(A free translation of the original in Portuguese)

# São Martinho S.A. Quarterly information (ITR) at December 31, 2012 and report on review of quarterly information

(A free translation of the original in Portuguese)

# Report on review of quarterly information

To the Board of Directors and Stockholders São Martinho S.A.

### Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of São Martinho S.A., included in the Quarterly Information (ITR) Form for the quarter ended December 31, 2012, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

# Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# **Conclusion on the parent company interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

# Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

### Other matters

# Statement of value added

We have also reviewed the parent company and consolidated interim statements of value added for the nine-month period ended December 31, 2012. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which does not require the presentation of the statement of value added. These statements were submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been properly prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Ribeirão Preto, February 6, 2013

PricewaterhouseCoopers Auditores Independentes CRC 2SP000160/O-5 "F" Maurício Cardoso de Moraes Contador CRC 1PR035795/O-1 "T" SP

# Balance sheet All amounts in thousands of reais

	. <u>-</u>	Pare	ent company		Consolidated			Par	ent company	(	Consolidated
A	Nere	December	March 31,	December	March 31,	Link William and a south	Naca	December	March 31,	December	March 31,
Assets	Note	31, 2012	2012	31, 2012	2012	Liabilities and equity	Note	31, 2012	2012	31, 2012	2012
Current assets						Current liabilities					
Cash and cash equivalents	6	515,797	288,554	574,013	410,567	Borrowings	17	302,168	117,551	444,385	247,504
Trade receivables	7	94,229	33,869	117,805	38,399	Derivative financial instruments	29	23,133	13,542	23,954	14,269
Derivative financial instruments	29	39,053	10,283	42,592	11,063	Trade payables	18	133,586	56,751	146,575	76,655
Inventories	8	363,130	104,624	478,630	137,375	Payables to Copersucar	19	2,040	2,040	2,292	2,356
Taxes recoverable	9	37,676	28,977	49,231	39,701	Salaries and social charges		36,885	44,790	47,672	57,297
Income tax and social contribution	25	24,921	17,658	27,986	20,550	Taxes payable		10,402	9,376	13,515	12,199
Dividends receivable			8,604			Income tax and social contribution	25			1,071	240
Otherassets	11	11,300	4,905	13,131	5,551	Related parties	10			4,213	224
	-					Dividends payable			30,070		30,070
		1,086,106	497,474	1,303,388	663,206	Advances from customers		459	5,810	3,658	8,418
	-	<u> </u>	,			Acquisition of investment	37	60,319	57,906	60,319	57,906
Non-current assets						Other liabilities	21	17,031	13,769	15,216	10,215
Long-term receivables											
Financial investments	12			7,430	6,541			586,023	351,605	762,870	517,353
Inventories	8	11,959	13,927	34,354	26,877			<u> </u>			
Related parties	10	4,066	17,672	11	3,788	Non-current liabilities					
Deferred income tax and						Borrowings	17	1,039,123	671,412	1,423,123	984,865
social contribution	25			46,971	38,227	Payables to Copersucar	19	195,089	200,409	215,975	222,007
Trade receivables from Copersucar		1,228	1,545	1,398	1,737	Taxes payable in installments	20	47,276	49,873	54,777	57,873
Taxes recoverable	9	44,804	23,413	66,760	46,581	Deferred income tax and					
Judicial deposits	28	37,672	41,784	40,831	44,972	social contribution	25	420,922	404,681	829,027	820,201
Other assets	11	253	253	395	395	Provision for contingencies	28	61,047	68,064	66,508	74,259
	-		,			Acquisition of investment	37		55,569		55,569
		99,982	98,594	198,150	169,118	Advances for future capital increase	10			30,882	23,543
						Other liabilities	21	3,730	6,817	3,730	6,819
Investments	13	1,407,252	1,376,929	12,143	8,262						
Biological assets	14	430,209	443,536	656,739	632,904			1,767,187	1,456,825	2,624,022	2,245,136
Property, plant and equipment	15	1,369,883	1,413,608	3,192,411	3,244,267						
Intangible assets	16	22,244	2,967	86,527	69,410	Equity	22				
	-					Share capital		614,150	455,900	614,150	455,900
		3,329,570	3,335,634	4,145,970	4,123,961	Carrying value adjustments		1,230,658	1,272,558	1,230,658	1,272,558
	-					Revenue reserves		144,758	308,867	144,758	308,867
						Treasury shares		(13,920)	(12,753)	(13,920)	(12,753)
						Stock options granted		1,257	106	1,257	106
						Retained earnings		85,563		85,563	
						-					
								2,062,466	2,024,678	2,062,466	2,024,678
Total assets		4 445 670	2 922 400	E 440 2E2	4 707 467	Total liabilities and equity		4 44E 67C	2 022 100	E 440 3E0	4 707 467
10(a) 0336(3		4,415,676	3,833,108	5,449,358	4,787,167	Total habilities and equity		4,415,676	3,833,108	5,449,358	4,787,167

# Statement of income Periods ended December 31 All amounts in thousands of reais

(A free translation of the original in Portuguese)

	_	Parent company			
	<u></u>		31/12/2012		31/12/2011
	Note	Quarter	9 months	Quarter	9 months
Revenues	31	301,437	977,893	320,077	963,173
Cost of sales	32 _	(239,110)	(728,659)	(248,017)	(676,141)
Gross profit	_	62,327	249,234	72,060	287,032
Operating income (expenses)					
Selling expenses	32	(13,743)	(44,476)	(12,383)	(42,097)
General and administrative expenses	32	(22,378)	(80, 198)	(24,568)	(73,020)
Equity in the results of investees	13	5,660	7,364	12,987	22,104
Other income, net	33 _	2,099	4,503	24,756	26,869
	_	(28,362)	(112,807)	792	(66,144)
Operating profit	_	33,965	136,427	72,852	220,888
Finance result	34				
Finance income		23,841	65,661	15,292	50,536
Finance costs		(47,049)	(109,478)	(20,249)	(68,027)
Monetary and foreign exchange variations, net	_	(879)	(21)	(3,296)	(14,820)
	_	(24,087)	(43,838)	(8,253)	(32,311)
Profit before income tax and social contribution		9,878	92,589	64,599	188,577
Income tax and social contribution	25(b)				
Current		3,004	(7,612)	139	(16,472)
Deferred	<u></u>	(5,572)	(24,766)	(9,282)	(30,018)
Profit for the period	_	7,310	60,211	55,456	142,087
	=				

# Statement of income Periods ended December 31 All amounts in thousands of reais unless otherwise stated

(continued)

	· <del>-</del>			C	onsolidated
	_		31/12/2012		31/12/2011
	Note	Quarter	9 months	Quarter	9 months
Revenues	31	394,916	1,232,142	380,448	1,107,518
Cost of sales	32	(312,882)	(918,097)	(282,825)	(759,484)
Gross profit	_	82,034	314,045	97,623	348,034
Operating income (expenses)					
Selling expenses	32	(17,345)	(54,518)	(14,119)	(46, 236)
General and administrative expenses	32	(28, 103)	(97,505)	(28, 278)	(86,281)
Equity in the results of investees	13	(2,015)	(5,194)	2,365	(418)
Other income, net	33	1,225	2,444	24,939	26,180
	-	(46,238)	(154,773)	(15,093)	(106,755)
Operating profit	<u>-</u>	35,796	159,272	82,530	241,279
Finance result	34				
Finance income		28,160	82,878	18,166	58,619
Finance costs		(58,143)	(141,979)	(21,980)	(85,597)
Monetary and foreign exchange variations, net	_	(2,209)	(21,745)	(12,624)	(24,079)
	-	(32,192)	(80,846)	(16,438)	(51,057)
Profit before income tax and social contribution		3,604	78,426	66,092	190,222
Income tax and social contribution	25(b)				
Current	20(5)	2,481	(9,608)	626	(16,192)
Deferred		1,225	(8,607)	(11,262)	(31,943)
Profit for the period	- -	7,310	60,211	55,456	142,087
Basic earnings per share - R\$	35(a)		0.5366		1.1655
Diluted earnings per share - R\$	35(b)		0.5361		1.1655

# Statement of comprehensive income Periods ended December 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company and consolidated					
		31/12/2012	31/12/2011				
	Quarter	9 months	Quarter	9 months			
Profit for the period	7,310	60,211	55,456	142,087			
Other comprehensive income (loss) Gain (loss) on derivative transactions - hedge accounting	20,513	(16,548)	26,871	(3,058)			
Total comprehensive income for the period	27,823	43,663	82,327	139,029			

# Statement of changes in equity All amounts in thousands of reais

(A free translation of the original in Portuguese)

		-		Carrying	g value adjustments								
		<u>-</u>	De	eemed cost	Gain (loss)			Revenu	ie reserves				
<u>_</u>	Note	Capital	Own	Investees	on derivative transactions - hedge accounting	Legal	Capital investment	Additional dividends	Other reserves	Treasury shares	Stock options granted	Retained earnings	Total equity
At March 31, 2011	22	455,900	645,687	674,582	(15,300)	15,199	158,255	21,062		(1,899)			1,953,486
Prior-year additional dividends paid Realization of deemed cost increment Gain (loss) on derivative transactions - hedge accountin Merger of the deemed cost of OMTEK	ng		(30,185)	(289) (3,374)	(3,058)			(21,062)				30,474	(21,062) (3,058)
Acquisition of treasury shares Profit for the period			3,374	(3,374)						(4,189)		142,087	(4,189) 142,087
At December 31, 2011	22	455,900	618,876	670,919	(18,358)	15,199	158,255			(6,088)		172,561	2,067,264
At March 31, 2012	22	455,900	610,553	670,844	(8,839)	21,530	281,323	6,014		(12,753)	106		2,024,678
Capital increase with reserve Prior-year additional dividends paid Realization of deemed cost increment		158,250	(24,632)	(720)			(158,250)	(6,014)				25,352	(6,014)
Gain (loss) on derivative transactions - hedge accounting Acquisition of treasury shares Stock options granted and recognized	ng				(16,548)				455	(1,785)	1,261		(16,548) (1,785) 1,261
Stock options exercised Profit for the period									155	618	(110)	60,211	663 60,211
At December 31, 2012	22	614,150	585,921	670,124	(25,387)	21,530	123,073		155	(13,920)	1,257	85,563	2,062,466

# Statement of cash flows Nine-month periods ended December 31 All amounts in thousands of reais

(A free translation of the original in Portuguese)

