São Martinho

Quarterly information (ITR)
June 30, 2015
with independent auditor’s review report on quarterly information

A free translation from Portuguese into English of Independent Auditor's Review Report on individual and consolidated interim accounting information

Independent auditor's review report on quarterly information

The Shareholders, Board of Directors and Officers of
São Martinho S.A.
Pradópolis - SP

Introduction

We have reviewed the individual and consolidated interim accounting information contained in the Quarterly Information Form (ITR) of São Martinho S.A. for the quarter ended June 30, 2015, which comprise the balance sheet as of June 30, 2015, the related statements of operations and comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, including explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of 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 Review Engagements (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. A review of interim accounting 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 auditing standards 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

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim accounting information included in the quarterly information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Quarterly Information (ITR), and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Emphasis of matter

Real estate transactions

As described in Note 25, the Company conducts real estate transactions, which have specific accounting practices in Brazil. Therefore, specifically in relation to real estate transactions, the Company adopted International Financial Reporting Standards (IFRS) applicable to real estate companies in Brazil, edited by the Accounting Pronouncements Committee - CPC, approved by the Brazilian Securities and Exchange Commission (CVM) and by the Federal Accounting Council (CFC), which considers OCPC01 and OCPC04 - Application of Technical Interpretation ICPC02 to the Brazilian Real Estate Development Entities, which deals with the revenue recognition and related costs and expenses resulting from real estate transactions during the course of the work (percentage of completion method - POC). Our report on review of interim financial information does not contain qualification in respect of this matter.

Other matters

Statements of value added

We also reviewed the individual and consolidated statements of value added for the three-month period ended June 30, 2015, prepared under the responsibility of Company's management, whose presentation in the interim accounting information is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR) and considered supplementary information under IFRS, whereby no statement of value added presentation is required. These statements were submitted to the same review procedures previously described and, based on our review, we are not aware of any fact that would make us believe that they were not prepared, in all material respects, in accordance with the overall individual and consolidated interim accounting information.

Correspondent financial information

The accounting correspondent information, related to statements of operations, comprehensive income, changes in equity, cash flow and statements of value added related to the three-month period ended June 30, 2014, presented for comparison purposes, were reviewed by other independent auditors that issued an unqualified review report in August 11, 2014.

Campinas, August 10, 2015.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP015199/O-6

José Antonio de A. Navarrete
Accountant CRC 1SP198698/O-4

Cristiane Cléria S. Hilário
Accountant CRC 1SP243766/O-8

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Balance sheet at June 30 and March 31, 2015

In thousands of reais

		Company		Consolidated	
ASSETS	Note	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015
CURRENT ASSETS					
Cash and cash equivalents	5	915.072	989.690	1.007.813	1.020.112
Trade accounts receivable	6	93.259	141.601	116.745	156.317
Derivative financial instruments	22	124.460	221.797	124.460	221.797
Inventories	7	488.716	167.121	486.982	177.443
Taxes recoverable	8	106.074	102.213	106.877	102.821
Income and social contribution taxes	19	78.673	64.278	79.399	64.633
Other assets		13.895	6.507	13.897	6.476
TOTAL CURRENT ASSETS		1.820.149	1.693.207	1.936.173	1.749.599
NONCURRENT ASSETS					
Short-term investments		485	478	4.998	5.723
Inventories	7	46.262	49.607	46.262	49.607
Related parties	9	1.246	1.280	-	34
Trade accounts receivable	6	-	561	18.871	8.049
Receivables from Copersucar		1.669	1.669	1.669	1.669
Taxes recoverable	8	88.485	75.712	88.606	75.860
Judicial deposits	21	25.746	26.587	27.461	27.927
Other assets		498	518	498	518
		164.391	156.412	188.365	169.387
Investments	10	2.311.241	2.242.251	442.506	429.780
Biological assets	11	924.913	936.241	924.913	936.241
Property, plant and equipment	12	1.639.523	1.676.831	3.344.966	3.383.376
Intangible assets	13	396.983	396.280	494.641	500.541
		5.272.660	5.251.603	5.207.026	5.249.938
TOTAL NONCURRENT ASSETS		5.437.051	5.408.015	5.395.391	5.419.325
TOTAL ASSETS		7.257.200	7.101.222	7.331.564	7.168.924

		Company		Consolidated	
LIABILITIES AND EQUITY	Note	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015
CURRENT LIABILITIES					
Loans and financing	14	710.742	868.879	714.281	872.419
Derivative financial instruments	22	125.045	232.711	125.045	232.711
Trade accounts payable	15	162.253	101.866	158.354	95.476
Payables to Copersucar	16	2.040	2.040	2.040	2.040
Salaries and social contributions		104.212	83.942	104.764	84.373
Taxes payable		9.636	11.793	13.424	13.235
Income and social contribution taxes	19	-	725	1.286	1.511
Dividend payable	17	67.939	67.939	67.939	67.939
Advances from customers		2.087	4.462	3.211	3.197
Acquisition of investments	30	17.643	17.507	17.643	17.507
Other liabilities		15.958	23.225	23.952	29.484
TOTAL CURRENT LIABILITIES		1.217.555	1.415.089	1.231.939	1.419.892
NONCURRENT LIABILITIES					
Loans and financing	14	2.583.778	2.347.783	2.602.785	2.367.660
Payables to Copersucar	16	279.777	279.584	279.777	279.584
Taxes in installments		16.067	16.267	16.067	16.267
Deferred income and social contribution taxes	19	307.473	282.312	346.925	323.811
Provision for contingencies	21	51.192	54.360	52.637	55.430
Acquisition of investments	30	73.370	78.815	73.370	78.815
Other liabilities		11.186	10.927	11.262	11.380
TOTAL NONCURRENT LIABILITIES		3.322.843	3.070.048	3.382.823	3.132.947
EQUITY	17				
Capital		812.992	812.992	812.992	812.992
Capital reserve		9.119	9.119	9.119	9.119
Treasury stock		(6.059)	(7.375)	(6.059)	(7.375)
Granted stock options		5.488	5.079	5.488	5.079
Equity adjustments		1.469.669	1.405.708	1.469.669	1.405.708
Income reserves		390.562	390.562	390.562	390.562
Retained earnings		35.031	-	35.031	-
TOTAL EQUITY		2.716.802	2.616.085	2.716.802	2.616.085
TOTAL LIABILITIES AND EQUITY		7.257.200	7.101.222	7.331.564	7.168.924

See accompanying notes.

Income statement
Quarters ended June 30, 2015 and 2014
In thousands of reais

	Note	Company		Consolidated	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Revenues	25	316,873	363,237	367,180	378,007
Cost of sales	26	(278,986)	(269,546)	(274,101)	(259,122)
Gross profit		37,887	93,691	93,079	118,885
Operating income (expenses)					
Selling expenses	26	(12,497)	(16,804)	(12,863)	(16,876)
General and administrative expenses	26	(28,140)	(27,872)	(29,322)	(28,034)
Equity pickup	10	68,716	41,558	12,452	17,312
Other revenues, net		1,143	268	1,149	641
		29,222	(2,850)	(28,584)	(26,957)
Operating income		67,109	90,841	64,495	91,928
Financial income (expenses)	27				
Financial income		28,282	12,662	33,190	13,177
Financial expenses		(67,455)	(28,906)	(68,279)	(29,300)
Monetary and exchange variation, net		6,230	1,015	6,230	1,015
Derivatives		(27,172)	(5,809)	(27,172)	(5,809)
		(60,115)	(21,038)	(56,031)	(20,917)
Income before income and social contribution taxes		6,994	69,803	8,464	71,011
Income and social contribution taxes	19(b)				
for the year		10,368	(15,170)	8,285	(16,274)
Deferred		10,933	6,093	11,546	5,989
Net income for the quarter		28,295	60,726	28,295	60,726
Basic earnings per share (in reais)	28			0.2505	0.5405
Diluted earnings per share (in reais)	28			0.2500	0.5382

See accompanying notes.

Statement of comprehensive income
Quarters ended June 30, 2015 and 2014
In thousands of reais

Company and Consolidated	June 30, 2015	June 30, 2014
Net income for the quarter	28,295	60,726
Items that will be subsequently reclassified to profit or loss		
Derivative financial instruments:		
Commodity derivatives - Futures, options and forwards	(25,008)	14,813
Foreign exchange derivatives - Options/ NDFs	45,531	10,636
Foreign exchange variations on borrowings - ACCs/PPEs	85,328	29,633
Swap contracts	308	361
Deferred taxes on the above items	(36,094)	(18,848)
Interest in the comprehensive income of jointly controlled entities	-	3,704
	70,065	40,299
Comprehensive income for the quarter	98,360	101,025

See accompanying notes.

Statement of changes in equity at June 30, 2015 and 2014

In thousands of reais

						Equity adjustments									
						Deemed cost		Hedge Accounting		Income reserves					
	Note	Capital	Capital reserve	Treasury stock	Options granted	Own	Investees’	Own	Investees’	Legal	Capital investment	Additional dividend	Unearned income reserve	Retained earnings	Total
At March 31, 2014		737.200	-	(11.839)	3.605	513.013	703.701	(91.814)	(8.191)	31.927	190.008	8.342	-	-	2.075.952
Realization of deemed cost surplus		-	-	-	-	(4.016)	(71)	-	-	-	-	-	-	4.087	-
Gain (loss) on derivative transactions – hedge accounting	17 (c)	-	-	-	-	-	-	36.595	3.704	-	-	-	-	-	40.299
Granted stock options		-	-	-	710	-	-	-	-	-	-	-	-	-	710
Stock options exercised		-	-	648	(179)	-	-	-	-	-	-	-	-	198	667
Net income for the quarter		-	-	-	-	-	-	-	-	-	-	-	-	60.726	60.726
At June 30, 2014	17	737.200	-	(11.191)	4.136	508.997	703.630	(55.219)	(4.487)	31.927	190.008	8.342	-	65.011	2.178.354
At March 31, 2015		812.992	9.119	(7.375)	5.079	213.472	1.505.044	(312.808)	-	46.230	251.984	-	92.348	-	2.616.085
Realization of deemed cost surplus	17 (c)	-	-	-	-	(3.118)	(2.986)	-	-	-	-	-	-	6.104	-
Adjustment to deemed cost surplus		-	-	-	-	6.186	(6.186)	-	-	-	-	-	-	-	-
Gain (loss) on derivative transactions – hedge accounting	17 (c)	-	-	-	-	-	-	70.065	-	-	-	-	-	-	70.065
Granted stock options		-	-	-	866	-	-	-	-	-	-	-	-	-	866
Stock options exercised	17 (f)	-	-	1.316	(457)	-	-	-	-	-	-	-	-	632	1.491
Net income for the quarter		-	-	-	-	-	-	-	-	-	-	-	-	28.295	28.295
At June 30, 2015	17	812.992	9.119	(6.059)	5.488	216.540	1.495.872	(242.743)	-	46.230	251.984	-	92.348	35.031	2.716.802

See accompanying notes.

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Cash flow statements

Quarters ended June 30, 2015 and 2014

In thousands of reais

		Company		Consolidated	
	Notes	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Cash flow from operating activities					
Net income for the quarter		28.295	60.726	28.295	60.726
Adjustments					
Depreciation and amortization	26	34.538	28.347	35.629	28.729
Harvested biological assets (depreciation)	26	66.294	49.326	66.294	49.326
Changes in fair value of biological assets	11	(1.559)	(1.691)	(1.559)	(1.691)
Amortization of intangible assets		548	-	4.906	-
Equity pickup	10	(68.716)	(41.558)	(12.452)	(17.312)
(Gain) loss on investment and PP&E disposals	12	1.306	67	1.306	67
Interest, monetary and foreign exchange variations, net		58.415	27.805	57.160	28.191
Derivative financial instruments		33.096	25.101	33.096	25.101
Set-up of provision for contingencies, net	21	286	2.186	662	2.440
Deferred income and social contribution taxes	19 (b)	(10.933)	(6.093)	(11.546)	(5.989)
Present value adjustment and other		1.693	1.793	983	1.793
		143.263	146.009	202.774	171.381
Changes in assets and liabilities					
Trade accounts receivable		48.555	(66.055)	21.792	(74.071)
Inventories		(231.089)	(100.667)	(219.909)	(96.988)
Taxes recoverable		(29.262)	(8.617)	(29.597)	(8.021)
Short-term investments		-	-	941	-
Other assets		(6.344)	(2.862)	(5.424)	(3.208)
Trade accounts payable		64.446	63.172	63.481	63.390
Salaries and social contributions		20.270	22.593	20.391	22.593
Taxes payable		(4.387)	7.413	(1.103)	8.147
Payables to Copersucar		(4.251)	(1.946)	(4.251)	588
Taxes in installments		(241)	(479)	(241)	(479)
Provision for contingencies – settlements	21.1	(4.884)	(2.726)	(4.884)	(2.726)
Other liabilities		(9.643)	1.902	(2.892)	3.151
Cash generated by (used in) operations		(13.567)	57.737	41.078	83.757
Payment of interest on loans and financing		(66.304)	(30.648)	(66.682)	(31.022)
Income and social contribution taxes paid		-	-	(785)	(47)
Net cash generated by (used in) operating activities		(79.871)	27.089	(26.389)	52.688
Cash flow from investing activities					
In investments	30	(7.990)	(8.072)	(7.990)	(4.972)
Additions to PP&E and intangible assets		(41.488)	(28.394)	(41.497)	(31.577)
Adições aos ativos biológicos (plantio e tratos)	11	(101.398)	(55.623)	(101.398)	(55.623)
Capital return	12	666	246	10.382	246
Net cash used in investing activities		(150.210)	(91.843)	(140.503)	(91.926)
Cash flows from financing activities					
Financing taken out from third parties		461.966	357.199	461.966	362.199
Financing repayment – third parties		(307.994)	(113.112)	(308.864)	(113.935)
Sale of treasury stock	17 (f)	1.491	665	1.491	665
Net cash generated by financing activities		155.463	244.752	154.593	248.929
Net increase (decrease) in cash and cash equivalents		(74.618)	179.998	(12.299)	209.691
Cash and cash equivalents at beginning of period		989.690	542.917	1.020.112	551.359
Cash and cash equivalents at end of period		915.072	722.915	1.007.813	761.050

See accompanying notes.

