unit in the State of Rio Grande do Sul. It is also responsible for Marfrig's poultry and pig operations, and has the following percentages of ownership interest in the companies:

    - DaGranja Agroindustrial Ltda. – 94%;

    - Braslo Products of Carnes Ltda. – 100%;

    - MAS Frangos Participações Ltda. - 100%, which holds 100% of Agrofrango Indústria e Comércio de Alimentos Ltda;

    - Penasul Alimentos Ltda. – 100%;

    Poultry operations consist of 7 poultry slaughtering plants and 7 poultry processing units in the States of Santa Catarina, Rio Grande do Sul, Paraná, São Paulo, Minas Gerais and Distrito Federal;

    - MBL Alimentos S.A (Carroll's) – 100%, company that is engaged in pig raising.

    The poultry and pig division produces and sells products under the trademark Pena Branca, which belongs to Marfrig Alimentos S.A.

- Argentine division:

  - Argentine Breeders & Packers S.A. (Argentina), with 3 cattle slaughtering plants (including positions whereby it holds 100% of Best Beef S.A. companies. (Argentina), Estâncias del Sur S.A. (Argentina) and Mirab S.A. (Argentina and USA), producer and distributor of *beef jerky* in the US market and several other export destinations – 99.99%;

  - Quickfood S.A (Argentina) is a publicly held company, holder of the PATY brand, a leader in the Argentine, Uruguayan and Chilean hamburger markets, with two slaughtering plants and three units of beef processed products – 81.48%.

- Uruguay Division:

  - Frigorífico Tacuarembó S.A. (Uruguay), which operates a cattle slaughtering and beef processing unit – 93.45%;

  - Inaler S.A. (Uruguay), cattle and sheep slaughtering unit – 100%;

  - Marfrig Chile Inversiones Ltda. (Chile), operating a lamb packing plant in Patagonia and a meat deboning and trading unit which operates in the Chilean market – 99.47%. Marfrig Chile merged the companies Quinto Cuanto S.A. and PBP Chile Limitada, which were previously its controlled companies;

  - Prestcott International S.A. (Uruguay), which holds 100% Cledinor S.A (Uruguay), beef and lamb packing plant in the city of Salto – 100%;

  - Establecimientos Colonia S.A. (Uruguay), beef packing plant in the city of the same name - 100%.

  - Columbus Netherlands B.V. (Uruguay), which holds 51% of Zenda Group (Uruguay), which produce and sells finished and cut leather, besides its affiliated companies in Argentina, Mexico, United States, Germany, South Africa, Chile, Hong Kong and China.

- Europe Division:

  - Weston Importers Ltd. (United Kingdom), a *trading* company which operates in the European market and holds 100% of CDB Meats Ltd (United Kingdom), producer of processed meat – 100%

- Marfrig Holdings (Europe) – BV (The Netherlands) that holds 100% of Moy Park Holdings (Europe) Limited (company headquartered in Northern Ireland), holds 100% of Moy Park Group and Kitchen Range Foods Ltd (England), which operated 3 poultry slaughtering plants and eight processed product plants in England, Northern Ireland, France and The Netherlands – 100%

2. PRESENTATION OF THE FINANCIAL STATEMENTS

The individual and consolidated financial statements are expressed in Brazilian reais. They have been prepared in accordance with Brazilian accounting practices, which comprise Brazilian Corporate Law (Law No. 6,404/76), the pronouncements, guidelines and interpretations issued by the Committee of Accounting Pronouncements (CPC), approved by the Brazilian Securities and Exchange Commission (CVM) as well as other pronouncements issued by that federal agency.

2.1. NEW LEGISLATION AND CHANGES IN THE ACCOUNTING PRACTICES ADOPTED IN BRAZIL STARTING 1JANUARY 2008

In alignment with the changes brought by Law No. 11,638/07 and Executive Act No. 449/08, the Federal Accounting Council together with the Committee of Accounting Pronouncements issued Technical Pronouncements along the year 2008, which introduced some changes to the accounting practices adopted in Brazil.

Such amendments aimed mainly to update the Brazilian Corporate Law and align the accounting practices adopted in Brazil with International Financial Reporting Standards (IFRS), allowing new accounting procedures and standards to be established by Brazilian regulating agencies according to the mentioned international set of rules.

2.2. ADOPTION OF ACCOUNTING PRONOUNCEMENTS (CPC'S) IN EFFECT STARTING JANUARY 1, 2010

Along 2009, in view of the alignment of Brazilian accounting practices with IFRS, the Committee of Accounting Pronouncements issued new technical pronouncements applicable to the year to end in December 2010 and, for comparison purposes, to the financial statements to be presented together with the statements of 2010.

Based on CVM Decision No. 603 of November 10, 2009, Circular Letter CVM/SNC/SEP No. 1/2010 of March 31, 2010, and on CFC Decision 1.281 of April 16, 2010, the Company opted for not adopting the new technical pronouncements issued in 2009, preparing these Financial statements according to the accounting practices in effect until December 31, 2009. Such statements will be restated with the adjustments generated by the adoption of the new pronouncements during the presentation of the financial statements for the year ended December 31, 2010.

2.3. ADJUSTMENTS ARISING FROM THE NEW TECHNICAL PRONOUNCEMENTS

In view of the changes introduced by the new technical pronouncements, the following adjustments were initially estimated in the statement of income and shareholders' equity for the quarters ended March 31, 2010 and 2009:

Effects to the period ended 3.31.2010	**Company**	
	Statement of income	**Shareholders' equity**
Balances according to the practices in effect in 2009	**41,684**	**4,210,375**
CPC 29 - Biological assets and agricultural products	2,450	2,450
CPC 30 - Revenues	(7,523)	(7,523)
CPC 32 - Income tax	1,721	1,721
New Pronouncements	**38,332**	**4,207,023**

The effects of the CPCs above , regarding controlled companies, are being measured and will be disclosed during 2010.

Effects to the period ended 3.31.2009	Company	
	Statement of income	Shareholders' equity
Balance according to the practices in effect in 2009	**(36,153)**	**2,663,125**
CPC 29 - Biological assets and agricultural products	(135)	(135)
CPC 30 - Revenues	(11,648)	(11,648)
CPC 32 - Income tax	(133)	(133)
New pronouncements	**(48,069)**	**2,651,209**

The effects of the CPCs above , regarding controlled companies, are being measured and will be disclosed during 2010.

The Company's management is analyzing the effects of the application of other technical pronouncements CPC issued. It is already determined that the following pronouncements might produce effects to the financial statements as of December 31, 2010:

- CPC 15 – CVM Decision 580/09 - Business Combinations. It aims to improve the reliability and comparability of the information that the entity supplies in its financial statements referring combination of businesses and its effects. Business combination should be understood as the operation or other event through which a purchaser obtains the control of one or more enterprises, regardless of the legal means of the operation, also including mergers between independent parties.

  As commented in note 10.2, the main acquisitions the Company carried out in the period ended March 31, 2010 are the following:

  - Seara Holding BV (Europe), which holds 100% of Seara Alimentos S.A. (Brazil) besides its affiliated companies in Europe and Asia.

  - Columbus Netherlands B.V. (Uruguay), which holds 51% of Zenda Group (Uruguay), which produce and sells finished and cut leather, besides its affiliated companies in Argentina, Mexico, United States, Germany, South Africa, Chile, Hong Kong and China.

  The table below presents the main information on the abovementioned enterprises, which will combined by the Company:

	Seara	Zenda Group
Purchase date	1.4.2010	1.22.2010
Percentage of ownership interests	100%	51%
Number of production plants	12	9
Amount paid in kind (million of US$)	737,6	38,1
Debt assumption	193,8	-

Considering such acquisitions, the Company's management is evaluating the effects of the combination, which depend on internal analyses, in addition to reports of expert technical consultants to allow measuring the fair value of assets and liabilities and determine the goodwill that will be presented at the closing of the year 2010.

- CPC 27 - CVM Decision 583/09 - Property, plant and equipment. The purpose of this pronouncement is establishing the accounting treatment to be given to property, plant and equipment, so that users of the financial statements can obtain information on the investment of the entity in the assets and their changes. The main point of the practice change refers to depreciation. From the change of the practice on, assets have to depreciated along their useful lives based on the depreciation method that best reflects the use of the future expected economic benefits of the asset.

  The Company is evaluating internally the assets that compose property, plant and equipment, as well as through the work of specialized consultants, to determine the correct depreciation rates. The adjustments will be presented in the statements of the year ended December 31, 2010.

- CPC 29 - CVM Decision 596/09 - Biological assets and agricultural products. The objective of this pronouncement is establishing the accounting treatment and respective disclosures related to biological assets and agricultural products. Biological asset is a live animal and/or plant, and agricultural production is the product obtained from the biological assets of the entity.

  The Company is analyzing the impacts of the application of such CPC to its controlled companies in relation to the animal confinement activities and agricultural production. The effects to the financial statements of controlling companies are presented in the table previously presented.

- CPC 30 – CVM Resolution No. 597/09 - Revenues – its purpose is to establish how to account for revenues earned on certain types of transactions and events, including the sales of goods and the use by third parties of other assets of the entity which generate interest, royalties and dividends.

The Company is analyzing the impacts of the application of this CPC on its controlled companies. The impacts on the controlling company's financial statements are shown in the table above.

- CPC 32 - CVM Decision 599/09 – Income tax. The purpose of this pronouncement is establishing the accounting treatment for income taxation and mainly how to book the tax and futures effects of:

  a) future recovery (liquidation) of the book value of assets (liabilities) that are recognized in the balance sheet of the entity; and

  b) operations and other events of the current period that are recognized in the entity's financial statements.

The Company is analyzing the effects of the application of that CPC to its controlled companies. The effects to the financial statements of controlling companies are presented in the table previously presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

3.1. SIGNIFICANT ACCOUNTING PRACTICES

The significant accounting practices adopted to prepare the financial statements are the following:

a. Result of operations

Results of operations are recorded under the accrual basis.

b. Accounting estimates

The preparation of the individual and consolidated financial statements in accordance with Brazilian accounting practices requires management to make estimates and assumptions that, in its best judgment, affect the reported amounts of assets and liabilities. These estimates and assumptions include the determination of the residual value of property, plant, and equipment, and the recognition of deferred income and social contribution taxes, allowances for doubtful accounts, inventory valuation allowances and provisions for tax, labour and civil risks. Transaction settlement involving those estimates may result in values different from estimates, due to the inherent inaccuracy of the process. The Company and its controlled companies review estimates and assumptions at least quarterly.

c. Financial instruments

Non-derivative financial instruments include financial investments, debt and equity instruments, accounts receivable and other receivables, cash and cash equivalents, loans and financing, as well as accounts payable and other debts.

Non-derivative financial instruments are initially recognized at their fair value plus, for instruments that are not recognized at fair value in operations, any directly attributable transaction costs. After initial recognition, non-derivative financial instruments are measured according to their respective classification:

- Held-to-maturity instruments

If the Company intends and is able to hold its debt instruments until maturity they are classified as held-to-maturity instruments. Held-to-maturity investments are stated at their amortized cost using the effective interest rate method, less possible impairment charges.

- Available-for-sale instruments

The Company's investments in equity instruments and certain assets related to debt instruments are classified as available for sale. After initial recognition, they are stated at fair value and their fluctuations, except impairment charges and foreign currency differences of these instruments, are recognized directly in equity, net of tax effects. When an investment fails to be recognized, the gain or loss accumulated in equity is transferred to the statement of operations.

- Loans and receivables

They are non-derivative financial assets with fixed or determinable payments, not quoted in the market.

- Financial instruments stated at fair value in the statement of income

An instrument is carried at fair value in the statement of operations if it is held for trading, i.e. classified as such upon initial recognition. Financial instruments are carried at fair value in the statement of operations if the Company manages these investments and takes purchasing and sales decisions according to their fair value and the investment and risk management strategy documented by the Company. After initial recognition, attributable transaction costs are recognized in the statement of operations when incurred. Financial instruments stated at fair value in the statement of operations are determined according to their fair value and their fluctuations are recognized in the statement of operations.

- Other

Other non-derivative financial instruments are stated at amortized cost using the effective interest rate method, adjusted for possible impairment charges.

d. Foreign currency

The Company's management established that its functional currency is the Brazilian real, according to the provisions of CPC Technical Pronouncement No. 2 – Effects on Changes in Exchange Rates and Translation of Financial Statements, approved by CVM Decision No. 534/08.

Foreign currency transactions, that is, all those not performed in functional currency, are translated into Brazilian reais at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into Brazilian reais at the exchange rate prevailing at the balance sheet date. Exchange gains and losses on monetary assets and liabilities are recognized in the income statement. Non-monetary assets or liabilities acquired or contracted in foreign currency are translated into functional currency at the exchange rate prevailing at the date of the transactions or the date of the valuation at fair value, when applicable.

e. Current and noncurrent assets

- Trade accounts receivable

Trade accounts receivable are recorded at the billed amount and when applicable, discounted to present value.

The allowance for doubtful accounts was set up in an amount the management deems sufficient to cover possible losses on the realization of receivables.

- Inventories

Inventories are stated at the average purchase or production cost, which are lower than market or realizable values.

- Investments

Investments in controlled and affiliated companies are valued under the equity method.

- Property, plant and equipment

Property, plant and equipment are stated at acquisition or construction cost, less depreciation under the straight-line method at the rates mentioned in note 11 and take into consideration the estimated useful lives of assets and property lease terms with respect to leasehold improvements.

Finance charges on financing agreements entered into by the Company when property, plant and equipment items are being built are capitalized.

Investments in breeding stock (animals for reproduction) are booked in property, plant and equipment. Costs with labour, feed and medicines are taken into property, plant and equipment during the formation period of breeding stock, which lasts approximately six months. After such period, the Company starts depreciating the cost based on the production cycle, considering the estimated number of eggs and offspring of approximately fifteen months for poultry, thirty months for pigs and between 6 and 7 years for cattle (cows).

Other expenses are capitalized only when economic benefits of property, plant, and equipment increase. Any other type of expense is recognized in operations as an expense when incurred.

- Lease

Finance lease

Certain lease agreements substantially transfer the risks and benefits pertaining to the property of an asset. Those agreements are finance leases.

Intangible assets with an indefinite useful life and goodwill resulting from expected future profitability as from January 1, 2009 are not amortized.

- Deferred charges

In the period ended March 31, 2010 and in the year ended December 31, 2009, the Company has not incurred any pre-operating expenses.

Pursuant to CVM Decision No. 565/2008, the balance of deferred charges (consolidated) will be maintained until fully amortized.

f. Impairment

Property, plant and equipment, intangible assets and deferred charges are tested for impairment at least annually, if events and circumstances have occurred that indicate possible impairment. Goodwill and intangible assets with an indefinite useful life are tested annually regardless of whether or not events and circumstances have occurred that indicate possible impairment.

g. Current and noncurrent liabilities

These are stated at known or estimated amounts, plus related charges, exchange and/or monetary variations incurred through the balance sheet date, when applicable.

h. Provisions

Provisions are recognized because of past events that originated a liability, and it is likely that an economic resource is required to settle it. Provisions are recognized when losses are rated as probable, based on the best estimates of risks involved.

i. Share-based compensation plan

The effects of the share-based compensation plan are calculated at fair value and recognized in the balance sheet and the statement of operations as contract conditions are met and as commented in note 22.

j. Income and social contribution taxes

Income tax is calculated based on taxable income. Income and social contribution taxes are paid monthly, on an estimated basis, according to prevailing legislation.

Deferred assets recognized for income and social contribution tax losses and temporary differences are recognized pursuant to tax legislation and CVM Instruction No. 371 of June 27, 2002. They take into consideration the Company's history of profitability and the expected generation of taxable income in the future supported by a technical feasibility study annually reviewed.

