São Martinho

Individual and Consolidated Financial Statements in March 31, 2018

With independent auditor's report

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A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

INDEPENDENT AUDITOR'S REPORT ON INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders, Board of Directors and Officers

São Martinho S.A.

Pradópolis - SP

Opinion

We have audited the individual and consolidated financial statements of São Martinho S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at March 31, 2018, and the statement of income , of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of São Martinho S.A. as at March 31, 2018, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Measurement of biological assets

The Company and its subsidiary Usina Boa Vista S.A. ("UBV") measured their biological assets, which correspond to the agricultural products under development, based on their fair value, calculated based on the discounted cash flow of the crop under development, since there is no active market for this agricultural product. As described in Note 11, this measurement is a significant estimate based on various assumptions and methodologies adopted by Company Management, for which internal and external information were used, mainly related to the productivity, prices and interest rates for discounts of cash flows. At March 31, 2018, the Company had a balance of R$419,732 thousand and R$581,725 thousand under biological assets, in individual and consolidated current assets, respectively.

The monitoring of this issue was considered a key audit matter due to the materiality of the biological asset amounts recorded by the Company and the uncertainties inherent to this type of estimate, as well as the necessary judgment that must be exercised by Management in determining the assumptions for calculating its fair value.

How our audit conducted this matter:

Our audit procedures included, among others, the involvement of subject matter experts to assist us in assessing the assumptions and methodology used by the Company, in particular those related to the estimates of productivity, sugar and ethanol future prices and interest rates for discounts of cash flows. We also focused on the adequacy of disclosures made by the Company on the assumptions used in calculating the measurement of respective fair value of current assets, as well as their impacts in the income statement.

In addition, we have evaluated the disclosures in the financial statements in relation to biological assets.

Based on the results of the audit procedures performed on the recognition and measurement of biological assets, which is consistent with management's assessment, we consider that the fair value criteria and assumptions related to biological assets, as well as the respective disclosures in note 11, are acceptable, in the context of the financial statements taken as a whole.

Derivative financial instruments

In order to hedge the risks of commodity price volatility, exchange rates and interest rates, the Company takes out derivative financial instruments and, for part of them, Management uses hedge accounting. These derivative financial instruments totaled R$43,151 thousand, R$101,007 thousand and a debt balance of R$57,856 thousand (net of tax effects) in assets, liabilities and equity, respectively, as at March 31, 2018. To be able to apply the hedge accounting method, the Company shall comply with certain requirements set forth in the accounting standards, including, but not limited to, the formal documentation of the designation for hedge accounting, realization of effectiveness test and accounting for any ineffectiveness in the income statement.

Given the technical requirements applicable to the adoption of hedge accounting, as well as in case of designation or proof of ineffectiveness with potential risk of misstatement in the financial statements, we consider this a key audit matter.

How our audit conducted this matter:

With the involvement of our experts in derivative financial instruments, our audit procedures included, among others and on a sample basis, reviewing contracts, sending confirmation letters to the counterparties of the respective contracts, reviewing the policies and memoranda that formalize the designation for hedge accounting and examining prospective and retrospective effectiveness tests to assess whether the hedging relationships are effective and whether they were adequately calculated.

We analyzed the adequacy of the Company’s disclosures in Notes 22 and 23 to the financial statements.

Based on the results of the audit procedures performed on the recognition of derivative financial instruments subject to hedge accounting, which is consistent with Management's assessment, we consider the criteria used and documentation maintained by the Company for the use of hedge accounting, as well as the related disclosures in the explanatory notes mentioned in the paragraph above, are acceptable, in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for year ended March 31, 2018, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by CPC 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

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

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the

Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Campinas, June 25, 2018

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP043519/O-6

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

Statement of financial position
Years ended March 31, 2018 and 2017
In thousands of reais