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Statement of value added

Quarters ended June 30, 2015 and 2014

In thousands of reais

	Company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Revenues				
Gross sales of goods and products	326,914	372,761	375,048	386,733
Revenue from construction of own assets	119,696	57,067	119,696	57,067
Other revenues	315	579	315	579
	446,925	430,407	495,059	444,379
Inputs acquired from third parties				
Cost of sales	(140,978)	(149,891)	(127,797)	(135,880)
Materials, electric energy, outsourced services and other operating (	(87,691)	(72,313)	(93,129)	(74,869)
	(228,669)	(222,204)	(220,926)	(210,749)
Gross value added	218,256	208,203	274,133	233,630
Depreciation and amortization	(34,538)	(28,347)	(35,629)	(28,729)
Harvested biological assets (depreciation)	(66,294)	(49,326)	(66,294)	(49,326)
Net value added generated by the company	117,424	130,530	172,210	155,575
Transferred value added received				
Equity pickup	68,716	41,558	12,452	17,312
Financial income	278,792	52,768	283,700	53,281
Other	870	(203)	870	175
Total value added to be distributed	465,802	224,653	469,232	226,343
Distribution of value added				
Personnel and charges				
Direct compensation	78,468	53,700	78,647	53,700
Benefits	20,914	12,004	20,966	12,004
Unemployment Compensation Fund (FGTS)	7,157	3,993	7,161	3,993
Key management personnel compensation	3,630	3,250	3,933	3,250
Taxes, charges and contributions				
Federal	(14,067)	15,283	(11,154)	17,452
State	454	227	518	227
Local	88	307	89	307
Lenders				
Interest	63,565	26,225	64,388	26,617
Leases	1,276	1,107	366	236
Exchange variation	163,057	20,960	163,057	20,960
Other	112,965	26,871	112,966	26,871
Retained profit for the period	28,295	60,726.00	28,295	60,726.00
Total value added distributed	465,802	224,653	469,232	226,343

See accompanying notes.

1. Operations

A São Martinho S.A. (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&BOVESPA S.A. - ("BM&BOVESPA"). The Company, its subsidiaries and jointly controlled subsidiaries (together, the "Group") are primarily engaged in planting sugar cane and producing and selling sugar, ethanol and other sugar cane products; cogenerating electricity; development of real estate ventures; agricultural production; import and export of goods, products and raw materials, and investment in other companies.

Approximately 60% of the sugar cane used in the production of the goods derives from the Company's own plantations, from shareholders, related companies and agricultural partnerships, and the remaining 40% from third-party suppliers. Sugar alcohol business is subject to seasonal trends based on the sugarcane growing cycle in the South and Central region of Brazil. The annual sugarcane crop period in the South and Central region of Brazil typically begins in April and ends in December. This creates fluctuations in the Company's inventories. Raw material supply can suffer from the impact of adverse climate conditions. Sugar cane requires an 18-month period for maturing and the beginning of the harvest. The harvest generally takes place between April and December, which is also the period when sugar and ethanol are produced and electricity is cogenerated.

The Company is a subsidiary of the holding company LJN Participações S.A. ("LJN"), which has controlling interest of 55.96% 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.

During the preceding year, the Company acquired controlling interest in Santa Cruz S.A. - Açúcar e Álcool ("SC"), and disposed of all its equity investment in Agro Pecuária Boa Vista S.A. ("ABV"), as described in Note 10.

The abovementioned transactions have a significant effect on comparability of the current period results with those of the prior period.

Issue of this quarterly information was approved by the Company's Board of Directors on August 10, 2015.

2. Summary of significant accounting practices

2.1 Statement of compliance and basis of preparation

The interim financial information contained in this individual and consolidated quarterly information was prepared in accordance with Brazilian Financial Accounting Standards Board (CPC) technical pronouncement CPC 21 (R1) – Interim Financial Reporting, and with International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and is presented in line with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR).

Specifically, the consolidated quarterly information also includes real estate companies, whose accounting practices are in accordance with the International Financial Reporting Standards (IFRS) applicable to real estate development entities in Brazil, including CPC Guidance OCPC 04 – Application of Technical Interpretation ICPC 02 to Brazilian real estate development entities, in connection with revenue recognition in this industry, and involves matters related to the meaning and application of the concept of continuous transfer of risks and rewards of real estate units.

This interim financial information was prepared under principles, practices and criteria in line with those adopted in the preparation of the annual financial statements as of March 31, 2015. Accordingly, this Quarterly Information (ITR) shall be read in conjunction with the referred to financial statements, approved by the Board of Directors on June 22, 2015, and filed with the CVM on the same date. The referred to financial statements were also approved in Special General Shareholders' Meetings held on July 31, 2015.

Until December 31, 2013, practices applicable to individual quarterly information had differed from the IFRS solely with respect to the measurement of investments in subsidiaries, affiliates and jointly controlled entities under the equity method, whereas such investments would be measured at cost or fair value for IFRS purposes.

After issuance of the revised international accounting standard IAS 27 (Separate Financial Statements) by the IASB in 2014, entities are now allowed to use the equity method to account for their investments in subsidiaries, affiliates and jointly controlled entities in their separate financial statements prepared under IFRS. In December 2014, the Brazilian securities regulator issued CVM Rule No. 733/2014 to approve the Document for Revision of Accounting Pronouncements CPC 18, CPC 35 and CPC 37 issued by the CPC so as to include said revision to IAS 27, and to allow their adoption for annual periods ended on or after December 31, 2014. Accordingly, the Company's quarterly information started to be prepared under IFRS as from the year ended March 31, 2015.

The quarterly information was prepared under the historical cost convention, except for certain derivative financial instruments and biological assets, measured at fair value.

Significant accounting practices adopted by the Company are described in the specific notes to this quarterly information related to the items reported, and those generally applicable, in different respects, to the quarterly information, are described as follows.

2.2 Basis of consolidation and investments in subsidiaries

Subsidiaries are all companies controlled by the Company, fully consolidated from the date on which control is transferred to the Company. Consolidation is ceased as from the date the Company loses control of the investee.

Consolidated balances in the quarterly information for the period ended June 30, 2015 includes the following subsidiaries:

In thousands of reais, unless otherwise stated

Company	Interest held	Core business
Vale do Mogi Empreendimentos Imobiliários S.A. (“Vale do Mogi”)	100%	Development of land by means of tenancy, agricultural partnerships, lease and sale of properties.
São Martinho Energia S.A. (“SME”)	100%	Cogeneration of electricity.
Companhia Bioenergética Santa Cruz 1 (“Bio”)	100%	Cogeneration of electricity.
Vale do Piracicaba S.A. (“Vale do Piracicaba”)	100%	Holding equity interest in entities.
SPE - Residencial Recanto das Paineiras Empreendimentos Imobiliários Ltda. ("Paineiras") – subsidiary of Vale do Mogi	100% (direct interest 0.01% and indirect interest 99.99%)	Real estate development ventures.
SPE - Park Empresarial Iracemápolis Ltda. ("Park") – subsidiary of Vale do Mogi	100% (direct interest 0.01% and indirect interest 99.99%)	Real estate development ventures.
SPE - Residencial Limeira Ltda. ("Limeira") – subsidiary of Vale do Mogi	100% (direct interest 0.01% and indirect interest 99.99%)	Real estate development ventures.
SPE - Residencial Pradópolis Ltda. - subsidiary of Vale do Mogi	100% (direct interest 0.01% and indirect interest 99.99%)	Real estate development ventures.
São Martinho Logística e Participações S.A.	100% (direct interest 0.01% and indirect interest 99.99%)	Storage of products in general.

Contractual investment arrangements whereby two or more parties have joint control of the venture are classified as jointly controlled operations or *joint ventures*, according to rights and obligations of the parties thereto. These investments are accounted for under the equity method.

At June 30, 2015, the Company had the following jointly controlled entities:

Company	Interest held	Core business
Jointly controlled entities - direct:		
Nova Fronteira Bioenergia S.A. ("NF")	50.95%	Holding interests in other entities in the sugar-energy industry.
SMA Indústria Química S.A. ("SMA")	50%	Production of renewable high performance chemical products.
Usina Santa Luiza S.A. ("USL")	66.67%	Storage services.
Jointly controlled entities - indirect:		
Usina Boa Vista S.A. ("UBV") – subsidiary of NF	50.95%	Agribusiness activities: industrial processing of sugar cane (own and third party production), manufacture of ethanol and its by-products cogeneration of electricity and agriculture.
SMBJ Agroindustrial S.A. ("SMBJ") – subsidiary of NF	50.95%	Agriculture.

2.3 Functional and reporting currency

The quarterly information is presented in Real (R$), which is the currency of the primary economic environment in which the Company operates ("the functional currency").

2.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the corresponding transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss for the year, except when deferred in equity as qualifying cash flow hedges.

2.5 Financial instruments

(i) Financial Assets

The Company's financial assets are classified as (i) financial assets at fair value through profit or loss, or (ii) loans and receivables. Measurement of financial assets depends on their classification.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. These assets are accounted for at fair value and transaction costs are charged to profit or loss.

b) Loans and receivables

These include cash and cash equivalents, trade accounts receivable and other receivables ("transactions with related parties"). Loans and receivables are measured at amortized cost under the effective interest rate method, less any impairment loss.

c) Impairment of financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that a financial asset is impaired as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

(ii) Financial Liabilities

The Company’s financial liabilities include trade accounts payable, borrowings, related parties and other payables, which are classified as borrowings. After initial recognition, loans and financing are measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the liabilities are derecognized, as well as through the amortization process by the effective interest method.

(iii) Derivative financial instruments

Derivatives are measured at fair value, with gains and losses recognized in profit or loss, unless hedge accounting is applied.

When hedge accounting is applied, the Company documents, at inception, the relationship between the hedging instrument and the hedged item as well as its risk management objective and strategy for undertaking the hedging transaction.

The effective portion of changes in fair value of derivatives designated as cash flow hedges is classified as "Equity adjustments" in equity. The ineffective portion of such changes is recorded as "Financial income (expenses)" in profit or loss for the year. The amounts accumulated in equity are reclassified to profit or loss for the periods when the hedged item affects profit or loss, and the related effects are recognized as "Net revenue from sales", in order to minimize undesired changes in the hedged item.

2.6 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

3. Standards, revised standards and interpretations of standards not yet in force

The following new or revised standards are not yet effective for the period ended June 30, 2015:

Standard	Requirement	Impact on Financial Statements
IFRS 9 - Financial instruments:	This standard ultimately refers to replacement of IAS 39. The major changes provided for therein are: (i) all financial assets are initially measured at fair value; (ii) the standard divides all financial assets into two classifications: those measured at amortized cost and those measured at fair value; and (iii) the concept of embedded derivatives no longer exists.	Management is evaluating the impacts from its adoption.
IFRS 15 – Revenue from Contracts with Customers	The main purpose is to provide clear principles for revenue recognition and streamline the process of preparation of the financial statements.	Management is evaluating the impacts from its adoption.

In thousands of reais, unless otherwise stated

Standard	Requirement	Impact on Financial Statements
Amendment to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization and IAS 41 - Agriculture	Production biological assets (bearer plants) must be accounted for as a PPE item (IAS 16), i.e., cost less depreciation or impairment. Depreciation and amortization method should be based on economic benefits consumed through use of the asset.	Management is evaluating the impacts from its adoption. This amendment will become effective as from January 1, 2016.
Amendment to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and associated or joint venture (joint arrangements)	The purpose of this amendment is to correct the inconsistency between the requirements of IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associate, Subsidiary and Joint Venture upon dealing with the loss of control of a subsidiary that is contributed to an associate, subsidiary or joint ventures. Effective from 1/1/2016.	Management is evaluating the impacts from its adoption. This amendment will become effective as from January 1, 2016.
Amendment to IAS 1	This amendment intends to emphasize that the financial information should be objective and understandable.	The Company decided to adopt this amendment through full application of OCPC 07.

