(A free translation of the original in Portuguese)

São Martinho

Quarterly information (ITR) at June 30, 2014 and report on review of quarterly information

(A free translation of the original in Portuguese)

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of São Martinho S.A., included in the Quarterly Information (ITR) Form for the quarter ended June 30, 2014, comprising the balance sheet as at that date and the statements of income and comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21 (R1), Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 (R1) and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

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

PricewaterhouseCoopers, Av. Antônio Diederichsen, 400, 21º e 22º, Ed. Metropolitan Business Center, Ribeirão Preto, SP, Brasil 14020-250 T:(16) 2133-6600, Fax: (16) 2133-6685, www.pwc.com/br

São Martinho S.A.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Conclusion on the consolidated interim information

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

Other matters

Interim statements of value added

We have also reviewed the parent company and consolidated statements of value added for the quarter ended June 30, 2014. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under the International Financial reporting Standards (IFRS), which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Ribeirão Preto, August 11, 2014

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

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

(A free translation of the original in Portuguese)

Index

Balance sheet

All amounts in thousands of reais

(A free translation of the original in Portuguese)

ASSETS	Note	Parent company June 30, 2014	Parent company March 31, 2014	Consolidated June 30, 2014	Consolidated March 31, 2014
CURRENT ASSETS					
Cash and cash equivalents	6	722,915	542,917	761,050	551,359
Trade receivables	7	126,360	59,800	142,813	72,106
Derivative financial instruments	27	27,960	33,553	27,960	33,553
Inventories	8	229,925	90,319	235,585	99,658
Taxes recoverable	9	87,097	63,905	87,592	64,367
Income tax and social contribution	24	30,492	33,473	30,654	34,237
Dividends receivable		443	232	443	232
Other assets	11	14,661	7,141	14,757	7,145
TOTAL CURRENT ASSETS		1,239,853	831,340	1,300,854	862,657
NON-CURRENT ASSETS					
Long-term receivables					
Inventories	8	31,234	25,790	31,234	25,790
Related parties	10	1	1,926		1,925
Trade receivables	7	1,088	1,592	1,088	1,592
Receivables from Copersucar	18	1,361	1,361	1,361	1,361
Taxes recoverable	9	57,337	67,942	57,568	68,201
Judicial deposits	26	31,590	31,969	31,843	31,969
Other assets	11	120	120	120	120
		122,731	130,700	123,214	130,958
Investments	12	1,435,350	1,371,826	573,941	537,764
Biological assets	13	576,557	596,309	576,557	596,309
Property, plant and equipment	14	1,500,504	1,528,097	2,693,000	2,717,791
Intangible assets	15	191,004	192,057	191,864	192,917
		3,703,415	3,688,289	4,035,362	4,044,781
TOTAL NON-CURRENT ASSETS		3,826,146	3,818,989	4,158,576	4,175,739
TOTAL ASSETS		5,065,999	4,650,329	5,459,430	5,038,396

LIABILITIES AND EQUITY	Note	Parent company June 30, 2014	Parent company March 31, 2014	Consolidated June 30, 2014	Consolidated March 31, 2014
CURRENT LIABILITIES					
Borrowings	16	437,883	436,671	441,423	439,644
Derivative financial instruments	27	40,664	56,398	40,664	56,398
Trade payables	17	122,385	66,862	116,300	64,429
Payables to Copersucar	18	2,040	2,040	2,040	2,040
Salaries and social charges		81,440	58,847	81,440	58,847
Taxes payable		11,041	10,583	11,895	11,040
Income tax and social contribution	24	7,887		8,958	611
Dividends payable		32,063	32,063	32,063	32,063
Advances from customers		1,846	883	5,630	883
Acquisition of investments	35	16,166	10,725	16,166	10,725
Other liabilities	20	16,463	17,289	16,465	17,290
TOTAL CURRENT LIABILITIES		769,878	692,361	773,044	693,970
NON-CURRENT LIABILITIES					
Borrowings	16	1,348,581	1,132,312	1,371,066	1,151,177
Payables to Copersucar	18	206,400	206,014	206,400	206,014
Taxes payable in installments	19	45,870	46,318	45,870	46,318
Deferred income tax and social contribution	24	453,471	440,717	820,568	807,880
Provision for contingencies	26	58,267	56,649	58,520	56,649
Acquisition of investments	35	5,172		5,172	
Other liabilities	20	6	6	436	436
TOTAL NON-CURRENT LIABILITIES		2,117,767	1,882,016	2,508,032	2,268,474
EQUITY	21				
Share capital		737,200	737,200	737,200	737,200
Carrying value adjustments		1,152,921	1,116,709	1,152,921	1,116,709
Revenue reserves		230,277	230,277	230,277	230,277
Treasury shares		(11,191)	(11,839)	(11,191)	(11,839)
Stock options granted		4,136	3,605	4,136	3,605
Retained earnings		65,011		65,011	
TOTAL EQUITY		2,178,354	2,075,952	2,178,354	2,075,952
TOTAL LIABILITIES AND EQUITY		5,065,999	4,650,329	5,459,430	5,038,396

The accompanying notes are an integral part of this quarterly information.

São Martinho

Statement of income

Quarters ended June 30

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

		Parent company		Consolidated	
	Note	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenue	29	363,237	396,668	378,007	396,242
Cost of products sold	30	(269,546)	(298,639)	(259,122)	(283,219)
Gross profit		93,691	98,029	118,885	113,023
Operating income (expenses)					
Selling expenses	30	(16,804)	(19,853)	(16,876)	(19,853)
General and administrative expenses	30	(27,872)	(27,233)	(28,034)	(27,381)
Equity in the results of investees	12	41,558	3,246	17,312	(11,769)
Other income, net	31	268	573	641	573
		(2,850)	(43,267)	(26,957)	(58,430)
Operating profit		90,841	54,762	91,928	54,593
Finance result	32				
Finance income		12,662	6,632	13,177	7,600
Finance expenses		(28,906)	(25,404)	(29,300)	(25,405)
Monetary and foreign exchange variations, net		1,015	21,745	1,015	21,745
Derivatives		(5,809)	(5,727)	(5,809)	(5,727)
		(21,038)	(2,754)	(20,917)	(1,787)
Profit before taxation		69,803	52,008	71,011	52,806
Income tax and social contribution	24(b)				
Current		(15,170)	(1,399)	(16,274)	(2,299)
Deferred		6,093	(15,881)	5,989	(15,779)
Profit for the quarter		60,726	34,728	60,726	34,728
Basic earnings per share (in reais)	33	0.5405	0.3094		
Diluted earnings per share (in reais)	33	0.5382	0.3086		

The accompanying notes are an integral part of this quarterly information.

São Martinho

Statement of comprehensive income (loss)
Quarters ended June 30

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

Parent company and Consolidated	June 30, 2014	June 30, 2013
Profit for the quarter	60,726	34,728
Items that will be subsequently reclassified to profit or loss		
Derivative financial instruments:		
Merchandise derivatives - Futures contracts, options and forward contracts	14,813	741
Foreign exchange derivatives - Options / NDF	10,636	(65,887)
Foreign exchange variations of borrowings - Advances against Foreign Exchange Contracts (ACC)/ Export Prepayments (PPE)	29,633	(70,985)
Swap contracts	361	1,492
Deferred taxes on the above items	(18,848)	45,776
Equity in the comprehensive income (loss) of jointly-controlled subsidiaries	3,704	(8,380)
	40,299	(97,243)
Comprehensive income (loss) for the quarter	101,025	(62,515)

The accompanying notes are an integral part of this quarterly information.

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	Of investees	Own	Of investees	Legal	Capital investment	Additional dividends	Treasury shares	Stock options granted	Retained earnings	Total
At March 31, 2013		614,150	577,818	671,432	16,619		25,177	194,705	12,674	(13,811)	1,853		2,100,617
Realization of deemed cost increment			(7,621)	(71)								7,692	
Payment of capital via assets in Vale do Mogi			(43,899)	43,899									
Loss on derivative transactions - hedge accounting					(88,863)	(8,380)							(97,243)
Stock options granted											529		529
Profit for the quarter												34,728	34,728
At June 30, 2013	21	614,150	526,298	715,260	(72,244)	(8,380)	25,177	194,705	12,674	(13,811)	2,382	42,420	2,038,631
At March 31, 2014		737,200	513,013	703,701	(91,814)	(8,191)	31,927	190,008	8,342	(11,839)	3,605		2,075,952
Realization of deemed cost increment			(4,016)	(71)								4,087	
Gain on derivative transactions - hedge accounting					36,595	3,704							40,299
Stock options granted											710		710
Stock options exercised										648	(179)	198	667
Profit for the quarter												60,726	60,726
At June 30, 2014	21	737,200	508,997	703,630	(55,219)	(4,487)	31,927	190,008	8,342	(11,191)	4,136	65,011	2,178,354

The accompanying notes are an integral part of this quarterly information.

São Martinho

Statement of cash flows
Quarters ended June 30

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

	Parent company		Consolidated	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Cash flows from operating activities				
Profit for the quarter	60,726	34,728	60,726	34,728
Adjustments				
Depreciation and amortization	28,347	35,237	28,729	35,368
Harvested biological assets (depletion)	49,326	66,424	49,326	66,424
Changes in fair value of biological assets	(1,691)	(3,429)	(1,691)	(3,429)
Equity in the results of investees	(41,558)	(3,246)	(17,312)	11,769
(Gain) loss on investment and property, plant and equipment disposals	67	(69)	67	(69)
Interest, monetary and foreign exchange variations, net	27,805	28,442	28,191	28,442
Derivative financial instruments	25,101	(5,596)	25,101	(5,596)
Provision for contingencies, net	2,186	5,333	2,440	5,333
Deferred income tax and social contribution	(6,093)	15,881	(5,989)	15,779
Adjustments to present value and others	1,793	3,028	1,793	3,028
	146,009	176,733	171,381	191,777
Changes in assets and liabilities				
Trade receivables	(66,055)	(38,329)	(74,071)	(39,357)
Inventories	(100,667)	(43,509)	(96,988)	(41,457)
Taxes recoverable	(8,617)	(12,343)	(8,021)	(12,269)
Other assets	(2,862)	(1,449)	(3,208)	(1,449)
Trade payables	63,172	62,950	63,390	53,679
Salaries and social charges	22,593	19,299	22,593	19,299
Taxes payable	7,413	(177)	8,147	727
Payables to Copersucar	(1,946)	(2,086)	588	(2,086)
Taxes payable in installments	(479)	(1,211)	(479)	(1,211)
Provision for contingencies - settlements	(2,726)	(7,819)	(2,726)	(7,819)
Other liabilities	1,902	8,891	3,151	8,175
Cash from operations	57,737	160,950	83,757	168,009
Payment of interest on borrowings	(30,648)	(28,782)	(31,022)	(29,290)
Income tax and social contribution paid			(47)	(281)
Net cash provided by operating activities	27,089	132,168	52,688	138,438
Cash flows from investing activities				
Acquisition of investments	(8,072)		(4,972)	
Purchases of property, plant and equipment and additions to intangible assets	(28,394)	(57,588)	(31,577)	(57,685)
Additions to biological assets (planting and crop treatment)	(55,623)	(51,829)	(55,623)	(51,829)
Proceeds from sale of property, plant and equipment	246	419	246	419
Cash and cash equivalents of merged subsidiary		1		1
Advance for future capital increase		(513)		(513)
Net cash used in investing activities	(91,843)	(109,510)	(91,926)	(109,607)
Cash flows from financing activities				
New borrowings - third parties	357,199	53,227	362,199	53,227
Repayment of borrowings - third parties	(113,112)	(144,058)	(113,935)	(144,524)
Sale of treasury shares	665		665	
Net cash provided by (used in) financing activities	244,752	(90,831)	248,929	(91,297)
Increase (decrease) in cash and cash equivalents	179,998	(68,173)	209,691	(62,466)
Cash and cash equivalents at the beginning of the quarter	542,917	479,631	551,359	531,142
Cash and cash equivalents at the end of the quarter	722,915	411,458	761,050	468,676

The accompanying notes are an integral part of this quarterly information.

Statement of value added
Quarters ended June 30
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenue				
Gross sales of products and goods	372,761	407,243	386,733	406,473
Revenue from the construction of own assets	57,067	50,058	57,067	50,393
Other income	579	562	579	562
	430,407	457,863	444,379	457,428
Inputs acquired from third parties				
Cost of products and goods sold	(149,891)	(144,000)	(135,880)	(128,579)
Materials, electricity, outsourced services and others	(72,313)	(76,148)	(74,869)	(76,166)
Recovery of assets				
	(222,204)	(220,148)	(210,749)	(204,745)
Gross value added	208,203	237,715	233,630	252,683
Depreciation and amortization	(28,347)	(35,237)	(28,729)	(35,368)
Harvested biological assets (depletion)	(49,326)	(66,424)	(49,326)	(66,424)
Net value added generated by the entity	130,530	136,054	155,575	150,891
Value added received through transfer				
Equity in the results of investees	41,558	3,246	17,312	(11,769)
Finance income	52,768	46,409	53,281	47,377
Other	(203)	69	175	69
Total value added to distribute	224,653	185,778	226,343	186,568
Distribution of value added				
Personnel and payroll charges				
Direct remuneration	53,700	56,516	53,700	56,516
Benefits	12,004	12,795	12,004	12,795
Government Severance Indemnity Fund for Employees (FGTS)	3,993	4,008	3,993	4,008
Management fees	3,250	2,875	3,250	2,875
Taxes and contributions				
Federal	15,283	23,890	17,452	25,174
State	227	17	227	17
Municipal	307	70	307	70
Creditors				
Interest	26,225	23,532	26,617	23,867
Rentals	1,107	1,083	236	253
Foreign exchange differences	20,960	8,103	20,960	8,103
Other	26,871	18,161	26,871	18,162
Dividends				
Profits retained for the period	60,726	34,728	60,726	34,728
Value added distributed	224,653	185,778	226,343	186,568

The presentation of the parent company and consolidated statements of value added is required by Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies, while it is not required by the International Financial Reporting Standards (IFRS). Therefore, under 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 this quarterly information.

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 August 11, 2014.

2 Summary of significant accounting policies

2.1 Basis of preparation

The interim accounting information included in this financial information was prepared in accordance with the Technical pronouncement CPC 21 (R1) - Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and with the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and is presented in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information.

This interim accounting information was prepared in accordance with the principles, practices and criteria adopted in the preparation of the annual financial statements at March 31, 2014. Accordingly, this quarterly information should be read together with the aforementioned financial statements, which were approved by the Board of Directors on June 16, 2014 and filed with the CVM on the same date, and also approved at the Extraordinary and Ordinary General Meetings held on July 31, 2014.

2.2 New standards to existing standards that are not yet effective

The following new standards to existing standards were issued by the IASB, but are not effective for the current year:

- IAS 41 - Agriculture (equivalent to CPC 29 - *Ativo Biológico e Produto Agrícola*) – This standard currently requires that biological assets related to agricultural activities be measured at fair value less costs to sell. In reviewing this standard, the IASB decided that bearer plants (biological asset to bear produce) should be accounted for as Property, Plant & Equipment (IAS 16/CPC 27), that is, at cost less depreciation or impairment. Bearer plants are defined as those used to bear produce for several years, but the plant itself, after maturity, does not suffer significant transformation. Its only future economic benefit comes from the agricultural produce that it generates. Sugarcane stubbles fall under the definition of Bearer Plants and are measured at cost less depreciation or impairment. The standing cane is a consumable biological asset and remains within the scope of CPC 29 and IAS 41, measured at fair value. Management is evaluating the impacts of adoption. This revision is effective from January 1, 2016.

- IFRS 15 – Revenue from contracts with customers – This new standard introduces the principles that an entity must apply to measure revenue and when it is recognized. It is effective in 2017 and supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue and corresponding interpretations. Management is evaluating the impacts of adoption.

- IFRS 9 – Financial instruments – This new standard addresses the classification, measurement and recognition of financial assets and liabilities. IFRS 9 aims, ultimately, to replace IAS 39 – Financial instruments: Recognition and measurement. This standard is effective from 2015, but is being reviewed ever since its issue. Management has not yet concluded its evaluation of the impacts of adoption.

The equivalents of these revisions and new standards have not been issued by the Brazilian Accounting Pronouncements Committee (CPC) as accounting practices adopted in Brazil, including the approval process by the appropriate regulators.

3 Critical accounting estimates and judgments

The Company confirms that the critical accounting estimates and judgments described in the annual financial statements for the year ended March 31, 2014, in Note 3.1, remain valid for this Quarterly Information - ITR.

