(A free translation of the original in Portuguese)

São Martinho

Parent company and consolidated financial statements at March 31, 2014 and independent auditor's report

(A free translation of the original in Portuguese)

Independent auditor's report

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

We have audited the accompanying financial statements of São Martinho S.A. ("Company" or "Parent Company"), which comprise the balance sheet as at March 31, 2014 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of São Martinho S.A. and its subsidiaries ("Consolidated" or "Group"), which comprise the consolidated balance sheet as at March 31, 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with accounting practices adopted in Brazil, and for the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

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the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the parent company financial statements

In our opinion, the parent company financial statements referred to above present fairly, in all material respects, the financial position of São Martinho S.A. as at March 31, 2014, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of São Martinho S.A. and its subsidiaries as at March 31, 2014, and their financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

Emphasis of matter

As discussed in Note 2 to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of São Martinho S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries, associates and jointly-controlled entities based on equity accounting, while IFRS requires measurement based on cost or fair value. Our opinion is not qualified in respect of this matter.

Other matters
Supplementary information - statement of value added

We have also audited the parent company and consolidated statements of value added for the year ended March 31, 2014, which are the responsibility of the Company's management. The presentation of this statement is required by the Brazilian corporate legislation for listed companies, but it is considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Ribeirão Preto, June 16, 2014

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F"

Maurício Cardoso de Moraes
Contador CRC 1PR035795/O-1 "T" SP

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Balance sheet

All amounts in thousands of reais

ASSETS	Note	Parent company			Consolidated		
		March 31, 2014	March 31, 2013	April 1, 2012	March 31, 2014	March 31, 2013	April 1, 2012
			Restated	Restated		Restated	Restated
CURRENT ASSETS							
Cash and cash equivalents	6	542,917	479,631	288,554	551,359	531,141	295,776
Trade receivables	7	59,800	52,770	33,869	72,106	51,739	33,869
Derivative financial instruments	27	33,553	79,232	10,283	33,553	79,232	10,283
Inventories	8	90,319	102,220	104,624	99,658	101,503	102,845
Taxes recoverable	9	63,905	43,280	28,977	64,367	43,313	29,038
Income tax and social contribution	24	33,473	33,329	17,658	34,237	33,370	17,667
Dividends receivable		232	9,227	8,604	232	353	1,216
Other assets	11	7,141	6,420	4,905	7,145	6,423	4,905
TOTAL CURRENT ASSETS		831,340	806,109	497,474	862,657	847,074	495,599
NON-CURRENT ASSETS							
Long-term receivables							
Inventories	8	25,790	13,196	13,927	25,790	13,196	13,928
Related parties	10	1,926	4,578	17,672	1,925	2,013	4,995
Deferred income tax and social contribution	24					6,968	
Trade receivables		1,592			1,592		
Receivables from Copersucar	18	1,361	1,228	1,545	1,361	1,228	1,545
Taxes recoverable	9	67,942	47,148	23,413	68,201	47,834	23,523
Judicial deposits	26	31,969	35,654	41,784	31,969	35,654	41,784
Other assets	11	120	253	253	120	250	253
		130,700	102,057	98,594	130,958	107,143	86,028
Investments	12	1,371,826	1,570,350	1,343,794	537,764	567,145	578,254
Biological assets	13	596,309	506,368	443,536	596,309	544,167	443,536
Property, plant and equipment	14	1,528,097	1,483,680	1,413,608	2,717,791	2,627,129	2,545,644
Intangible assets	15	192,057	78,537	54,505	192,917	230,657	54,892
		3,688,289	3,638,935	3,255,443	4,044,781	3,969,098	3,622,326
TOTAL NON-CURRENT ASSETS		3,818,989	3,740,992	3,354,037	4,175,739	4,076,241	3,708,354
TOTAL ASSETS		4,650,329	4,547,101	3,851,511	5,038,396	4,923,315	4,203,953

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

São Martinho

Balance sheet

All amounts in thousands of reais

LIABILITIES AND EQUITY	Note	Parent company March 31, 2014	Parent company March 31, 2013 Restated	Parent company April 1, 2012 Restated	Consolidated March 31, 2014	Consolidated March 31, 2013 Restated	Consolidated April 1, 2012 Restated
CURRENT LIABILITIES							
Borrowings	16	436,671	237,630	117,551	439,644	240,405	117,551
Derivative financial instruments	27	56,398	14,297	13,542	56,398	14,297	13,542
Trade payables	17	66,862	76,315	56,751	64,429	77,059	57,080
Payables to Copersucar	18	2,040	2,040	2,040	2,040	2,040	2,040
Salaries and social charges		58,847	50,153	44,790	58,847	50,153	44,790
Taxes payable		10,583	10,204	9,376	11,040	10,225	9,425
Income tax and social contribution	24				611	314	115
Dividends payable		32,063	17,326	30,070	32,063	17,326	30,070
Advances from customers		883	957	5,810	883	957	5,810
Acquisition of investment	35	10,725	71,808	57,906	10,725	71,808	57,906
Other liabilities	20	17,289	16,393	13,769	17,290	16,393	13,608
TOTAL CURRENT LIABILITIES		692,361	497,123	351,605	693,970	500,977	351,937
NON-CURRENT LIABILITIES							
Borrowings	16	1,132,312	1,155,388	671,412	1,151,177	1,176,045	671,412
Payables to Copersucar	18	206,014	194,440	200,409	206,014	194,440	200,409
Taxes payable in installments	19	46,318	48,436	49,873	46,318	48,436	49,873
Deferred income tax and social contribution	24	440,717	477,165	423,084	807,880	828,868	775,194
Provision for contingencies	26	56,649	60,171	68,064	56,649	60,171	68,064
Acquisition of investment	35		9,849	55,569		9,849	55,569
Other liabilities	20	6	3,912	6,817	436	3,912	6,817
TOTAL NON-CURRENT LIABILITIES		1,882,016	1,949,361	1,475,228	2,268,474	2,321,721	1,827,338
EQUITY	21						
Share capital		737,200	614,150	455,900	737,200	614,150	455,900
Carrying value adjustments		1,116,709	1,265,869	1,272,558	1,116,709	1,265,869	1,272,558
Revenue reserves		230,277	232,556	308,867	230,277	232,556	308,867
Treasury shares		(11,839)	(13,811)	(12,753)	(11,839)	(13,811)	(12,753)
Stock options granted		3,605	1,853	106	3,605	1,853	106
TOTAL EQUITY		2,075,952	2,100,617	2,024,678	2,075,952	2,100,617	2,024,678
TOTAL LIABILITIES AND EQUITY		4,650,329	4,547,101	3,851,511	5,038,396	4,923,315	4,203,953

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

São Martinho

Statement of income

Years ended March 31

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2014	2013	2014	2013
					Restated
Revenue	29	1,498,007	1,288,943	1,533,675	1,291,490
Cost of sales	30	(1,113,811)	(965,185)	(1,089,056)	(929,720)
Gross profit		384,196	323,758	444,619	361,770
Operating income (expenses)					
Selling expenses	30	(73,629)	(59,779)	(73,893)	(59,779)
General and administrative expenses	30	(112,810)	(102,083)	(113,553)	(102,094)
Equity in the results of investees	12	47,175	13,828	(16,444)	(23,696)
Other income (expenses), net	31	2,523	2,731	3,105	2,732
		(136,741)	(145,303)	(200,785)	(182,837)
Operating profit		247,455	178,455	243,834	178,933
Finance result	32				
Finance income		30,815	36,329	34,971	38,065
Finance costs		(109,090)	(87,069)	(110,081)	(87,781)
Monetary and foreign exchange variations, net		33,451	(544)	33,451	(544)
Derivatives		(13,614)	(13,255)	(13,614)	(13,255)
		(58,438)	(64,539)	(55,273)	(63,515)
Profit before income tax and social contribution		189,017	113,916	188,561	115,418
Income tax and social contribution	24 (b)				
Current		(5,107)		(8,918)	(1,911)
Deferred		(48,909)	(40,966)	(44,642)	(40,557)
Profit for the year		135,001	72,950	135,001	72,950
Basic earnings per share - R$	33	1.2028	0.6501		
Diluted earnings per share - R$	33	1.2002	0.6492		

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

São Martinho

Statement of comprehensive income

Years ended March 31

All amounts in thousands of reais (A free translation of the original in Portuguese)

Parent company and Consolidated	2014	2013
		Restated
Profit for the year	135,001	72,950
Items that will be subsequently reclassified to profit or loss		
Derivative financial instruments:		
Goods derivatives - Futures, options and forward contracts	(16,650)	62,457
Currency derivatives - Options / NDF	1,036	15,016
Foreign exchange variation of ACC/PPE financing contracts	(121,439)	(48,427)
Swap contracts	(2,058)	(3,867)
Deferred taxes on the items above	47,297	(8,560)
Interest in the comprehensive income of the jointly-controlled entities	(8,191)	
	(100,005)	16,619
Comprehensive income for the year	34,996	89,569

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

Statement of changes in equity

All amounts in thousands of reais (A free translation of the original in Portuguese)

			Carrying value adjustments										
			Deemed cost		Hedge accounting		Revenue reserves						
	Note	Share capital	Own	From investees	Own	From investees	Legal	Capital investment	Additional Dividends	Treasury shares	Granted options	Retained earnings	Total
At March 31, 2012		455,900	610,553	670,844	(8,839)		21,530	281,323	6,014	(12,753)	106		2,024,678
Capital increase with reserve		158,250						(158,250)					
Prior-year additional dividends paid									(6,014)				(6,014)
Realization of deemed cost increment			(31,358)	(789)								32,147	
Reclassification of deemed cost - Own x Investees			(1,377)	1,377									
Gain (loss) on derivative transactions - hedge accounting					25,458								25,458
Purchases of treasury shares										(1,785)			(1,785)
Stock options granted											1,876		1,876
Stock options exercised										727	(129)	182	780
Profit for the year												72,950	72,950
Allocation of profit:													
Transfer to reserves							3,647	71,632				(75,279)	
Mandatory minimum dividends												(17,326)	(17,326)
Additional dividend proposed									12,674			(12,674)	
At March 31, 2013	21	614,150	577,818	671,432	16,619		25,177	194,705	12,674	(13,811)	1,853		2,100,617
Capital increase with reserve		123,050						(123,050)					
Prior-year additional dividends paid									(12,674)				(12,674)
Realization of deemed cost increment			(20,906)	(8,969)								29,875	
Capital increase with assets in Vale do Mogi	12		(43,899)	43,899									
Gain (loss) on derivative transactions - hedge accounting					(108,433)	(8,191)							(116,624)
Net deferred taxes of investees				(2,661)									(2,661)
Stock options granted											2,297		2,297
Stock options exercised										1,972	(545)	632	2,059
Profit for the year												135,001	135,001
Allocation of profit:													
Transfer to reserves							6,750	118,353				(125,103)	
Mandatory minimum dividends												(32,063)	(32,063)
Additional dividend proposed									8,342			(8,342)	
At March 31, 2014	21	737,200	513,013	703,701	(91,814)	(8,191)	31,927	190,008	8,342	(11,839)	3,605		2,075,952

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

São Martinho

Statement of cash flows
Years ended March 31

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2014	2013	2014	2013
				Restated
Cash flows from operating activities				
Profit for the year	135,001	72,950	135,001	72,950
Adjustments				
Depreciation and amortization	125,026	151,381	126,217	151,902
Harvested biological assets (depletion)	179,872	177,358	179,872	177,359
Changes in fair value of biological assets	(915)	(13,377)	(915)	(13,377)
Equity in the results of investees	(47,175)	(13,828)	16,444	23,696
(Gain) loss on investment and property, plant and equipment disposals	1,861	(57)	(2,321)	770
Interest, monetary and foreign exchange variations, net	92,396	75,768	93,375	76,469
Derivative financial instruments	(174)	14,063	(174)	14,063
Provision for contingencies, net	16,847	14,521	16,847	14,521
Deferred income tax and social contribution	48,909	40,966	44,642	40,557
Reversal of provision for inventory losses		(526)		(526)
Adjustments to present value and others	9,182	14,278	8,216	14,278
	560,830	533,497	617,204	572,662
Changes in assets and liabilities				
Trade receivables	(8,755)	(18,585)	(11,140)	(17,555)
Inventories	5,617	10,372	5,617	9,310
Taxes recoverable	(38,003)	(51,615)	(38,732)	(52,197)
Other assets	3,098	5,423	3,098	5,425
Trade payables	12,050	(28,518)	9,014	(28,104)
Salaries and social charges	8,693	5,362	8,693	5,362
Taxes payable	(65)	767	3,749	2,617
Payables to Copersucar	4,084	(12,814)	4,084	(12,814)
Taxes payable in installments	(5,035)	(4,729)	(5,035)	(4,729)
Provision for contingencies - settlements	(27,619)	(28,927)	(27,619)	(28,928)
Other liabilities	(6,893)	(6,701)	(7,178)	(6,702)
Cash from operations	508,002	403,532	561,755	444,347
Payment of interest of borrowings	(84,386)	(35,562)	(85,872)	(36,037)
Income tax and social contribution paid			(2,465)	(1,678)
Net cash provided by operating activities	423,616	367,970	473,418	406,632
Cash flows from investing activities				
Acquisition of investments	(77,124)	(244,658)	(77,124)	(244,658)
Capital return	10,000			
Purchases of property, plant and equipment and additions to intangible assets	(270,500)	(208,935)	(271,482)	(221,698)
Additions to biological assets (planting and crop treatment)	(242,283)	(224,056)	(242,283)	(224,056)
Proceeds from sale of property, plant and equipment	6,462	1,747	12,783	1,746
Proceeds from the sale of biological assets and rights	47,500		47,500	
Cash and cash equivalents of merged subsidiary	1		1	
Advances for future capital increase	(1,414)	(5,741)	(1,414)	(3,176)
Dividends received	88,114	8,604	1,330	1,216
Net cash used in investing activities	(439,244)	(673,039)	(530,689)	(690,626)
Cash flows from financing activities				
New borrowings - third parties	519,523	710,786	520,705	733,999
Repayment of borrowings - third parties	(412,668)	(177,551)	(415,275)	(177,551)
Purchase of treasury shares		(1,785)		(1,785)
Sale of treasury shares	2,059	780	2,059	780
Payment of dividends	(30,000)	(36,084)	(30,000)	(36,084)
Net cash provided by financing activities	78,914	496,146	77,489	519,359
Increase in cash and cash equivalents	63,286	191,077	20,218	235,365
Cash and cash equivalents at the beginning of the year	479,631	288,554	531,141	295,776
Cash and cash equivalents at the end of the year	542,917	479,631	551,359	531,141

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

São Martinho

Statement of value added
Years ended March 31

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2014	2013	2014	2013
				Restated
Revenue				
Gross sales of products and goods	1,544,863	1,337,108	1,584,267	1,339,748
Revenue from the construction of own assets	238,848	305,083	239,183	305,778
Other income	15,191	4,309	15,794	4,310
	1,798,902	1,646,500	1,839,244	1,649,836
Inputs acquired from third parties				
Cost of products and goods sold	(600,061)	(471,064)	(573,400)	(440,669)
Materials, energy, outsourced services and others	(365,953)	(363,282)	(372,251)	(363,423)
Recovery of assets		526		526
	(966,014)	(833,820)	(945,651)	(803,566)
Gross value added	832,888	812,680	893,593	846,270
Depreciation and amortization	(125,026)	(151,381)	(126,217)	(151,902)
Harvested biological assets (depletion)	(179,872)	(177,358)	(179,872)	(177,359)
Net value added generated by the entity	527,990	483,941	587,504	517,009
Value added received through transfer				
Equity in the results of investees	47,175	13,828	(16,444)	(23,696)
Finance income	273,800	172,804	277,954	174,542
Other	(11,791)	800	(11,793)	3,873
Total value added to distribute	837,174	671,373	837,221	671,728
Distribution of value added				
Personnel and payroll charges				
Direct remuneration	184,839	194,582	184,839	194,582
Benefits	62,722	75,890	62,722	75,890
Government Severance Indemnity Fund for Employees (FGTS)	15,643	16,578	15,643	16,578
Management fees	12,376	11,246	12,376	11,246
Taxes and contributions				
Federal	84,005	60,245	86,036	62,968
State	160	146	160	154
Municipal	371	431	371	432
Creditors				
Interest	99,859	84,221	101,175	84,918
Rentals	6,765	3,978	3,443	904
Exchange differences	130,043	82,862	130,044	82,862
Other	105,390	68,244	105,411	68,244
Dividends		17,326		17,326
Profits retained for the year	135,001	55,624	135,001	55,624
Value added distributed	837,174	671,373	837,221	671,728

The presentation of the parent company and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies, while it is not required by IFRS. Therefore, under the IFRS, the presentation of such statements is considered supplementary information, and not part of the set of financial statements.