Cash Hows from operating activities		Pai	ent company	Consolidated	
Part   March   March		·		31/12/2012	31/12/2011
Depreciation and amortization	Cash flows from operating activities				
Handstad biological assets (depreciation)		60,211	142,087	60,211	142,087
Change in fair value of biological assests	Depreciation and amortization	115,334	113,058	157,406	139,093
Equity in the results of investiens		,		,	
Negative goodwill or advantageous purchase   (13,720)   (13,720)   (14,725)					
Result of investment and arpopenty, plant and equipment disposals interest, monetary and foreign exchange variations, net         (2,28)         (7,68)         (2,045)         (1,156)           Constitution of provision for contingencies, net         62,289         73,638         111,695         10,1063           Constitution of provision for contingencies, net         14,11         3,031         14,357         7,165           Deferred income tax and social contribution         24,766         30,018         8,607         31,943           Provision (reversal) of inventry to isses         (60,043)         1,105         45,75         4,676           Algistments to present value and others         (60,043)         1,105         77,157         (5,168)           Taxos recovertable         (79,488)         (11,050)         (77,157         (5,168)           Inventories         (79,488)         (11,076)         (37,7825)         (14,184)           Taxos recovertable         (79,488)         (16,107)         (37,825)         (15,228)           Taxos recovertable         (79,488)         (16,107)         (24,183)           Aleased parties         (11,474)         (10,612)         (25,583)         (15,224)           Related parties         (11,474)         (10,612)         (25,583)         (14,612)	···	(7,364)		5,194	
Result of investment and property, plant and equipment disposals interest, monetary and foreign exhange variagens, each exha					
Interest, monetary and foreign exchanges variations, net		(292)		(2,045)	
Perferd income tax and social contribution   24,766   30.018   8,607   31,434   70   70   70   70   70   70   70   7		, ,	, ,		, ,
Provision (reversal) of inventory)osses	· · · · · · · · · · · · · · · · · · ·	, -			,
Adjustments to present value and others					
Changes in assets and liabilities         406,053         412,345         545,851         497,907           Changes in assets and liabilities         (60,043)         (1,050)         (77,157)         (5,168)           Irade receivables         (60,043)         (1,105)         (27,157)         (5,168)           Inventories         (35,494)         (16,349)         (34,855)         (15,294)           Financial investments         (63,304)         (3,216)         4,211         283           Cher assets         (1,474)         (10,612)         (2,583)         (12,130)           Trade payables         (7,906)         (5,197)         (9,626)         (6,286)           Taxes payable in installments         (5,194)         (4,024)         (5,693)         (4,348)           Taxes payable in installments         (5,194)         (4,024)         (5,693)         (4,348)           Provision for contingencies - settlements         (5,194)         (4,024)         (5,693)         (4,348)           Provision for contingencies - settlements         (5,194)         (4,024)         (5,693)         (4,348)           Provision for contingencies - settlements         (5,194)         (4,024)         (5,693)         (4,249)           Cash from operations         (1,192)	•	, ,		, ,	
Changes in assets and liabilities         (60,043)         (1,050)         (77,157)         (5,188)           Trade receivables         (179,468)         (121,076)         (237,825)         (141,834)           Taxos recoverable         (35,494)         (16,349)         (34,855)         (15,294)           Financial investments         3,216         4,211         283           Other assets         (1,474)         (10,612)         (2,583)         (12,130)           Taxos payables         58,239         46,399         49,061         39,311           Salaries and social charges         (7,906)         (5,197)         (9,626)         (6,266)           Taxos payable in installments         (5,194)         (40,24)         (5,683)         (4,348)           Provision for contingencies - settlements         (25,918)         (13,914)         (27,470)         (14,279)           Other liabilities         (3,14)         (27,470)         (14,279)	Adjustments to present value and others				
Inventories	01 17 1777	406,053	412,345	545,851	497,907
Inventories		(60.043)	(1.050)	(77 157)	(5 168)
Taxas recoverable					,
Related parties					
Other assets         (1,474)         (10,612)         (2,583)         (12,130)           Trade payables         82,323         46,399         49,061         3,311           Salaries and social charges         (7,906)         (5,197)         (9,626)         (6,266)           Taxes payable in installments         (9,66         4,018         2,911         3,555           Taxes payable in installments         (25,918)         (4,024)         (5,633)         (4,348)           Provision for contingencies - settlements         (25,918)         (13,914)         (27,470)         (14,297)           Other liabilities         (5,664)         (15,278)         (3,137)         (12,709)           Cash from operations         144,097         278,478         203,145         28,678           Increase ax and social contribution paid         (21,112)         (9,888)         (41,548)         (26,505)           Increase in substidiant pactivities         122,985         255,697         160,316         289,042           Cash from investing activities         (66,237)         (60,594)         (66,374)         (59,010)           Additions to property, plant and equipment and intangible assets         (112,373)         (133,288)         (163,391)         (184,849)           Proceeds fr	Financial investments			(543)	(245)
Trade payables         58,239         49,081         39,311           Salaries and social charges         (7,906)         (5,177)         (9,626)         (6,266)           Taxes payable in installments         (5,194)         (4,024)         (5,683)         (4,348)           Prowsion for contingencies - settlements         (5,194)         (4,024)         (5,683)         (4,349)           Other liabilities         (5,664)         (15,278)         (3,137)         (12,707)           Cash from operations         144,097         278,478         203,145         328,768           Interest paid         (21,112)         (9,888)         (41,548)         (26,305)           Increase in ax and social contribution paid         22,985         255,697         160,16         289,042           Net cash provided by operating activities         22,985         255,697         160,16         289,042           Financial resources used in investments         (66,237)         (60,594)         (66,374)         (59,010           Additions to biological assets (planting and crop treatment)         150,382         (146,397)         (266,483)         (223,689)           Proceeds from sale of property, plant and equipment         1,049         1,725         3,958         1,897           Increase in			,		
Salaries and social charges         (7,906)         (5,197)         (9,626)         (6,266)           Taxes payable         966         4,018         2,911         3,558           Taxes payable in installments         (5,194)         (4,024)         (5,693)         (4,348)           Provision for contingencies - settlements         (5,618)         (13,914)         (27,470)         (14,297)           Other liabilities         (5,664)         (15,278)         (3,137)         (12,709)           Cash from operations         144,097         278,478         203,145         28,768           Interest paid         (21,112)         (9,888)         (41,548)         (26,055)           Income tax and social contribution paid         212,985         255,697         160,316         289,042           Cash frow from investing activities         122,985         255,697         160,316         289,042           Cash flows from investing activities         (66,237)         (60,594)         (66,374)         (59,010)           Additions to property, plant and equipment and intangible assets         (112,373)         (133,288)         (163,391)         (184,484)           Additions to property, plant and equipment         (15,0382)         (146,397)         (256,483)		, , ,			
Taxes payable         966         4,018         2,911         3,558           Taxes payable in installments         (5,194)         (4,024)         5,693         (4,348)           Provision for contingencies - settlements         (25,918)         (13,914)         (27,470)         (14,297)           Other liabilities         (5,684)         (15,278)         (3,137)         (12,709)           Cash from operations         144,097         278,478         203,145         328,768           Interest paid         (21,112)         (9,888)         (41,548)         (26,305)           Income tax and social contribution paid         (21,112)         (9,888)         (41,548)         (26,305)           Net cash provided by operating activities         122,985         25,697         160,316         289,042           Cash flows from investing activities         (66,237)         (60,594)         (63,374)         (59,010)           Additions to biological assets (planting and crop treatment)         (150,382)         (146,397)         (256,483)         (223,693)           Proceeds from sale of property, plant and equipment         (10,098)         (1,220)         (256,483)         (223,693)           Increase in subsidiary solutions of from treest         (5,228)         (1,220)         (1,230)					
Taxes payable in installments		, , ,	( , ,		
Provision for contingencies - settlements					
Cash from operations					
Interest paid   (21,112)   (9,888)   (41,548)   (26,305)   (10,0000   (12,803)   (12,803)   (12,801)   (13,421)   (13,4	Other liabilities	(5,664)	(15,278)	(3,137)	(12,709)
Income tax and social contribution paid   (12,893)   (1,281)   (13,421)     Net cash provided by operating activities   122,985   255,697   160,316   289,042     Cash flows from investing activities   (66,237)   (60,594)   (66,374)   (59,010)     Additions to property, plant and equipment and intangible assets   (112,373)   (133,288)   (163,391)   (184,848)     Additions to biological assets (planting and crop treatment)   (150,382)   (146,397)   (256,483)   (223,693)     Proceeds from sale of property, plant and equipment   (1,049)   (1,255)   (1,255)   (1,287)     Proceeds from sale of property, plant and equipment   (1,049)   (1,255)   (1,255)   (1,287)     Increase in subsidiary's cash and cash equivalents due to changes in ownership interest   (3,228)   (1,2828)   (1,2828)   (1,2828)     Cash and cash equivalents of merged subsidiary   (4,340)     Put captal increase   (5,228)   (12,826)   (1,202)   (4,340)     Dividends and interest on own capital received   (8,64)   (21,373)     Net cash used in investing activities   (324,567)   (328,687)   (483,492)   (369,406)     Cash flows from financing activities   (324,567)   (328,687)   (483,492)   (369,406)     Cash flows from financial instruments   (4,025)   (1,335)   (1,359)   (1,09)     Repayment of borrowings - Copersucar   (10,755)   (4,231)   (1,2617)   (3,708)     Repayment of borrowings - Copersucar   (10,755)   (4,231)   (1,2617)   (3,708)     Repayment of borrowings - Copersucar   (10,755)   (4,231)   (1,2617)   (3,708)     Repayment of borrowings - Copersucar   (10,755)   (4,231)   (1,2617)   (3,708)     Repayment of borrowings - Copersucar   (10,755)   (4,231)   (1,2617)   (3,708)     Repayment of borrowings - Copersucar   (10,755)   (4,231)   (1,2617)   (3,708)     Repayment of dividends and interest on capital   (36,084)   (30,243)   (36,084)   (30,243)     Put chases of treasury shares   (6,63)   (4,189)   (4,189)   (4,189)   (4,189)   (4,189)   (4,189)   (4,189)   (4,189)   (4,189)   (4,189)   (4,189)   (4,189)   (4,189)   (4,189)   (4,189)	Cash from operations	144,097	278,478	203,145	328,768
Net cash provided by operating activities         122,985         255,697         160,316         289,042           Cash flows from investing activities         Financial resources used in investments         (66,237)         (60,594)         (66,374)         (59,010)           Additions to property, plant and equipment and intangible assets (J12,373)         (133,288)         (163,391)         (184,848)           Additions to biological assets (planting and crop treatment)         (150,382)         (146,397)         (256,483)         (223,693)           Proceeds from sale of property, plant and equipment increase in subsidiary scash and cash equivalents due to changes in ownership interest         1,320         1,320         1,0588           Cash and cash equivalents of merged subsidiary         1,320         1,320         (4,340)           Advances for future capital increase         (5,228)         (12,826)         (1,202)         (4,340)           Dividends and interest on own capital received         8,604         21,373         (1,202)         (4,340)           Net cash used in investing activities         (324,567)         (328,687)         (483,492)         (369,406)           Cash flows from financing activities         4,025         1,335         1,359         1,099           New borrowings - third parties         (58,309)         1,829         699,7	Interest paid	(21,112)	(9,888)	(41,548)	(26,305)
Cash flows from investing activities   Financial resources used in investments   (66,237)   (60,594)   (66,374)   (59,010)   (30,010)   (313,288)   (163,391)   (184,848)   (30,0243)   (30,243)   (30,0243)   (	Income tax and social contribution paid		(12,893)	(1,281)	(13,421)
Financial resources used in investments	Net cash provided by operating activities	122,985	255,697	160,316	289,042
Additions to property, plant and equipment and intangible assets         (112,373)         (133,288)         (163,391)         (184,848)           Additions to biological assets (planting and crop treatment)         (150,382)         (146,397)         (256,483)         (223,693)           Proceeds from sale of property, plant and equipment Increase in subsidiarys cash and cash equivalents due to changes in ownership interest         1,049         1,725         3,958         1,897           Cash and cash equivalents of merged subsidiary         1,320         (4,340)           Advances for future capital increase         (5,228)         (12,826)         (1,202)         (4,340)           Dividends and interest on own capital received         8,604         21,373         (483,492)         (369,406)           Cash flows from financing activities         (324,567)         (328,687)         (483,492)         (369,406)           Cash flows from financing activities         4,025         1,335         1,359         1,099           New borrowings - third parties         558,091         528,239         699,781         569,521           Repayment of borrowings - Copersucar         (10,755)         (4,231)         (12,617)         (3,708)           Repayment of borrowings - third parties         (85,330)         (181,065)         (172,033)         (230,430)					
Additions to biological assets (planting and crop treatment)         (150,382)         (146,397)         (256,483)         (223,693)           Proceeds from sale of property, plant and equipment Increase in subsidiary's cash and cash equivalents due to changes in ownership interest         1,049         1,725         3,958         1,897           Cash and cash equivalents of merged subsidiary         1,320         1,320         (4,340)           Advances for future capital increase         (5,228)         (12,826)         (1,202)         (4,340)           Dividends and interest on own capital received         8,604         21,373         (483,492)         (369,406)           Cash flows from financing activities         (324,567)         (328,687)         (483,492)         (369,406)           Cash flows from financial instruments         4,025         1,335         1,359         1,099           New borrowings - third parties         558,091         528,299         699,781         569,521           Repayment of borrowings - third parties         (85,330)         (181,065)         (172,033)         (230,430)           Repayment of borrowings - third parties         (85,330)         (181,065)         (172,033)         (230,430)           Advances for future capital increase         (1,785)         (4,189)         (1,785)         (4,189) <t< td=""><td></td><td></td><td></td><td></td><td></td></t<>					
Proceeds from sale of property, plant and equipment Increase in subsidiarys cash and cash equivalents due to changes in ownership interest         1,049         1,725         3,958         1,897           Cash and cash equivalents of merged subsidiary         1,320         1,320         (4,340)           Advances for future capital increase         (5,228)         (12,826)         (1,202)         (4,340)           Dividends and interest on own capital received         8,604         21,373         (483,492)         (369,406)           Cash flows from financing activities         3(324,567)         (328,687)         (483,492)         (369,406)           Cash flows from financing activities         4,025         1,335         1,359         1,099           New borrowings - third parties         558,091         528,239         699,781         569,521           Repayment of borrowings - Copersucar         (10,755)         (4,231)         (12,617)         (3,708)           Repayment of borrowings - third parties         (85,330)         (181,065)         (172,033)         (230,430)           Advances for future capital increase         7,338         17,480           Payment of dividends and interest on capital         (36,084)         (30,243)         (36,084)         (30,243)         (36,084)         (30,243)         (36,084)         (30,243)					
Increase in subsidiary's cash and cash equivalents due to changes in ownership interest cash and cash equivalents of merged subsidiary and vances for future capital increase (5,228) (12,826) (12,826) (1,202) (4,340) (1,340) (1,202) (4,340) (1,202) (1,2	,				
Cash and cash equivalents of merged subsidiary         1,320         (4,340)           Advances for future capital increase         (5,228)         (12,826)         (1,202)         (4,340)           Dividends and interest on own capital received         8,604         21,373         (483,492)         (369,406)           Net cash used in investing activities         (324,567)         (328,687)         (483,492)         (369,406)           Cash flows from financing activities         34,025         1,335         1,359         1,099           New borrowings - third parties         558,091         528,239         699,781         569,521           Repayment of borrowings - Copersucar         (10,755)         (4,231)         (12,617)         (3,708)           Repayment of borrowings - third parties         (85,330)         (181,065)         (172,033)         (230,430)           Advances for future capital increase         7,338         17,480           Payment of dividends and interest on capital         (36,084)         (30,243)         (36,084)         (30,243)           Purchases of treasury shares         (1,785)         (4,189)         (1,785)         (4,189)           Sale of treasury shares         663         663         663           Net cash provided by financing activities         227,243 </td <td></td> <td>,</td> <td>, -</td> <td>-,</td> <td>,</td>		,	, -	-,	,
Advances for future capital increase Dividends and interest on own capital received         (5,228) 8,604         (12,826) 21,373         (1,202) (4,340)           Net cash used in investing activities         (324,567)         (328,687)         (483,492)         (369,406)           Cash flows from financing activities         To grivative financial instruments         4,025         1,335         1,359         1,099           New borrowings - third parties         558,091         528,239         699,781         569,521           Repayment of borrowings - Copersucar         (10,755)         (4,231)         (12,617)         (3,708)           Repayment of borrowings - third parties         (85,330)         (181,065)         (172,033)         (230,430)           Advances for future capital increase         (85,330)         (181,065)         (172,033)         (230,430)           Payment of dividends and interest on capital         (36,084)         (30,243)         (36,084)         (30,243)           Purchases of treasury shares         (1,785)         (4,189)         (1,785)         (4,189)           Sale of treasury shares         663         663         663           Net cash provided by financing activities         428,825         309,846         486,622         319,530           Increase in cash and cash equivalents	·		4.000		100,588
Dividends and interest on own capital received         8,604         21,373           Net cash used in investing activities         (324,567)         (328,687)         (483,492)         (369,406)           Cash flows from financing activities         Use of the color of the period           Derivative financial instruments         4,025         1,335         1,359         1,099           New borrowings - third parties         558,091         528,239         699,781         569,521           Repayment of borrowings - Copersucar         (10,755)         (4,231)         (12,617)         (3,708)           Repayment of borrowings - third parties         (85,330)         (181,065)         (172,033)         (230,430)           Advances for future capital increase         7,338         17,480           Payment of dividends and interest on capital         (36,084)         (30,243)         (36,084)         (30,243)           Purchases of treasury shares         (1,785)         (4,189)         (1,785)         (4,189)           Sale of treasury shares         663         309,846         486,622         319,530           Increase in cash and cash equivalents         227,243         236,856         163,446         239,166           Cash and cash equivalents at the beginning of the period         288,554		(5.229)	,	(1.202)	(4.340)
Net cash used in investing activities         (324,567)         (328,687)         (483,492)         (369,406)           Cash flows from financing activities         Use of the parties o				(1,202)	(4,340)
Cash flows from financing activities         Derivative financial instruments       4,025       1,335       1,359       1,099         New borrowings - third parties       558,091       528,239       699,781       569,521         Repayment of borrowings - Copersucar       (10,755)       (4,231)       (12,617)       (3,708)         Repayment of borrowings - third parties       (85,330)       (181,065)       (172,033)       (230,430)         Advances for future capital increase       7,338       17,480         Payment of dividends and interest on capital       (36,084)       (30,243)       (36,084)       (30,243)         Purchases of treasury shares       (1,785)       (4,189)       (1,785)       (4,189)         Sale of treasury shares       663       663       663         Net cash provided by financing activities       428,825       309,846       486,622       319,530         Increase in cash and cash equivalents       227,243       236,856       163,446       239,166         Cash and cash equivalents at the beginning of the period       288,554       116,461       410,567       222,219	Net cash used in investing activities	(324,567)	(328,687)	(483,492)	(369,406)
Derivative financial instruments         4,025         1,335         1,359         1,099           New borrowings - third parties         558,091         528,239         699,781         569,521           Repayment of borrowings - Copersucar         (10,755)         (4,231)         (12,617)         (3,708)           Repayment of borrowings - third parties         (85,330)         (181,065)         (172,033)         (230,430)           Advances for future capital increase         7,338         17,480           Payment of dividends and interest on capital         (36,084)         (30,243)         (36,084)         (30,243)           Purchases of treasury shares         (1,785)         (4,189)         (1,785)         (4,189)           Sale of treasury shares         663         663         663           Net cash provided by financing activities         428,825         309,846         486,622         319,530           Increase in cash and cash equivalents         227,243         236,856         163,446         239,166           Cash and cash equivalents at the beginning of the period         288,554         116,461         410,567         222,219	Cash flows from financing activities	<del></del>			
New borrowings - third parties         558,091         528,239         699,781         569,521           Repayment of borrowings - Copersucar         (10,755)         (4,231)         (12,617)         (3,708)           Repayment of borrowings - third parties         (85,330)         (181,065)         (172,033)         (230,430)           Advances for future capital increase         7,338         17,480           Payment of dividends and interest on capital         (36,084)         (30,243)         (36,084)         (30,243)           Purchases of treasury shares         (1,785)         (4,189)         (1,785)         (4,189)           Sale of treasury shares         663         663         663           Net cash provided by financing activities         428,825         309,846         486,622         319,530           Increase in cash and cash equivalents         227,243         236,856         163,446         239,166           Cash and cash equivalents at the beginning of the period         288,554         116,461         410,567         222,219		4,025	1,335	1,359	1,099
Repayment of borrowings - third parties       (85,330)       (181,065)       (172,033)       (230,430)         Advances for future capital increase       7,338       17,480         Payment of dividends and interest on capital       (36,084)       (30,243)       (36,084)       (30,243)         Purchases of treasury shares       (1,785)       (4,189)       (1,785)       (4,189)         Sale of treasury shares       663       663       663         Net cash provided by financing activities       428,825       309,846       486,622       319,530         Increase in cash and cash equivalents       227,243       236,856       163,446       239,166         Cash and cash equivalents at the beginning of the period       288,554       116,461       410,567       222,219		558,091		699,781	569,521
Advances for future capital increase       7,338       17,480         Payment of dividends and interest on capital       (36,084)       (30,243)       (36,084)       (30,243)         Purchases of treasury shares       (1,785)       (4,189)       (1,785)       (4,189)         Sale of treasury shares       663       663       663         Net cash provided by financing activities       428,825       309,846       486,622       319,530         Increase in cash and cash equivalents       227,243       236,856       163,446       239,166         Cash and cash equivalents at the beginning of the period       288,554       116,461       410,567       222,219	, ,				
Payment of dividends and interest on capital         (36,084)         (30,243)         (36,084)         (30,243)           Purchases of treasury shares         (1,785)         (4,189)         (1,785)         (4,189)           Sale of treasury shares         663         663         663           Net cash provided by financing activities         428,825         309,846         486,622         319,530           Increase in cash and cash equivalents         227,243         236,856         163,446         239,166           Cash and cash equivalents at the beginning of the period         288,554         116,461         410,567         222,219		(85,330)	(181,065)		
Purchases of treasury shares         (1,785)         (4,189)         (1,785)         (4,189)           Sale of treasury shares         663         663         663           Net cash provided by financing activities         428,825         309,846         486,622         319,530           Increase in cash and cash equivalents         227,243         236,856         163,446         239,166           Cash and cash equivalents at the beginning of the period         288,554         116,461         410,567         222,219	·	(36.084)	(30.243)		
Sale of treasury shares         663         663         663           Net cash provided by financing activities         428,825         309,846         486,622         319,530           Increase in cash and cash equivalents         227,243         236,856         163,446         239,166           Cash and cash equivalents at the beginning of the period         288,554         116,461         410,567         222,219	· ·				
Increase in cash and cash equivalents         227,243         236,856         163,446         239,166           Cash and cash equivalents at the beginning of the period         288,554         116,461         410,567         222,219	·				
Cash and cash equivalents at the beginning of the period         288,554         116,461         410,567         222,219	Net cash provided by financing activities	428,825	309,846	486,622	319,530
	Increase in cash and cash equivalents	227,243	236,856	163,446	239,166
Cash and cash equivalents at the end of the period         515,797         353,317         574,013         461,385	Cash and cash equivalents at the beginning of the period	288,554	116,461	410,567	222,219
	Cash and cash equivalents at the end of the period	515,797	353,317	574,013	461,385

# Statement of value added Nine-month periods ended December 31 All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated		
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	
Revenues					
Gross sales of products and goods	1,015,255	1,006,023	1,287,924	1,167,542	
Revenue from the construction of own assets	167,722	171,768	279,113	250,358	
Other income	3,977	2,605	4,018	3,002	
	1,186,954	1,180,396	1,571,055	1,420,902	
Inputs acquired from third parties					
Cost of products and goods sold	(361,726)	(322,694)	(396,855)	(343,001)	
Materials, energy, outsourced services and others	(232,374)	(237,168)	(390,654)	(336,388)	
Recovery (impairment) of assets	526	(295)	(879)	3,076	
	(593,574)	(560,157)	(788,388)	(676,313)	
Gross value added	593,380	620,239	782,667	744,589	
Depreciation and amortization	(115,334)	(113,058)	(157,406)	(139,093)	
Harvested biological assets (depreciation)	(136,706)	(121,907)	(186,654)	(132,015)	
Net value added generated by the entity	341,340	385,274	438,607	473,481	
Value added received through transfer					
Equity in the results of investees	7,364	22,104	(5,194)	(418)	
Finance income	123,011	144,048	149,686	157,466 <sup>°</sup>	
Other	914	26,064	1,738	27,295	
Total value added to distribute	472,629	577,490	584,837	657,824	
Distribution of value added					
Personnel and payroll charges					
Direct remuneration	139,020	127,614	179,502	153,185	
Benefits	34,946	39,523	46,157	48,099	
Government Severance Indemnity Fund for Employees (FGTS)	11,466	10,675	14,922	12,562	
Management fees	8,303	7,688	9,043	8,482	
Taxes and contributions	45.004	04.704	20.047	70.005	
Federal	45,394	64,704	38,247	73,085	
State Municipal	74 404	1,637 347	9,364 1,019	9,630 387	
Less: state tax incentives	404	347	(8,106)	(4,905)	
Creditors			(0,100)	(4,505)	
Interest	64,080	41,142	91,890	59,766	
Rentals	2,986	3,871	809	1,728	
Foreign exchange differences	57,371	108,332	88,553	122,925	
Other	48,374	29,870	53,226	30,793	
Profits reinvested	60,211	142,087	60,211	142,087	
Value added distributed	472,629	577,490	584,837	657,824	

Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

### 1 Operations

# 1.1 General information

São Martinho S.A. (the "Company") and its subsidiaries are primarily engaged in planting sugar cane and producing and selling sugar, ethanol and other sugar cane products; the cogeneration of electricity; cattle breeding and agricultural production; import and export of goods, products and raw materials and investing in other companies.

Approximately 64% of the sugar cane used in the production of the products derives from the Company's own plantations, from those of stockholders, related companies and agricultural partnerships, and the remaining 36% from third-party suppliers.

Sugar cane requires an 18-month period for maturing and the beginning of the harvest. The harvest generally takes place between April and December, being the period during which sugar and ethanol are produced and there is also cogeneration of electricity.

The sale of sugar and ethanol is carried out in a partnership with Santa Cruz S.A. Açúcar e Álcool ("SC") through a commercial agreement, in which costs, expenses and obligations arising from sales transactions are apportioned proportionally between the Company and its subsidiaries and SC, in accordance with their percentage of the total volume sold. In the prior year, sales were carried out through the consortium Allicom.

As part of its strategic objectives, the Company maintains investments in the following subsidiaries, jointly-controlled companies and associates:

- Vale do Mogi Empreendimentos Imobiliários S.A. ("Vale do Mogi"), previously called Usina São Martinho S.A. ("USM");
- Nova Fronteira Bioenergia S.A. ("NF") and its subsidiaries:
  - Usina Boa Vista S.A. ("UBV"); and
  - SMBJ Agroindustrial S.A. ("SMBJ");
- SMA Indústria Química S.A. ("SMA");
- Usina Santa Luiza S.A. ("USL");
- São Martinho Energia S.A. ("SME");
- Omtek Indústria e Comércio Ltda. ("Omtek") investment merged into the Company on May 30, 2011.
- Santa Cruz S.A. Açúcar e Álcool ("SC") and its subsidiary:
  - Companhia Bioenergética Santa Cruz 1 ("Bio");
- Agro Pecuária Boa Vista S.A. ("ABV"); and
- CTC Centro de Tecnologia Canavieira S.A. ("CTC").

The Company is a listed corporation headquartered in Pradópolis, State of São Paulo, and registered with the São Paulo Futures, Commodities and Securities Exchange - BM&FBovespa S.A. ("BM&FBovespa") in the Novo Mercado (New Market) category. It is a subsidiary of the holding company LJN Participações S.A. ("LJN"), which has a controlling interest of 56.52% in its voting capital. In turn, the owners of LJN are the family holding companies Luiz Ometto Participações S.A., João Ometto Participações S.A. and Nelson Ometto Participações Ltda.

The issue of these financial statements was approved by the Company's Board of Directors on February 01, 2013.

Notes to the quarterly information (ITR) at December 31, 2012
All amounts in thousands of reais unless otherwise stated

# 1.2 Changes in corporate structure during the previous year

In the last year, important corporate transactions were realized, which significantly affected the comparison of the current period results with those of the prior period.

These transactions are described in detail in the annual financial statements for the year ended March 31, 2012 in the following notes:

- Formation and capital increase in NF Note 1.2;
- Merger of Omtek Indústria e Comércio Ltda. ("Omtek") Note 1.5;
- Acquisition of investments in Santa Cruz S.A. Açúcar e Álcool ("SC") and Agro Pecuária Boa Vista S.A. ("ABV") - Note 1.6; and
- Sale of the investment in Uniduto Logística S.A. ("Uniduto") Note 1.7

### 2 Summary of significant accounting policies

# 2.1 Basis of preparation

The interim accounting information included in this financial information was prepared in accordance with the Brazilian technical pronouncement CPC 21 - Interim Financial Reporting, and with the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and is presented in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information.

Accordingly, and as described in CVM's Circular Letter CVM/SNC/SEP 03/2011, the Company elected to present the explanatory notes in this Quarterly Information (ITR) in a summarized manner when the information is the same as that presented in the annual financial statements. In such cases, the complete explanatory note in the annual financial statements is indicated to facilitate the understanding of the Company's financial position and performance during the interim period.

The Company declares that the basis of preparation, including the consolidation criteria, and the accounting policies were the same as those utilized in preparing the annual financial statements for the year ended March 31, 2012. Therefore, the corresponding information should be referred to in explanatory Notes 2.1 through 2.22 to those financial statements.

# 3 Critical accounting estimates and judgments

The Company confirms that the critical accounting estimates and judgments described in the annual financial statements for the year ended March 31, 2012, in Note 3.1, remain valid for this Quarterly Information - ITR.

# Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

### 4 Financial risk management

There are no differences between the current financial risk factors and risk management policy and those described in Note 5 to the financial statements for the year ended March 31, 2012.

# 4.1 Assets and liabilities subject to foreign exchange variations

The table below summarizes foreign currency-denominated assets and liabilities (in US dollars - US\$), recorded in the consolidated balance sheet at December 31, 2012:

Current assets	R\$	Equivalents in thousands of US\$
Cash and cash equivalents (bank - demand deposits)	150,252	73,527
Trade receivables	49,023	23,990
Derivative financial instruments	42,592	20,843
Total assets	241,867	118,360
Liabilities		
Current liabilities:		
Borrowings	271,709	133,002
Derivative financial instruments	23,954	11,725
Other liabilities	3,617	1,771
Non-current liabilities:		
Borrowings	686,279	335,934
Other liabilities	3,617	1,771
Total liabilities	989,176	484,203
Subtotal, net	(747,309)	(365,843)
( - ) Export-linked borrowings (*)	957,962	468,923
Net exposure - assets	210,653	103,080

These assets and liabilities were adjusted and recorded in the financial statements at December 31, 2012 at the exchange rate in effect on that date, of R\$ 2.0435 per US\$ 1.00 for assets and R\$ 2.0426 per US\$ 1.00 for liabilities.

(\*) The balance of borrowings in foreign currency refers mainly to loans in the format of Advances on Foreign Exchange Contracts (ACC), Export Credit Notes and Export Prepayments (PPE), maturing from January 2013 to June 2017, which are linked to exports. As the above agreements will be settled through product exports, the Company's management understands that these transactions represent a natural hedge and that, therefore, the foreign exchange variations will only have a temporary accounting effect on the financial statements, without a corresponding effect on the cash flows of the Company and its subsidiaries.

Notes to the quarterly information (ITR) at December 31, 2012
All amounts in thousands of reais unless otherwise stated

### 4.2 Volatility risk of commodity prices

The Company and its subsidiaries are exposed to the risk of changes in the commodity prices because of the manufacture of sugar.