(i) Amendments to existing standards

Standard	Requirement	Impact on Financial Statements
IFRS 7 - Financial Instruments: Disclosures – Applicability of the offsetting disclosures to condensed financial statements	The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed financial statements. However, IAS 34 requires an entity to disclose "an explanation of events and transactions that are significant to understand the changes in financial position and performance of the entity since the end of the last annual period". Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, these disclosures would be expected to be included in the condensed financial statements. This amendment should be applied retrospectively and will be effective for annual periods beginning on or after January 1, 2016, but early adoption is permitted. Effective from 1/1/2016.	Management is evaluating the impacts from its adoption.

4. Significant accounting judgments and estimates

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances.

Estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next financial year are listed below.

(a) Impairment of goodwill

The Group tests goodwill for impairment annually. The recoverable amount of cash-generating units (CGUs) was estimated based on value in use.

(b) Allowance for doubtful accounts

This allowance is calculated based on an individual analysis of the past due notes receivable or estimated default risk, checking the nature of the notes, the existence and sufficiency of security interest, history and other factors.

(c) Provision for write-down to replacement and/or net realizable value of inventories

This provision is calculated based on an analysis of the average cost of finished products in relation to their realizable market value, less costs to sell.

(d) Fair value of biological assets

This represents the present value of expected net cash flows from these assets, which is determined based on assumptions used in the discounted cash flow method.

(e) Income tax, social contribution and other taxes

The Company recognizes provisions for situations in which it is probable that additional tax amount shall be levied. When the final result of these circumstances is different from those initially estimated and recorded, these differences will change the current and deferred tax assets and liabilities for the year in which the definitive amount is determined.

(f) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and to make assumptions based mainly on market conditions existing at the balance sheet date.

In addition, certain financial assets and liabilities are discounted to present value. Management estimates the discount rates most appropriate in each circumstance and period.

(g) Provision for contingencies

The Group is party to labor, civil and tax lawsuits at various court levels. The provisions for contingencies to cover losses arising from proceedings pending judgment are set up and restated based on management's assessment, according to the opinion of its legal counsel, and require a high level of judgment on the matters involved.

In thousands of reais, unless otherwise stated

5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other highly liquid short-term investments with original maturity within three months, readily convertible into a known cash amount and subject to insignificant risk of change in value.

	Company			Consolidated		
	Yields *	June 30, 2015	March 31, 2015	Yields *	June 30, 2015	March 31, 2015
Cash and banks – in Brazil		45.581	2.041		46.713	8.359
Cash and banks – abroad		283.955	190.575		283.955	190.576
Short-term investments – in Brazil						
. CDB	June 30, 2015 – 100.98%	137.288	405.183	June 30, 2015 – 100.98%	137.288	405.183
. Repurchase agreements - debentu	June 30, 2015 – 101.29%	193.738	391.891	June 30, 2015 – 100.52%	274.201	415.994
. Investment fund	June 30, 2015 – over 100.00%		-	June 30, 2015 – over 100.00%		-
BuyBack Transactions		137.827	-		143.863	-
Private Securities		63.386	-		66.162	-
Federal Bonds		43.537	-		45.443	-
Other		9.760	-		10.188	-
		915.072	989.690		1.007.813	1.020.112

* Remuneration based on the Interbank Deposit Certificate (CDI) rate variation – weighted average rate

In order to spread its assets portfolio and leverage its operational and financial management, in June 2015, the Company enrolled with a highly-liquid boutique fund.

6. Trade accounts receivable

Trade accounts receivable are stated at present value, net of allowance for doubtful accounts, as applicable.

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

In thousands of reais, unless otherwise stated

	Company		Consolidated	
	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015
Domestic market	80.582	79.227	122.939	101.431
Foreign market customers	12.677	62.935	12.677	62.935
	93.259	142.162	135.616	164.366
Current assets	93.259	141.601	116.745	156.317
Noncurrent assets	-	561	18.871	8.049

At June 30 and March 31, 2015, management identified no need to record an allowance for doubtful accounts.

The aging list of these trade accounts receivable is as follows:

	Company		Consolidated	
	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015
Falling due:	93.215	141.551	135.549	163.739
Past due and not provisioned:				
Within 30 days	3	506	20	518
Over 31 days	41	105	47	109
	93.259	142.162	135.616	164.366

Of the amount receivable, R$ 3,164 and R$ 2,336, Company and Consolidated, respectively (R$ 2,719 and R$ 2,565, Company and Consolidated, respectively, at March 31, 2015), refer to related parties, as detailed in Note 9.

In thousands of reais, unless otherwise stated

7. Inventories

	Company		Consolidated	
	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015
Current				
Finished products and work-in-process	358.409	81.410	350.007	81.410
Advances - procurement of sugar cane	62.489	39.575	61.613	39.575
Land - subdivisions	-	-	7.544	10.322
Inputs, ancillary material for maintenance and other items	67.818	46.136	67.818	46.136
	488.716	167.121	486.982	177.443
Noncurrent				
Advances - customers and services	8.856	6.744	8.856	6.744
Advances - procurement of sugar cane	37.406	42.863	37.406	42.863
	46.262	49.607	46.262	49.607
	534.978	216.728	533.244	227.050

Inventories are stated at average acquisition or production costs, adjusted by the provision for write-down to their realizable value. The land inventory balance (Land subdivisions) is stated at acquisition cost, increased by the deemed cost surplus of land.

The balance classified as "Land subdivisions" refers to the real estate ventures Residencial Recanto das Paineiras, Park Empresarial Iracemápolis, Residencial Limeira and Residencial Pradópolis.

The Company 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.

8. Taxes recoverable

Breakdown of taxes recoverable is as follows:

In thousands of reais, unless otherwise stated

	Company		Consolidated	
	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015
Current taxes				
PIS / COFINS	60.759	58.494	60.927	58.500
ICMS	27.346	27.346	27.981	27.948
Reintegra	17.185	15.572	17.185	15.572
Other	784	801	784	801
	106.074	102.213	106.877	102.821
Noncurrent taxes				
PIS / COFINS	48.551	42.160	48.551	42.160
IOF on derivatives	6.530	6.380	6.530	6.380
ICMS	28.481	22.387	28.601	22.535
INSS	4.923	4.785	4.924	4.785
	88.485	75.712	88.606	75.860
	194.559	177.925	195.483	178.681

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

The expected realization of the long-term tax credits is as follows:

	June 30, 2015	
dd/mm/yyyy	Company	Consolidated
01/07/2016 to 30/06/2017	51.392	51.434
01/07/2017 to 30/06/2018	12.124	12.164
01/07/2018 to 30/06/2019	11.874	11.913
01/07/2019 to 30/06/2020	6.511	6.511
01/07/2020 to 30/06/2021	3.100	3.100
as from 01/07/2021	3.484	3.484
	88.485	88.606

In thousands of reais, unless otherwise stated

9. Related parties

a) Company and consolidated balances:

Company	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities
	June 30, 2015				March 31, 2015			
Consolidated quarterly information - current:								
Vale do Mogi Empreend. Imobiliários S.A.	87	-	3.286	-	137	-	3.643	-
Companhia Bioenergética Santa Cruz 1	36	-	343	-	11	-	1.223	-
São Martinho - Energia S.A.	701	-	322	-	5	-	2.179	-
Vale do Piracicaba S.A.	-	1.246	-	-	-	1.246	-	-
Other	4	-	-	-	-	-	-	-
Non-consolidated quarterly information - current:								
Luiz Ometto Participações S.A. (nota 31)	-	-	-	73.370	-	-	12.062	73.370
Usina Boa Vista S.A.	2.136	-	-	-	2.344	-	-	-
Usina Santa Luiza S.A.	53	-	-	-	57	-	185	-
Nova Fronteira Bioenergia S.A.	3	-	-	-	5	-	-	-
SMBJ Agroindustrial S.A.	3	-	-	-	5	-	-	-
SMA Indústria Química S.A.	66	-	-	-	58	-	-	-
Agro Pecuária Boa Vista S.A.	6	-	7	-	-	-	-	-
Other	69	-	125	-	97	34	73	-
Subtotal	3.164	1.246	4.083	73.370	2.719	1.280	19.365	73.370
Inventories - procurement of sugar cane								
Vale do Mogi Empreend. Imobiliários S.A.	877	-	-	-	-	-	-	-
Shareholders	1.732	-	806	-	1.015	-	1.027	-
	5.773	1.246	4.889	73.370	3.734	1.280	20.392	73.370

Consolidated	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Current assets	Noncurrent assets	Current liabilities	Current liabilities
	June 30, 2015				March 31, 2015			
From investees and related parties:								
Usina Boa Vista S.A.	2,136	-	-	-	2,344	-	-	-
Nova Fronteira Bioenergia S.A.	3	-	-	-	5	-	-	-
Luiz Ometto Participações S.A. (nota 31)	-	-	-	73,370	-	-	12,062	73,370
Usina Santa Luiza S.A.	53	-	-	-	57	-	185	-
SMA Indústria Química S.A.	66	-	-	-	58	-	-	-
SMBJ Agroindustrial S.A.	3	-	-	-	5	-	-	-
Agro Pecuária Boa Vista S.A.	6	-	7	-				
Other	69	-	125	-	96	34	73	-
Subtotal	2,336	-	132	73,370	2,565	34	12,320	73,370
Shareholders - procurement of sugar cane	1,732	-	806	-	1,015	-	1,027	-
	4,068	-	938	73,370	3,580	34	13,347	73,370

The balances in current assets (classified as trade accounts receivable and inventories in the balance sheet) and current liabilities (classified as trade accounts payable in the balance sheet) refer to sales and purchases of goods and services between the Company, its investees and related parties. The balances in noncurrent assets and liabilities refer to future capital contributions and acquisition of equity investment.

In thousands of reais, unless otherwise stated

Company and Consolidated transactions for the period:

Company	June 30, 2015 Sales revenue	Reimbursed expenses	Procurement of products and	June 30, 2014 Sales revenue	Reimbursed expenses	Procurement of products and
Consolidated financial statements - Current:						
Vale do Mogi Empreend. Imobiliários S.A.	-	152	(15.959)	-	5	(14.544)
Companhia Bioenergética Santa Cruz 1	1.323	5		-	6	-
São Martinho - Energia S.A.	1.589	66	-	2.129	65	-
Non-consolidated financial statements - current:						
Usina Boa Vista S.A.	-	3.276	-	-	2.996	-
Usina Santa Luiza S.A.	-	79	-	-	96	-
SMA Indústria Química S.A.	-	105	-	-	54	-
Santa Cruz S.A. Açúcar e Álcool	-	-	-	-	2.353	-
Other	-	127	-	-	109	-
Shareholders and related parties - procurement of sugar cane	-	-	(2.211)	-	-	(4.902)
	2.912	3.810	(18.170)	2.129	5.684	(19.446)

Sales revenues and product and service purchases refer to sales of steam and purchase of sugar cane, respectively.

Expenses reimbursed by investees refer to the costs of the shared services center, the Board of Directors, and the Corporate Office. Apportionments are supported by agreements between the parties.

Consolidated	June 30, 2015 Reimbursed expenses	Procurement of products	June 30, 2014 Reimbursed expenses	Procurem ent of
Usina Boa Vista S.A.	3.276	-	2.996	-
Usina Santa Luiza S.A.	79	-	96	-
Companhia Bioenergética Santa Cruz 1	-	-	6	-
SMA Indústria Química S.A.	105	-	54	-
Santa Cruz S.A. Açúcar e Álcool	-	-	2.353	-
Other	127	-	109	-
Shareholders and related parties - procurement of sugar cane	-	(2.211)	-	(4.902)
	3.587	(2.211)	5.614	(4.902)

In thousands of reais, unless otherwise stated

As mentioned in Notes 10.2 and 10.3.1, over the year ended March 31, 2015, the Company carried out transactions with its related parties for acquisition and sale of equity investments.