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

1 Operations

1.1 General information

São Martinho S.A. (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; exploration 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 products derives from the Company's own plantations, from those of stockholders, related companies and agricultural partnerships, and the remaining 40% from third-party suppliers.

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

The Company is a listed corporation headquartered in Pradópolis, State of São Paulo, and registered with the São Paulo Futures, Commodities and Securities Exchange - BM&FBovespa S.A. ("BM&FBovespa") in the Novo Mercado (New Market) category. It is a subsidiary of the holding company LJN Participações S.A. ("LJN"), which has a controlling interest of 56.12% in its voting capital. In turn, the owners of LJN are the family holding companies: Luiz Ometto Participações S.A., João Ometto Participações S.A. and Nelson Ometto Participações Ltda.

The issue of these financial statements was approved by the Company's Board of Directors on June 13, 2014.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the deemed cost of land, vehicles, machinery, and industrial and agricultural equipment on the transition date to IFRS/CPCs, and financial assets and financial liabilities (including derivative instruments) and biological assets at fair value through profit or loss. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(a) Consolidated financial statements

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

(b) Parent company financial statements

The parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil issued by the CPC and are disclosed together with the consolidated financial statements.

2.2 Consolidation

The following accounting policies are applied in the preparation of the consolidated financial statements.

(a) Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity instruments issued by the Group. The consideration transferred includes the fair value of assets or liabilities resulting from a contingent consideration arrangement, when applicable. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred plus the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries and jointly-controlled subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements include the financial statements of the parent company and its subsidiaries, considering the percentage of ownership interest and the applicable consolidation criteria. The consolidated balances include those of the following subsidiaries:

All amounts in thousands of reais unless otherwise stated

Company	Percentage holding	Main activities
Vale do Mogi Empreendimentos Imobiliários S.A. ("Vale do Mogi")	100%	Leasing land and conducting agricultural partnerships, rental and sale of properties.
São Martinho Energia S.A. ("SME")	100%	Cogeneration of electric energy.
Vale do Piracicaba S.A. ("Vale do Piracicaba")	100%	Sale and purchase of properties, construction and exploration of real estate developments and interest in other companies.
SPE - Residencial Recanto das Paineiras Empreendimentos Imobiliários Ltda. ("Paineiras") – subsidiary of Vale do Mogi	100% (direct 0.01% and indirect 99.99%)	Construction and exploration of real estate developments
SPE - Park Empresarial Iracemápolis Ltda. ("Park") – subsidiary of Vale do Mogi	100% (direct 0.01% and indirect 99.99%)	Construction and exploration of real estate developments

(b) Jointly-controlled subsidiaries and associates

With the adoption of CPC 19 (R2) and IFRS 11 - Joint ventures, as from April 1, 2013, the joint arrangements in which two or more parties have joint control are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each party. These investments are recorded on the equity method of accounting. Under the former standard IAS 31, companies were allowed to record investments in jointly-controlled subsidiaries on the equity method of accounting or on the proportional consolidation method.

All amounts in thousands of reais unless otherwise stated

The Company has investments in the following jointly-controlled entities:

Company	Percentage holding	Main activities
Jointly-controlled - direct:		
Nova Fronteira Bioenergia S.A. ("NF")	50.95%	Investment in other companies
Santa Cruz S.A. Açúcar e Álcool ("SC")	32.19%	Agricultural activity: sugar cane processing from own production and production purchased from third parties; production of sugar, ethanol and their by-products; cogeneration of electricity; agricultural production and investment in other companies.
Agro Pecuária Boa Vista S.A. ("ABV")	32.53% (direct 17.97% and indirect 14.56%)	Leasing land and conducting agricultural partnerships.
SMA Indústria Química S.A. ("SMA")	50%	Production of high performance renewable chemical products.
Usina Santa Luiza S.A. ("USL")	49.72% (direct 41.67% and indirect 8.05%)	Storage services.
Jointly-controlled - indirect:		
Usina Boa Vista S.A. ("UBV") – subsidiary of NF	50.95%	Agricultural activity: sugar cane processing from own production and production purchased from third parties; production of ethanol and by-products; cogeneration of electricity and agricultural production.
SMBJ Agroindustrial S.A. ("SMBJ") – subsidiary of NF	50.95%	Agricultural activity.
Companhia Bioenergética Santa Cruz 1 ("Bio") – subsidiary of SC	32.19%	Cogeneration of electric energy.

Associates are all the entities in which the Group has significant influence but not the control. Investments in associates are accounted for on the equity method.

2.3 Restatement

(a) Parent company

To improve the presentation of its Financial Statements, the Company reclassified into intangible assets the goodwill from the downstream merger of Etanol Participações S.A., which had merged the spun-off net assets of Usina Santa Luiza S.A. Also, the Company reclassified into "Investments" the income tax and social contribution fiscal benefits on the goodwill originated from Agro Pecuária Boa Vista S.A. acquisition.

All amounts in thousands of reais unless otherwise stated

Accordingly, in order to ensure comparability of the years presented, the Company is also reclassifying these adjustments in the balance sheet of the previous year, without causing any impact on the result, equity and appropriation of revenues and dividends for the years ended March 31, 2014 and 2013.

This restatement is comprised as follows:

Parent company	Original balance presented in 2013	Restatement	Restated balance presented in 2013
Non-current assets			
Investments	1,603,485	(33,135)	1,570,350
Intangible assets	26,999	51,538	78,537
Non-current liabilities			
Deferred income tax and social contribution	458,762	18,403	477,165

Parent company	Original balance presented in 2012	Restatement	Restated balance presented in 2012
Non-current assets			
Investments	1,376,929	(33,135)	1,343,794
Intangible assets	2,967	51,538	54,505
Non-current liabilities			
Deferred income tax and social contribution	404,681	18,403	423,084

All amounts in thousands of reais unless otherwise stated

(b) Consolidated

Due to the adoption of the standard mentioned in item 2.2(b), the Company started to record all its investments in jointly-controlled entities on the equity method of accounting, and no longer on the proportional consolidation method.

As previously explained, the balances of March 31, 2013, presented in these financial statements, include the retrospective adoption of the pronouncements.

In addition to the restatements referred to in item (a), above, the Company also restated in intangible assets the taxes benefits arising from the goodwill.

The effects on the financial statements arising from the above are as follows:

Balance sheet

Consolidated	Original balance 2013	Change in accounting practice	Restatement	Restated balance 2013
Assets				
Current assets	1,031,966	(184,892)		847,074
Non-current assets	4,601,144	(543,306)	18,403	4,076,241
Total assets	5,633,110	(728,198)	18,403	4,923,315
Liabilities and equity				
Current liabilities	663,946	(162,969)		500,977
Non-current liabilities	2,868,547	(565,229)	18,403	2,321,721
Equity	2,100,617			2,100,617
Total liabilities and equity	5,633,110	(728,198)	18,403	4,923,315

All amounts in thousands of reais unless otherwise stated

Consolidated	Original balance 2012	Change in accounting practice	Restatement	Restated balance 2012
Assets				
Current assets	663,206	(167,607)		495,599
Non-current assets	4,123,961	(434,010)	18,403	3,708,354
Total assets	4,787,167	(601,617)	18,403	4,203,953
Liabilities and equity				
Current liabilities	517,353	(165,416)		351,937
Non-current liabilities	2,245,136	(436,201)	18,403	1,827,338
Equity	2,024,678			2,024,678
Total liabilities and equity	4,787,167	(601,617)	18,403	4,203,953

Statement of income

Consolidated	Original balance 2013	Change in accounting practice	Restated balance 2013
Revenue	1,635,955	(344,465)	1,291,490
Cost of sales	(1,233,695)	303,975	(929,720)
Gross profit	402,260	(40,490)	361,770
Operating income (expenses)	(203,450)	20,613	(182,837)
Operating profit	198,810	(19,877)	178,933
Finance result	(100,651)	37,136	(63,515)
Profit before income tax and social contribution	98,159	17,259	115,418
Income tax and social contribution	(25,209)	(17,259)	(42,468)
Profit for the year	**72,950**		**72,950**

All amounts in thousands of reais unless otherwise stated

Statement of cash flows

Consolidated	Original balance 2013	Change in accounting practice	Restated balance 2013
Cash flows from operating activities			
Profit for the year	72,950		72,950
Adjustments to profit	636,421	(136,709)	499,712
Changes in assets and liabilities	(147,710)	19,395	(128,315)
Cash from operations	561,661	(117,314)	444,347
Interest, income tax and social contribution paid	(67,051)	29,336	(37,715)
Net cash provided by (used in) operating activities	494,610	(87,978)	406,632
Net cash provided by (used in) investing activities	(889,564)	198,938	(690,626)
Net cash provided by (used in) financing activities	618,677	(99,318)	519,359
Increase in cash and cash equivalents	223,723	11,642	235,365
Cash and cash equivalents at the beginning of the year	410,567	(114,791)	295,776
Cash and cash equivalents at the end of the year	634,290	(103,149)	531,141

Statement of value added

Consolidated	Original balance 2013	Change in accounting practice	Restated balance 2013
Revenue	2,171,928	(522,092)	1,649,836
Inputs acquired from third parties	(1,099,904)	296,338	(803,566)
Gross value added	1,072,024	(225,754)	846,270
Depreciation and amortization	(453,122)	123,861	(329,261)
Net value added generated by the entity	618,902	(101,893)	517,009
Value added received through transfer	209,088	(54,369)	154,719
Total value added to distribute	827,990	(156,262)	671,728
Distribution of value added			
Personnel and payroll charges	387,395	(89,099)	298,296
Taxes and contributions	56,608	6,946	63,554
Creditors	311,037	(74,109)	236,928
Dividends/ Profits retained for the year	72,950		72,950
	827,990	(156,262)	671,728

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reports provided to the chief operating decision-makers. The main chief operating decision-makers, responsible for allocating resources and assessing the performance of the operating segments, have been identified as the Executive Board, the CEO and the Board of Directors, responsible for making the Group's strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Brazilian reais (R$), which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, and presented as " Monetary and foreign exchange variations, net" (Note 32), except when deferred in equity as qualifying cash flow hedges.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits and short-term investments with high liquidity and original maturities of three months or less, which are readily convertible into known amounts of cash and are subject to immaterial risk of change in value.

2.7 Financial assets

2.7.1 Classification

The Group classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables and other financial liabilities. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. The Group does not have held-to-maturity and available-for-sale financial assets.

(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. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. All financial assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise "Trade receivables and other assets", part of "Cash and cash equivalents" and "Related parties" (Notes 6, 7 and 10).

2.7.2 Recognition and measurement

Normal purchases and sales of financial assets are recognized on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of income. Financial assets are derecognized when the rights to receive cash flows have expired or substantially all risks and rewards of ownership have been transferred. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the statement of income within "Other income (expenses), net" in the period in which they arise.

If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs

2.7.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.7.4 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment 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 or group of financial assets that can be reliably estimated. In the case of a loss, the carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that it would not otherwise consider;

(iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio; and

- national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of any loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income. If a loan or investment held-to-maturity has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of this previously recorded loss is recognized in the statement of income.

2.8 Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value, with the changes in fair value included in the statement of income, except when the derivative is designated for hedge accounting.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group's derivatives designated for hedge accounting comprise only cash flow hedges, with transactions and fair value described in Note 27.

The Group documents at the inception of the transaction the relationship between the hedging instruments and the hedged items.

Hedge accounting transactions follow the risk policy approved by management of the Company and are subject to periodical effectiveness tests, on a retrospective and prospective basis.

The potential gains or losses of the portion of the derivatives designated as hedges, aligned in term, amount and nature with the hedged item and proven to be effective, are recorded in a specific account in equity, "Carrying value adjustments", net of deferred income tax and social contribution. The gain or loss relating to the ineffective portion is recognized immediately in the statement of income within "Finance result".

The amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, and the related effects are recorded as "Net sales revenue", in order to minimize undesirable variations in the hedged item.

2.9 Trade receivables

Trade receivables are initially stated at present value, less the provision for impairment of trade receivables, when applicable. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the book value and the recoverable value. Accounts receivable from export customers are adjusted based on the exchange rate at the balance sheet date.

2.10 Inventories

Inventories are stated at average purchase or production cost, adjusted by the provision for reduction to realizable values, when necessary. The cost of finished products comprises purchase and general production expenses.

Inventories of land are stated at the acquisition cost increased by the deemed cost surplus.

2.11 Current and deferred income tax and social contribution

The current income tax and social contribution are presented net, by taxpaying entity, in liabilities when there are amounts payable, or in assets when the amounts prepaid exceed the total amount due on the reporting date.

Deferred taxes are calculated on accumulated income tax and social contribution losses and on temporary differences between the tax calculation bases of assets and liabilities and their carrying amounts in the financial statements. The currently enacted tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred and current taxes (Note 24).

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 based on internal assumptions and future economic scenarios, which may, therefore, suffer changes.

2.12 Judicial deposits

Judicial deposits are monetarily restated and presented in non-current assets. The related liabilities under dispute are described in Note 26.

2.13 Biological assets

Biological assets comprise the 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.

Significant assumptions used in the determination of fair value of biological assets are stated in Note 13.

The fair value of biological assets is determined at the time of their initial recognition and at the end of the reporting period. Gains or losses arising from changes in the fair value of biological assets, in each period, are determined by the difference between the fair value and costs incurred in the planting and crop treatment of the biological assets up to the date of valuation, net of possible accumulated variations in the fair value of prior periods, and are recorded in the sub-account "Changes in the fair value of biological assets", under "Cost of sales".

In certain circumstances, the estimate of fair value less costs to sell approximates the corresponding formation cost, especially when little biological transformation has occurred since the initial planting or when the impact of this transformation on the price is believed to be insignificant. In these circumstances, the costs incurred are considered as the reference of fair value.

Costs incurred in the maintenance of sugar cane crops (crop treatment) are appropriated to the crops under development and recorded in "Biological assets" (Note 13).

Upon harvest, sugar cane is considered an agricultural product and is carried at its fair value, less selling expenses, which is determined by the quantity harvested, valued at the accumulated amount 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 the sugar cane harvested will be the cost of raw materials used in the production of sugar and ethanol.

2.14 Property, plant and equipment

Property, plant and equipment are recorded at purchase or construction cost, increased by the deemed cost surplus of land, machinery and industrial and agricultural equipment and vehicles, when applicable. Depreciation is calculated on the straight-line method at the average annual rates mentioned in Note 14. Land is not depreciated.

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. The replaced items are written-off.

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

The Company and Vale do Mogi opted to state certain of their property, plant and equipment items at deemed cost on the transition date to CPCs/IFRS (April 1, 2009). The effects of the adoption of the deemed cost increased property, plant and equipment with a corresponding entry to equity, net of deferred taxes (Note 14(a)).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other income (expenses), net" in the statement of income.