The Company and its controlled companies opted for the Temporary Tax Regimen (RTT) established by Executive Act No. 449/08, converted into Law No. 11,941 of May 27, 2009, declaring its irrevocable option for RTT in the Corporate Income Tax Return of 2009.

k. Earnings per share

Earnings per share are based on the number of outstanding shares at balance sheet date.

l. Discount to present value

Certain non-current assets and liabilities, as well as current assets and liabilities, when material, must be discounted to present value at the dates of the respective transactions, according to rates that reflect the cost of money borne by the Company over time, as well as the specific risks related to the cash flows expected for the respective accounts. These adjustments were made in accordance with CPC Technical Pronouncement No. 12, approved by CVM Decision No. 564 of December 17, 2008. The corresponding item of adjustments to present value is booked against the accounts that gave rise to the mentioned assets or liabilities. The difference between the present value of a transaction and the par value of an asset or liability is appropriated against income along the contract period, based on the amortized cost method and effective interest rate.

The discount to present value had as basis the average value between the SELIC index[1] (rate established for return on equity capital) and the average fund raising rate in the financial market (rate established for the return on third party capital), reaching an average index of 8.59% p.a. as of March 31, 2010 and 8.76% p.a. as of December 31, 2009.

The periods used in the determination of the adjustment to present value vary according to operating activity involved, corresponding to the average expected period for settlement, such as the average period to receive amounts from sales, average payment period, period for settlement of taxes paid in instalments and other necessary ones.

The rates used and established periods in relation to the risk factors involved in the Company's operations are perfectly reflected in the discount to present value.

m. Share issuance expenses

In accordance with Technical Pronouncement CPC No. 8, approved by CVM Decision No. 556/2008, transaction costs incurred in the raising of funds through the issuance of securities should be separately booked in an account reducing shareholders' equity, less possible tax effects.

n. Treasury shares

Refer to shares of the Company that were acquired by the own Company. Treasury shares are recorded in a separate account, and, for the purpose of balance sheet presentation, are deducted from the Income Reserve, whose balance was used in such operation.

[1] SELIC = Special System for Settlement and Custody

o. Consolidation

Accounting practices are uniformly applied to all consolidated companies and are consistent with those applied in the previous year.

Description of the main consolidation procedures:

- Elimination of the balances of intercompany assets and liabilities;
- Elimination of ownership interest, reserves and retained earnings of controlled companies;
- Elimination of income and expenses as well as unrealized profits resulting from intercompany transactions.

3.2. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the accounts of the Company and its controlled companies, as follows:

	Percentage of ownership interest	
DIRECTLY CONTROLLED COMPANIES	**3/31/2010**	**12/31/2009**
Argentine Breeders & Packers S.A	99.99%	99.99%
MFB Marfrig Frigoríficos Brasil S.A	100.00%	100.00%
Marfrig Chile Inversiones Ltda	99.47%	99.47%
Inaler S.A	100.00%	100.00%
Frigorífico Tacuarembó S.A	93.45%	93.45%
Weston Importers Ltd	100.00%	100.00%
Masplen Limited	100.00%	100.00%
Prestcott International S.A	100.00%	100.00%
Secculum Participações Ltda	99.00%	99.00%
União Frederiquense Partic. Ltda	99.99%	99.99%
QuickFood S.A	81.48%	81.48%
Establecimientos Colonia S.A	100.00%	100.00%
Marfrig Holdings (Europe) BV	100.00%	100.00%
Seara Holding (Europe) BV (1)	100.00%	100.00%
Columbus Netherlands BV	100.00%	-

(1) current name of CCKVL Holding BV

The financial statements of controlled companies located abroad were originally prepared in local currency, according to the applicable laws of each country where the companies are located. They were reviewed by independent auditors, converted into the International Financial Reporting Standards - IFRS and expressed in US dollars (US$). Later, those financial statements were converted into Brazilian accounting practices and translated into Brazilian reais, according to the exchange rate of the balance sheet date.

4. MONEY MARKET INSTRUMENTS

Refer to the cash available in the Company, in banks, and as financial investment as follows:

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Cash and cash equivalents	332,193	405,840	678,117	617,046
Financial investments	724,286	2,223,885	865,723	2,416,392
	1,056,479	2,629,725	1,543,840	3,033,438

The money market instruments of foreign controlled companies are the following:

	Brazil		Overseas	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Cash and cash equivalents	196,440	18,298	149,484	192,908
Financial investments	2,072	12,372	139,365	180,135
	198,512	30,670	288,849	373,043

The Company usually presents the following items in the composition of cash and cash equivalents:

- Balance of cash available in hand;
- Bank deposits;
- Valuables in transit;
- Immediate liquidity financial investments.

4.1. CASH AND CASH EQUIVALENTS PER CURRENCY

We present below the breakdown of cash and cash equivalent per currency:

	Company		Consolitated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Cash and banks				
Reais	285.999	351.523	305.167	369.821
Us dollars	46.194	54.317	120.479	145.950
Euros	-	-	150.376	13.335
British pounds	-	-	46.192	78.077
Yen	-	-	32.952	-
Others	-	-	22.951	9.863
	332.193	405.840	678.117	617.046

4.2. FINANCIAL INVESTMENTS

The breakdown of the financial investments of the Company per type is the following:

					Company	
	Maturities	AWM [1]	Currency	Average interest rate p.a%	3/31/2010	12/31/2009
Available for sale						
Bank Deposit Certificates - CDB (2)	5/4/2010 to 10/31/2014	1.13	Real	8.63	389,246	600,344
Repurchase and reverse repurchase agreements (2)	1/1/2012	1.78	Real	8.61	89,529	1,610,350
Savings account (2)	3/31/2010	-	Real	3.44	177,480	17
Other (2)	3/31/2010	-	Real	-	62	324
					656,317	2,211,035
Loans and receivables						
Interest-bearing account	3/31/2010	4.25	Dollar	0.35	1,507	5,333
					1,507	5,333
Held to maturity						
Foreign Credit Note	9/4/2014	4.49	Dollar	0.35	59,239	-
Foreign Credit Note	1/8/2013	2.82	Euro	0.35	7,221	7,513
Prize-draw investment bonds	3/31/2010 to 4/29/2014	1.51	Real	2.43	381	376
					66,841	7,889
Total					724,665	2,224,257
Total current					724,286	2,223,885
Total noncurrent					379	372

(1) Average weighted maturity in years

(2) The operations were contracted with daily liquidity and can be redeemed at any moment. The mentioned term is the maturity of the collateral of the operation.

The breakdown of consolidated financial investments per type is as follows:

	Maturities	AWM [1]	Currency	Average interest rate p.a%	Consolidated 3/31/2010	Consolidated 12/31/2009
Available for sale						
Bank Deposit Certificates - CDB (2)	1/31/2010 to 1/1/2016	1.13	Real	8.57	391,987	611,997
Repurchase and reverse repurchase agreements (2)	1/1/2012	1.78	Real	8.61	89,529	1,610,351
Savings account (2)	3/31/2010	-	Real	3.44	177,480	17
Fixed income investment	6/30/2010	0.25	Dollar	0.32	44,171	126,023
Circular letter 1456	6/30/2010 to 12/31/10	0.45	Dollar	1.21	95,194	54,112
Other (2)	3/31/2010	-	Real	-	62	324
					798,423	2,402,824
Loans and receivables						
Interest-bearing account	3/31/2010	4.25	Dollar	0.35	1,507	5,333
					1,507	5,333
Held to maturity						
Foreign Credit Note	9/4/2014	4.49	Dollar	0.35	59,239	-
Foreign Credit Note	1/8/2013	2.82	Euro	0.35	7,221	7,513
Prize-draw investment bonds	6/30/2010 to 4/29//2014	2.01	Real	4.48	2,171	3,548
					68,631	11,061
Total					868,561	2,419,218
Total current					865,723	2,416,392
Total noncurrent					2,838	2,826

(1) Average weighted maturity in years

(2) The operations were contracted with daily liquidity and can be redeemed at any moment. The mentioned term is the maturity of the collateral of the operation.

The types of financial investments of the Company can be described as follows:

Bank Deposit Certificates – CDB

The investments of this type are made in reais and bear interest at rates corresponding to the variation of CDI (Interbank Deposit Rate), which ranges from 99% to 107%.

Repurchase and reserve repurchase agreements

These are operations executed in reais guaranteed by debentures that bear interest at rates corresponding to the variation of CDI (Interbank Deposit Rate), which ranges from 100% to 100.5%.

Savings account

The remaining balances in checking accounts, in reais, are automatically transferred to a savings account, and bear interest at the rates practiced in the financial market.

Fixed income investments

This type of investment is made in US dollars, and it does not bear interest. This is a specific operation executed in Uruguay.

Circular letter 1456

The investments of this type refer to export operations in US dollars with the Central Bank of Uruguay that bear interest at fixed rates, and are executed 180 to 270 days before the export operation.

Interest-bearing account

Refers to amounts received in American dollars from exports, kept in accounts overseas. It bears interest at a fixed rate.

Foreign Credit Note

The investments of this type are made in Euro and bear interest at a fixed rate.

Brazilian prize-draw investment bonds

The investments of this type are made in Euro and reais and bear interest corresponding to the Reference Rate (TR).

5. TRADE ACCOUNTS RECEIVABLE – LOCAL AND FOREIGN CUSTOMERS

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Trade accounts receivable - domestic	434,465	498,357	874,535	762,260
(-) Discount to present value	(2,357)	(3,210)	(3,279)	(3,445)
	432,108	495,147	871,256	758,815
Trade accounts receivable - foreign	228,731	224,336	443,887	253,387
(-) Advances on export contracts - ACEs	(196,068)	(22,261)	(341,989)	(22,261)
(-) Discount to present value	(1,860)	(1,831)	(2,094)	(2,182)
	30,803	200,244	99,804	228,944
	462,911	695,391	971,060	987,759
Amounts not yet due	461,704	685,429	816,557	902,127
Amounts overdue				
From 1 to 30 days	8,174	10,233	124,509	79,311
From 31 to 60 days	195	2,082	16,363	11,738
From 61 to 90 days	160	1,166	12,119	8,783
More than 90 days	-	4,688	36,710	21,570
(-) Discount to present value	(4,217)	(5,041)	(5,373)	(5,627)
(-) Allowance for doubtful accounts	(3,105)	(3,166)	(29,825)	(30,143)
	462,911	695,391	971,060	987,759

The allowance for doubtful accounts was set up in an amount the management deemed sufficient to cover possible losses on the realization of receivables.

The Company usually recognizes a provision for notes overdue for than 90 days, whose expectation of receipt is unlikely in consideration of the history of problems identified in receivables, as well as through analysis of the current status of customers, which can be: in order, that is, he buys and pays within acceptable limits; a history of late payments; and status of debtor being reorganized or bankrupt.

The Company does not have a history of relevant problems with collection, and the accounts receivable department rates each customer during acceptance and credit granting.

For sales paid in instalments, the Company uses working capital financing lines available in the finance market.

The current economic situation presents a trend of improvement in relation to sales and volume of credit in the market, what reflects the purchasing power of customers and, consequently, trend of punctual payments.

Receivables were discounted to present value in compliance with Technical Pronouncement CPC no. 12 approved by CVM Decision no. 564/2008, as described in note 3 (l).

6. INVENTORIES OF GOODS AND MERCHANDISE

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Finished products and others	1,025,601	985,740	2,376,948	1,635,067
Packaging material and storeroom supplies	30,567	27,981	162,581	91,415
	1,056,168	1,013,721	2,539,529	1,726,482

In the period ended March 31, 2010 and year ended December 31, 2009, inventories of finished goods were carried at average purchase and/or production cost, lower than realization values, as explained in note 3(e).

Inventories of foreign controlled companies are stated as follows:

	Brazil		Overseas	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Finished products and others	817,598	274,048	533,749	375,279
Packaging material and storeroom supplies	83,267	38,143	48,747	25,291
	900,865	312,191	582,496	400,570

7. RECOVERABLE TAXES

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
State VAT (ICMS	243,126	223,670	384,077	296,287
IPI (Federal VAT) deemed credit	60,930	60,896	70,415	67,234
PIS (tax on sale) credit	67,974	61,040	164,354	97,589
COFINS (tax on sale) credit	268,443	252,376	679,148	412,047
Income tax	64,816	64,457	109,949	88,963
Social contribution tax	14,348	14,304	22,004	18,502
Withholding income tax (IRRF)	7,980	537	9,214	1,563
IVA (value-added tax)	-	-	39,313	38,840
Export certificates	-	-	21,797	4,963
ONCCA credits	-	-	-	19,107
Other	353	251	34,882	13,350
Total	727,970	677,531	1,535,153	1,058,445
Current assets	437,125	386,685	897,938	719,422
Noncurrent assets	290,845	290,846	637,215	339,023
Total	727,970	677,531	1,535,153	1,058,445

7.1. State VAT (ICMS)

The balance of recoverable ICMS derives from credits taken for ICMS paid on the purchase of raw, packaging, and other materials, in higher values than the debts generated from domestic sales, since foreign market sales are free from this tax. The balance also includes total balances of those credits resulting from companies acquired in the period ended March 31, 2010.

7.2. Deemed IPI Credit

Refers to the refund of PIS and COFINS levied on input acquired domestically and used in the processing of goods actually exported. It also includes total balances of those credits resulting from companies acquired in the period ended March 31, 2010.

7.3. PIS and COFINS (taxes on sales)

Refer to non-cumulative credit of PIS and COFINS levied on the acquisition of raw material, packaging, and other materials used in the goods sold in foreign markets. It also includes total balances of those credits resulting from companies acquired in the period ended March 31, 2010.

7.4. Income and social contribution taxes

Refer to income and social contribution taxes prepaid in the years ended December 31, 2008 and 2009, as well as total balances of those credits resulting from companies acquired in the period ended March 31, 2010.

7.5. Withholding Income Tax (IRRF)

Withholding income tax refers to income tax withheld from gains on financial investments made by the Company, as well as total balances of those credits resulting from companies acquired in the period ended March 31, 2010.

7.6. IVA – Value Added Tax

This caption refers to balances of recoverable value added tax of foreign controlled companies resulting from the tax difference between purchases and sales, given that the difference in the food rate is lower than most transactions. It also includes total balances of those credits resulting from companies acquired in the period ended March 31, 2010.

7.7. Export certificates

Export certificates are certificates issued by the government of Uruguay as return of a percentage of income tax exporters paid, as well as total balances of those credits resulting from companies acquired in the period ended March 31, 2010.

7.8. Credits Related to ONCCA (*Oficina Nacional de Control Comercial Agropecuario)*

Refers to a benefit granted in Argentina, by '*Ministerio de Agricultura Ganadeira y Pesca*' to companies that invest in feet lots.