4 Financial risk management

There are no differences between the current financial risk factors and risk management policy and those described in Note 4 to the financial statements for the year ended March 31, 2014.

4.1 Assets and liabilities subject to foreign exchange variations

The table below summarizes foreign currency-denominated assets and liabilities (in US dollars - US$), recorded in the consolidated balance sheet at June 30, 2014:

	R$ equivalents	In thousands of US$
Current assets		
Cash and cash equivalents (banks - demand deposits)	74,780	33,962
Trade receivables	80,260	36,450
Derivative financial instruments	27,960	12,698
Total assets	183,000	83,110
Liabilities		
Current liabilities		
Borrowings	258,632	117,427
Derivative financial instruments	40,664	18,463
Other liabilities	4,741	2,153
Non-current liabilities		
Borrowings	371,812	168,814
Total liabilities	675,849	306,857
Subtotal, net	(492,849)	(223,747)
(-) Export-linked borrowings - ACC and PPE (*)	625,208	283,863
Net exposure gain	132,359	60,116

These assets and liabilities were adjusted and recorded in the financial statements at June 30, 2014 at the exchange rate in effect on that date, of R$ 2.2019 per US$ 1.00 for assets and R$ 2.2025 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 July 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.

4.2 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 June 30, 2014, the prices of 192,667 metric tons of sugar had been fixed with commercial partners for future delivery scheduled as from July 2014, priced at an average of 17.54 ¢/lb (U.S. dollar cents per pound weight).

4.3 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 amount 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 June 30, 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 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At June 30, 2014					
Borrowings	437,883	347,160	768,718	232,703	1,786,464
Derivative financial instruments	40,664				40,664
Trade payables	122,385				122,385
Acquisition of investments	16,166	5,172			21,338
Other liabilities	16,463	6			16,469
	633,561	352,338	768,718	232,703	1,987,320
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	66,862				66,862
Acquisition of investments	10,725				10,725
Other liabilities	17,289	6			17,295
	587,945	376,568	626,557	129,193	1,720,263

Consolidated	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At June 30, 2014					
Borrowings	441,423	350,549	778,888	241,629	1,812,489
Derivative financial instruments	40,664				40,664
Trade payables	116,300				116,300
Acquisition of investments	16,166	5,172			21,338
Other liabilities	16,465	436			16,901
	631,018	356,157	778,888	241,629	2,007,692
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	64,429				64,429
Acquisition of investments	10,725				10,725
Other liabilities	17,290	436			17,726
	588,486	379,941	635,387	136,285	1,740,099

All amounts in thousands of reais unless otherwise stated

4.4 Sensitivity analysis

In accordance with CVM Instruction 475, the sensitivity analysis below has been prepared by the Company showing the effects of changes in the fair values of financial instruments 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 June 30, 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	25% variation	50% variation
Variations in foreign currency	5%	150	495	926
Variations in the price of products sold	5%	276	1,382	2,765
Variations in the interest curve	10 bps	96	240	480

Sensitivity analysis of foreign exchange variations: the Company is exposed to variations between the Brazilian real and the US 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/US dollar on its financial instruments. In this analysis, there would be a positive or negative impact arising from the foreign exchange variation of R$ 495 and R$ 926 for the stresses of 25% and 50%, respectively, on the futures contracts and options of goods (ICE Futures US - Sugar #11) traded on exchanges and currency negotiated in over-the-counter (OTC) markets.

Sensitivity analysis of variations 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 US 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$ 1,382 and R$ 2,765 for the stresses of 25% and 50%, respectively.

All amounts in thousands of reais unless otherwise stated

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$ 240 and R$ 480 for the stresses of 25 bps and 50 bps, respectively.

4.5 Capital management

As additional information, the gearing ratios at June 30 and March 31, 2014 were as follows:

Consolidated	June 30, 2014	March 31, 2014
Third-party capital		
Borrowings (Note 16)	1,812,489	1,590,821
(-) Cash and cash equivalents (Note 6)	(761,050)	(551,359)
	1,051,439	1,039,462
Own capital		
Equity	2,178,354	2,075,952
Total capital	3,229,793	3,115,414
Gearing ratio	33%	33%

4.6 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); and

All amounts in thousands of reais unless otherwise stated

- 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).

	Parent company and Consolidated		
As per balance sheet	**Level 1**	**Level 2**	**Total**
At June 30, 2014			
Assets - derivative financial instruments			
Flexible currency options	7,917		7,917
Forward contracts - foreign exchange		6,759	6,759
	7,917	6,759	14,676
Liabilities - derivative financial instruments			
Ethanol futures	19		19
Sugar futures	3,406		3,406
Sugar options	2,566		2,566
Swap contracts		34,673	34,673
	5,991	34,673	40,664
At March 31, 2014			
Assets - derivative financial instruments			
Flexible currency options	4,815		4,815
Forward contracts - merchandise		65	65
	4,815	65	4,880
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
	19,154	37,244	56,398

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 June 30, 2014			
Cash and cash equivalents	722,915		722,915
Trade receivables	127,448		127,448
Derivative financial instruments	13,284	14,676	27,960
Related parties	1		1
Other assets, except prepayments	11,605		11,605
	875,253	14,676	889,929
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

				Parent company
Liabilities as per balance sheet	**Liabilities at fair value through profit or loss**	Derivatives used for hedging	**Other financial liabilities**	**Total**
At June 30, 2014				
Borrowings	60,481		1,725,983	1,786,464
Derivative financial instruments		40,664		40,664
Trade payables			122,385	122,385
Acquisition of investments			21,338	21,338
Other liabilities			16,469	16,469
	60,481	40,664	1,886,175	1,987,320
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 investments			10,725	10,725
Other liabilities			17,295	17,295
	64,807	56,398	1,599,058	1,720,263

All amounts in thousands of reais unless otherwise stated

			Consolidated
Assets as per balance sheet	**Loans and receivables**	Derivatives used for hedging	**Total**
At June 30, 2014			
Cash and cash equivalents	761,050		761,050
Trade receivables	143,901		143,901
Derivative financial instruments	13,284	14,676	27,960
Other assets, except prepayments	11,701		11,701
	929,936	14,676	944,612
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

				Consolidated
Liabilities as per balance sheet	**Liabilities at fair value through profit or loss**	Derivatives used for hedging	**Other financial liabilities**	**Total**
At June 30, 2014				
Borrowings			1,812,489	1,812,489
Derivative financial instruments		40,664		40,664
Trade payables			116,300	116,300
Acquisition of investments			21,338	21,338
Other liabilities			16,901	16,901
		40,664	1,967,028	2,007,692
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 investments			10,725	10,725
Other liabilities			17,726	17,726
	64,807	56,398	1,618,894	1,740,099

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.

All amounts in thousands of reais unless otherwise stated

6 Cash and cash equivalents

		Parent company	
	Remuneration	June 30, 2014	March 31, 2014
Cash and banks - Brazil		1,435	471
Cash and banks - Abroad		74,780	94,447
Financial investments - Brazil			
. CDBs	101.04% (March - 101.09%) of the CDI interest rate - Weighted average rate	163,200	187,549
. Debenture repurchase agreements	101.23% (March - 100.96%) of the CDI interest rate - Weighted average rate	483,500	260,450
		722,915	542,917

		Consolidated	
	Remuneration	June 30, 2014	March 31, 2014
Cash and banks - Brazil		1,837	495
Cash and banks - Abroad		74,780	94,447
Financial investments - Brazil			
. CDBs	101.19% (March - 101.04%) of the CDI interest rate - Weighted average rate	163,200	187,549
. Debenture repurchase agreements	100.48% (March - 100.57%) of the CDI interest rate - Weighted average rate	521,233	268,868
		761,050	551,359

CDB - Bank Deposit Certificate
CDI - Interbank Deposit Certificate

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	
	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014
Domestic customers	47,188	54,299	63,641	66,605
Foreign customers	80,260	7,093	80,260	7,093
	127,448	61,392	143,901	73,698
Current assets	126,360	59,800	142,813	72,106
Non-current assets	1,088	1,592	1,088	1,592

At June 30 and March 31, 2014, management did not identify the need to record a provision for impairment of trade receivables.

At June 30, 2014, trade receivables of R$ 96 (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	
	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014
Overdue and not provided for:				
Up to 30 days	3		3	
Over 31 days	93	584	93	584
Not yet due:				
Up to 30 days	115,129	51,688	115,085	52,206
From 31 to 60 days	4,756	3,611	15,845	3,606
Over 60 days	7,467	5,509	12,875	17,302
	127,448	61,392	143,901	73,698

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	
	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014
Current				
Finished products and in process	166,734	19,480	172,394	19,480
Advances - purchases of sugar cane	37,979	39,118	28,639	39,118
Land sub-divisions			9,339	9,339
Inputs, indirect, maintenance and other materials	25,212	31,721	25,213	31,721
	229,925	90,319	235,585	99,658
Non-current				
Advances - purchases of sugar cane	31,234	25,790	31,234	25,790
	31,234	25,790	31,234	25,790
	261,159	116,109	266,819	125,448

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 the 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	
	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014
Current				
Social Integration Program (PIS)/Social Contribution on Revenues (COFINS)	52,624	24,214	52,624	24,214
Value-added Tax on Sales and Services (ICMS)	23,745	29,532	24,241	29,994
Tax on Financial Transactions (IOF) on derivatives	5,967	5,841	5,967	5,841
Other	4,761	4,318	4,760	4,318
	87,097	63,905	87,592	64,367
Non-current				
Social Integration Program (PIS)/Social Contribution on Revenues (COFINS)	25,718	48,117	25,717	48,117
Value-added Tax on Sales and Services (ICMS)	31,619	19,825	31,851	20,084
	57,337	67,942	57,568	68,201
	144,434	131,847	145,160	132,568

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.

All amounts in thousands of reais unless otherwise stated

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

	June 30, 2014	
Quarters ended June 30	Parent company	Consolidated
2016	20,791	21,022
2017	18,719	18,719
2018	7,028	7,028
2019	6,187	6,187
2020	645	645
2021 onwards	3,967	3,967
	57,337	57,568

10 Related parties

a) Parent company and Consolidated balances

	June 30, 2014			March 31, 2014		
Parent company	Current assets	Non-current assets	Current liabilities	Current assets	Non-current assets	Current liabilities
Investees and related parties:						
Vale do Mogi Empreend. Imobiliários S.A.	4		6,197	5		2,440
Usina Boa Vista S.A.	2,015		1	3,569		116
Usina Santa Luiza S.A.	63		177	56	1,925	19
SMBJ Agroindustrial S.A.	3			5		
Santa Cruz S.A. Açúcar e Álcool	2,867			4,398		525
SMA Industria Química S.A.	44			52		
São Martinho - Energia S.A.	45	1		5	1	14,500
Agro Pecuária Boa Vista S.A.	4			5		
Other	7			72		
Subtotal	5,052	1	6,375	8,167	1,926	17,600
From stockholders - purchases of sugar cane	2,299		4,485	2,577		1,876
	7,351	1	10,860	10,744	1,926	19,476

All amounts in thousands of reais unless otherwise stated

Consolidated	June 30, 2014		March 31, 2014		
	Current assets	Current liabilities	Current assets	Non-current	Current liabilities
Investees and related parties:					
Usina Boa Vista S.A.	2,015	1	3,569		116
Usina Santa Luiza S.A.	63	177	56	1,925	19
SMBJ Agroindustrial S.A.	3		5		
Santa Cruz S.A. Açúcar e Álcool	2,867		4,398		525
SMA Industria Química S.A.	44		52		
Agro Pecuária Boa Vista S.A.	4		5		
Other	7		72		
Subtotal	5,003	178	8,157	1,925	660
From stockholders - purchases of sugar cane	2,299	4,485	2,577		1,876
	7,302	4,663	10,734	1,925	2,536

At June 30 and 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.

b) Parent company transactions in the quarter:

	June 30, 2014			
	Administrative expenses	Sales revenue	Expenses reimbursed	Purchases of goods and services
Vale do Mogi Empreend. Imobiliários S.A.			5	(14,544)
Usina Boa Vista S.A.			2,996	
Usina Santa Luiza S.A.			96	
SMA Industria Química S.A.		28	54	
Santa Cruz S.A. Açúcar e Álcool			2,353	
São Martinho - Energia S.A.		2,129	65	
Other			115	
Stockholders and related parties				
- rental of properties	(114)			
- rendering of services	(161)			
- purchases of sugar cane				(4,902)
	(275)	2,157	5,684	(19,446)

All amounts in thousands of reais unless otherwise stated

	June 30, 2013			
	Administrative expenses	Sales revenue	Expenses reimbursed	Purchases of goods and services
Vale do Mogi Empreend. Imobiliários S.A.			5	(16,816)
Usina Boa Vista S.A.			2,398	
Usina Santa Luiza S.A.			96	
SMA Industria Química S.A.		31	64	
Santa Cruz S.A. Açúcar e Álcool			1,878	
Other			140	
Stockholders and related parties				
- rental of properties	(27)			
- rendering of services	(490)			
- purchases of sugar cane				(5,416)
	(517)	31	4,581	(22,232)

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 quarter:

	June 30, 2014			
	Administrative expenses	Sales revenue	Expenses reimbursed by subsidiaries	Purchases of goods and services
Usina Boa Vista S.A.			2,996	
Usina Santa Luiza S.A.			96	
SMA Industria Química S.A.		28	54	
Santa Cruz S.A. Açúcar e Álcool			2,353	
Other			115	
Stockholders and related parties				
- rental of properties	(114)			
- rendering of services	(161)			
- purchases of sugar cane				(4,902)
	(275)	28	5,614	(4,902)

All amounts in thousands of reais unless otherwise stated

	June 30, 2013			
	Administrative expenses	Sales revenue	Expenses reimbursed	Purchases of goods and services
Usina Boa Vista S.A.			2,398	
Usina Santa Luiza S.A.			96	
SMA Industria Química S.A.		31	64	
Santa Cruz S.A. Açúcar e Álcool			1,878	
Other			140	
Stockholders and related parties				
- rental of properties	(27)			
- rendering of services	(490)			
- purchases of sugar cane				(5,416)
	(517)	31	4,576	(5,416)

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	June 30, 2014	June 30, 2013
Fees and bonuses	3,316	3,397
Social security contributions	663	469
Other	179	159
	4,158	4,025

All amounts in thousands of reais unless otherwise stated

11 Other assets

	Parent company		Consolidated	
	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014
Prepaid expenses	3,176	1,835	3,176	1,835
Advances to suppliers	8,839	3,553	8,839	3,553
Advances to employees	1,183	1,068	1,183	1,068
Amounts receivable for guarantees offered	1,137	267	1,137	267
Deposits paid	111	111	111	111
Other investments	9	10	9	10
Other receivables	326	417	422	421
	14,781	7,261	14,877	7,265
Current assets	14,661	7,141	14,757	7,145
Non-current assets	120	120	120	120

All amounts in thousands of reais unless otherwise stated

12 Investments

12.1 Subsidiaries, jointly-controlled subsidiaries and associates

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

	June 30, 2014										
	Vale do Mogi	SME	Vale do Piracicaba	SM Log	NF	SC	ABV	SMA	USL	CTC	Total
In subsidiaries, jointly-controlled subsidiaries and associates											
Shares/quotas held (thousands)	23,500	12,678	10,246	3,100	426,635	1,643	1,146	50	11,898		
Percentage holding	100.00%	100.00%	100.00%	100.00%	50.95%	36.09%	34.29%	50.00%	41.67%		
Share capital	84,637	5,243	10,246	3,100	858,845	21,150	208,560	100	19,161		
Equity (net capital deficiency)	840,259	21,699	10,246	3,100	777,428	52,745	227,290	(3,561)	(11,198)		
Profit (loss) for the quarter	14,011	13,885			22,649	12,786	5,942	(61)	6		
Changes in investments:											
At March 31, 2014	826,249	7,814	1		384,572	81,648	61,795			9,747	1,371,826
Acquisition of ownership interest - Note 12.4						15,346					15,346
Capital payment and contributions (Note 12.5)			10,245	3,100						(10,245)	3,100
Partial split-off in SC - Note 12.7						(51,878)	51,878				
Contra-effect of gain - hedge accounting						3,704					3,704
Equity in the results of investees	10,361	13,885			11,540	4,614	1,123	(31)	3	498	41,993
Equity in the results of investees - Adjusted by the PPA						(435)					(435)
Additional dividend - ABV - Contra-effect of the split-off - Note 12.7						(212)					(212)
Reclassification to liabilities of the investments with net capital deficiency - Note 20								31	(3)		28
At June 30, 2014	836,610	21,699	10,246	3,100	396,112	52,787	114,796				1,435,350
Represented by:											
Investment	836,610	21,699	10,246	3,100	396,112	19,036	77,938				1,364,741
Appreciation of assets and liabilities						33,751	36,858				70,609

All amounts in thousands of reais unless otherwise stated

	March 31, 2014									
	Vale do Mogi	SME	NF	SC	ABV	SMA	USL	Mirtilo	Other	Total
In subsidiaries, jointly-controlled subsidiaries 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	133,963	221,348	(3,500)	(15,824)			
Profit (loss) for the quarter	46,556	17,061	(12,908)	(21,280)	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
Contra-effect of loss - hedge accounting				(8,191)						(8,191)
Equity in the results of investees	46,556	17,061	(6,577)	(6,851)	977	(617)	(1,042)		(446)	49,061
Equity in the results of investees - Adjusted by the PPA				(1,886)						(1,886)
Merger of net assets								(44,767)		(44,767)
Reclassification of goodwill to intangible assets								(151,733)		(151,733)
Disposal of investment									(11,564)	(11,564)
Dividends distributed	(63,257)	(14,655)			(1,210)					(79,122)
Capital reduction		(10,000)								(10,000)
Contra-effect 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
Represented by:										
Investment	826,249	7,814	384,572	43,127	39,768				9,748	1,311,278
Appreciation of assets and liabilities				38,521	22,027					60,548

The equity of the investees SC and ABV is adjusted by the fair values of the assets and liabilities (Purchase Pricing Allocation (PPA)).