2.15 Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the net fair value of assets and liabilities of the acquired entity. Goodwill on acquisitions of subsidiaries is included in "Intangible assets". If the acquirer determines negative goodwill, it must record the amount as a gain in the statement of income for the year at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to Cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(ii) Computer programs (software)

Computer software licenses acquired are capitalized on the basis of the costs incurred to purchase and bring to use the specific software. These costs are amortized over their estimated useful lives, not exceeding five years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

(iii) Contractual relationships with partners and suppliers of sugar cane

Contractual relationships with partners and suppliers of sugar cane acquired are recognized at fair value at the acquisition date. The contractual relationships have a defined useful life and are carried at cost less accumulated amortization. Amortization is calculated based on the quantity of sugar cane harvested during the term of the agreement with the partner or supplier.

(iv) Electricity contracts

The electricity contracts acquired on acquisition of investments in other companies are recognized at fair value on the acquisition date and amortized based on the terms of the agreements.

2.16 Impairment of non-financial assets

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed annually to identify evidence of impairment, and also whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In this case, the recoverable value is calculated to verify if there is any loss. In the event of a loss, it is recognized at the amount by which the carrying amount of the asset exceeds its recoverable value, which is the higher of the net sales price and the value in use of an asset. For evaluation purposes, the assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units - CGUs).

2.17 Lease agreements

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

2.18 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can been reliably estimated. The provisions for contingencies are recorded at updated amounts for tax, civil and labor contingencies, based on the estimates of unfavorable outcomes established by the Group's legal advisors.

The increase in the provision due to the time elapsed is recognized as interest expense.

2.19 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of income over the period of the borrowings using the effective interest rate method. Interest paid is classified as part of operating activities in the statement of cash flows.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs directly related to the acquisition, construction or production of a qualifying asset that requires a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset when it is probable that future economic benefits associated with the item will flow to the Company and costs can be measured reliably. The other borrowing costs are recognized as finance costs in the period in which they are incurred.

2.20 Other current and non-current assets and liabilities

Other assets are stated at cost or realizable values including, when applicable, income and monetary and foreign exchange variations. Other liabilities are stated at known or estimated amounts including, when applicable, interest, charges and monetary and foreign exchange variations.

2.21 Revenue recognition and determination of the results of operations

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and, in the consolidated financial statements, after eliminating sales within the Group.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

(i) Sales of goods and rendering of services

The Group sells sugar, ethanol, electricity, ribonucleic acid, sugar cane bagasse, among others. Sales are recognized when the products are delivered to the customer. Delivery does not occur until: (i) the products have been delivered in the specified location; (ii) the risks of loss have been transferred to the customer; (iii) the customer has accepted the products in accordance with the sales contract; and (iv) the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

(ii) Interest income

Interest income is recognized on the accrual basis, using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Subsequently, as time elapses, interest is incorporated into receivables against interest income. This interest income is calculated at the same effective interest rate used to determine the recoverable amount, that is, the original rate of the instrument.

(iii) Sale of land and sub-divisions

The investees Vale do Mogi, Paineiras and Park recognize sales of land and sub-divisions when the contracts for purchase and sale are entered into.

(iv) Other income (expenses) and costs

Other income (expenses) and costs are recognized in the statement of income on the accrual basis of accounting.

2.22 Dividend distribution

Distribution of dividends to the Company's stockholders is recognized as a liability in the Group's financial statements at year-end based on the Company's bylaws. Any amount above the minimum mandatory dividend is only provided for when approved.

2.23 Research, development and technological innovation

Expenditures with research, development and technological innovation activities aiming at the improvement of products and processes are recognized in the statement of income as incurred.

2.24 New standards and interpretations to existing standards that are not yet effective

The following new standards and interpretations to existing standards were issued by the IASB but are not effective for the year ended March 31, 2014. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

- IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact.

- IFRIC 21, "Levies". The interpretation clarifies when an entity should recognize a liability to pay a levy in accordance with the legislation. The recognition of the obligation is applicable only after the obligating event takes place. The standard is applicable for years beginning as from January 1, 2014.

There are no other IFRS or IFRIC interpretations that are not effective that would be expected to have a material impact on the Company.

3 Critical accounting estimates and judgments

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

3.1 Critical accounting estimates and assumptions

Based on assumptions, the Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.14. The recoverable amounts of cash-generating units

(CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Provision for impairment of trade receivables

The provision is calculated through the individual analysis of accounts overdue or with perspectives of default, including the assessment of the nature of the receivable, the existence and sufficiency of guarantees, historic performance and other characteristics.

(c) Provision for reduction to replacement and/ or realizable values of inventories

The provision for reduction to replacement and/or realizable values of inventories is calculated through the analysis of the average production cost of finished products in relation to their realizable values in the market, less selling expenses.

(d) Fair value of biological assets

The fair value of the Group's biological assets represents the present value of estimated net cash flows relating to these biological assets, determined by application of assumptions made by independent appraisers to discounted cash flow models, as mentioned in Note 13.

(e) Income tax, social contribution and other taxes

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

(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 by using valuation techniques. The Group uses judgment to select among a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Additionally, certain asset and liability financial instruments are discounted to present value so that their recorded amounts are not significantly different from the corresponding fair value initially recognized. Within this context, management estimates the most appropriate discount rates 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 lawsuits in progress are established and updated based on management's assessment, according to the opinion of its legal counsel, and require a high level of judgment on the matters involved.

(h) Review of the useful lives of property, plant and equipment

The Group reviews and, if necessary, adjusts the useful lives of its property, plant and equipment items, at least once a year.

(i) Business combination and acquisition of investments

As described in Note 35, management contracted independent appraisers to calculate the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed, and to determine the Purchase Price Allocation (PPA).

The assumptions used to determine the PPA are mainly based on market conditions existing on the date of acquisition.

4 Financial risk management

4.1 Financial risk factors

The Group has policies and procedures to manage, through the use of financial instruments, the market risks related to foreign exchange variations and the volatility of the sugar price in the international commodities market, which are inherent to its business.

These policies are monitored by management and approved by the Board of Directors and include: (a) management and continuous monitoring procedures of the exposure levels relating to the sales volumes contracted; (b) estimates of the value of each risk based on the established limits of foreign exchange exposure and sales prices of sugar; and (c) estimates of future cash flows and the definition of approval limits to contract financial instruments designed to protect product prices and to hedge sales performance against foreign exchange rate fluctuations and volatility in sugar prices.

In accordance with such policies, derivative financial instruments are contracted exclusively for the purpose of pricing and hedging the sugar and ethanol exports of the Company against foreign exchange risks and sugar price fluctuations in the international market. The transactions contracted do not exceed sales amounts and volumes to be delivered to customers and their purpose is to ensure minimum profitability levels on the future sales. No transactions with financial instruments are carried out for speculative purposes or to hedge financial assets or liabilities.

The Company manages the contracted positions so that adjustments may be made in response to market conditions, operating mainly in the futures and options market of the New York Intercontinental Exchange (ICE Futures US) and in the over-the-counter market with solid financial institutions.

4.2 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

Management has set a policy to require Group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure following the advice of the Group's Treasury. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, currency forward contracts, Non-Deliverable Forward (NDF) contracts and options strategies are used. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group's risk management policy is to hedge the greatest possible volume of anticipated cash flows, mainly export sales.

4.2.1 Assets and liabilities subject to foreign exchange variations

The table below summarizes foreign currency-denominated assets and liabilities (in U.S. dollars - US$), recorded in the consolidated balance sheet at March 31, 2014:

	R$	Equivalents in thousands of US$
Current assets		
Cash and cash equivalents (banks - demand deposits)	94,447	41,746
Trade receivables	7,093	3,135
Derivative financial instruments	33,553	14,831
Total assets	135,093	59,712
Liabilities		
Current liabilities:		
Borrowings	305,456	134,978
Derivative financial instruments	56,398	24,922
Other liabilities	4,440	1,962
Non-current liabilities:		
Borrowings	408,691	180,597
Total liabilities	774,985	342,459
Subtotal, net	(639,892)	(282,747)
(-) Export-linked borrowings - ACC and PPE (*)	710,694	314,049
Net asset exposure	70,802	31,302

These assets and liabilities were adjusted and recorded in the financial statements at March 31, 2014 at the exchange rate in effect on that date, of R$ 2.2624 per US$ 1.00 for assets and R$ 2.2630 per US$ 1.00 for liabilities.

(*) The borrowings in foreign currency refer mainly to loans in the format of Advances on Foreign Exchange Contracts (ACC), Export Credit Notes and Export Prepayments (PPE), maturing from April 2014 to September 2016, which are linked to exports. As the above agreements will be settled through product exports, management understands that these transactions represent a natural hedge and that, therefore, the foreign exchange variations will only have temporary accounting effects on the financial statements, without a corresponding effect on cash flows.

4.3 Volatility risk of commodity prices

The Group is exposed to the risk of changes in the commodity prices of manufactured products such as sugar and ethanol.

At March 31, 2014, the prices of 5,456 metric tons of sugar had been fixed with commercial partners for future delivery scheduled as from April 2014, priced at an average of 16.07 ¢/lb (U.S. dollar cents per pound weight).

4.4 Cash flow and fair value interest rate risk

The Group obtains borrowings at floating rates. In relation to borrowings in local currency, the risk of fluctuation in interest rates is mitigated naturally since the financial investments are all also remunerated at floating rates, as established in the Group's policy. In the case of borrowings in foreign currency, the Group believes that interest rates react to changes in the economy in such a way that, when they increase, generally the economy is booming, thus allowing the Group to stipulate sales prices above the historical average.

4.5 Credit risk

The Company's credit risk management policy is to contract only with leading financial institutions, which comply with the risk assessment criteria of the Group, through the Counterparty Risk Management Policy. The Group controls, on a monthly basis, its exposure in derivatives and financial investments, using the criterion of establishing maximum limits based on the rating of the financial institution.

In relation to customer default risk, the Group assesses annually the credit risk associated to each customer, and whenever a new customer is included, establishes an individual credit limit in proportion to the risk identified.

4.6 Liquidity risk

Cash flow forecasting is performed for the Group and aggregated by the Finance Department. This department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operating needs.

Surplus cash held by the operating entities over and above the balance required for working capital management is invested in interest-earning current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margins as determined by the cash flow forecasts. At March 31, 2014, the Group had financial investments consisting mainly of repurchase agreements backed by government securities, and fixed-income funds, indexed to the Interbank Deposit Certificate (CDI) interest rate, with high liquidity and active trading in the market, that are expected to readily generate cash inflows for managing liquidity risk.

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

All amounts in thousands of reais unless otherwise stated

Parent company	Less than one year	Between 1 and 2	Between 2 and 5 years	Over 5 years	Total
At March 31, 2014					
Borrowings	436,671	376,562	626,557	129,193	1,568,983
Derivative financial instruments	56,398				56,398
Trade payables	90,242				90,242
Acquisition of investment	10,725				10,725
Other liabilities	17,288	6			17,294
	611,324	376,568	626,557	129,193	1,743,642
At March 31, 2013					
Borrowings	237,630	361,365	679,244	114,779	1,393,018
Derivative financial instruments	14,297				14,297
Trade payables	76,315				76,315
Acquisition of investment	71,808	9,849			81,657
Other liabilities	16,393	3,912			20,305
	416,443	375,126	679,244	114,779	1,585,592

Consolidated	Less than one year	Between 1 and 2	Between 2 and 5 years	Over 5 years	Total
At March 31, 2014					
Borrowings	439,644	379,505	635,387	136,285	1,590,821
Derivative financial instruments	56,398				56,398
Trade payables	87,809				87,809
Acquisition of investment	10,725				10,725
Other liabilities	17,290	436			17,726
	611,866	379,941	635,387	136,285	1,763,479
At March 31, 2013 - restated					
Borrowings	240,405	364,164	687,640	124,241	1,416,450
Derivative financial instruments	14,297				14,297
Trade payables	77,059				77,059
Acquisition of investment	71,808	9,849			81,657
Other liabilities	16,393	3,912			20,305
	419,962	377,925	687,640	124,241	1,609,768

All amounts in thousands of reais unless otherwise stated

4.7 Sensitivity analysis

In accordance with CVM Instruction 475, the sensitivity analysis below has been prepared by the Company showing the effects of changes in the fair values of financial instruments which are not designated for hedge accounting. This analysis relates to the pricing and hedging of foreign currency exchange risks and other financial assets and liabilities at March 31, 2014 and considers management expectations with respect to risk exposure and the future scenario projected. For this reason, the analysis has not been examined by the independent auditors.

	Probable scenarios		Possible scenarios	
Consolidated	Average rate/price	Effect on accounting result and cash flows	Variation of 25%	Variation of 50%
Variation in the foreign currency	5%	234	1,168	2,336
Variation in the price of products sold	5%	3,450	4,273	5,301
Variation in the interest curve	10 bps	57	71	85

Sensitivity analysis of foreign exchange variation: the Company is exposed to variations between the Real and the U.S. Dollar. The sensitivity analysis carried out by the Company considers the effects of an increase or decrease of 25% and 50% between the parity Real/U.S. Dollar on its financial instruments. In this analysis, there would be a positive or negative impact arising from the foreign exchange variation of R$ 1,168 and R$ 2,336 for the stresses of 25% and 50%, respectively, on the futures contracts and options of goods (ICE Futures U.S. - Sugar #11) traded on exchanges and currency negotiated in OTC markets.

Sensitivity analysis of variation in the prices of commodities: the Company is exposed to variations in the price of sugar negotiated through futures contracts and options in the North-American ICE Futures U.S. Also used as index for forward contracts and flexible options of goods in the over-the-counter market, the sensitivity analysis carried out by the Company considers the effects of an increase or decrease of 25% and 50% in the price of the commodity on its derivative financial instruments. In this analysis, there would be an impact arising from the variation of price of R$ 4,273 and R$ 5,301 for the stresses of 25% and 50%, respectively.

Sensitivity analysis of variations in interest curves: the Company has swap contracts. The exposure to rates refers exclusively to variations in the Interbank Deposit Certificate (CDI) curve. The sensitivity analysis carried out by the Company considers the effects of an increase or decrease of 25 bps and 50 bps (basis points) in the pricing curve of the derivative instrument. In this analysis, there would be an impact arising from the variation of the curve of R$ 71 and R$ 85 for the stresses of 25 bps and 50 bps, respectively.

4.8 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce, for example, debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net debt/ EBITDA ratio. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. The EBITDA used is the one accumulated over the last twelve months.

The Group considers as ideal a ratio of up to 3.5, i.e., the net debt should correspond to up to 3.5 times EBITDA. For the Company, it is acceptable that this ratio increases in years with low prices, due to the cyclical characteristics of the segment. However, if the ratio remains high for long periods, the measures described in the previous paragraph, among others, might be used.

This ratio is calculated and disclosed on a quarterly basis in the Company's management report.

As additional information, the gearing ratios at March 31, 2014 and 2013 were as follows:

All amounts in thousands of reais unless otherwise stated

Consolidated	2014	2013
Third-party capital		
Borrowings (Note 16)	1,590,821	1,416,450
(-) Cash and cash equivalents (Note 6)	(551,359)	(531,141)
	1,039,462	885,309
Own capital		
Equity	2,075,952	2,100,617
Total capital	3,115,414	2,985,926
Gearing ratio	33%	30%

4.9 Fair value estimation

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

The fair 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 quotations in the market.

The fair values of foreign exchange options are obtained using the "Black & Scholes" method, which is based on market data, specifically the DI and DDI interest curves published by the BM&F.