Key management personnel compensation:

Key management personnel include directors and statutory officers. Compensation paid or to be paid for the period is stated as follows:

	Company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Salaries, fees and bonus	3.841	3.719	4.253	3.719
Social security contributions and social	765	730	847	730
Stock Option	866	710	866	710
Other	228	231	270	231
	5.700	5.390	6.236	5.390

In thousands of reais, unless otherwise stated

10. Investments

10.1 Subsidiaries, jointly controlled entities and affiliates

Investments in other companies, Company and Consolidated, are as follows:

		Company						Consolidated	
		Equity adjusted in investee		Carrying amount of investment		Equity pickup		Carrying amount of investment	
Company	% interest	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015
Classified in investment									
Vale do Mogi Empreend. Imobiliários S.A.	100,00%	1.698.246	1.678.250	1.698.246	1.678.250	19.996	69.250	-	-
São Martinho - Energia S.A.	100,00%	29.973	9.365	29.973	9.365	20.608	51.553	-	-
Vale do Piracicaba S.A.	100,00%	17.356	17.334	17.356	17.334	23	7.088	-	-
Santa Cruz S.A. Açúcar e Álcool (ii)	-	-	-	-	-	-	31.534	-	-
Agro Pecuária Boa Vista S.A. (iii)	-	-	-	-	-	-	2.507	-	-
São Martinho Logística e Participações S.A.	100,00%	3.340	3.367	3.340	3.367	(27)	267	-	-
Nova Fronteira Bioenergia S.A. (i)	50,95%	828.318	803.414	422.041	409.352	12.688	24.781	422.041	409.352
Companhia Bioenergética Santa Cruz 1	100,00%	138.421	122.733	138.421	122.733	15.687	4.786	-	-
CTC - Centro de Tecnologia Canavieira S.A. (i)	5,67%	-	-	-	-	-	498	18.601	18.578
Agro Pecuária Caieira do Norte S.A. (i)	22,46%	8.294	8.134	1.841	1.827	-	-	1.841	1.827
Agropecuária do Cachimbo S.A. (i)	8,56%	273	270	23	23	-	(1)	23	23
Total classified in investment	-	2.724.221	2.642.867	2.311.241	2.242.251	68.975	192.263	442.506	429.780
Classified in noncurrent liabilities									
SMA - Indústria Quimica S/A (i)	50,00%	(3.848)	(3.737)	(1.924)	(1.869)	(55)	(118)	(1.924)	(1.869)
Usina Santa Luiza S.A. (i)	66,67%	(13.893)	(13.587)	(9.262)	(9.058)	(204)	(1.336)	(9.262)	(9.058)
Total classified in noncurrent liabilities	-	(17.741)	(17.324)	(11.186)	(10.927)	(259)	(1.454)	(11.186)	(10.927)
Closing balance	-	2.706.480	2.625.543	2.300.055	2.231.324	68.716	190.809	431.320	418.853

There are no cross-holdings between the Company and its investees.

(i) Investees are not consolidated and these investments are reported in the consolidated quarterly information under the equity method;

(ii) Merged during the preceding year, Note 10;

(iii) Disposed of during the preceding year, Note 10.

10.2 Changes in corporate structure during the preceding year

Significant corporate transactions were carried out in the prior year which significantly affected the comparison of the current period results with those of the prior period.

These transactions are described in detail in Note 10 to the annual financial statements for the year ended March 31, 2015 in the following notes:

- Disposal of Agro Pecuária Boa Vista S.A. ("ABV");
- Acquisition and merger of Santa Cruz S.A. - Açúcar e Álcool ("SC").

11. Biological assets

Biological assets comprise planting and cultivation of sugar cane, which will be used as raw material in the production of sugar and ethanol. These assets are carried at fair value less costs to sell.

Sugar cane is classified as a permanent crop and its economically productive cycle lasts, on average, six years after the first harvest.

Upon harvest, the fair value of sugar cane is determined by the quantity harvested, valued at the accumulated value established by the Council of Sugar Cane, Sugar and Alcohol Producers of the State of São Paulo (CONSECANA) in that month. The fair value of sugar cane harvested will be the cost of raw material used in the production of sugar and ethanol.

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 Total Sugar Recoverable (ATR); 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; and

(b) Cash outflows represented by estimated (i) costs required for the biological processing of sugarcane (crops) until harvest; (ii) costs with Harvest/Cut, Loading and Transportation

In thousands of reais, unless otherwise stated

(CCT); (iii) capital cost (land, machinery and equipment); (iv) lease and sharecropping costs; and (v) taxes on positive cash flow.

The following assumptions were used to test fair value:

Company and consolidated	June 30, 2015	March 31, 2015
Harvest estimated total area (ha)	161,682	157,630
Expected productivity (metric ton/ha)	82.21	80.66
Amount of ATR per metric ton of sugar cane (kg)	135.87	134.34
Estimated average price per ATR (R$)	0.4800	0.5000

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

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

	Company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Biological assets at March 31	936.241	596.309	936.241	596.309
Increases due to planting	38.932	20.058	38.932	20.058
Increases due to treatment	62.466	35.565	62.466	35.565
Changes in fair value	1.559	1.691	1.559	1.691
Decreases resulting from harvesting	(114.285)	(77.066)	(114.285)	(77.066)
Biological assets at the end of the period	924.913	576.557	924.913	576.557

(a) Agricultural partnerships and lease agreements

The Company signed agreements of agricultural partnerships to purchase sugar cane produced in the rural properties of third parties. The terms of these agreements are, mainly between six and twelve years, renewable upon termination. In addition, the Company has lease agreements for the production of sugar cane.

In thousands of reais, unless otherwise stated

The amounts to be disbursed in respect of these agreements are determined at the end of each crop by the price of a metric ton of sugar cane established by CONSECANA. At June 30 and March 31, 2015, total estimated payments (nominal value) are as follows:

Company and consolidated	June 30, 2015	March 31, 2015
Within 1 year	157.765	164.219
From 1 to 5 years	479.898	499.309
Over 5 years	364.512	425.802
	1.002.175	1.089.330

12. Property, plant and equipment

Net book values and useful lives the assets, and depreciation methods used are reviewed, and adjusted prospectively, at year end. Depreciation is calculated using the straight-line method, and for production equipment the accelerated depreciation method is applied, taking into consideration the crushing season.

Maintenance costs that extend the useful lives of property, plant and equipment items are capitalized and items that replace others which suffer wear and tear during the crop period are recorded as assets, and are depreciated during the subsequent crop period. Maintenance costs that do not extend the useful lives of the assets are recognized as expenses when incurred. Replaced items are written off.

Impairment of nonfinancial assets

Property, plant and equipment and other noncurrent assets are reviewed annually to identify whether there is any evidence of impairment, and also whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The costs of charges on borrowings taken to finance the construction of property, plant and equipment are capitalized during the period of time required to execute and prepare the asset for its intended use.

In thousands of reais, unless otherwise stated

Company	Land	Buildings and facilities	Manufacturing facilities and equipment	Maintenance between harvests	Vehicles	Agricultural machinery and implements	Other PPE	Construction in progress	Total
Balances at March 31, 2014	533,478	101,873	484,080	69,770	93,463	149,892	14,732	80,809	1,528,097
Purchases	-	10	1,057	128,978	22,481	23,117	1,069	91,679	268,391
Cost of sales	-	-	(1)		(551)	(2,033)	-	-	(2,585)
Payment of capital - Vale Mogi	(476,795)	-	-	-	-	-	-	-	(476,795)
Merger of SC	30,988	45,446	221,565	3,838	28,756	35,600	966	13,924	381,083
Purchase Pricing Allocation	37,491	15,418	658		23,513	53,195	-	-	130,275
Transfers between accounts	-	38,302	97,969		2,298	1,191	1,919	(141,679)	-
Depreciation	-	(4,204)	(35,673)	(77,152)	(8,834)	(22,781)	(2,991)	-	(151,635)
Balance at March 31, 2015	125,162	196,845	769,655	125,434	161,126	238,181	15,695	44,733	1,676,831
Total cost	125,162	224,154	1,062,330	125,669	227,870	346,457	50,437	44,733	2,206,812
Accumulated depreciation	-	(27,309)	(292,675)	(235)	(66,744)	(108,276)	(34,742)	-	(529,981)
Net book value	125,162	196,845	769,655	125,434	161,126	238,181	15,695	44,733	1,676,831
Purchases	-	-	404	5,719	2,418	8,885	159	20,048	37,633
Cost of sale	-	-	-	-	(39)	(1,933)	-	-	(1,972)
Transfers between accounts	-	2,161	7,759	-	259	111	169	(10,459)	-
Depreciation	-	(1,746)	(15,949)	(41,964)	(3,552)	(8,963)	(795)	-	(72,969)
Balances at June 30, 2015	125,162	197,260	761,869	89,189	160,212	236,281	15,228	54,322	1,639,523
Total cost	125,162	226,315	1,070,493	131,388	230,423	352,159	50,751	54,322	2,241,013
Accumulated depreciation	-	(29,055)	(308,624)	(42,199)	(70,211)	(115,878)	(35,523)	-	(601,490)
Net book value	125,162	197,260	761,869	89,189	160,212	236,281	15,228	54,322	1,639,523
Net book value:									
Historical cost	1,521	135,627	505,645	89,189	126,594	165,617	15,228	54,322	1,093,743
Surplus	123,641	61,633	256,224		33,618	70,664	-	-	545,780
Average annual depreciation rates	-	2.93%	5.73%	100.00%	7.50%	10.68%	12.07%	-	-

In thousands of reais, unless otherwise stated

Consolidado	Land	Buildings and facilities	Manufacturing facilities and equipment	Maintenance between harvests	Vehicles	Agricultural machinery and implements	Other PPE	Construction in progress	Total
Balances at March 31, 2014	1,690,255	108,887	509,983	69,770	93,463	149,892	14,732	80,809	2,717,791
Purchases	-	3,193	1,058	129,347	22,973	25,040	1,082	97,420	280,113
Cost of sales	(639)	-	(1)	-	(709)	(2,033)	-	-	(3,382)
Payment of capital	(5,993)	-	-	-	-	-	-	-	(5,993)
Consolidation of SC	30,988	43,945	272,833	3,921	29,330	35,972	712	18,374	436,075
Purchase Pricing Allocation	37,491	16,453	4,357		23,513	53,195	-	-	135,009
Transfers between accounts	-	40,450	105,513	-	2,506	1,191	2,209	(151,869)	-
Depreciation	-	(5,235)	(55,702)	(77,235)	(9,950)	(25,075)	(3,040)	-	(176,237)
Balance at March 31, 2015	1,752,102	207,693	838,041	125,803	161,126	238,182	15,695	44,734	3,383,376
Total cost	1,752,102	238,832	1,142,071	126,038	227,870	346,458	50,437	44,734	3,928,542
Accumulated depreciation	-	(31,139)	(304,030)	(235)	(66,744)	(108,276)	(34,742)	-	(545,166)
Net book value	1,752,102	207,693	838,041	125,803	161,126	238,182	15,695	44,734	3,383,376
Purchases	-	-	405	5,719	2,418	8,885	159	20,056	37,642
Cost of sales	-	-	-	-	(39)	(1,933)	-	-	(1,972)
Transfers between accounts	-	2,161	7,759	-	259	111	169	(10,459)	-
Depreciation	-	(1,924)	(16,768)	(42,077)	(3,552)	(8,964)	(795)	-	(74,080)
Balances at June 30, 2015	1,752,102	207,930	829,437	89,445	160,212	236,281	15,228	54,331	3,344,966
Total cost	1,752,102	240,993	1,151,810	131,757	230,423	352,159	50,751	54,331	3,964,326
Accumulated depreciation	-	(33,063)	(322,373)	(42,312)	(70,211)	(115,878)	(35,523)	-	(619,360)
Net book value	1,752,102	207,930	829,437	89,445	160,212	236,281	15,228	54,331	3,344,966
Net book value:									
Historical cost	104,567	139,660	555,954	89,445	126,594	165,617	15,228	54,331	1,251,396
Surplus	1,647,535	68,270	273,483	-	33,618	70,664	-	-	2,093,570
Annual average depreciation rates	-	3.08%	5.58%	100.00%	7.50%	10.68%	12.07%	-	-

In thousands of reais, unless otherwise stated

Under the terms of certain borrowing agreements of the Group, property, plant and equipment totaling R$ 1,340,285 (consolidated) were pledged as collateral, of which R$ 846,424 refers to rural properties (24,919 hectares of land).

The Group capitalized financial charges amounting to R$ 747 for the period ended June 30, 2015 (June 30, 2014 - R$ 340). For the same period, the Company's property, plant and equipment includes assets arising from lease agreements that transfer risks, rewards and controls amounting to R$ 1,769 (June 30, 2014 - R$ 2,434).

13. Intangible assets

Contractual relationships have a defined useful life. Their amortization is calculated on the quantity of sugar cane harvested during the term of the agreement with the partner or supplier.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested annually for impairment.

	Company		Consolidated	
	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015
Goodwill based on future profitability - USL (i)	79.709	79.709	79.709	79.709
Goodwill based on future profitability - Mirtilo (ii)	115.798	115.798	115.798	115.798
Goodwill based on future profitability - SC (i)	179.126	179.126	179.126	179.126
Software	21.551	19.497	21.551	19.497
Accumulated amortization	(12.282)	(11.544)	(12.282)	(11.544)
Rights on sugar cane contracts (iii)	11.781	12.330	11.781	12.330
Rights on electricity rights (iv)	-	-	96.799	103.401
Other assets	1.300	1.364	2.159	2.224
	396.983	396.280	494.641	500.541

(i) Goodwill on the net assets acquired, whose operations were assumed by the Company.
(ii) Refers to the acquisition of rights on agreements for agricultural partnership and sugar cane supply (2,281 hectares with an exploration period from 2013 to 2017).
(iii) Refers to the fair value allocated under Bio's agreements for electricity supply, effective up to 2025.

In thousands of reais, unless otherwise stated

14. Loans and financing

Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost.