ASSETS	Note	Company 2018	Company 2017	Consolidated 2018	Consolidated 2017
CURRENT ASSETS					
Cash and cash equivalents	5	139,622	142,020	140,865	142,454
Short-term investments	5	953,900	548,611	1,320,851	1,029,113
Trade accounts receivable	6	66,813	135,972	177,893	168,868
Derivative financial instruments	22	66,345	172,917	69,173	172,917
Inventories and advances to suppliers	7	260,209	189,917	334,654	256,574
Biological assets	11	419,732	437,656	581,725	586,362
Taxes recoverable	8	23,802	84,653	36,093	102,310
Income and social contribution taxes (IRPJ and CSLL)	19	5,795	10,081	9,687	11,159
Dividends receivable	9	3,211	7,661	-	-
Other assets		16,654	9,620	16,917	12,293
TOTAL CURRENT ASSETS		1,956,083	1,739,108	2,687,858	2,482,050
NONCURRENT ASSETS					
Short-term investments	5	24,591	532	50,669	24,667
Inventories and advances to suppliers	7	88,430	74,978	111,135	88,766
Transactions with related parties	9	6,527	4,623	5,834	3,867
Derivative financial instruments	22	3,617	27	3,617	27
Trade accounts receivable	6	-	-	24,869	25,810
Receivables from Copersucar		9,355	9,355	9,355	9,355
Taxes recoverable	8	111,677	94,961	122,200	106,518
Income and social contribution taxes (IRPJ and CSLL)	19	117,442	124,285	117,442	124,285
Judicial deposits	21	24,150	24,707	28,673	32,423
Other assets		439	439	439	439
		386,228	333,907	474,233	416,157
Investments	10	2,704,518	2,772,664	32,552	31,184
Property, plant and equipment	12	2,679,114	2,534,563	5,449,912	5,288,550
Intangible assets	13	399,008	394,877	470,157	473,942
		5,782,640	5,702,104	5,952,621	5,793,676
TOTAL NONCURRENT ASSETS		6,168,868	6,036,011	6,426,854	6,209,833
TOTAL ASSETS		8,124,951	7,775,119	9,114,712	8,691,883

LIABILITIES AND EQUITY	Note	Company 2018	Company 2017	Consolidated 2018	Consolidated 2017
CURRENT LIABILITIES					
Borrowings	14	574,569	1,175,682	686,630	1,499,583
Derivative financial instruments	22	8,862	76,097	8,862	76,097
Trade accounts payable	15	111,893	103,122	154,146	138,923
Payables to Copersucar	16	8,583	8,583	8,583	8,583
Salaries and social charges		109,711	96,494	137,155	121,664
Taxes payable		9,289	11,500	16,877	20,478
Income and social contribution taxes (IRPJ and CSLL)	19	-	-	4,167	4,471
Dividends payable		148,342	74,243	148,342	74,243
Advances from customers		14,526	2,702	16,406	4,174
Acquisition of ownership interests	9 e 31	11,746	11,958	11,746	11,958
Other liabilities		18,692	17,714	28,286	28,659
TOTAL CURRENT LIABILITIES		1,016,213	1,578,095	1,221,200	1,988,833
NONCURRENT LIABILITIES					
Borrowings	14	3,045,999	1,998,712	3,238,267	2,219,477
Derivative financial instruments	22	930	5	930	5
Payables to Copersucar	16	201,787	237,602	201,787	237,602
Taxes in installments		2,656	14,614	2,656	14,614
Deferred income and social contribution taxes	19	444,443	413,020	1,007,923	663,143
Provision for contingencies	21	70,096	66,577	99,122	101,715
Acquisition of ownership interests	9 e 31	38,510	50,130	38,510	50,130
Other liabilities	10	14,542	13,044	14,542	13,044
TOTAL NONCURRENT LIABILITIES		3,818,963	2,793,704	4,603,737	3,299,730
EQUITY	17				
Capital		1,549,302	1,494,334	1,549,302	1,494,334
Capital reduction		-	(55,662)	-	(55,662)
Capital reserve		9,418	10,057	9,418	10,057
Treasury shares		(234,100)	(92,134)	(234,100)	(92,134)
Stock options granted		11,578	8,284	11,578	8,284
Equity adjustments		1,120,319	1,432,243	1,120,319	1,432,243
Income reserves		833,258	606,198	833,258	606,198
TOTAL EQUITY		3,289,775	3,403,320	3,289,775	3,403,320
TOTAL LIABILITIES AND EQUITY		8,124,951	7,775,119	9,114,712	8,691,883

See accompanying notes.