8. NOTES RECEIVABLE

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Related parties	971,980	1,213,338	-	-
Other notes receivable	4,670	2,269	5,476	3,069
Noncurrent assets	976,650	1,215,607	5,476	3,069
Current assets	49,200	-	-	-
Noncurrent assets	927,450	1,215,607	5,476	3,069
Total	976,650	1,215,607	5,476	3,069

The Company's notes receivable mostly consist of balances resulting from transaction with controlled companies (related parties), as described in note 8.1

8.1. RELATED-PARTY TRANSACTIONS

The following tables demonstrate the operations between the Company and its wholly owned subsidiaries as of March 31, 2010, except for operations with Mr. Marcos Antonio Molina dos Santos and Mrs. Márcia Paschal Aparecida Marçal dos Santos, sole partners of MMS Participações S.A. They should not be considered as related parties of the Company, taking into account that such operations integrate the regular course of businesses, but are eliminated in the consolidated numbers, not having any effect on income, and, therefore, not bringing any effects to the Company's shareholders:

	COMPANY					
	3/31/2010				1Q10	
	Accounts receivable	Accounts payable	Notes receivable	Notes payable	Purchases	Sales
Argentine Breeders & Packers S.A.	-	1,480	56,168	-	1,219	-
Frigorífico Tacuarembó S.A.	-	-	1,850	-	333	-
Inaler S.A.	-	-	1,315	-	838	-
Marfrig Chile Inversiones Ltda	3,991	-	-	-	-	1,780
Weston Importers Ltd.	38,834	797	-	-	-	10,746
MFB Marfrig Frigoríficos Brasil S.A	-	24,849	39,145	-	27,682	14,704
Pampeano Alimentos S.A.	10,772	11	87,893	-	1	14,771
Cledinor S.A.	-	-	-	-	1,121	-
Frigorífico Mabella Ltda	10	2,623	422,528	-	5,691	27
Masplen Limited	-	-	79	-	-	-
Dagranja Agroindustrial Ltda	431	347	146,447	-	978	1,151
Mirab USA	604	-	57,489	-	-	-
Establecimientos Colonia S.A.	-	430	-	-	724	-
Quickfood S.A.	-	824	613	-	1,346	-
Moy Park Limited	-	-	20,536	-	-	-
Moy Park Holdings Europe Limited	-	-	71	-	-	-
Marfrig Holdings BV	-	-	-	-	-	-
Braslo Produtos de Carne Ltda	6,153	2,170	40,823	-	5,343	16,873
MBL Alimentos Ltda	-	-	71	-	-	142
Mas Frangos Part. Ltda	-	-	6,129	-	-	-
Penasul Alimentos Ltda	312	-	-	61,771	-	817
Agrofrango Ind. Com. Alim. Ltda	1	-	51,174	-	-	17
Seara Holding BV (1)	45	88	39,649	-	147	264
Columbus Netherlands BV	-	-	-	-	-	-
Marcos Antonio Molina dos Santos	-	1,979	-	-	3,940	-
Marcia Aparecida Pascoal Marçal dos Santos	-	116	-	-	229	-
	61,153	35,714	971,980	61,771	49,592	61,292

(1) Current name of CCKVL Holding BV

	COMPANY					
	12/31/2009				2009	
	Accounts receivable	Accounts payable	Notes receivable	Notes payable	Purchases	Sales
Argentine Breeders & Packers S.A.	1,491	1,754	28,767	-	3,480	2,474
Frigorífico Tacuarembó S.A.	-	548	116,457	-	3,925	-
Inaler S.A.	-	125	6,509	-	2,515	-
Marfrig Chile Inversiones Ltda	1,643	-	-	-	441	8,127
Weston Importers Ltd.	45,195	-	-	-	-	54,850
MFB Marfrig Frigoríficos Brasil S.A.	-	2,091	7,831	-	650	19,324
Pampeano Alimentos S.A.	11,654	9	79,413	-	198	58,234
Cledinor S.A.	-	537	-	-	2,876	-
Frigorífico Mabella Ltda	6,719	4,695	421,755	-	18,068	661
Masplen Limited	-	-	78	-	-	-
Dagranja Agroindustrial Ltda	5,868	-	114,696	-	3,818	5,432
Mirab USA	-	-	54,255	-	-	-
Establecimientos Colonia S.A.	-	855	-	-	5,932	-
Quickfood S.A.	-	1,752	-	-	5,372	-
Moy Park Limited	-	-	17,443	-	-	-
Moy Park Holdings Europe Limited	-	-	69	-	-	-
Marfrig Holdings BV	-	-	276,158	-	-	-
Braslo Produtos de Carne Ltda	6,105	-	35,767	-	16,256	76,339
MBL Alimentos Ltda	-	-	69	-		1,079
Mas Frangos Part. Ltda	-	-	2,935	-	-	-
Penasul Alimentos Ltda	3,934	-	-	61,865	39	2,192
Agrofrango Indústria e Com. Alimentos Ltda	1,073	-	51,136	-	-	42
Marcos Antonio Molina dos Santos	-	3,746	-	-	21,134	-
	83,682	16,112	1,213,338	61,865	84,704	228,754

	Consolidated			
	Accounts payable		Total purchases in the period	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Marcos Antonio Molina dos Santos	1,979	3,746	3,940	21,134
Marcia Aparecida Pascoal Marçal dos Santos	116	-	229	-
	2,095	3,746	4,169	21,134

The Company's controlling shareholder, MMS Participações S.A., and its sole partners, have endorsed some financial agreements. No amounts were paid to the controlling shareholder or to its partners for the collateral offered. In case of default, the creditors can demand the payment directly from the shareholder and from its partners and, if they make the payment, they will be entitled to refund from the Company.

On April 27, 2007, Mr. Marcos Antonio Molina dos Santos and his wife acquired a property in the State of São Paulo through Maremar - Administração de Bens S/C Ltda., which is controlled by them. This property engages in genetic studies to improve breeds of beef cattle. From mid 2008, the property began to confine 7,800 animals, which are slaughtered in the Company's beef packing plants. There are no other relations with directors or shareholders of Marfrig Group.

The operations mentioned in the previous paragraph were executed in alignment with the market price of the 'arroba'[2] of cattle used by the Company at the acquisition date, based on suitable parameters published by Escola Superior de Agricultura Luiz de Queiroz (ESALQ).

According to the Company's by-laws, the Board of Directors should approve any transactions or group of transactions involving the Company and any direct or indirect related parties, whose annual value is equal or exceeds the limit the Board of Directors defined. Related party should be understood as any manager, employee or shareholder of the Company that holds, directly or indirectly, more than 10% interests in the Company's capital stock.

All relations with affiliated and controlled companies of the Company are demonstrated in note 1 - OPERATIONS.

Intercompany relations of companies of Marfrig Group are represented by commercial transactions (purchases and sales) and sending of cash for payment of such transactions, as well as for working capital, always under conditions similar to the ones that would be applicable to non-related parties.

[2] Arroba = A unit of weight equivalent to 15 Kg.

Intercompany loans are managed through contracts establishing rates and various conditions. The average contract period is 2 years. Loan rates vary from 1% p.a. to 3% p.a. + LIBOR (London Interbank Offered Rate), the latter applied to transactions with the controlled companies overseas.

Purchase or sale transactions follow market prices, and there is no need of collateral or allowance for doubtful accounts. Such operations involve purchase and sale of *in natura* meat and cattle, poultry, ovine and swine industrialized products.

Operations among controlled companies do not have effects to the consolidated financial statements, as they are eliminated in the consolidation process.

9. DEFERRED TAXES

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Income tax	163,874	127,225	261,266	183,332
Social contribution tax	60,646	45,800	78,352	61,126
	224,520	173,025	339,618	244,458
Current assets	19,468	19,468	27,470	19,468
Noncurrent assets	205,052	153,557	312,148	224,990

Refer to deferred income and social contribution taxes, calculated on taxes whose payment has been suspended (provisions), which were added to the computation of taxable income and the social contribution calculation base of previous years, as well as on tax losses and future utilization for tax purposes of goodwill paid due to future profitability, which will be realized from 2010 to 2019.

Below we demonstrate deferred taxes in 3rd quarter ended March 31, 2010:

Description	Company		Consolidated	
	IRPJ	CSL	IRPJ	CSL
Beginning balance on January 1, 2010	127,225	45,800	183,332	61,126
(-) Realisation due to tax utilisation of goodwill	(4,899)	(1,762)	(4,899)	(1,762)
Taxes deferred on temporary additions	-	-	2,618	830
(-) Realisation of deferred taxes on tax loss	-	-	(975)	-
Taxes deferred on tax loss	41,548	-	71,333	-
Deferred taxes on social contribution tax losses	-	16,608	-	22,193
(-) Realisation of deferred taxes on social contribution tax losses	-	-	-	(200)
Other	-	-	9,857	(3,835)
Ending balance on March 31, 2010	163,874	60,646	261,266	78,352

The Company has presented the figures of expected future generation of taxable income, discounted to present value, based on a feasibility technical study that allows the realization of “Deferred Tax Assets” over a maximum 10-year period.

The expectation of realization of "Deferred Tax Assets” is defined as follows:

Year	Company	Consolidated
2010	48,742	83,776
2011	48,742	82,034
2012	48,742	60,560
2013	48,742	51,393
2014 to 2019	29,552	61,855
	224,520	339,618

In the period ended March 31, 2010, the Company realized R$7,836 corresponding to “Deferred tax assets” with goodwill and offset with tax loss carryforwards.

10. INVESTMENTS

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Ownership interest in controlled companies	3,256,682	1,473,447	-	-
Other investments	135	135	971	746
	3,256,817	1,473,582	971	746

10.1. INVESTMENTS (COMPANY)

	No. of units of interest/shares	Ownership percentage of voting capital (1)	Trade on the stock exchange	Capital stock	Equity	Net income (loss) for the period
Argentine Breeders & Packers S.A	302,967	99.99	Não	164,255	113,002	(12,240)
MFB Marfrig Frigoríficos Brasil S.A. (2)	78,573,743	100.00	Não	78,574	63,177	4,020
Marfrig Chile Inversiones Ltda	13,358,426,280	99.47	Não	44,306	34,606	3,073
Inaler S.A	66,247,320	100.00	Não	2,613	31,777	653
Frigorífico Tacuarembó S.A	166,925,258	93.45	Não	11,635	90,905	(1,077)
Weston Importers Ltd	1,338,278	100.00	Não	21,908	19,600	(1,817)
Masplen Limited	100	100.00	Não	-	16,741	(4,328)
Prestcott International S.A	79,638,916	100.00	Não	5,204	39,271	1,364
Secculum Participações Ltda	9,200,000	99.00	Não	9,200	5,247	(2,928)
União Frederiquense Partic. Ltda	98,449,805	99.99	Não	98,450	104,160	(57,716)
QuickFood S.A	21,419,606	81.48	Sim	22,063	107,613	676
Establecimientos Colonia S.A	80,647,477	100.00	Não	46,753	70,535	(2,664)
Marfrig Holdings(Europe) BV	2,456,854	100.00	Não	941,615	1,038,383	19,704
Seara Holding BV (1)	490,285,420	100.00	Não	1,261,248	1,481,506	218,454
Columbus Netherlands BV	27,087,661	100.00	Não	67,881	67,789	277
Total				2,775,705	3,284,312	165,451

(1) The capital of controlled companies equals the voting capital
(2) Current name of Frigoclass Alimentos S.A.

10.2. THE BREAKDOWN OF INVESTMENTS IS AS FOLLOWS (COMPANY)

	Book balance as of 12/31/09	Translation adjustment	Acquisition of units of interest	Increase in capital	Investment in the period	Equity in earnings (loss)	Exchange variation in the calculation of equity	Book balance as of 3/31/10
Argentine Breeders & Packers S.A. (1)	118,967	145	-	919	919	(12,204)	5,173	113,000
MFB Marfrig Frigoríficos Brasil S.A (2) (3)	59,156	-	-	-	-	3,928	-	63,084
Marfrig Chile Inversiones Ltda. (1)	30,823	(36)	-	-	-	3,057	580	34,424
Inaler S.A. (1)	30,422	(7)	-	-	-	647	696	31,758
Frigorífico Tacuarembó S.A. (1)	83,949	12	-	-	-	(998)	1,920	84,883
Weston Importers Ltd. (1)	20,136	22	-	-	-	(768)	(897)	18,493
Masplen Limited (1)	21,030	39	-	-	-	(4,328)	-	16,741
Prestcott International S.A. (1)	37,076	(16)	-	-	-	1,364	847	39,271
Secculum Participações Ltda. (2)	8,095	56	-	-	-	(2,964)	-	5,187
União Frederiquense Partic. Ltda. (2)	160,700	1,097	-	-	-	(57,823)	-	103,974
QuickFood S.A (1)	86,908	(6)	-	-	-	607	157	87,666
Establecimientos Colonia S.A (1)	71,524	31	-	-	-	(2,654)	1,634	70,535
Marfrig Holdings(Europe) BV (1)	744,661	(235)	-	276,157	276,157	19,704	(1,904)	1,038,383
Seara Holding BV (2)	-	248	1,262,804	-	1,262,804	218,441	-	1,481,493
Columbus Netherlands BV (1)	-	(369)	71,456		71,456	277	(3,574)	67,790
Total	1,473,447	981	1,334,260	277,076	1,611,336	166,286	4,632	3,256,682

(1) Those companies had their financial statements as of March 31, 2009 reviewed by member firms of the BDO network in their countries of origin with the issuance of limited review reports

(2) Financial statements reviewed by BDO Auditores Independentes.

(3) Current name of Frigoclass Alimentos S.A.

As informed in note 27 of the financial statements as of December 31, 2009 about subsequent events, the Company concluded the following acquisitions of companies in the first quarter of 2010:

- On 4 January 2010, the acquisition of all the Brazilian business of animal protein (poultry, pigs and industrialized products) from Cargill Inc. was concluded, represented by the enterprise Seara Alimentos Ltda. and affiliates in Europe and Asia (including the trademark SEARA in Brazil and abroad, besides 12 plants in the segment of added-value processed products and a port terminal). The amount of the transaction was US$899 million, from which US$705.2 million was paid in cash on 4 January 2010 and US$193.8 million in debt assumption after due diligence. As of 24 February 2010, an amount of US$32.4 million was added to the value of the operation, due to positive balance of working capital of SEARA in favour of Cargill, that has not affected economically the value of the transaction for the Company. The business of Seara Alimentos in Brazil and the offices overseas were integrated into the Poultry, Swine and Industrialized Products Brazilian Division of Marfrig Group. No additional payments will be made to sellers for any reason.

- On 22 January 2010, the acquisition of 51% of Zenda Group was concluded, through the payment of US$ 38.1 million. Zenda Group, whose activity is the industrialization and sale of processed and cut leather, has the daily capacity of producing up to 7,000 pieces of leather. It is headquartered in Uruguay and it has units in Argentina, Mexico, United States, Germany, South Africa, Chile, Hong Kong and China.

  As established by contract and disclosed under "Significant event" the Company signed a purchase and sale agreement for the remaining ownership interest in Zenda Group (49%).A fixed amount will be paid together with a portion varying according to Ebitda margin, less possible contingencies under the responsibility of sellers. Payment will be made every six months, the first one within twelve (12) months form the closing date (22/01/2010) and the last one after forty-two (42) months from the closing date on 31 July 2012. No additional payments will be made to sellers for any reason.

Such investments have been properly booked under the equity method, since they apply to controlled companies. The financial statements of those companies for the period ended March 31, 2010 and for the year ended December 31, 2009, were prepared according to legislation in effect in each country where the companies are located and were reviewed by independent auditors, to be later converted into the International Financial Reporting Standards and expressed in US dollars. Then, they were converted into Brazilian accounting practices and translated into Brazil's local currency.