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

The Group evaluates, at the reporting date, if there is objective evidence that a financial asset or a group of financial assets is impaired in relation to its recoverable value.

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

The Group adopts CPC 40 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

All amounts in thousands of reais unless otherwise stated

	Parent company and Consolidated		
As per balance sheet	**Level 1**	**Level 2**	**Total**
At March 31, 2014			
Assets - derivative financial instruments			
Flexible currency options	4,815		4,815
Forward contracts - goods		65	65
Liabilities - derivative financial instruments			
Forward contracts - foreign exchange		5,684	5,684
Ethanol futures	15		15
Sugar futures	14,770		14,770
Sugar options	4,369		4,369
Swap contracts		31,560	31,560
At March 31, 2013 - (restated consolidated)			
Assets - derivative financial instruments			
Forward contracts - sugar		20,787	20,787
Sugar futures	35,593		35,593
Sugar options	6,017		6,017
Forward contracts - foreign exchange		16,835	16,835
Liabilities - derivative financial instruments			
Forward contracts - ethanol		2	2
Swap contracts		10,976	10,976

All amounts in thousands of reais unless otherwise stated

5 Financial instruments by category

			Parent company
Assets as per balance sheet	**Loans and receivables**	**Derivatives used for hedging**	**Total**
At March 31, 2014			
Cash and cash equivalents	542,917		542,917
Trade receivables	61,392		61,392
Derivative financial instruments	28,673	4,880	33,553
Related parties	1,926		1,926
Other assets, except prepayments	5,426		5,426
	640,334	4,880	645,214
At March 31, 2013 - (restated consolidated)			
Cash and cash equivalents	479,631		479,631
Trade receivables	52,770		52,770
Derivative financial instruments		79,232	79,232
Related parties	4,578		4,578
Other assets, except prepayments	3,262		3,262
	540,241	79,232	619,473

				Parent company
Liabilities as per balance sheet	**Liabilities at fair value through profit or loss**	**Derivatives used for hedging**	**Other financial liabilities**	**Total**
At March 31, 2014				
Borrowings	64,807		1,504,176	1,568,983
Derivative financial instruments		56,398		56,398
Trade payables			66,862	66,862
Acquisition of investment			10,725	10,725
Other liabilities			17,295	17,295
	64,807	56,398	1,599,058	1,720,263
At March 31, 2013 - (restated consolidated)				
Borrowings	69,305		1,323,713	1,393,018
Derivative financial instruments		14,251	46	14,297
Trade payables			76,315	76,315
Acquisition of investment			81,657	81,657
Other liabilities			20,305	20,305
	69,305	14,251	1,502,036	1,585,592

All amounts in thousands of reais unless otherwise stated

Consolidated			
Assets as per balance sheet	**Loans and receivables**	**Derivatives used for hedging**	**Total**
At March 31, 2014			
Cash and cash equivalents	551,359		551,359
Trade receivables	73,698		73,698
Derivative financial instruments	28,673	4,880	33,553
Related parties	1,925		1,925
Other assets, except prepayments	5,430		5,430
	661,085	4,880	665,965
At March 31, 2013 - restated			
Cash and cash equivalents	531,141		531,141
Trade receivables	51,739		51,739
Derivative financial instruments		79,232	79,232
Related parties	2,013		2,013
Other assets, except prepayments	3,262		3,262
	588,155	79,232	667,387

Consolidated				
Liabilities as per balance sheet	**Liabilities at fair value through profit or loss**	**Derivatives used for hedging**	**Other financial liabilities**	**Total**
At March 31, 2014				
Borrowings	64,807		1,526,014	1,590,821
Derivative financial instruments		56,398		56,398
Trade payables			64,429	64,429
Acquisition of investment			10,725	10,725
Other liabilities			17,726	17,726
	64,807	56,398	1,618,894	1,740,099
At March 31, 2013 - restated				
Borrowings	69,305		1,347,145	1,416,450
Derivative financial instruments		14,251	46	14,297
Trade payables			77,059	77,059
Acquisition of investment			81,657	81,657
Other liabilities			20,305	20,305
	69,305	14,251	1,526,212	1,609,768

All amounts in thousands of reais unless otherwise stated

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.

6 Cash and cash equivalents

	Remuneration	Parent company 2014	Parent company 2013
Cash and banks - in Brazil		471	2,240
Cash and banks - abroad		94,447	174,184
Financial investments - in Brazil			
. Bank Deposit Certificates (CDB)	101.04% (2013 - 101.09%) of the CDI interest rate - weighted average rate	187,549	89,449
. Debenture repurchase agreements	101.23% (2013 - 100.96%) of the CDI interest rate - weighted average rate	260,450	213,758
		542,917	479,631

	Remuneration	Consolidated 2014	Consolidated 2013 Restated
Cash and banks - in Brazil		495	2,275
Cash and banks - abroad		94,447	174,184
Financial investments - in Brazil			
. Bank Deposit Certificates (CDB)	101.04% (2013 - 101.05%) of the CDI interest rate - weighted average rate	187,549	105,797
. Debenture repurchase agreements	100.57% (2013 - 101.30%) of the CDI interest rate - weighted average rate	268,868	248,885
		551,359	531,141

Cash and bank balances include deposits in current accounts which are available for immediate use. These balances result from the strategy and normal flow of operations of the Group.

All financial investments can be redeemed in up to 30 days with no loss of remuneration.

All amounts in thousands of reais unless otherwise stated

7 Trade receivables

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

	Parent company		Consolidated	
	2014	2013	2014	2013 Restated
Domestic market	54,299	34,648	66,605	33,617
Foreign customers	7,093	18,122	7,093	18,122
	61,392	52,770	73,698	51,739
Current assets	59,800	52,770	72,106	51,739
Non-current assets	1,592		1,592	

At March 31, 2014 and 2013, management did not identify the need to record a provision for impairment of trade receivables.

As of March 31, 2014, trade receivables of R$ 584 (parent company and consolidated) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Parent company		Consolidated	
Overdue and not provided for:	2014	2013	2014	2013 Restated
Up to 30 days		23		23
Over 31 days	584	74	584	74
Not yet due:				
Up to 30 days	51,688	48,426	52,206	47,395
From 31 to 60 days	3,611	3,616	3,606	3,616
Over 60 days	5,509	631	17,302	631
	61,392	52,770	73,698	51,739

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

All amounts in thousands of reais unless otherwise stated

8 Inventories

	Parent company		Consolidated	
	2014	2013	2014	2013
Current				Restated
Finished products and in process	19,480	27,587	19,480	26,870
Advances - purchases of sugar cane	39,118	43,291	39,118	43,292
Land sub-divisions			9,339	
Inputs, indirect, maintenance and other materials	31,721	31,342	31,721	31,341
	90,319	102,220	99,658	101,503
Non-current				
Advances - purchases of sugar cane	25,790	13,196	25,790	13,196
	25,790	13,196	25,790	13,196
	116,109	115,416	125,448	114,699

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.

The balance classified as "Land sub-divisions" refers to real estate developments Residencial Recanto das Paineiras and Park Empresarial Iracemápolis, both in the municipality of Iracemápolis, State of São Paulo.

All amounts in thousands of reais unless otherwise stated

9 Taxes recoverable

The balance of taxes recoverable can be summarized as follows:

	Parent company		Consolidated	
	2014	2013	2014	2013
Current				
PIS / COFINS	24,214	12,712	24,214	12,712
Value-added Tax on Sales and Services (ICMS)	29,532	22,221	29,994	22,221
Tax on Financial Transactions (IOF) on derivatives	5,841	5,407	5,841	5,407
Other	4,318	2,940	4,318	2,973
	63,905	43,280	64,367	43,313
Non-current				
PIS / COFINS	48,117	32,291	48,117	32,291
ICMS	19,825	14,857	20,084	15,543
	67,942	47,148	68,201	47,834
	131,847	90,428	132,568	91,147

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

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

	Parent company		Consolidated	
Crop	2014	2013	2014	2013
2014/2015	19,609	11,287	19,720	11,536
2015/2016	19,196	11,176	19,307	11,410
2016/2017	14,676	10,524	14,713	10,669
2017/2018	5,832	4,096	5,832	4,154
2018/2019	3,800	2,550	3,800	2,550
As from 2020	4,829	7,515	4,829	7,515
	67,942	47,148	68,201	47,834

All amounts in thousands of reais unless otherwise stated

10 Related parties

a) Parent company and consolidated balances

Parent company	2014			2013		
	Current assets	Non-current assets	Current liabilities	Current assets	Non-current assets	Current liabilities
Investees and related parties:						
Vale do Mogi	5		2,440	9,853		266
UBV	3,569		116	2,405		38
USL	56	1,925	19	31	2,013	18
SMBJ	5			31		
SC	4,398		525	461		202
SMA	52			64		
SME	5	1	14,500	52	2,565	
ABV	5			353		
Other	72			54		15
Subtotal	8,167	1,926	17,600	13,304	4,578	539
From stockholders - purchases of sugar cane	2,577		1,876	1,269		1,578
	10,744	1,926	19,476	14,573	4,578	2,117

Consolidated	2014			2013 - Restated		
	Current assets	Non-current assets	Current liabilities	Current assets	Non-current assets	Current liabilities
Investees and related parties:						
UBV	3,569		116	2,405		38
USL	56	1,925	19	31	2,013	18
SMBJ	5			31		
SC	4,398		525	461		202
SMA	52			64		
ABV	5			353		
Other	72			45		15
Subtotal	8,157	1,925	660	3,390	2,013	273
From stockholders - purchases of sugar cane	2,577		1,876	1,269		1,578
	10,734	1,925	2,536	4,659	2,013	1,851

All amounts in thousands of reais unless otherwise stated

At March 31, 2014, the balances in current assets and liabilities (classified as trade receivables and payables in the balance sheet) refer to sales and purchases of goods and services between the Company and its investees and related parties. The balances in non-current assets are advances for future capital increase.

b) Parent company transactions in the year:

	2014			
	Administrative expenses	Sales revenue	Expenses reimbursed	Purchases of goods and services
Vale do Mogi			23	(38,345)
UBV			11,572	(185)
USL			356	(541)
SMA		113	244	
SC			10,139	(2,018)
Other		4,299	634	
Stockholders and related parties				
- rental of properties	(422)			
- rendering of services	(1,452)			
- purchases of sugar cane				(10,603)
	(1,874)	4,412	22,968	(51,692)

	2013 - Restated			
	Administrative expenses	Sales revenue	Expenses reimbursed	Purchases of goods and services
Vale do Mogi				(35,476)
UBV		44	11,318	(264)
USL			335	(506)
SMA			362	
SC			1,235	(2,139)
Other			455	
Stockholders and related parties				
- rental of properties	(314)			
- rendering of services	(1,679)			
- purchases of sugar cane				(10,626)
	(1,993)	44	13,705	(49,011)

All amounts in thousands of reais unless otherwise stated

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

The expenses reimbursed by investees refer to the costs of the shared services center of the Board of Directors and the Corporate Office. The apportionments are supported by agreements between the parties.

c) Consolidated transactions in the year:

	2014			
	Administrative expenses	Sales revenue	Expenses reimbursed	Purchases of goods and services
UBV			11,572	(185)
USL			356	(541)
SMA		113	244	
SC			10,139	
Other			492	
Stockholders and related parties				
- rental of properties	(422)			
- rendering of services	(1,452)			
- purchases of sugar cane				(10,603)
	(1,874)	113	22,803	(11,329)

All amounts in thousands of reais unless otherwise stated

	2013 - Restated			
	Administrative expenses	Sales revenue	Expenses reimbursed	Purchases of goods and services
UBV		44	11,318	(264)
USL			335	(506)
SMA			362	
SC			1,235	(2,139)
Other			455	
Stockholders and related parties				
- rental of properties	(314)			
- rendering of services	(1,679)			
- purchases of sugar cane				(10,626)
	(1,993)	44	13,705	(13,535)

d) Key management remuneration

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

Parent company and Consolidated	2014	2013
		Restated
Fees and bonuses	13,105	12,470
Social security contributions	2,621	2,494
Other	655	621
	16,381	15,585

All amounts in thousands of reais unless otherwise stated

11 Other assets

	Parent company		Consolidated	
	2014	2013	2014	2013
				Restated
Prepaid expenses	1,835	3,411	1,835	3,411
Advances to suppliers	3,553	1,509	3,553	1,509
Advances to employees	1,068	878	1,068	878
Other investments	10	142	10	142
Amounts receivable for guarantees issued	267	249	267	249
Deposits paid	111	111	111	111
Other receivables	417	373	421	373
	7,261	6,673	7,265	6,673
Current assets	7,141	6,420	7,145	6,423
Non-current assets	120	253	120	250

All amounts in thousands of reais unless otherwise stated

12 Investments

12.1 Subsidiaries, jointly-controlled entities and associated companies

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

										2014
	Vale do Mogi	SME	NF	SC	ABV	SMA	USL	Mirtilo	Other	Total
In subsidiaries, jointly-controlled entities and associates:										
Shares/quotas held (thousands)	23,500	12,678	426,635	1,643	1,146	50	11,898			
Percentage holding	100.00%	100.00%	50.95%	32.19%	17.97%	50.00%	41.67%			
Share capital	84,637	5,243	858,845	63,083	208,560	100	14,541			
Equity (net capital deficiency)	826,249	7,814	754,778	253,616	330,809	(3,500)	(15,824)			
Profit (loss) for the year	46,556	17,061	(12,908)	(27,140)	5,437	(1,234)	(2,500)			
Changes in investments:										
At March 31, 2013	793,862	12,843	391,149	101,266	64,537			196,500	10,193	1,570,350
Payment and increase of capital	46,550	2,565					1,500		11,564	62,179
Acquisition of investment									1	1
Loss effects - *hedge accounting*				(8,191)						(8,191)
Equity in the results of investees	46,556	17,061	(6,577)	(8,737)	977	(617)	(1,042)		(446)	47,175
Merger of net assets - Note 12.3								(44,767)		(44,767)
Reclassification of goodwill to intangible assets - Note 12.3								(151,733)		(151,733)
Sale of investment - Note 12.6									(11,564)	(11,564)
Dividends distributed	(63,257)	(14,655)			(1,210)					(79,122)
Capital decrease - Note 12.7		(10,000)								(10,000)
Effects of deferred taxes	2,538			(2,690)	(2,509)					(2,661)
Reclassification to liabilities of the investments with net capital deficiency - Note 20						617	(458)			159
At March 31, 2014	826,249	7,814	384,572	81,648	61,795				9,748	1,371,826

The equity of the investees SC and ABV is adjusted by the fair values of the assets and liabilities acquired in the amounts of R$ 120,220 and R$ 108,170, respectively.

All amounts in thousands of reais unless otherwise stated

										2013
	Vale do Mogi	SME	NF	SC	ABV	SMA	USL	Mirtilo	Other	Total
In subsidiaries, jointly-controlled entities										
and associates:										
Shares/quotas held (thousands)	23,500	12,678	426,635	1,643	1,146	50	11,898	58,292		
Percentage holding	100.00%	100.00%	50.95%	32.19%	17.97%	50.00%	41.67%	100.00%		
Share capital	81,987	12,677	858,837	63,083	208,560	100	10,941	58,292		
Equity (net capital deficiency)	793,862	12,843	767,686	314,554	346,736	(2,266)	(16,924)	44,767		
Profit (loss) for the year	37,145	381	(31,781)	(16,225)	10,024	(634)	(5,310)			
Changes in investments:										
At March 31, 2012	765,539		407,342	106,489	63,089				1,335	1,343,794
Payment and increase of capital		12,677					1,500		10,411	24,588
Acquisition of investment - Note 38								196,500		196,500
Equity in the results of investees	37,145	381	(16,193)	(5,223)	1,801	(317)	(2,213)		(1,553)	13,828
Mandatory minimum dividends	(8,822)	(52)			(353)					(9,227)
Reclassification to liabilities of the investments										
with net capital deficiency - Note 20		(163)				317	713			867
At March 31, 2013	793,862	12,843	391,149	101,266	64,537			196,500	10,193	1,570,350

There are no cross-holdings between the Parent company and the investees.