São Martinho

Statement of income
Years ended March 31, 2018 and 2017
In thousands of reais

		Company		Consolidated	
	Note	2018	2017	2018	2017
Revenues	25	2,497,718	2,453,136	3,435,700	2,609,519
Cost of sales	26	(1,858,049)	(1,932,594)	(2,336,341)	(1,926,210)
Gross profit		639,669	520,542	1,099,359	683,309
Operating income (expenses)					
Selling expenses	26	(105,275)	(98,868)	(119,778)	(101,941)
General and administrative expenses	26	(141,196)	(146,494)	(180,070)	(147,813)
Equity pickup in subsidiaries	10	334,474	175,951	(2,994)	87,365
Other revenues, net	27	2,441	143,936	3,164	147,963
		90,444	74,525	(299,678)	(14,426)
Operating income		730,113	595,067	799,681	668,883
Finance income (costs)	28				
Finance income		88,987	96,412	122,702	114,055
Finance costs		(290,971)	(307,935)	(333,519)	(317,180)
Monetary and foreign exchange differences, net		34,181	3,306	31,858	2,901
Derivatives		(1,003)	(55,014)	1,824	(55,014)
		(168,806)	(263,231)	(177,135)	(255,238)
Income before income and social contribution taxes		561,307	331,836	622,546	413,645
Income and social contribution taxes (IRPJ and CSLL)	19(b)				
Current		(41,292)	(6,871)	(71,218)	(14,148)
Deferred		(28,309)	(41,098)	(59,622)	(115,630)
Net income for the year		491,706	283,867	491,706	283,867
Basic earnings per share (in reais)	29	1.4748	0.8415	1.4748	0.8415
Diluted earnings per share (in reais)	29	1.4709	0.8397	1.4709	0.8397

See accompanying notes.

Statements of comprehensive income
Years ended March 31, 2018 and 2017
In thousands of reais

Company and Consolidated	2018	2017
Net income for the year	491,706	283,867
Items that will be reclassified subsequently to P&L		
Changes for the period:		
Changes in fair value		
Commodity derivatives - Futures, options and forward contracts	157,622	(24,845)
Foreign exchange derivatives - Options / NDF	11,275	168,385
Foreign exchange differences on borrowing agreements (Trade Financ	(76,111)	196,726
Swap contracts	-	11
	92,786	340,277
Recognition in operating income		
Commodity derivatives - Futures, options and forward contracts	(184,534)	183,076
Foreign exchange derivatives - Options / NDF	(96,546)	(113,632)
Foreign exchange differences on borrowing agreements (Trade Financ	178,078	112,158
	(103,002)	181,602
Write-off due to ineffectiveness		
Commodity derivatives - Futures, options and forward contracts	3,356	2,410
Foreign exchange derivatives - Options / NDF	1,671	(1,262)
Foreign exchange differences on borrowing agreements (Trade Financ	(3,167)	-
Swap contracts	-	104
	1,860	1,252
Total changes for the year		
Commodity derivatives - Futures, options and forward contracts	(23,556)	160,641
Foreign exchange derivatives - Options / NDF	(83,600)	53,491
Foreign exchange differences on borrowing agreements (Trade Finance)	98,800	308,884
Swap contracts	-	115
Deferred taxes on the items above	2,840	(177,863)
	(5,516)	345,268
Comprehensive income for the year	486,190	629,135

See accompanying notes.