11. PROPERTY, PLANT AND EQUIPMENT

				Company	
				3/31/2010	12/31/2009
Description	Average annual depreciation rates	Cost	Accumulated depreciation	Net	Net
Plots of land	-	21,976	-	21,976	13,242
Buildings	4%	292,032	(40,102)	251,930	252,457
Machinery and equipment	10%	227,116	(64,596)	162,520	155,903
Furniture and fixtures	10%	6,588	(1,797)	4,791	4,080
Facilities	5%	197,972	(15,400)	182,572	157,919
Vehicles	20%	11,502	(11,279)	223	161
IT equipment	20%	6,410	(3,829)	2,581	2,572
Aircrafts	20%	382	(172)	210	229
Advance for acquisition of property, plant and equipment	-	12,009	-	12,009	17,861
Leasehold improvements	-	2,313	(17)	2,296	2,273
Lease - vehicles	20%	39,806	(17,612)	22,194	23,705
Lease - computer hardware	20%	10,376	(8,436)	1,940	2,511
Lease - machinery	10%	28,807	(5,368)	23,439	24,080
Lease - facilities	5%	81,487	(11,456)	70,031	71,023
Lease - buildings	4%	68,800	(9,279)	59,521	60,194
Construction in progress	-	208,757	-	208,757	203,631
Software	20%	20,882	(4,145)	16,737	16,770
Other	4%	540	-	540	8,343
		1,237,755	(193,488)	1,044,267	1,016,954

		Consolidated			
				3/31/2010	12/31/2009
Description	Average annual depreciation rates	Cost	Accumulated depreciation	Net	Net
Plots of land	-	119.668	-	119.668	85.412
Buildings	4%	1.065.670	(51.373)	1.014.297	739.334
Machinery and equipment	10%	1.017.243	(92.159)	925.084	594.682
Furniture and fixtures	10%	42.477	(3.571)	38.906	28.077
Facilities	5%	282.055	(17.719)	264.336	207.834
Vehicles	20%	18.613	(11.088)	7.525	6.286
IT equipment	20%	22.548	(5.633)	16.915	12.432
Aircrafts	20%	382	(172)	210	776
Advance for acquisition of property, plant and equipment	-	12.328	-	12.328	18.274
Leasehold improvements	-	17.914	(782)	17.132	17.296
Lease - vehicles	20%	39.865	(17.618)	22.247	23.724
Lease - computer hardware	20%	10.376	(8.436)	1.940	2.511
Lease - machinery	10%	40.897	(5.899)	34.998	33.306
Lease - facilities	5%	84.467	(11.468)	72.999	73.961
Lease - buildings	4%	68.800	(9.279)	59.521	60.194
Construction in progress	-	405.523	-	405.523	365.197
Software	20%	22.647	(4.280)	18.367	17.039
Other	4%	197.824	(26.873)	170.951	128.741
		3.469.297	(266.350)	3.202.947	2.415.076

After the enactment of CVM Decision No. 554/08, the goods the Company acquired through finance lease are now recorded in Property, plant and equipment together with the respective depreciation, with corresponding entries recorded to lease payable, as demonstrated in note 17.

Pursuant to CVM Decision no. 527/2007, an analysis was executed to check impairment of property, plant, and equipment. Based on the tests carried out, there are no assets recorded at amounts that exceed the value recoverable through use or sale. Such analysis is executed on an annual basis.

The tests comprised projecting the profitability and future cash of the Company's plants, which were discounted to present value to identify the degree of recoverability of property, plant and equipment.

12. INTANGIBLE ASSETS

According to CVM Decisions No. 553/08 and 565/08 the "Intangible assets" account was created in noncurrent assets, as demonstrated below:

	3/31/2010	12/31/2009
Intangible assets - Controlling company	530.590	530.568
Intangible assets - Controlled companies	2.075.665	1.339.725
	2.606.255	1.870.293

The changes in intangible assets in the Company and in the consolidated numbers in the period ended March 31, 2010 are the following:

12.1. CHANGES IN INTANGIBLE ASSETS (COMPANY)

	Balance as of December 31, 2009	Acquisition/write-off	Goodwill on acquisition	Reclassification	Balance as of March 31, 2010
Argentine Breeders & Packers S.A. - Goodwill	24.213	-	-	-	24.213
MFB Marfrig Frigoríficos Brasil S.A - Negative goodwill (1)	(12.478)	-	-	-	(12.478)
Inaler S.A. - Goodwill	38.379	-	-	-	38.379
Frigorífico Tacuarembó S.A. - Goodwill	57.824	-	-	-	57.824
Masplen Limited - Goodwill	17.258	-	-	-	17.258
Prestcott International S.A. -Goodwill	22.922	-	-	-	22.922
Secculum Participações Ltda. - Goodwill	16.188	-	-	-	16.188
União Frederiquense Partic. Ltda. - Goodwill	11.683	-	-	-	11.683
QuickFood S.A - Goodwill	220.696	-	-	-	220.696
Establecimientos Colonia S.A - Goodwill	114.479	-	-	-	114.479
Seara Holding (Europe) BV (2)	21	-	-	-	21
Columbus Netherlands BV	-	-	22	-	22
Trademarks and patents	19.383	-	-	-	19.383
Total	530.568	-	22	-	530.590

(1) Current name of Frigoclass Alimentos S.A.
(2) Current name of CCKVL Holding BV

12.2. CHANGES IN INTANGIBLE ASSETS (CONTROLLED COMPANIES)

	Book balance as of December 31, 2009	Reclassification	Goodwill/ negative goodwill on acquisition	Acquisition of trademarks/ other	Exchange variation on translation	Write-off of goodwill	Book balance as of March 31, 2010
Argentine Breeders & Packers S.A.	**137,656**	**-**	**-**	**(152)**	**1,222**	**-**	**138,726**
Estancias del Sur - Goodwill	47,020	-	-	-	121	-	47,141
Mirab(AR) - Goodwill	28,155	-	-	-	71	-	28,226
Best Beef - Goodwill	19,714	-	-	-	52	-	19,766
Trademarks and patents/others	42,767	-	-	(152)	978	-	43,593
Marfrig Chile Inversiones Ltda	**12,457**	**-**	**-**	**-**	**285**	**-**	**12,742**
QuintoCuarto - Goodwill	2,346	-	-	-	54	-	2,400
Frigorifico Patagonia - Goodwill	10,111	-	-	-	231	-	10,342
							-
Weston Importers Ltd.	**10,220**	**-**	**-**	**(434)**	**-**	**(134)**	**9,652**
CDB Meats Ltd - Goodwill	10,220	-	-	(434)	-	(134)	9,652
Moy Park - Goodwill	-	-	-	-	-	-	-
Moy Park France - Goodwill	-	-	-	-	-	-	-
Dungannon Proteins - Goodwill	-	-	-	-	-	-	-
Kitchen Range - Goodwill	-	-	-	-	-	-	-
Marfrig BV	**650,408**	**-**	**49,868**	**14,867**	**-**	**(313)**	**714,830**
Moy Park - Goodwill	581,242	-	49,868	13,286	-	-	644,396
Moy Park France - Goodwill	61	-	-	1	-	-	62
Dungannon Proteins - Goodwill	3,227	-	-	74	-	(313)	2,988
Kitchen Range - Goodwill	65,878	-	-	1,506	-	-	67,384
Masplen Limited	**322**	**-**	**-**	**-**	**-**	**-**	**322**
Trademarks and patents/others	322	-	-	-	-	-	322
Quickfood	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trademarks and patents	-	-	-	-	-	-	-
Prestcott International S.A	**7,655**	**-**	**-**	**-**	**175**	**-**	**7,830**
Cledinor - Goodwill	7,655	-	-	-	175	-	7,830
Seara Holding Bv	**-**	**-**	**674,957**	**-**	**-**	**-**	**674,957**
Seara Alimentos - Goodwill	-	-	11,111	-	-	-	11,111
Seara Brasil - Goodwill	-	-	625,868	-	-	-	625,868
Seara Holanda - Goodwill	-	-	32,546	-	-	-	32,546
Seara Japão - Goodwill	-	-	103	-	-	-	103
Seara Espanha - Goodwill	-	-	2	-	-	-	2
Software	-	-	4,747	-	-	-	4,747
Port License	-	-	580	-	-	-	580
Columbus Netherlands BV	**-**	**-**	**(5,249)**	**-**	**-**	**-**	**(5,249)**
Zenda - Goodwill	-	-	(5,249)	-	-	-	(5,249)
União Frederiquense Partic. Ltda.	**495,842**	**-**	**-**	**808**	**-**	**-**	**496,650**
Pena Paulo - Goodwill	4,653	-	-	-	-	-	4,653
MBL (Carroll's) - Goodwill	8,176	-	-	-	-	-	8,176
Dagranja - Goodwill	338,219	-	-	-	-	-	338,219
Agrofrango - Goodwill	26,974	-	-	-	-	-	26,974
Penasul - Goodwill	9,491	-	-	-	-	-	9,491
Braslo - Goodwill	12,512	-	-	-	-	-	12,512
Mas do Brasil - Goodwill	85,343	-	-	-	-	-	85,343
Trademarks and patents/others	10,474	-	-	808	-	-	11,282
Secculum Participações Ltda.	**25,165**	**-**	**-**	**40**	**-**	**-**	**25,205**
Pena Paulo - Goodwill	235	-	-	-	-	-	235
MBL (Carroll's) - Goodwill	414	-	-	-	-	-	414
Dagranja - Goodwill	17,164	-	-	-	-	-	17,164
Agrofrango - Goodwill	1,369	-	-	-	-	-	1,369
Penasul - Goodwill	482	-	-	-	-	-	482
Braslo - Goodwill	635	-	-	-	-	-	635
Mas do Brasil - Goodwill	4,331	-	-	-	-	-	4,331
Trademarks and patents/others	535	-	-	40	-	-	575
Total	1,339,725	-	719,576	15,129	1,682	(447)	2,075,665

The goodwill recorded in the Company and in its controlled companies was based on expectation of future profitability of the respective acquired enterprises.

In the first quarter of 2010 the Company recorded R$49,868 as goodwill on the acquisition of Moy Park, as described in note 18.

Pursuant to CVM Decision No. 527/2007, as of December 31, 2009, an analysis was executed to check impairment of property, plant, and equipment. Based on the tests carried out, there are no assets recorded at amounts that exceed the value recoverable through use or sale. Such analysis is annually executed.

The tests comprised valuation reports of subsidiaries, duly prepared by experts to check the degree of recoverability of the amounts recorded in intangible assets.

13. DEFERRED CHARGES

		Consolidated			
				3/31/2010	12/31/2009
Description	Annual average amortization rates	Cost	Accumulated amortization	Net	Net
Pre-operating expenses	10%	17,599	(6,780)	10,819	11,429
		17,599	(6,780)	10,819	11,429

In the period ended March 31, 2010 and year ended December 31, 2009, the Company incurred no pre-operating expenses.

Pursuant to CVM Decision No. 565/08, the balance of deferred charges (consolidated) will be maintained until it is fully amortized.

14. ACCRUED PAYROLL AND RELATED CHARGES

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
INSS (social security contribution) payable	61,725	49,752	123,865	82,646
Salaries and labour provisions	20,573	18,763	165,360	104,061
Other social charges and benefits payable	2,010	1,629	30,586	18,642
	84,308	70,144	319,811	205,349

On November 21, 2005, Law 11,196 was enacted allowing the offsetting of INSS debts against federal tax credits. This procedure was regulated by Interministry Ordinance No. 23 dated February 2, 2006.

15. TAXES PAYABLE

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
ICMS (State VAT) payable	1,028	1,994	21,145	23,833
Instalment payment - Law 11,941/2009	96,864	92,993	290,424	268,526
Income tax payable	-	-	20,714	15,847
PIS and COFINS (taxes on sales) payable	-	-	35,448	38,259
Instalment payment of federal taxes	-	-	7	-
Other	6,369	8,549	56,440	46,840
	104,261	103,536	424,178	393,305
Current liabilities	19,391	22,077	154,195	138,789
Noncurrent liabilities	84,870	81,459	269,983	254,516
	104,261	103,536	424,178	393,305

15.1 SPECIAL DEBT INSTALMENT PAYMENT PLAN (NEW REFIS) – LAW 11,941/2009

On 30 September 2009, the Company adhered to the Special Instalment Payment Plan (New REFIS), established by Law no. 11,941 of 27 May 2009. It provides the payment in instalments of debts due to the Federal Revenue Service, Office of the National Treasury Attorney-General, and Brazilian Social Security Institute. The Company declared debts with those agencies and transferred to it debts included in other payment plans[3], to be settled in up to 180 months, as follows:

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Beginning balance	92,993	172,589	268,526	350,787
(+) Adhesion to the instalment plan	-	-	25,917	-
(-) Offset of fine and interest with tax loss carryforwards	-	(40,044)	(10,282)	(46,197)
Interest	2,595	2,729	5,936	7,567
Discount to present value	3,274	(39,597)	3,274	(39,597)
Debit balance	98,862	95,677	293,371	272,560
(-) payments made	(1,998)	(2,684)	(2,947)	(4,034)
Ending balance	96,864	92,993	290,424	268,526
Current liabilities	11,994	11,534	32,253	26,222
Noncurrent liabilities	84,870	81,459	258,171	242,304

The Federal Revenue Service approved the Special Debt Instalment Payment Plans (New Refis) of the Company and of its controlled companies, requiring yet only the declaration and consolidation process of the debt, which it will be executed according to Jointly Administrative Act PGFN/RFB No. 3 of April 29, 2010.

Despite the fact that the amounts of the Special Debt Instalment Payment Plan (New Refis) had not been approved until the date of presentation of these financial statements, the declared debt was booked and classified, assuming its acceptance by authorities and considering the settlement period established in the programs. The confirmation of all obligations will depend on tax authorities ending the analyses of the declared debts. The Company's management does not expect relevant adjustments in that process.

[3] Special Tax Debt Instalment Payment Program - Law No. 10,684/03 – PAES and Extraordinary Tax Debt Instalment Payment – Executive Act No. 303/06 – PAEX

16. LOANS AND FINANCING

Company

Credit line	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	Balance 3/31/10	Balance 12/31/09
Local currency					
FINAME	TJLP + Fixed rate	13,12	0,08	27	71
BNDES Finem	TJLP + 1,80%	8,05	2,88	10.148	10.954
FINEP	TJLP + 1%	7,25	3,56	42.423	37.603
NCE	Fixed rate+%CDI	11,27	1,68	632.896	907.363
Working capital	CDI + Fixed rate	11,08	2,63	63.994	65.586
Prepayment (interest)	%CDI	9,85	0,50	1.578	1.648
Total local currency		10,98		751.066	1.023.225
Foreign currency					
ACC (US$)	Fixed rate + Exchange variation	5,01	0,76	461.849	272.626
Financing of industrial complex (US$)	Libor+Fixed rate+Exchange variation	3,93	2,29	8.849	9.993
Prepayment (US$)	Libor+Fixed rate+Exchange variation	7,21	4,73	2.075.402	2.033.016
Bonds (US$)	Fixed rate + Exchange variation	9,63	6,69	675.377	643.583
BNDES Finem	Basket of currencies + 1,30%	1,30	3,13	2.015	2.149
NCE (US$)	Fixed rate+ Exchange variation (US$)+Libor	8,51	1,76	398.721	389.580
Swap	Premium + Exchange variation + Libor		0,8	9.060	42.484
Total foreign currency		7,66		3.631.273	3.393.431
Total indebtedness		8,39		4.382.339	4.416.656
Current liabilities				1.198.877	932.953
Noncurrent liabilities				3.183.462	3.483.703

Consolidated

Credit line	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	Balance 3/31/10	Balance 12/31/09
Local currency					
FINAME	TJLP + Fixed rate	6,04	3,29	15.425	8.897
BNDES Finem	TJLP + 1,80	8,21	3,50	19.046	10.954
FINEP	TJLP + 1%	7,25	3,56	42.423	37.603
NCE	Fixed rate+%CDI	11,08	2,18	1.010.255	1.064.319
Working capital (R$)	Fixed rate+%CDI	9,42	1,65	117.157	133.648
Rural credit note (R$)	Fixed rate	6,74	0,66	168.657	25.029
Prepayment (interest)	%CDI	9,85	0,50	1.578	1.648
FCO - Center West Region Fund	Fixed rate	10,00	3,90	10.790	-
Total local currency		**10,19**		**1.385.331**	**1.282.098**
Foreign currency					
ACC (US$)	Fixed rate + Exchange variation.	4,92	0,59	787.973	503.757
Financing of industrial complex (US$)	Libor+Fixed rate + Exchange variation	2,85	1,91	19.265	20.771
Prepayment (US$)	Libor+Fixed rate + Exchange variation	7,28	4,64	2.182.778	2.138.133
Bonds (US$)	Fixed Rate + Exchange Variation	9,63	6,69	675.377	643.583
BNDES Finem	Basket of currencies + 1.30	1,30	2,88	2.015	2.149
NCE (US$)	%CDI+Fixed Rate +Exchange Variation (US$)+Libor	8,51	1,75	407.295	398.149
Swap	Premium + Exchange Variation		0,80	9.060	42.484
Working Capital (US$)	Fixed rate + Libor	4,59	2,14	163.760	31.882
Working Capital (Pesos)	Stimulation unit	3,20	0,20	1.682	52
Bank loan (US$)	Fixed Rate	5,04	2,15	21.801	21.366
PAE (US$)	Fixed Rate	3,50	0,30	13.622	8.376
Financing (US$)	Fixed Rate	3,62	0,39	18.232	4.650
Overdraft account (US$)	Libor + Fixed Rate	2,07	0,21	6.724	3.896
Negotiable liabilities	Fixed Rate	7,06	2,60	80.149	52.802
Total foreign currency		7,58		4.389.733	3.872.050
Total indebtedness		8,37		5.775.064	5.154.148
Current liabilities				2.114.161	1.473.611
Noncurrent liabilities				3.660.903	3.680.537

The Company's types of loans and financing can be described as follows:

FINAME – Machinery and Equipment Finance

BNDES (National Bank for Economic and Social Development) credit line for acquisition of capital goods. The currency to be used by BNDES to adjust values is URTJLP, based in the variation of TJLP (Long-Term Interest Rate). These transactions are guaranteed by the acquired asset itself. Repayments will be made until October 2014.