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 financial statements

	June 30, 2014	March 31, 2014
Company investments		
Nova Fronteira Bioenergia S.A.	396,112	384,572
Santa Cruz S.A. Açúcar e Álcool	52,787	81,648
Agro Pecuária Boa Vista S.A.	114,796	61,795
Centro de Tecnologia Canavieira S.A. *(i)*	10,246	9,749
	573,941	537,764

(i) The investment in CTC at June 30, 2014 was recorded in the subsidiary Vale do Piracicaba.

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

12.3 Changes in corporate structure during the prior year

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

These transactions are described in detail in the annual financial statements for the year ended March 31, 2014 in the following notes:

- Merger of Mirtilo Investimentos e Participações S.A.
- Capital payment in Vale do Mogi Empreendimentos Imobiliários S.A.
- Acquisition of investment in Vale do Piracicaba S.A.
- Payment of capital and sale of Cerrado Açúcar e Álcool S.A.
- Capital decrease in São Martinho Energia S.A.
- Capital payment and contribution in subsidiary and joint venture (Usina Santa Luiza S.A. and São Martinho - Energia S.A.)

12.4 Acquisition of additional investment in Santa Cruz S.A. Açúcar e Álcool ("SC")

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. 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 in the equity of SC from 32.18% to 36.09%. The balance payable related to this transaction is detailed in Note 35.

This transaction was carried out together with the ownership control acquisition mentioned in Note 36. Accordingly, the evaluation of the Purchase Price Allocation (PPA) will be made together with the ownership control acquisition.

12.5 Capital increase in Vale do Piracicaba S.A. ("Vale do Piracicaba")

At the Board of Directors' meeting held on June 16, 2014, a capital increase in the subsidiary Vale do Piracicaba was approved, through the transfer of the investment held by the Company in Centro de Tecnologia Canavieira S.A. ("CTC") of R$ 10,245. The transaction was based on an appraisal report at book values at May 31, 2014 issued by independent appraisers.

12.6 Capital payment and increase in capital in São Martinho Logística e Participações S.A. ("SM Log")

At the Board of Directors' meeting held on March 31, 2014, the establishment of SM Log was approved. The share capital was subscribed as R$ 1 with the issue of one thousand shares, which were attributed to the stockholders as follows: 99% to the Company and 1% to Vale Mogi. The main purpose of SM Log is to perform services related to warehouse storage and to invest in other companies. The fiscal year of SM Log ends on March 31 of each year.

In addition, the Board of Directors' meeting held on June 16, 2014 approved a capital increase in SM Log amounting to R$ 3,099 through the issue of 3,099,000 new shares, using funds assigned as advance for future capital increase.

12.7 Partial asset split off of SC

At the Extraordinary General Meeting of SC held on April 30, 2014, the stockholders approved the split off of the investment previously held by SC in Agro Pecuária Boa Vista S.A. ("ABV") based on an appraisal report at book values as of March 31, 2014 issued by independent appraisers.

The shares held by SC were transferred to the ABV stockholders, considering their respective investments in the capital of SC. Accordingly, as a stockholder of ABV, the Company received an additional interest of 16.32%, thus increasing its investment in ABV to 34.29%.

13 Biological assets

At June 30, 2014, the Company had sugar cane plantations in the State of São Paulo 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 the biological assets.

The significant assumptions utilized in the measurement of fair value are as below.

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

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

All amounts in thousands of reais unless otherwise stated

(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 and Consolidated	June 30, 2014	March 31, 2014
Total estimated harvest area (ha)	105,042	105,227
Expected productivity (metric ton/ha)	81.99	83.50
Amount of ATR per metric ton of sugar cane (kg)	133.83	133.73
Estimated average price per ATR (R$)	0.4815	0.4646

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 products sold" 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 changes in the fair value of biological assets for the quarter are as follows:

	Parent company	
	June 30, 2014	June 30, 2013
Biological assets at March 31	596,309	506,368
Increases due to planting	20,058	21,094
Increases due to treatment	35,565	30,735
Changes in fair value	1,691	3,429
Merger of Mirtilo		37,799
Decreases resulting from harvesting	(77,066)	(74,413)
Biological assets at the end of the quarter	576,557	525,012

	Consolidated	
	June 30, 2014	June 30, 2013
Biological assets at March 31	596,309	544,167
Increases due to planting	20,058	21,094
Increases due to treatment	35,565	30,735
Changes in fair value	1,691	3,429
Decreases resulting from harvesting	(77,066)	(74,413)
Biological assets at the end of the quarter	576,557	525,012

(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. The terms of these agreements are, mainly, between six and twelve years, and are renewable upon expiry. In addition, the Company has lease agreements for the production of sugar cane.

All amounts in thousands of reais unless otherwise stated

The amounts to be disbursed in respect of these agreements are determined at the end of each crop by the price of a metric ton of sugar cane established in the model defined by the Council of Sugar Cane, Sugar and Alcohol Producers of the State of São Paulo (CONSECANA). At June 30 and March 31, 2014, the total estimated payments (nominal value) are as follows:

Consolidated	June 30, 2014	March 31, 2014
Less than 1 year	95,819	92,368
From 1 to 5 years	243,712	231,707
More than 5 years	135,510	126,976
	475,041	451,051

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 property, plant and equipment	Construction in progress	Total
At March 31, 2013	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
Cost of sales	(164)		(8)	(432)	(2,951)	(1)		(3,556)
Payment of capital - Vale 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
Purchases			3,646	844	933	134	15,235	20,792
Cost of sales				(44)	(269)			(313)
Transfers between accounts		3,342	64,891			115	(68,348)	
Depreciation		(1,054)	(38,053)	(2,193)	(6,057)	(715)		(48,072)
At June 30, 2014	533,478	104,161	584,334	92,070	144,499	14,266	27,696	1,500,504
Total cost	533,478	120,471	764,191	116,805	203,020	45,764	27,696	1,811,425
Accumulated depreciation		(16,310)	(179,857)	(24,735)	(58,521)	(31,498)		(310,921)
Net book value	533,478	104,161	584,334	92,070	144,499	14,266	27,696	1,500,504
Net book values:								
Historical cost	18,451	65,312	352,233	90,089	119,908	14,266	27,696	687,955
Revaluation increment	515,027	38,849	232,101	1,981	24,591			812,549
Annual average depreciation rates		3.15%	5.71%	7.48%	10.85%	12.30%		

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 property, plant and equipment	Construction in progress	Total
At March 31, 2013	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
Cost of sales	(13,396)		(8)	(432)	(2,951)	(1)		(16,788)
Transfers of inventories to sales	(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
Purchases		3,183	3,646	844	933	134	15,235	23,975
Cost of sales				(44)	(269)			(313)
Transfers between accounts		3,342	64,891			115	(68,348)	
Depreciation		(1,184)	(38,304)	(2,193)	(6,057)	(715)		(48,453)
At June 30, 2014	1,690,255	114,228	609,986	92,070	144,499	14,266	27,696	2,693,000
Total cost	1,690,255	133,804	790,764	116,805	203,020	45,764	27,696	3,008,108
Accumulated depreciation		(19,576)	(180,778)	(24,735)	(58,521)	(31,498)		(315,108)
Net book value	1,690,255	114,228	609,986	92,070	144,499	14,266	27,696	2,693,000
Net book values:								
Historical cost	103,191	69,470	377,885	90,089	119,908	14,266	27,696	802,505
Revaluation increment	1,587,064	44,758	232,101	1,981	24,591			1,890,495
Annual average depreciation rates		3.36%	5.61%	7.48%	10.85%	12.30%		

All amounts in thousands of reais unless otherwise stated

The parent company balance of construction in progress at June 30, 2014 refers to the refurbishment of its two industrial facilities to increase sugar and ethanol production.

During the period, 13,717 ha of land of the Company and its subsidiary Vale do Mogi were pledged in guarantee for the financial transactions of Usina Boa Vista S.A.

Under the terms of certain borrowing agreements of the Group, property, plant and equipment totaling R$ 508,118 at June 30, 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$ 397,329 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$ 340 in the quarter ended June 30, 2014 (2013 - R$ 1,015). At June 30, 2014, the property, plant and equipment of the parent company includes assets under finance lease agreements of R$ 2,434.

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) in the last year and adjusted the useful lives of the related assets, which resulted in changes to their depreciation rates as from July 1, 2013.

15 Intangible assets

	Parent company		Consolidated	
	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014
Goodwill based on future profitability (i)	167,335	167,335	167,335	167,335
Software	15,378	15,320	15,378	15,320
Accumulated amortization	(7,833)	(7,270)	(7,833)	(7,270)
Rights on sugar cane contracts (ii)	16,050	16,598	16,050	16,598
Other assets	74	74	934	934
	191,004	192,057	191,864	192,917

(i) Goodwill generated through the merger of Mirtilo and of the net assets of USL, whose operations were 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	Guaran-tees	Due date	Parent company	
				June 30, 2014	March 31, 2014
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	60,481	64,807
Rural credit	Weighted average fixed interest of 5.50% p.a. paid on maturity of the contract		Single installments with maturities in Sept 14 and Mar 15	44,712	32,915
Finame/BNDES Automatic loans	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 3.60% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Feb 17	3,974	4,581
Finame/BNDES Automatic loans	Weighted average fixed interest of 3.61% p.a. paid monthly	(c)	Monthly installments with maturities between Jul 14 and Dec	93,091	97,727
Fund for Financing of Studies and Projects (FINEP)	Fixed interest of 4.00% p.a. paid monthly	(c)	Monthly installments with maturities between Jul 14 and May	10,607	
Other securitized credits	Fixed interest of 3% p.a. paid annually	(d)	Annual installments with final maturity in Oct 25	61	61
Export Credit Note	100.12 % CDI OVER CETIP (average rate for interbank loans for one day registered with CETIP) paid on the maturities of the contracts		Single installments with maturities in May 17 and May 20	622,417	328,880
Lease	Fixed interest of 9.75% p.a. paid monthly	(e)	Monthly installments with maturities between Jul 14 and Dec	1,620	1,867
FINEM INDIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.89% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Apr 23	64,082	46,290
FINEM INDIRECT	Fixed interest of 5.24% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Jan	134,796	139,304
FINEM DIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 1.40% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Mar 21	12,661	13,130
PRORENOVA	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.90% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Oct 18	46,098	48,492
PRORENOVA	Fixed interest of 5.50% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Nov	61,419	61,518
Bank Credit Note (BNDES PASS)	Fixed interest of 7.70% p.a. paid on maturity		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 adjustment paid on maturity of the contract		Single installments with maturities in Nov 14 and Dec 14	91,190	93,403
Export Credit Note	Fixed rate of 5.50% p.a. + U.S. dollar variation paid on maturity of the contract		Payments of semi-annual interest (Jun and Dec) and principal in Jun 17	220,250	229,445
PPE	(6-month LIBOR = 0.32911% p.a. + fixed rate = 2.38302% p.a.) = 2.7121% p.a. + U.S. dollar adjustment paid on maturity of the contract	(f)	Semi-annual installments with maturities in Mar 15, Jun 15 and Sept 16	313,769	387,846
FINEM INDIRECT	Currency basket (U.S. dollar, Euro and Yen) + weighted average fixed interest of 6.8991% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Apr 23	5,236	3,453
Total				1,786,464	1,568,983
Current liabilities				(437,883)	(436,671)
Non-current				1,348,581	1,132,312

BNDES - National Bank for Economic and Social Development
CETIP - Clearing House for the Custody and Financial Settlement of Securities
FINAME - Government Agency for Machinery and Equipment Financing
FINEM - Enterprise Financing (FINEM)
LIBOR - London Interbank Offered Rate

All amounts in thousands of reais unless otherwise stated

Type	Charges	Guaran-tees	Due date	Consolidated June 30, 2014	Consolidated March 31, 2014
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	60,481	64,807
Rural credit	Weighted average fixed interest of 5.50% p.a. paid on maturity of the contract		Single installments with maturities in Sept 14 and Mar 15	44,712	32,915
Finame/BNDES Automatic loans	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 3.60% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Feb 17	3,974	4,581
Finame/BNDES Automatic loans	Weighted average fixed interest of 3.61% p.a. paid monthly	(c)	Monthly installments with maturities between Jul 14 and Dec	93,091	97,727
Fund for Financing of Studies and Projects (FINEP)	Fixed interest of 4.00% p.a. paid monthly	(c)	Monthly installments with maturities between Jul 14 and May	10,607	
Other securitized credits	Fixed interest of 3% p.a. paid annually	(d)	Annual installments with final maturity in Oct 25	61	61
Export Credit Note	100.12 % CDI OVER CETIP (average rate for interbank loans for one day registered with CETIP) paid on the maturities of the contracts		Single installments with maturities in May 17 and May 20	622,417	328,880
Lease	Fixed interest of 9.75% p.a. paid monthly	(e)	Monthly installments with maturities between Jul 14 and Dec	1,620	1,867
FINEM INDIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.89% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Apr 23	73,802	50,732
FINEM INDIRECT	Fixed interest of 5.24% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Jan	151,102	156,700
FINEM DIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 1.40% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Mar 21	12,661	13,130
PRORENOVA	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.90% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Oct 18	46,098	48,492
PRORENOVA	Fixed interest of 5.50% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Nov	61,419	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 adjustment paid on maturity of the contract		Single installments with maturities in Nov 14 and Dec 14	91,190	93,403
Export Credit Note	Fixed rate of 5.50% p.a. + U.S. dollar variation paid on maturity of the contract		Payments of semi-annual interest (Jun and Dec) and principal in Jun 17	220,250	229,445
PPE	(6-month LIBOR = 0.32911% p.a. + fixed rate = 2.38302% p.a.) = 2.7121% p.a. + U.S. dollar adjustment paid on maturity of the contract	(f)	Semi-annual installments with maturities in Mar 15, Jun 15 and Sept 16	313,768	387,846
FINEM INDIRECT	Currency basket (U.S. dollar, Euro and Yen) + weighted average fixed interest of 6.8991% p.a. paid monthly	(b)	Monthly installments with maturities between Jul 14 and Apr 23	5,236	3,453
Total				1,812,489	1,590,821
Current liabilities				(441,423)	(439,644)
Non-current				1,371,066	1,151,177

All amounts in thousands of reais unless otherwise stated

At June 30, 2014, the borrowings were guaranteed by the following additional guarantees (referenced to the tables above):

Description of the guarantees for borrowings		Book value or contractual amount
(a)	Mortgage - 11,785 ha of land	394,628
(b)	Statutory lien of industrial equipment	45,642
	Statutory lien of agricultural equipment	97,658
	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	594,675

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

Long-term borrowings have the following maturities:

	June 30, 2014	
	Parent company	Consolidated
From 7/1/2015 to 6/30/2016	347,160	350,549
From 7/1/2016 to 6/30/2017	425,945	429,335
From 7/1/2017 to 6/30/2018	175,344	178,734
From 7/1/2018 to 6/30/2019	167,429	170,819
From 7/1/2019 to 6/30/2020	158,810	162,199
From 7/1/2020 to 10/31/2025	73,893	79,430
	1,348,581	1,371,066

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

All amounts in thousands of reais unless otherwise stated

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	
	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014
Sugar cane	91,257	25,904	91,257	25,904
Materials, services and other	31,128	40,958	25,043	38,525
	122,385	66,862	116,300	64,429

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

These refer to 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	June 30, 2014	March 31, 2014
REFIS - Copersucar - Updated based on the SELIC interest rate	83,881	84,415
Bill of Exchange - Updated based on the SELIC interest rate	69,997	69,316
Bill of Exchange - Onlending of funds not subject to charges	42,682	42,682
Provision for expenses with tax lawsuits	11,880	11,641
Total	208,440	208,054
Current liabilities	(2,040)	(2,040)
Non-current	206,400	206,014

All the liabilities of the Company to Copersucar are backed by bank guarantees.