All amounts in thousands of reais unless otherwise stated

12.2 Investments in the consolidated

	2014	2013
		Restated
Investments of the Company		
Nova Fronteira Bioenergia S.A.	384,572	391,149
Santa Cruz S.A. Açúcar e Álcool	81,648	101,266
Agro Pecuária Boa Vista S.A.	61,795	64,537
Centro de Tecnologia Canavieira S.A.	9,747	10,193
Vale do Piracicaba S.A.	1	
	537,763	567,145

These investments are not consolidated but are recorded on the equity method of accounting, with the changes shown in Note 12.1 above.

12.3 Merger of Mirtilo Investimentos e Participações S.A.

At the Extraordinary General Meeting held on April 25, 2013, the stockholders approved the merger of the net assets of subsidiary Mirtilo, based on an appraisal report at book values as of March 31, 2013, issued by independent appraisers.

The net assets merged by the Company, including the equity changes up to April 25, 2013, were as follows:

Assets	Net assets merged
Current assets	
Cash and cash equivalents	1
Non-current assets	
Long-term receivables	
Deferred income tax and social contribution	6,967
Biological assets	37,799
Total net assets merged	44,767

Due to this merger, the goodwill paid in the acquisition of this subsidiary was reclassified into intangible assets (Note 15).

All amounts in thousands of reais unless otherwise stated

12.4 Capital increase in Vale do Mogi Empreendimentos Imobiliários S.A.

At the Board of Directors' Meeting held on June 3, 2013, an increase in the capital of the subsidiary Vale do Mogi was approved, based on the appraisal report at book values as of May 31, 2013, issued by independent appraisers, as shown below:

Assets	Net assets contributed
Non-current assets	
Land (i)	2,651
Land - *deemed cost* (ii)	66,513
	69,164
Liabilities	
Non-current liabilities	
Deferred income tax and social contribution	22,614
Total net assets	46,550

(i) Increase in paid-up capital.
(ii) Carrying value adjustments - deemed cost merged.

12.5 Acquisition of investment in Vale do Piracicaba S.A.

On October 29, 2013, the Company acquired all the shares of Vale do Piracicaba S.A. for R$ 1. Vale do Piracicaba S.A. will be mainly engaged in real estate-related activities and in investing in other companies. The purpose of the Company in this acquisition is to invest in real estate companies.

12.6 Payment of capital and sale of Cerrado Açúcar e Álcool S.A.

On December 16, 2013, the Board of Directors approved the contribution, by the Company, of assets amounting to R$ 11,564 for payment of a capital increase of Cerrado Açúcar e Álcool S.A. ("Cerrado"). These assets comprised sugar cane plantations belonging to the Company in areas of agricultural partnership and lease agreements (2,836.99 hectares).
Cerrado was sold on December 17, 2013 for R$ 47,500.

This transaction resulted in the realization of goodwill of R$ 35,935 based on expected future profitability, arising from the acquisition of Mirtilo's assets, as described in Note 35.

12.7 Capital decrease in São Martinho Energia S.A.

On February 13, 2014, the Board of Directors approved the capital decrease of São Martinho Energia S.A. in R$ 10,000, with the cancellation of shares and the return of the amount of the decrease to the Company.

12.8 Payment and increase of capital in subsidiary and jointly-controlled entity

At the Extraordinary General Meeting held on April 30, 2013, the stockholders approved the capital increase of USL in R$ 1,500. This increase was paid up through the Advances for Future Capital Increase (AFAC)

At the Extraordinary General Meeting held on July 31, 2013, the Company approved the capital increase of R$ 2,565 in SME through the issuance of 2,565,000 new nominative common shares without par value, to be fully subscribed and paid-up.

13 Biological assets

At March 31, 2014, the Company had sugar cane plantations in the State of São Paulo used to provide raw materials for the industrial process. The cultivation of sugar cane begins with the planting of seedlings in own or third party land. The first harvest occurs after a period of 12 to 18 months from planting, when the sugar cane is harvested and the root ("stubble") remains in the ground. The properly treated stubble grows again and its production is considered, on average, economically feasible from six to seven crops.

The land owned by the Company on which crops are planted is classified as property, plant and equipment, and is not included in the fair value of biological assets.

Significant assumptions utilized in the measurement of fair value:

All amounts in thousands of reais unless otherwise stated

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

(a) Cash inflows obtained from the multiplication of (i) the estimated production, measured in kilograms of ATR (Total Sugar Recoverable); and (ii) the future market price of sugar cane, which is estimated based on public data and estimates of the future prices of sugar and ethanol; and

(b) Cash outflows represented by estimates of (i) costs necessary for the biological transformation of the sugar cane (cultivation) up to the harvest; (ii) costs with harvesting/cutting, loading and transport; (iii) capital costs (land and machinery and equipment); (iv) costs of leases and rural partnerships; and (v) taxes on positive cash flows.

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

	Parent company		Consolidated	
Consolidated	**2014**	**2013**	**2014**	**2013**
				Restated
Total estimated harvest area (ha)	29,394	97,186	105,227	110,104
Expected productivity (metric ton/ha)	82.20	82.86	83.50	82.29
Amount of ATR per metric ton of sugar cane (kg)	132.75	135.66	133.73	135.65
Estimated average price per ATR (R$)	0.4699	0.4385	0.4646	0.4385

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. The changes in the fair value are recorded as biological assets with a corresponding entry to the sub account "Changes in the fair value of biological assets", under "Cost of sales" in the statement of income.

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

All amounts in thousands of reais unless otherwise stated

The change in the fair value of biological assets for the year is as follows:

	Parent company	
	2014	2013
Biological assets at March 31	506,368	443,536
Increases due to planting	108,086	102,275
Increases due to crop treatment	134,197	121,781
Changes in fair value	915	13,377
Merger of Mirtilo - Note 12.3	37,799	
Decrease due to sale of Cerrado - Note 12.6	(11,564)	
Decreases resulting from harvesting	(179,492)	(174,601)
Biological assets at the end of the year	596,309	506,368

	Consolidated	
	2014	2013
Biological assets at March 31 (Restated)	544,167	481,335
Increases due to planting	108,086	102,275
Increases due to crop treatment	134,197	121,781
Changes in fair value	915	13,377
Decrease due to sale of Cerrado - Note 12.6	(11,564)	
Decreases resulting from harvesting	(179,492)	(174,601)
Biological assets at the end of the year	596,309	544,167

(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, substantially through multiyear agreements. These agreements are effective, mainly, between six and twelve years, and are renewable upon expiry. In addition, the Company has lease agreements for the production of sugar cane.

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 in the model defined by the Council of Sugar Cane, Sugar and Alcohol Producers of the State of São Paulo (CONSECANA). At March 31, 2014 and 2013, the total estimated payments (nominal value) are:

All amounts in thousands of reais unless otherwise stated

Consolidated	2014	2013
		Restated
No later than 1 year	92,368	82,205
Later than 1 year and no later than 5 years	231,707	213,695
Later than 5 years	126,976	131,391
	451,051	427,291

All amounts in thousands of reais unless otherwise stated

14 Property, plant and equipment

Parent company	Land	Buildings and ancillary constructions	Industrial equipment and facilities	Vehicles	Agricultural machinery and implements	Other	Construction in progress	Total
At March 31, 2012	602,806	64,754	458,553	50,905	119,963	12,641	100,658	1,410,280
Purchases			82,769	18,316	32,310	495	99,076	232,966
Disposals			(117)	(211)	(1,361)	(1)		(1,690)
Transfers between accounts		22,931	28,295	664	773	3,625	(56,288)	
Depreciation		(4,181)	(126,775)	(7,052)	(17,982)	(2,534)		(158,524)
At March 31, 2013	602,806	83,504	442,725	62,622	133,703	14,226	143,446	1,483,032
Total cost	602,806	95,664	550,647	79,810	168,954	42,228	143,446	1,683,555
Accumulated depreciation		(12,160)	(107,922)	(17,188)	(35,251)	(28,002)		(200,523)
Net book value	602,806	83,504	442,725	62,622	133,703	14,226	143,446	1,483,032
Purchases			70,837	34,479	35,722	599	107,231	248,868
Disposals	(164)		(8)	(432)	(2,951)	(1)		(3,556)
Capital increase - Vale do Mogi	(69,164)							(69,164)
Transfers between accounts		21,459	139,353	2,902	3,462	2,692	(169,868)	
Depreciation		(3,090)	(99,057)	(6,108)	(20,044)	(2,784)		(131,083)
At March 31, 2014	533,478	101,873	553,850	93,463	149,892	14,732	80,809	1,528,097
Total cost	533,478	117,129	695,664	116,084	202,569	45,515	80,809	1,791,248
Accumulated depreciation		(15,256)	(141,814)	(22,621)	(52,677)	(30,783)		(263,151)
Net book value	533,478	101,873	553,850	93,463	149,892	14,732	80,809	1,528,097
Net book values:								
Historical cost	18,451	62,472	366,211	91,329	123,334	14,732	80,809	757,338
Revaluation increment	515,027	39,401	187,639	2,134	26,558			770,759
Average annual depreciation rates		2.95%	6.33%	6.28%	10.69%	12.07%		

All amounts in thousands of reais unless otherwise stated

Consolidated	Land	Buildings and ancillary constructions	Industrial equipment and facilities	Vehicles	Agricultural machinery and implements	Other	Construction in progress	Total
At March 31, 2012 - restated	1,713,817	72,813	458,553	50,905	119,963	12,641	113,624	2,542,316
Purchases			82,769	18,316	32,310	495	111,838	245,728
Disposals	(827)		(117)	(211)	(1,361)	(1)		(2,517)
Transfers between accounts		22,931	28,295	664	773	3,625	(56,288)	
Depreciation		(4,703)	(126,775)	(7,052)	(17,982)	(2,534)		(159,046)
At March 31, 2013 - restated	1,712,990	91,041	442,725	62,622	133,703	14,226	169,174	2,626,481
Total cost	1,712,990	105,814	550,647	79,810	168,954	42,228	169,174	2,829,617
Accumulated depreciation		(14,773)	(107,922)	(17,188)	(35,251)	(28,002)		(203,136)
Net book value	1,712,990	91,041	442,725	62,622	133,703	14,226	169,174	2,626,481
Purchases			71,018	34,479	35,722	599	107,895	249,713
Disposals	(13,396)		(8)	(432)	(2,951)	(1)		(16,788)
Transfers to inventories for sale	(9,339)							(9,339)
Transfers between accounts		21,459	165,745	2,902	3,462	2,692	(196,260)	
Depreciation		(3,613)	(99,727)	(6,108)	(20,044)	(2,784)		(132,276)
At March 31, 2014	1,690,255	108,887	579,753	93,463	149,892	14,732	80,809	2,717,791
Total cost	1,690,255	127,279	722,237	116,084	202,569	45,515	80,809	2,984,748
Accumulated depreciation		(18,392)	(142,484)	(22,621)	(52,677)	(30,783)		(266,957)
Net book value	1,690,255	108,887	579,753	93,463	149,892	14,732	80,809	2,717,791
Net book values:								
Historical cost	103,191	63,470	392,114	91,329	123,334	14,732	80,809	868,979
Revaluation increment	1,587,064	45,417	187,639	2,134	26,558			1,848,812
Average annual depreciation rates		3.18%	6.15%	6.28%	10.69%	12.07%		

The parent company balance of construction in progress at March 31, 2014 refers to the refurbishment of its two industrial facilities to increase sugar and ethanol production.

During the year, 13,717 ha of land of the Company and its subsidiary Vale do Mogi were pledged in guarantee for UBV financial transactions.

Under the terms of certain borrowing agreements of the Group, property, plant and equipment totaling R$ 510,641 at March 31, 2014 (consolidated) was pledged as collateral. These assets are mainly represented by industrial equipment and facilities, as well as agricultural machinery and implements. In addition, land totaling R$ 406,547 was pledged as collateral for securitized rural credits, recorded in current and long-term liabilities.

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

The Group capitalized finance charges of R$ 2,995 in the year ended March 31, 2014 (2013 - R$ 5,523). At March 31, 2014, the property, plant and equipment of the parent company includes assets under finance lease agreements in the amount of R$ 2,886 (2013 - R$ 2,989).

During the year ended March 31, 2014, the subsidiary Vale do Mogi sold plots of land for R$ 17,414. In addition, the Board of Directors approved the creation of two SPEs to explore real estate development in part of the land of that subsidiary. The land allocated to the constitution of the SPEs is recorded at an amount of R$ 9,339 (Note 8), being the carrying amount at March 31, 2014.

Pursuant to CPC 27 and supported by a specialized company, the Company reviewed the useful lives of its property, plant and in equipment (machinery and agricultural vehicles, industrial equipment and buildings) and adjusted the useful lives of the related assets, which resulted in changes to their depreciation rates as from July 1, 2013. This review of the useful lives resulted in a decrease of R$ 42,316 in the depreciation for the year, as compared with the depreciation prior to such review.

All amounts in thousands of reais unless otherwise stated

(a) Deemed cost

As permitted by Technical Interpretation - ICPC 10, the Company and certain subsidiaries opted for the adoption of the deemed cost upon the application of the new accounting practices (IFRS / CPCs). In this context, a specialized company was engaged and the result of the review of the useful lives and the corresponding amounts of the deemed cost (market value) for the main groups of property, plant and equipment was approved.

The revaluations made by the companies in 2007 were maintained in accordance with Law 11,638. The revaluation previously recorded was considered as part of the new cost at April 1, 2009 and, for this reason, the existing revaluation reserve was reclassified to "Carrying value adjustments - deemed cost".

15 Intangible assets

	Parent company		Consolidated	
	2014	2013	2014	2013
		Restated		Restated
Goodwill - expected future profitability	167,335	51,537	167,335	203,270
Software	15,320	12,348	15,320	12,348
Accumulated amortization	(7,270)	(5,333)	(7,270)	(5,333)
Rights on sugar cane contracts (i)	16,598	19,985	16,598	19,985
Other assets	74		934	387
	192,057	78,537	192,917	230,657

(i) Goodwill generated with the merger of Mirtilo and of net assets of USL, the business of which was assumed by the Company.

(ii) Refers to the acquisition of rights on agreements of agricultural partnership and sugar cane supply (2,281 hectares with an exploration period from 2013 to 2017).