BNDES FINEM – Business Finance

BNDES credit line to finance businesses. The loans have been raised to acquire machinery and equipment, and expand production facilities. This finance agreement is partially adjusted using the TJLP (Long-Term Interest Rate) and the rest is adjusted using the UMBNDES, which is made up of a basket of currencies that reflects daily fluctuation of the currencies in which BNDES raises loans. This type of financing is secured by bank guarantees given by Banco Bradesco. A portion of the principal plus interest will be repaid in monthly instalments maturing until February 2013.

FINEP – Fund for Financing Studies and Projects

FINEP credit line for financing studies and projects. FINEP is a public institution linked to the Ministry of Science and Technology. The currency used for adjusting the finance agreement is URTJ01, which is based on TJLP variation. The finance agreement is guaranteed by a contract with Banco Bradesco. It will be repaid in monthly instalments maturing until March 2016.

NCE – Export Credit Note (ECN)

Credit line that grants tax benefits to export companies. Exports made must be proved. Funds raised under this credit line are used as working capital. These transactions, some of them denominated in R$ and some in US$, are guaranteed by trade notes, endorsements and supply contracts; in some cases, no guarantee is given. The rates used for adjustment of those operations in American dollars are: Libor ((*London Interbank Offered Rate*) and/or fixed rate, and for operations in reais the one of CDI and/or fixed rate. They mature until December 2014.

Working capital

Funds raised under this credit line are used as working capital financing. There are transactions conducted in both BRL and Pesos. They are guaranteed by endorsements and mortgages. The adjustment indexes used for that operation are CDI and/or fixed rate. Repayments will be made until November 2012.

Rural Credit Note

Credit line to finance the integration system between rural producers (partners) and meat packing plants. Funds under this credit line are raised in BRL and linked to production. This finance is guaranteed by endorsement. Repayments will be made until August 2010.

ACC – Advance on Exchange Contracts

Foreign credit line for export companies. Funds raised under this credit line are used for export financing.

ACC transactions are conducted in US$. Payment is linked to exports and guaranteed by promissory notes. The adjustment rate used for those operations is a fixed rate. Repayment is scheduled up to March.

Financing of Industrial Complex

Foreign credit line for acquisition of equipment. This transaction is conducted in US$, and is guaranteed by the financed equipment itself. The rates used for adjustment of those operations are Libor (*London Interbank Offered Rate*), plus fixed rate. Repayment is scheduled up to July 2012, with quarterly instalments of the principal and interest.

Prepayment

Foreign credit line for export companies. Funds raised under this credit line are used for export financing. This transaction is conducted in US$ and guaranteed by promissory notes, endorsements, supply contracts and export documents. In some cases, no collaterals are offered. The indices for adjustment for those operations are Libor (*London Interbank Offered Rate*), plus fixed rate. Repayments will be made until December 2016.

FCO – Centre West Region Fund

It is a line of credit destined to support enterprises located exclusively in the States of Goiás, Mato Grosso do Sul and *Distrito Federal*. The financing periods are established according to item to be financed. Such type of credit is guaranteed by mortgage and a fixed rate is used for adjustment. The repayment schedule is monthly, plus interest, and is established for payment until December 2013.

Bonds

Debt notes issued abroad – 144A. / Reg. S, which were used to acquire the units in Argentina and Uruguay. This finance was raised in US$, and does not have guaranties. The adjustment rate used for those operations is a fixed rate. Principal matures in November 2016, with interest paid every six months.

PAE – Export Loan

Chile's credit line for export companies. The purpose of the loans raised under this credit line, which may be used for any export contract, is to finance exports of lamb, food fish, and other products brought to Brazil. The difference between this line and a normal one is that its exempt from ITE – "*Impuesto de Timbre y Estampilla*" (equivalent to the tax on financial transactions in Brazil) and only in 2009 there will no difference in relation to a common loan. Lines are raised in US$ and are collateralized by bank guarantees.

Below is the debt maturity schedule:

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Local currency				
1Q10	-	140,853	-	189,723
2Q10	67,853	57,820	295,118	198,056
3Q10	105,679	103,867	139,844	140,407
4Q10	157,320	156,424	195,036	184,848
1Q11	110,483	-	210,163	-
2011	190,835	450,251	199,248	454,241
2012	55,498	54,324	117,219	55,031
2013	30,054	29,849	89,013	29,955
2014	25,719	24,600	79,065	24,600
2015	5,719	4,600	58,719	4,600
2016	1,906	637	1,906	637
	751,066	1,023,225	1,385,331	1,282,098
Foreign currency				
1Q10	-	134,236	-	227,421
2Q10	82,115	77,276	236,228	134,708
3Q10	73,062	131,507	269,949	214,294
4Q10	145,952	130,970	213,463	184,154
1Q11	456,413	-	554,360	-
2011	411,886	512,735	524,949	577,931
2012	495,307	483,899	545,208	533,147
2013	570,630	558,252	604,240	591,197
2014	401,307	392,725	427,393	418,396
2015	207,681	203,238	219,895	215,217
2016	786,920	768,593	794,046	775,585
2017	-	-	2	-
	3,631,273	3,393,431	4,389,733	3,872,050
Total indebtedness	4,382,339	4,416,656	5,775,064	5,154,148

Following are the guarantees for loans and financing:

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Financing balance	4,382,339	4,416,656	5,775,064	5,154,148
Guarantees:				
No guarantee	1,691,256	1,776,473	1,807,461	1,861,385
Promissory note	1,725,586	1,508,620	1,740,886	1,510,085
Trade bills	90,000	124,579	99,592	175,891
Bank guarantee	12,164	13,103	112,520	49,602
Supply contract	35,897	35,095	47,180	36,851
Endorsement	548,806	691,119	1,352,130	872,412
Financed asset	27	71	16,795	15,301
Export documents	-	-	123,648	193,396
Facilities	51,272	47,596	67,562	59,409
Mortgage	-	-	53,248	45,192
Financial investment	227,331	220,000	242,617	221,857
Export credit	-	-	111,425	112,767

On March 26, 2010, shareholders authorised a transaction of "Senior Notes", issued in 2006 by Marfrig Overseas, subsidiary of the Company, amounting to US$375,000,000, at the annual rate of 9.625%, maturing on 2016 (the "Notes"), for the change of some provisions on this agreement, which was guaranteed by Marfrig Alimentos S.A. The amendment included the change or elimination of certain clauses and restrictions described in the agreement of the transaction referred to above, and regularised any former non-compliances. There were no changes as for the effective period or annual interest rates paid on these Notes. The authorisation referred to above was given by the holders of the outstanding notes who informed their decision up to March 25, 2010, and was signed by Marfrig Alimentos S.A. and by some relevant subsidiaries, which have also become guarantors of the transaction.

Considering that the notes issued by the Company (Bonds Marfrig), maturing in 2016, account for 11.69% of consolidated indebtedness (12.49% as of December 31, 2009), requirements related to the maintenance of certain financial indexes agreed upon their issue are valid for all the other loans and financing outstanding on the balance sheet date. After the amendments referred to above, the restrictions, as for indebtedness, correspond to keeping the adjusted net debt quotient to pro forma EBITDA below 4.75x.

17. LEASE PAYABLE

The Company is a lessee in various agreements, classified as operating or finance leases.

a. Finance lease

According to CVM Decision No. 554/08, finance lease operations are now recognized under the Company's current liabilities, instead of noncurrent liabilities, with an offsetting entry of the asset into property, plant and equipment, according to note 11.

Transactions agreed before the issuance of the decision referred to above are not considered in the calculation of the covenants referred to in note 16.

						Company
Credit line	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturities (years)	Balance on 3/31/10 (at present value)	Future payments as of 3/31/10	Balance on 12/31/09 (at present value)
Local currency						
Finance lease of Vehicles	CDI + Rate	11.2%	2.6	14,383	17,638	14,808
Finance lease of IT equipment	CDI + Rate	8.6%	2.8	10,325	13,025	11,214
Finance lease of Machinery and Equipment	CDI + Rate	12.5%	3.3	17,047	25,009	18,141
Finance lease of Industrial Facilities	CDI + Rate	11.4%	2.4	30,942	41,089	35,473
Finance lease of Buildings	CDI + Rate	11.6%	1.8	25,968	31,293	29,826
Finance lease - discount to present value				5,662		6,558
Total local currency				104,327	128,054	116,020
Total of the Company				104,327	128,054	116,020
Current liabilities				47,781		47,641
Noncurrent liabilities				56,546		68,379

				Consolidated		
Credit line	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturities (years)	Balance on 3/31/10 (at present value)	Future payments 3/31/10	Balance on 12/31/09 (at present value)
Local currency						
Finance Lease Vehicles	CDI + Rate	11.2%	2.6	14,470	17,748	14,918
Finance Lease - IT Equipment	CDI + Rate	8.5%	2.8	10,325	13,025	11,213
Finance Lease - Machinery and Equipment	CDI + Rate	12.5%	3.4	17,372	25,476	18,141
Finance Lease - Industrial facilities	CDI + Rate	11.4%	2.4	31,794	42,011	36,396
Finance Lease - Buildings	CDI + Rate	11.6%	1.8	25,968	31,293	29,825
Finance lease - discount to present value				5,662	-	6,558
Total local currency				105,591	129,553	117,051
Foreign currency						
Finance Lease Vehicles	Rate	5.9%	2.1	1,338	2,210	1,449
Finance Lease - IT Equipment	Rate	16.0%	0.5	21	7,496	4,383
Finance Lease - Machinery and Equipment	Rate	7.9%	2.4	32,785	37,701	30,082
Finance Lease - Industrial facilities	Rate	12.0%	2.2	1,937	3,219	2,056
Finance Lease - Buildings	Rate	3.6%	1.4	2,558	4,610	3,053
Total foreign currency				38,639	55,236	41,023
Total Consolidated				144,230	184,789	158,074
Current Liabilities				61,506		61,683
Noncurrent liabilities				82,724		96,391

According to Technical Pronouncement CPC No. 12, approved by CVM Decision No. 564/08, finance lease payable was adjusted at present value as described in note 3 (l).

Below is the lease maturity schedule:

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Local currency				
1Q10	-	11,887	-	11,971
2Q10	11,921	11,906	12,021	11,990
3Q10	11,941	11,926	12,041	12,010
4Q10	11,936	11,922	12,025	11,996
1Q11	11,983		12,071	-
2011	38,448	45,878	38,701	46,141
2012	16,630	20,069	16,939	20,330
2013	1,468	2,431	1,703	2,587
2014	-	1	73	26
2015			17	-
Total local currency	104,327	116,020	105,591	117,051
Foreign currency				
1Q10	-	-	-	3,758
2Q10	-	-	3,166	3,493
3Q10	-	-	2,967	3,279
4Q10	-	-	2,875	3,186
1Q11	-	-	4,340	-
2011	-	-	9,473	11,582
2012	-	-	9,616	10,559
2013	-	-	4,590	4,301
2014	-	-	1,612	865
Total foreign currency	-	-	38,639	41,023
Total lease	104,327	116,020	144,230	158,074

The schedule of current and future minimum lease payments is the following:

	Company	
	3/31/10 (at present value)	12/31/09 (at present value)
Local currency		
Up to 1 year	47,781	47,641
From 1 to 5 years	56,546	68,379
More than 5 years	-	-
	104,327	116,020

	Consolidated	
	3/31/10 (at present value)	12/31/09 (at present value)
Local currency		
Up to 1 year	48.158	47.967
From 1 to 5 years	57.433	69.084
More than 5 years	-	-
	105.591	117.051
	31/03/10	31/12/09
Foreign currency		
Up to 1 year	13.348	13.716
From 1 to 5 years	25.291	27.307
More than 5 years	-	-
	38.639	41.023
	144.230	158.074

Following are the guarantees for the leases:

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Local currency				
Guarantees:	-	-	-	-
Financed asset	104.327	116.020	105.591	117.051
Total local currency	104.327	116.020	105.591	117.051
Foreign currency				
Guarantees:	-	-	-	-
Financed asset	-	-	38.639	41.023
Total foreign currency	-	-	38.639	41.023
Total	104.327	116.020	144.230	158.074

b. Operating Lease

The recognition of the operating lease still uses the previous accounting criterion, that is, the expense on lease is monthly recorded, according to CVM Decision No. 554/08.

Operating lease as of March 31, 2010 is as follows:

OPERATING LEASE

Company

Financial institution	Leased asset	Beginning date	Weighted average interest rate (p.a.)	Weighted average maturity (years)	Total amount financed	Expense amount on 3/31/10
	Local currency					
CSI LATINA A. M. S.A	IT equipment	7/11/2006	11,73%	2,9	1.344	136
CSI LATINA A. M. S.A	IT equipment	11/7/2006	10,09%	2,9	1.173	116
CSI LATINA A. M. S.A	IT equipment	7/2/2007	12,83%	4,4	1.046	77
CSI LATINA A. M. S.A	IT equipment	12/5/2007	12,83%	2,9	989	385
CSI LATINA A. M. S.A	IT equipment	9/13/2009	8,45%	3,7	693	15
CSI LATINA A. M. S.A	Machinery and equip.	3/23/2006	6,95%	3,9	2.278	75
CSI LATINA A. M. S.A	Machinery and equip.	1/10/2008	12,15%	4,4	3.700	283
CSI LATINA A. M. S.A	Machinery and equip.	3/28/2007	11,19%	2,9	10.008	1.019
	Total local currency				21.231	2.106

Consolidated

Financial institution	Leased asset	Beginning date	Weighted average interest rate (p.a.)	Weighted average maturity (years)	Total amount financed	Expense amount on 3/31/10
	Local currency					
CSI LATINA A. M. S.A	IT equipment	7/11/2006	11,73%	2,9	1.344	136
CSI LATINA A. M. S.A	IT equipment	11/7/2006	10,09%	2,9	1.173	116
CSI LATINA A. M. S.A	IT equipment	7/2/2007	12,83%	4,4	1.046	77
CSI LATINA A. M. S.A	IT equipment	12/5/2007	12,83%	2,9	989	385
CSI LATINA A. M. S.A	IT equipment	9/13/2009	8,45%	3,7	693	15
CSI LATINA A. M. S.A	Machinery and equip.	3/23/2006	6,95%	3,9	2.278	75
CSI LATINA A. M. S.A	Machinery and equip.	1/10/2008	12,15%	4,4	3.700	283
CSI LATINA A. M. S.A	Machinery and equip.	3/28/2007	11,19%	2,9	10.008	1.019
Frigorifico Mercosul	Meat packing plant	9/21/2009	IGP-M Year	4,2	100.000	1.071
Frigorifico Margem	Meat packing plant	10/9/2009	IGP-M Year	4,2	164.500	1.321
Frigorifico 4 Rios	Meat packing plant	12/1/2009	IGP-M Year	4,2	9.600	174
Frigorifico Boivi	Meat packing plant	12/29/2009	IGP-M Year	5,0	6.000	-
	Total local currency				301.331	4.672

The maturities of operating lease are as follows:

	Company 3/31/10
Local currency	
Up to 1 year	4.189
From 1 to 5 years	7.575
More than 5 years	-
	11.764

	Consolidated 3/31/10
Local currency	
Up to 1 year	70.040
From 1 to 5 years	219.258
More than 5 years	-
	289.298

The operating leases the Company contracted do not present any restrictions or contingencies and there is a description of their tax bases. The agreements have been executed according to common market practices and there are no adjustment clauses established for the terms of the contracts.