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.

All amounts in thousands of reais unless otherwise stated

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$ 153,152. 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$ 11,880 (March 31, 2014 - R$ 11,641), which are recorded in the statement of income for the year in the account "Other income (expenses), 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.

19 Taxes payable in installments

Parent company and Consolidated	June 30, 2014	March 31, 2014
Value-added Tax on Sales and Services (ICMS)	969	1,188
REFIS installments - Law 11,941	50,050	50,349
	51,019	51,537
Current liabilities	(5,149)	(5,219)
Non-current	45,870	46,318

All amounts in thousands of reais unless otherwise stated

20 Other liabilities

	Parent company		Consolidated	
	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014
Sales for future delivery	2,358	2,353	2,358	2,353
Net capital deficiency of investees	6,446	8,343	6,446	8,343
Mitsubishi Corporation	4,741	4,440	4,741	4,440
Employee Cooperative	1,295	1,225	1,295	1,225
Freight and transport	1,148	67	1,148	67
Other payables	481	867	913	1,298
	16,469	17,295	16,901	17,726
Current liabilities	16,463	17,289	16,465	17,290
Non-current	6	6	436	436

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 June 30 and March 31, 2014, the capital amounted to R$ 737,200 and was divided into 113,000,000 registered common shares, without par value.

At the Extraordinary General Meeting held on July 31, 2014, the stockholders approved a capital increase of R$ 71,650 with the capital investment reserve, without the issuance of new shares.

All amounts in thousands of reais unless otherwise stated

(b) Treasury shares

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

During the quarter ended June 30, 2014, there was no repurchase of shares, only the sale of 35,982 treasury shares due to share purchase options exercised by directors of the Company (item (f) below), with 621,658 treasury shares remaining.

At June 30, 2014, the market value of these shares was R$ 24,866 (June 30, 2013 - R$ 19,748 - 767,211 shares).

	Number	Average price of acquisition*	Total
Treasury shares at March 31, 2014	657,640	18.00	11,839
Exercise of options	(35,982)	18.00	(648)
Treasury shares at June 30, 2014	621,658	18.00	11,191

* Includes additional costs on purchase - in reais

(c) Carrying value adjustments

See Note 23(c) to the financial statements for the year ended March 31, 2014.

(d) Legal and capital investment reserves

No changes were made to the calculation method utilized during the quarter ended June 30, 2014. See Note 23(d) to the financial statements for the year ended March 31, 2014.

At the Annual General Meeting held on July 31, 2014, the stockholders approved an additional allocation of R$ 118,353 to the capital investment reserve.

(e) Dividends and interest on capital

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

The Annual General Meeting of Stockholders held on July 31, 2014 approved an additional dividend distribution of R$ 8,342 (R$ 0.0742 per share), totaling a dividend distribution of R$ 40,405 (R$ 0.3595 per share) of the profit for the year ended March 31, 2014.

(f) Stock option plan

The Stock Option Plan offered to the Company's officers is detailed in Note 23(f) to the financial statements for the year ended March 31, 2014.

In the quarter ended June 30, 2014, 35,982 stock options were exercised in the amount of R$ 665.

Additionally, the Company recognized in the same period a stock option expense of R$ 710 (at June 30, 2013 - R$ 529).

22 Employee and management benefits plan - Private Pension plan

No changes were made in the model and assumptions used for the plan during the quarter ended June 30, 2014 and, accordingly, the disclosures described in Note 24 to the annual financial statements for the year ended March 31, 2014 are still applicable.

The benefits for the quarters ended June 30, 2014 and 2013, recorded as operating costs or expenses in the consolidated statements of income, amounted to R$ 425 and R$ 405, respectively.

23 Profit sharing program

There were no changes in the assumptions utilized for this calculation during the quarter ended June 30, 2014. See Note 25 to the financial statements for the year ended March 31, 2014.

The amounts of profit sharing for the quarter ended June 30, 2014, recorded as operating costs or expenses in the statement of income, amounted to R$ 6,661 (in the quarter ended June 30, 2013 - R$ 5,885), in the parent company and consolidated statements.

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	June 30, 2014	March 31, 2014
Current assets - Prepayments		
. Income tax and social contribution to be offset	30,492	33,473
Deferred income tax and social contribution		
Deferred credits		
. Income tax losses	3,084	11,683
. Social contribution losses	1,184	4,279
Taxes on temporary differences:		
. Provision for contingencies	14,653	13,803
. Derivative financial instruments	39,996	54,077
. Employee profit sharing and bonus	3,763	1,018
. Provision for other obligations	4,039	3,958
. Other	1,959	1,411
	68,678	90,229
Deferred liabilities		
Taxes on temporary differences:		
. Deemed cost increment of property, plant and equipment	(260,095)	(262,165)
. Accelerated tax-incentive depreciation	(183,355)	(182,609)
. Securitized financing	(17,420)	(17,414)
. Tax benefit of goodwill	(17,523)	(17,523)
. Adjustments to present value	(4,139)	(4,561)
. Derivative financial instruments	(3,968)	(352)
. Biological assets and agricultural product (changes in fair value)	(3,558)	(3,684)
. Exchange variations	(31,215)	(41,289)
. Other	(876)	(1,349)
	(522,149)	(530,946)
Non-current liabilities	(453,471)	(440,717)

All amounts in thousands of reais unless otherwise stated

Consolidated	June 30, 2014	March 31, 2014
Current assets - Prepayments		
. Income tax and social contribution to be offset	30,654	34,237
Current liabilities - Taxes payable		
. Income tax and social contribution payable	8,958	611
Deferred income tax and social contribution		
Deferred credits		
. Income tax losses	3,084	11,683
. Social contribution losses	1,184	4,279
Taxes on temporary differences:		
. Provision for contingencies	14,653	13,803
. Derivative financial instruments	39,996	54,077
. Employee profit sharing and bonus	3,763	1,018
. Provision for other obligations	4,039	3,958
. Other	1,990	1,411
	68,709	90,229
Deferred liabilities		
Taxes on temporary differences:		
. Deemed cost increment of property, plant and equipment	(627,222)	(629,327)
. Accelerated tax-incentive depreciation	(183,355)	(182,609)
. Securitized financing	(17,420)	(17,414)
. Tax benefit of merged goodwill	(17,523)	(17,523)
. Adjustments to present value	(4,139)	(4,561)
. Derivative financial instruments	(3,968)	(352)
. Biological assets and agricultural product (changes in fair value)	(3,558)	(3,684)
. Exchange variations	(31,215)	(41,289)
. Other	(877)	(1,350)
	(889,277)	(898,109)
Non-current liabilities	(820,568)	(807,880)

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

All amounts in thousands of reais unless otherwise stated

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 profit 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 profit 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:

Consolidated Periods ended June 30	Estimated realizable value
2015	19,158
2016	13,146
2017	12,580
2018	17,672
2019	3,295
2020 onwards	2,858
	68,709

The deferred income tax and social contribution liabilities are realized mainly 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	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Profit before taxation	69,803	52,008	71,011	52,806
Income tax and social contribution at the statutory rates (34%)	(23,733)	(17,683)	(24,144)	(17,954)
Adjustments for calculation of the effective tax rate:				
. Equity in results of investees	14,130	1,104	5,886	(4,001)
. Permanent exclusions/(additions), net	(105)	(718)	(105)	(718)
. Adjustment of subsidiary taxed based on the deemed profit			7,447	5,211
. Other	11	(10)	11	(644)
. Tax incentives	620	27	620	28
Income tax and social contribution expense	(9,077)	(17,280)	(10,285)	(18,078)
Deferred income tax and social contribution	6,093	(15,881)	5,989	(15,779)
Current income tax and social contribution	(15,170)	(1,399)	(16,274)	(2,299)

25 Commitments

The Group assumes various commitments in the ordinary course of its business. The details of these commitments are described in Note 28 to the financial statements for the year ended March 31, 2014.

All amounts in thousands of reais unless otherwise stated

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					
	March 31, 2014	Additions	Reversals	Utilization	Restatements	June 30, 2014
Tax	3,914				20	3,934
Civil and environmental	16,025	22		(363)	268	15,952
Labor	36,710	3,360	(1,196)	(2,349)	1,856	38,381
Total	56,649	3,382	(1,196)	(2,712)	2,144	58,267
Judicial deposits	31,969	2,367		(2,985)	239	31,590

	Consolidated					
	March 31, 2014	Additions	Reversals	Utilization	Restatements	June 30, 2014
Tax	3,914	254			20	4,188
Civil and environmental	16,025	22		(364)	268	15,951
Labor	36,710	3,360	(1,196)	(2,349)	1,856	38,381
Total	56,649	3,636	(1,196)	(2,713)	2,144	58,520
Judicial deposits	31,969	2,619		(2,984)	239	31,843

The nature of the main lawsuits at June 30, 2014 included in the above provisions is 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 cases	Administrative	Trial court	Lower court	Total
(i)	Social security contributions	14	116,657		13,722	130,379
(ii)	Calculation of IRPJ/CSLL	11	126,848			126,848
(iii)	IRPJ losses	5	674			674
	CSLL losses	6	780	134		914
	Offset of credits - PIS	4	69		2,298	2,367
	ITR	2	22,768			22,768
	Offset of federal taxes	1	257			257
(iv)	Other tax cases	24	8,740	857	428	10,025
		67	276,793	991	16,448	294,232

(i) These refer to the levy of Social Security Contributions 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 Corporate Income Tax (IPRJ) and Social Contribution on Net Income (CSLL) 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 overpayments and/or tax losses and export credits whose offset 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 cases such as the contribution to the National Service for Industrial Training (SENAI), and whose loss risk classification is "possible".

Civil and environmental

Consolidated		Stage				
Nature	Number of cases	Administrative	Trial court	Lower court	Higher court	Total
Environmental	22	4,126	2,223	243		6,593
Civil						
Indemnities	37		9,279	187	31	9,496
Review of contracts	3		12			12
Rectification of area and land registry	2					
Permits for obtaining mineral research licenses	6					
	70	4,126	11,514	430	31	16,101

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 purposes. 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 (US 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.

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.

All amounts in thousands of reais unless otherwise stated

The balances of assets and liabilities at June 30 and March 31, 2014 relating to transactions with derivative financial instruments and their maturities were as follows:

Parent company and Consolidated	Due date	Amount/Contracted volume	Price/average rate	Notional amount - R$	Fair value - R$
					June 30, 2014
In current assets - gain (loss)					
Margin deposit					13,284
Currency forward contracts (NDF) - Dollar - Over-the-counter		US$ (.000)	R$/US$		
. Sales commitments		138,569	2.3130	320,516	6,770
	July-14	18,624	2.2937	42,718	1,697
	August-14	65,397	2.2625	147,963	1,831
	September-14	16,757	2.3069	38,657	897
	October-14	9,965	2.4865	24,778	2,097
	November-14	9,956	2.4755	24,646	1,768
	December-14	234	2.3895	559	18
	January-15	234	2.4045	563	18
	February-15	234	2.4210	567	17
	March-15	2,054	2.5973	5,335	459
	April-15	234	2.4505	573	16
	August-15	14,880	2.2955	34,157	(2,048)
. Purchase commitments		22,627	2.2030	49,847	(11)
	July-14	22,627	2.2030	49,847	(11)
Flexible currency option contracts - Dollar		US$ (.000)	R$/US$		
. Bidding position in put options		44,876	2.4156	108,405	8,110
	July-14	19,610	2.3766	46,606	3,414
	August-14	13,216	2.4283	32,093	2,568
	October-14	1,680	2.4069	4,044	253
	November-14	5,500	2.4187	13,303	841
	March-15	4,870	2.5377	12,359	1,034
. Written position in call options		25,266	2.5859	65,336	(193)
	August-14	13,216	2.5891	34,218	(1)
	October-14	1,680	2.6039	4,375	(5)
	November-14	5,500	2.5308	13,919	(57)
	March-15	4,870	2.6332	12,824	(130)
TOTAL CURRENT ASSETS					27,960

All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	Due date	Amount/Contracted volume	Price/average rate	Notional amount - R$	Fair value - R$
					June 30, 2014
In current liabilities - (gain) loss					
Merchandise futures contracts - Sugar #11 - Commodities Exchange		Metric ton	Cts US$/lb		
. Sales commitments		119,182	17.69	102,374	3,270
	September-14	95,051	17.69	81,623	1,500
	February-15	24,131	17.71	20,751	1,770
. Purchase commitments		21,489	18.43	19,229	136
	September-14	16,358	18.16	14,428	123
	February-15	5,131	19.27	4,801	13
Merchandise options contracts - Sugar #11 - Stock Exchange		Metric ton	Cts US$/lb		
. Bidding position in call options		14,225	19.00	13,124	(696)
	September-14	4,064	19.00	3,750	(69)
	February-15	10,160	19.00	9,374	(627)
. Bidding position in put options		62,486	16.99	51,538	(924)
	September-14	52,326	17.03	43,274	(810)
	February-15	10,160	16.75	8,264	(114)
. Written position in call options		97,032	18.91	89,083	4,075
	September-14	51,310	18.48	46,037	1,492
	February-15	45,722	19.39	43,046	2,583
. Written position in put options		15,241	16.50	12,211	111
	September-14	15,241	16.50	12,211	111
Merchandise futures contracts - Ethanol - Commodities Exchange		Cubic meter	R$/cubic meter		
. Sales commitments		7,200	1,227.09	8,835	20
	June-14	3,600	1,150.00	4,140	4
	January-15	3,600	1,304.17	4,695	16
. Purchase commitments		900	1,120.00	1,008	(1)
	June-14	900	1,120.00	1,008	(1)
Swap contracts - Interest - Over-the-counter		US$ (.000)	Assets	Liabilities	34,673
	November-14	49,914	US$ + 1.2%	95.5% of the CDI	5,210
	December-14	47,920	US$ + 1.3%	95.7% of the CDI	5,154
	March-15	91,280	6M LIBOR + 3%	3.85%	147
	June-15	137,355	6M LIBOR + 1.5%	2.36%	211
	September-16	183,140	6M LIBOR + 2.5%	3.60%	1,798
	May-17	165,736	100% of the CDI	US$ + 5%	22,153
TOTAL CURRENT LIABILITIES					40,664

All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	Due date	Amount/Contracted volume	Price/average rate	Notional amount - R$	Fair value - R$
					March 31, 2014
In current assets - gain (loss)					
Margin deposit					28,673
Merchandise forward contracts - Sugar #11 - Over-the-counter		Metric ton	Cts US$/lb		
. Sales commitments		2,540	18.70	2,370	65
	June-14	2,540	18.70	2,370	65
Flexible currency option contracts - Dollar		US$ (.000)	R$/US$		
. Bidding position in call options		3,704	2.3586	8,736	9
	June-14	3,704	2.3586	8,736	9
. Bidding position in put options		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 in call options		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

					March 31, 2014
Parent company and Consolidated	Due date	Amount/Contracted volume	Price/average rate	Notional amount - R$	Fair value - R$
In current liabilities - (gain) loss					
Merchandise futures contracts - Sugar #11 - Commodities Exchange		Metric ton	Cts US$/lb		
. Sales commitments		416,611	17.37	361,067	15,115
	April-14	130,607	17.41	113,463	1,841
	June-14	188,976	17.29	163,028	7,298
	September-14	72,898	17.39	63,255	4,218
	February-15	24,130	17.71	21,321	1,758
. Purchase commitments		6,350	16.73	5,298	(345)
	April-14	5,842	16.74	4,880	(299)
	June-14	254	16.29	206	(23)
	September-14	254	16.75	212	(23)
Merchandise options contracts - Sugar #11 - Commodities Exchange		Metric ton	Cts US$/lb		
. Bidding position in call options		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 in put options		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 in call options		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 in put options		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
Merchandise futures contracts - Ethanol - Commodities Exchange		Cubic meter	R$/cubic meter		
. Sales commitments		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	Due date	Amount/Contracted volume	Price/average rate	Notional amount - R$	Fair value - R$
					March 31, 2014
In current liabilities - (gain) loss (continued)					
Currency forward contracts (NDF) - Dollar - Over-the-counter		US$ (.000)	R$/US$		
. Sales commitments		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 commitments		17,972	2.3699	42,592	1,921
	April-14	17,972	2.3699	42,592	1,921
Swap contracts - Interest - Over-the-counter		US$ (.000)	Assets	Liabilities	31,560
	November-14	49,914	US$ + 1.2%	95.5% of the CDI	2,974
	December-14	47,920	US$ + 1.3%	95.7% of the 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 the CDI	US$ + 5%	23,279
TOTAL CURRENT LIABILITIES					56,398

Margin deposit balances refer to funds maintained in current accounts with brokers to cover the initial margins and variations 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) Electricity; and
(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.