All amounts in thousands of reais unless otherwise stated

16 Borrowings

Type	Charges	Guarantees	Maturity	Parent company 2014	Parent company 2013
In local currency:					
Securitized rural credits	General Market Price Index (IGP-M) + weighted average interest of 4.58% paid annually	(a)	Annual installments with maturities between Sep 18 and Jul 20	64,807	69,305
Rural credit	Weighted average fixed interest of 5.50% p.a. paid on maturity of the contract		Single installments with maturities from Apr 14 to Nov 14	32,915	30,556
Finame/BNDES Automatic loans	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 3.63% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Feb 17	4,581	11,586
Finame/BNDES Automatic loans	Weighted average fixed interest of 3.61% p.a. paid monthly	(c)	Monthly installments with maturities between Apr 14 and Dec 23	97,727	60,951
Other securitized credits	Fixed interest of 3% p.a. paid annually	(d)	Annual installments with final maturity in Mar 27	61	64
Export Credit Note	99.77 % CDI OVER CETIP (average rate for interbank loans for one day registered with CETIP) paid on the maturities of the contracts	(f)	Single installments with maturities between Jul 15 and May 17	328,880	319,557
Lease	Fixed interest of 9.75% p.a. paid monthly	(e)	Monthly installments with maturities between Apr 14 and Dec 15	1,867	2,802
FINEM INDIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.82% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Apr 23	46,290	25,399
FINEM INDIRECT	Fixed interest of 5.26% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Jan	139,304	135,916
FINEM DIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 1.40% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Mar 21	13,130	15,011
PRORENOVA	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.90% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Oct 18	48,492	45,835
PRORENOVA	Fixed interest of 5.50% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Nov 19	61,518	
Bank Credit Note (BNDES PASS)	Fixed interest of 7.70% p.a. paid on maturity	(h)	Single installment in Apr 14	15,264	
In foreign currency:					
Advances on foreign exchange contracts (ACC)	Fixed rate of 1.2391% p.a. + U.S. Dollar variation paid on the maturity of the contract		Single installments with maturities between Nov 14 and Dec 14	93,403	40,662
Export Credit Note	Fixed rate of 5.50% p.a. + U.S. Dollar variation paid on the maturity of the contract		Payments of semi-annual interest (Jun and Dec) and principal in Jun 17	229,445	204,244
Export prepayment (EPP)	(Libor 6 months = 0.338172% p.a.) + Fixed = 2.3783% p.a.) = 2.7165% p.a. + U.S. Dollar variation paid on the maturity of the contract	(g)	Biannual installments with maturities in May 15, Jun 15 and Sep 16	387,846	429,612
FINEM INDIRECT	Currency basket (U.S. dollar, Euro and Yen) + weighted average fixed interest of 7.429% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Apr 23	3,453	1,518
Total				1,568,983	1,393,018
Current liabilities				(436,671)	(237,630)
Non-current liabilities				1,132,312	1,155,388

All amounts in thousands of reais unless otherwise stated

Type	Charges	Guarantees	Maturity	Consolidated 2014	2013 Restated
In local currency:					
Securitized rural credits	General Market Price Index (IGP-M) + weighted average interest of 4.58% p.a., paid annually	(a)	Annual installments with maturities between Sep 18 and Jul 20	64,807	69,305
Rural credit	Weighted average fixed interest of 5.50% p.a. paid on maturity of the contract		Single installment with maturities from Apr 14 to Nov 14	32,915	30,556
Finame/BNDES Automatic loans	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 3.63% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Feb 17	4,581	11,586
Finame/BNDES Automatic loans	Weighted average fixed interest of 3.61% p.a. paid monthly	(c)	Monthly installments with maturities between Apr 14 and Dec 23	97,727	60,951
Other securitized credits	Fixed interest of 3% p.a. paid annually	(d)	Annual installments with final maturity in Mar 27	61	64
Export Credit Note	99.77 % CDI OVER CETIP (average rate for interbank loans for one day registered with CETIP) paid on the maturities of the contracts	(f)	Single installments with maturities between Jul 15 and May 17	328,880	319,557
Lease	Fixed interest of 9.75% p.a. paid monthly	(e)	Monthly installments with maturities between Apr 14 and Dec 15	1,867	2,802
FINEM INDIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.82% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Apr 23	50,732	29,624
FINEM INDIRECT	Fixed interest of 5.26% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Jan 23	156,700	155,123
FINEM DIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 1.40% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Mar 21	13,130	15,011
PRORENOVA	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.90% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Oct 18	48,492	45,835
PRORENOVA	Fixed interest of 5.50% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Nov 19	61,518	
Bank Credit Note (BNDES PASS)	Fixed interest of 7.70% p.a. paid on maturity	(h)	Single installment in Apr 14	15,264	
In foreign currency:					
Advances on foreign exchange contracts (ACC)	Fixed rate of 1.2391% p.a. + U.S. Dollar variation paid on the maturity of the contract		Single installments with maturities between Nov 14 and Dec 14	93,403	40,662
Export Credit Note	Fixed rate of 5.50% p.a. + U.S. Dollar variation paid on the maturity of the contract		Payments of semi-annual interest (Jun and Dec) and principal in Jun 17	229,445	204,244
Export prepayment (EPP)	(Libor 6 months = 0.338172% p.a.) + Fixed = 2.3783% p.a.) = 2.7165% p.a. + U.S. Dollar variation paid on the maturity of the contract	(g)	Biannual installments with maturities in May 15, Jun 15 and Sep 16	387,846	429,612
FINEM INDIRECT	Currency basket (U.S. dollar, Euro and Yen) + weighted average fixed interest of 7.429% p.a. paid monthly	(b)	Monthly installments with maturities between Apr 14 and Apr 23	3,453	1,518
Total				1,590,821	1,416,450
Current liabilities				(439,644)	(240,405)
Non-current liabilities				1,151,177	1,176,045

All amounts in thousands of reais unless otherwise stated

At March 31, 2014, all the borrowings were guaranteed by stockholders' sureties and by the following additional guarantees (referenced to the tables above):

Description of the guarantees for borrowings		Book value or contractual amount
(a)	Mortgage - 12,022 ha of land	403,846
(b)	Statutory lien of industrial equipment	45,642
	Statutory lien of agricultural equipment	100,181
	Promissory note	2,496
	Bank guarantee	15,006
(c)	Statutory lien of industrial equipment	164,989
	Statutory lien of agricultural equipment	199,829
	Promissory note	1,664
(d)	Mortgage - 69 ha of land	2,071
(e)	Promissory note	3,020
(f)	Promissory note	100,000
(g)	Promissory note	611,010
(h)	Ethanol - 33,000 m³	45,210

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

Long-term borrowings have the following maturities:

	March 31, 2014	
	Parent company	Consolidated
From 4/1/2015 to 3/31/2016	376,562	379,505
From 4/1/2016 to 3/31/2017	205,897	208,841
From 4/1/2017 to 3/31/2018	353,944	356,887
From 4/1/2018 to 3/31/2019	66,716	69,659
From 4/1/2019 to 3/31/2020	55,332	58,276
From 4/1/2020 to 12/31/2023	73,861	78,009
	1,132,312	1,151,177

All amounts in thousands of reais unless otherwise stated

The book values and fair values of the borrowings are similar.

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

17 Trade payables

	Parent company		Consolidated	
	2014	2013	2014	2013
				Restated
Sugar cane	25,904	11,963	25,904	11,698
Materials, services and other	40,958	64,352	38,525	65,361
	66,862	76,315	64,429	77,059

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.

All amounts in thousands of reais unless otherwise stated

18 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 relate to provisions for contingencies recorded by the Cooperative in long-term liabilities. However, in the event of unfavorable outcomes in lawsuits in which the Cooperative obtained an injunction, the Company could be required to reimburse, within 120 days, the amount that was transferred to it. The main amounts included in these liabilities arose from Excise Tax (IPI), whose constitutionality and legality had been challenged in court by the Cooperative, and from tax liabilities included in the Tax Recovery Program (REFIS) of Copersucar, as shown below.

Parent company and Consolidated	2014	2013
REFIS - Copersucar - Updated based on the SELIC interest rate	84,415	86,840
Bill of Exchange - Updated based on the SELIC interest rate	69,316	66,958
Bill of Exchange - Onlending of funds not subject to charges	42,682	42,682
Provision for expenses with tax proceedings	11,641	
Total	208,054	196,480
Current liabilities	(2,040)	(2,040)
Non-current liabilities	206,014	194,440

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

In addition, in accordance with the terms negotiated for the withdrawal from Copersucar, the Company, SC and USL remain liable for the payment of obligations, proportionate to their interest in Copersucar in previous harvests, which result from tax assessments that may arise and that relate to periods in which the Company, SC and USL were cooperative members.

The State Finance authorities have issued tax assessments against Copersucar with respect to Value-added Tax on Sales and Services (ICMS) on fuel and industrial ethanol sales made by Copersucar up to December 31, 2008, as principal taxpayer or substitute taxpayer of the distribution companies. The adjusted amount, calculated proportionately to the interest of the Company in the Cooperative, amounts to R$ 149,369. The 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 Finance Departments in these assessments. These assessments involve court fees and lawyer's fees for the Company at an amount estimated by management of R$ 11,641, which are recorded in the statement of income for the year in the account "Other income (expense), net". 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 provided.

All amounts in thousands of reais unless otherwise stated

19 Taxes payable in installments

Parent company and Consolidated	2014	2013
		Restated
Value-added Tax on Sales and Services (ICMS)	1,188	2,143
REFIS installments - Law 11,941	50,349	51,712
	51,537	53,855
Current liabilities	(5,219)	(5,419)
Non-current liabilities	46,318	48,436

All amounts in thousands of reais unless otherwise stated

20 Other liabilities

	Parent company		Consolidated	
	2014	2013	2014	2013
				Restated
Sales for future delivery	2,353	2,637	2,353	2,637
Net capital deficiency of investees	8,343	8,185	8,343	8,185
Mitsubishi Corporation	4,440	7,572	4,440	7,572
Employee Cooperative	1,225		1,225	
Freight and haulage	67		67	
Revenues to be appropriated		58		58
Other payables	867	1,853	1,298	1,853
	17,295	20,305	17,726	20,305
Current liabilities	17,289	16,393	17,290	16,393
Non-current liabilities	6	3,912	436	3,912

The outstanding balance due to Mitsubishi Corporation arose from the acquisition of the investment in Usina Boa Vista S.A. in November 2009 with final payment in November 2014.

21 Equity

(a) Share capital

At March 31, 2014 and 2013, the share capital is R$ 737,200 and R$ 614,150, respectively, and is comprised of 113,000,000 of nominative common shares, without par value.

At the Extraordinary General Meeting held on July 31, 2013, the stockholders approved a capital increase of R$ 123,050 with the capital investment reserve, without the issuance of new shares.

(b) Treasury shares

On December 13, 2011, the Board of Directors approved the second common share repurchase program, such shares to be held in treasury for subsequent sale, cancellation or utilization for the stock option plan (item (f) below), without reducing capital, pursuant to the

All amounts in thousands of reais unless otherwise stated

Company's bylaws, CVM Instructions 10/80 and 268/97 and other statutory provisions. The share repurchases of this second program were carried out on the BM&FBovespa S.A. (São Paulo Commodities, Futures and Securities Exchange), at market prices, with the intermediation of brokerage firms.

During the year ended March 31, 2014, there was no repurchase of shares, only disposal of 109,571 treasury shares, due to share purchase options exercised by directors of the Company (item (f) below), with 657,640 treasury shares remaining.

At March 31, 2014, the market value of these shares was R$ 20,387 (March 31, 2013 - R$ 21,781).

	Number	Average purchase price*	Total amount
Treasury shares at March 31, 2013	767,211	18.00	13,811
Sale of shares	(109,571)	18.00	(1,972)
Treasury shares at March 31, 2014	657,640	18.00	11,839

** Includes additional costs on purchase - in reais*

(c) Carrying value adjustments

• Deemed cost

This corresponds to the deemed cost surplus of land, buildings and ancillary constructions, industrial equipment and facilities, vehicles and machinery, and agricultural implements, as described in Note 14(a). The amounts are recorded net of tax effects and their realization is based on the depreciation, write-off or sale of the related assets. The realized amounts are transferred to "Retained earnings".

• Hedge accounting fair value

This refers to the results of outstanding derivative financial instruments, designated as hedges for accounting purposes. The balance is reversed over time from equity to the results of operations, as the related products are shipped.

All amounts in thousands of reais unless otherwise stated

(d) Legal and capital investment reserves

The legal reserve is credited annually with 5% of the profit for the year and cannot exceed 20% of the capital. The purpose of the legal reserve is to protect capital, and it can only be used to offset losses and increase capital.

The capital investment reserve comprises the retention of the balance of retained earnings with the objective of funding investments in increasing production capacity and in several projects intended for improving processes, based on a budget approved at the Annual General Meeting of stockholders.

Management has proposed a new appropriation to this reserve as of March 31, 2014 with the remaining balance of the profit for the year, to be approved, together with the related investment plan, at the next General Meeting. In addition, management has proposed the capitalization of the amount appropriated to this reserve in prior years, which should be approved at a future General Meeting since the related investments have already been made.

(e) Dividends and interest on capital

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

The Annual General Meeting of stockholders held on July 31, 2013 approved an additional dividend distribution of R$ 12,674 (R$ 0.112930 per share), totaling a dividend distribution of R$ 30,000 (R$ 0.267302 per share) of the profit for the year ended March 31, 2013.

The mandatory minimum dividend was calculated as follows:

	2014	2013
Profit for the year	135,001	72,950
Transfer to legal reserve - 5%	(6,750)	(3,647)
Calculation basis for distribution of the mandatory minimum dividend	128,251	69,303
Mandatory minimum dividend - 25% (R$ 0.2854 per share)	32,063	17,326

The Annual General Meeting of stockholders held on June 16, 2014 approved an additional dividend distribution of R$ 8,342 (R$ 0.0741 per share).

(f) Stock option plan

The Extraordinary General Meeting held on March 26, 2009 approved the stock options plan for the Company's directors, within the limits established, delegating to the Board of Directors its management. The total number of common shares that may have options granted should not exceed 2% of the total common shares of the Company's capital stock and cannot exceed the maximum annual limit of 0.5% of the total capital stock (558,938 shares).

2nd Plan - On November 28, 2011, purchase options of 140,400 shares of the Company were granted to the directors at the exercise price of R$ 19.31 per share. The options may be exercised in three tranches: 1/3 after the second year from the grant, 1/3 after the third year from the grant and 1/3 after the fourth year from the grant, all of them with maturity up to 2018. The fair values of the options were R$ 3.20, R$ 4.95 and R$ 6.41, respectively, for each year of option.

3rd Plan - On December 12, 2011, purchase options of 418,538 shares of the Company were granted to the directors at the exercise price of R$ 18.49 per share. The options may be exercised in three tranches: 1/3 after the second year from the grant, 1/3 after the third year from the grant and 1/3 after the fourth year from the grant, all of them with a maturity up to 2018. The fair values of the options were R$ 4.98, R$ 6.38 and R$ 7.56, respectively, for each year of option.

4th Plan - On December 17, 2012, purchase options of 391,726 shares of the Company were granted to the directors at the exercise price of R$ 25.11 per share. The options may be exercised in three tranches: 1/3 after the second year from the grant, 1/3 after the third year from the grant and 1/3 after the fourth year from the grant, all of them with a maturity up to 2019. The fair values of the options were R$ 6.86, R$ 7.51 and R$ 7.86, respectively, for each year of option.

5th Plan - On December 16, 2013, purchase options of 380,812 shares of the Company were granted to the directors at the exercise price of R$ 27.40 per share. The options may be exercised in three tranches: 1/3 after the second year from the grant, 1/3 after the third year from the grant and 1/3 after the fourth year from the grant, all of them with a maturity up to 2020. The fair values of the options were R$ 8.47, R$ 8.99 and R$ 9.46, respectively, for each year of option.

All amounts in thousands of reais unless otherwise stated

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

In the year ended March 31, 2014, 109,571 stock options were exercised in the amount of R$ 2,059.

The outstanding stock options at March 31, 2014 are comprised as follows:

	2nd plan	3rd plan	4th plan	5th plan	Total
Number of shares granted	140,400	418,538	391,726	380,812	1,331,476
Options exercised	(80,778)	(69,182)			(149,960)
Outstanding stock options	59,622	349,356	391,726	380,812	1,181,516
Exercise price	19.31	18.49	25.11	27.40	23.60

Additionally, the Company recognized in the year a stock option expense of R$ 2,297 (2013 - R$ 1,876).

22 Employee and management benefits plan

The Company contracted a supplementary pension plan for all its employees and officers, of the PGBL (annuity pension plan) type, which is a defined contribution pension plan.