At December 31, 2012, the prices of 37,836 metric tons of sugar were hedged by sales contracts for future delivery scheduled as from January 2013, priced at an average of 22.29  $\phi$  (lb (cents per pound weight) with the New York - ICE Futures US.

### 4.3 Liquidity risk

Cash flow forecasting is realized for the Company and its subsidiaries and aggregated by the Finance Department. The Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operating needs.

Surplus cash held by the operating entities over and above the balance required for working capital management is invested in interest-earning current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide adequate margins as determined by the cash flow forecasts. At December 31, 2012, the Company and its subsidiaries had financial investments consisting mainly of repurchase agreements backed by government securities, and fixed-income funds, indexed to the Interbank Deposit Certificate (CDI) interest rate, with high liquidity and active trading in the market, that are expected to readily generate cash inflows for managing liquidity risk.

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

			Parent compan				
	Less than one year	Between one and two years	Between two and five years	More than five years			
At December 31, 2012							
Borrowings	302,168	273,762	685,220	80,141			
Derivative financial instruments	23,133						
Trade pay ables	133,586						
Acquisition of investment	60,319						
Other liabilities	17,031	3,730					
At March 31, 2012							
Borrowings	117,551	106,283	483,201	81,928			
Derivative financial instruments	13,542						
Trade pay ables	56,751						
Acquisition of investment	57,906	55,569					
Other liabilities	13,769	3,538	3,279				

				Consolidated
	Less than one year	Between one and two years	Between two and five years	More than five years
At December 31, 2012				
Borrowings	444,385	382,219	916,159	124,745
Derivative financial instruments	23,954			
Trade pay ables	146,575			
Acquisition of investment	60,319			
Other liabilities	15,216	3,730		
At March 31, 2012				
Borrowings	247,504	211,612	645,997	127,256
Derivative financial instruments	14,269			
Trade pay ables	76,655			
Acquisition of investment	57,906	55,569		
Other liabilities	10,215	3,537	3,282	

# Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

# 4.4 Sensitivity analysis

In accordance with CVM Instruction 475, the sensitivity analysis below has been prepared by the Company showing the effects of changes in the fair values of financial instruments relating to the pricing and hedging of foreign currency risks and other financial assets and liabilities denominated in foreign currency at December 31, 2012, considered by management as the major risks to which the Company is exposed. This analysis considers management expectations with respect to the future scenario projected.

Parent company:	_	I	Probable scenario	Possible scenarios			
	Risk	Average rate/price	Effect on accounting result and cash flows	Deterioration of 25%	Deterioration of 50%		
Foreign exchange rate risk							
Cash and cash equivalents	Depreciation of the U.S. dollar	2.10	3,833	(33,101)	(70,034)		
Trade receivables	Depreciation of the U.S. dollar	2.10	1,191	(10,287)	(21,765)		
Short and long-term borrowings	Appreciation of the U.S. dollar	2.36	(115,433)	(333,596)	(551,760)		
Forward contracts - foreign currency - NDF	Appreciation of the U.S. dollar	2.10	85	(222,139)	(444,362)		
Accounts pay able	Appreciation of the U.S. dollar	2.16	(399)	(2,308)	(4,216)		
<u>Price risk</u>							
Forward contracts - sugar - NDF	Increase in the commodity price	19.97	(954)	(34,779)	(68,605)		
Futures market - purchase - ethanol	Decrease in the commodity price	1,178.00		300	601		
Futures market - sale - ethanol	Increase in the commodity price	1,181.74	17	(5,270)	(12,307)		
Futures market - purchase - sugar	Decrease in the commodity price	19.65	1,387	(34,471)	(72,677)		
Futures market - sale - sugar	Increase in the commodity price	21.10	(2,525)	(38,571)	(118,601)		
Call sale - sugar	Increase in the commodity price	23.05	(65)	(477)	(890)		
Call purchase - sugar	Decrease in the commodity price	26.50	5		(5)		
Put sale - sugar	Increase in the commodity price	20.18	173	(148)	(469)		
Put purchase - sugar	Decrease in the commodity price	20.08	(717)	(2,312)	(3,908)		

# Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

Consolidated:		I	Probable scenario	Possible scenarios		
	Risk	Average rate/price	Effect on accounting result and cash flows	Deterioration of 25%	Deterioration of 50%	
Foreign exchange rate risk						
Cash and cash equivalents	Depreciation of the U.S. dollar	2.10	4,002	(34,562)	(73,125)	
Trade receiv ables	Depreciation of the U.S. dollar	2.10	1,306	(11,276)	(23,858)	
Short and long-term borrowings	Appreciation of the U.S. dollar	2.34	(139,935)	(414,416)	(688,896)	
Forward contracts - foreign currency - NDF	Appreciation of the U.S. dollar	2.10	565	(227,838)	(456,242)	
Accounts pay able	Appreciation of the U.S. dollar	2.16	(399)	(2,308)	(4,216)	
Price risk						
Forward contracts - sugar - NDF	Increase in the commodity price	19.99	(816)	(35,978)	(71,139)	
Futures market - purchase - ethanol	Decrease in the commodity price	1,178.00		300	601	
Futures market - sale - ethanol	Increase in the commodity price	1,181.86	19	(5,524)	(12,845)	
Futures market - purchase - sugar	Decrease in the commodity price	19.95	3,520	(34,923)	(75,715)	
Futures market - sale - sugar	Increase in the commodity price	19.86	(2,763)	(31,304)	(103,829)	
Call sale - sugar	Increase in the commodity price	19.86	(1,140)	(2,022)	(2,903)	
"Call" purchase - sugar	Decrease in the commodity price	19.76	5		(5)	
Put sale - sugar	Increase in the commodity price	19.74	177	(144)	(466)	
Put purchase - sugar	Decrease in the commodity price	19.81	(953)	(2,815)	(4,677)	

### 4.5 Fair value estimation

The fair values of the financial instruments contracted by the Company and its subsidiaries are measured based on information obtained from the financial institutions and prices quoted in an active market using standard market pricing methodology, which comprises measuring their nominal values up to the due date and discounting these to present values at future market rates. The use of different assumptions may cause estimated fair values to differ from actual amounts, since considerable judgment is required in interpreting market data.

The fair values of futures negotiated in the New York - Intercontinental Exchange (ICE Futures US) are calculated by the difference between the price of the derivative in the contract and the market closing price on the base date, obtained from quotations in the active market, and reconciled with creditor or debtor balances with the brokers. The fair value of options traded in the ICE is obtained from quotations in the market.

The fair values of foreign exchange options are obtained using the "Black & Scholes" method, which is based on market data, specifically the DI and DDI interest curves published by the BM&F. The fair values of forward contracts, both for foreign exchange and sugar, contracted in the over-the-counter market with leading banks, are calculated using discounted future cash flow methods, which are based on market data on the date of each contract, specifically the DI and DDI interest curves published by the BM&F, PTAX published by the Brazilian Central Bank, and prices of sugar futures in the ICE.

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

At each reporting date, the Company and its subsidiaries review individual financial assets or groups of financial assets for evidence of impairment.

The carrying values less impairment provision, or adjustment to present value, when applicable, of trade receivables, notes receivable, trade payables and notes payable are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company and its subsidiaries for similar financial instruments.

The Company and its subsidiaries adopted CPC 40 for financial instruments that are measured in the balance sheet at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

		Parent c	ompany
As per balance sheet	Level 1	Level 2	Total
At December 31, 2012 Assets - derivative financial instruments Sugar futures Options - sugar Forward contracts - sugar	21,838 3,599	7,762	21,838 3,599 7,762
Liabilities - derivative financial instruments Ethanol futures Forward contracts - foreign exchange Swap contracts	(250)	(5,763) (14,243)	(250) (5,763) (14,243)
At March 31, 2012 Assets - derivative financial instruments Ethanol futures Sugar futures Options - sugar Forward contracts - sugar	8 4,404 631	4,518	8 4,404 631 4, <u>5</u> 18
Liabilities - derivative financial instruments Forward contracts - foreign exchange Swap contracts		(12,409) (1,133)	(12,409) (1,133)
			solidated
As per balance sheet	Level 1	Level 2	<u>Total</u>
At December 31, 2012 Assets - derivative financial instruments Sugar futures Options - sugar Forward contracts - sugar	23,534 4,083	8,082	23,534 4,083 8,082
Liabilities - derivative financial instruments Ethanol futures Forward contracts - foreign exchange Swap contracts	(244)	(5,475) (15,064)	(244) (5,475) (15,064)
At March 31, 2012 Assets - derivative financial instruments Sugar futures Options - sugar Forward contracts - sugar	4,223 816	4,548	4,223 816 4,548
Liabilities - derivative financial instruments Ethanol futures Forward contracts - foreign exchange Swap contracts	(185)	(12,352) (1,543)	(185) (12,352) (1,543)

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

### Financial instruments by category 5

			Par	ent company
Assets as per balance sheet	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Total
At December 31, 2012				
Cash and cash equivalents Trade receivables Derivative financial instruments Related parties	515,797 94,229 2,977 4,066	2,876	33,200	515,797 94,229 39,053 4,066
Other assets, except prepayments and sundry advances	2,907			2,907
At March 31, 2012				
Cash and cash equivalents Trade receivables Derivative financial instruments Related parties Other assets, except for prepayments	288,554 33,869 722 17,672		9,561	288,554 33,869 10,283 17,672
			Pare	nt company
Liabilities as per balance sheet	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
At December 31, 2012				
Borrowings Derivative financial instruments Trade payables Other liabilities	67,765	23,133	1,273,526 133,586 20,761	1,341,291 23,133 133,586 20,761
At March 31, 2012				
Borrowings Derivative financial instruments Trade payables Other liabilities	72,199 1,133	12,409	716,764 56,751 20,586	788,963 13,542 56,751 20,586

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

			(	Consolidated
Assets as per balance sheet	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Total
At December 31, 2012				
Cash and cash equivalents	574,013			574,013
Financial investments	7,430			7,430
Trade receivables	117,805			117,805
Derivative financial instruments	3,723	5,670	33,199	42,592
Related parties	11			11
Other assets, except prepayments				
and sundry advances	3,176			3,176
At March 31, 2012				
Cash and cash equivalents	410,567			410,567
Financial investments	6,541			6,541
Trade receivables	38,399			38,399
Derivative financial instruments	1,287		9,776	11,063
Related parties	3,788		<i>3777</i>	3,788
Other assets, except	0//			0,,
for prepayments	1,314			1,314
			(	Consolidated
	Liabilities at			
	fair value	Derivatives	Other	
Liabilities as	through	used for	financial	
per balance sheet	profit or loss	hedging	liabilities	Total
At December 31, 2012				
Borrowings	74,519		1,792,989	1,867,508
Derivative financial instruments	821	23,133	-,, )-,,-,	23,954
Trade pay ables		-07-00	146,575	146,575
Other liabilities			18,946	18,946
At March 31, 2012				
Borrowings	72,199		1,160,170	1,232,369
Derivative financial instruments	/ <del>-</del> ; - 3 3	14,269	1,100,1/0	14,269
Trade pay ables		± <b>T</b> ,=01	76,655	76,655
Related parties			224	224
Other liabilities			17,034	17,034
Other madmines			1/,034	1/,034

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. There is no history of significant default in the Company and its subsidiaries.

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

# 6 Cash and cash equivalents

Cash and banks         152,123         39,011           Financial investments         100.50% (March - 100.90%) of the CDI interest rate - weighted average rate         125,074         77,036           . Debenture repurchase agreements         10160% (March - 102.00%) of the CDI interest rate - weighted average rate         238,600         172,507           . Debenture repurchase agreements         238,600         172,507         288,554           . December Remuneration         23,430         2012           Cash and banks         163,433         54,744           Financial investments         163,433         54,744           Financial investments         100.51% (March - 100.82%) of the CDI interest rate - weighted average rate         145,581         129,895           . Debenture repurchase agreements         101.55% (March - 101.94%) of the CDI interest rate - weighted average rate         145,581         129,895           . Debenture repurchase agreements         101.55% (March - 101.94%) of the CDI interest rate - weighted average rate         145,581         129,895			Parer	nt company
Financial investments		Remuneration		
. Bank Deposit Certificate (CDB) 100.50% (March -100.90%) of the CDI interest rate - weighted average rate 101.60% (March -102.00%) of the CDI interest rate - weighted average rate 238,600 172,507			152,123	39,011
. Debenture repurchase agreements CDI interest rate - weighted average rate $ \begin{array}{c ccccccccccccccccccccccccccccccccccc$		CDI interest rate - weighted average	125,074	77,036
$\frac{515,797}{515,797} = \frac{288,554}{288,554}$ $\frac{\text{Cosh and banks}}{\text{Remuneration}} = \frac{\text{December}}{31,2012} = \frac{\text{March 31,}}{2012}$ $\frac{163,433}{2012} = \frac{54,744}{2012}$ Cash and banks Financial investments Bank Deposit Certificate (CDB) $\frac{100.51\% \text{ (March -100.82\%) of the}}{\text{CDI interest rate - weighted average}} = \frac{145,581}{129,895} = \frac{129,895}{101.55\% \text{ (March -101.94\%) of the}} = \frac{101.55\% \text{ (March -101.94\%) of the}}{\text{CDI interest rate - weighted average}} = \frac{264,999}{225,928} = \frac{225,928}{225,928}$	. Debenture repurchase agreements			
Cash and banks  Cash and banks  Coll interest rate - weighted average rate		rate	238,600	172,507
Remuneration December 31, 2012  Cash and banks  Cash and banks  I 163,433 54,744  Financial investments Bank Deposit Certificate (CDB) 100.51% (March - 100.82%) of the CDI interest rate - weighted average rate 145,581 129,895  Debenture repurchase agreements 101.55% (March - 101.94%) of the CDI interest rate - weighted average rate 264,999 225,928			515,797	288,554
Remuneration31, 20122012Cash and banks163,43354,744Financial investments100.51% (March - 100.82%) of the CDI interest rate - weighted average rate145,581129,895. Debenture repurchase agreements101.55% (March - 101.94%) of the CDI interest rate - weighted average rate264,999225,928				
Financial investments  Bank Deposit Certificate (CDB)  CDI interest rate - weighted average rate  Debenture repurchase agreements  101.55% (March - 101.94%) of the CDI interest rate - weighted average rate  264,999  225,928		Remuneration		- ,
. Bank Deposit Certificate (CDB)  100.51% (March -100.82%) of the CDI interest rate - weighted average rate  145,581  129,895  101.55% (March -101.94%) of the CDI interest rate - weighted average rate  264,999  225,928			163,433	54,744
CDI interest rate - weighted average rate	. Bank Deposit Certificate (CDB)	CDI interest rate - weighted average rate	145,581	129,895
	. Dependure repurchase agreements			
			264,999	225,928

Cash and bank balances include deposits in current accounts which are available for immediate use. These balances are a result of the strategies and the normal flow of operations of the Company and its subsidiaries. All financial investments can be redeemed in up to 30 days, with no loss of remuneration.

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

### 7 Trade receivables

The analysis of the balance of trade receivables is as follows:

	Pare	nt company	C	onsolidated
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Local customers	49,508	28,089	68,782	32,580
Foreign customers	44,721	5,780	49,023	5,819
	94,229	33,869	117,805	38,399

At December 31 and March 31, 2012, management did not identify the need to record a provision for impairment of trade receivables.

As of December 31, 2012, trade receivables of R\$ 3,678 (R\$ 8,588 - consolidated) were past due but not impaired. These receivables related to a number of customers for whom there is no history of default. The ageing analysis of trade receivables is as follows:

	Pare	ent company	Consolidated		
Past due and not provided for:	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012	
Up to 30 days	3,599	106	5,244	309	
From 31 to 60 days	7	256	2,686	144	
Over 60 days	72	462	658	447	
Not yet due:					
Up to 30 days	88,982	30,271	107,624	34,094	
From 31 to 60 days	1,527	2,611	1,540	3,192	
Over 60 days	42	163	53	213	
	94,229	33,869	117,805	38,399	

The past due amounts mainly refer to exports which were billed for immediate payment and take on average 30 days to be received. At December 31, 2012, the average collection period for trade receivables was 23 days (25 days - consolidated).

The maximum exposure to credit risk at the reporting date is the book value of the balances of the receivables.

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

### 8 **Inventories**

	Parent company	
	December 31, 2012	March 31, 2012
Finished products and in process	253,115	35,876
Advances - purchase of sugar cane	78,754	49,202
Inputs, indirect, maintenance and other materials	43,220	34,000
Provision for reduction of inventories to realizable value		(527)
	375,089	118,551
Current assets	363,130	104,624
Non-current assets	11,959	13,927
	C	onsolidated
	December	March 31,
	31, 2012	2012
Finished products and in process	324,428	43,558
Advances - purchase of sugar cane	133,669	68,534
Inputs, indirect, maintenance and other materials	55,067	52,867
Provision for reduction of inventories to realizable value	(180)	(707)
	512,984	164,252
Current assets	478,630	137,375

In order to expand its production, the Company and UBV entered into partnerships to purchase sugar cane grown on third-party rural properties (including agricultural partnerships), of which part of the delivery will only occur in future years.

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

### 9 Taxes recoverable

The balance of taxes recoverable can be summarized as follows:

	Pare	nt company_
	December	March 31,
	31, 2012	2012
Social Contribution on Revenues (COFINS), including credits on purchases of property, plant and equipment Value-added Tax on Sales and Services (ICMS), including	31,919	23,645
credits on purchases of property, plant and equipment Social Integration Program (PIS), including credits on	37,594	16,427
purchases of property, plant and equipment	7,189	6,898
Tax on Financial Transactions (IOF) on derivatives	5,326	4,751
Other	452	669
	82,480	52,390
Current assets	(37,676)	(28,977)
Non-current assets (mainly credits on purchases of property, plant and equipment)	44,804	23,413
	C	onsolidated
	C December	onsolidated March 31,
Social Contribution on Revenues (COFINS), including credits on purchases of property, plant and equipment Value-added Tax on Sales and Services (ICMS), including	December	March 31,
	December 31, 2012	March 31, 2012
on purchases of property, plant and equipment Value-added Tax on Sales and Services (ICMS), including credits on purchases of property, plant and equipment	December 31, 2012 51,157	March 31, 2012 43,515
on purchases of property, plant and equipment Value-added Tax on Sales and Services (ICMS), including credits on purchases of property, plant and equipment Social Integration Program (PIS), including credits on	December 31, 2012  51,157  47,451	March 31, 2012 43,515 25,777
on purchases of property, plant and equipment Value-added Tax on Sales and Services (ICMS), including credits on purchases of property, plant and equipment Social Integration Program (PIS), including credits on purchases of property, plant and equipment	December 31, 2012  51,157  47,451  11,381	March 31, 2012 43,515 25,777 11,254
on purchases of property, plant and equipment Value-added Tax on Sales and Services (ICMS), including credits on purchases of property, plant and equipment Social Integration Program (PIS), including credits on purchases of property, plant and equipment Tax on Financial Transactions (IOF) on derivatives	December 31, 2012 51,157 47,451 11,381 5,326	March 31, 2012 43,515 25,777 11,254 4,751
on purchases of property, plant and equipment Value-added Tax on Sales and Services (ICMS), including credits on purchases of property, plant and equipment Social Integration Program (PIS), including credits on purchases of property, plant and equipment Tax on Financial Transactions (IOF) on derivatives	December 31, 2012 51,157 47,451 11,381 5,326 676	March 31, 2012 43,515 25,777 11,254 4,751 985
on purchases of property, plant and equipment Value-added Tax on Sales and Services (ICMS), including credits on purchases of property, plant and equipment Social Integration Program (PIS), including credits on purchases of property, plant and equipment Tax on Financial Transactions (IOF) on derivatives Other	December 31, 2012 51,157 47,451 11,381 5,326 676	March 31, 2012 43,515 25,777 11,254 4,751 985 86,282

The balances of taxes recoverable arise from commercial transactions and prepayments, adjusted to present value when applicable (credits on purchases of property, plant and equipment).

The credits on purchases of property, plant and equipment are offset against taxes and contributions payable in accordance with the applicable legislation.

# Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

# 10 Related parties

# (a) Parent company and consolidated balances:

_					Par	ent company
_		Decem	ber 31, 2012		M	arch 31, 2012
_	Current assets	Non- current assets	Current liabilities	Current assets	Non- current assets	Current liabilities
Subsidiaries and related parties:						
Vale do Mogi (formerly USM)				466		248
UBV	1,339		267	3,082		796
USL	20	1,500	36	18	1,500	
SMBJ			11	1		
SME		2,566			12,678	
CTC					3,494	
SC	16		2,013	1,120		220
SMA	42			86		
Other	17			1,052		
<b>Sub-total</b> From purchases of sugar cane - trade	1,434	4,066	2,327	5,825	17,672	1,264
payables			3,187	950	·	1,812
<u>-</u>	1,434	4,066	5,514	6,775	17,672	3,076

								Consolidated
			Dece	mber 31, 2012			I	March 31, 2012
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Current assets	Non-current assets	Current liabilities	Non-current liabilities
Subsidiaries and related parties:								
Amy ris Brasil				30,882				23,543
UBV	657		131		1,512		391	
USL	10		18		9			
SMBJ			6		1			
CTC						3,546		
SC	14	11	1,365		760			
SMA	21				42			
Other	18				1,052	242		
Sub-total From purchases of sugar cane - trade	720	11	1,520	30,882	3,376	3,788	391	23,543
payables			3,072		1,052		1,880	
	720	11	4,592	30,882	4,428	3,788	2,271	23,543

At December 31, 2012, the balances in current assets and liabilities (classified as trade receivables and trade payables in the balance sheet) refer to sales and purchases of goods and services between the Company and its subsidiaries and related parties. The balances in non-current assets and liabilities are advances for future capital increase.

# Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

# (b) Parent company transactions in the nine-month period:

			Dece	mber 31, 2012
	Administrative expenses	Sales revenue	Expenses reimbursed by parent companies	Purchases of goods and services
Vale do Mogi				35,369
UBV		44	7,593	264
USL			261	
SMA			247	
USC			756	2,139
SMBJ			67	
Other			269	
Stockholders and related parties				
- rental of properties	237			
- rendering of services	1,001			
- purchases of sugar cane				10,997
	1,238	44	9,193	48,769

D	ecem	ber	31,	2011

_	Administrative expenses	Sales revenue	Expenses reimbursed by parent companies	Purchases of goods and services
Omtek		47		
UBV			4,899	40
USL		52	328	
Vale do Mogi				34,457
USC		5,283	69	
SMA			179	
Other			62	
Stockholders and related parties				
- rental of properties	189			
- rendering of services	1,070			
- purchases of sugar cane				10,197
	1,259	5,382	5,537	44,694

The transactions with related parties refer to revenues and expenses in respect of sales of molasses, steam, rental of properties, provision of legal services and purchases of sugar cane.

The expenses reimbursed by subsidiaries refer to expenditures with the shared services center, of the Board of Directors and the Corporate Office. The apportionments are supported by agreements between the parties.

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

### **(c)** Consolidated transactions in the nine-month period:

			Dece	ember 31, 2012
	Administrative expenses	Sales revenue	Expenses reimbursed by parent companies	Purchases of goods and services
UBV		22	3,724	129
USL			131	
SMA			124	
USC			513	1,450
SMBJ			33	
Other			269	
Stockholders and related parties				
- rental of properties	237			
- rendering of services	873			
- purchases of sugar cane				11,180
	1,110	22	4,794	12,759

_		ember 31, 2011		
_	Administrative expenses	Sales revenue	Expenses reimbursed by parent companies	Purchases of goods and services
UBV			1,947	15
USL		30	189	
USC		5,166	46	
SMA			89	
Other			62	
Stockholders and related parties				
- rental of properties	189			
- rendering of services	1,100			
- purchases of sugar cane				10,910
=	1,289	5,196	2,333	10,925

### (d) **Key management remuneration:**

Key management includes directors and officers. The remuneration paid or payable for their services is shown below:

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

	Parei	nt company	Consolidate		
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	
Fees and bonuses Social security contributions Share-based payments	7,192 1,439 1,261	7,617 1,524	7,929 1,587 1,261	8,124 1,624	
Other	470	414	477	420	
	10,362	9,555	11,254	10,168	

### Other assets 11

	Parer	nt company		<b>Consolidated</b>
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Prepaid expenses	4,223	2,728	4,987	3,001
Sundry advances	4,501	468	5,047	640
Advances to employees	1,085	890	1,479	991
Other investments	142	142	284	284
Assets pledged in guarantee	952		952	
Deposits paid	111	111	111	111
Treasury shares sold	125		125	
Other receivables	414	819	541	919
	11,553	5,158	13,526	5,946
Current assets	(11,300)	(4,905)	(13,131)	(5,551)
Non-current assets	253	253	395	395

### **Financial investments** 12

		C	<u>onsolidated</u>
	Remuneration	December 31, 2012	March 31, 2012
Financial investments . Funds - Financial Treasury Bills (LFT)	100% of the Special System for Settlement and Custody (SELIC) interest rate	7,430	6,541

The balance guarantees the payment of a long-term financing agreement of UBV and, accordingly, cannot be redeemed at any time.

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

# 13 Investments

# 13.1 In subsidiaries, jointly-controlled subsidiaries and associates

The parent company's investments in other companies are as follows:

								Decemb	er 31, 2012
	Vale do Mogi	SME	NF	SMA	USL	SC	$\mathbf{ABV}$	Other	Total
In subsidiaries, jointly-controlled							_		
subsidiaries and associates:									
Shares/quotas held (thousands)	23,500	12,678	426,635	50	11,898	1,643	1,146		
Percentage holding	100.00%	100.00%	50.95%	50.00%	41.67%	32.19%	17.97%		
Share capital	81,987	12,677	858,837	100	10,941	63,083	208,560		
Equity (net capital deficiency)	793,222	12,365	773,876	(2,252)	(14,722)	318,296	345,578		
Profit (loss) for the period	27,683	(149)	(25,592)	(619)	(3,107)	(12,483)	8,866		
Changes in the investments:									
At March 31, 2012	765,539		407,342		34,015	106,489	62,209	1,335	1,376,929
Payment and increase of capital		12,677			1,500			8,840	23,017
Equity in the results of investees	27,683	(149)	(13,040)	(310)	(1,295)	(4,019)	1,593	(3,099)	7,364
Reclassification from (to) current liabilities of investment									
with net capital deficiency - Note 21		(163)		310	(205)				(58)
At December 31, 2012	793,222	12,365	394,302		34,015	102,470	63,802	7,076	1,407,252

The investments in the subsidiaries SC and ABV are adjusted by the fair value increments of the assets and liabilities acquired in the amounts of R\$ 126,094 and R\$ 108,170, respectively.

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

									Decembe	er 31, 2011
	Vale do Mogi	Omtek	SME	NF	SMA	USL	USC	ABV	Other	Total
In subsidiaries, jointly-controlled		_								
subsidiaries and associates:										
Shares/quotas held (thousands)	23,500		1,000	426,635	50	11,898	1,643	1,146		
Percentage holding	100.00%		100.00%	50.95%	50.00%	41.67%	32.19%	17.97%		
Share capital	59,540		1	847,906	100	7,341	63,082	208,559		
Equity (net capital deficiency)	767,345		(150)	806,813	(711)	(15,041)	191,800	243,929		
Profit (loss) for the period	25,529		(151)	8,994	(754)	(4,096)	(13,527)	650		
Changes in the investments:										
At March 31, 2011	762,432	24,614		392,344	21	34,015				1,213,426
Reclassification of other assets									5,216	5,216
Additional dividends distributed	(20,616)									(20,616)
Acquisition of investment - Note 36							102,764	65,308		168,072
Reclassification of tax benefit of goodwill - Note 36							(12,208)	(7,344)		(19,552)
Interest on capital received							(756)			(756)
Payment and increase of capital			1			1,583			2,524	4,108
Merger of spun-off net assets - Note 1.2		(23,652)								(23,652)
Capital gain on the transaction described										
in Note 1.3				13,720						13,720
Equity in the results of investees	25,529	(962)	(151)	5,020	(377)	(1,707)	(5,037)	117	(328)	22,104
Reclassification of investment available for sale - Note 11									(6,078)	(6,078)
Reclassification to current liabilities of										
investments with net capital deficiency - Note 20			150		356	124				630
At December 31, 2011	767,345			411,084		34,015	84,763	58,081	1,334	1,356,622

There are no cross-holdings between the parent company and the subsidiaries.

Notes to the quarterly information (ITR) at December 31, 2012
All amounts in thousands of reais unless otherwise stated

# 13.2 Goodwill, spin-off and merger of Etanol Participações S.A. ("EP")

Goodwill is described in detail in Note 14.2 to the annual financial statements for the year ended March 31, 2012.

# 13.3 Investments in the consolidated financial statements

The balance of investments in the consolidated statements relates to: (i) the indirect investees: Agropecuária Caieira do Norte S.A., Monte Sereno Agrícola Ltda. and Agropecuária do Cachimbo S.A., which investments amount to R\$ 3,877, R\$ 914 and R\$ 67, respectively; and (ii) the associated company CTC - Centro de Tecnologia Canavieira amounting to R\$ 7,286.

These investments are not consolidated and are recorded on the equity method of accounting.

### 14 Biological assets

At December 31, 2012, the Company, SC and UBV had sugar cane plantations in the states of São Paulo and Goiás used to provide raw materials for their production. The cultivation of sugar cane begins with the planting of seedlings in land of the Company or of third parties, and the first harvest occurs after a period of 12 to 18 months from planting, when the cane is harvested and the root ("stubble") remains in the ground. After each harvest (year/crop), the treated stubble grows again, giving an average of five or six crops.

The Company's land in which crops are cultivated is recorded in property, plant and equipment and is not part of the fair value of biological assets.

The key assumptions used for measuring the fair value are:

The fair value of sugar cane plantations is determined based on the discounted cash flow method, considering basically:

- (a) Cash inflows obtained from the multiplication of (i) the estimated production, measured in kilograms of ATR (Total Sugar Recoverable); and (ii) the future market price of sugar cane, which is estimated based on public data and estimates of the future prices of sugar and ethanol;
- (b) Cash outflows represented by the estimates of (i) costs necessary for the biological transformation of the sugarcane (cultivation) up to the harvest; (ii) costs with harvesting/cutting, loading and transport (CCT); (iii) capital costs (land and machinery and equipment); (iv) costs of leases and rural partnerships; and (v) taxes on positive cash flows; and
- (c) The discount rate corresponding to the Weighted Average Cost of Capital (WACC), which is periodically reviewed by management.

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

The following assumptions were used to determine the related fair value:

	C	onsolidated
	December 31, 2012	March 31, 2012
Total estimated harvested area (ha)	137,202	130,068
Expected productivity (t/ha)	79.35	74.42
Amount of ATR per metric ton of sugar cane (kg)	137.45	137.07
Estimated average price per ATR (R\$)	0.5474	0.5269

Based on the estimates of revenue and costs, the Company determines the future cash flows to be generated and discounts them to present value, considering a discount rate compatible with the remuneration of the investment in the circumstances. The changes in the fair value are recorded as biological assets with a corresponding entry to the sub-account "Changes in the fair value of biological assets", under "Cost of sales" in the statement of income for the period.

The model and assumptions used to determine the fair value represent management's best estimates at the reporting date and are reviewed on a quarterly basis and, if necessary, adjusted.

The changes in the fair value of biological assets for the period are as follows:

	December 31, 2012		
	Parent company	Consolidated	
Biological assets at March 31, 2012 Increases from planting and crop treatment Changes in fair value	443,536 150,382 10,537	632,904 256,483 6,822	
Decreases resulting from the harvest Biological assets at December 31, 2012	(174,246) 430,209	(239,470) 656,739	

Notes to the quarterly information (ITR) at December 31, 2012
All amounts in thousands of reais unless otherwise stated

# (a) Operating leases, agricultural partnerships and future sugar cane purchase commitments.

The Company, UBV and SC signed agreements related to operating leases and purchases of sugar cane produced in the rural properties of third parties and agricultural partnerships through multiyear agreements. The leases and sugar cane purchase agreements are effective for six to twelve years, and most of them are renewable.

The amounts to be disbursed in respect of these transactions will be determined at the end of each crop by the price of a metric ton of sugar cane established in the model defined by the Council of Sugar Cane, Sugar and Alcohol Producers of the State of São Paulo (CONSECANA). The total payments related to leases and purchase agreements are estimated as follows:

	C	onsolidated
	December 31, 2012	March 31, 2012
Less than one year From one year and up to five years After 5 years	$127,754 \\ 356,934 \\ \underline{221,277}$	121,631 336,777 213,206
	705,965	671,614

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

### Property, plant and equipment 15

							Par	ent company
	Land	Buildings and ancillary constructions	Industrial equipment and facilities	Vehicles	Agricultural machinery and implements	Other	Construction in progress	Total
At March 31, 2012	602,806	64,754	458,553	50,905	119,963	12,641	103,986	1,413,608
Total cost Accumulated depreciation	602,806	72,733 (7,979)	520,128 (61,575)	61,148 (10,243)	137,662 (17,699)	38,856 (26,215)	103,986	1,537,319 (123,711)
Net book value	602,806	64,754	458,553	50,905	119,963	12,641	103,986	1,413,608
At March 31, 2012 Additions Disposals (residual value) Transfers between accounts and	602,806	64,754	458,553 24,797 (32)	50,905 8,933 (211)	119,963 5,037 (513)	12,641 366 (1)	103,986 74,948	1,413,608 114,081 (757)
to intangible assets Depreciation		22,353 (3,642)	25,950 (125,450)	389 (6,235)	134 (15,668)	1,299 (1,819)	(54,360)	(4,235) (152,814)
At December 31, 2012	602,806	83,465	383,818	53,781	108,953	12,486	124,574	1,369,883
Total cost Accumulated depreciation	602,806	95,086 (11,621)	570,833 (187,015)	70,152 (16,371)	142,074 (33,121)	39,773 (27,287)	124,574	1,645,298 (275,415)
Net book value	602,806	83,465	383,818	53,781	108,953	12,486	124,574	1,369,883
Net book value of: Historical cost Revaluation increment	21,102 581,704	42,013 41,452	175,754 208,064	50,949 2,832	72,310 36,643	12,486	124,574	499,188 870,695
	602,806	83,465	383,818	53,781	108,953	12,486	124,574	1,369,883
Average annual depreciation rates		4.60%	10.05%	11.01%	12.84%	12.42%		

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

									Consolidated
	Land	Buildings and ancillary constructions	Industrial equipment and facilities	Vehicles	Agricultural machinery and implements	Leasehold improvements	Other	Construction in progress	Total
At March 31, 2012	1,904,176	159,440	758,872	79,312	162,418	21,580	15,375	143,094	3,244,267
Total cost Accumulated depreciation	1,904,176	178,951 (19,511)	871,975 (113,103)	103,260 (23,948)	198,489 (36,071)	31,574 (9,994)	43,056 (27,681)	143,094	3,474,575 (230,308)
Net book value	1,904,176	159,440	758,872	79,312	162,418	21,580	15,375	143,094	3,244,267
At March 31, 2012 Additions Disposals (residual value) Transfers between accounts and	1,904,176 (827)	159,440	758,872 32,132 (35)	79,312 11,944 (419)	162,418 14,950 (523)	21,580 5,718	15,375 496 (1)	143,094 100,146	3,244,267 165,386 (1,805)
to intangible assets Depreciation		22,464 (6,562)	27,093 (164,474)	546 (9,110)	397 (25,025)	626 (3,927)	785 (2,100)	(56,150)	(4,239) (211,198)
At December 31, 2012	1,903,349	175,342	653,588	82,273	152,217	23,997	14,555	187,090	3,192,411
Total cost Accumulated depreciation	1,903,349	201,415 (26,073)	917,756 (264,168)	114,957 (32,684)	213,013 (60,796)	37,918 (13,921)	43,588 (29,033)	187,090	3,619,086 (426,675)
Net book value	1,903,349	175,342	653,588	82,273	152,217	23,997	14,555	187,090	3,192,411
Net book value of: Historical cost Revaluation increment	132,981 1,770,368	121,588 53,754	400,207 253,381	74,720 7,553	112,570 39,647	23,997	14,555	187,090	1,067,708 2,124,703
	1,903,349	175,342	653,588	82,273	152,217	23,997	14,555	187,090	3,192,411
Average annual depreciation rates		3.54%	7.60%	12.70%	12.57%	17.08%	12.46%		

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

The parent company balance of construction in progress at December 31, 2012 refers to the refurbishment of its two plants to increase sugar and ethanol production, investments in electricity cogeneration and other improvements. The consolidated balance of construction in progress also includes the expansion and improvements to the plant of UBV and SC for increased production of sugar, ethanol and electricity cogeneration, as well as SMA and SME projects.

At December 31, 2012, 13,938 ha of the Company's land were pledged in guarantee for borrowings of UBV.

Expenditures with maintenance in the inter-crop period are allocated to property, plant and equipment and are fully depreciated during the following harvest.

Under the terms of certain borrowing agreements of the Company and its subsidiaries, property, plant and equipment totaling R\$ 542,026 at December 31, 2012 (consolidated) was pledged as collateral. These assets are mainly represented by industrial equipment and facilities, and agricultural machinery and implements. In addition, land totaling R\$ 903,159 was pledged as collateral for securitized rural credits, recorded in current and long-term liabilities.

The Company and its subsidiaries capitalized finance charges of R\$ 1,147 and R\$ 974, in the quarters ended December 31, 2012 and 2011, respectively.

#### (a) Deemed cost

See Note 16 (a) to the annual financial statements for the year ended March 31, 2012.

### 16 Intangible assets

	Parent company		C	onsolidated
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Goodwill - expected future profitability (i) Accumulated amortization (i) Software Accumulated amortization Rights on sugar cane contracts (ii) Electricity contract (ii) and other assets	11,186 (4,891) 15,949	6,948 (3,981)	47,880 (4,811) 13,399 (6,345) 15,949	47,880 (4,811) 9,138 (5,149)
	22,244	2,967	86,527	69,410

(i) The goodwill attributed to expected future profitability, derived from the spin-off of the net assets of USL, of R\$ 46,335, currently merged into the Company, SC and ABC, is no longer being amortized and has been tested for impairment as from the fiscal year beginning April 1, 2009, as mentioned in Note 14.2 to the annual financial statements for the year ended March 31, 2012. The goodwill attributed to the acquisition of ABV is detailed in Note 38 to the annual financial statements for the year ended March 31, 2012.

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

- (ii) Refers to the acquisition of rights on agreements of agricultural partnership and sugar cane supply. These relate to 1,447 hectares, with an exploration period from 2012 to 2017, renewable for the same period.
- (iii) Refers to the intangible assets (electricity contracts) identified in the process of acquisition of the investment in SC. See Note 38 to the annual financial statements for the year ended March 31, 2012. The amortization is recorded in accordance with the deliveries of energy scheduled in the contract.