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.

All amounts in thousands of reais unless otherwise stated

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

Consolidated result by segment

Quarter ended June 30, 2014	Sugar	Ethanol	Electricity	Other products	Non-segmented	Total
Net revenue	182,951	164,501	22,231	8,324		378,007
Cost of products sold	(117,126)	(132,767)	(4,399)	(6,521)		(260,813)
Adjustment to market value - sugarcane plantation					1,691	1,691
Gross profit	65,825	31,734	17,832	1,803	1,691	118,885
Gross margin	36.0%	19.3%	80.2%	21.7%		31.5%
Selling expenses	(12,463)	(4,204)	(160)	(49)		(16,876)
Other operating expenses					(10,081)	(10,081)
Operating profit (loss)	53,362	27,530	17,672	1,754	(8,390)	91,928
Operating margin	29.2%	16.7%	79.5%	21.1%		24.3%
Net finance costs					(16,123)	(16,123)
Foreign exchange variations, net					(4,794)	(4,794)
Profit (loss) before taxation					(29,307)	71,011
Income tax and social contribution					(10,285)	(10,285)
Profit (loss) for the quarter					(39,592)	60,726

Quarter ended June 30, 2013	Sugar	Ethanol	Electricity	Other products	Non-segmented	Total
Net revenue	213,741	153,231	995	28,275		396,242
Cost of products sold	(148,509)	(110,725)	(459)	(26,954)		(286,647)
Adjustment to market value - sugarcane plantation					3,428	3,428
Gross profit	65,232	42,506	536	1,321	3,428	113,023
Gross margin	30.5%	27.7%	53.9%	4.7%		28.5%
Selling expenses	(13,750)	(6,007)	(23)	(73)		(19,853)
Other operating expenses					(38,577)	(38,577)
Operating profit (loss)	51,482	36,499	513	1,248	(35,149)	54,593
Operating margin	24.1%	23.8%	51.6%	4.4%		13.8%
Net finance costs					(17,805)	(17,805)
Foreign exchange variations, net					16,018	16,018
Profit (loss) before taxation					(36,936)	52,806
Income tax and social contribution					(18,078)	(18,078)
Profit (loss) for the quarter					(55,014)	34,728

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 June 30, 2014	Sugar	Ethanol	Electricity	Other products	Total
Trade receivables	65,968	24,384	6,699	46,850	143,901
Inventories	132,699	113,794		20,326	266,819
Biological assets	334,001	242,556			576,557
Property, plant and equipment	1,513,774	1,097,010	69,075	13,141	2,693,000
Intangible assets	111,147	80,717			191,864
Assets allocated	2,157,589	1,558,461	75,774	80,317	3,872,141
Other assets not allocated					1,587,289
Total	2,157,589	1,558,461	75,774	80,317	5,459,430

At March 31, 2014	Sugar	Ethanol	Electricity	Other products	Total
Trade receivables	16,753	27,193	523	29,229	73,698
Inventories	57,160	49,934		18,354	125,448
Biological assets	359,807	236,502			596,309
Property, plant and equipment	1,590,914	1,045,707	67,800	13,370	2,717,791
Intangible assets	116,404	76,513			192,917
Assets allocated	2,141,038	1,435,849	68,323	60,953	3,706,163
Other assets not allocated					1,332,233
Total	2,141,038	1,435,849	68,323	60,953	5,038,396

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	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Gross sales				
Domestic market	141,933	137,709	157,792	137,709
Foreign market	226,186	254,736	226,186	254,736
Gains on derivatives	4,706	14,857	4,706	14,857
	372,825	407,302	388,684	407,302
Taxes, contributions and sales deductions	(9,588)	(10,634)	(10,677)	(11,060)
	363,237	396,668	378,007	396,242

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:

	Parent company		Consolidated	
Costs and expenses by nature	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Raw materials and materials for use and consumption	145,384	118,302	135,390	103,681
Personnel expenses	45,217	50,214	45,217	50,214
Depreciation and amortization (includes harvested biological assets)	77,673	101,661	78,055	101,792
Spare parts and maintenance services	7,888	12,421	7,888	12,421
Third-party services	23,445	30,356	23,447	30,360
Contingencies	2,243	5,333	2,243	5,333
Change in fair value of biological assets	(1,691)	(3,429)	(1,691)	(3,429)
Materials for resale (i)	2,368	16,330	2,368	16,330
Other expenses	11,695	14,537	11,115	13,751
	314,222	345,725	304,032	330,453

All amounts in thousands of reais unless otherwise stated

Classified as	Parent company June 30, 2014	Parent company June 30, 2013	Consolidated June 30, 2014	Consolidated June 30, 2013
Cost of products sold	269,546	298,639	259,122	283,219
Selling expenses	16,804	19,853	16,876	19,853
General and administrative expenses	27,872	27,233	28,034	27,381
	314,222	345,725	304,032	330,453

(*i*) In June 30, 2013, mainly sugar cane sold.

31 Other income (expenses), net

	Parent company June 30, 2014	Parent company June 30, 2013	Consolidated June 30, 2014	Consolidated June 30, 2013
Gain (loss) on the sale of property, plant and equipment	(67)	69	(67)	69
Gain on the sale of scrap	110	367	110	367
Leases	63	59	439	59
Indemnities of agricultural partnership agreements	468		468	
Provision of expenses with contingencies - Copersucar	(238)		(238)	
Reversal of tax credits	(27)		(27)	
Payroll contract		68		68
Other	(41)	10	(44)	10
	268	573	641	573

All amounts in thousands of reais unless otherwise stated

32 Finance result

	Parent company		Consolidated	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Finance income				
Interest received and accrued	11,735	5,608	12,249	6,576
Bank surety commissions	583	755	583	755
Other income	344	269	345	269
	12,662	6,632	13,177	7,600
Finance costs				
Interest on borrowings	(20,915)	(16,723)	(21,303)	(16,723)
Charges on the obligations with Copersucar	(2,151)	(1,854)	(2,151)	(1,854)
Charges on the provisions for contingencies	(2,144)	(1,287)	(2,144)	(1,287)
Interest paid and accrued	(1,462)	(1,293)	(1,466)	(1,293)
Adjustments to present value	(1,346)	(2,970)	(1,346)	(2,970)
Bank surety commissions	(349)	(36)	(349)	(36)
Other expenses	(539)	(1,241)	(541)	(1,242)
	(28,906)	(25,404)	(29,300)	(25,405)
Foreign exchange and monetary variations - net				
Cash and banks	(839)	19,871	(839)	19,871
Trade receivables and payables	(782)	6,123	(782)	6,123
Borrowings	2,636	(4,249)	2,636	(4,249)
	1,015	21,745	1,015	21,745
Derivatives not for hedge accounting				
Gain (losses) on swaps	(5,001)	1,986	(5,001)	1,986
Gain (losses) on sugar operations	901	(83)	901	(83)
Gain (losses) on ethanol operations	23	54	23	54
Gain (losses) on foreign exchange operations	(797)	(8,907)	(797)	(8,907)
Costs of Commodities Exchange operations	(144)	(216)	(144)	(216)
Foreign exchange variations, net	(791)	1,439	(791)	1,439
	(5,809)	(5,727)	(5,809)	(5,727)
Finance result	(21,038)	(2,754)	(20,917)	(1,787)

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.

	June 2014	June 2013
Profit for the quarter attributable to the stockholders of the Company	60,726	34,728
Weighted average number of common shares in the quarter - in thousands	112,359	112,233
Basic earnings per share (in reais)	0.5405	0.3094

(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.

	June 2014	June 2013
Profit for the quarter used to determine diluted earnings per share	60,726	34,728
Weighted average number of common shares for diluted earnings per share - in thousands	112,833	112,542
Diluted earnings per share - R$	0.5382	0.3086

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 June 30, 2014 were as follows:

Parent company and Consolidated Risks covered	Maximum cover (*)
Civil liability	1,207,727
Fire, lightning and explosion of any nature	413,800
Theft or robbery	168,349
Other cover	88,014
Electrical damages	30,896
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.

All amounts in thousands of reais unless otherwise stated

35 Acquisition of investments - accounts payable

	Mirtilo	Santa Cruz
Total consideration	196,500	15,346
Payment on March 14, 2013	(176,850)	
Payment on March 31, 2014	(9,825)	
Payment on April 1, 2014		(5,115)
Monetary restatement	1,169	113
	10,994	10,344
Classified in:		
Current liabilities	10,994	5,172
Non-current liabilities		5,172

The Company paid 90% of the price at the moment of the acquisition of Mirtilo. The remainder was partially settled in March 2014 and will be fully settled in March 2015. This amount is subject to interest.

The amount of the price for the additional purchase of equity in SC is R$ 15,346, payable in three annual installments of R$ 5,115, the first on signature of the transaction and the other two in the subsequent years, restated by the savings account interest rate.

36 Events after the reporting period

At the Extraordinary General Meeting held on July 22, 2014, the Company's stockholders approved the transaction disclosed in the significant event notice published on May 5, 2014, relating to a) the acquisition of the investment in SC held by Luiz Ometto Participações S.A. ("LOP"), Luiz Antonio Cera Ometto, Grace Campos Ometto, Marcelo Campos Ometto and Márcia Campos Ometto Tank for R$ 315 million, b) the sale of its investment in ABV to LOP, and c) the leasing of the all rural land owned by ABV for agricultural exploration by SC. The Fair Trade Commission (CADE) approved this transaction on July 23, 2014. This transaction was completed on August 8, 2014, when the Company's investment in SC increased to 92.14%. The total amount to be paid by the Company will be R$ 119.9 million, payable in 10 years, adjusted by the CDI.

* * *

Atenção

***** Não destacar esta folha do trabalho *****

Departamento de Traduções - 13o. andar

Dados do Projeto

Cliente	**SÃO MARTINHO S.A.**
Departamento	Assurance
Tipo de trabalho	ITR - 30.06.14
Idioma	P/I
Nome do arquivo	**SM614RL.DOCX; SM614RL.XLSX**
Código para débito	01036440/0001
Sócio	
Gerente	Douglas Ribeiro
Sócio substituto	
Encaminhar para	**Douglas Ribeiro**

Andamento - Traduções

	Nome	**Data**	**Observações**	
Entrada		28.07.14	☐ Track Changes	☐ ________
Tradução	RL	28.07 a 30.07.14	☐ Free Translation	
Correções	Roger	30.07.14	☐ Ponto por vírgula	☐ ________
Revisão da tradução	AHS	01-04.08.14	☐ Corretor ortográfico	
Correções	Débora	04.08.14	☐ Montagem ITR	☐ ________
2a. Revisão	AHS	04.08.14	☐ Formatação	
Correções	Débora	04.08.14	☐ Correções	☐ ________
3a. Revisão	AHS	05.08.14 (OK)	☐ Rodapé	
			☐ OK	

	HISTÓRICO DE ALTERAÇÕES / PONTOS DE ATENÇÃO PARA O USUÁRIO		
Página da versão original	**VERSÃO ORIGINAL**	**Página da versão traduzida**	**VERSÃO TRADUZIDA**
			OBSERVAÇÃO AO GERENTE: Trechos realçados em amarelo já estavam na versão original em português. Mantivemos os realces.

São Martinho

1Q15

Results

2014/2015 Crop Year

São Martinho posts Net Income of R$60.7 million in the quarter, up 74.9%

São Paulo, August 11th, 2014 – SÃO MARTINHO S.A. (BM&FBovespa: SMTO3; Reuters SMTO3.SA and Bloomberg SMTO3 BZ), one of Brazil's largest sugar and ethanol producers, announces today its results for the first quarter of the 2014/15 crop year (1Q15).

1Q15 HIGHLIGHTS

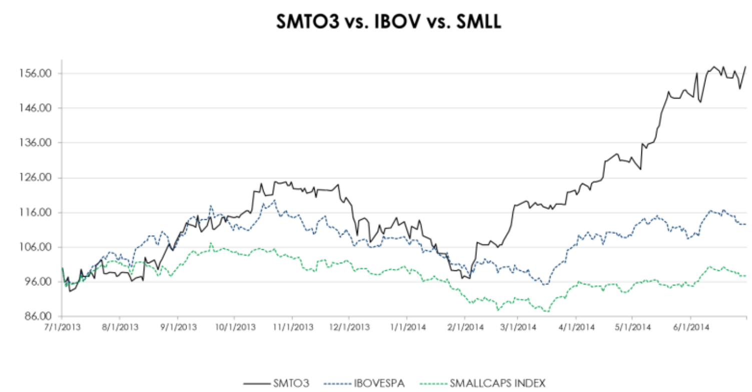
- ✓ Sugarcane crushing at São Martinho Group mills amounted to 7.6 million tons as of June 2014, **growing 37.8% from the previous crop year to reach 38.9% of the guidance for the full year**;

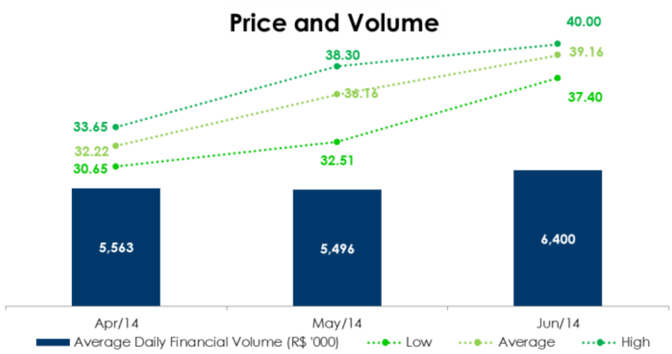
- ✓ **In 1Q15, adjusted EBITDA amounted to R$227.0 million (Adjusted EBITDA margin of 44.4%),** up 7.3% from 1Q14. Adjusted EBITDA improved mainly due to i) higher cogeneration sales; and ii) better cogeneration and ethanol prices;

- ✓ **In 1Q15, net income was R$60.7 million, increasing 74.9% on the year-ago quarter.** The increase is explained by i) EBITDA growth; and ii) the lower depreciation in the period due to the reassessment of the life span of the Company's assets, as detailed in the 2Q14 financial statements;

- ✓ On June 30th, 2014, we had sugar prices fixed for the 2014/15 crop year for 393 thousand tons at an average price of USD 18.30 cents/pound. **The amount represents 47.3% of our net exposure (total sugar sales through the end of the crop year excluding our natural hedge with Consecana).** In addition to its sugar hedges, the company also held short dollar positions through NDFs of US$83 million, with average BRL/USD parity price of 2.43 on the same date;

- ✓ On August 8th, 2014, we announced to the market the conclusion of i) the acquisition of Santa Cruz S.A.; ii) the sale of Agro Pecuária Boa Vista S.A.(APBV); and (iii) the execution of a sugarcane lease agreement between Santa Cruz and APBV for a period of 20 years. The amounts and details of the transaction were informed in the Material Fact notice released in May 2014.





NEW ACCOUNTING STANDARD – IFRS 11 (CPC 19)

Given the adoption of the new accounting standard IFRS 11 (CPC 19) as of the last fiscal year (13/14), São Martinho S.A. no longer proportionally consolidates the results of its investees. In view of the materiality of the results of Nova Fronteira Bioenergia S.A. (50.95%) and Santa Cruz S.A. (36.09%) to the São Martinho Group, **the Company decided to continue to present on a pro-forma basis its balance sheet, income statement and cash flow statement in the set of financial statements following the same consolidation criteria used prior to the adoption of said standard.**

The breakdown of this information will continue to be presented with the purpose of providing users with a comprehensive and comparative view of the Company's operations. However, many of the figures will not coincide with details in the notes to the financial statements, which will adopt the new accounting effects mentioned above.