The value of the leased assets is calculated at total definitive cost, what includes transportation costs, taxes and documentation. The value of consideration is calculated on the value of total definitive cost, by applying a predefined percentage for each contract. In the event of termination, the lessor will have the option of cumulatively: (i) unilaterally cancel all rights arising from the lease agreement; claim the return of the leased goods; and (iii) require an advanced expiration of the lease contract. In that case, the lessee undertakes to pay unsettled debts, including instalments overdue and coming due, besides possible pending expenses, taxes and charges, plus a fine of 10% on the debit balance. The lessee, without prejudice to the lessor, is entitled to claim damages and losses.

In relation to the renewal option, the lessee should previously manifest his wish, otherwise the renewal is automatic and the conditions should be adjusted between the parties. In the event there is no agreement between the parties, the lessee should opt for the purchase of the goods at market value or for returning them.

18. NOTES PAYABLE

	Company		Consolidated	
	3/31/10	12/31/09	3/31/10	12/31/09
Notes payable - Europe	-	-	49,868	-
Notes payable - Brazil	29,484	29,384	29,484	29,384
Others	3,750	3,666	3,750	3,666
Discount to present value	(2,158)	(2,015)	(2,158)	(2,015)
	31,076	31,035	80,944	31,035

According to significant event disclosed to the market on 23 June 2008, which informed that Marfrig acquired companies in Europe and Brazil, the Company entered into a potential payment of up to US$220 million, according to the future performance of the businesses located in Europe. This acquisition was approved at a meeting of the Company's Board of Directors held on 31 October 2008 and a Shareholders' Meeting held on 1 December 2008.

In the period ended 31 March 2010 operating performance goals of the businesses located in Europe were partially hit, leading to a payment obligation of US$ 28 million or R$49,868.

As an offsetting entry to this obligation, the Company increased the goodwill on acquisition, as described in note 12. During 2010 the total goodwill will be measured according to the provisions of CPC 15 – Business combination and disclosed according to CVM Decision No. 603/2009, with due effects on 2009 financial statements compared with 2010 financial statements.

19. PROVISIONS

The Company and its controlled companies are involved in several lawsuits, in the ordinary course of business, for which provisions based on legal counsellors' estimates have been set up. The principal information about these lawsuits is presented below:

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Labour and social security	2,044	2,044	50,538	8,501
Tax	2,177	2,177	322,171	26,046
Civil	2,337	2,337	15,397	4,134
Other	-	-	3,921	148
	6,558	6,558	392,027	38,829

Labour complaints

As of March 31, 2010, the Company and its controlled companies were parties to various labour complaints. Based on the Company's payment history, and on payments over the last two years, a provision of R$50,538 was set up. According to the opinion of the management and legal counsellors, the provision is sufficient to face probable losses. Most of the labour claims filed against the Company refer to matters usually questioned in this industry, such as dismissal for just cause, preparation time, break time for personnel who works in refrigerated environment, and *in itinere* hours among others.

Tax

Tax contingencies refer mostly to the following taxes:

ICMS (State VAT)

According to the management, all tax lawsuits of the Company are rated as a probable unfavourable outcome, seeing the historical value paid of R$2,480. They refer to ICMS in several states where the Company has activities. The Company is claiming the use of credits from the transfer of goods, at the historical value of R$270, and the issuance of electronic tax documents, at the historical value of R$1,525. Besides, the Company is discussing an erroneous issuance of invoices at the Manaus Free-Trade Zone, for the historical value of R$685.

Federal Taxes and Contributions

As of March 31, 2010, there was an administrative proceeding stating income omission at the historical value of R$1,233. The administrative defence was filed, which was analyzed by authorities. A final report was issued establishing an amount payable of R$28, which it is accrued for.

The controlled company Seara has filed administrative proceedings discussing the disallowance of refund requests of PIS/COFINS credits, totalling R$122,489. They refer to credits on depreciation expenses, on goods acquired for resale, expenses with freight, transportation of cargo, deemed PIS and COFINS credit of agroindustrial activities, lease expenses and commission expense.

Seara has also filed administrative proceedings discussing the disallowance of IPI deemed credits taken as refund of PIS/COFINS levied on exports, corresponding to R$124,967. That company has a tax provision in the value of R$21,935, from which, R$17,345 corresponds to administrative proceedings referring to: i) IRPJ/CSLL for the deductibility of expenses with allowance for doubtful account and escrow funds (CPMF) at the value of R$7,505; ii) disallowance of PIS/COFINS credits on inputs taxed at a zero rate, monophase products, expenses with freights and deemed credits of agroindustrial activities amounting to R$6,360; iii) Contributions for the Brazilian Social Security Institute (INSS) on lease, classification of activities, profit sharing, INCRA and FUNRURAL[4] at the value of R$2,587; iv) ICMS on transfer margins at the value of R$685; v) ITR[5] on the value of bare land corresponding to R$208; and R$4,590 of tax risks unmaterialized until this moment.

Seara has booked a provision for Corporate Income Tax (IRPJ) and for Social Contribution Tax (CSLL) of R$27,755 on complementary PIS/COFINS credits related to the acquisition of agricultural inputs.

[4] Funrural = Rural Worker Assistance Fund
[5] ITR = Rural Land Tax

In addition, the Company set up a provision of R$22,517 for possible contingencies.

Civil suits

The civil suits of the Company and of its controlled companies involve controversies typically related to business agreements and indemnities. None of those proceedings is individually material. As of March 31, 2010, the Company's management, based on the opinion of legal advisors, recognized a provision at the amount of the actions rated as probable losses, totalling R$15,397.

Contingent liabilities, not subject to accounting, according to prevailing standards, are demonstrated below:

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Labor and social security	38,368	31,342	120,333	40,340
Tax	36,321	104,145	72,466	123,787
Civil	2,649	1,438	230,101	3,342
	77,338	136,925	422,900	167,469

We present below the civil matters of the controlled company Seara discussed at court, rated as possible losses, corresponding to R$174 thousand. They refer to preparation time, break time for the personnel that works at a refrigerated environment, *in itinere* hours, outsourcing of the business purpose and dangerous working conditions extra pay.

The other civil actions of the Company and of its controlled companies involve controversy related to commercial and indemnity agreements, which individually are not significant.

Most of the labour claims filed against the Company and its controlled companies, which in the opinion of the Company’s legal advisors are rated as possible losses, refer to common matters in that industry, such as dismissal for just cause, overtime, preparation time, break time for the personnel that works in refrigerated environment, and *in itinere* hours, among others. The increase observed in the provision for labour contingencies, not required to be booked, refers to the numbers of the controlled company Seara. However, the Company's management explains that individually no labour complaint is significant.

We below the tax matters discussed at court that in the opinion of the management and legal counsellors are rated as possible losses for the Company and its controlled companies.

Federal Taxes and Contributions

As of March, 2010, the Company was a party to administrative proceedings filed by the Federal Government at the total historical value of R$38,893, claiming (i) the amounts related to Corporate Income Tax, and Social Contribution Tax on Net Income, Contributions for the Social Integration Program (PIS) and Contribution for Social Security Funding (COFINS), payable due to assumed omission of income, determined by comparison of amounts stated and booked with invoices presented by suppliers, (ii) differences in payments of PIS and COFINS debts, at historical value of approximately R$2,371, for which a provision was not recognized and, based on the opinion of legal advisors, are rated as possible losses, (iii) exclusion of ICMS from the tax bases of PIS and COFINS. This last action is the most significant one, addressing a refund request at the historical value of R$32,432, for which a provision was not set up, as according to opinion of the legal counsellors, they are rated only as possible losses. The Company has filed administrative defences, stating its non-enforceability and that part of the debts is barred by the statute of limitations, as well as the incorrectness in their tax bases, and that inspectors deemed the amounts, what is forbidden in certain cases. Such defences have not been analyzed yet.

The controlled companies have administrative proceedings associated with federal tax credits offset with social security debts. The amounts are the following: Penasul's corresponds to R$3,519, Dagranja's to R$6,580, Mabella's to R$5,525, Pampeano's to R$1,053 and Agrofrango's to R$1,505. Such companies are parties to court actions discussing their right to the offset under the manner executed.

PIS and COFINS on import

In November 2004, the Company filed a lawsuit challenging the enforceability of PIS and COFINS on imports and claimed the non-payment of those contributions. A provisional remedy was granted and confirmed in a sentence that currently is in effect, against which the Federal Government has filed an appeal that will be judged at the 3rd Federal Court of Appeals. The mentioned action generates favourable effects to cash flows, as allows the payment of those taxes during the sale of the goods, and not in advance during the import.

ICMS (State VAT)

The discussions related to ICMS involving the Company address the administrative proceedings filed by the Finance Departments of the States of São Paulo, Goiás, Minas Gerais, Paraná, Bahia and Rio Grande do Sul that question the credits from the transfer of goods, non-compliance of accessory obligations and erroneous issuance of invoices, which amount to the historical value of R$31,499. The Company is challenging the collection imposed for the lack of supporting documentation to prove the entrance of goods through the Free-Trade Zone of Manaus, at the historical value of R$685. In the State of Mato Grosso, the actions refers to the disregard of the tax regimen established with the State and the absence of issuance of electronic invoice, corresponding to R$6,531.

The most significant proceedings regarding ICMS were filed by the Finance Department of the State of São Paulo claiming amounts related to deemed credit taken on transference invoices of goods sent by the branch located in the State of Mato Grosso do Sul to the branches in the State of São Paulo, that is, a "Tax War." The entered values correspond to the difference between the amount separately identified in the goods receiving documents at the distribution centre and paid to the State of origin. The Company has filed administrative defences questioning the demand of those debts that have not been analyzed yet in a definitive manner. The historical value demanded in those administrative proceedings corresponds to R$134,171. The Company has filed a lawsuit claiming the suspension of the enforceability of that credit, whose administrative phase has been finished and corresponds to R$29,860. The controlled company Dagranja is a party to administrative proceedings also filed by the Finance Department of the State of São Paulo claiming the ICMS on the tax benefit granted by the States of Mina Gerais and Paraná. They correspond to the historical value of R$16,975, and are in discussion at administrative level. Court proceedings have been filed for the actions whose administrative phase is finished.

20. DEFERRED TAXES

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Income tax	26,249	26,772	75,305	74,835
Social contribution tax	9,449	9,638	19,960	20,501
	35,698	36,410	95,265	95,336

These deferred taxes were recorded when property, plant and equipment items were revalued. They will be settled as revalued assets are sold, written off, depreciated, or amortized, according to their useful lives established in the revaluation report.

21. SHAREHOLDERS' EQUITY

a. Capital stock

Subscribed and paid-in capital stock as of March 31, 2010 totals R$ 4,061,478 (the same amount as of December 31, 2009), and comprises 346.983.954 common shares without par value. Capital, less the expenditure with the public and private issuance of shares, corresponds to R$3,986,966 (3.989.875 as of December 31, 2009).

Based on CVM Decision No. 556/08, the Company recorded under shareholders' equity the costs incurred with the raising funds through public issue of shares executed in 2007 and 2009 and private issuance in 2008.

Pursuant to the Company's by-laws, at discretion of the Board of Directors, capital stock can be increased through issuance of up to 500,000,000 (five hundred million) common shares and under the conditions the Board defines, independently of changes in the mentioned by-laws.

Also at discretion of the Board of Directors, the Company can issue shares without preferential rights or with the period reduction provided in paragraph 4 of article 171 of Law no. 6,404/76 for shares and debentures convertible into shares or subscription bonuses. Their placement should be made through sale at stock exchange or public subscription, or by means of exchange for shares in a public offer for acquisition of ownership interest, under the terms of the law and within the limit of authorized capital.

The Board of Directors defines issuance conditions (prices and periods).

The call option of shares, the conditions under which shareholders will have preferential rights to subscription, or the inexistence of such right in relation to the management, employees, or individuals who render services to the Company or other companies under its control are presented in note 22.

b. Income reserves

Legal reserve

It is based on 5% (five per cent) of the Company's net income, as defined in its by-laws and current legislation.

In 2009, the amount of R$33.954 was recognized as legal reserve. The adjusted balance as of December 31, 2009 was R$37,171, which as of March 31, 2010 remained the same.

Appropriation of net income

During a General Shareholders' Meeting to be held on 30 April 2010, it was approved the appropriation of net income corresponding to R$460,183, destined to finance part of the investments projected for 2010, whose amount is supplied in the Management Report – item 14 - Business Projections of Results. In March 2010, the balance of that reserve was R$624,992.

Treasury shares

In the year 2008, the Company acquired 695,600 shares for R$12,966, at an average cost per share of R$18.64. These shares are for the long-term share bonus and option program, as described in note 21. These shares will be entitled to dividends and earnings occasionally distributed by the Company.

In year 2009, 124,100 shares were transferred to the management of the Company, in compliance with the option plan described in note 22.

In the period of three months ended 31 March 2010, 94.700 shares were transferred to the management of the Company, in compliance with the option plan described in note 22.

As of March 31, 2010, the balance of treasury shares changed to 476,798, booked at the value of R$8,888.

The value of treasury shares, priced at R$20.34/share in the last trading session before March 31, 2010 corresponds to R$9,698.

c. Asset and liability valuation adjustment

Considering CVM Decision No. 534/08, the Company created the account subgroup "Asset and Liability Valuation Adjustments" to record exchange variations of corporate investments abroad. The controlled company is an entity independent from the head office in Brazil.

d. Accumulated translation adjustments

According to Circular Letter CVM/SNC/SEP No. 01, of 30 January 2009, and CVM Decision No. 534/08, the Company created a caption called "Accumulated Translation Adjustments" to record exchange variations resulting from the translation of the foreign subsidiaries' financial statements where the investee's functional currency is different from that of the controlling company.

e. Dividends

Under the provisions of the Brazilian Corporate Law and its by-laws, the Company's obligatory dividend is of at least 25% of adjusted net income determined in the Company's financial statements. The annual statement of dividends, including their payment, besides the obligatory minimum dividend, requires approval during an Ordinary General Meeting by the vote of the majority of shareholders' holding the shares of Marfrig and depends on several factors. Among those factors, we can mention operating income, financial status, cash needs, and future perspectives of the Company, among others that the Board of Directors and shareholders deem relevant.

In the General Shareholders' Meeting held on April 30, 2010, the following distribution of dividends for the year 2009 was approved:

Description	In thousands of reais
Net income before interest on equity capital	679.079
(-) Legal reserve	(33.954)
Adjusted net income for dividend purposes	645.125
Mandatory dividends	161.281
(-) Interest on equity capital, net (1)	(146.059)
Dividends payable	15.222

(1) The calculation of interest on equity capital is demonstrated in note 21(f).

f. Interest on equity capital

Article 9 of Law No. 9,249 of December 26, 1995, with the modifications introduced by article 88, XXVI, Law No. 9,430/96 allowed the deductibility, for purposes of income tax and social contribution, of interest on equity capital paid to shareholders, calculated based on long-term interest rate variation – TJLP, as presented below.

In the General Shareholders' Meeting held on April 30, 2010, the following distribution of interest on equity capital for the year 2009 was approved:

Description	In thousands of reais
Shareholders' equity on 31 December 2008	2,729,851
(x) Accumulated TJLP for the period from January to December 2009	6.2997%
Limit established in law	171,972
Increase in capital in November 2009	1,296,273
(x) TJLP of December 2009	0.5000%
Limit established in law	6,481
Limit established in law - total	178,453
Value of interest on equity capital	169,720
(-) Withholding income tax (IRRF)	(23,661)
Value of interest on equity capital, net	146,059

g. Minority interest

Refers to the interest of minority shareholders in the Company's equity.