	Annual charges		Company		Consolidated	
Type	**Rate**	**Index**	**June 30, 2015**	**March 31, 2015**	**June 30, 2015**	**March 31, 2015**
In local currency						
Export Credit Note (NCE)	101.28%	CDI	725,871	815,024	725,871	815,024
Finame/BNDES automatic loans	3.25%	TJLP/fixed rate	234,585	260,595	234,585	260,595
FINEM	4.29%	TJLP/fixed rate	249,951	259,376	272,497	282,793
PRORENOVA	5.50%	TJLP/fixed rate	113,086	100,515	113,086	100,515
Securitized rural credits	4.55%	IGP-M	53,869	57,445	53,869	57,445
Rural credit	6.50%	Fixed rate	90,110	32,651	90,110	32,651
FINEP	4.00%	Fixed rate	24,238	24,254	24,238	24,254
Lease	9.75%	Fixed rate	566	839	566	839
Other securitized credits	3.00%	Fixed rate	57	57	57	57
Total in local currency			1,492,333	1,550,756	1,514,879	1,574,173
In foreign currency						
Pre-Export Financing (PPE)	2.65%	gn exchange vari	1,101,716	981,525	1,101,716	981,525
Export Credit Note (NCE)	4.25%	gn exchange vari	526,225	503,968	526,225	503,968
Advances on Exchange Contracts (ACCs)	1.16%	gn exchange vari	155,659	160,475	155,659	160,475
FINEM	6.71%	Currency basket	18,587	19,938	18,587	19,938
Total in foreign currency			1,802,187	1,665,906	1,802,187	1,665,906
TOTAL			3,294,520	3,216,662	3,317,066	3,240,079
Current			710,742	868,879	714,281	872,419
Noncurrent			2,583,778	2,347,783	2,602,785	2,367,660

As far as agreements in local currency are concerned, R$ 111,165 refers to Export Credit Notes (NCEs) taken in reais and pegged to swaps into USD, thus being exposed to foreign exchange fluctuation.

With respect to borrowings in foreign currency, all Advances on Foreign Exchange Contracts (ACCs) and 57% of NCEs taken in US dollar are pegged to swaps into reais, thus not exposed to foreign exchange fluctuation.

In addition, R$ 304,215 of Pre-Export Financing (PPE) and R$ 69,883 of NCEs are pegged to libor swaps to a fixed rate.

At June 30, 2015, of total debt of the Company, R$ 2,251,305 is encumbered.

In thousands of reais, unless otherwise stated

Noncurrent borrowings have the following maturities:

dd/mm/yyyy	Company	Consolidated
From 01/07/2016 to 30/06/2017	825.754	829.233
From 01/07/2017 to 30/06/2018	460.485	463.963
From 01/07/2018 to 30/06/2019	587.003	590.481
From 01/07/2019 to 30/06/2020	523.477	526.956
From 01/07/2020 to 30/06/2021	95.648	99.126
From 01/07/2021 to 28/02/2030	91.411	93.026
	2.583.778	2.602.785

Covenants

Some borrowing agreements provide for certain contractual borrowing conditions (covenants) which had been fulfilled by the Company at June 30, 2015.

Securitized rural credits

The Company securitized debts with financial institutions through the purchase of National Treasury Notes (CTN). This securitized financing will be automatically settled on the maturity dates through the redemption of the CTNs, which are non-negotiable notes, exclusively intended for payment of 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 is recorded in the quarterly information based on the amount of future disbursements adjusted to present value.

In thousands of reais, unless otherwise stated

15. Trade accounts payable

	Company		Consolidated	
	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015
Sugar cane	98.013	33.732	94.727	30.087
Materials, services and	64.240	68.134	63.627	65.389
	162.253	101.866	158.354	95.476

Of total trade accounts payable, R$ 4,083 - Company (R$ 132 - Consolidated) refers to related parties, as detailed in Note 9.

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.

16. Payables to Copersucar

Copersucar provided funds to 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 are related to provisions for contingencies recorded by the Cooperative under noncurrent 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 Federal VAT (IPI), whose constitutionality and lawfulness had been challenged in court by the Cooperative, and from tax liabilities included in the Tax Recovery Program (REFIS) of Copersucar, as shown below.

In thousands of reais, unless otherwise stated

Company and consolidated	June 30, 2015	March 31, 2015
REFIS - Copersucar - Restated by reference to SELIC interest rate	107.284	107.971
Bill of exchange - Restated by reference to SELIC interest rate	80.677	79.797
Bill of exchange - Onlending of funds not subject to charges	50.587	50.587
Provision for expenses with tax proceedings	43.269	43.269
Total	281.817	281.624
Current liabilities	(2.040)	(2.040)
Noncurrent liabilities	279.777	279.584

All the Company's obligations with Copersucar are guaranteed by collateral signatures of Company officers. In addition, in accordance with the terms negotiated for the withdrawal from Copersucar, the Company remains liable for the payment of obligations, proportionate to its investment in Copersucar in previous harvests, which result from tax assessments that may arise and that relate to periods in which the Company was a cooperative member.

Copersucar has been served delinquency notices with respect to State VAT (ICMS) on fuel and industrial ethanol sales made up to December 31, 2008. The adjusted amount, calculated proportionately to the investment of the Company in the Cooperative, amounts to R$ 232,552. Copersucar legal counsel assesses the outcome in these lawsuits as a risk of possible loss. Copersucar believes that it has strong arguments to successfully defend the fines imposed by the State Tax Authorities over these delinquency notices. These notices involve court fees and legal fees for the Company at an amount estimated by management of R$ 43,269. Management is currently discussing/reviewing with Copersucar the final amount to be indemnified for these expenses, but it does not expect a material difference in relation to the amount provisioned.

17. Equity

(a) Capital

At June 30 and March 31, 2015, capital amounted to R$ 812,992 and comprised 113,329,207 registered common shares, with no par value.

In thousands of reais, unless otherwise stated

At the Special General Meeting held on July 31, 2015, shareholders approved capital increase by R$ 118,348 with capital investment reserve, without issue of new shares.

(b) Treasury shares

For the period ended June 30, 2015, there was no share buyback, but sale of 73,123 treasury shares due to share purchase options exercised by Company officers (item (f) below), there remaining 336,552 treasury shares.

At June 30, 2015, the market value of these shares was R$ 12,621 (R$ 15,854 at March 31, 2014).

	Number	Average acquisition price*	Total
Treasury shares at March 31, 2015	409.675	18,00	7.375
Exercise of stock options	(73.123)	18,00	(1.316)
Treasury shares at June 30, 2015	336.552	18,00	6.059

* includes additional costs in acquisition - in reais

(c) Equity adjustments

- ***Deemed cost***

This corresponds to the deemed cost surplus of land, buildings and premises, equipment and industrial installations, vehicles and machinery, and agricultural implements. Amounts are recorded net of tax effects and their realization is based on depreciation, write-off or sale of related assets. Realized amounts are transferred to "Retained earnings".

Certain events that took place over the year ended March 31, 2015 resulted in the strategic repositioning of indirect subsidiary Vale do Mogi and evidence the development of real estate activity as its core business. Among these events, the following are to be highlighted: (i) the establishment of independent management and own operational structure; (ii) the launch of real estate ventures; and (iii) the additional payment of plots of land by SM.

Therefore, that subsidiary began to recognize real estate sales also under gross revenue, and tax land sales under the regime in which the Company computes profit as a percentage of gross revenue, as well as other revenues (leases), as allowed by tax legislation.

- **Hedge accounting fair value**

  This refers to the results of outstanding derivative financial instruments that qualify for hedge accounting. The balance is reversed over time from equity to the results of operations, as the related transactions mature/are shipped.

(d) Legal and capital investment reserves

The legal reserve is set up annually with the allocation of 5% of the profit for the year, not to exceed 20% of the capital. The purpose of the legal reserve is to protect the entity's capital, and it can only be used to offset losses and increase capital.

The capital investment reserve is intended to fund investments in increasing production capacity and in several projects intended for improving processes.

(e) Dividend

Shareholders are entitled to receive a minimum dividend of 25% of net income for the year, after the deduction of any accumulated deficit and the allocation to the legal reserve.

(f) Stock option plan

The Stock Option Plan was approved and offered to the Company's officers in 2009. The total number of common shares that may have options granted should not exceed 2% of total common shares of the Company's capital and cannot exceed a maximum annual limit of 0.5% of its total capital shares.

In thousands of reais, unless otherwise stated

The stock option plans issued and the changes in outstanding stock options for the period ended June 30, 2015 are as follows:

Plan	2nd Plan	3rd Plan	4th Plan	5th Plan	6th Plan	Total
Plan issue date	11/28/2011	12/12/2011	12/17/2012	12/16/2013	12/15/2014	
Limit date for exercise*	2018	2018	2019	2020	2021	
Stock options fair value (R$)	3,20 - 6,41	4,98 - 7,56	6,86 - 7,86	8,47 - 9,46	11,39 - 12,59	
Sotck options granted	140.400	418.538	391.726	380.812	338.088	1.669.564
Stock options exercised	(129.807)	(241.703)	(99.538)	-	-	(471.048)
Outstanding stock options	10.593	176.835	292.188	380.812	338.088	1.198.516
Exercise price	19,31	18,49	25,11	27,40	36,11	

* The options under each one of the plans may be exercised on three occasions, namely: 1/3 after the second year as from the grant date, 1/3 after the third year as from the grant date, and 1/3 after the fourth year as from the grant date, and the maximum term for the exercise of all these stock options is established in each plan.

For the period ended June 30, 2015, stock options exercised corresponded to 73,123 shares purchased for R$ 1,491.

The fair value attributed to these options was determined based on the Black & Scholes pricing model. The Company recognized a stock option expense of R$ 866 (R$ 710 at June 30, 2014).

(g) Capital reserve

This refers to mark-to-market valuation of Company shares issued upon stock option exchange with non-controlling shareholders.

(h) Unearned income reserve

This reserve relates to unrealized results, consisting of the sale of the shareholding in ABV in the amount of R$ 52,613, property sales resulting from real estate projects of R$ 10,297, and results from equity and earnings per change shareholding in the amount of R$ 29,438.

In thousands of reais, unless otherwise stated

18. Profit sharing program

The Company manages, as part of its policy, a profit sharing program based on operating and financial targets previously agreed upon with its employees. The amount of profit sharing for the periods ended June 30, 2015 and 2014, recorded as operating costs or expenses in the income statement, amounted to R$ 7,974 and R$ 6,661, in Company and consolidated, respectively.

19. Income and social contribution taxes

Deferred income and social contribution taxes are recognized on respective tax losses, and corresponding temporary differences between the tax bases of assets and liabilities and their carrying amounts in the quarterly information.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset temporary differences and/or tax losses, considering projections of future profitability prepared and based on internal assumptions and future economic scenarios which may, therefore, be subject to changes.

(a) Income and social contribution tax balances are as follows:

	Company		Consolidated	
	June 30, 2015	March 31, 2015	June 30, 2015	March 31, 2015
Current assets - Prepayments				
. Income and social contribution taxes to be offset	78.673	64.278	79.399	64.633
Current liabililties - Current payables				
. Income and social contribution taxes payable	-	725	1.286	1.511

In thousands of reais, unless otherwise stated

(b) Changes in deferred income and social contribution taxes

	Company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Pretax income	6,994	69,803	8,464	71,011
Income and social contributino taxes at statutory rates (34%)	(2,378)	(23,733)	(2,878)	(24,144)
Adjustments for calculation of effective rate:				
. Equity pickup	23,363	14,130	4,234	5,886
. Permanent exclusions/(additions), net	492	(105)	491	(105)
. Gain on fair value remeasurement of prior investment (step acquisition)	-	-	-	-
. Calculation adjustment of subsidiary whose profit is computed as a percentage	-	-	18,439	7,447
. Profit in inventories	-	-	(279)	-
. Other	-	11	-	11
. Tax incentives	(176)	620	(176)	620
Income and social contribution taxes	21,301	(9,077)	19,831	(10,285)
Current income and social contribution taxes	10,368	(15,170)	8,285	(16,274)
Deferred income and social contribution taxes	10,933	6,093	11,546	5,989
Effective rate of income and social contribution taxes	-304.6%	13.0%	-234.3%	14.5%

CONTROLADORA	31 de março de 2015	Reconhecido no resultado do exercício	Reconhecido no patrimônio líquido	30 de junho de 2015
. Derivatives financial instruments	197.515	(6.460)	(36.094)	154.961
. Bonus payments and long-terms incentives to employees	5.035	2.347	-	7.382
. Tax loss carryforwards	58.914	4.519	-	63.433
. Provision for contingencies	17.988	(1.094)	-	16.894
. Provision for other liabilities	18.461	-	-	18.461
. Other	1.921	390	-	2.311
Deferred income and social contribution tax balances	299.834	(298)	(36.094)	263.442
. Adjustment to present value	(3.297)	323	-	(2.974)
. Disposal of investments with deferred taxation	(27.104)	-	-	(27.104)
. Ativos biológicos e Produto agrícola (variação para o valor justo)	5.163	2.527	-	7.690
. Tax benefit from ágio goodwill incorporated	(39.779)	(7.590)	-	(47.369)
. Encouraged accelerated depreciation	(190.863)	5.882	-	(184.981)
. Financing secured	(17.400)	(206)	-	(17.606)
. Surplus value of fixed assets (Deemed cost)	(189.950)	2.358	-	(187.592)
. Other	(617)	(48)	-	(665)
. Foreign exchange	(118.299)	7.985	-	(110.314)
Deferred tax liabilities	(582.146)	11.231	-	(570.915)
Deferred tax liabilities	**(282.312)**	**10.933**	**(36.094)**	**(307.473)**

In thousands of reais, unless otherwise stated

Deferred tax assets and liabilities are presented net in the balance sheet, by 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.