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

#### **Borrowings 17**

Note   Property   Note   Property   Note   Property   Note   Property   Pro						t company
The local currency:   Securitized rural   General Market Price Index (IGP-M) + weighted average interest of 4.58% p.a., paid annually weighted average fixed interest rate of 5.50% paid on the maturity of the contract   General Market Price Index (IGP-M) + weighted average fixed interest rate of 5.50% paid on the maturity of the contract   General Market Price Index (IGP-M) + weighted average fixed interest rate of 3.50% p.a. paid on the maturity of the contract   General Market Poil   General Market	Type	Charges	Guarantees	Maturity	December 31, 2012	March 31, 2012
reditis veighted average interest of 4.58% p.a. paid annually Jul 2020  Weighted average fixed interest rate of 5.54% Automatic loans Veighted average interest of 4.58% p.a. paid annually Jul 2020  Other securitized Pixed interest rate of 5.54% Automatic loans Veighted average fixed rate of 5.54% Automatic loans Veighted average interest of 2.86% p.a. paid monthly with a stallments with maturities between Jan 2013 and Dec 2015  Export Credit Note Veighted average interest of 2.86% p.a. paid monthly veighted average interest of 1.40% p.a. paid monthly veigh						
Raral credit of contract contr		weighted average interest of 4.58%	(a)	maturities between Sep 2018 and	67,765	72,199
Finame / BNDES Automatic loans 3,05% p.a. paid monthly Automatic loans 3,05% p.a. paid monthly Automatic loans	Rural credit	of 5.50% paid on the maturity of the	(b)	maturities in January 2013 and	35,648	20,139
Paname / BNDES Automatic loans P.a. paid monthly Automatic loans Other securitized credits Fixed interest rate of 3% p.a. paid annually Carrent with a securitized credits  Fixed interest rate of 9.70% p.a. paid monthly  Leasing  Fixed interest rate of 9.70% p.a. paid monthly  Export Credit Note  Fixed interest rate of 9.70% p.a. paid monthly  Leasing  Fixed interest rate of 9.70% p.a. paid monthly  In foreign current  Advances on foreign exchange contracts (ACC)  Fixed interest rate of 9.70% p.a. + USS variation paid on maturities  Fixed interest rate of 9.70% p.a. + USS variation paid on maturities  Fixed interest rate of 9.70% p.a. + USS variation paid on maturities  Fixed interest rate of 9.70% p.a. + USS variation paid on maturities  Fixed interest rate of 9.70% p.a. + USS variation paid on maturities  Fixed interest rate of 9.70% p.a. + USS variation paid on maturities  Fixed interest rate of 9.70% p.a. + USS variation paid on maturities  Fixed interest rate of 9.70% p.a. + USS variation paid on maturities  Fixed interest rate of 9.70% p.a. + USS variation paid on maturities between Jan 2013 and Sep 2016  Fixed interest rate of 9.70% p.a. + USS variation paid on maturities between Jan 2013 and Sep 2016  Fixed interest rate of 9.70% p.a. + USS variation paid on maturities between Jan 2013 and Sep 2016  Fixed interest rate of 9.70% p.a. + USS variation paid on maturities between Jan 2013 and Sep 2016  Fixed interest rate of 9.70% p.a. + USS va	,	(TJLP) + weighted average interest of	(c)	maturities between January 2013	52,411	21,472
redits annually maturity in October 2025 64 69  Variation of 99.63 % CDI OVER CETIP (as part of the maturities of the contracts)  Export Credit Note (average rate for interbank loans for one day registered with CETIP) paid on the maturities of the contracts  Export Credit Note (as part of the maturities) of the contracts  Export Credit Note (TJLP) + weighted average interest of 2.86% p.a. paid monthly monthly installments with maturities between Jan 2013 and 3,084 242 Dec 2015  FINEM DIRECT (TJLP) + weighted average interest of 2.86% p.a. paid monthly monthly installments with maturities between May 2013 and Apr 2023  FINEM DIRECT (TJLP) + weighted average interest of 2.86% p.a. paid monthly monthly installments with maturities between Jan 2013 and 74,472 62,177 Apr 2021  FINEM DIRECT (TJLP) + weighted average interest of 1.40% p.a. paid monthly monthly installments with maturities between Jan 2013 and Mar 2021  In foreign current  Advances on foreign cexchange contracts (ACC)  Export Credit Note (TSLP) + weighted average interest of 1.40% p.a. + US\$ variation paid on maturities maturities between Jan 2013 and May 2013  Export Credit Note (TSLP) + weighted average interest of 1.40% p.a. + US\$ variation paid on maturities and principal in Jun 2017  Export Fixed interest rate of 5.50% p.a. + US\$ wariation paid on maturities and principal in Jun 2017  Export Fixed interest rate of 5.50% p.a. + US\$ variation paid on maturities  FINEM DIRECT (Cemonth Libor = 0.3473% p.a.) + fixed rate = 2.27969% p.a.) = maturities between Jan 2013 and May 2013  Export Fixed interest rate of 5.50% p.a. + US\$ variation paid on maturities  Export Fixed interest rate of 5.50% p.a. + US\$ variation paid on maturities  Export Fixed interest rate of 5.50% p.a. + US\$ variation paid on maturities between Jan 2013 and May 2013  Export Fixed interest rate of 5.50% p.a. + US\$ variation paid on maturities between Jan 2013 and May 2013  Export Credit Note Fixed interest rate of 0.923% p.a. + foreign paid on the maturities between Jan 2013 and May	,		(d)	maturities between January 2013	41,260	36,560
Export Credit Note one day registered with CETIP) paid on the maturities of the contracts on the maturities of the contracts			(e)		64	69
Leasing     monthly     maturities between Jan 2013 and Dec 2015     3,084     242       FINEM DIRECT     Quarterly Long-term Interest Rate 2.86% p.a. paid monthly     (c)     Monthly installments with maturities between May 2013 and Apr 2023     19,572     14,966       FINEM DIRECT     Fixed interest rate of 5.50% p.a. paid monthly     (c)     Monthly installments with maturities between Jan 2013 and Apr 2021     74,472     62,177       FINEM DIRECT     Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 1.40% p.a. paid monthly     (c)     Monthly installments with maturities between Jan 2013 and Apr 2021     15,008     13,001       In foreign currery       Export Credit Note (Fixed interest rate of 0.923% p.a. + (1) Syvariation paid on maturities (Swariation paid on maturities)     Single installments with maturities between Jan 2013 and May 2013     82,259       Export Credit Note (Fixed interest rate of 5.50% p.a. + US\$ variation paid on maturities (G-month Libor = 0.3473% p.a.) + (h) Semiannual installments with maturities between Jan 2013 and principal in Jun 2017     210,157     463,261     437,376       Export Credit Note (Fixed interest rate of 5.50% p.a. + US\$ variation paid on maturities (G-month Libor = 0.3473% p.a.) + (h) Semiannual installments with maturities between Jan 2013 and principal in Jun 2017     463,261     437,376       Export Credit Note (G-month Libor = 0.3473% p.a.) + (h) Apr 2023     Sep 2016     1,545     1,341,291     788,963       FINEM DIRECT (G-month Libor =	Export Credit Note	(average rate for interbank loans for one day registered with CETIP) paid on	(g)	maturities in May 2013, May	274,785	109,392
FINEM DIRECT (TJLP) + weighted average interest of 2.86% p.a. paid monthly and Apr 2023  Fixed interest rate of 5.50% p.a. paid monthly installments with maturities between Jan 2013 and Apr 2021  Quarterly Long-term Interest Rate (C) Monthly installments with maturities between Jan 2013 and Apr 2021  In foreign current with maturities between Jan 2013 and Mar 2021  In foreign current with maturities between Jan 2013 and Mar 2021  Advances on foreign exchange contracts (ACC)  Export Credit Note (6-month Libor = 0.,3473% p.a.) + fixed rate = 2.27969% p.a.) = yrepay ment - PPE 3.0144% p.a. + US\$ variation paid on maturities with maturities between Jan 2013 and May 2013  Finem DIRECT (	Leasing		(f)	maturities between Jan 2013 and	3,084	242
FINEM DIRECT monthly maturities between Jan 2013 and Apr 2021  Quarterly Long-term Interest Rate (c) Monthly installments with maturities between Jan 2013 and land maturities land principal in Jun 2017  Export Credit Note Fixed interest rate of 5.50% p.a. + US\$ land maturities between Jan 2013 and land maturities land principal in Jun 2017  Export Credit Note (6-month Libor = 0.3473% p.a.) + (h) Semiannual installments with maturities between Jan 2013 and land land land land land land land	FINEM DIRECT	(TJLP) + weighted average interest of	(c)	maturities between May 2013	19,572	14,966
FINEM DIRECT (TJLP) + weighted average interest of 1.40% p.a. paid monthly Mar 2021  In foreign currency:  Advances on foreign exchange contracts (ACC)  Export Credit Note (6-month Libor = 0.3473% p.a.) + (1) Semiannual interest and principal in Jun 2017  Export prepay ment - PPE (3.0144% p.a. + US\$ variation paid on maturities)  Currency basket (US\$, Euro and Yen) + weighted average fixed rate of 6.6636% p.a. paid monthly (c) Monthly installments with maturities between May 2013 and Apr 2023  Total  Current liabilities  Currency basket (US\$, Euro and Yen) + weighted average fixed rate of 6.6636% p.a. paid monthly (c) Monthly installments with maturities between May 2013 and Apr 2023  Total  Current liabilities	FINEM DIRECT		(c)	maturities between Jan 2013 and	74,472	62,177
Advances on foreign exchange contracts (ACC)  Export Credit Note Export of fixed interest rate of 5.50% p.a. + US\$ payments of semi-annual interest and principal in Jun 2017 prepayment - PPE Currency basket (US\$, Euro and Yen) + weighted average fixed rate of 6.6636% p.a. paid monthly  Current liabilities Pixed interest rate of 5.50% p.a. + US\$ payments of semi-annual interest and principal in Jun 2017 prepayment p	FINEM DIRECT	(TJLP) + weighted average interest of	(c)	maturities between Jan 2013 and	15,008	13,001
foreign exchange contracts (ACC)  Export Credit Note Export Credit Note Fixed interest rate of 5.50% p.a. + US\$ variation paid on maturities  (6-m onth Libor = 0,.3473% p.a.) + (h) Semiannual installments with maturities between Jan 2013 and Sep 2016  Export fixed rate = 2.27969% p.a.) = maturities between Jan 2013 and Sep 2016  Currency basket (US\$, Euro and Yen) + weighted average fixed rate of 6.6636% p.a. paid monthly  Total  Current liabilities  Maurities between Jan 2013 and Sep 2016  Monthly installments with maturities between May 2013 and Apr 2023  1,341,291 788,963 (302,168) (117,551)	In foreign curren	cy:				
Export Credit Note  variation paid on maturities  (6-m onth Libor = 0,.3473% p.a.) +  fixed rate = 2.27969% p.a.) =  prepayment - PPE  Currency basket (US\$, Euro and Yen)  + weighted average fixed rate of 6.6636% p.a. paid monthly  Current liabilities  Non current  variation paid on maturities  (b)  Semiannual installments with  maturities between Jan 2013 and Sep 2016  Monthly installments with maturities between May 2013 and Apr 2023  1,341,291 788,963 (302,168) (117,551)	foreign exchange		(1)	maturities between Jan 2013 and	82,259	
Export fixed rate = 2.27969% p.a.) = maturities between Jan 2013 and Sep 2016    Prepayment - PPE   3,0144% p.a. + US\$ variation paid on maturities   Currency basket (US\$, Euro and Yen)   (c)   Monthly installments with maturities between May 2013 and Apr 2023   1,341,291   788,963   Current liabilities   Current liabilities   (302,168)   (117,551)   Current liabilities	Export Credit Note	<del>-</del>			210,157	
FINEM DIRECT + weighted average fixed rate of 6.6636% p.a. paid monthly Apr 2023  Total	-	fixed rate = 2.27969% p.a.) = 3,0144% p.a. + US\$ variation paid on	(h)	maturities between Jan 2013 and	463,261	437,376
Current liabilities (302,168) (117,551)	FINEM DIRECT	+ weighted average fixed rate of	(c)	maturities between May 2013 and	1,545	1,370
Non-current						
	Non-current				1,039,123	671,412

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

					on solidated
Type	Charges	Guarantees	Moturity	December	March 31, 2012
Type In local currency:		Guarantees	Maturity	31, 2012	2012
in rocar carrency					
Securitized rural credits	General Market Price Index (IGP-M) + weighted average interest of 4.59% p.a., paid annually	(a)	Annual installments with maturities between Sep 2018 and Jul 2020	74,519	78,927
Rural credit	Weighted average fixed interest rate of 5.50% p.a. paid on final maturity of the contracts	(b)	Single installments with maturities in January 2013 and August 2013	35,648	20,139
Rural Product Notes	Fixed interest rate of 10.65% p.a. paid annually and principal on final maturities	(b)	Payments of annual interest and principal in Jun 2017	80,598	
Finame / BNDES Automatic loans	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 3.16 % p.a. paid monthly	(c) and (i)	Monthly installments with maturities between Jan 2013 to Feb 2017	58,304	31,677
Finame / BNDES Automatic loans	Weighted average fixed interest rate of 5.72% p.a. paid monthly	(d) and (j)	Monthly installments with maturities between Jan 2013 and Jan 2017	48,654	43,155
Industrial Credit Certificate	Weighted average fixed rate of 11.50% p.a. paid monthly	(j)	Monthly installments with maturities between Jan 2013 and Nov 2019	3,946	4,374
Export Credit Note	Variation of 99.70 % CDI OVER CETIP (average rate for interbank loans for one day registered with CETIP) paid on the maturities of the contracts	(g)	Single installments with maturities in May 2013, Nov 13, May 2014, Jun 2015, Jun 2016 and May 2017	284,492	109,392
Other securitized credits	Fixed interest rate of 3% p.a. paid annually	(e)	Annual installments with maturities between Oct 2013 and Oct 2025	64	68
Leasing	Weighted average fixed rate of 7.72% p.a. paid monthly	(f)	Monthly installments with maturities between Jan 2013 and Dec 2015	3,419	257
FINEM - DIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.44% p.a. paid monthly	(c) and (i)	Monthly installments with maturities between May 2013 and Apr 2023	174,926	195,455
FINEM - DIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 1.40% p.a. paid monthly	(c) and (i)	Monthly installments with maturities between Jan 2013 and Mar 2021	15,008	13,001
FINEM - DIRECT	Fixed interest rate of 5.21% p.a. paid monthly	(c) and (i)	Monthly installments with maturities between Jan 2013 and Apr 2021	129,942	111,983
In foreign curren	cy:				
Finame / BNDES Automatic loans	Currency basket (US\$, Euro and Yen) + weighted average fixed rate of 7.02% p.a. paid monthly	(k)	Monthly installments with maturity in Jun 2013	26	
FINEM - DIRECT	Currency basket (US\$, Euro and Yen) + weighted average fixed rate of 6.76% p.a. paid monthly	(c) and (k)	Monthly installments with maturities between May 2013 and Apr 2023	36,614	38,198
Advances on foreign exchange contracts (ACC)	Fixed interest rate of 1.58% p.a. = US\$ variation paid on maturities	(1)	Single installments with maturities between Jan 2013 and May 2013	107,026	19,093
Export Credit Note	Average fixed interest rate of 5.50% p.a. + US\$ variation paid on maturities		Payments of semi-annual interest and principal in Jun 2017	210,157	
Export Credit Note	Average fixed interest rate of 5.6261% p.a. + US\$ variation paid on maturities	(m)	Single installments with maturities in April 2015, Oct 2016 and Jul 2018	47,887	36,073
Export prepayment - PPE	(6-month Libor = 0.69349% p.a.) + Fixed rate = 2,27587% p.a.) = 2,9694% p.a. + US\$ variation paid on maturities	(h)	Semiannual installments with maturities between Jan 2013 and Sep 2016	463,261	437,376
Export prepay ment - PPE	Average fixed interest rate of 4.8310% p.a. + US\$ variation paid on maturities	(h)	Installments with maturities between Jan 2013 and Apr 2018	93,017	88,144
Export prepayment - PPE	Principal restated at the US\$ variation and interest restated at 135% of the variation of the Interbank Deposit Certificate (CDI) OVER Central System for Custody and Financial Settlement of Securities (CETIP) rate, paid on final maturities	(h)	Single installment with maturity in Jan 2013		5,057
<b>Total</b> Current liabilities				1,867,508 (444,385)	1,232,369 (247,504)
Non-current				1,423,123	984,865

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

FINAME - Government Agency for Machinery and Equipment Financing BNDES - National Bank for Economic and Social Development FINEM - Financing Program for Business Expansion and Modernization

At December 31, 2012, all the borrowings were guaranteed by stockholders' sureties and by the following additional guarantees (referenced to the tables above):

	iption of the guarantees for owings at December 31, 2012	Carrying or contractual amount
(a)	Mortgage - 23,306 ha of land	539,369
(b)	Promissory note	34,928
(c)	Statutory lien of industrial equipment Statutory lien of agricultural equipment Promissory note Bank guarantee	56,685 55,280 22,441 15,006
(d)	Mortgage - 14 ha of land Statutory lien of industrial equipment Statutory lien of agricultural equipment Promissory note	322 98,399 62,990 1,804
(e)	Mortgage - 79 ha of land	4,779
(f)	Promissory note Statutory lien of administrative equipment	4,491 700
(g)	Promissory note	100,000
(h)	Consolidated financial covenants: maintenance of a minimum percentage of principal with a projected flow of receivables and minimum ratio between the net debt and EBITDA. At December 31, 2012 and March 31, 2012, the Company was in compliance with all the covenants of the financing agreements.	
	Mortgage - 3,906 ha of land Promissory note	90,479 692,868
(i)	Mortgage of 11,269 ha Statutory lien of industrial equipment Statutory lien of agricultural equipment Promissory note	197,130 155,165 13,265 4,530
(j)	Mortgage of 199 ha Statutory lien of industrial equipment Statutory lien of agricultural equipment	3,138 96,606 371
(k)	Mortgage of 2,470 ha Statutory lien of industrial equipment	43,211 2,567
(l) (m)	Promissory note Statutory lien of industrial equipment Mortgage of 1,068 ha	20,065 2,567 24,731

The land given as collateral for borrowings refers to sugar cane plantation areas.

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

The subsidiary SC did not comply at March 31, 2012 with certain contractual borrowing conditions (covenants - financial indices), which would enable the lender to demand prepayment of approximately R\$ 66 million. The Company reclassified, in the consolidated financial statements, the amount of R\$ 22 million at March 31, 2012 to current liabilities, equivalent to its proportion of the subsidiary's borrowing. SC obtained waivers from the lender of the compliance with these covenants on May 24, 2012.

Therefore, at June 30, 2012, the balance once again was classified as non-current liabilities. Long-term borrowings have the following maturities:

	December 31, 2012		
	Parent company	Consolidated	
From 1/1/14 to 12/31/2014	273,762	382,219	
From 1/1/15 to 12/31/2015	226,676	307,746	
From 1/1/16 to 12/31/2016	162,673	206,677	
From 1/1/17 to 12/31/2017	295,871	401,736	
From 1/1/18 to 12/31/2018	34,324	59,793	
From 1/1/19 to 12/31/2027	45,817	64,952	
	1,039,123	1,423,123	

The carrying amounts and fair values of the borrowings are similar.

Based on Brazilian Central Bank Resolution 2,471/98 and other pertinent legal provisions, in 1998, 1999 and 2000, the Company, ABV and USL securitized debts with financial institutions by means of the purchase of National Treasury Notes (CTN) in the secondary market, as collateral for the payment of the principal. This securitized financing, recorded as "Securitized agricultural credits", will be automatically settled on the maturity dates through the redemption of the CTNs, which are in the custody of the creditor financial institutions. These certificates are not negotiable and are exclusively intended for paying this debt. The companies' disbursements during the 20 years in which this securitization is effective are limited to the annual payment of amounts equivalent to the application of variable percentages of between 3.8% and 4.96% per annum of the securitized amount, monetarily adjusted based on the General Market Price Index (IGP-M), limited to 9.5% per annum up to the annual payment date. This obligation was recorded in the financial statements at December 31 and March 31, 2012, based on the amount of future disbursements adjusted to present value.

### 18 Trade payables

	Parent company		Parent compan		Co	nsolidated
	December	March 31,	December	March 31,		
	31, 2012	2012	31, 2012	2012		
Sugar cane	96,041	14,212	98,969	17,587		
Materials, services and other	37,545	42,539	47,606	59,068		
	133,586	56,751	146,575	76,655		

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

The sugar cane harvest period, which generally occurs between April and December of each year, has a direct impact on the balance payable to sugar cane suppliers and providers of harvesting, loading and transport services.

### 19 Payables to Copersucar

Copersucar provided funds to the companies during the period in which they were cooperative members through bills of exchange, for the purpose of financing their operations. The funds were obtained by the Cooperative in the market and transferred to the cooperative members, for short-term settlement, and from temporary cash surpluses arising from injunctions in lawsuits claiming the suspension of liabilities. These cash surpluses related to provisions for contingencies recorded by the Cooperative in long-term liabilities. However, in the event of unfavorable outcomes in lawsuits in which the Cooperative obtained an injunction, the Company could be required to reimburse, within 120 days, the amount that was transferred to it. The main amounts included in these liabilities arose from Excise Tax (IPI), whose constitutionality and legality had been challenged in court by the Cooperative, and from tax liabilities included in the Tax Recovery Program (REFIS) of Copersucar, as shown below.

The analysis of the amounts payable to Copersucar is as follows:

<u>-</u>	Parent company	
	December 31, 2012	March 31, 2012
REFIS - Copersucar - Updated based on the SELIC interest rate	86,336	87,804
Bill of Exchange - Updated based on the SELIC interest rate	66,521	69,141
Bill of Exchange - Onlending of funds not subject to charges	44,272	44,272
Bill of Exchange - Updated based on the US\$ variation + interest of 4.53%		1,232
Total	197,129	202,449
Current liabilities	(2,040)	(2,040)
Non-current	195,089	200,409
	C	onsolidated
	December	March 31,
	31, 2012	2012
REFIS - Copersucar - Updated based on the SELIC interest rate	95,864	103,371
Bill of Exchange - Updated based on the SELIC interest rate	75,095	79,075
Bill of Exchange - Onlending of funds not subject to charges	47,308	40,478
Bill of Exchange - Updated based on the US\$ variation + interest of 4.53%		1,439
Total	218,267	224,363
Current liabilities	(2,292)	(2,356)
Non-current	215,975	222,007

All the liabilities of the Company and SC to Copersucar are guaranteed by directors' sureties.

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

Copersucar is enrolled in the special Tax Recovery Program (REFIS) established by Law 11,941/09. The amount included in the installment payments of taxes under this Program was allocated to the cooperative and ex-cooperative members during the year ended March 31, 2011, according to the resolution of the Board of Directors of Copersucar.

In accordance with the terms of the withdrawal from Copersucar, as from the date thereof, the Company and its subsidiaries USL and SC will remain liable for the obligations recorded under "Payables to Copersucar" in non-current liabilities, without any change in maturity dates, until the matters that gave rise to these liabilities and which are under judicial dispute being handled by the Cooperative's legal counsel are finally judged by the courts on an unappealable basis. Such liabilities continue to be collateralized by bank guarantees in the amount of R\$ 155,073 (R\$ 177,708 - consolidated).

### **20** Taxes payable in installments

	Parent company		Consolidated	
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
ICMS	2,359	3,106	2,428	3,224
REFIS installment program - Law 11,941 Other	50,301	52,005	57,088 645	59,122 839
	52,660	55,111	60,161	63,185
Current liabilities (taxes payable)	(5,384)	(5,238)	(5,384)	(5,312)
Non-current	47,276	49,873	54,777	57,873

In October and November 2009, the Company and its subsidiaries Omtek, USL, SC and ABV enrolled in the Tax Recovery Program (REFIS), established by Law 11,941, of May 27, 2009, with benefits of the reduction of interest, fines and legal charges. Most of the lawsuits included in the installment payment program were being challenged in court and had been provided for, based on the opinion of the legal advisors. As a consequence of the enrollment in REFIS, the Company and its subsidiaries must pay the installments without any delay exceeding three months, as well as waive their legal claims and any plea of rights on which these lawsuits were based, subject to the immediate rescission of the installment program and, consequently, the loss of the benefits (discounts and advantageous payment terms). The consolidated liability portion of ABV has not been approved by the tax authorities yet due to issues in the data transmission system of the Brazilian Federal Revenue Secretariat. The subsidiary has taken measures to recognize the inclusion of these liabilities in the Tax Recovery Program (REFIS).