22. MANAGEMENT'S COMPENSATION

Management compensation comprise the earnings of 4 members of Board of Directors (the other 4 opted for not receiving compensation as Counsellors), as well as of the management team organized according to the Company's by-laws.

The added value of the compensation received by the Company's management for their services, and by the Board of Directors is defined through market practices, with the participation of the Corporate Governance and Compensation Committee, formed by one Member of Board of Directors, (coordinator), Chairman and Corporate Human Resources Chief Officer.

The amounts paid in the period ended March 31, 2010 are the following:

Department	Total Compensation		Total
	Fixed compensation	Variable compensation	
Board of Directors	548,623	-	548,623
Management	673,963	-	673,963
	1,222,586	-	1,222,586

The Company has a long-term bonus program with restricted shares for officers and share options for counsellors, as follows:

i. Approval of the plan

On May 7, 2007, the Company's shareholders approved a share purchase option plan (the "Plan"), changed and consolidated by the shareholders in the Extraordinary General Meeting held on May 29, 2009.

Chapter 4 of the Plan establishes that the Board of Directors can create other option plans related to shares issued by the Company under specific conditions to participants, number of granted options, performance targets or performance reached, exercise price and other conditions, which might not follow the general conditions established in the Plan ("Specific Programs").

Therefore, three Specific Programs were created, which were analyzed by the Compensation and Corporate Governance Committee on 29 June 2009 and submitted to the Board of Directors.

The law firm Tozzini & Freire prepared the specific plans and contract models, and analyzed the legal aspects of the matter to assure the conformity with the terms of the Brazilian law and provisions of the Brazilian Securities and Exchange Commission (CVM).

Beneficiaries should adhere to the Policies of Negotiable Securities issued by Marfrig Alimentos S/A that is available at the Company's website of Relations with investors in the Internet.

The total number of treasury shares (balance) corresponds to 476,798 shares, booked at the value of R$8,888 and described in note 21(b), what is enough to cover the exercise of options until 2011 of plans already implemented. For that purpose, new issuances are required only in 2012.

ii. Acquisition of shares through the repurchase program for the share options plan and their maintenance in treasury

On April 9, 2008, the Board of Directors authorized the acquisition of up to 699,489 shares of the Company, equivalent to 1% of outstanding shares, to be kept in treasury and further distributed to the participants of the long-term share bonus and option program, with limits previously approved at the Extraordinary Shareholders' Meeting held on May 29, 2007.

Such acquisition observed the provisions of CVM Instruction 10/80. The authorization will be valid until 31 December 2008 for the financial institutions Credit Suisse Hedging Griffo CTVM S.A., Bradesco BBI S.A. and ABN AMRO Real S.A., executed as described in the table below.

		PURCHASE		
DATE OF TRADING SESSION	FINANCIAL INSTITUTION	NO. OF SHARES	TOTAL VALUE	COST PER SHARE
5/2/2008	CREDIT SUISSE HEDGING-GRIFFO	205,600	3,885,817.67	18,8999
8/14/2008	CREDIT SUISSE HEDGING-GRIFFO	300,000	5,680,645.39	18,9355
8/15/2008	CREDIT SUISSE HEDGING-GRIFFO	90,000	1,693,631.69	18,8181
8/26/2008	CREDIT SUISSE HEDGING-GRIFFO	69,300	1,188,645.57	17,1522
8/27/2008	CREDIT SUISSE HEDGING-GRIFFO	30,700	517,307.70	16,8504
	TOTAL SHARES PURCHASED	695,600	12,966,048,02	18,6401

The maximum average daily price in those operations was R$18.9355/share on 8/19/2008 and the minimum R$16.8504/share on 8/27/2008. The above indicated average values include brokerage expenses and taxes on operations.

iii. Concession

1. Master Plan 07-08: In 2008, 55,200 share options were granted to the Board of Directors, based on the average of twenty sales trading sessions previous to March 4, 2008, (R$15.097/ share), with a discount of 10% on the average mentioned above (R$13.588/share). In accordance with the rules, the exercise will be made at the ratio of 25% per year in 4 years, 25% by the end of the first year; 25% by the end of the second year; 25% by the end of the third year; and 25% by the end of the fourth year. There was also the granting of 212,676 restricted shares to 21 managers, that were submitted to a mutual rescission and replacement due to the restructuring of the Plan approved in the General Meeting of May 29, 2009 and implementation of Specific Plan I (2007/2008) approved in the meeting of Board of Directors as of July 28, 2009.

2. Master Plan 08-09: The concession of 165,800 (related to 2008) in 2009 to the Board of Directors was also reconfirmed in a contract, at the price per share of R$6.7783 (55,200 – R$13.597 and 110,600 – R$6.7783), based on the average of the 20 (twenty) trade sessions previous to 3 March 2009, date of implementation of the Master Option Plan, to be exercised at the above mentioned amount between 2010 and 2013 at the ratio of 25% per year.

The Compensation and Governance Committee approved the implementation of the three Specific Programs on 29 June 2009 and the Board of Directors approved them on 28 July 2009, according to the authorization rendered during the Meeting of 29 May 2009, under the following conditions:

3. Specific Long-Term Plan 07-08 (ESP LT 07-08): For the period 2007/2008, the option was established to be exercised in 4 instalments of 25% each per year, the first up to July 28, 2009 to September 2, 2010, and the 3 remaining ones in the following manner: from 3 March 2010 to 2 September 2010; from 3 March 2011 to 2 September 2011 and from 3 March 2012 to 2 September 2012.

4. Specific Short-Term Plan 08-09 (ESP ST 08-09): Referring to the period 2008/2009 (Short-Term) – the option should be exercised until November 30, 2009 (100%).

5. Specific Long-Term Plan 08-09 (ESP LT 08-09): Concerning the period 2008/2009 (Long-Term) – the options should be exercised in 4 instalments of 25% each, as follows: from 3 March 2010 to 2 September 2010 (1st); from 3 March 2011 to 2 September 2011 (2nd), from 3 March 2012 to 2 September 2012 (3rd) and from 3 March 2013 to 2 September 2013) (4th).

The exercise prices will be:

1. R$0.75485 for shares referring the long-term plan ESP LT 07-08

2. R$1.03823 for shares referring the short-term plan ESP ST 08-09

3. R$0.67783 for shares referring the long-term plan ESP LT 08-09

The following criteria were adopted for the concession of options to executives of Marfrig:

In 2008:

- Weighted average of 20 trading sessions before March 3, 2008: R$15.097/share

In 2009:

- ESP Long-term 07-08: Weighted average of 20 trading sessions before March 3, 2008: R$15.097/share

- ESP Short-term 08-09: Weighted average of 20 trading sessions before May 11, 2009: R$10.3823/share

- ESP Long-term 08-09: Weighted average of 20 trading sessions before March 3, 2009: R$6.7783/share

The total options granted by those 3 programs in 2009 corresponded to 710,930 shares, from which 128,6000 with options maturing in 2009, 158,083 in 2010 and the remaining ones up to 2013.

The total number of shares granted by those three plans corresponded to 0.26% of capital stock (0.20% of current capital stock), therefore, within the 0.5% limit the Board of Directors established for approval in the General Meeting of May 29, 2009.

As of March 31, 2010, the option plan of the Company had 80 participants.

In the period ended March 31, 2010, 94,700 shares were transferred to the management of the Company, according to the criteria established in the option plan, representing a negative effect on income for the period of R$1,521.

There will be no dilution of the participation of current shareholders when the restricted shares or options are exercised ("vesting"), given that the shares are kept in treasury for this purpose.

iv. Participants' rights

All dividends and profit sharing, or their equivalent (cash, shares, or other) over unexercised Restricted Actions, will be considered participant's rights and will be credit by the Company for further release in their accounts upon the maturity of the restrictions.

The Company will have the option to pay such credits through accumulated dividends or profit sharing, or the equivalent amount in cash, Company's shares, or other form. If the payment is made through shares, the conversion will be by the average amount of the 20 trading sessions of BM&F BOVESPA previous to payment date, adjusted to the net amount of income tax levied on the credit granted.

The rights will be lost if the participant quits, or no longer provides services to the Company for any reason except death, disability, retirement or termination without cause. In these cases, all the restricted shares will mature and those not in effect will have the amounts released and become totally effective.

Upon capital increase, participants will be entitled to exercise subscription rights with own resources on the total amount granted, and the subscribed shares will be immediately released to the participant.

v. Changes in the Options Plan and effects on the statement of operations if accounting was effective as of December 31, 2009

The total number of options not exercised at the end of 2009 was 752,630 options.

The fair value of the options was calculated according to the Black-Scholes methods, based on Long-Term Interest Rate (TJLP) of 6% p.a. and with implicit volatility of 81%. The value of the options on 12/31/2009 in the different programs and maturities was between the maximum of R$14.924 and the minimum of R$5.532 per share for counsellors and between the maximum of R$18.569 and the minimum of R$18.082 per share for the management.

The table below demonstrates the changes occurred since the beginning of the program of options plans:

Closing Date:	31/03/2010
Price:	20,34

Stock Option Plan

	Sole Beneficiaries	Options Plan	Granting date	Performance period	Number of Options granted	Number of options vested	Number of Options Exercised in the period	Number of Options Exercised or Cancelled in previous years	Number of Implied Shares - Options Not Exercised
Outstanding options on 12/31/2009	**80**				**878.330**	**144.000**	**125.700**		**752.630**
Board of Directors	3	MASTER 07-08	3/3/2008	04/03/2009	13.800	13.800	13.800		-
	3	MASTER 07-08	03/03/2008	04/03/2010	13.800	13.800			13.800
	3	MASTER 07-08	03/03/2008	04/03/2011	13.800				13.800
	3	MASTER 07-08	03/03/2008	04/03/2012	13.800				13.800
					-				
Board of Directors	3	MASTER 08-09	28/07/2009	04/03/2010	27.650	27.650	-		27.650
	3	MASTER 08-09	28/07/2009	04/03/2011	27.650				27.650
	3	MASTER 08-09	28/07/2009	04/03/2012	27.650				27.650
	3	MASTER 08-09	28/07/2009	04/03/2013	27.650				27.650
					-				
Executives	13	ESP II CP 08-09	28/07/2009	28/07/2009	80.200	80.200	-	80.200	-
	20	ESP I LP 07-08	28/07/2009	28/07/2009	50.000	50.000		45.500	4.500
	20	ESP I LP 07-08	28/07/2009	04/03/2010	50.000	50.000	26.700		23.300
	20	ESP I LP 07-08	28/07/2009	04/03/2011	50.000				50.000
	20	ESP I LP 07-08	28/07/2009	04/03/2012	50.000				50.000
	73	SP III LP 08-09	28/07/2009	04/03/2010	108.083	108.083	54.200		53.883
	73	SP III LP 08-09	28/07/2009	04/03/2011	108.083				108.083
	73	SP III LP 08-09	28/07/2009	04/03/2012	108.082				108.082
	73	SP III LP 08-09	28/07/2009	04/03/2013	108.082				108.082
Granted options	-	-							-
Cancelled options	-	-							-
Expired options	-	-							-
Outstanding options on 3/31/2010	**80**				**878.330**	**343.533**	**94.700**	**125.700**	**657.930**

	Sole Beneficiaries	Options Plan	Option Exercise Price	Option Expiring Date	Option Value on Mar. 31, 2010 (Black Scholes) in R$	Market Value of the Option - options not vested on Mar. 31, 2010	Market Value of the Option - options vested and outstanding on Mar. 31, 2010 (R$'000)	Effects to income as of Mar. 31, 2010 if booked
Outstanding options on 12/31/2009	**80**					**13.480**	**181**	**(13.503)**
Board of Directors	3	MASTER 07-08	13,588	02/09/2010	6,752	-	-	-
	3	MASTER 07-08	13,588	02/09/2010	6,752	-	93	(70)
	3	MASTER 07-08	13,588	02/09/2011	9,566	132	-	(70)
	3	MASTER 07-08	13,588	02/09/2012	11,665	161	-	(70)
Board of Directors	3	MASTER 08-09	6,77830	03/03/2011	13,562	-	375	(328)
	3	MASTER 08-09	6,77830	03/03/2012	14,186	392	-	(328)
	3	MASTER 08-09	6,77830	03/03/2013	15,106	418	-	(328)
	3	MASTER 08-09	6,77830	03/03/2014	15,901	440	-	(328)
Executives	13	ESP II CP 08-09	1,03823	30/11/2009	-	-	-	-
	20	ESP I LP 07-08	0,75485	02/09/2010	19,585	-	88	(80)
	20	ESP I LP 07-08	0,75485	02/09/2010	19,585	-	456	(417)
	20	ESP I LP 07-08	0,75485	02/09/2011	19,626	981	-	(894)
	20	ESP I LP 07-08	0,75485	02/09/2012	19,669	983	-	(894)
	73	SP III LP 08-09	0,67783	02/09/2010	19,662	-	1.059	(968)
	73	SP III LP 08-09	0,67783	02/09/2011	19,699	2.129	-	(1.941)
	73	SP III LP 08-09	0,67783	02/09/2012	19,737	2.133	-	(1.941)
	73	SP III LP 08-09	0,67783	02/09/2013	19,777	2.138	-	(1.941)
Granted options	-	-				-	-	-
Cancelled options	-	-				-	-	-
Expired options	-	-				-	-	-
Outstanding options on 3/31/2010	**80**					**9.907**	**2.072**	**(10.599)**

23. INSURANCE COVERAGE

It is the Company's policy to insure its property, plant, and equipment and inventories at risk, for amounts deemed sufficient to cover possible casualties. All this is done taking into consideration the nature of its activities and the insurance advisors' opinion.

The risk assumptions adopted, in view of their nature, do not take part of the scope of an audit of financial statements. Therefore, the independent auditors of the Company have not audited them.

Below is a summary of the amounts insured by the Company:

	Company		Consolidated	
Description	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Meat-packing buildings and facilities	903,300	903,300	4,418,288	4,090,665
Inventories and loss of profit	192,876	192,876	2,050,428	1,983,914
Third party storage	12,000	12,000	59,411	42,603
Vehicles	12,712	22,997	28,331	29,555
Merchandize transportation	333,333	333,333	2,026,242	2,043,969
Director's guarantees	40,000	40,000	109,386	68,730
Civil liability	-	-	203,834	192,456
Other	346,725	303,567	632,306	545,654
	1,840,946	1,808,073	9,528,226	8,997,546

24. FINANCIAL INSTRUMENTS – DERIVATIVES AND RISK MANAGEMENT - CONSOLIDATED

a. Overall Perspective

The Company is exposed to market risks related to exchange, interest rate and commodities price fluctuations of a nature considered normal to its business. In order to minimize these risks, the Company has policies and procedures to minimize these exposures and may use hedging instruments, as long as previously approved by the Board of Directors.

The Company's policies consist mainly of the following: Monitoring levels of exposure to each market risk; measuring these risks; setting limits for making decisions and using hedging mechanisms, always aiming at minimizing the foreign exchange exposure of its debts, cash flows and interest rates.

Management is authorized to perform any and all acts related below up to the amount equivalent to ten percent (10%) of the Company's equity based on the last financial statements disclosed in the market, except that for amounts higher than five percent (5%) of Shareholder's Equity, an additional authorization from the Company's Finance Committee is necessary.

The Company's acts mentioned in the former paragraph are: a) Offer guarantee for the obligations of the Company's controlled companies and/or wholly owned subsidiaries; (b) approve the acquisition of and/or disposal of permanent asset items; (c) Approve financial transactions, including leases; and (d) Approve single or group of transactions involving the Company and related parties, directly or indirectly.

The Company does not enter into leveraged transactions with derivatives or similar instruments that do not offer a minimum protection against its exposure to other currencies, and adopts a conservative policy of not entering into transactions that could affect its financial position.