A summary of the results and the conciliation in accordance with CPC 19, including the breakdown of the main investees, is presented below:

QUARTER				
	São Martinho S.A. (consolidated CPC 19)	UBV (50.95%)	USC (36.09%)	São Martinho S.A. (Pro forma)
R$ '000				
Net Revenue*	383,753	81,413	45,641	511,021
Adjusted EBITDA	157,552	45,711	24,090	227,046
Adjusted EBITDA Margin	41.1%	56.1%	52.8%	44.4%
Adjusted EBIT	79,497	13,590	8,467	101,160
Adjusted EBIT Margin	20.7%	16.7%	18.6%	19.8%
Biological Assets and Other	4,881	(1,300)	278	3,322
Equity Income	17,312	(13)	3	513
Financial Result	(20,917)	(3,018)	(2,337)	(26,470)
Income (Loss) Before taxes	71,011	11,860	5,855	71,881
Taxes	(10,285)	(319)	(557)	(11,155)
Net Income	60,726	11,541	5,298	60,726
Cash	761,050	86,036	35,657	883,017
Gross Debt	1,812,489	355,626	273,361	2,463,009
Net Debt	1,051,439	269,590	237,704	1,579,992
EBITDA YTD	548,535	135,171	81,603	782,965
Net Debt / EBITDA	1.92 x	1.99 x	2.91 x	2.02 x

* Excludes the Hedge Accounting effect of foreign-denominated debt (R$6.4 million), as detailed in the Hedge section of this earnings release.

OVERVIEW - COMPANY

FINANCIAL HIGHLIGHTS (R$ '000)	1Q15	1Q14	Chg. (%)
São Martinho - Consolidated			
Gross Revenue	522,493	511,764	2.1%
Net Revenue*	511,021	493,748	3.5%
Adjusted EBITDA	227,046	211,639	7.3%
EBITDA Margin	44.4%	42.9%	1.6 p.p.
Net Income	60,726	34,728	74.9%
Consolidated Balance Sheet Indicators			
Total Assets	6,266,079	5,825,951	7.6%
Shareholders' Equity	2,178,354	2,075,952	4.9%
EBITDA (LTM)	782,965	755,454	3.6%
Net Debt	1,579,992	1,540,019	2.6%
Net Debt / EBITDA (LTM)	2.02 x	2.04 x	
Net Debt / Shareholders' Equity	73%	74%	

* Excludes Hedge Accounting effect of the debt in foreign currency (R$6.4 million), as detailed in the Hedge section of this earnings release.

CASH GENERATION (R$ '000)	1Q15	1Q14	Chg. (%)
São Martinho - Consolidated			
Adjusted EBITDA	**227,046**	**211,639**	**7.3%**
Maintenance Capex	(90,009)	(74,300)	21.1%
Operating Cash Generation	**137,038**	**137,339**	**-0.2%**
Financial Income (Loss)	(26,470)	(16,747)	58.1%
Taxes paid	(77)	(317)	-75.7%
Cash Generation before Investments	**110,491**	**120,274**	**-8.1%**

OPERATING DATA	1Q15	1Q14	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	**6,467**	**5,543**	**16.7%**
Own	4,339	4,271	1.6%
Third Parties	2,128	1,272	67.3%
Mechanized Harvest	94.7%	94.5%	18.4%
Agricultural Yield (ton/ha)	93.33	81.79	14.1%
Average TRS (kg/ton)	129.89	126.98	2.3%
Production			
Sugar ('000 tons)	380	318	19.5%
Anhydrous Ethanol ('000 m^3)	163	132	23.5%
Hydrous Ethanol ('000 m^3)	93	83	12.3%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	110	72	52.9%
Cogeneration ('000 MWh)	195	98	99.4%
TRS Produced	*840*	*704*	*19.4%*
Mix - Sugar - Ethanol	*47% - 53%*	*47% - 53%*	
Mix Anhydrous - Hydrous	*65% - 35%*	*62% - 38%*	

Considering the proportional consolidation of 50.95% of Nova Fronteira Bioenergia and of 36.09% of Usina Santa Cruz, the São Martinho Group processed 6.5 million tons in the first quarter of the 2014/15 crop year, for growth of 16.7% on the same period of the previous season. The growth in sugarcane crushing in the period is explained by: i) the crushing this season of all sugarcane from Usina São Carlos (ex-Biosev) at Usina São Martinho; ii) the processing of stand-over cane from 2013/14 that was strategically left to crush in 2014/15; and iii) the dry weather in Brazil's Center-South, which increased the number of working days in the harvest this quarter.

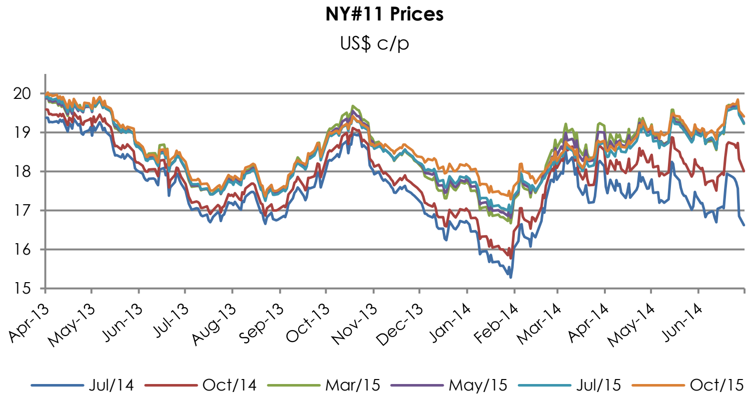
	1Q15 Production	Guidance 12M15	Percentage Achieved
Processed Sugarcane ('000 tons)	**7,637**	**19,640**	**38.9%**
Production			
Sugar ('000 tons)	460	1,353	34.0%
Ethanol ('000 m3)	295	740	39.9%
Cogeneration ('000 MWh)	251	663	37.9%

Consolidation of 50.95% at Nova Fronteira Bioenergia S.A. and 100% at Usina Santa Cruz S.A.

In line with our guidance for production volume in 2014/15 that was published in the earnings release at the close of the previous crop year, if we consider 100% of the sugarcane crushed at Usina Santa Cruz in 1Q15, the São Martinho Group processed 7.6 million tons, which represents 38.9% of the total crushing volume expected for 2014/15.

INDUSTRY OVERVIEW

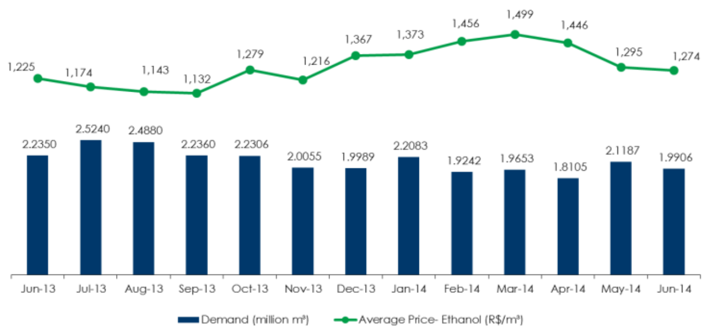
Sugar



According to the Sugarcane Industry Association (UNICA), on July 10th, 2014, Brazil's Center-South recorded (to July 1st) growth of 11.05% in sugarcane crushing, which was directly due to the extremely dry weather in the period, since mills were able to operate at maximum processing capacity and capture time gains. However, the drought observed since November 2013 adversely affected sugarcane yields, and, according to market estimates, the Center South should process at most 570 million tons of sugarcane, or 4.5% less than in the previous season.

The combination of surplus sugar production in Brazil in the short term and expectations of a crop shortfall is the main driver of the nearly 160-point spread (US$35/ton) in sugar prices between Oct/14 and Mar/15. In light of this scenario, São Martinho will concentrate its shipments in the second half of the 2014/15 crop year, making use of its entire sugar storage capacity.

Ethanol



In the first quarter of 2014/15, prices for both anhydrous and hydrous ethanol were higher than a year earlier (+6.2% and +7.6%, respectively). The improvement in net prices was driven by i) the reduction in the rate of PIS/Cofins taxes implemented in May 2013 and ii) the stronger demand for fuels in the country.

The following chart shows that ethanol consumption in the domestic market remained resilient despite the higher prices, which demonstrates the strong level of ethanol demand.

AVERAGE PRICES - ETHANOL	1Q15	1Q14	Chg. (%)
Market Prices			
Anhydrous ESALQ, Net DM R$ / m^3	1,417.58	1,335.09	6.2%
Hydrous ESALQ, Net DM - R$ / m^3	1,252.79	1,163.96	7.6%

Conference Call: August 13th, 2014 (Wednesday)
3 p.m. (Brasília): +55 (11) 3193 1001
2 p.m. (U.S. ET): +1 (786) 924 6977
Access code: São Martinho

SMTO3
NOVO MERCADO
BM&FBOVESPA

FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	1Q15	1Q14	Chg. (%)
R$ '000			
Domestic Market	**253,311**	**202,902**	**24.8%**
Sugar	16,675	13,019	28.1%
Hydrous Ethanol	55,994	54,715	2.3%
Anhydrous Ethanol	123,600	93,854	31.7%
Energy	49,273	8,868	455.6%
Others	7,769	32,447	-76.1%
Export Market	**257,710**	**290,846**	**-11.4%**
Sugar*	187,189	216,070	-13.4%
Hydrous Ethanol	0	3,298	-100.0%
Anhydrous Ethanol	66,765	68,613	-2.7%
Others	3,756	2,865	31.1%
Total Net Revenue*	**511,021**	**493,748**	**3.5%**
Sugar*	203,864	229,089	-11.0%
Hydrous Ethanol	55,994	58,013	-3.5%
Anhydrous Ethanol	190,365	162,467	17.2%
Energy	49,273	8,868	455.6%
Others	11,525	35,312	-67.4%

* Excludes the Hedge Accounting effect of foreign-denominated debt (R$6.4 million), as detailed in the Hedge section of this earnings release.

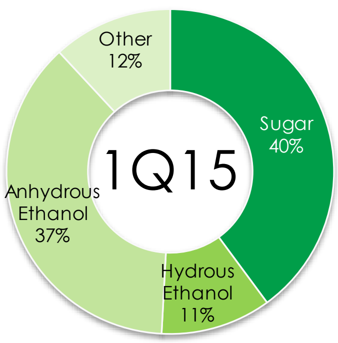
Net Revenue

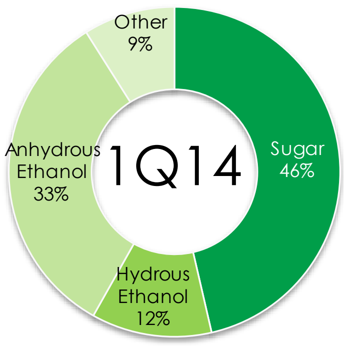
In the first quarter of the 2014/15 crop year (1Q15), the Company's net revenue amounted to R$511.0 million, increasing 3.5% from the same period of the previous crop year. The main drivers of this growth were sales of cogeneration and anhydrous ethanol, in both cases due to higher sales prices and higher volumes. However, net revenue from sugar sales fell 11.0%, as commented in the section "Net Revenue – Sugar."

The following charts present a breakdown of the Company's net revenue by product in the quarters:

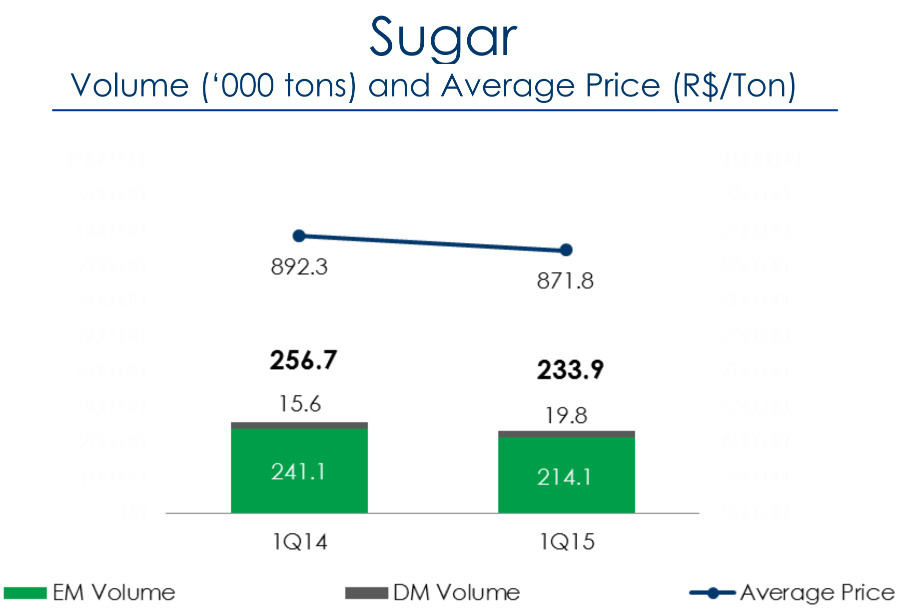
Net Revenue Breakdown

1Q15 x 1Q14



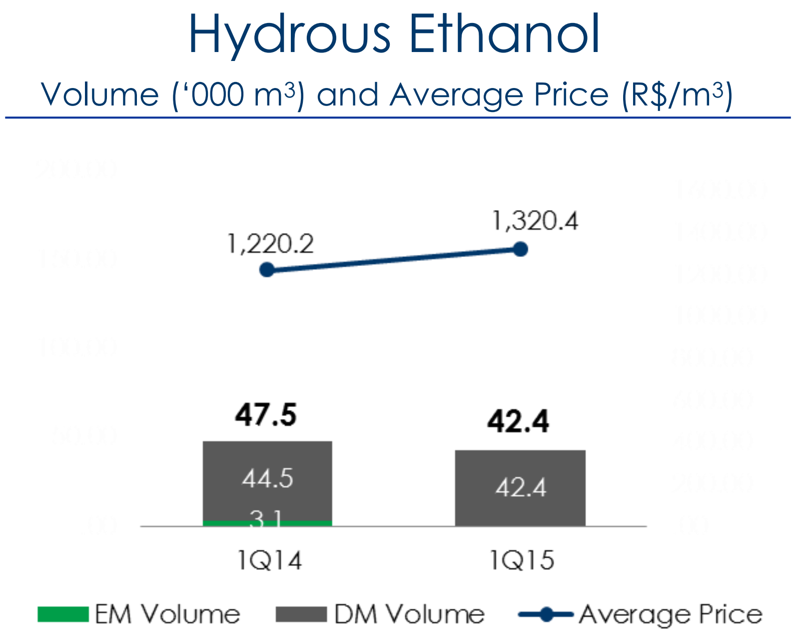


Sugar



Net revenue from sugar sales amounted to R$203.9 million in 1Q15, down 11.0% from the same period of the previous crop year. The decrease is mainly explained by the lower volumes sold, due to the Company's strategy to postpone sugar sales to future quarters, especially shipments for the October/14 and Mar/15 quotes.

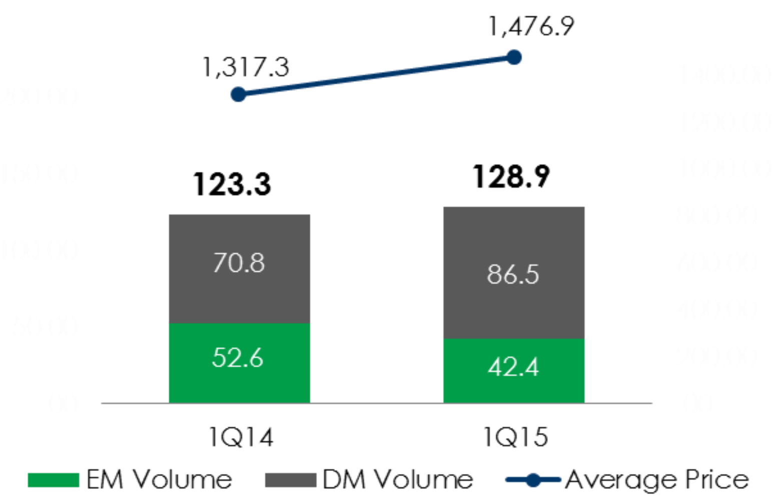
Ethanol



Net revenue from hydrous ethanol sales amounted to R$56.0 million in 1Q15, decreasing 3.5% from the same quarter of the previous crop year. The decline is explained by 10.8% drop in sales volume in the quarter, particularly in exports. In 1Q14, shipments of H2 ethanol to Japan under a long-term contract with Mitsubishi were anticipated. In the current crop year, these shipments will be concentrated mostly in the second and third quarters.