Recovery of all deferred tax credits, indicated by the projections of taxable profit approved by management, including expected realization of temporary differences, is estimated as follows:

Consolidated Periods ended June 30:	Estimated realizable value
2016	66.181
2017	61.090
2018	81.854
2019	31.771
2020	22.546
	263.442

Deferred income and social contribution tax liabilities are realized mainly through the depreciation and disposal of property, plant and equipment items that gave rise to them. 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, except for the deferred tax liabilities on the surplus of land, which will be realized if sold. In addition, the period for settlement of securitized loans, which mature through 2021, impacts the period for recovery of the deferred income and social contribution tax assets.

In thousands of reais, unless otherwise stated

(c) Reconciliation of Income and social contribution taxes

CONSOLIDADO	31 de março de 2015	Reconhecido no resultado do exercício	Reconhecido no patrimônio líquido	Outros	30 de junho de 2015
. Derivatives financial instruments	197.515	(6.460)	(36.094)	-	154.961
. Bonus payments and long-terms incentives to employees	5.035	2.347	-	-	7.382
. Tax loss carryforwards	58.914	4.519	-	-	63.433
. Provision for contingencies	17.988	(1.094)	-	-	16.894
. Provision for other liabilities	18.461	-	-	-	18.461
. Other	1.921	390	-	-	2.311
Deferred income and social contribution tax balances	299.834	(298)	(36.094)	-	263.442
. Adjustment to present value	(3.297)	323	-	-	(2.974)
. Disposal of investments with deferred taxation	(27.104)	-	-	-	(27.104)
. Ativos biológicos e Produto agrícola (variação para o valor justo)	5.163	2.527	-	-	7.690
. Tax benefit from ágio goodwill incorporated	(39.779)	(7.590)	-	-	(47.369)
. Encouraged accelerated depreciation	(190.863)	5.882	-	-	(184.981)
. Financing secured	(17.400)	(206)	-	-	(17.606)
. Surplus value of fixed assets (Deemed cost)	(194.683)	2.358	-	-	(192.325)
. Other	(617)	565	-	1.434	1.382
. Foreign exchange	(36.766)	-			(36.766)
Deferred tax liabilities	(118.299)	7.985	-	-	(110.314)
Deferred tax liabilities	(623.645)	11.844	-	1.434	(610.367)

20. Commitments

The Group assumes various commitments in the ordinary course of its business. Significant commitments to be disclosed in this quarterly information are set out as under:

Riparian forests and land for legal reserve

The Group has uncultivated areas covered by preserved native vegetation in the process of regeneration or enrichment intended to ensure the ecological balance of the environment. Such areas, under current environmental law, correspond to riparian forests and areas destined to the so-called "legal reserve”. These legal reserve areas are strictly observed and preserved upon sugar cane plantation.

The Company has areas that are already compliant with the current legislation or in process of regularization, within the terms established by the current legislation, and therefore it is not on default on such commitment. Amounts to be invested to comply with these obligations, the manner in which they will be fulfilled, and the time required for their performance are not currently measurable. Investments in preservation areas, when made, are recorded in the Group's property, plant and equipment.

Ethanol supply agreement

Under a sale and purchase agreement, the Company has agreed to supply industrial ethanol to Mitsubishi Corporation for 30 years, beginning with the 2008/2009 crop, in a proportion of 30% of all UBV's ethanol production, under market conditions. The agreement has a clause that prescribes that it is automatically renewable for 10 years.

Sureties granted

In addition, the Company is the guarantor of borrowings contracted by UBV totaling R$ 218,586.

Electricity supply

The Company and Bio have commitments for sale of the surplus of their production through the Electric Energy Trade Chamber (CCEE) both in the regulated market (auctions) and in the free market (sales contracts with third parties).

21. Provision for contingencies

Provisions are recognized when the Group has a present legal or constructive obligation arising from past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably measured. Provisions are set up, reviewed and adjusted to reflect management's best estimate at the reporting dates.

21.1 Probable losses

The Group, based on legal counsel's assessment of probable losses, has the following provisions for contingencies (amounts monetarily restated):

In thousands of reais, unless otherwise stated

						Company
	March 31, 2015	Additions	Reversals	Use	Restatement	June 30, 2015
Tax	8.625	119	(232)	-	70	8.582
Civil and environment	4.794	447	(206)	(497)	139	4.677
Labor	40.941	2.470	(2.312)	(4.387)	1.221	37.933
Total	54.360	3.036	(2.750)	(4.884)	1.430	51.192
Judicial deposits	26.587	3.498	-	(4.525)	186	25.746

						Consolidated
	March 31, 2015	Additions	Reversals	Use	Restatement	June 30, 2015
Tax	9.693	494	(232)	-	70	10.025
Civil and environment	4.793	447	(206)	(497)	139	4.676
Labor	40.944	2.470	(2.311)	(4.387)	1.220	37.936
Total	55.430	3.411	(2.749)	(4.884)	1.429	52.637
Judicial deposits	27.927	3.873	-	(4.525)	186	27.461

Judicial deposits are monetarily restated and reported in noncurrent assets.

The nature of the main lawsuits at June 30, 2015 included in the above provisions is as follows (Company and consolidated):

Tax proceedings:
These refer to: (a) taxes whose payment has been challenged in court by the Group; the amounts challenged have been deposited in court; and (b) success fees payable to legal counsel for defenses in tax proceedings.

Civil and environmental proceedings:
These refer to: (i) general indemnities; (ii) redress for damages caused by the burning of sugar cane straw; and (iii) environmental issues.

In thousands of reais, unless otherwise stated

Labor proceedings:
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 monthly salary and vacation pay, plus 1/3 vacation bonus.

21.2 Possible losses

The Group is party to various lawsuits involving tax, environmental and civil matters that were assessed by legal counsel as possible losses. The nature and the amounts involved in these lawsuits are as follows:

Tax proceedings:

Consolidated			Stage			
	Nature	No. Of proceedings	Administrative	Trial court	Higher court	Total
(i)	Social security contributions	14	122.978	-	14.223	137.201
(ii)	Calculation of IRPJ/CSLL	8	124.735	1.836	-	126.571
(iii)	IRPJ losses	5	57.253	-	-	57.253
	CSLL losses	5	1.015	147	-	1.162
	Offset of credits - PIS	6	12	1.784	2.396	4.192
	Offset of Federal taxes	7	75	-	-	75
(iv)	Other tax proceedings	29	8.782	2.832	1.441	13.055
		74	314.850	6.599	18.060	339.509

(i) These refer to the levy of Social Security Tax (INSS) on export revenue, under the allegation that exports carried out through intermediation of a cooperative are not included in the exemption established in article 149, paragraph 2, of the Brazilian Federal Constitution.

(ii) These refer to exclusion of expenses on securitized financing, as well as expenses arising from the benefit of accelerated tax-incentive depreciation from the Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL) tax bases.

(iii) The proceedings refer to requests to offset IRPJ, CSLL, Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) and other federal taxes as a result of overpayments and/or tax losses and export credits whose offset has been rejected by the Brazilian IRS (RFB) and which are pending judgment of protest letters/voluntary appeals.

(iv) The proceedings refer to disputes involving other tax cases, including, among others, the contribution to the National Service for Industrial Training (SENAI) and the fee to the National Department of Mineral Research (DNPM), whose likelihood of loss is assessed as "possible".

In thousands of reais, unless otherwise stated

Civil and environmental proceedings:

Consolidated		Stage				
Nature	No. Of proceedings	Administrative	Trial court	Lower court	Higher court	Total
Environmental	24	542	2.314	271	-	3.127
Civil						
Indemnities	18	-	9.715	3	33	9.751
Review of contracts	11	-	244	-	-	244
Rectification of area and land registry	1	-	-	-	-	-
Permits for obtaining mineral research licenses	5	-	-	-	-	-
Other civil proceedings	17	-	1.159	-	-	1.159
Labor						
Assessment notice	12	37	-	-	-	37
	88	579	13.432	274	33	14.318

22. Derivative financial instruments and risk management

The Company is exposed to market risks, including foreign exchange risk, commodity price volatility risk, interest rate risk, credit risk and liquidity risk. Company management believes risk management is critical to: (i) continuous monitoring of exposure levels relating to the sales volumes contracted; (ii) estimates of the value of each risk based on the established limits of foreign exchange exposure and sugar sales prices; and (iii) future cash flow forecasts and the definition of approval authority levels for taking out financial instruments designed to protect product prices and to hedge sales performance against foreign exchange fluctuation and price volatility.

Derivative financial instruments are taken out exclusively for the purpose of pricing and hedging the Company’s sugar and ethanol export transactions against foreign exchange risk and sugar price fluctuation in the international market. No transactions with financial instruments are carried out for speculative purposes or to hedge financial assets or liabilities.

22.1 Market risks

(a) Currency risk

In thousands of reais, unless otherwise stated

Management has established a policy that requires Group companies to manage their currency risk so as to reduce the potential impact entailed by this currency mismatch.

Non-Derivable Forwards (NDF) and options strategy are used to manage currency risk. The Group's financial risk management policy is to hedge the greatest possible volume of expected cash flows, mainly those from export sales.

Assets and liabilities subject to foreign exchange fluctuation

The table below summarizes foreign currency-denominated assets and liabilities (in US dollars - US$), recorded in the consolidated balance sheet at March 31, 2015:

Consolidated	R$	Thousands of US$ equivalent
Current assets		
Cash and cash equivalents (banks - demand deposits)	283.955	91.522
Trade accounts receivable	12.677	4.086
Derivative financial instruments	124.460	40.115
Total assets	421.092	135.723
Liabilities		
Current liabilities		
Borrowings	641.732	206.884
Derivative financial instruments	125.045	40.312
Noncurrent liabilities		
Borrowings	1.160.455	374.111
Total liabilities	1.927.232	621.307
Subtotal assets (liabilities)	(1.506.140)	(485.584)
(-) Borrowings linked to exports - ACC and PPE	1.783.600	575.002
Net exposure - assets	277.460	89.418

These assets and liabilities were restated and recorded in the quarterly information at June 30, 2015 at the exchange rate in effect on that date, of R$3.1026 per US$1.00 for assets and R$3.1019 per US$1.00 for liabilities.

In thousands of reais, unless otherwise stated

(b) Commodity price volatility risk

The Company is exposed to the risk of changes in the commodity prices of manufactured products such as sugar and ethanol. At June 30, 2015, the prices of 739,670 tons of sugar had been determined with commercial partners for future delivery scheduled as from July 2015, priced at an average of 16.59 ¢/lb (US dollar cents per pound weight).

(c) Market risk sensitivity analysis

The table below presents a sensitivity analysis on the effects of changes in the fair value of financial instruments that are not designated for hedge accounting.
This analysis takes into consideration management expectations with respect to risk exposure and the future scenario projected.

		Probable scenarios		Possible scenarios	
Consolidated		Average rate/price	Impact on accounting P&L and cash flow	Impact with variation of 25%	Impact with variation of 50%
Foreign currency variation	(a)	5%	169	847	1,693
Variation in price of products sold	(b)	5%	26	132	265
Interest curve variation	(c)	10 bps	358	627	1,075

(a) The sensitivity analysis of foreign exchange variations considers the effects of an increase or decrease by 25% and 50% between the Real/US dollar parity on its financial instruments.

(b) The sensitivity analysis of variations in commodity prices considers the effects of an increase or decrease by 25% and 50% in the commodity price on its financial instruments. The Company is exposed to variations in the price of sugar negotiated through futures contracts and options in the New York Intercontinental Exchange (ICE Futures US).

(c) The sensitivity analysis of variations in interest curves considers the effects of an increase or decrease of 25bps and 50bps (*basis points*) in the pricing curve of the derivative instruments. The exposure to rates refers exclusively to variations in the CDI curve.

(d) Derivative financial instruments

The Company opted for hedge accounting to recognize part of its derivative financial instruments. Instruments elected were sugar, ethanol and foreign currency (US dollar) derivatives, which cover sales of the 2015/2016 and 2016/2017 crops, and were designated as cash flow hedges of highly probable forecast transactions (future sales).

In order to apply hedge accounting, prospective tests were carried out to verify effectiveness. These tests showed that the hedge-designated instruments qualify as highly effective hedges against the effects of price fluctuations on the value of future sales.

In the case of foreign exchange hedges, the derivatives were designated as a cash flow hedge in respect of future sales in foreign currency. These hedges were carried out upon contracting of Non-Deliverable Forwards (NDFs) and option strategies with leading financial institutions.