All employees are entitled to participate, but participation is optional. The contributions of the Company and its subsidiaries are limited to 1% of the nominal salaries of their employees, up to the limit of the plan reference unit and up to 6% of the amount of the nominal salaries that exceed such limit. Participants are entitled to contribute more than these percentage limits, however, without a corresponding increase in the contributions of the companies.

The amounts of these benefits for the years ended March 31, 2014 and 2013, recorded as operating costs or expenses in the consolidated statement of income, amounted to R$ 1,517 and R$ 1,507, respectively, in the parent company.

23 Profit sharing program

In conformity with the Collective Bargaining Agreements with the employee labor unions, the Company introduced a profit sharing program based on operating and financial targets previously agreed upon with the employees. The operating and financial indicators agreed upon between the Company and employees, through the labor unions representing them, are related to the following: (i) effective use of agribusiness time; (ii) agribusiness productivity; (iii) budget index; (iv) work accidents; (v) customer satisfaction; (vi) management information closing deadlines; (vii) economic gains on changes of processes and respective quality; (viii) profile of existing debt; (ix) financial performance measured especially by indebtedness level and quality; (x) financial and economic performance; and (xi) quality of analyses and presentations to the market. These indicators are segregated for specific application in the departments involved, which are divided, for purposes of this program, into the agribusiness, shared services center and corporate areas.

The profit sharing for the years ended March 31, 2014 and 2013, recorded as operating costs or expenses in the consolidated statement of income, amounted to R$ 28,261 and R$ 24,090, respectively.

All amounts in thousands of reais unless otherwise stated

24 Income tax and social contribution

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

Parent company	2014	2013
		Restated
Current assets - Prepayments		
. Income tax and social contribution to be offset	33,473	33,329
Non-current liabilities		
Deferred assets		
. Income tax losses	11,683	15,477
. Accumulated social contribution losses	4,279	5,645
Taxes on temporary differences:		
. Provision for contingencies	13,803	14,956
. Derivative financial instruments	54,077	19,689
. Employee profit sharing and bonus	1,018	3,385
. Provision for other liabilities	3,958	
. Other	1,411	817
	90,229	59,969
Deferred liabilities		
Taxes on temporary differences:		
. Deemed cost increment of property, plant and equipment	(262,165)	(295,548)
. Accelerated tax-incentive depreciation	(182,609)	(150,660)
. Securitized financing	(17,414)	(15,886)
. Tax benefit of goodwill	(17,862)	(16,166)
. Adjustments to present value	(4,561)	(5,793)
. Derivative financial instruments	(352)	(26,341)
. Biological assets and agricultural product (changes in fair value)	(3,684)	(10,257)
. Foreign exchange variation	(41,289)	(16,465)
. Other	(1,010)	(18)
	(530,946)	(537,134)
Non-current liabilities	(440,717)	(477,165)

All amounts in thousands of reais unless otherwise stated

Consolidated	2014	2013 Restated
Current assets - Prepayments		
. Income tax and social contribution to be offset	34,237	33,370
Current liabilities - Taxes payable		
. Income tax and social contribution payable	611	314
Deferred income tax and social contribution		
Deferred assets		
. Income tax losses	11,683	15,477
. Accumulated social contribution losses	4,279	5,645
Taxes on temporary differences:		
. Provision for contingencies	13,803	14,956
. Derivative financial instruments	54,077	14,584
. Employee profit sharing and bonus	1,018	3,385
. Provision for other liabilities	3,958	
. Biological assets and agricultural product (changes in fair value)		6,967
. Other	1,411	816
	90,229	61,830
Deferred liabilities		
Taxes on temporary differences:		
. Deemed cost increment of property, plant and equipment	(629,327)	(647,251)
. Accelerated tax-incentive depreciation	(182,609)	(150,660)
. Securitized financing	(17,414)	(15,886)
. Tax benefit of merged goodwill	(17,862)	(16,166)
. Adjustments to present value	(4,561)	(5,793)
. Derivative financial instruments	(352)	(21,235)
. Biological assets and agricultural product (changes in fair value)	(3,684)	(10,257)
. Foreign exchange variation	(41,289)	(16,465)
. Other	(1,011)	(17)
	(898,109)	(883,730)
	(807,880)	(821,900)
Non-current assets		(6,968)
Non-current liabilities	(807,880)	(828,868)

All amounts in thousands of reais unless otherwise stated

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

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

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

Parent company and Consolidated Years ended:	Estimated amount of realization
2015	32,843
2016	15,607
2017	14,608
2018	21,451
2019	3,065
2020 onwards	2,655
	90,229

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

All amounts in thousands of reais unless otherwise stated

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

	Parent company		Consolidated	
	2014	2013	2014	2013
Profit before taxation	189,017	113,916	188,561	115,418
Income tax and social contribution at the statutory rates (34%)	(64,266)	(38,731)	(64,111)	(39,242)
Adjustments for calculation of the effective tax rate:				
. Equity in results of investees	16,040	4,702	(5,591)	(8,057)
. Permanent exclusions/(additions), net	(5,912)	(7,329)	(5,912)	(7,329)
. Adjustment related to the calculation of subsidiary taxed based on the deemed profit method			21,932	11,768
. Tax incentives	122	392	122	392
Income tax and social contribution expense	(54,016)	(40,966)	(53,560)	(42,468)
Deferred income tax and social contribution	(48,909)	(40,966)	(44,642)	(40,557)
Current income tax and social contribution	(5,107)		(8,918)	(1,911)
Income tax and social contribution effective rate	28.6%	36.0%	28.4%	36.8%

(c) Law 12,973/14 - Conversion of MP 627/13

On May 14, 2014, Provisional Measure (MP) 627 was converted into Law 12,973, which repeals the Transitional Tax System (RTT) and establishes, among others, the following: (i) amends Decree-law 1,598/77, which deals with the corporate income tax, as well as the legislation related to the social contribution on net income; (ii) provides that future changes in or adoption of accounting methods and criteria will have no effects on the calculation of federal taxes unless and until the tax law addresses those changes; (iii) establishes a specific approach for the potential taxation of profits or dividends; (iv) addresses certain aspects of the calculation of interest on capital; and provides considerations about investments recorded on the equity accounting method.

The Company's management prepared a study of the possible effects that may arise from the application of this new law and concluded that there will be no material effects on the financial statements; therefore, it is evaluating the adoption of measurements for the year of 2014.

25 Commitments

The Group assumes various commitments in the ordinary course of its business. The following are the main commitments which should be disclosed in these financial statements:

25.1 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 of the so called "legal reserve".

The riparian forests, hillsides, remaining native vegetation and areas registered as legal reserve are strictly observed and preserved upon sugar cane plantation. The Group does not use these areas in any manner.

The Company has areas that are already compliant with the current legislation (New Forest Code) or in process of regularization, according to the terms established by the current legislation, and therefore is not in default with regard to such commitment.

The amounts to be invested to comply with these obligations, the manner in which they will be carried out and the time required for their realization are not currently measurable. Investments in preservation areas, when made, are recorded in the Group's property, plant and equipment.

25.2 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.

25.3 Sureties granted

In addition, the Company is the guarantor of borrowings contracted by UBV totaling R$ 517,190.

All amounts in thousands of reais unless otherwise stated

25.4 Supply of electricity

The Company and SME 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).

26 Provision for contingencies

26.1 Probable losses

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

	Parent company and consolidated (restated)					
	2013	Additions	Reversals	Utilization	Restatements	2014
Tax	5,034	75	(1,293)	(32)	130	3,914
Civil and environmental	13,588	1,882		(2,096)	2,651	16,025
Labor	41,549	25,572	(9,390)	(25,491)	4,470	36,710
Total	60,171	27,529	(10,683)	(27,619)	7,251	56,649
Judicial deposits	35,654	16,849		(20,534)		31,969

The nature of the main lawsuits at March 31, 2014 included in the above provisions are as follows (Parent company and Consolidated):

Tax

These refer to: (a) taxes whose payment is being 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 lawsuits.

All amounts in thousands of reais unless otherwise stated

Civil and environmental

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

Labor

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

26.2 Possible losses (contingent liabilities)

The Group is party to various litigations involving tax, environmental and civil matters that were assessed by legal counsel as involving possible losses (contingent liabilities). The nature and the amounts thereof are as follows:

Tax

Consolidated				Stage		
Nature		Number of claims	Adminis-trative	Trial court	Lower court	Total
(i)	Social security contributions	14	115,022		13,610	128,632
(ii)	Calculation of IRPJ/CSLL	7	114,048			114,048
(iii)	IRPJ losses	3	538			538
	CSLL losses	5	885			885
	Offset of credits - PIS	5	4,870		2,277	7,147
	Offset of credits - COFINS	1				
	Offset of federal taxes	1	254			254
(iv)	Other tax cases	28	17,449	1,666	410	19,525
		64	253,066	1,666	16,297	271,029

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

All amounts in thousands of reais unless otherwise stated

(ii) These refer to the exclusion from the calculation basis of income tax and social contribution of expenses related to securitized financing, as well as expenses arising from the benefit of accelerated tax-incentive depreciation.

(iii) The proceedings refer to requests to offset Corporate Income Tax (IRPJ), Social Contribution on Net Income (CSLL), Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and other federal taxes arising from overstated payments and/or tax losses and export credits the offset of which was rejected by the Brazilian Federal Revenue Service (RFB) and are pending judgment of the objections against the decision/voluntary appeals.

(iv) The proceedings refer to disputes involving other tax proceedings such as contribution to the National Service for Industrial Training (SENAI), the National Department of Mineral Prospecting (DNPM) fee etc. the loss risk classification of which is "possible".

Civil and environmental

Consolidated						Stage
Nature	Number of claims	Adminis-trative	Trial court	Lower court	Lower court	Total
Environmental	22	4,021	2,174	240		6,435
Civil						
Indemnities	37		8,931	187	30	9,148
Review of contracts	3		11			11
Rectification of area and land registry	2					
Permits for obtaining mineral research license	6					
	70	4,021	11,116	427	30	15,594

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

27 Derivative financial instruments

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

The Company opted for the utilization of hedge accounting to record part of its derivative financial instruments. The instruments elected were sugar, ethanol and foreign currency (U.S. dollar) derivatives, which cover the sales of the 2014/2015 and 2015/2016 crops, and were classified as a hedge of cash flows of highly probable expected transactions (future sales).

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

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

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

All amounts in thousands of reais unless otherwise stated

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

The balances of assets and liabilities at March 31, 2014 and 2013 relating to transactions with derivative financial instruments and their maturities were as follows:

					2014
Parent company and Consolidated	**Maturity**	**Contracted amount**	**Price/average rate**	**Notional amount - R$**	**Fair value - R$**
In current assets - Gain / (loss)					
Margin deposit					28,673
Forward contracts of goods - Sugar #11 - OTC		Metric ton	Cts USD/lb		
. Sales commitment		2,540	18.70	2,370	65
	June-14	2,540	18.70	2,370	65
Contracts of currency flexible options - U.S. Dollar		USD	R$/USD		
. Bidding position of purchase options (Calls)		3,704	2.3586	8,736	9
	June-14	3,704	2.3586	8,736	9
. Bidding position of sale options (Puts)		52,086	2.4586	128,058	6,009
	June-14	7,210	2.4541	17,694	905
	July-14	19,610	2.4133	47,324	1,886
	August-14	13,216	2.4875	32,875	1,671
	October-14	1,680	2.4723	4,153	171
	November-14	5,500	2.4599	13,529	605
	March-15	4,870	2.5633	12,483	771
. Written position of purchase options (Calls)		50,580	2.4607	128,058	(1,203)
	June-14	5,704	2.4657	17,694	(20)
	July-14	19,610	2.4150	47,324	(308)
	August-14	13,216	2.4875	32,875	(191)
	October-14	1,680	2.4723	4,153	(51)
	November-14	5,500	2.4599	13,529	(283)
	March-15	4,870	2.5633	12,483	(350)
TOTAL CURRENT ASSETS					33,553

All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	Maturity	Contracted amount	Price/average rate	Notional amount - R$	Fair value - R$
					2014
In current liabilities- Gain / (loss)					
Future contracts of goods - Sugar #11 - Commodities exchange		Metric ton	Cts USD/lb		
. Sales commitment		416,611	17.37	361,067	15,115
	April-14	130,607	17.41	113,463	1,841
	June-14	188,976	17.29	163,028	7,298
	September-14	72,898	17.39	63,255	4,218
	February-15	24,130	17.71	21,321	1,758
. Purchase commitment		6,350	16.73	5,298	(345)
	April-14	5,842	16.74	4,880	(299)
	June-14	254	16.29	206	(23)
	September-14	254	16.75	212	(23)
Contracts of goods options- Sugar #11 - Commodities exchange		Metric ton	Cts USD/lb		
. Bidding position of purchase options (Calls)		27,940	19.18	26,739	(1,363)
	April-14	10,160	18.00	9,124	(456)
	June-14	7,620	21.00	7,984	(76)
	February-15	10,160	19.00	9,631	(831)
. Bidding position of sale options (Puts)		120,904	17.25	104,056	(3,328)
	April-14	10,160	17.63	8,934	(150)
	June-14	52,324	17.59	45,920	(1,640)
	September-14	48,260	16.91	40,711	(1,274)
	February-15	10,160	16.75	8,491	(264)
. Written position of purchase options (Calls)		178,308	19.07	169,609	8,437
	April-14	20,320	18.63	18,882	271
	June-14	69,088	19.53	67,308	1,613
	September-14	43,180	18.19	39,191	3,109
	February-15	45,720	19.39	44,228	3,444
. Written position of sale options (Puts)		29,210	16.83	24,522	623
	June-14	13,970	17.18	11,976	319
	September-14	15,240	16.50	12,546	304
Future contracts of goods - Ethanol - Commodities exchange		m³	R$/m³		
. Sales commitment		9,000	1,150.08	10,351	15
	May-14	2,700	1,151.94	3,110	28
	June-14	3,600	1,150.00	4,140	7
	July-14	2,700	1,148.33	3,101	(20)

All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	Maturity	Contracted amount	Price/average rate	Notional amount - R$	Fair value - R$
					2014
In current liabilities- Gain / (loss) (continued)					
Currency forward contracts (NDF - U.S. Dollar - OTC)		USD	R$/USD		
. Sales commitment		150,531	2.3245	349,908	3,763
	April-14	20,079	2.2722	45,623	(184)
	May-14	15,000	2.2313	33,469	798
	June-14	18,434	2.3630	43,559	(1,081)
	July-14	13,024	2.3156	30,158	66
	August-14	30,946	2.2890	70,835	1,580
	September-14	16,757	2.3069	38,657	858
	October-14	8,965	2.5024	22,434	(1,047)
	November-14	9,956	2.4755	24,646	(708)
	December-14	234	2.3895	559	6
	January-15	234	2.4045	563	7
	February-15	234	2.4210	567	8
	March-15	1,554	2.6434	4,108	(238)
	April-15	234	2.4505	573	10
	August-15	14,880	2.2955	34,157	3,688
. Purchase commitment		17,972	2.3699	42,592	1,921
	April-14	17,972	2.3699	42,592	1,921
Swap contracts - Interest - OTC		USD	Assets	Liabilities	31,560
	November-14	49,914	USD + 1.2%	95.5% do CDI	2,974
	December-14	47,920	USD + 1.3%	95.7% do CDI	3,033
	March-15	91,280	6M Libor + 3%	3.85%	331
	June-15	137,355	6M Libor + 1.5%	2.36%	412
	September-16	183,140	6M Libor + 2.5%	3.60%	1,531
	May-17	165,736	100% of CDI	USD + 5%	23,279
TOTAL CURRENT LIABILITIES					56,398