Anhydrous Ethanol

Volume (‘000 m³) and Average Price (R$/m³)

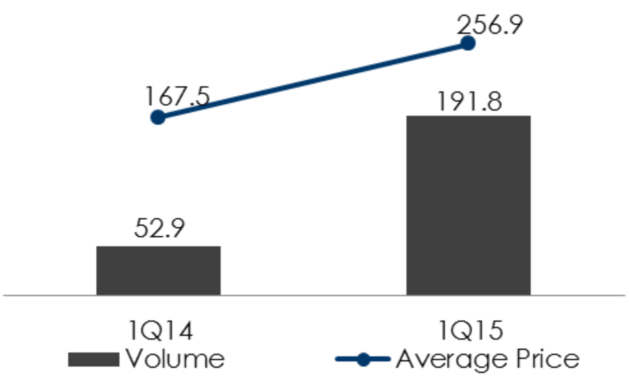


In 1Q15, net revenue from anhydrous ethanol sales increased 17.2% from 1Q14 to reach R$190.4 million. The improvement reflects the 12.1% increase in sales prices and the 4.5% growth in sales volume as a result of the higher production volume.

Cogen

Cogeneration

Volume ('000 MWh) and Average Price (R$/MWh)



Net revenue from cogeneration sales in 1Q15 amounted to R$49.3 million, increasing 455.6% from the same period of the previous crop year. This increase is due to i) the higher cogeneration sales volume compared to the year-ago period, mainly due to the cogeneration project at Usina São Martinho, which in 1Q14 had not yet been implemented; and ii) the better prices practiced, due to higher energy prices on the sport market.

Other Products and Services

Net revenue from the line "Other Products and Services" was R$11.5 million in 1Q15, decreasing 67.4% from the same quarter of the previous crop year. This decrease is explained basically by the end of the partial sale of sugarcane from Usina São Carlos to Biosev, which happened exclusively in the 2013/14 crop year.

As mentioned in previous quarters, starting this crop year (2014/15), we will process the entire sugarcane related to the acquisition from Biosev, as per the Material Fact notice released in December 2012.

INVENTORIES

INVENTORIES	1Q15	1Q14	Chg. (%)
Sugar (tons)	153,184	71,753	113.5%
Hydrous (m^3)	59,350	41,385	43.4%
Anhydrous (m^3)	52,777	29,628	78.1%

EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 1Q15	SUGAR	ETHANOL	OTHER	TOTAL
R$ '000				
Net Revenue*	203,863	246,358	60,800	511,021
COGS (Cash)	(103,885)	(117,461)	(11,403)	(232,749)
Gross Profit (Cash)	99,978	128,897	49,397	278,272
Gross Margin (Cash)	49.0%	52.3%	81.2%	54.5%
Sales Expenses	(13,784)	(4,759)	(1,226)	(19,770)
G&A Expenses (Cash)	(13,414)	(16,214)	(3,292)	(32,920)
Other Revenues (Expenses)	-	-	1,464	1,464
Adjusted EBITDA	**72,780**	**107,924**	**46,342**	**227,046**
Adjusted EBITDA Margin	**35.7%**	**43.8%**	**76.2%**	**44.4%**
EBITDA Cost (*)	**(560.5)**	**(808.1)**	**-**	**-**

(*) Sugar in R$/Ton
Ethanol in R$/m³

* Excludes the Hedge Accounting effect of foreign-denominated debt (R$6.4 million), as detailed in the Hedge section of this earnings release.

EBITDA BY PRODUCT - 1Q14	SUGAR	ETHANOL	OTHER	TOTAL
R$ '000				
Net Revenue	229,090	220,482	44,176	493,748
COGS (Cash)	(97,159)	(101,105)	(30,859)	(229,124)
Gross Profit (Cash)	131,931	119,377	13,317	264,624
Gross Margin (Cash)	57.6%	54.1%	30.1%	53.6%
Sales Expenses	(15,343)	(6,615)	(924)	(22,882)
G&A Expenses (Cash)	(13,018)	(14,281)	(3,033)	(30,332)
Other Revenues (Expenses)	-	-	229	229
Adjusted EBITDA	**103,570**	**98,481**	**9,588**	**211,639**
Adjusted EBITDA Margin	**45.2%**	**44.7%**	**21.7%**	**42.9%**
EBITDA Cost (*)	**(488.9)**	**(714.0)**	**-**	**-**

(*) Sugar in R$/Ton
Ethanol in R$/m³

In the first quarter, sugar accounted for 32.1% of the Group's consolidated Adjusted EBITDA, while ethanol and other products accounted for 47.5% and 20.4%, respectively. Sugar EBITDA margin contracted 9.5 p.p. from 1Q14, mainly due to the higher agricultural costs in the period (see the breakdown under "Cost of Goods Sold").

In the case of ethanol, Adjusted EBITDA margin in the first quarter of the crop year fell slightly by 0.9 p.p. compared to 1Q14, due to the same reasons as above.

AVERAGE CASH COST PER UNIT	1Q15	1Q14	Chg.%
R$ '000			
COGS	**(232,749)**	**(229,124)**	**1.6%**
Sugar	(103,885)	(97,159)	6.9%
Ethanol	(117,461)	(101,105)	16.2%
Other Products	(11,403)	(30,859)	-63.0%
Average Cash Cost Per Unit (*)			
Sugar Cash Cost	(444.2)	(378.5)	17.4%
Ethanol Cash Cost	(685.7)	(591.7)	15.9%

(*) Sugar in R$/Ton

Ethanol in R$/m³

COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	1Q15	1Q14	Chg.%
R$ '000			
Agricultural Costs	**185,624**	**154,390**	**20.2%**
Suppliers	*97,507*	*64,061*	*52.2%*
Partnerships	*43,055*	*34,603*	*24.4%*
Own Sugarcane	*45,061*	*55,726*	*-19.1%*
Industrial	28,998	35,623	-18.6%
Other Products	18,127	39,111	-53.7%
Total COGS	**232,749**	**229,124**	**1.6%**
TRS Sold ('000 Tons)	542	565	-4.1%
Unit Cost (Sugar and Ethanol COGS/TRS)	396	336	17.7%

Cash COGS in 1Q15 increased 1.6% to R$232.7 million, despite the 4.1% decrease in volumes sold (in terms of TRS equivalent).

The main factor in the higher costs was the anticipation of sugarcane deliveries by suppliers compared to the same quarter a year ago. As noted in the section "Operating Data," purchases of third-party sugarcane increased 67% between 1Q15 and 1Q14. Considering that the total volume of sugarcane acquired from suppliers in the crop year will be stable (30% of the total volume processed by the Group), this factor will be offset in the coming quarters.

Regarding the line Cost of Other Products, the 53.7% decrease in the quarter mainly reflects the end of sugarcane sales by Usina São Carlos to Biosev, which occurred only in 2013/14.

SELLING EXPENSES

SELLING EXPENSES	1Q15	1Q14	Chg.%
R$ '000			
Port / Freight Costs	18,853	22,112	-14.7%
Sales Commission	-	40	n.m.
Other - non-recurring	917	730	25.6%
Selling Expenses	**19,770**	**22,882**	**-13.6%**
TRS Sold ('000 Tons)	542	565	-4.1%
% of Net Revenue	3.9%	4.6%	-0.8 p.p.

In 1Q15, selling expenses amounted to R$19.8 million, down 13.6% from 1Q14. The main reduction occurred in Port/Freight Costs, which was primarily due to the lower sugar and anhydrous ethanol export volume in the period.

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH)	1Q15	1Q14	Chg.%
R$ '000			
Payroll and Related Charges	20,787	18,287	13.7%
Taxes, Fees, Contributions and Contingencies	5,315	6,437	-17.4%
General Expenses and Third-Party Services	6,107	5,079	20.2%
Stock Options Expenses	710	529	34.2%
Total General and Administrative Expenses	**32,920**	**30,332**	**8.5%**

G&A expenses were R$32.9 million in 1Q15, increasing 8.5% from the same quarter of the previous crop year, mainly due to the wage increases (collective bargaining agreement) in the period. Note that in 1Q15, we anticipated the provision for wage increases. In 1Q14, the entire impact occurred in the subsequent quarter.

EBITDA

Pro-Forma EBITDA RECONCILIATION	1Q15	1Q14	Chg.%
R$ '000			
Adjusted EBITDA	**227,046**	**211,639**	**7.3%**
Adjusted EBITDA Margin	44.4%	42.9%	1.6 p.p.
Adjustment to Maturity of Hedge Accounting Debt	6,387	-	n.m.
Equity Income	(513)	1,079	n.m.
Non Recurring Operating Income (Expenses)	149	24	515.4%
Biological Assets	(3,214)	(1,864)	72.4%
Book EBITDA	**224,237**	**212,400**	**5.6%**
EBITDA Margin	44.4%	43.0%	1.4 p.p.
(-) Depreciation and Amortization	(125,886)	(146,585)	-14.1%
(-) Financial Expense, net	(26,470)	(16,747)	58.1%
(=) Operating Income (Loss)	71,881	49,068	46.5%

Adjusted EBITDA

In 1Q15, the São Martinho Group recorded adjusted EBITDA (adjusted by the maturity of the Hedge Accounting debt) of R$227.0 million (Adjusted EBITDA Margin of 44.4%), which represents an increase of 7.3% and EBITDA margin expansion of 1.6 p.p. from 1Q14. In the period, Adjusted EBITDA grew driven by i) higher cogeneration sales volume; and ii) better cogeneration and ethanol sales prices.

A breakdown by business line of Adjusted EBITDA follows:

1Q15					
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Others	Consolidated - ex others
R$ '000					
Net Revenues	511,021	450,221	49,273	11,527	499,494
Adjusted EBITDA	227,046	180,704	45,135	1,207	225,839
Adjusted EBITDA Margin	**44.4%**	**40.1%**	**91.6%**	**10.5%**	**45.2%**

* Excludes the Hedge Accounting effect of foreign-denominated debt (R$6.4 million), as detailed in the Hedge section of this earnings release.

1Q14					
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Others	Consolidated - ex others
R$ '000					
Net Revenues	493,748	449,572	8,868	35,308	458,440
Adjusted EBITDA	211,639	202,051	7,622	1,966	209,673
Adjusted EBITDA Margin	**42.9%**	**44.9%**	**86.0%**	**5.6%**	**45.7%**

CPC 19 EBITDA RECONCILIATION	1Q15	1Q14	Chg.%
R$ '000			
Book EBITDA	**169,983**	**156,385**	**8.7%**
EBITDA Margin	45.0%	39.5%	5.5 p.p.
(-) Depreciation and Amortization	(78,055)	(101,792)	-23.3%
(-) Net Financial Expense	(20,917)	(1,787)	1070.5%
(=) Operating Income (Loss)	71,011	52,806	34.5%

Given the adoption of the new accounting standard IFRS 11 (CPC 19) as of the last fiscal year (13/14), São Martinho S.A. no longer proportionally consolidates the results of its investees. Adjusted by IFRS 11, the table above includes only the EBITDA of São Martinho S.A., excluding the proportional consolidations of Nova Fronteira Bioenergia S.A. (50.95%) and Santa Cruz S.A. (36.09%).

HEDGING

A summary of our sugar and U.S. dollar hedge positions on June 30th, 2014 follows.

Sugar

	Hedge Volume ('000 tons)	Average Price (US$ c/p)	Own Sugarcane
Sugar - 2014/2015 Crop Year			
Jul/14 (N14)	262,496	18.15	100.0%
Oct/14 (V14)	100,487	18.52	45.6%
Mar/15 (H15)	30,481	18.80	7.8%
2014/2015 Crop year	393,464	18.30	47.3%

Note: The abovementioned sugar volumes already consider the consolidation of 100% of the sugar produced at Santa Cruz S.A.

On June 30th, 2014, sugar prices for the 2014/15 crop year were fixed at an average price of USD 18.30 cents/pound for 393,464 tons, with this volume representing 47.3% of our net exposure (i.e., total sugar production through the end of the crop year excluding our natural hedge with Consecana).

U.S. Dollar

On June 30th, 2014, the São Martinho Group held open positions through non-deliverable forwards (NDFs), which are used to hedge its exports, with maturities through the 2015/16 crop year as follows:

Maturity	TOTAL		SUGAR		OTHERS	
Dolar	US$ '000	Average Price (R$/US$)	US$ '000	Average Price (R$/US$)	US$ '000	Average Price (R$/US$)
2014/2015 Crop Year	111,120	2.31	83,003	2.43	28,117	1.97
2015/2016 Crop Year	14,880	2.30	-	-	14,880	2.30

Hedge Accounting

Effect on Shareholders' Equity

In March 2010, inclusive, the Company began to adopt hedge accounting for derivatives classified as hedge instruments, as well as debt denominated in foreign currency.

The quarterly results are recorded in shareholders' equity ("Adjustments to Book Value"), net of deferred income and social contribution taxes. In the period between March 2014 and June 2014, we recorded a gain in shareholders' equity of R$40.3 million, mainly related to the appreciation in the Brazilian real against the U.S. dollar.

Impact on Income Statement

As mentioned in the 4Q14 Earnings Release, in the coming crop years, certain foreign-denominated debts that had been designated as Hedge Accounting will mature.

In 1Q15, a total of US$18.5 million in debt matured, with the exchange rate of R$1.88/US$1.00 adopted for the translation of net revenue. Considering that the rate considered for the purposes of cash flow in the period was R$2.23/US$1.00, we adjusted the amount of R$6.4 million in Net Revenue and EBITDA to provide a better understanding of the Company's cash generation.

The following table provides an updated maturity schedule for debt designated as Hedge Accounting:

	US$ thousand	Average Price (R$/US$)
1Q15	18,468	1.88
2Q15	65,860	1.88
3Q15	26,615	1.87
4Q15	20,309	1.93

NET FINANCIAL RESULT

FINANCIAL RESULT	1Q15	1Q14	Chg.%
R$ '000			
Financial Income	16,127	9,584	68.3%
Financial Expenses	(39,311)	(34,835)	12.8%
Hedge Result	1,467	(16,545)	n.m.
Exchange Variation	(2,424)	27,032	n.m.
Copersucar Monetary Variation	(2,329)	(1,983)	17.5%
Net Financial Income (Loss)	**(26,470)**	**(16,747)**	**58.1%**

The São Martinho Group registered a net financial expense of R$26.5 million in 1Q15, which represents an increase in the financial expense of 58.1% from 1Q14. The main factor in the increase in the net financial expense was the exchange variation in the period. In 1Q14, the Brazilian real depreciated by 10.0%, which had a positive effect on our cash and accounts receivable in foreign currency. In 1Q15, this variation did not occur.

NET INCOME

In 1Q15, net income was R$60.7 million, increasing 74.9% on the year-ago quarter. The increase is related to i) EBITDA growth; and ii) the lower depreciation in the period due to the reassessment of the life span of the Company's assets, as detailed in the 2Q14 financial statements.

DEBT WITH COPERSUCAR

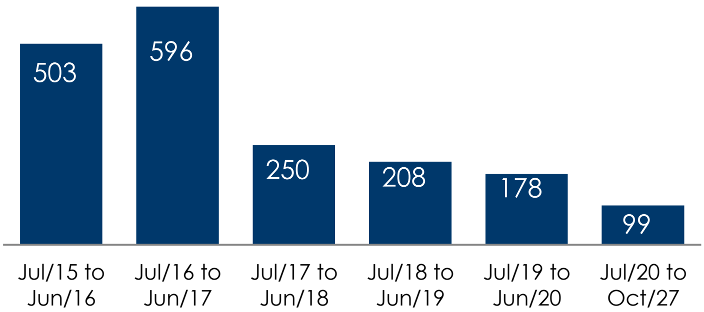
On June 30, 2014, the São Martinho Group recognized the amount of R$235.0 million in obligations payable to Copersucar under Liabilities on its balance sheet. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under "Obligations – Copersucar" all liabilities related to the contingencies currently being resolved judicially that were filed by legal counsel at Copersucar. These obligations continue to be secured by suretyships in the amount of R$186.1 million on a consolidated basis.