The Company also has a sound financial policy, maintaining high level of cash balance and short-term financial investments. At the same time, the maturity of the Company's long-term indebtedness is such that it does not affect a single year.

b. Interest rate risk management

Interest rate risk refers to the Company's risk of incurring economic losses due to negative changes in interest rates. This exposure basically refers to changes in market interest rates that affect the Company's assets and liabilities indexed to the TJLP (long-term interest rate), LIBOR or CDI (interbank deposit rate).

In order to reduce debt service costs, the Company continually monitors market interest rates to assess the need to enter into new derivative contracts to hedge its operations against the risk of fluctuations of these rates.

c. Commodity price risk management

During its activities, the Company purchases some commodities, such as: corn, soybean meal, and live cattle, which are the biggest individual components of the production cost and are subject to certain variables.

The price of cattle and swine acquired from third parties is directly related to market conditions, being influenced by domestic availability and foreign market demand.

Corn and soybean meal are subject to volatility resulting from weather conditions, crop yield, transport costs, warehousing costs, agricultural policy, exchange rates, international prices, among others.

To reduce the impact over commodities, the Company manages inventory levels, keeps cattle confined, and trades cattle at BM&F BOVESPA.

In the period ended March 31, 2010, the Company did not have derivatives for hedging against commodity price fluctuations.

d. Exchange risk management:

Exchange rate risk consists of the risk of foreign exchange fluctuations leading the Company to incur losses and causing a reduction in the values of assets or an increase in the values of liabilities. The Company's main current exchange rate exposure relates to the US dollar fluctuation against the Brazilian real.

Given that approximately 66.42% of the Company's revenues are denominated in currencies other than the Brazilian real, the Company has a natural *hedge* against the maturities of future obligations in foreign currency.

The Company also has a sound financial policy, maintaining a high level of cash balance and short-term financial investments with solid financial institutions.

We believe that the Company's consistent financial policy, grounded in a well-distributed capital structure, allows it to consolidate synergies achieved through the acquisitions made.

e. Outstanding foreign currency and derivative position

Assets and liabilities in foreign currency are as follows:

COMPANY

EXPOSURE Description	3/31/2010	12/31/2009	Effects of exchange variation on results
OPERATING			
Accounts receivable	226,871	224,336	7,256
Advance on export contracts - ACEs	(196,068)	(22,261)	(10,626)
Imports payable	(19,898)	(16,199)	(141)
Subtotal	10,905	185,876	(3,511)
FINANCIAL			
Receivables from controlled companies	-	-	-
Loans and financing	(3,169,424)	(3,120,805)	(124,298)
Notes payable	(30,473)	(31,976)	(262)
Advance on exchange contract (ACC)	(461,849)	(272,626)	(14,133)
Balance of banks and financial investments	67,081	67,163	2,138
Subtotal	(3,594,665)	(3,358,244)	(136,555)
TOTAL	(3,583,760)	(3,172,368)	(140,066)
Exchange variation gain			9,394
Exchange variation loss			(149,460)
Exchange variation, net			(140,066)

CONSOLIDATED

EXPOSURE Description	3/31/2010	12/31/2009	exchange variation on results
OPERATING			
Accounts receivable	441,793	253,387	12,864
Advance on export contracts - ACEs	(341,989)	(22,261)	(11,024)
Imports payable	(42,456)	(109,538)	(2,002)
Other	(29,838)	67,456	(437)
Subtotal	27,510	189,044	(599)
FINANCING			
Receivables from controlled companies	-	-	-
Loans and financing	(3,601,760)	(3,368,293)	(127,764)
Notes payable	(30,473)	(31,976)	(262)
Advance on exchange contract (ACC)	(787,973)	(503,757)	(25,664)
Balance of banks and financial investments	71,972	440,207	2,049
Other	11,649	11,979	713
Subtotal	(4,336,585)	(3,451,840)	(150,928)
TOTAL	(4,309,075)	(3,262,796)	(151,527)
Exchange variation gain			15,626
Exchange variation loss			(167,153)
Exchange variation, net			(151,527)

As of March 31, 2010, outstanding derivatives were as follows:

								3/31/2010	12/31/2009
Instrument	Record	Maturity	Receivable	Payable	Counterpart of the principal amount	Reference value US$ (notional value) (2)	Fair value R$ (1)	Payable value (-)	Receivable value (-)
Swap Inter. Rate	(3)	8/2/2012	Libor higher than 2.02%	Libor lower than 2.02%	BB Londres	16,800	30,349	(429)	(453)
Swap Inter. Rate	(3)	2/25/2011	Libor higher than 1.83%	Libor lower than 1.83%	BB Londres	20,000	35,987	(367)	(418)
Swap Inter. Rate	(3)	2/22/2012	Libor higher than 2.08%	Libor lower than 2.08%	BB Londres	30,000	54,447	(1,017)	(1,015)
Swap Inter. Rate	(3)	2/14/2013	Libor higher than 2.4%	Libor lower than 2.4%	BB Londres	39,500	71,859	(1,509)	(1,254)
Swap Inter. Rate	(3)	3/20/2013	Libor higher than 2.38%	Libor lower than 2.38%	BB Londres	10,500	19,037	(336)	(274)
Swap Inter. Rate	(3)	3/6/2015	Libor higher than 2.18%	Libor lower than 2.18%	BB Londres	75,000	134,569	(994)	(364)
Swap Inter. Rate	(3)	12/24/2012	Libor higher than 2.10%	Libor lower than 2.10%	BB Londres	30,000	54,433	(1,003)	(667)
Swap Inter. Rate	CETIP	8/14/2014	Libor higher than 1.94%	Libor lower than 1.94%	Citibank	100,000	179,362	(1,262)	229
Swap Inter. Rate	CETIP	8/14/2014	Libor higher than 2.00%	Libor lower than 2.00%	Citibank	160,000	287,103	(2,143)	1,031
						481,800	867,146	(9,060)	(3,185)

(1) The fair value informed is determined through the market-to-market method (MTM) that consists in determining the future value based on agreed conditions and discounting that to present value based on the market curves, extracted from Bloomberg's database and from BM&FBOVESPA.

(2) The reference value (notional value) is not conditioned to a hedge operation. It is only the basis for the payment flows, which are pegged to LIBOR (Libor Interbank Offered Rate), which in its turn is fixed.

(3) Bilateral/over the counter transaction. It is not registered with a custody/clearance chamber.

SWAP SCENARIOS

Value	Maturity	Probable		Possible		Remote	
US$ (thousands)		R$	Libor	R$	Libor	R$	Libor
16,800	8/2/2012	(30)	1.90%	66	2.28%	162	2.85%
20,000	2/25/2011	(133)	1.17%	(86)	1.40%	(39)	1.75%
30,000	2/22/2012	(344)	1.51%	(163)	1.81%	18	2.26%
39,500	2/14/2013	(139)	2.28%	401	2.74%	942	3.42%
10,500	3/20/2013	(36)	2.28%	132	2.74%	299	3.42%
75,000	3/6/2015	125	3.49%	4,790	4.19%	6,455	5.24%
30,000	12/24/2012	139	2.28%	487	2.74%	834	3.42%
100,000	8/14/2014	2,968	2.35%	4,711	2.94%	6,453	3.68%
160,000	8/14/2014	5,231	2.35%	8,497	2.94%	11,763	3.68%
481,800		7,781		18,835		26,887	

The Company entered into non-speculative swap to minimize the effects of exchange rates fluctuations on the settlement of its loans and financing.

In the period ended March 31, 2010, the net financial income from derivatives totalled R$4,521, of which R$11,389 is related to expenses and R$6,868 refers to net revenues.

Assets and liabilities recorded as of March 31, 2010 for derivative transactions conducted for asset protection purposes are stated as follows:

	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Swap	(9,060)	(3,185)	(9,060)	(3,185)
Purchase option	-	(38,040)	-	(38,040)
NDF	-	4,277	-	4,277
	(9,060)	(36,948)	(9,060)	(36,948)

Management understands that the results obtained with derivative transactions are in line with the risk management strategy the Company adopted.

25. INCOME AND SOCIAL CONTRIBUTION TAXES

Income and social contribution taxes were calculated in accordance with prevailing legislation and the Temporary Tax Regime, provided for in Executive Act No. 449/2008.

Income and social contribution tax calculations and returns are open to review and final assessment by tax authorities for varying statutory periods in relation to the payment or filing date.

Reconciliation of income and social contribution taxes presented in the statement of income for the period:

Tax	Company		Consolidated	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Income (loss) before tax effects	(10,521)	583,009	2,007	568,488
Add-backs		115,795		195,297
Income tax additions	69,200	-	155,988	
Social contribution additions	50,854	-	137,642	
(-) Deductions	(221,831)	(700,959)	(554,339)	(859,365)
Income and social contribution tax bases		(2,155)		(95,580)
Income tax basis	(164,152)		(396,344)	
Social contribution tax basis	(182,498)		(414,690)	
Companies with tax losses	-	-	421,467	291,667
Adjusted tax basis		(2,155)	421,467	196,087
(-) Offset of tax loss carryforwards			(3,539)	
Tax basis after offset	-	-	17,520	
Income tax (15%)	-	-	(2,631)	29,413
Surtax (10%)	-	-	(1,699)	18,643
(-) PAT (Workers' Meal Program)	-	-	40	-
Total income tax	-	-	(4,290)	48,056
Social contribution tax (9%)	-	-	(1,577)	17,648
	-	-	(5,867)	65,704
(-) Rate difference on foreign income			(1,369)	(37,462)
Effect on the statement of income			(7,236)	28,242

Tax	Group	3/31/2010	12/31/2009	3/31/2010	12/31/2009
(-) Current income tax	Current liabilities	-	-	(6,300)	(28,242)
Tax paid overseas		-	25,432	2,683	25,432
Deferred income tax - Revaluation (1)	Non-current liabilities	523	2,564	576	(140)
Deferred income tax - Other (2)	Non-current assets	36,649	(75,413)	77,934	(31,169)
Other provisions	Non-current liabilities			(47,429)	
Net	Income (loss)	37,172	(47,417)	27,464	(34,119)
(-) Current social contribution tax	Current liabilities	-	-	(936)	0
Deferred social contribution tax - Revaluation (1)	Non-current liabilities	187	926	207	(48)
Deferred social contribution - Other (2)	Non-current assets	14,846	(27,159)	17,226	(16,982)
Other provisions	Non-current liabilities			(6,200)	
Net	Income (loss)	15,033	(26,233)	10,297	(17,030)

(1) Refer to the reversal of deferred income and social contribution taxes stated in note 20, considering the add-back of depreciation of revalued assets to the taxable income and the social contribution tax bases.

(2) Refer to deferred income and social contribution taxes, calculated on: Taxes whose payment has been suspended (provisions), and which were added to the calculation of the taxable income and the social contribution tax basis; utilization for tax purposes of the goodwill paid on future profitability and income and social contribution tax losses, which are stated in note 9.

26. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Company has been fulfilling its social development role in all countries where it operates. In 2007 the Social Action Department was created to develop social projects.

The Company has been contributing annually, with an increasing amount of funds and human resources, for hospitals, charitable entities and social projects, destining part of its production for poor communities in various Brazilian regions.

To assure the sustainability of Marfrig's operations, the Company takes all the measures to preserve environmental conditions and generate a positive effect on the communities where the Company has activities.

Meetings are held with the presence of the Company's officers, where environmental projects are defined and goals established. Among the green house pollutant emission reduction projects in progress (carbon credits), we can highlight: (i) generation of electricity from biomass; ii) use of tallow in the burners in the plants, instead of fossil fuels; and (iii) treatment of effluents in anaerobic reactors (biodigestors) with capture and burn of the methane gas. Besides, effluent treatment was implemented through biodigestors in the plants of Bataguassu, Porto Murtinho, Tangará da Serra, Promissão I and II. If determined feasible in the development researches, it will also be implemented in the plants in Mineiros, Chupinguaia, Paranatinga and São Gabriel.

In relation to the purchase of cattle, the Company follows the policy of not acquiring it from farms included in the list of areas embargoed by Administrative Act No. 19, of IBAMA (Brazilian Institute of Environment and Natural Resources) of July 2, 2008 and Decree 6,321 of December 21, 2007 and in respective amendments, as well as those included in the Black List of Slave-Like Work from the Labour Ministry (Administrative Act 540/2004 of Oct. 15, 2004), proactively acting in relation to producers who violate current laws and arranging their prompt withdrawal from the list of suppliers of animals for slaughter.

The Company adopts adequate practices in relation to prevailing environmental and labour regulations, besides being one of the signers of the National Agreement for Eradication of Slave-Like Working Conditions and of the *Pacto Conexões Sustentáveis* (sustainability agreement) since October 2008, where Marfrig undertakes to inspect and keep its business relations under ethic and human respect codes.

Starting 22 June 2009, the Company undertook to not acquire, slaughter or sell cattle from the Amazonian Biome area that has been deforested, starting on that date, demonstrating the commitment in searching for a sustainable development of livestock. In relation to that, beginning on the mentioned date, the Company requested BDO Auditores Independentes to audit cattle acquisitions, to confirm the commitment undertaken.

BDO has executed the audit work of cattle purchases starting June 22, 2009, and has not identified any purchases from the farms blacklisted by IBAMA (embargoed areas) and by the Labour Ministry (slave-like work listing).

The Company is committed to work in partnership with state governments, in special with the government of the State of Mato Grosso, in the Program *MT Legal* and with the Brazilian society in the development of a program to guarantee the origin of the animals, including the adhesion of the suppliers that make the fattening of cattle with animals from other properties. That will:

- Assure that the cattle for slaughter is not from areas embargoed by IBAMA or included in the black list of slave-like work of the Brazilian Labour Ministry.

- Implant a plan of control of properties of suppliers, so that they do not acquire animals from farms included in the list of areas embargoed or black listed.

Marfrig also has the objective, as part of its sustainability policies of:

- Developing good social and environmental practices with cattle farmers.

- Implementing the Impulso Pecuário Program, that aims the training and recognition of worth of good practices to improve productivity in the field, as with what happens with the foodstuff companies in Argentina and Uruguay.

- Making available the results of the abovementioned programs for consultation.

- Implementing a social-environmental mapping of the properties that supply cattle, increasing adequacy standards and assuring the commitment with sustainability in the whole chain.

The Company confirms that follows the strict conduct of not acquiring cattle from farms included in the list of embargoed areas, proactively acting in relation to producers that violate current laws and immediately excluding them from the list of suppliers of animals for slaughter and that it already adopts appropriate practices in relation to environmental and labour laws in effect.

27. SUBSEQUENT EVENTS

On April 23, 2010, the Company communicated to the shareholders and to the market in general that its controlling shareholder MMS Participações S.A. (" MMS") had acquired 9,425,263 common shares issued by the Company, corresponding to 2.72% ownership interests, increasing its previous interests from 40.77% to 43.49%.

During an ordinary general meeting held on April 30, 2010,the following was approved:

a) the implementation of an audit committee, composed of 3 (three) members and 3 (three) substitutes;
b) distribution of dividends, as shown in note 21 (e); and
c) distribution of interest on equity capital, as shown in note 21 (f).

On April 30, 2010 the subsidiary of Marfrig Alimentos S.A., Marfrig Overseas Limited, concluded a 10-year offer of bonds overseas, in a total value of US$500 million, which are only destined for qualified institutional investors, as defined in Rule 144A of the Securities Act. Such operation was not and will not be registered with the Brazilian Securities and Exchange Commission ("CVM"), or under Securities Act of 1933, as amended.

The bonds, maturing on April 29, 2020, were issued with coupon of 9.50% per year and received risk classification B1 in foreign currency by Moody's and B+ by Standard & Poors and Fitch.

The operation has as guarantors Marfrig Alimentos S.A. and its subsidiaries União Frederiquense Participações Ltda., Marfrig Holdings BV (Europe) and Seara Alimentos S.A.

The funds raised will be used mainly to extend the Company’s indebtedness profile.

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