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

#### 21 Other liabilities

	Parent company		Consolidate	
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Sales to be billed	3,822	160	8,982	3,202
Revenues to be appropriated	233	758	233	758
Taxes payable in installments		88		88
Net capital deficiency of subsidiaries	7,260	7,319		
Mitsubishi Corporation	7,234	9,836	7,234	9,836
Other	2,212	2,425	2,497	3,150
	20,761	20,586	18,946	17,034
Current liabilities	(17,031)	(13,769)	(15,216)	(10,215)
Non-current	3,730	6,817	3,730	6,819

The outstanding balance due to Mitsubishi Corporation arose from the acquisition of the investment in UBV, in November 2009 and with final payment in 2014.

### 22 Equity

### (a) Share capital

At December 31 and March 31, 2012, the capital was divided into 113,000,000 registered common shares, without par value. At the Extraordinary General Meeting held on July 27, 2012, the stockholders approved an increase in the Company's capital of R\$ 158,250 without the issue of new common nominative shares and without par value, using the balance of the capital investment reserve.

### (b) Treasury shares

On December 13, 2011, the Board of Directors approved the second common share repurchase program, such shares to be held in treasury for subsequent sale, cancellation or utilization for the stock option plan (item (f) below), without reducing capital, pursuant to the Company's bylaws, CVM Instructions 10/80 and 268/97 and other statutory provisions. The share repurchases of this second program were carried out in the period from December 2011 to May 2012 on the BM&FBovespa S.A. exchange, at market prices, with the intermediation of brokerage firms. Up to 1,000,000 shares could be purchased under the program.

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

During the nine-month period ended December 31, 2012, the Company repurchased 99,000 common shares for R\$ 1,817, at a minimum price per share of R\$ 18.30 and a maximum price of R\$ 18.65, resulting in an average price of R\$ 18.33.

During the same period, the Company sold 34,351 treasury shares to the beneficiaries of the 2nd stock option plan for R\$ 663.

The table below summarizes the changes in treasury shares in this period:

	Number	Average purchase price*	Total amount
m 1 126 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			
Treasury shares at March 31, 2012	708,600	18.00	12,753
Repurchase of shares of the second program	99,000	18.03	1,785
Sale of shares	(34,351)	18.00	(618)
Treasury shares at December 31, 2012	773,249	18.00	13,920

<sup>\*</sup> Includes additional costs of acquisition

At December 31, 2012, the market value of the totality of these shares was R\$ 21,651. At March 31, 2012, the market value was R\$ 16,574, when the balance in treasury was 708,600 shares.

The Company's objective with this program is to maximize the generation of value for its stockholders.

### (c) Carrying value adjustments

See Note 23(c) to the annual financial statements for the year ended March 31, 2012.

### (d) Legal and capital investment reserves

No changes occurred in the calculation method utilized during the quarter ended December 31, 2012. See Note 23(d) to the annual financial statements for the year ended March 31, 2012.

At the Ordinary General Stockholders Meeting held on July 27, 2012, the stockholders approved an additional allocation of R\$ 123,068 to the capital investment reserve.

### (e) Dividends and interest on capital

Stockholders are entitled to receive a minimum dividend of 25% of the profit for the year, after the deduction of any accumulated deficit and the appropriation to the legal reserve.

The Ordinary General Stockholders Meeting held on July 27, 2012 approved an additional dividend distribution of R\$ 6,014 (R\$ 0.0536 per share), totaling a dividend distribution of R\$ 36,084 (R\$ 0.321343 per share) on the profit for the year ended March 31, 2012.

Notes to the quarterly information (ITR) at December 31, 2012
All amounts in thousands of reais unless otherwise stated

### (f) Stock option plan

On November 28 and December 12, 2011, purchase options of the Company's shares were granted to certain executives (2nd and 3rd stock option plans, respectively). These stock options are detailed in Note 23(f) to the annual financial statements for the year ended March 31, 2012.

On December 17, 2012, 391.726 purchase options of the Company's shares were granted to the executives eligible for the plan (fourth Stock Option Plan). The vesting period considers that the beneficiaries of the plan can exercise their right as follows: 1/3 of the total number of shares to be granted as from the closing of the second year since the adhesion contract was signed; 1/3 as from the closing of the third year and the remaining 1/3 as from the closing of the fourth year. The maximum term for the right to be exercised is in 2019.

During December 2012, the options exercised were equivalent to 34,351 shares of the 2nd stock option plan, resulting in the sale of treasury shares for R\$ 663 (Note 22(b)).

The balance of the outstanding stock options is as follows:

	2nd plan	3rd plan	4th plan	Total
Number of shares granted	140,400	418,538	391,726	950,664
Options exercised	(34,351)			(34,351)
Outstanding stock options	106,049	418,538	391,726	916,313
Average exercise price (R\$)	19.31	18.49	25.11	21.41

The fair value attributed to these options was determined based on the Black & Scholes pricing model, which takes into consideration the value of the share, the price of exercise, the time to elapse up to the exercise of the option, the likelihood of the option being exercised, the historical volatility based on the daily closing prices of the shares in the last two years, the dividend rate and the risk-free interest rate.

In the quarter ended December 31, 2012, the Company recognized an expense of R\$ 315 (R\$ 1,261 in the nine-month period) with stock options.

### 23 Employee and management benefits plan

During the quarter ended December 31, 2012, there were no changes made in the model and assumptions used for the plan, as described in Note 24 to the annual financial statements for the year ended March 31, 2012.

The benefits for the quarters ended December 31, 2012 and 2011, recorded as operating costs or expenses in the consolidated statements of income, amounted to R\$ 366 and R\$ 172, respectively.

### 24 Profit sharing program

There were no changes in the assumptions utilized for this calculation during the quarter ended December 31, 2013. See Note 25 to the annual financial statements for the year ended March 31, 2012.

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

The profit sharing for the quarters ended December 31, 2012 and 2011, recorded as operating costs or expenses in the consolidated statements of income, amounted to R\$ 4,497 and R\$ 10,315, respectively.

#### **25** Income tax and social contribution

#### The income tax and social contribution balances are as follows: (a)

	Pare	ent company
Γax assets	December 31, 2012	March 31, 2012
Current assets - Prepayments		
. Income tax and social contribution to be offset	24,921	17,658
Γax liabilities		
Non-current liabilities (net) Deferred assets		
. Income tax on tax losses	6,270	21,880
. Social contribution on accumulated losses	2,331	7,950
Taxes on temporary differences: Provision for contingencies	14,942	16,737
. Tax benefit of merged goodwill	3,257	5,432
Pre-operating expenses (deferred charges, written off)	3	6
. Derivative financial instruments	27,776	10,980
. Other	3,008	5,331
<b>Deferred liabilities</b> Taxes on temporary differences:		
<ul> <li>Increment of property, plant and equipment (deemed cost)</li> </ul>	(299,013)	(311,776)
Accelerated tax-incentive depreciation	(132,958)	(125,318)
. Securitized financing	(15,683)	(13,833)
. Adjustment to present value	(4,954)	(5,312)
. Derivative financial instruments	(11,260)	(4,248)
Biological assets and agricultural product (changes in fair value)	(7,576)	(4,867)
. Foreign exchange variation	(7,065)	(7,643)
Non-current liabilities	(420,922)	(404,681)

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

		onsolidated
	December	March 31,
	31, 2012	2012
In current assets - prepayments  . Income tax and social contribution to be offset	27,986	20,550
Current liabilities - Payable		
. Income tax and social contribution, payable	1,071	240
Deferred income tax and social contribution		
Deferred assets		
. Income tax on tax losses	46,260	55,359
. Social contribution on accumulated losses	16,774	20,051
Taxes on temporary differences:		
. Provision for contingencies	15,684	17,826
. Biological assets and agricultural product (changes in fair value)	4,329	5,731
. Tax benefit of merged goodwill	6,004	8,459
<ul> <li>Pre-operating expenses (deferred charges, written off)</li> </ul>	4,859	5,941
. Derivative financial instruments	27,776	10,980
. Other	3,826	5,665
Deferred liabilities		
Taxes on temporary differences:		
. Increment of property, plant and equipment (deemed cost)	(720,272)	(737,730)
Accelerated tax-incentive depreciation	(132,958)	(125,318)
. Securitized financing	(15,884)	(14,027)
. Adjustment to present value	(5,330)	(5,749)
Derivative financial instruments	(12,011)	(4,248)
<ul> <li>Biological assets and agricultural product (changes in fair value)</li> <li>Foreign exchange variation</li> </ul>	(9,164) (5,126)	(6,831) (10,616)
. Intangible assets	(6,823)	(7,467)
	(782,056)	(781,974)
Non-current assets	(46,971)	(38,227)
Non-current liabilities	(829,027)	(820,201)

The deferred tax assets and liabilities are presented net in the balance sheet, by each company, when there is a legally enforceable right and the intention to offset them on the calculation of current taxes and when related to the same tax authority. Accordingly, the balances of deferred taxes shown above refer to the net amounts of each consolidated company.

Accumulated income tax and social contribution losses can be carried forward indefinitely, but without monetary adjustment or interest, and their offset is limited to 30% of the taxable income of each year. In accordance with current accounting practices, deferred tax credits arising from tax loss carryforwards are recognized based on projections of taxable income of the Company and its subsidiaries, which support their recovery.

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

The recovery of all the deferred tax credits, indicated by the projections of taxable income approved by management, and by the expected realization of temporary differences, is expected to occur as follows:

	Estimated r	ealizable value
Periods ended December 31	Parent company	Consolidated
2013	9,958	13,000
2014	15,441	20,196
2015	9,357	14,390
2016	9,168	16,266
2017	7,549	18,225
2018 onwards	6,114	43,435
	57,587	125,512

The deferred income tax and social contribution liabilities are realized principally through the depreciation and disposal of the property, plant and equipment items that gave rise to them. The realization of this liability is estimated at the average rate of 15% per year, according to the depreciation rates of the respective property, plant and equipment items. In addition, the period for settlement of the securitized loans, which mature through 2021, impacts the period for recovery of the deferred income tax and social contribution assets.

### (b) Reconciliation of the income tax and social contribution expense

The income tax and social contribution expense is reconciled to the standard rates as shown below:

<u>-</u>			Dec	ember 31, 2012			Dec	ember 31, 2011
<u>-</u>		Quarter		9 months		Quarter		9 months
Parent company:	In com e tax	Social contribution	Incom e tax	Social contribution	In com e tax	Social contribution	In com e tax	Social contribution
Profit before income tax and social contribution Standard rates - %	9,878 25%	9,878 9%	92,589 25%	92,589 9%	64,599 25%	64,599 9%	188,577 25%	188,577 9%
	(2,470)	(889)	(23,147)	(8,333)	(16,150)	(5,814)	(47,144)	(16,972)
Reconciliation to the effective rate:								
Permanent differences  Equity in the results of investees Interest on capital	1,415	509	1,841	663	3,247 (189)	1,169 (68)	5,526 (189)	1,989 (68)
Gain with capital increase by Pbio in NF - Note 1.3					3,430	1,235	3,430	1,235
Negative goodwill (gain) on acquisition of investment in USC - Note 38 Tax benefits - REFIS installment - Law 11,941					2,815	1,013	2,815 176	1,013 64
Other permanent differences	(894)	(305)	(2,790)	(982)	(265)	(54)	394	247
Workers' Meal Program (PAT) and donations with incentives	66		370		488		994	
<u>-</u>	(1,883)	(685)	(23,726)	(8,652)	(6,624)	(2,519)	(33,998)	(12,492)
Income tax and social contribution	(2	,568)	(32	,378)	(9	,143)	(46	5,490)

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

_			Dec	ember 31, 2012			Dec	ember 31, 2011
_		Quarter		9 months		Quarter		9 months
Consolidated:	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution
Profit before income tax and social contribution Standard rates - %	3,604 25%	3,604 9%	78,426 25%	78,426 9%	66,092 25%	66,092 9%	190,222 25%	190,222 9%
	(901)	(324)	(19,607)	(7,058)	(16,523)	(5,948)	(47,556)	(17,120)
Reconciliation to the effective rate:								
Permanent differences								
Equity in the results of investees	851	307	56	21	591	213	(105)	(38)
Tax incentives - non-taxable ICMS	753	271	1,438	518	556	200	1,226	441
Deferred taxes, not recorded	(101)	(36)	(515)	(185)	(213)	(77)	(1,756)	(632)
Write-off of deferred taxes in subsidiary			(419)	(151)				
Gain with capital increase by								
Pbio in NF - Note 1.3					3,430	1,235	3,430	1,235
Negative goodwill (gain) on acquisition of investment in USC - Note 38 Adjustment related to the calculation of					2,815	1,013	2,815	1,013
subsidiary taxed based on the								
deemed profit method	2,896	1,043	8,072	2,906			3,300	1,184
Tax benefits - REFIS installment - Law 11.941	,-,-	7- 10	-,-,	,,,			364	131
Other permanent differences	(833)	(283)	(2,713)	(956)	1,146	453	2,048	905
Workers' Meal Program (PAT) and			. ,,					
donations with incentives	63		378		473		980	
_	2,728	978	(13,310)	(4,905)	(7,725)	(2,911)	(35,254)	(12,881)
Income tax and social contribution	3	,706	(1)	8,215)	(10	0,636)	(4)	3,135)

### 26 Investment subsidies

There were no changes in the assumptions utilized for this calculation during the quarter ended December 31, 2012. See Note 27 to the annual financial statements for the year ended March 31, 2012.

The incentive amounts credited to operations for the quarters ended December 31, 2012 and 2011 were R\$ 3,011 and R\$ 2,092 (R\$ 5,750 and R\$ 4,337 in the nine-month period), respectively.

### 27 Commitments

The Company and its subsidiaries assume various commitments in the ordinary course of their business. There were no significant changes to these commitments in comparison with those described in Note 28 to the annual financial statements for the year ended March 31, 2012.

In addition, the Company and its subsidiary Vale are the guarantor of borrowings contracted by UBV totaling R\$ 551,956.

### 28 Provision for contingencies

### 28.1 Probable losses

The Company and its subsidiaries, based on legal counsel's assessment of probable losses, have the following provisions for contingencies (amounts monetarily restated):

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

					Pare	ent company
	March 31, 2012	Additions	Reversals	Utilizations	Restatements	December 31, 2012
Tax Civil and environmental Labor	6,493 14,506 47,065	98 18,627	(1,381) (223) (3,008)	(237) (1,480) (24,201)	138 774 3,876	5,013 13,675 42,359
Contingent liability	68,064	18,725	(4,612)	(25,918)	4,788	61,047
Judicial deposits	41,784	14,779		(19,697)	806	37,672
					C	consolidated
	March 31, 2012	Additions	Reversals	Utilizations	Restatements	December 31, 2012
Tax Civil and environmental	8,218 15,489	5 56	(2,246) (573)	(237) (1,525)	193 778	5,933 14,225
Labor	50,552	21,372	(4,239)	(25,708)	4,373	46,350
Contingent liability	74,259	21,433	(7,058)	(27,470)	5,344	66,508
Judicial deposits	44,972	14,948		(19,942)	853	40,831

A portion of the provisions for labor contingencies were used with an offsetting entry to the related judicial deposits as a result of the reconciliation being made by the Company.

The nature of the main lawsuits to which the above provisions related at December 31, 2012 was as follows (Parent company and Consolidated):

### Tax

These refer to: (a) taxes whose payment is being challenged in court by the Company and its subsidiaries; the amounts challenged have been deposited in court; and (b) success fees payable to legal advisors for defenses in tax lawsuits.

### Civil and environmental

These refer to: (i) compensation for material and moral damages; (ii) redress for damages caused by the burning of sugar cane straw; and (iii) other environmental matters.

### Labor

These refer mainly to claims for: (i) overtime; (ii) commuting hours; (iii) indemnity for elimination of the break between shifts; (iv) hazardous duty and health hazard premiums; (v) refund of payroll deductions such as union dues; (vi) night shift premium; and (vii) recognition of employment relationship with the consequent payment of the 13th month salary and vacation pay, plus 1/3 vacation bonus.

Notes to the quarterly information (ITR) at December 31, 2012
All amounts in thousands of reais unless otherwise stated

### 28.2 Possible losses (contingent liabilities)

The Company and its subsidiaries are parties to several lawsuits involving tax, environmental and civil matters that were assessed by legal counsel as possible losses (contingent liabilities). The nature and the amounts involved in the lawsuits are as follows:

Tax

Con	solidated						Stage
Sub	ject	Number of processes	Administrative	Trial court	Lower tribunal	Higher tribunal	Total
(i)	Social security contributions	15	102,465		13,057		115,522
(ii)	Calculation of IRPJ/CSLL	7	83,257				83,257
	Negative balance of IRPJ	3	111	100		1,579	1,790
	Offset of credits - PIS	2	3,840		1,807		5,647
	Offset of federal taxes	2	236		1,520		1,756
	Other tax cases	39	17,918	1,439	336		19,693
		68	207,827	1,539	16,720	1,579	227,665

- (i) The lawsuits refer to the levy of the Social Security Contribution on export revenue, under the allegation that the exports carried out through the intermediation of a cooperative are not included in the exemption established in article 149, paragraph 2, of the Federal Constitution.
- (ii) The lawsuits refer to the exclusion from the calculation basis of income tax and social contribution of expenses related to securitized financing, as well as expenses arising from the benefit of accelerated tax-incentive depreciation.

In addition, in accordance with the terms negotiated for the withdrawal from Copersucar, the Company, SC and USL remain liable for the payment of obligations, proportionate to their interest in Copersucar in previous harvests, which result from tax assessments that may arise and that relate to periods in which the Company and its subsidiaries were cooperative members. The State Finance authorities have issued tax assessments against Copersucar with respect to Value-added Tax on Sales and Services (ICMS) on fuel and industrial ethanol sales made by Copersucar up to December 31, 2008, as principal taxpayer or substitute taxpayer of the distribution companies. The adjusted amount, calculated proportionately to the interest of the Company and its subsidiaries in the Cooperative, amounts to R\$ 156,141. Legal counsel assesses the outcome in these lawsuits as a possible loss.

Copersucar believes that it has strong arguments to successfully defend the fines imposed by the State Finance Departments in these assessments.

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

#### Civil and environmental

Consolidated						Stage
Subject	Number of processes	Administrative	Trial court	Lower tribunal	Higher tribunal	Total
Environmental Civil	29	825	1,016	1,182		3,023
Indemnities Review of contracts Rectification of area and land	42 6		14,183	187 14	28	14,398 14
registry	5		12			12
Documents for obtaining mineral research permits	8					
Regulatory	1	74				74
	91	899	15,211	1,383	28	17,521

The management of the Company and its subsidiaries, based on legal counsel's opinion, believe that there are no significant risks not covered by provisions in the financial statements or that could result in a significant impact on future results of operations.

### 29 Derivative financial instruments

Derivative financial instruments must be classified as "held for trading" and recorded at their fair values in current assets when the fair value is positive, and in current liabilities when it is negative. Fair value variations must be recorded in the statement of income for the period, except when the derivative is designated for hedge accounting. The utilization of hedge accounting is optional and its purpose is to record the effects of derivative financial instruments at the same time as the hedged items affect the entity's results of operations, in order to conform to the accrual basis of accounting and to reduce the volatility in the results arising from derivatives marked to market.

As from March 1, 2010, the Company opted for the utilization of hedge accounting to record a part of its derivative financial instruments. The instruments elected were sugar, ethanol and foreign currency (US dollar) derivatives, which cover the sales of the 2011/2012 and 2012/2013 crops, and were classified as a hedge of cash flows of highly probable expected transactions (future sales).

Derivatives designated for hedge accounting are recorded at their fair values in the balance sheet. The effective portion of the variations in the fair value of the designated derivatives, which qualify for hedge accounting, are recorded in "Carrying value adjustments" in equity, net of deferred taxes, and recorded in the statement of income in "Net sales revenue", when the revenue of the related hedged sale is recorded, which occurs in the month the products are shipped. The ineffective portion of the variations is recorded as finance income or costs in the same period in which it occurs.

In order to utilize hedge accounting, prospective tests were realized to verify effectiveness. These tests showed that the instruments designated as hedges provide a highly effective offset for the effects of price variations on the value of future sales.

In the case of foreign exchange hedges, the derivatives were designated as a protection of cash flows arising from future sales in foreign currency. These hedges were realized by contracting Non-Deliverable Forwards (NDFs) and options strategies with leading financial institutions.

In the case of sugar hedges, the derivatives were designated as a protection of cash flow variations arising from future sales of sugar. These transactions were realized in the New York Intercontinental Exchange (ICE Futures US) and with leading financial institutions through over-the-counter contracts.