INDEBTEDNESS

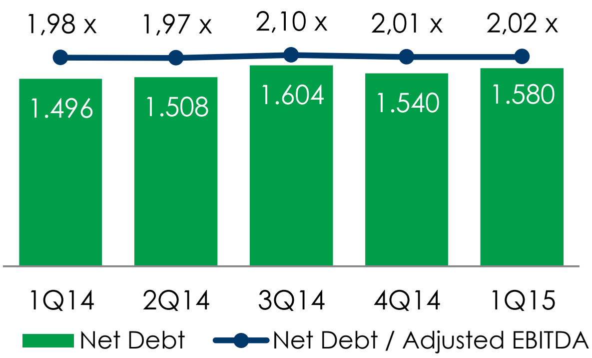
DEBT	Jun/14	Mar/14	Chg. (%)
R$ '000			
PESA	60,722	65,083	-6.7%
Rural Credit	170,935	164,074	4.2%
BNDES / FINAME	654,239	649,618	0.7%
Working Capital	435,148	145,286	199.5%
ACC (Advances on Foreign Exchange Contracts)	91,191	93,404	-2.4%
PPE (Export prepayment)	313,769	387,846	-19.1%
NCE (Export Credit Note)	440,551	458,846	-4.0%
Others	1,758	2,031	-13.4%
Obligations from Acquisitions	21,338	10,725	99.0%
Gross Debt	**2,189,648**	**1,976,913**	**10.8%**
Cash and Cash Equivalents	883,017	679,928	29.9%
Net Debt	**1,306,631**	**1,296,985**	**0.7%**
(+) Proportional Gross Debt at Santa Cruz	273,361	243,034	12.5%
Consolidated Net Debt	**1,579,992**	**1,540,019**	**2.6%**
Net Debt / YTD EBITDA	2.02 x	2.01 x	

In 1Q15, the net debt of the São Martinho Group increased 2.6% from March 2014 to reach R$1.58 billion, ending the period with a Net Debt/EBITDA ratio of 2.02 times. The main factor in the increase was the higher working capital invested at the Company due to the seasonality of the business and its strategy to build inventories for sale in future quarters.

Amortization Schedule – Long-term Debt
R$ - Million



Net Debt / EBITDA LTM
Evolution



CAPITAL EXPENDITURE

(Maintenance)	1Q15	1Q14	Chg. %.
R$ million			
Sugarcane Planting	32,025	27,420	16.8%
Off-Season Maintenance / Industrial / Agricultural	3,310	256	n.m.
Crop Tretament	54,674	46,625	17.3%
Total	**90,009**	**74,300**	**21.1%**

(Operational Improvements)	1Q15	1Q14	Var%.
R$ million			
Equipment/Projects/Replacements	6,101	2,784	119.2%
Total	**6,101**	**2,784**	**119.2%**

(Upgrading/Expansion)	1Q15	1Q14	Var%.
R$ million			
Sugarcane Planting	-	5,807	n.m.
Industrial / Agricultural	23,074	31,339	-26.4%
Crop Tretament	-	1,185	n.m.
TOTAL	**23,074**	**38,330**	**-39.8%**

The maintenance CAPEX of the São Martinho Group amounted to R$90 million in 1Q15, increasing 21.1% from the year-ago period. The increase is related to the number of hectares planted and treated resulting from the expansion in the Group's crushing.

Operational improvement CAPEX (one-time investments in replacing agricultural and industrial equipment to boost yields) amounted to R$6.1 million in 1Q15, increasing 119.2% from 1Q14. The increase is mainly related to investments in agricultural automation.

CAPEX invested in modernization/expansion came to R$23.1 million in 1Q15, which was basically allocated to the vertical orientation of sugarcane and concentrated vinasse transportation. These projects should yield returns over the coming quarters though cost reductions.

For this crop year, **we expect maintenance CAPEX to reach approximately R$560 million, already considering the full consolidation of Usina Santa Cruz in our results.**

DISCLAIMER

This document contains forward-looking statements related to the business outlook, operating and financial projections and growth prospects of São Martinho. These statements are merely projections and as such are based exclusively on Management's expectations for the future of the business. These forward-looking statements depend materially on changes in market conditions and the performance of the Brazilian economy, the industry and international markets, and therefore are subject to change without prior notice.

ABOUT SÃO MARTINHO GROUP

The São Martinho Group is one of the largest sugar and ethanol groups in Brazil, with annual sugarcane processing capacity of 20 million metric tons. It currently operates four mills: São Martinho in Pradópolis (in the Ribeirão Preto region of São Paulo state), Iracema in Iracemápolis (in the Limeira region of São Paulo), Santa Cruz in Américo Brasiliense (in the Ribeirão Preto region) and Boa Vista (in Quirinópolis, Goiás). For more information please go to www.saomartinho.com.br.

INCOME STATEMENT

Quarter

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19 1Q15	CPC 19 1Q14	CPC 19 Var %	Pro-forma 1Q15	Pro-forma 1Q14	Pro-forma Var %
R$ '000						
Gross Revenue	388,684	407,302	-4.6%	522,493	511,764	2.1%
Deductions from Gross Revenue	(10,677)	(11,060)	-3.5%	(17,859)	(18,016)	-0.9%
Net Revenue	**378,007**	**396,242**	**-4.6%**	**504,634**	**493,748**	**2.2%**
Cost of Goods Sold (COGS)	(259,122)	(283,219)	-8.5%	(352,891)	(371,729)	-5.1%
Gross Profit	**118,885**	**113,023**	**5.2%**	**151,743**	**122,019**	**24.4%**
Gross Margin (%)	*31.5%*	*28.5%*	2.9 p.p	*30.1%*	*24.7%*	5.4 p.p
Operating Expenses	**(26,957)**	**(58,430)**	**-53.9%**	**(53,392)**	**(56,204)**	**-5.0%**
Selling Expenses	(16,876)	(19,853)	-15.0%	(19,770)	(22,882)	-13.6%
General and Administrative Expenses	(28,034)	(27,381)	2.4%	(35,450)	(32,422)	9.3%
Equity Income	17,312	(11,769)	n.m.	513	(1,079)	n.m.
Other Operating Expenses, Net	641	573	11.9%	1,315	179	634.6%
Operating Profit, Before Financial Effects	**91,928**	**54,593**	**68.4%**	**98,351**	**65,815**	**49.4%**
Financial Result, Net	**(20,917)**	**(1,787)**	**1070.5%**	**(26,470)**	**(16,747)**	**58.1%**
Financial Income	13,177	7,600	73.4%	16,127	9,584	68.3%
Financial Expenses	(29,300)	(25,405)	15.3%	(41,640)	(36,819)	13.1%
Monetary and Exchange Variations - Net	1,015	21,745	-95.3%	1,877	16,378	-88.5%
Derivative Income (Loss)	(5,809)	(5,727)	1.4%	(2,834)	(5,890)	-51.9%
Income (Loss) Before Income and Social Contribution Taxes	**71,011**	**52,806**	**34.5%**	**71,881**	**49,068**	**46.5%**
Income Tax and Social Contribution - Current	(16,274)	(2,299)	607.9%	(16,411)	(2,740)	498.9%
Income Tax and Social Contribution - Deferred	5,989	(15,779)	n.m.	5,256	(11,600)	n.m.
Net Income	**60,726**	**34,728**	**74.9%**	**60,726**	**34,728**	**74.9%**
Net Margin (%)	*16.1%*	*8.8%*	7.3 p.p	*12.0%*	*7.0%*	5.0 p.p

BALANCE SHEET (ASSETS)

São Martinho S.A. - ASSETS	CPC 19		Pro-forma	
R$ '000				
ASSETS	Jun/14	Mar/14	Jun/14	Mar/14
SHORT-TERM ASSETS				
Cash and Cash Equivalents	761,050	551,359	873,363	670,741
Trade Receivables	142,813	72,106	172,193	95,051
Derivative Financial Instruments	27,960	33,553	30,155	37,467
Inventories	235,585	99,658	328,062	145,028
Taxes Recoverable	87,592	64,367	112,637	79,339
Income and Social Contribution Taxes	30,654	34,237	36,544	37,349
Dividends receivable	443	232	443	420
Other Assets	14,757	7,145	18,156	10,919
TOTAL SHORT-TERM ASSETS	**1,300,854**	**862,657**	**1,571,553**	**1,076,314**
LONG-TERM ASSETS				
Long-term Receivables				
Marketable Securities	-	-	9,654	9,187
Inventories	31,234	25,790	57,785	50,235
Related Parties	-	1,925	12	11
Deferred Income and Social Contribution Taxes	-	-	48,658	48,867
Trade Receivables	1,088	1,592	1,088	1,592
Trade Receivables from Copersucar	1,361	1,361	1,560	1,546
Taxes Recoverable	57,568	68,201	74,012	94,808
Judicial Deposits	31,843	31,969	34,402	34,479
Other Assets	120	120	344	321
	123,214	**130,958**	**227,515**	**241,046**
Investments	573,941	537,764	22,804	10,589
Biological Assets	576,557	596,309	835,973	863,368
Property, plant and equipment	2,693,000	2,717,791	3,417,273	3,432,148
Intangible Assets	191,864	192,917	190,961	202,486
TOTAL LONG-TERM ASSETS	**4,158,576**	**4,175,739**	**4,694,526**	**4,749,637**
TOTAL ASSETS	**5,459,430**	**5,038,396**	**6,266,079**	**5,825,951**

BALANCE SHEET (LIABILITIES)

São Martinho S.A. - PASSIVO	CPC 19		Pro-forma	
Em milhares de Reais				
PASSIVO E PATRIMÔNIO LÍQUIDO	**jun/14**	**mar/14**	**jun/14**	**mar/14**
CIRCULANTE				
Empréstimos e financiamentos	441,423	439,644	606,410	592,294
Instrumentos financeiros derivativos	40,664	56,398	45,935	63,814
Fornecedores	116,124	64,429	149,028	90,602
Obrigações - Copersucar	2,040	2,040	2,238	2,234
Salários e contribuições sociais	81,440	58,847	102,429	75,720
Tributos a recolher	11,895	11,040	14,471	13,749
Imposto de renda e contribuição social	8,958	611	9,284	891
Dividendos a Pagar	32,063	32,063	32,505	32,483
Adiantamento a clientes	5,630	883	7,684	3,143
Aquisição de Participação Societária	16,166	10,725	16,166	10,725
Outros passivos	16,641	17,290	16,409	15,676
TOTAL	**773,044**	**693,970**	**1,002,559**	**901,331**
NÃO CIRCULANTE				
Empréstimos e financiamentos	1,371,066	1,151,177	1,835,261	1,616,928
Obrigações - Copersucar	206,400	206,014	232,749	230,254
Tributos parcelados	45,870	46,318	53,396	53,452
I.R e C.S diferidos	820,568	807,880	862,559	854,330
Provisão para contingências	58,520	56,649	64,326	62,048
Aquisição de Participação Societária	5,172	-	5,172	-
Adiantamento para futuro aumento de capital	-	-	31,267	31,220
Outros passivos	436	436	436	436
TOTAL	**2,508,032**	**2,268,474**	**3,085,166**	**2,848,668**
PATRIMÔNIO LÍQUIDO				
Capital social	737,200	737,200	737,200	737,200
Ajustes de avaliação patrimonial	1,152,921	1,116,709	1,152,921	1,116,709
Reservas de Lucros	230,277	230,277	230,277	230,277
Ações em Tesouraria	(11,191)	(11,839)	(11,191)	(11,839)
Opções Outorgadas	4,136	3,605	4,136	3,605
Lucros Acumulados	65,011	-	65,011	-
TOTAL	**2,178,354**	**2,075,952**	**2,178,354**	**2,075,952**
TOTAL DO PASSIVO E PATRIMÔNIO LÍQUIDO	**5,459,430**	**5,038,396**	**6,266,079**	**5,825,951**

CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	CPC 19 1Q15	CPC 19 1Q14	Pro Forma 1Q15	Pro Forma 1Q14
R$ Thousand				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income in the period	**60,726**	**34,728**	**60,726**	**34,728**
Adjustments				
Depreciation and amortization	28,729	35,368	41,746	48,267
Harvested biological assets (depreciation)	49,326	66,424	84,141	98,318
Variation in fair value of biological assets	(1,691)	(3,429)	(3,214)	(1,864)
Amortization of intangible assets	-	-	466	513
Residual cost of investments and property, plant and equipment disposals	(17,312)	11,769	(513)	1,079
Result of investment and property, plant and equipment disposals	67	(69)	(377)	(94)
Interest, monetary and foreign exchange variations, net	28,191	28,442	35,833	45,252
Derivatives Financial Instruments	25,101	(5,596)	27,563	(3,618)
Constitution of provision for contingencies, net	2,440	5,333	3,774	5,469
Deferred income tax and social contribution	(5,989)	15,779	(5,257)	11,600
Adjustments to present value and others	1,793	3,028	1,721	3,843
	171,381	**191,777**	**246,609**	**243,493**
Changes in assets and liabilities				
Trade receivables	(74,071)	(39,357)	(70,143)	(52,935)
Inventories	(96,988)	(41,457)	(120,481)	(63,921)
Taxes recoverable	(8,021)	(12,269)	(9,256)	(12,822)
Financial Investments	-	-	(18)	(347)
Other assets	(3,208)	(1,449)	(7,140)	(1,824)
Trade payables	63,390	53,679	65,615	63,320
Salaries and social charges	22,593	19,299	25,957	20,225
Taxes payable	8,147	727	7,439	1,415
Taxes payable in installments	(479)	(1,211)	(459)	(1,449)
Provision for contingencies - settlements	(2,726)	(7,819)	(4,205)	(8,664)
Obligations with Copersucar	-		-	
Other liabilities	3,151	8,175	1,546	8,532
Cash provided by operations	**83,169**	**170,095**	**135,464**	**195,023**
Interest paid	(31,022)	(29,290)	(47,037)	(43,777)
Income tax and social contribution paid	(47)	(281)	(77)	(317)
Net cash provided by operating activities	**52,100**	**140,524**	**88,350**	**150,929**
CASH FLOW FROM INVESTMENT ACTIVITIES				
Financial resources used in investments	(4,972)	-	(4,972)	-
Additions to property, plant and equipments, intangible assets and deferred charges	(31,577)	(57,685)	(41,083)	(65,339)
Additions to biological assets (planting and crop treatment)	(55,623)	(51,829)	(86,699)	(81,037)
Proceeds from sale of property, plant and equipment	246	419	734	552
Increase in cash and cash equivalents from charge in equity interest	-	-	3,146	-
Cash and cash equivalents acquired from subsidiary	-	1	-	1
Advance for future capital increase	-	(513)	-	-
Net cash used in investing activities	**(91,926)**	**(109,607)**	**(128,874)**	**(145,823)**
CASH FLOW FROM FINANCING ACTIVITIES				
New borrowing - third parties	362,199	53,227	389,277	100,561
Repayment of borrowing - third parties	(113,935)	(144,524)	(147,496)	(160,730)
Advance for future capital increase	-	-	464	66
Purchase of treasury shares	665	-	665	-
Net cash provided by financing activities	**248,929**	**(91,297)**	**242,910**	**(60,103)**
Increase (decrease) in cash and cash equivalents	**209,691**	**(62,466)**	**202,622**	**(57,433)**
Cash and cash equivalents at the beginning of the period	**551,359**	**531,141**	**670,741**	**634,290**
Cash and cash equivalents at the end of the period	**761,050**	**468,675**	**873,363**	**576,857**

FINANCIAL INDICATORS (100% SANTA CRUZ S.A.)

Given the recent approval by Brazil's antitrust authority CADE of the acquisition of Santa Cruz S.A., we present below a summary of the combined indicators of São Martinho and Santa Cruz in the last two fiscal years.

FINANCIAL HIGHLIGHTS (São Martinho S.A. + 100% Santa Cruz mill)		
	1Q15	1Q14
R$ '000		
Net Revenue	592,068	568,093
Adjusted EBTIDA	264,665	247,250
Adjusted EBTIDA Margin	44.7%	43.5%
Adjusted EBIT	111,745	72,155
Adjusted EBIT Margin	18.9%	12.7%
Chg. Biological Assets and Other	2,953	(4,500)
Equity income (loss)	-	-
Financial Income (loss)	(29,419)	(30,088)
EBT	79,373	46,567
Cash	927,293	659,987
Gross Debt	2,909,328	2,577,588
Net Debt	1,982,035	1,917,601
YTD EBITDA	925,766	915,524
Net Debt / EBITDA	2.14 x	2.09 x

* Excludes the Hedge Accounting effect of foreign-denominated debt (R$6.4 million), as detailed in the Hedge section of this earnings release.