In the case of sugar hedges, the derivatives were designated as a cash flow hedge in respect of future sales of sugar. These transactions are carried out on the ICE Futures US and with leading financial institutions through over-the-counter contracts.

The balances of assets and liabilities at June 30 and March 31, 2015 relating to transactions with derivative financial instruments and their maturities are as follows:

In thousands of reais, unless otherwise stated

Company and consolidated	Amount/ contracted volume	Average rate/price	Notional amount - R$	Fair value - R$
	June 30, 2015			
In current assets - Gain / (loss)				
Margin deposit				17.833
Merchandise futures contracts - Sugar #11 - Commodities Exchange				
. Sales commitments	327.980	16,62	385.589	79.267
. Purchase commitments	27.382	14,16	27.422	(2.818)
Merchandise options contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	114.305	17,04	2.475	291
. Bidding position in put options	172.728	15,29	12.356	31.651
. Written position in call options	350.537	16,95	11.589	(2.123)
Flexible currency option contracts - Dollar				
. Bidding position in put options	10.760	3,1890	34.327	1.622
. Bidding position in call options	10.760	3,3691	36.274	(1.263)
TOTAL CURRENT ASSETS				124.460

Company and consolidated	Amount/ contracted volume	Average rate/price	Notional amount - R$	Fair value - R$
	June 30, 2015			
In current liabilities - (Gain) / loss				
NDF - US dollar - OTC				
. Sales commitments	215.975	2,9880	645.340	48.681
. Purchase commitments	20.450	3,1200	63.804	301
		Notional amount - US$	Notional amount - R$	Fair value - R$
Swap contracts - interest - OTC		332.537	706.476	76.063
TOTAL CURRENT LIABILITIES				125.045

In thousands of reais, unless otherwise stated

Company and consolidated	March 31, 2015 Amount/ contracted volume	Average rate/price	Notional amount - R$	Fair value - R$
In current assets - Gain / (lossses)				
Margin deposit				20.674
NDF - Sugar #11 - Commodities Exchange				
. Sales commitments	605.565	16,64	712.553	171.830
. Purchase commitments	55.679	15,50	61.048	(12.831)
Merchandise options contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	87.431	18,38	2.589	466
. Bidding position in put options	180.349	15,88	11.807	44.204
. Written position in call options	392.957	17,64	11.913	(2.626)
Merchandise futures contract - Ethanol - Commodities exchange				
. Sales commitments	39.120	1.250,90	48.939	156
. Purchase commitments	18.900	1.309,80	24.755	(76)
TOTAL CURRENT ASSETS				221.797

Company and consolidated	March 31, 2015 Amount/ contracted volume	Average rate/price	Notional amount - R$	Fair value - R$
In current liabilities - (Gain) / loss				
Flexible currency option contracts - Dollar				
. Bidding position in put options	8.400	3,1812	26.722	(880)
. Bidding position in call options	8.400	3,4193	28.722	1.815
NDF - US Dollar - Over the Counter				
. Sales commitments	231.214	2,7922	645.596	123.855
		Notional amount - US$	Notional amount - R$	Fair value - R$
Swap contracts - Interest - OTC		411.763	1.152.956	107.921
TOTAL CURRENT LIABILITIES				232.711

Margin deposit balances refer to funds maintained in current accounts with brokers to cover the initial margins and variance established by the Commodities Exchange in which the contracts are executed, with the objective of guaranteeing open contracts and net remittances in relation 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 corresponding categories.

22.2 Credit risk

Credit risk management consists of contracting only with top tier financial institutions which meet the Group's risk assessment criteria. The Group controls, on a monthly basis, its exposure in derivatives and financial investments, using maximum concentration criteria based on the rating of the financial institution.

With respect to customers default risk, the Group assesses the credit risk associated with each customer annually, and whenever a new customer is included in its base, establishing an individual credit limit based on the risk identified.

22.3 Liquidity risk

The Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

Cash surplus is invested in repurchase agreements backed by private securities, Bank Deposit Certificates (CDB) and investment funds pegged to the CDI interest rate, with high liquidity and active trading in the market.

The following table analyzes the Group's financial liabilities, by maturity ranges, corresponding to the remaining period in the balance sheet to the contractual maturity date.

In thousands of reais, unless otherwise stated

Company	Within 1 year	From 1 to 2 years	From 2 to 5 years	Above 5 years	Total
At June 30, 2015					
Borrowings	710.742	825.754	1.570.965	187.059	3.294.520
Derivative financial instruments	125.045	-	-	-	125.045
Trade accounts payable	162.253	-	-	-	162.253
Acquisition of equity interest	17.643	11.620	34.860	26.890	91.013
Other liabilities	15.958	-	-	11.186	27.144
	1.031.641	837.374	1.605.825	225.135	3.699.975
At March 31, 2015					
Borrowings	868.879	398.797	1.652.692	296.294	3.216.662
Derivative financial instruments	232.711	-	-	-	232.711
Trade accounts payable	101.866	-	-	-	101.866
Acquisition of equity interest	17.507	17.065	34.860	26.890	96.322
Other liabilities	23.225	-	-	10.927	34.152
	1.244.188	415.862	1.687.552	334.111	3.681.713

Consolidated	Within 1 year	From 1 to 2 years	From 2 to 5 years	Above 5 years	Total
At June 30, 2015					
Borrowings	714.281	829.233	1.581.400	192.152	3.317.066
Derivative financial instruments	125.045	-	-	-	125.045
Trade accounts payable	158.354	-	-	-	158.354
Acquisition of equity interest	17.643	11.620	34.860	26.890	91.013
Other liabilities	23.952	11.262	-	-	35.214
	1.039.275	852.115	1.616.260	219.042	3.726.692
At March 31, 2015					
Borrowings	872.419	402.276	1.663.129	302.255	3.240.079
Derivative financial instruments	232.711	-	-	-	232.711
Trade accounts payable	95.476	-	-	-	95.476
Acquisition of equity interest	17.507	17.065	34.860	26.890	96.322
Other liabilities	29.484	11.380	-	-	40.864
	1.247.597	430.721	1.697.989	329.145	3.705.452

In thousands of reais, unless otherwise stated

22.4 Capital management

The Group objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal target capital structure to reduce the cost of capital. In order to maintain or adjust its capital structure, the Group may revise the policy for payment of dividends, return capital to shareholders, issue new shares, or sell assets to reduce its indebtedness, for example.

Consistent with others in the industry, the Group monitors capital on the basis of net debt/EBITDA ratio. The Group considers ideal a ratio of up to 3.5, i.e., where net debt corresponds to 3.5 times EBITDA.

23. Financial instrument classification and fair value

23.1 Classification

Financial assets and liabilities are classified as follows:

			Company
Assets as per balance sheet	Assets measured at fair value through P&L	Derivatives for hedging purposes	Total
At June 30, 2015			
Cash and cash equivalents	915.072	-	915.072
Short-term investments	485	-	485
Trade accounts receivable	93.259	-	93.259
Derivative financial instruments	17.833	106.627	124.460
Transactions with related parties	1.246	-	1.246
Other assets, except prepayments	4.958	-	4.958
	1.032.853	106.627	1.139.480
At March 31, 2015			
Cash and cash equivalents	989.690	-	989.690
Short-term investments	478	-	478
Trade accounts receivable	142.162	-	142.162
Derivative financial instruments	20.674	201.123	221.797
Transactions with related parties	1.280	-	1.280
Other assets, except prepayments	3.091	-	3.091
	1.157.375	201.123	1.358.498

In thousands of reais, unless otherwise stated

				Company
Assets as per balance sheet	Liabilities measured at fair value through P&L	Derivatives for hedging purposes	Liabilities at amortized cost	Total
At June 30, 2015				
Borrowings	24.238	-	3.270.282	3.294.520
Derivative financial instruments	-	125.045	-	125.045
Trade accounts payable	-	-	162.253	162.253
Acquisition of equity interest	-	-	91.013	91.013
Other liabilities	-	-	27.144	27.144
	24.238	125.045	3.550.692	3.699.975
At March 31, 2015				
Borrowings	24.254	-	3.192.408	3.216.662
Derivative financial instruments	-	232.711	-	232.711
Trade accounts payable	-	-	101.866	101.866
Acquisition of equity interest	-	-	96.322	96.322
Other liabilities	-	-	34.152	34.152
	24.254	232.711	3.424.748	3.681.713

			Consolidated
Assets as per balance sheet	Assets measured at fair value through P&L	Derivatives for hedging purposes	Total
At June 30, 2015			
Cash and cash equivalents	1.007.813	-	1.007.813
Short-term investments	4.998	-	4.998
Trade accounts receivable	135.616	-	135.616
Derivative financial instruments	17.833	106.627	124.460
Other assets, except prepayments	4.960	-	4.960
	1.171.220	106.627	1.277.847
At March 31, 2015			
Cash and cash equivalents	1.020.112	-	1.020.112
Short-term investments	5.723	-	5.723
Trade accounts receivable	164.366	-	164.366
Derivative financial instruments	20.674	201.123	221.797
Other assets, except prepayments	3.020	-	3.020
	1.213.895	201.123	1.415.018

In thousands of reais, unless otherwise stated

				Consolidated
Assets as per balance sheet	Liabilities measured at fair value through P&L	Derivatives for hedging purposes	Liabilities at amortized cost	Total
At June 30, 2015				
Borrowings	24.238	-	3.292.828	3.317.066
Derivative financial instruments	-	125.045	-	125.045
Trade accounts payable	-	-	158.354	158.354
Acquisition of equity interest	-	-	91.013	91.013
Other liabilities	-	-	35.214	35.214
	24.238	125.045	3.577.409	3.726.692
At March 31, 2015				
Borrowings	24.254	-	3.215.825	3.240.079
Derivative financial instruments	-	232.711	-	232.711
Trade accounts payable	-	-	95.476	95.476
Acquisition of equity interest	-	-	96.322	96.322
Other liabilities	-	-	40.864	40.864
	24.254	232.711	3.448.487	3.705.452

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 Group.

23.2 Fair value

For measuring and determining fair value, the Company uses various methods including market approaches, of P&L or cost, in order to estimate the value that market participants would use to price the asset or liability. Financial assets and liabilities carried at fair value are classified and disclosed within the following fair value hierarchy levels:

Level 1 - Quoted prices (unadjusted) in active, liquid and visible markets, for identical assets and liabilities that are readily available at the measurement date;
Level 2 - quoted prices (which may be adjusted or not) for similar assets or liabilities in active markets; and
Level 3 - Assets and liabilities whose prices do not exist, or whose prices or valuation techniques are supported by a small, nonexistent or illiquid market and unobservable market inputs.

In thousands of reais, unless otherwise stated

As per balance sheet	June 30, 2015		March 31, 2015	
	Level 1	Level 2	Level 1	Level 2
Assets - Derivative financial instruments				
Sugar cane options contract	-	29.819	-	42.044
Sugar cane futures contract	76.449	-	158.999	-
Ethanol futures contract	-	-	80	-
Flexible currency options	-	359	-	-
	76.449	30.178	159.079	42.044
Liabilities - Derivative financial instruments				
Flexible currency options	-	-	-	935
Forward contracts - exchange	-	48.982	-	123.855
Swap contracts	-	76.063	-	107.921
	-	125.045	-	232.711

Futures and Options in the ICE

The fair value of futures negotiated in the New York - Intercontinental Exchange (ICE Futures US) is 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 to creditor or debtor balances with the brokers. The fair value of options traded in the ICE is obtained from quotes in the market.

Foreign exchange options

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.

Forward contracts

The fair values of forward contracts, both for foreign exchange and sugar, contracted in the over-the-counter market with first-tier banks, are calculated using the discounted future cash flow method, based on observable market inputs, specifically the DI and DDI interest curves published by the BM&F, PTAX published by the Central Bank of Brazil (BACEN), and prices of sugar futures in the ICE.

Other financial assets and liabilities

The carrying amounts of trade accounts receivables, notes receivable, trade accounts payables and notes payable, less impairment loss, or present value adjustment, when applicable, 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 Group for similar financial instruments. The carrying amounts and the fair values of borrowings are similar.

24. Segment information (consolidated)

Management has determined the Group's operating segments based on the reports used for strategic decisions, which are 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 Group, into the following segments:

(i) Sugar;
(ii) Ethanol;
(iii) Electricity;
(iv) Real estate ventures; and
(v) Other products, which includes operations related to production and sale of ribonucleic acid (sodium salt) and other products or byproducts of lesser importance.

Certain events that took place over the period ended June 30, 2015 resulted in the strategic repositioning of Vale do Mogi and evidence the development of real estate activity as its core business. Among these events, the following are to be highlighted: (a) the establishment of independent management and own operational structure; (b) the launch of real estate ventures; and (c) the additional payment of plots of land by the Company in Vale do Mogi.

The operating segment performance is analyzed based on the P&L by product, focusing on profitability. The operating assets related to these segments are located in Brazil only.