Statement of changes in equity in years ended March 31, 2018 and 2017

In thousands of reais

							Equity adjustments									
							Deemed cost			Income reserve						
	Note	Capital	Capital reduction	Capital reserve	Treasury shares	Options granted	Own	Of investees	*Hedge accounting*	Legal	Capital budget	Unrealized income reserve	Tax incentive reserve	Additional dividends	Retained earnings	Total
Balance at March 31, 2016		931,340	-	10,531	(26,613)	4,753	209,919	1,483,387	(397,608)	55,947	291,371	85,338	-	-	(1,768)	2,646,597
Capital increase with reserves	17 (a)	133,632	-	-	-	-	-	-	-	-	(133,632)	-	-	-	-	-
Capital increase through transfer of consideration		429,362	(55,662)	-	-	-	-	-	-	-	-	-	86,106	-	-	459,806
Deferred tax set up		-	-	-	-	-	(1,521)	(191,771)	-	-	-	-	-	-	-	(193,292)
Realization of deemed cost surplus	17 (d)	-	-	-	-	-	(14,541)	(890)	-	-	-	-	-	-	15,431	-
Capital reduction with assets in Vale do Mogi	10.3	-	-	-	-	-	4,474	(4,474)	-	-	-	-	-	-	-	-
Realization of income reserve through payment of dividends	17 (e)	-	-	-	-	-	-	-	-	-	-	(6,823)	-	-	-	(6,823)
Prior-year additional dividends		-	-	-	-	-	-	-	-	-	(2,220)	-	-	-	-	(2,220)
Set up of tax incentive reserve	17 (e)	-	-	-	-	-	-	-	-	-	(44,885)	-	87,695	-	(42,810)	-
Gain (loss) on derivative transactions - hedge accounting	17 (d)	-	-	-	-	-	-	-	345,268	-	-	-	-	-	-	345,268
Acquisition of shares issued by the Company itself	17 (c)	-	-	-	(68,232)	-	-	-	-	-	-	-	-	-	-	(68,232)
Stock options granted	17 (f)	-	-	-	-	4,079	-	-	-	-	-	-	-	-	-	4,079
Stock options exercised	17 (f)	-	-	(474)	2,711	(548)	-	-	-	-	-	-	-	-	-	1,689
Net income for the year		-	-	-	-	-	-	-	-	-	-	-	-	-	283,867	283,867
Allocation of income:																
Setting up of reserves		-	-	-	-	-	-	-	-	14,193	147,350	-	-	-	(161,543)	-
Mandatory minimum dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	(67,419)	(67,419)
Additional dividends		-	-	-	-	-	-	-	-	-	-	-	-	25,758	(25,758)	-
Balance at March 31, 2017	17	1,494,334	(55,662)	10,057	(92,134)	8,284	198,331	1,286,252	(52,340)	70,140	257,984	78,515	173,801	25,758	-	3,403,320
Capital increase with reserves	17 (a)	54,968	55,662	-	-	-	-	-	-	-	(110,630)	-	-	-	-	-
Realization of deemed cost surplus	17 (b)	-	-	-	-	-	(12,640)	(7,443)	-	-	-	-	-	-	20,083	-
Deferred tax set up - reflex	19 (b)	-	-	-	-	-	-	(286,325)	-	-	-	-	-	-	-	(286,325)
Realization of income reserve through payment of dividends	17 (e)	-	-	-	-	-	-	-	-	-	-	(31,561)	-	-	-	(31,561)
Prior-year additional dividends		-	-	-	-	-	-	-	-	-	-	-	-	(25,758)	-	(25,758)
Constitution of tax incentive reserve - reflex		-	-	-	-	-	-	-	-	-	-	-	74,678	-	(74,678)	-
Gain (loss) on derivative transactions - hedge accounting	17 (f)	-	-	-	-	-	-	-	(5,516)	-	-	-	-	-	-	(5,516)
Acquisition of shares issued by the Company itself	17 (c)	-	-	-	(145,756)	-	-	-	-	-	-	-	-	-	-	(145,756)
Stock options granted	17 (d)	-	-	-	-	4,083	-	-	-	-	-	-	-	-	-	4,083
Stock options exercised	17 (f)	-	-	(639)	3,790	(789)	-	-	-	-	-	-	-	-	-	2,362
Net income for the year	17 (e)	-	-	-	-	-	-	-	-	-	-	-	-	-	491,706	491,706
Allocation of income:																
Setting up of reserves		-	-	-	-	-	-	-	-	24,585	264,087	-	-	-	(288,672)	-
Mandatory minimum dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	(116,780)	(116,780)
Additional dividends		-	-	-	-	-	-	-	-	-	-	-	-	31,659	(31,659)	-
Balance at March 31, 2018	17	1,549,302	-	9,418	(234,100)	11,578	185,691	992,484	(57,856)	94,725	411,441	46,954	248,479	31,659	-	3,289,775