All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	Maturity	Contracted amount	Price/average rate	Notional amount - R$	Fair value - R$
					2013 - Restated
In current assets - Gain / (loss)					
Forward contracts of goods - Sugar #11 - OTC		Metric ton	Cts USD/lb		
. Sales commitment		150,368	20.98	140,422	20,787
	April-13	32,258	21.03	30,196	4,812
	June-13	61,214	20.98	57,153	8,908
	September-13	56,896	20.96	53,073	7,067
Future contracts of goods - Sugar #11 - Commodities exchange		Metric ton	Cts USD/lb		
. Sales commitment		354,483	20.25	358,205	36,274
	April-13	102,718	19.71	101,020	8,833
	June-13	141,326	20.18	142,261	14,448
	September-13	103,581	20.86	107,801	12,455
	February-14	6,858	20.82	7,123	538
. Purchase commitment		15,291	18.74	14,296	(681)
	April-13	7,163	18.83	6,730	(373)
	June-13	6,299	18.56	5,833	(240)
	September-13	1,829	18.99	1,733	(68)
Contracts of goods options- Sugar #11 - Commodities exchange		Metric ton	Cts USD/lb		
. Bidding position of purchase options (Calls)		20,574	24.95	22,791	9
	April-13	20,574	24.95	22,791	9
. Bidding position of sale options (Puts)		98,298	19.26	84,044	7,382
	April-13	39,624	19.27	33,902	2,922
	June-13	34,544	19.38	29,730	2,886
	September-13	19,050	19.07	16,127	1,283
	February-14	5,080	19.00	4,285	291
. Written position of purchase options (Calls)		148,336	22.20	146,221	(540)
	April-13	61,468	22.16	60,480	(27)
	June-13	51,308	22.37	50,951	(101)
	September-13	30,480	22.21	30,054	(259)
	February-14	5,080	21.00	4,736	(153)
. Written position of sale options (Puts)		10,160	19.13	8,627	(834)
	April-13	3,810	20.00	3,383	(398)
	June-13	3,810	20.00	3,383	(406)
	September-13	2,540	16.50	1,861	(30)

All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	Maturity	Contracted amount	Price/average rate	Notional amount - R$	Fair value - R$
					2013 - Restated
In current assets - Gain / (loss) (continued)					
Currency forward contracts (NDF - U.S. Dollar - OTC)		USD	R$/USD		
. Sales commitment		403,316	2.1018	847,691	16,835
	April-13	44,272	1.8663	82,626	1,451
	May-13	33,940	2.0681	70,192	1,335
	June-13	8,550	2.0935	17,898	471
	July-13	52,481	2.0943	109,912	2,441
	August-13	68,174	2.1059	143,569	3,378
	September-13	30,490	2.1275	64,866	1,723
	October-13	36,462	2.1405	78,047	2,122
	November-13	33,653	2.1446	72,172	1,691
	December-13	24,440	2.1651	52,915	1,454
	January-14	24,298	2.1724	52,784	1,346
	February-14	12,618	2.1705	27,387	542
	March-14	1,317	2.1476	2,829	14
	April-14	1,745	2.1571	3,765	18
	May-14	1,116	2.1677	2,419	11
	August-14	14,880	2.1608	32,153	(446)
	August-15	14,880	2.2955	34,157	(716)
TOTAL CURRENT ASSETS					79,232

All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	Maturity	Contracted amount	Price/average rate	Notional amount - R$	Fair value - R$
					2013 - Restated
Margin deposit					3,319
In current liabilities- Gain / (loss)					
Future contracts of goods - Ethanol - Commodities exchange		m³	R$/m³		
. Sales commitment		900	1,210.00	1,089	2
	March-13	900	1,210.00	1,089	2
Swap contracts - Interest - OTC		USD	Assets	Liabilities	10,976
	April-13	10,000	USD + 0.9%	93.8% of CDI	(147)
	May-13	10,000	USD + 1.2%	94.2% of CDI	193
	March-15	50,000	6M Libor + 3.0%	USD + 3.85%	578
	June-15	75,000	6M Libor + 1.5%	USD + 2.36%	766
	September-16	100,000	6M Libor + 2.5%	USD + 3.6%	2,730
	May-17	80,000	: Certificate (CDI)	USD + 5%	6,856
TOTAL CURRENT LIABILITIES					14,297

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

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

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

28 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, comprising four segments:

(i) Sugar
(ii) Ethanol
(iii) Electric energy
(iv) Other products

The "Other products" segment (iv) includes operations related to the production and sale of ribonucleic acid (sodium salt) and other products or byproducts of lesser importance.

Given the increased revenue resulting from the cogeneration of electricity, as a result of investments made in previous years, management has decided to present this segment separately from the others, also reflecting the segregated approach that has been adopted by management. Accordingly, the segment information for March 31, 2013, presented for comparison purposes, has been restated.

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

The operating assets related to these segments are located only in Brazil.

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

All amounts in thousands of reais unless otherwise stated

Consolidated result by segment

Year ended March 31, 2014	Sugar	Ethanol	Electricity	Other products	Non-segmented	Total
Net revenue	796,177	553,816	35,841	147,841		1,533,675
Cost of sales	(539,578)	(400,899)	(10,798)	(138,696)		(1,089,971)
Adjustment of the market value of the sugarcane plantation					915	915
Gross profit	256,599	152,917	25,043	9,145	915	444,619
Gross margin	32.2%	27.6%	69.9%	6.2%		29.0%
Selling expenses	(54,054)	(18,998)	(610)	(231)		(73,893)
Other operating expenses					(126,892)	(126,892)
Operating profit	202,545	133,919	24,433	8,914	(125,977)	243,834
Operating margin	25.4%	24.2%	68.2%	6.0%		15.9%
Net finance costs					(75,110)	(75,110)
Foreign exchange variations, net					19,837	19,837
Profit before taxation					(181,250)	188,561
Income tax and social contribution					(53,560)	(53,560)
Profit for the period					(234,810)	135,001

Year ended March 31, 2013 (restated)	Sugar	Ethanol	Electricity	Other products	Non-segmented	Total
Net revenue	855,022	367,676	3,061	65,731		1,291,490
Cost of sales	(557,068)	(331,746)	(2,049)	(52,251)		(943,114)
Adjustment of the market value of the sugarcane plantation					13,394	13,394
Gross profit	297,954	35,930	1,012	13,480	13,394	361,770
Gross margin	34.8%	9.8%	33.1%	20.5%		28.0%
Selling expenses	(50,766)	(8,686)	(83)	(244)		(59,779)
Other operating expenses					(123,058)	(123,058)
Operating profit	247,188	27,244	929	13,236	(109,664)	178,933
Operating margin	28.9%	7.4%	30.3%	20.1%		13.9%
Net finance costs					(49,716)	(49,716)
Foreign exchange variations, net					(13,799)	(13,799)
Profit before taxation					(173,179)	115,418
Income tax and social contribution					(42,468)	(42,468)
Profit for the period					(215,647)	72,950

All amounts in thousands of reais unless otherwise stated

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.

At March 31, 2014	Sugar	Ethanol	Electricity	Other products	Total
Trade receivables	16,753	27,193		29,752	73,698
Inventories	57,160	49,934		18,354	125,448
Biological assets	359,807	236,502			596,309
Property, plant and equipment	1,591,446	1,046,057	67,800	12,488	2,717,791
Intangible assets	116,404	76,513			192,917
Assets allocated	2,141,570	1,436,199	67,800	60,594	3,706,163
Other assets not allocated					1,332,233
Total	2,141,570	1,436,199	67,800	60,594	5,038,396

At March 31, 2013 - restated	Sugar	Ethanol	Electricity	Other products	Total
Trade receivables	17,233	20,885	123	13,498	51,739
Inventories	49,569	57,058		8,072	114,699
Biological assets	300,757	243,410			544,167
Property, plant and equipment	1,423,873	1,152,373	29,136	21,747	2,627,129
Intangible assets	130,095	100,562			230,657
Assets allocated	1,921,527	1,574,288	29,259	43,317	3,568,391
Other assets not allocated					1,354,924
Total	1,921,527	1,574,288	29,259	43,317	4,923,315

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

All amounts in thousands of reais unless otherwise stated

29 Revenue

	Parent company		Consolidated	
	2014	2013	2014	2013
				Restated
Gross sales				
Domestic market	566,579	407,157	605,004	409,797
Foreign market	953,089	909,963	953,089	909,963
Results with derivatives	25,770	20,287	25,770	20,287
	1,545,438	1,337,407	1,583,863	1,340,047
Taxes, contributions and sales deductions	(47,431)	(48,464)	(50,188)	(48,557)
	1,498,007	1,288,943	1,533,675	1,291,490

30 Costs and expenses by nature

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

Costs and expenses by nature	Parent company		Consolidated	
	2014	2013	2014	2013
				Restated
Raw materials and materials for use and consumption	497,731	454,600	461,099	421,403
Personnel expenses	193,394	151,829	193,518	152,662
Depreciation and amortization (includes harvested biological assets)	304,898	328,739	306,089	329,261
Spare parts and maintenance services	44,109	28,277	44,134	28,559
Third-party services	117,465	86,718	117,527	86,867
Contingencies	16,903	14,846	16,903	14,845
Change in fair value of biological assets	(915)	(13,377)	(915)	(13,377)
Materials for resale (i)	71,301	17,390	75,410	15,058
Sale of land			13,232	
Other expenses	55,364	58,025	49,505	56,315
	1,300,250	1,127,047	1,276,502	1,091,593

All amounts in thousands of reais unless otherwise stated

Classified as	Parent company 2014	Parent company 2013	Consolidated 2014	Consolidated 2013 Restated
Cost of sales	1,113,811	965,185	1,089,056	929,720
Selling expenses	73,629	59,779	73,893	59,779
General and administrative expenses	112,810	102,083	113,553	102,094
	1,300,250	1,127,047	1,276,502	1,091,593

(i) In 2014, mainly sugar cane sold.

31 Other income (expenses), net

	Parent company 2014	Parent company 2013	Consolidated 2014	Consolidated 2013 Restated
Gain on the sale of property, plant and equipment	2,906	57	2,902	56
Gain on the sale of scrap	909	893	909	893
Payroll contract	58	700	58	700
Leases	(203)		(203)	
Indemnities of agricultural partnership agreements	4,207	591	4,207	591
Indemnities for breach of contract	4,076		4,076	
Assignment of soil exploitation rights	1,313		1,313	
Gain on the sale of clay	965	1,037	965	1,037
Gain on the purchase of agricultural debt notes	308	308	308	308
Gain on the sale of soy		501		501
Revenue from easement protection			604	
Tax recoveries (INSS)		364		364
Provision of expenses with contingencies - Copersucar	(11,641)		(11,641)	
Commissions		(1,876)		(1,876)
Other	(375)	156	(393)	158
	2,523	2,731	3,105	2,732

All amounts in thousands of reais unless otherwise stated

32 Finance result

	Parent company		Consolidated	
	2014	2013	2014	2013
Finance income				
Interest received and accrued	27,216	31,968	31,368	33,705
Commission on surety	3,189	3,017	3,189	3,017
Other income	410	1,344	414	1,343
	30,815	36,329	34,971	38,065
Finance costs				
Adjustments to present value	(8,462)	(14,496)	(8,462)	(14,496)
Interest on borrowings	(74,035)	(52,918)	(75,016)	(52,918)
Charges on liabilities with Coopersucar	(7,880)	(7,540)	(7,880)	(7,540)
Interest paid and accrued	(6,362)	(4,420)	(6,365)	(4,421)
Commission on surety	(1,980)	(720)	(1,980)	(720)
Charges on provision for contingencies	(7,194)	(6,508)	(7,194)	(6,508)
Other expenses	(3,177)	(467)	(3,184)	(1,178)
	(109,090)	(87,069)	(110,081)	(87,781)
Foreign exchange and monetary variation				
Cash and banks	26,075	553	26,075	553
Customers and suppliers	7,207	2,728	7,205	2,728
Borrowings	169	(3,825)	171	(3,825)
	33,451	(544)	33,451	(544)
Derivatives not designated for hedge accounting				
Results with sugar transactions	(2,057)	(3,576)	(2,057)	(3,576)
Results with ethanol transactions	(1,538)	75	(1,538)	75
Results with foreign exchange transactions	(6,548)	(9,382)	(6,548)	(9,382)
Results with swaps	(5,995)	291	(5,995)	291
Cost with transactions in the commodities exchange	(627)	(826)	(627)	(826)
Foreign exchange variations, net	3,151	163	3,151	163
	(13,614)	(13,255)	(13,614)	(13,255)
Net result	(58,438)	(64,539)	(55,273)	(63,515)

33 Earnings per share

(a) Basic

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

	2014	2013
Profit for the year attributable to owners of the Company	135,001	72,950
Weighted average number of common shares - in thousands	112,243	112,217
Basic earnings per share (in reais)	1.2028	0.6501

(b) Diluted

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

	2014	2013
Profit for the year used to determine diluted earnings per share	135,001	72,950
Weighted average number of common shares for the diluted earnings per share - in thousands	112,485	112,367
Diluted earnings per share - R$	1.2002	0.6492

All amounts in thousands of reais unless otherwise stated

34 Insurance

The Group maintains a safety, training and quality program in its units, which aims, among other things, to also reduce the risk of accidents. Furthermore, it maintains insurance contracts at amounts considered sufficient to cover possible significant losses on its assets and responsibilities. The amounts covered by the current insurance policies at March 31, 2014 were as follows:

Parent company and Consolidated Risks covered	Maximum coverage (*)
Civil liability	1,230,020
Fire, lightning and explosion of any nature	413,800
Theft or robbery	204,164
Other cover	95,597
Electrical damages	32,961
Natural phenomena, impact of vehicles or aircraft, etc.	8,500

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

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

35 Acquisition of investment - accounts payable

	Mirtilo
Total consideration	196,500
Payment on March 14, 2013	(176,850)
Payment on March 31, 2014	(9,825)
Interest	900
Current liabilities	10,725

The Company paid 90% of the consideration on the acquisition of Mirtilo.

The remaining amount was partially settled in March 2014 and will be fully settled in March 2015. This amount is subject to interest.

36 Events after the reporting period

The meeting of the Board of Directors held on February 17, 2014 approved the acquisition of a further 3.90% of the capital of SC. The amount of the consideration is R$ 15,345, which will be paid in three annual installments of R$ 5,115. One of these was paid upon the completion of the operation and the other two will be paid in the subsequent years, restated by the savings account interest rate. The completion of this operation occurred on April 1, 2014, with the payment of the first installment and transfer of shares, increasing the Company's investment from the current 32.18% to 36.09%.

On May 5, 2014, the Board of Directors approved the memorandum of understanding with Luiz Ometto Participações S.A. ("LOP") and other individuals who are controlling stockholders of SC in order to, in conjunction: (i) acquire from LOP and individuals an additional equity interest in SC, increasing from 36.09% to 92.14% the Company's interest in the share capital of SC; (ii) sell all of ABV shares to LOP; and (iii) enter into a sugar cane lease agreement between SC and ABV, for a period of 20 years.

In the Significant Event Notice disclosed on the same date, the Company communicated to its stockholders and the market the following information on the operation:

(a) The Company will acquire 56.05% of the share capital of SC (including land) held by LOP and individuals, for the amount of R$ 315.8 million. The payment will be made over 10 years, restated at the CDI rate.

(b) The Company will sell 34.29% of the share capital of ABV to LOP, for the amount of R$ 195.9 million. The payment will be made over 10 years, restated at the CDI rate.

(c) Formalization by SC of lease agreement with ABV for the term of 20 years.

Considering the possibility of offset of amounts described in items (a) and (b) above, the final amount to be disbursed by the Company will correspond to R$ 119.9 million, payable in 10 years, restated at the CDI rate.

The Company assumed, as the controlling stockholder of SC, the net debt of SC and Bio, amounting to R$ 365.4 million (R$ 651.9 million x 56.05%).

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