In thousands of reais, unless otherwise stated

Consolidated P&L by segment

							Quarter ended June 30, 2015
	Sugar	Ethanol	Electricity	Real estate ventures	Other products	Not by segment and PPA	Total
Net revenue	173.912	115.987	48.250	13.942	15.089	-	367.180
Cost of sales	(148.611)	(102.044)	(13.509)	(2.778)	(8.718)	-	(275.660)
Mark-to-market of sugar cane plantation	-	-	-	-	-	1.559	1.559
Gross profit	25.301	13.943	34.741	11.164	6.371	1.559	93.079
Gross margin	14,55%	12,02%	72,00%	80,07%	42,22%	-	25,35%
Selling expenses	(11.652)	(721)	(464)		(26)		(12.863)
Other operating expenses	-	-	-	-	-	(15.721)	(15.721)
Operating income (loss)	13.649	13.222	34.277	11.164	6.345	(14.162)	64.495
Operating margin	7,85%	11,40%	71,04%	80,07%	42,05%	-	17,56%
Other income and expenses not by segment	-	-	-	-	-	(36.200)	(36.200)
Net income for the period	-	-	-	-	-	-	28.295

							Quarter ended June 30, 2014
	Sugar	Ethanol	Electricity	Real estate ventures	Other products	Not by segment and PPA	Total
Net revenue	182.951	164.501	22.231	-	8.324	-	378.007
Cost of sales	(117.126)	(132.767)	(4.399)	-	(6.521)	-	(260.813)
Mark-to-market of sugar cane plantation	-	-	-	-	-	1.691	1.691
Gross profit	65.825	31.734	17.832	-	1.803	1.691	118.885
Gross margin	35,98%	19,29%	80,21%	-	21,66%	-	31,45%
Selling expenses	(12.463)	(4.204)	(160)	-	(49)	-	(16.876)
Other operating expenses	-	-	-	-	-	(10.081)	(10.081)
Operating income (loss)	53.362	27.530	17.672	-	1.754	(8.390)	91.928
Operating margin	29,17%	16,74%	79,49%	-	21,07%	-	24,32%
Other income and expenses not by segment	-	-	-	-	-	(31.202)	(31.202)
Net income for the period	-	-	-	-	-	-	60.726

Consolidated operating assets by segment

The main operating assets of the Group 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 year to another.

In thousands of reais, unless otherwise stated

						June 30, 2015
	Sugar	Ethanol	Electricity	Real estate ventures	Other unallocated products	Total
Trade accounts receivable	5.817	63.003	18.687	22.746	25.363	135.616
Inventory items	255.312	260.754	-	7.544	9.634	533.244
Biological assets	557.549	367.364	-	-	-	924.913
Property, plant and equipment	1.906.021	1.253.844	173.566	-	11.535	3.344.966
Intangible assets	239.824	158.018	96.799	-	-	494.641
Total assets allocated	2.964.523	2.102.983	289.052	30.290	46.532	5.433.380
Other unallocated assets	-	-	-	-	1.898.184	1.898.184
Total	2.964.523	2.102.983	289.052	30.290	1.944.716	7.331.564

						March 31, 2015
	Sugar	Ethanol	Electricity	Real estate ventures	Other unallocated products	Total
Trade accounts receivable	50.322	61.706	3.230	8.902	40.206	164.366
Inventory items	81.296	127.703	-	10.322	7.729	227.050
Biological assets	550.146	386.095	-	-	-	936.241
Property, plant and equipment	1.911.574	1.339.385	120.359	-	12.058	3.383.376
Intangible assets	233.364	163.776	103.401	-	-	500.541
Total assets allocated	2.826.702	2.078.665	226.990	19.224	59.993	5.211.574
Other unallocated assets	-	-	-	-	1.957.350	1.957.350
Total	2.826.702	2.078.665	226.990	19.224	2.017.343	7.168.924

Since the decision-makers analyze liabilities on a consolidated basis, information on liabilities is not reported by segment.

25. Revenues

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the Group’s activities.

(i) Sales of products and services

The Group sells sugar, ethanol, electricity, ribonucleic acid, sugar cane bagasse, among others. Sales of products are recognized whenever the Company has delivered products to the customer. The delivery is not made until: (i) the products have been sent to a local specified; (ii) the loss risks have been transferred to the customer; (iii) the customer has accepted the products according to the sale contract; and (iv) the acceptance provisions have been agreed to, or the Group has objective evidence that all criteria for acceptance have been met.

The Group renders planting, mechanization and logistics services. These services are priced according to the time incurred and materials used, and are recognized as they occur.

(ii) Sale of plots of land and subdivisions (real estate ventures)

Sales revenue and cost of land inherent in the development are allocated to profit or loss (P&L) to the extent that infrastructure work progresses given that the transfer of risks and rewards occurs continuously. In these sales (undeveloped plots) the following procedures are observed:

(i) The percentage of cost incurred in relation to its total budgeted cost is calculated. This percentage is applied on revenue from plots and units sold, adjusted in accordance with contractual sale conditions;

(ii) The sales revenue recognized that is higher than that effectively received from customers is recorded in current or noncurrent assets; and

(iii) The amounts received in relation to the sale of plots that are higher than the amounts recognized in revenue are recorded under the heading “Advances from customers”.

In credit sales of land with completed infrastructure projects, revenue is recognized when the sale is made, regardless of the receipt of the contractual amount, with revenues measured at the fair value of the consideration received and receivable. The Company takes into consideration the present value adjustment to the amounts receivable recorded.

In thousands of reais, unless otherwise stated

	Company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Gross sales revenue				
Local market	170.429	141.933	227.218	158.258
Foreign market	161.273	226.186	162.116	226.186
Gains (losses) on derivatives	(3.826)	4.706	(3.826)	4.706
	327.876	372.825	385.508	389.150
Purchase Pricing Allocation effects - Electricity (i)	-	-	(4.358)	(466)
	327.876	372.825	381.150	388.684
Sales taxes, contributions and deductions	(11.003)	(9.588)	(13.970)	(10.677)
	316.873	363.237	367.180	378.007

(i) This refers to PPA amortization deriving from acquisition of SC, as detailed in Note 10.

26. Costs and expenses by nature

Reconciliation of expenses by nature is as follows:

	Company		Consolidated	
Costs and expenses by nature:	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Raw material and material for use and consumption	107.784	128.037	100.226	118.042
Personnel expenses	60.866	58.024	61.539	58.024
Depreciation and amortization (including harvested biological assets)	100.832	77.673	101.923	78.055
Third-party services	19.879	24.802	19.615	24.804
Spare parts and maintenance services	14.173	12.833	14.235	12.833
Litigation	(45)	2.243	(45)	2.243
Change in fair value of biological assets	(1.559)	(1.691)	(1.559)	(1.691)
Materials for resale	8.814	2.368	8.814	2.368
Sale of land	-	-	2.779	-
Other expenses	8.879	9.933	8.759	9.354
	319.623	314.222	316.286	304.032

In thousands of reais, unless otherwise stated

Classified as:	Company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Cost of sales	278.986	269.546	274.101	259.122
Selling expenses	12.497	16.804	12.863	16.876
General and administrative expenses	28.140	27.872	29.322	28.034
	319.623	314.222	316.286	304.032

27. Financial income (expenses)

	Company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Financial income				
Interest received and accrued	27.131	11.735	29.978	12.249
Bank surety commission	966	583	966	583
Other revenues	185	344	2.246	345
	28.282	12.662	33.190	13.177
Financial expenses				
Present value adjustment	(953)	(1.346)	(953)	(1.346)
Interest on Borrowings	(48.378)	(20.915)	(48.755)	(21.303)
Interest on Borrowings - Copersucar	(2.997)	(2.151)	(2.997)	(2.151)
Interest paid and accrued	(10.494)	(1.462)	(10.939)	(1.466)
Bank surety commission	(1.897)	(349)	(1.897)	(349)
Monetary restatement of contingencies	(1.430)	(2.144)	(1.429)	(2.144)
Other expenses	(1.306)	(539)	(1.309)	(541)
	(67.455)	(28.906)	(68.279)	(29.300)
Monetary and foreign exchange variation, net				
Cash and cash equivalents	(3.941)	(839)	(3.941)	(839)
Customers and suppliers	638	(782)	638	(782)
Borrowings	9.533	2.636	9.533	2.636
	6.230	1.015	6.230	1.015
Derivatives - not designated for hedge accounting				
Gain (loss) on sugar transactions	(5.168)	901	(5.168)	901
Gain (loss) on ethanol transactions	(6)	23	(6)	23
Gain (loss) on foreign exchange transactions	(959)	(797)	(959)	(797)
Gains (loss) on swaps	(19.404)	(5.001)	(19.404)	(5.001)
Costs of commoditiesexchange operations	(331)	(144)	(331)	(144)
Net foreign exchange variation	(1.304)	(791)	(1.304)	(791)
	(27.172)	(5.809)	(27.172)	(5.809)
Financial income (expenses)	(60.115)	(21.038)	(56.031)	(20.917)

	Company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Review of tax credits	(22)	(27)	(22)	(27)
Gain (loss) on disposal of property, plant and equipment	(833)	(67)	(833)	(67)
Gain (loss) on sale of scrap	556	110	556	110
Lease agreements	76	63	76	439
Indemnities of agricultural partnership agreements	-	468	-	468
Recoveries with agricultural partnership agreements	971	-	971	-
Expenses with ICMS Copersucar proceeding	(137)	(238)	(137)	(238)
In-court reorganizations	189	-	189	-
Recovery of receivables	187	-	187	-
Claim reimbursement	142	-	142	-
Other	14	(41)	20	(44)
	1.143	268	1.149	641

28. Earnings per share

	June 30, 2015	June 30, 2014
Income for the period attributable to controlling shareholders	28.295	60.726
Weighted average number of common shares for the period - in thousands	112.933	112.359
Basic earnings per share (in reais)	0,2505	0,5405

	June 30, 2015	June 30, 2014
Income for the period used to determine diluted earnings per share	28.295	60.726
Weighted average number of common shares for diluted earnings per shares - in thousands (i)	113.171	112.833
Diluted earnings per share (in reais)	0,2500	0,5382

(i) Weighted average includes potentially dilutive call options.

In thousands of reais, unless otherwise stated

29. Insurance coverage

The Group maintains a standard safety, training and quality program in its units, which aims, among other things, to reduce the risk of accidents. Furthermore, it maintains insurance contracts at amounts considered sufficient to cover any significant losses on its assets and liabilities. Insured amounts at June 30, 2015 are as follows:

Company and consolidated	
Risks covered	**Maximum coverage (*)**
Civil liability	1,735,193
Fire, lightning and explosion of any nature	1,316,909
Theft or larceny	192,231
Other coverage	223,341
Electrical damages	40,567
Natural phenomena, impact of vehicles or aircraft, among othe	144,000

(*) Corresponds to the maximum coverage amount for the various assets and locations insured.

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

30. Acquisition and divestiture - payables and receivables

The balances payable refer to the acquisition of equity investment and are comprised as follows:

	Payables					Receivables				
	Balance at 03.31.15	Monetary restatement	Payment (principal)	Payment (juros)	Balance 06.30.15	Balance at 03.31.15	Monetary restatement	Payment (juros)	Balance 06.30.15	Net balance
Santa Cruz - acquisition of interest 56.05%	(282.349)	(8.546)	-	8.433	(282.462)	-	-	-	-	(282.462)
Agro Pecuária Boa Vista - disposal of investment	-	-	-	-	-	196.917	5.865	(5.786)	196.996	196.996
TOTAL with related party LOP	**(282.349)**	**(8.546)**	**-**	**8.433**	**(282.462)**	**196.917**	**5.865**	**(5.786)**	**196.996**	**(85.466)**
Santa Cruz - 3.9%	(10.890)	-	5.115	228	(5.547)	-	-	-	-	(5.547)
	(293.239)	**(8.546)**	**5.115**	**8.661**	**(288.009)**	**196.917**	**5.865**	**(5.786)**	**196.996**	**(91.013)**

Current liabilities	(17.643)
Noncurrent liabilities	(73.370)
	(91.013)

31. Subsequent events

Joint venture with Amyris Inc.

According to the relevant fact released on July 1, 2015, the Company announced the non-achievement of certain contractual targets by Amyris, impacting the viability of the project. Thus, the Company decided not to approve the continuation of the joint venture plant construction with the US Company Amyris Inc. and its Brazilian subsidiary Amyris Brazil Ltda.

Amyris may provide new information regarding the project feasibility in order to discuss a new deal potential. However, the joint venture and other contracts between the parties will be automatically terminated on August 31, 2015, if such date is not entered into a new agreement, at our discretion.

The Company did not make investments in the joint venture, which were scheduled to take place only after the start of plant operation.

Change of corporate name of subsidiary Vale do Piracicaba

At the Annual and Extraordinary General Meeting held on July 30, 2015, the subsidiary Vale do Piracicaba S.A. changed its name to São Martinho Inova S.A., changing its business purpose to a) develop, study, design, execute plans and research programs and development oriented agribusiness activities for the sugar and alcohol sector, directly or in cooperation with other entities or companies; b) develop agro-industrial technologies; c) participate in other companies as partner or shareholder.

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