See accompanying notes.

Statement of cash flows
Years ended March 31, 2018 and 2017
In thousands of reais

	Note	Company 2018	Company 2017	Consolidated 2018	Consolidated 2017
Cash flow from operating activities					
Net income for the year		491,706	283,867	491,706	283,867
Adjustments					
Depreciation and amortization	26	255,691	221,430	356,202	230,736
Harvested biological assets	26	395,522	387,632	539,380	401,134
Change in fair value of biological assets	26	69,361	41,801	63,064	25,456
Amortization of intangible assets		-	1,002	-	1,002
Amortization of energy contracts		-	-	8,210	7,309
Equity pickup in subsidiaries	10	(334,474)	(175,951)	2,994	(87,365)
Gain on bargain purchase / Measurement of ownership interest	10.2	-	(142,582)	-	(142,582)
Loss from investment and PPE written off	12	1,054	2,410	1,276	2,825
Interest, monetary variations and foreign exchange differences, net		176,550	182,268	188,823	176,716
Derivative financial instruments		(101,999)	230,637	(104,827)	230,637
Setup of provision for contingencies, net	21.1	13,042	5,643	10,964	(2,871)
Income and social contribution taxes (IRPJ and CSLL)	19 (b)	69,601	47,969	130,840	129,778
Present value adjustment and others		5,941	6,368	2,536	6,289
		1,041,995	1,092,494	1,691,168	1,262,931
Changes in assets and liabilities					
Trade accounts receivable		67,435	(73,359)	(9,547)	(4,957)
Inventories		(48,418)	25,546	(60,371)	62,229
Taxes recoverable		65,460	(22,034)	69,888	(32,615)
Derivative financial instruments		203,359	(61,845)	203,359	(61,845)
Other assets		1,244	(16,405)	2,708	(16,938)
Trade accounts payable		6,023	(19,075)	13,252	(27,755)
Salaries and social contributions		13,217	(1,116)	15,491	147
Taxes payable		(42,123)	(8,246)	(48,260)	(6,953)
Payables to Copersucar		(43,666)	(23,088)	(43,666)	(23,088)
Taxes in installments		(12,390)	(1,169)	(12,358)	(1,169)
Provision for contingencies - settlements	21.1	(18,039)	(8,330)	(25,452)	(9,010)
Other liabilities		12,783	28,118	11,835	22,380
Cash from operating activities		1,246,880	911,491	1,808,047	1,163,357
Payment of interest on borrowings	14	(231,428)	(206,025)	(277,361)	(208,335)
Income and social contribution taxes paid		-	-	(25,535)	(5,700)
Net cash provided from operating activities		1,015,452	705,466	1,505,151	949,322
Cash flow from investing activities					
Investment of funds	31	(16,751)	(26,869)	(17,451)	(27,646)
Additions to PPE and intangible assets		(350,886)	(334,178)	(459,670)	(357,067)
Additions to PPE (planting and cultivation)	11 e 12	(534,233)	(499,911)	(706,133)	(516,704)
Short-term investments		(373,110)	142,389	(232,999)	82,068
Funds from the sale of PPE	12	2,732	3,235	6,553	4,269
Cash and cash equivalents merged from subsidiary		-	1,362	-	1,362
Gain on cash and cash equivalents due to change in ownership interest in investee		-	-	-	53
Future capital contribution		(5,527)	(3,622)	(4,834)	(2,867)
Dividends received		121,667	135,271	4	-
Net cash used in investing activities		(1,156,108)	(582,323)	(1,414,530)	(816,532)
Cash flow from financing activities					
Financing taken out from third parties	14	1,622,533	768,823	1,746,615	768,924
Amortization of financing - third parties	14	(1,240,882)	(894,362)	(1,595,432)	(903,992)
Purchase of treasury shares	17 (b)	(145,756)	(68,232)	(145,756)	(68,232)
Disposal of treasury shares	17 (f)	2,362	1,689	2,362	1,689
Payment of dividends		(99,999)	(55,384)	(99,999)	(55,384)
Net cash used in financing activities		138,258	(247,466)	(92,210)	(256,995)
Net decrease in cash and cash equivalents		(2,398)	(124,323)	(1,589)	(124,205)
Cash and cash equivalents at beginning of period	5	142,020	266,343	142,454	266,659
Cash and cash equivalents at end of period	5	139,622	142,020	140,865	142,454
Additional information					
Balances in short-term investments	5	953,900	548,611	1,320,851	1,029,113
Total available funds	5	1,093,522	690,631	1,461,716	1,171,567