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

The balances of assets and liabilities at December 31 and March 31, 2012, relating to transactions involving derivative financial instruments, were as follows:

	Parent company		
	December 31, 2012	March 31, 2012	
Margin deposits	2,977	722	
Potential results - futures - sugar	21,838	4,404	
Potential results - futures - ethanol	(250)	8	
Potential results - options - sugar	3,599	631	
Potential results - forward contracts - foreign exchange	(5,763)	(12,409)	
Potential results - forward contracts - sugar	7,762	4,518	
Potential results - swap contracts	(14,243)	(1,133)	
	15,920	(3,259)	
In current assets	39,053	10,283	
In current liabilities	(23,133)	(13,542)	
	15,920	(3,259)	
	C	onsolidated	
	December	March 31,	
Margin deposits		March 31,	
Margin deposits Potential results - futures - sugar	December 31, 2012	March 31, 2012	
	December 31, 2012 3,722	March 31, 2012 1,287	
Potential results - futures - sugar	31, 2012 3,7 22 23,534	March 31, 2012 1,287 4,223	
Potential results - futures - sugar Potential results - futures - ethanol Potential results - options - sugar Potential results - forward contracts - foreign exchange	3,7 22 23,534 (244) 4,083 (5,475)	March 31, 2012 1,287 4,223 (185)	
Potential results - futures - sugar Potential results - futures - ethanol Potential results - options - sugar Potential results - forward contracts - foreign exchange Potential results - forward contracts - sugar	3,7 22 23,534 (244) 4,083 (5,475) 8,082	March 31, 2012 1,287 4,223 (185) 816 (12,352) 4,548	
Potential results - futures - sugar Potential results - futures - ethanol Potential results - options - sugar Potential results - forward contracts - foreign exchange	3,7 22 23,534 (244) 4,083 (5,475)	March 31, 2012 1,287 4,223 (185) 816 (12,352)	
Potential results - futures - sugar Potential results - futures - ethanol Potential results - options - sugar Potential results - forward contracts - foreign exchange Potential results - forward contracts - sugar	3,7 22 23,534 (244) 4,083 (5,475) 8,082	March 31, 2012 1,287 4,223 (185) 816 (12,352) 4,548	
Potential results - futures - sugar Potential results - futures - ethanol Potential results - options - sugar Potential results - forward contracts - foreign exchange Potential results - forward contracts - sugar	3,7 22 23,5 34 (244) 4,0 83 (5,475) 8,0 82 (15,0 64)	March 31, 2012 1,287 4,223 (185) 816 (12,352) 4,548 (1,543)	
Potential results - futures - sugar Potential results - futures - ethanol Potential results - options - sugar Potential results - forward contracts - foreign exchange Potential results - forward contracts - sugar Potential results - swap contracts	31, 2012  3,7 22 23,534 (244) 4,083 (5,475) 8,082 (15,064)  18,638	March 31, 2012 1,287 4,223 (185) 816 (12,352) 4,548 (1,543) (3,206)	
Potential results - futures - sugar Potential results - futures - ethanol Potential results - options - sugar Potential results - forward contracts - foreign exchange Potential results - forward contracts - sugar Potential results - swap contracts  In current assets	3,7 22 23,534 (244) 4,083 (5,475) 8,082 (15,064) 18,638	March 31, 2012 1,287 4,223 (185) 816 (12,352) 4,548 (1,543) (3,206)	

Margin deposit balances refer to funds maintained in current accounts with brokers to cover the initial margins established by the Commodities Exchange in which the contracts are formalized, with the objective of guaranteeing outstanding contracts and net remittances related to daily adjustments resulting from fluctuations in contract prices in the futures and options market.

The potential results of futures, options and forward contracts refer to the cumulative positive (negative) effect of the fair value of derivative financial instruments, in the related transactions.

The maturity dates of the derivative financial instruments contracted are determined based on the estimated shipment dates of the hedged sugar and ethanol and the forecast cash flows from these shipments, as agreed with the customers.

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

#### Fair value of the derivative financial instruments 29.1

At December 31 and March 31, 2012, the analysis of the fair values of the assets and liabilities related to transactions involving derivative financial instruments is as follows:

#### (a) **Futures and options contracts:**

				De	ecember 31, 2012
Parent company	Contracted volume	Price/ average rate	Notional amount - R\$	Fair value - R\$	Receivable (payable) - R\$
Products - Sugar #11					
Futures contracts					
Sales commitment	364,185	21.10	346,186	22,884	22,884
Purchase commitment	172,212	19.66	152,506	(1,046)	(1,046)
					21,838
Options contracts					
Bidding position - sale	130,556	20.08	118,104	6,628	6,628
Bidding position - purchase	12,700	26.50	15,163	15	15
Written position - sale	27,940	20.18	25,405	(1,459)	(1,459)
Written position - purchase	127,254	23.05	132,151	(1,585)	(1,585)
D. I					3,599
Products - ETH BMF					
Futures contracts	0		0	()	()
Sales commitment	22,800	1,221.07	928	(250)	(250)
					(250)
		D: /			March 31, 2012
	Contracted	Price/ average	Notional		Receivable
Parent company	volume	rate	amount - R\$	Fair value - R\$	(payable) - R\$
Products - Sugar #11					
Futures contracts					
Sales commitment	340,360	24.41	333,733	4,220	4,220
Purchase commitment	7,874	24.13	7,633	184	184
	,,,,	. 0	,, 00	·	4,404
Options contracts					
Bidding position - sale	100,584	21.97	88,757	2,527	2,527
Bidding position - purchase	46,736	24.70	46,376	1,814	1,814
Written position - sale	69,596	20.60	57,605	(1,120)	(1,120)
Written position - purchase	85,344	25.20	86,395	(2,590)	(2,590)
1	0,011	J	,676	( ,0 ) ,	631
Products - ETH BMF					
Futures contracts					
Sales commitment	2,520	1,140.30	96	8	8
<u>Currency - USD</u>					
Options contracts					
Bidding position - sale	1,000	1.74	1,740		1
Written position - purchase	1,000	2.01	2,010		(1)

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

				De	cember 31, 2012
		Price/			
	Contracted	average	Notional		Receivable
Consolidated	volume	rate	amount - R\$	Fair value - R\$	(payable) - R\$
Products - Sugar #11					
<b>Futures contracts</b>					
Sales commitment	397,713	21.10	378,104	25,013	25,013
Purchase commitment	181,551	19.70	161,148	(1,479)	(1,479)
					23,534
Options contracts					
Bidding position - sale	150,182	20.10	136,027	7,930	7,930
Bidding position - purchase	12,700	26.50	15,163	15	15
Written position - sale	33,664	19.63	29,771	(1,476)	(1,476)
Written position - purchase	178,118	23.08	185,178	(2,386)	(2,386)
White reposition pure nuce	1,0,110	_5.00	103,170	(=,500)	4,083
Products - ETH BMF					
Futures contracts					
Sales commitment	23,756	1,219.96	966	(244)	(244)
					(244)
					March 31, 2012
					<del>3-,</del>
	Ct1	Price/	Notional		Receivable
Consolidated	Contracted volume	average rate	amount - R\$	Fair value - R\$	(payable) - R\$
Products - Sugar #11					
Futures contracts					
Sales commitment	367,918	24.43	361,033	4,856	4,856
Purchase commitment	21,858	25.10	22,036	(633)	(633)
					4,223
Options contracts					
Bidding position - Sale	127,243	22.30	114,010	3,679	3,679
Bidding position - Purchase	46,736	24.70	46,376	1,814	1,814
Written position - Sale	80,636	20.36	65,965	(1,159)	(1,159)
Written position - Purchase	125,087	25.54	128,353	(3,518)	(3,518)
•					816
Products - ETH BMF					
Futures contracts					
Sales commitment	6,036	1,150.69	232	(185)	(185)
	.,.0	, 0 )	3-	(0)	(185)
Currency - USD					
Options contracts					
Bidding position - Sale	1,000	1.74	1,740		1
Written position - Purchase	1,000	2.01	2,010		(1)
•	,		,-		

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

The following terminology is used for the options contracts listed above:

- (a) Bidding position sale: purchase of put options that grant the Company the right, but not the obligation, to sell at a previously established price.
- (b) Bidding position purchase: purchase of call options that grant the Company the right, but not the obligation, to purchase at a previously established price.
- (c) Written position purchase: sale of call options under which the Company has the obligation to comply at the agreed price at the buyer's discretion.
- (d) Written position sale: sale of call options under which the Company has the obligation to comply at the agreed price at the buyer's discretion.

### (b) Foreign currency forward contracts (NDF over-the-counter - CETIP):

Payable -R	Fair value - R\$	Notional amount - R\$	Average fixed rate - R\$/US\$ 1	US\$ thousand	Position	Maturity
(4,96	(4,961)	109,733	1.9551	56,126	Sold	jan/13
(1,053	(1,053)	58,445	2.0171	28,975	Sold	feb/13
(2,133	(2,133)	61,713	1.9922	30,976	Sold	mar/13
(1,102	(1,102)	67,794	2.0376	33,272	Sold	apr/13
(46	(461)	57,686	2.0646	27,940	Sold	m ay /13
282	282	11,342	2.1461	5,285	Sold	jun/13
1,002	1,002	58,654	2.1386	27,427	Sold	jul/13
78:	781	119,122	2.1221	56,135	Sold	aug/13
739	739	48,985	2.1556	22,724	Sold	sept/13
935	935	61,141	2.1661	28,226	Sold	oct/13
782	782	53,332	2.1761	24,508	Sold	n ov /13
625	625	45,922	2.1833	21,034	Sold	dec/13
600	600	44,829	2.1930	20,441	Sold	jan/14
264	264	20,581	2.2022	9,345	Sold	feb/14
1 4	14	1,067	2.2140	482	Sold	mar/14
19	19	1,419	2.2235	638	Sold	apr/14
12	12	911	2.2340	408	Sold	m ay /14
(1,008	(1,008)	32,152	2.1608	14,880	Sold	aug/14
(1,100	(1,100)	34,158	2.2955	14,880	Sold	aug/15
(5,763				423,702		

Maturity	Position	US\$ thousand	Average fixed rate - R\$/US\$ 1	Notional amount - R\$	Fair value - R\$	Payable -R\$
jan/13	Sold	56,126	1.9551	109,733	(4,961)	(4,961)
feb/13	Sold	29,732	2.0161	59,942	(1,112)	(1,112)
mar/13	Sold	31,362	1.9936	62,527	(2,119)	(2,119)
apr/13	Sold	33,272	2.0376	67,794	(1,102)	(1,102)
m ay /13	Sold	30,129	2.0688	62,333	(389)	(389)
jun/13	Sold	5,993	2.1442	12,851	303	303
jul/13	Sold	31,065	2.1392	66,453	1,122	1,122
aug/13	Sold	56,457	2.1223	119,819	795	795
sept/13	Sold	22,724	2.1556	48,985	739	739
oct/13	Sold	31,445	2.1658	68,103	1,003	1,003
n ov /13	Sold	24,508	2.1761	53,332	782	782
dec/13	Sold	21,034	2.1833	45,922	625	625
jan/14	Sold	20,441	2.1930	44,829	600	600
feb/14	Sold	9,345	2.2022	20,581	264	264
mar/14	Sold	1,045	2.2397	2,341	51	51
apr/14	Sold	638	2.2235	1,419	19	19
m ay /14	Sold	408	2.2340	911	12	12
aug/14	Sold	14,880	2.1608	32,152	(1,008)	(1,008)
aug/15	Sold	14,880	2.2955	34,158	(1,099)	(1,099)
		435,484			_	(5,475)

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

### Parent company - March 31, 2012

Maturity	Position	US\$ thousand	Average fixed rate - R\$/US\$ 1	Notional amount - R\$	Fair value - R\$	Payable -R\$
apr/12	Sold	6,708	1.8529	12,430	203	203
may/12	Sold	2,000	1.7280	3,456	(220)	(220)
jun/12	Sold	6,500	1.7762	11,546	(468)	(468)
jul/12	Sold	20,416	1.7804	36,348	(1,585)	(1,585)
aug/12	Sold	54,336	1.8192	98,850	(2,714)	(2,714)
sept/12	Sold	40,792	1.8459	75,304	(1,440)	(1,440)
oct/12	Sold	45,646	1.8397	83,980	(2,333)	(2,333)
nov/12	Sold	35,660	1.8473	65,872	(1,917)	(1,917)
dec/12	Sold	28,127	1.8871	53,080	(694)	(694)
jan/13	Sold	25,667	1.8893	48,493	(813)	(813)
feb/13	Sold	11,180	1.8790	21,007	(571)	(571)
mar/13	Sold	8,500	1.9017	16,166	(320)	(320)
apr/12	Sold	2,500	1.9182	4,796	(77)	(77)
may/12	Sold	5,000	1.9545	9,772	(36)	(36)
aug/13	Sold	14,880	2.0296	30,200	452	452
aug/14	Sold	14,880	2.1608	32,152	152	152
aug/15	Sold	14,880	2.2955	34,158	(28)	(28)
		337,672				(12,409)

### Consolidated - March 31, 2012

Maturity	Position	US\$ thousand	Average fixed rate - R\$/US\$ 1	Notional amount - R\$	Fair value - R\$	Payable -R\$
,	0.11		0			
apr/12	Sold	6,740	1.8521	12,483	199	199
may/12	Sold	2,032	1.7274	3,510	(225)	(225)
jun/12	Sold	7,739	1.7918	13,867	(450)	(450)
jul/12	Sold	21,655	1.7855	38,665	(1,584)	(1,584)
aug/12	Sold	54,529	1.8195	99,214	(2,709)	(2,709)
sept/12	Sold	40,872	1.8462	75,458	(1,431)	(1,431)
oct/12	Sold	46,065	1.8400	84,760	(2,342)	(2,342)
nov/12	Sold	35,901	1.8478	66,336	(1,916)	(1,916)
dec/12	Sold	28,610	1.8881	54,019	(682)	(682)
jan/13	Sold	25,667	1.8893	48,493	(813)	(813)
feb/13	Sold	11,937	1.8853	22,505	(542)	(542)
mar/13	Sold	8,500	1.9017	16,165	(320)	(320)
apr/12	Sold	2,500	1.9182	4,795	(77)	(77)
may/12	Sold	5,000	1.9545	9,773	(36)	(36)
aug/13	Sold	14,880	2.0296	30,200	452	452
aug/14	Sold	14,880	2.1608	32,153	152	152
aug/15	Sold	14,880	2.2955	34,157	(28)	(28)
		342,387				(12,352)

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

The counterparties of the forward contracts are the financial institutions: America Merrill Lynch, Citibank, Rabobank, Bradesco, Santander, HSBC, Itaú BBA, Deutsche Bank, Morgan Stanley, BTG Pactual, Votorantim, Goldman Sachs, Barclays and Credit Agricole Brasil.

### (c) Sugar forward contracts "sugar 11" (NDF over-the-counter - CETIP):

			Parent company - Dec						
Maturity	Position	Lots	Average fixed price (¢/lb)	Notional am ount - R\$	Fair value - R\$	Receivable (payable) - R\$			
May-13	Sold	635	21.03	27,123	2,076	2,076			
Jul-13	Sold	1,205	20.98	51,334	3,399	3,399			
Oct-13	Sold	1,120	20.96	47,670	2,287	2,287			
	<u>-</u>	2,960				7,762			

### Consolidated - December 31, 2012

Maturity	Position	Lots	Average fixed price (¢/lb)	Notional amount - R\$	Fair value - R\$	Receivable (payable) - R\$
May-13	Sold	667	21.05	28,697	2,090	2,090
Jul-13	Sold	1,349	21.02	58,414	3,611	3,611
Oct-13	Sold	1,216	21.05	52,553	2,494	2,494
Mar-14	Sold	40	23.26	2,142	44	44
Mar-14	purchased	32	22.47	1,656	(139)	(139)
May-14	Sold	8	23.17	427	5	5
May-14	purchased	8	21.66	399	(23)	(23)
		3,320				8,082

### Parent company - March 31, 2012

Maturity	Position	Lots	Average fixed price (¢/lb)	Notional amount - R\$	Fair value - R\$	Receivable (payable) - R\$
May-12	Sold	282	26.94	13,846	1,283	1,283
Jul-12	Sold	745	25.69	34,870	2,833	2,833
Oct-12	Sold	300	24.53	13,409	402	402
		1,327				4,518

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

### Consolidated - March 31, 2012

Maturity	Position	Lots	Average fixed price (¢/lb)	Notional amount - R\$	Fair value - R\$	Receivable (payable) - R\$
May-12	Sold	282	26.94	13,846	1,283	1,283
Jul-12	Sold	1,072	25.48	49,766	2,849	2,849
Oct-12	Sold	627	24.75	28,281	416	416
		1,981				4,548

The counterparties of the sugar forward contracts "Sugar #11" are the financial institutions: Citibank, Macquarie, Deutsche Bank, Rabobank, Votorantim, Itaú BBA and Barclays.

#### (d) **Swap contracts - US\$ x CDI (over-the-counter - CETIP):**

				Paren	t company - Decei	mber 31, 2012
Maturity	Notional amount - US\$ (000)	Base value - R\$	Receivable	Payable	Fair value - R\$	Payable -R\$
Jan-13	USD 10,000	18,682	USD + 0.8%	96% of CDI	913	913
Mar-13	USD 10,000	18,682	USD + 0.8%	95.8% of CDI	925	925
Apr-13	USD 10,000	18,920	USD + 0.9%	93.8% of CDI	709	709
May-13	USD10,000	19,416	USD + 1.2%	94.2% of CDI	328	328
Mar-15	USD 50,000	91,280	6M Libor + 3.0%	USD + 3.85%	(594)	(594)
Jun-15	USD 75,000	137,355	6M Libor + 1.5%	USD + 2.36%	(881)	(881)
Sep-16	USD 100,000	183,140	6M Libor + 2.5%	USD + 3.6%	(3,355)	(3,355)
May-17	USD 80,000	165,736	CDI	USD + 5%	(12,288)	(12,288)
						(14,243)

### Consolidated - December 31, 2012

	Notional					
Maturity	amount - US\$ (000)	Base value - R\$	Receivable	Payable	Fair value - R\$	Payable -R\$
Jan-13	USD 10,000	18,682	USD + 0.8%	96% of CDI	913	913
Mar-13	USD10,000	18,682	USD + 0.8%	95.8% of CDI	925	925
Apr-13	USD10,000	18,920	USD + 0.9%	93.8% of CDI	709	709
May-13	USD10,000	19,416	USD + 1.2%	94.2% of CDI	328	328
Nov-13	USD 1,449	2,469	6M Libor + 1.95%	USD + 5.0941%	(83)	(83)
Mar-15	USD 50,000	91,280	6M Libor + 3.0%	USD + 3.85%	(594)	(594)
Jun-15	USD 75,000	137,355	6M Libor + 1.5%	USD + 2.36%	(881)	(881)
Sep-15	USD 5,473	11,089	Libor 1 M	USD + 0.87%	(46)	(46)
Sep-15	USD 4,829	8,608	Libor 6M	USD + 1.43%	(105)	(105)
Dec-15	USD 6,548	11,673	Libor 6M	USD + 1.35%	(151)	(151)
Dec-15	USD 2,897	5,172	Libor 6M	USD + 1.22%	(60)	(60)
Aug-16	USD 4,829	9,827	Libor 6M	USD + 0.9775%	(97)	(97)
Sep-16	USD 100,000	183,140	6M Libor + 2.5%	USD + 3.6%	(3,355)	(3,355)
May-17	USD 80,000	165,736	CDI	USD + 5%	(12,289)	(12,289)
Mar-18	USD 6,439	13,065	Libor 6M	USD + 1.06%	(174)	(174)
Jul-18	USD 10,014	20,840	Libor 1 M	USD + 0.65%	(104)	(104)
						(15,064)

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

The fair values of the derivative financial instruments, presented above, are expected to be realized in the following months/periods:

Parent company (in thousands of reais) Maturity by month								
	Mar-13	May-13	Jul-13	Oct-13	Mar-14	Total		
PRODUCTS								
Derivatives designated as hedges								
Fair value of purchased futures - Sugar	(1,188)	44	77	21		(1,046)		
Fair value of sold futures - Sugar	10,281	2,812	5,090	4,612	89	22,884		
Fair value of sold NDFs - Sugar		2,076	3,399	2,287		7,762		
	9,093	4,932	8,566	6,920	89	29,600		
Options - sugar								
Fair value of bidding position - sale	3,699	1,234	1,216	479		6,628		
Fair value of bidding option - purchase		15				15		
Fair value of written position - sale	(1,044)	(197)	(218)			(1,459)		
Fair value of written position - purchase	(551)	(301)	(449)	(284)		(1,585)		
	2,104	751	549	195		3,599		
	11,197	5,683	9,115	7,115	89	33,199		
Parent company (in thousands of re	ais)				Maturity	by period		
	4Q12	1Q13	2Q13	3Q13	Later	Total		
PRODUCTS								
Fair value of sold futures - Ethanol	(250)					(250)		
FOREIGN CURRENCY								
Fair value of sold NDFs - Foreign exchange	(8,147)	(1,281)	2,522	2,342	(1,199)	(5,763)		
Swap contracts								
Fair value of Swap - US dollar x CDI	1,839	1,037			(17,119)	(14,243)		
	(6,558)	(244)	2,522	2,342	(18,318)	(20,256)		

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

Consolidated (in thousands of reais)					Maturity	by month
	Mar-13	May-13	Jul-13	Oct-13	Mar-14	Total
PRODUCTS						
Derivatives designated as hedges						
Fair value of purchased futures - Sugar	(1,621)	44	77	21		(1,479)
Fair value of sold futures - Sugar	11,044	3,269	5,552	5,078	70	25,013
Fair value of sold NDFs - Sugar		2,090	3,611	2,494	49	8,244
Fair value of purchased NDFs - Sugar					(162)	(162)
	9,423	5,403	9,240	7,593	(43)	31,616
Options - sugar						
Fair value of bidding position - sale	3,699	1,417	1,589	1,069	156	7,930
Fair value of bidding option - purchase		15				15
Fair value of written position - sale	(1,055)	(197)	(218)	(6)		(1,476)
Fair value of written position - purchase	(669)	(342)	(593)	(593)	(189)	(2,386)
	1,975	893	778	470	(33)	4,083
	11,398	6,296	10,018	8,063	(76)	35,699
Consolidated (in thousands of reais)					Maturity	by period
	4Q12	1Q13	2Q13	3Q13	Later	Total
PRODUCTS						
Fair value of sold futures - Ethanol	(244)					(244)
FOREIGN CURRENCY						
Fair value of sold NDFs - Sugar		14	212	207	(113)	320
Fair value of sold NDFs - Foreign exchange	(8,192)	(1,188)	2,656	2,410	(1,161)	(5,475)
	(8,192)	(1,174)	2,868	2,617	(1,274)	(5,155)
Swap contracts						
Fair value of Swap - U.S. dollar x CDI	1,839	1,037		(83)	(17,857)	(15,064)
	(6,597)	(137)	2,868	2,534	(19,131)	(20,463)

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

The results of transactions involving derivative financial instruments that affected the results in the periods ended December 31, 2012 and 2011 were:

<u>.</u>			Pare	nt company			C	onsolidated
_		31/12/2012		31/12/2011		31/12/2012		31/12/2011
Product-related contracts:	Quarter	9 months						
Futures contracts	10,063	63,661	1,105	(28,611)	11,032	69,788	1,124	(28,592)
Options	(521)	(2,478)	1,475	(5,982)	(287)	(1,649)	1,947	(5,510)
Commissions and brokerage fees	(165)	(681)	(96)	(410)	(185)	(799)	(105)	(419)
Foreign exchange variation	26	(36)	(107)	107	26	(36)	(107)	107
<u>-</u>	9,403	60,466	2,377	(34,896)	10,586	67,304	2,859	(34,414)
Currency-related contracts:								
Forward contracts	(25,432)	(64,420)	(13,647)	(7,723)	(25,346)	(64,785)	(13,959)	(8,035)
Options			71	(638)			71	(638)
<u>.</u>	(25,432)	(64,420)	-13,576	-8,361	(25,346)	(64,785)	-13,888	-8,673
Debt-related contracts:								
Swap	(705)	2,643		7,889	(840)	2,037	(17)	7,872
Net effect	(16,734)	(1,311)	(11,199)	(35,368)	(15,600)	4,556	(11,046)	(35,215)
Effect on statement of income items:								
Gross revenue	(= +0=)		(14,846)	(08.00=)	(= +0=)		(14,846)	(08.00=)
	(5,425)	9,554		(38,397)	(5,425)	9,554		(38,397)
Finance income	14,963	36,811	7,071	29,560	17,256	47,190	7,675	30,164
Finance cost	(26,298)	(47,640)	(3,317)	(26,637)	(27,457)	(52,152)	(3,768)	(27,088)
Monetary and foreign exchange variation	26	(36)	(107)	106	26	(36)	(107)	106
=	(16,734)	(1,311)	(11,199)	(35,368)	(15,600)	4,556	(11,046)	(35,215)

#### Margin deposits given in guarantee 29.2

In order to comply with the requirements of exchanges for certain financial derivative transactions, the Company and its subsidiaries maintained the following amounts as guarantees.

	Parei	Consolidated		
Brokers	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Natixis		524	195	711
New Edge	3,202	(6)	3,203	(6)
Futura				
Prudential		287		287
Hencorp			10	61
Macquarie			20	18
ICAP			27	79
ADM			492	221
Santander	(225)	(83)	(225)	(84)
	2,977	722	3,722	1,287

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

### 30 Segment information (consolidated)

Management has determined the operating segments of the Company and its subsidiaries based on the reports used for strategic decisions, reviewed by the main decision-makers, namely: the Executive Board, the CEO and the Board of Directors.

The analyses are made by segmenting the business based on the products sold by the Company and its subsidiaries, comprising three segments:

- (i) Sugar;
- (ii) Ethanol; and
- (iii) Other products.

The "Other products" segment (iii) includes operations related to the production and sale of electricity, generated by the Company and UBV, ribonucleic acid (sodium salt), arising from the merger of Omtek, and other products or byproducts of lesser importance.

The analyses of operating segment performance are based on the results of operations of each product, focusing on profitability.

The operating assets related to these segments are located only in Brazil (States of São Paulo and Goiás).

The segment information, used by the decision-makers, is as follows:

### (a) Consolidated result by segment

Period ended December 31, 2012

	Sugar	Ethanol	Other products	Non- segmented	Total
Net revenue Cost of sales	717,971 (466,153)	393,958 (369,935)	120,213 (82,009)		1,232,142 (918,097)
Gross profit	251,818	24,023	38,204		314,045
Gross margin	35.6%	5.2%	33.2%		25.5%
Selling expenses Other operating expenses	(43,093)	(9,024)	(2,401)	(100,255)	(54,518) (100,255)
Operating profit	208,725	14,999	35,803	(100,255)	159,272
Finance costs, net Foreign exchange variations, net				(59,101) (21,745)	(59,101) (21,745)
Profit before taxation	208,725	14,999	35,803	(181,101)	78,426
Income tax and social contribution				(18,215)	(18,215)
Profit for the period	208,725	14,999	35,803	(199,316)	60,211

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

Period ended December 31, 2011

	Sugar	Ethanol	Other products	Non- segmented	Total
Net revenue Cost of sales	660,481 (402,849)	365,213 (285,158)	81,824 (71,477)		1,107,518 (759,484)
Gross profit	257,632	80,055	10,347		348,034
Gross margin	39.0%	21.9%	12.6%		31.4%
Selling expenses Other operating expenses	(39,183)	(4,832)	(2,221)	(60,519)	(46,236) (60,519)
Operating profit	218,449	75,223	8,126	(60,519)	241,279
Finance costs, net Foreign exchange variations, net				(26,978) (24,079)	(26,978) (24,079)
Profit before taxation	218,449	75,223	8,126	(111,576)	190,222
Income tax and social contribution				(48,135)	(48,135)
Profit for the period	218,449	75,223	8,126	(159,711)	142,087

### (b) Consolidated operating assets by segment

The main operating assets of the Company and its subsidiaries were segregated by segment based on the cost centers into which they are allocated and/or the apportionment criterion that takes into consideration the production of each product in relation to total production. This allocation could, therefore, vary from one period to another.

At December 31, 2012

	Sugar	Ethanol	Other products	Total
Trade receivables Inventories	17,362 232,637	86,301 264,585	14,142 15,762	117,805 512,984
Biological assets	232,037 276,416	380,323	15,/02	656,739
Property, plant and equipment Intangible assets	1,361,407 36,493	1,414,454 29,927	416,550 20,107	3,192,411 86,527
Other assets not allocated				882,892
Total	1,924,315	2,175,590	466,561	5,449,358

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

At March 31, 2012

	Sugar	Ethanol	Other products	Total
Trade receivables	6,278	25,152	6,969	38,399
Inventories	53,972	101,418	8,862	164,252
Biological assets	282,517	350,387		632,904
Property, plant and equipment	1,402,441	1,461,113	380,713	3,244,267
Intangible assets	37,864	31,498	48	69,410
Other assets not allocated				637,935
Total	1,783,072	1,969,568	396,592	4,787,167

Taking into consideration that the decision-makers analyze liabilities on a consolidated basis, the segment information relating to liabilities is not being disclosed.

#### Revenue 31

	-		Pare	nt company			C	onsolidated
	Decem	oer 31, 2012	Decem	ber 31, 2011	Decem	ber 31, 2012	December 31, 2011	
	Quarter	9 months						
Gross sales revenue Local market Foreign market	121,799 193,262	308,046 707,530	130,440 205,042	340,169 665,832	202,800 213,551	501,694 786,583	194,135 208,221	494,689 672,877
	315,061	1,015,576	335,482	1,006,001	416,351	1,288,277	402,356	1,167,566
Taxes, contributions and sales deductions	(13,624)	(37,683)	(15,405)	(42,828)	(21,435)	(56,135)	(21,908)	(60,048)
	301,437	977,893	320,077	963,173	394,916	1,232,142	380,448	1,107,518

#### Costs and expenses by nature **32**

The Company's statement of income is classified by function. The reconciliation by nature/purpose, as required by applicable accounting practices, is as follows:

_			Parei	nt company			Co	onsolidated
	Decem	per 31, 2012	Decem	ber 31, 2011	Decem	ber 31, 2012	Decem	ber 31, 2011
Costs and expenses by nature:	Quarter	9 months						
Raw material and materials for use and								
consumption	109,840	346,488	97,443	288,143	120,115	365,477	100,906	293,594
Personnel expenses	33,341	102,838	33,827	102,219	41,685	128,866	39,599	115,852
Depreciation and amortization (includes								
harvested biological assets)	84,123	252,040	79,996	234,965	119,051	344,049	96,986	271,088
Outsourced services	18,643	61,215	24,621	74,765	25,014	79,374	29,748	85,172
Contingencies	3,420	18,902	4,315	14,164	3,814	20,723	4,125	14,254
Change in fair value of biological assets	(43)	(10,537)	(109)	(30,965)	2,364	(6,822)	(801)	(28,232)
Materials for resale	3,610	16,297	12,142	17,282	12,163	35,767	16,273	26,501
Parts and maintenance services	6,659	20,205	8,377	25,694	9,552	29,511	10,228	28,921
Other expenses	15,638	45,885	24,356	64,991	24,572	73,175	28,158	84,851
_	275,231	853,333	284,968	791,258	358,330	1,070,120	325,222	892,001

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

			Parei	nt company			C	onsolidated
	Decem	per 31, 2012	Decem	ber 31, 2011	Decem	ber 31, 2012	Decem	ber 31, 2011
Classified as:	Quarter	9 months						
Cost of sales Selling expenses General and administrative expenses	239,110 13,743 22,378	728,659 44,476 80,198	248,017 12,383 24,568	676,141 42,097 73,020	312,882 17,345 28,103	918,097 54,518 97,505	282,825 14,119 28,278	759,484 46,236 86,281
	275,231	853,333	284,968	791,258	358,330	1,070,120	325,222	892,001

#### Other income (expenses), net **33**

<del>-</del>	Parent company						Co	nsolidated
_	December 31, 2012		December 31, 2011		December 31, 2012		December 31, 2011	
<u>-</u>	Quarter	9 months						
Gain on the sale of property, plant and								
equipment	204	292	104	527	191	307	111	524
Gain on the sale of scrap	289	764	73	1,043	319	821	83	1,119
Pay roll contract	175	526	175	526	175	526	175	525
Gain on purchase of agricultural debt notes	308	308	135	135	308	308	468	468
Contracts of clay	1,037	1,037			1,037	1,037		
Indemnities		419	27	187		419	27	187
Tax Recovery (INSS)		364				364		
Capital gain (loss) on investments			13,720	13,720			13,720	13,720
Negative goodwill on acquisition of investment			11,259	11,259			11,259	11,259
Expenses with professional training						(1,007)		
REFIS installment program - Law 11,941								(755)
Other	86	793	(737)	(528)	(805)	(331)	(904)	(867)
_	2,099	4,503	24,756	26,869	1,225	2,444	24,939	26,180

#### **Finance result 34**

			Pare	nt company			c	onsolidated
	Decem	ber 31, 2012	December 31, 2011		December 31, 2012		December 31, 2011	
	Quarter	9 months	Quarter	9 months	Quarter	9 months	Quarter	9 months
Finance income								
Interest received and accrued Gains with derivatives Other income	7,498 14,963 1,380	25,329 36,811 3,521	7,886 7,071 335	19,715 29,560 1,261	8,886 17,256 2,018	31,230 47,190 4,458	10,053 7,675 437	26,936 30,164 1,518
	23,841	65,661	15,292	50,536	28,160	82,878	18,165	58,618
Finance costs								
Interest paid and accrued Losses with derivatives Other expenses	(20,402) (26,298) (349)	(60,797) (47,640) (1,041)	(15,475) (3,317) (1,455)	(38,838) (26,637) (2,550)	(29,960) (27,457) (725)	(88,175) (52,152) (1,652)	(16,531) (3,768) (1,682)	(55,404) (27,088) (3,105)
	(47,049)	(109,478)	(20,247)	(68,025)	(58,142)	(141,979)	(21,981)	(85,597)
Foreign exchange and monetary variation								
Positive monetary and exchange variation Negative monetary and exchange	26,359	57,350	51,731	93,512	32,889	66,808	56,606	98,847
variation	(27,238)	(57,371)	(55,029)	(108,334)	(35,099)	(88,553)	(69,228)	(122,925)
	(879)	(21)	(3,298)	(14,822)	(2,210)	(21,745)	(12,622)	(24,078)
Finance result	(24,087)	(43,838)	(8,253)	(32,311)	(32,192)	(80,846)	(16,438)	(51,057)

Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

### 35 Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to stockholders of the Company by the weighted average number of common shares outstanding during the period, excluding the common shares purchased by the Company and held as treasury shares.

	December	December
	31, 2012	31, 2011
Profit in the period attributable to stockholders of the Company	60,211	142,087
Weighted average number of		
common shares - in thousands	112,213	112,834
Basic earnings per share - R\$	0.5366	1.1655

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of outstanding common shares to assume the conversion of all the potentially dilutable common shares. The Company has call options of common shares with potential of dilution.

	December 31, 2012	December 31, 2011
Profit in the period used to determined diluted earnings per share	60,211	142,087
Weighted average number of common shares for diluted earnings per share - in thousands	112,316	112,834
Diluted earnings per share - R\$	0.5361	1.1655

## Notes to the quarterly information (ITR) at December 31, 2012

All amounts in thousands of reais unless otherwise stated

### 36 Insurance (not reviewed)

The Company and its subsidiaries maintain a standard safety, training and quality program in their units, which aims to, among other things, reduce the risk of accidents. In addition, they have insurance contracts with cover determined according to the advice of experts, taking into account the nature and degree of risk, in amounts considered sufficient to cover possible significant losses on assets and/or civil liability. The amounts covered by the current insurance policies at December 31, 2012 were as follows:

	Maxi	Maximum cover (*)				
Risks covered	Parent company	Consolidated				
Civil liability	1,172,746	1,517,680				
Fire, lightning and explosion of any nature	397,130	535,475				
Theft or robbery	113,732	149,761				
Other cover	21,455	35,080				
Electrical damages	16,641	22,940				
Natural phenomena, impact of vehicles or aircraft, etc.	8,600	11,738				

<sup>(\*)</sup> Corresponds to the maximum amount of coverage for the various assets and locations insured.

The vehicle cover, mainly civil liability, is also included above, except for actual damage to the vehicle, which has as reference, on average, 100% of the Economic Research Institute (FIPE) table.

### 37 Acquisition of investments

Note 38 to the annual financial statements for the year ended March 31, 2012 presents the complete details of the acquisition of 32.18% of the capital of SC and 17.97% of the capital of ABV, carried out in November 2011.

As mentioned in the related note, management contracted independent appraisers to calculate the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed, and to determine the Purchase Price Allocation (PPA). The changes arising from the calculation of the fair values of the investments acquired and the PPA were adjusted when calculated (March 2012) and recorded retroactively (on the date of acquisition), with the corresponding adjustments in the goodwill preliminarily recorded.

Therefore, the quarterly information (ITR) at December 31, 2011, presented for comparison purposes, were adjusted as follows:

### Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

					Pare	nt company
			Quarter			9 months
	Original balance	Effects - PPA	Adjusted balance	Original balance	Effects - PPA	Adjusted balance
Revenues Cost of sales	320,077 (248,017)		320,077 (248,017)	963,173 (676,141)		963,173 (676,141)
Gross profit	72,060		72,060	287,032		287,032
Operating income (expenses)				- 7 7 - 0		- , , , - 0
Selling expenses General and administrative expenses Equity in the results of investees Other income, net	(12,383) (24,568) 13,668 13,497	(681) 11,259	(12,383) (24,568) 12,987 24,756	(42,097) (73,020) 22,785 15,610	(681) 11,259	(42,097) (73,020) 22,104 26,869
	(9,786)	10,578	792	(76,722)	10,578	(66,144)
Operating profit before finance result	62,274	10,578	72,852	210,310	10,578	220,888
Finance result						
Finance income Finance costs Monetary and foreign exchange variations, net	15,292 (20,249) (3,296)		15,292 (20,249) (3,296)	50,536 (68,027) (14,820)		50,536 (68,027) (14,820)
	(8,253)		(8,253)	(32,311)		(32,311)
Profit before taxation	(17 007		(-7 007	10 70 7		10 /0 /
	54,021	10,578	64,599	177,999	10,578	188,577
Income tax and social contribution	(9,143)		(9,143)	(46,490)		(46,490)
Profit for the period	44,878	10,578	55,456	131,509	10,578	142,087
					C	onsolidated
			Quarter			9 months
	Original balance	Effects - PPA	Adjusted balance	Original balance	Effects - PPA	Adjusted balance
Revenues Cost of sales	380,448 (281,794)	(1,031)	380,448 (282,825)	1,107,518 (758,453)	(1,031)	1,107,518 (759,484)
Gross profit	98,654	(1,031)	97,623	349,065	(1,031)	348,034
Operating income (expenses)						
Selling expenses General and administrative expenses Equity in the results of investees Other income, net	(14,119) (28,278) 2,365	11.060	(14,119) (28,278) 2,365	(46,236) (86,281) (418)	11.050	(46,236) (86,281) (418) 26,179
Other income, net	13,679	11,260	24,939	14,920	11,259	20,1/9
	(26,353)	11,260	(15,093)	(118,015)	11,259	(106,756)
Operating profit before finance result	72,301	10,229	82,530	231,050	10,228	241,278
Finance result						
Finance income	18,166		18,166	58,619		58,619
Finance costs Monetary and foreign exchange variations, net	(21,980) (12,623)		(21,980) (12,623)	(85,597) (24,078)		(85,597) (24,078)
	(16,437)		(16,437)	(51,056)		(51,056)
Profit before taxation						
	55,864	10,229	66,093	179,994	10,228	190,222
Income tax and social contribution	(10,986)		(+0 (0()	( . 0 0 - )		(.0)
income tax and social contribution	(10,980)	350	(10,636)	(48,485)	350	(48,135)

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

### 37.1 Accounts payable - Acquisition of investments

The payment for the acquisition of the shareholdings in SC and ABV is due in three installments, and the balance payable, recorded in current liabilities, is as follows:

	SC	ABV	Total
Present value of the total consideration	102,764	65,308	168,072
Payment on November 21, 2011	(36,081)	(22,929)	(59,010)
Payment on November 18, 2012	(37,942)	(24,113)	(62,055)
Unwinding of present value adjustment	8,140	5,172	13,312
At December 31, 2012	36,881	23,438	60,319

### 38 Events after the reporting period

On January 18, 2013, with the Technical Report No. 16, the Fair Trade Commission (CADE) approved the operation involving Usina São Carlos, which was disclosed in the Significant Event Notice of December 17, 2012, as detailed below:

### Operation

Currently, Usina São Carlos has approximately 1,850,000 metric tons of sugar cane, with a high agricultural synergy with Usina São Martinho.

As from the 2013/2014 harvest, the Company will take over the plantations, the agricultural and supply agreements and the sugar warehouse of Usina São Carlos. The operations of Usina São Carlos will be terminated by its parent company.

The sugar cane volume which supplies Usina São Carlos is at an average distance of 30 kilometers from USM.

The agricultural synergy as well as the potential for dilution of costs are extremely import to this transaction, considering that more than 70% of the sugar and ethanol production costs relate to the agricultural area. The future growth of the unit will be made possible by the guaranteed supply of sugar cane.

### Operation in details

- 1) The Company will acquire 100% of the shares of NEWCO a company specifically established for this transaction -, which will hold the rights for the totality of the agricultural partnership and sugar cane supply agreements of Usina São Carlos;
- 2) The operations of Usina São Carlos will be discontinued and its activities, as well as equipment and labor force, transferred to the other units of its parent company;

# Notes to the quarterly information (ITR) at December 31, 2012 All amounts in thousands of reais unless otherwise stated

- 3) Purchase of a sugar warehouse located in Usina São Carlos, with a static storage capacity of 40 thousand metric tons, as well as its improvements, electrical installations, overhead cranes and access;
- 4) The execution of a sugar cane supply contract, in accordance with which the Company will supply BIOSEV S.A., the parent company of Usina São Carlos, exclusively in the 2013/2014 harvest, 1,000,000 (one million) metric tons of sugar cane, for milling in other plants of the BIOSEV S.A. group;
- 5) The Company will pay to BIOSEV S.A. the amount of R\$ 199.6 million for all assets and rights involved in this transaction;
- 6) The conclusion of the transaction is subject to (i) certain conditions which must be satisfied up to March 31, 2013, including the approval of the operation by the holders of preferred shares of BIOSEV S.A. and the results of the confirmatory audit to be carried out by the Company in the assets related to this transactions; and (ii) approval of the Brazilian authorities responsible for the market competition control, which was already obtained, as mentioned before.

\* \* \*