See accompanying notes.

Statement of value addes
Years ended March 31, 2018 and 2017
In thousands of reais

	Company		Consolidated	
	2018	2017	2018	2017
Revenues				
Gross sales of goods and products	2,651,839	2,546,183	3,721,324	2,720,939
Revenue related to construction of own assets	747,169	551,318	977,347	584,974
Other revenues	2,525	2,980	2,215	4,415
	3,401,533	3,100,481	4,700,886	3,310,328
Inputs acquired from third parties				
Costs of sales	(931,163)	(1,022,524)	(1,086,064)	(995,697)
Materials, energy, third-party services and other operating expenses	(730,897)	(570,614)	(969,570)	(605,951)
	(1,662,060)	(1,593,138)	(2,055,634)	(1,601,648)
Gross value added	1,739,473	1,507,343	2,645,252	1,708,680
Depreciation and amortization	(255,691)	(221,430)	(356,202)	(230,736)
Biological assets harvested	(395,522)	(387,632)	(539,380)	(401,134)
Net value added produced by the entity	1,088,260	898,281	1,749,670	1,076,810
Value added received in transfer				
Equity pickup in subsidiaries	334,474	175,951	(2,994)	87,365
Finance income	383,091	712,425	425,167	730,254
Other	(12,489)	141,786	(11,237)	145,090
Total value added to be distributed	1,793,336	1,928,443	2,160,606	2,039,519
Distribution of value added				
Personnel and charges				
Direct compensation	442,739	389,774	551,562	389,170
Benefits	139,801	121,950	171,532	127,214
Unemployment Compensation Fund (FGTS)	42,077	35,340	52,166	36,431
Management compensation	19,059	23,622	20,801	24,857
Taxes, charges and contributions				
Federal	119,234	102,257	271,796	195,853
State	1,397	1,990	13,271	2,723
Municipal	607	695	852	731
Creditors				
Interest	266,087	281,942	306,622	290,890
Leases	2,573	2,505	2,928	2,533
Foreign exchange differences	145,467	488,118	151,468	488,523
Other	122,589	196,383	125,902	196,727
Dividends	116,780	67,419	116,780	67,419
Retained profits for the year	374,926	216,448	374,926	216,448
Value added distributed	1,793,336	1,928,443	2,160,606	2,039,519

See accompanying notes.

1. Operations

São Martinho S.A. (the "Company" or "Parent Company") is a listed corporation headquartered in Pradópolis, State of São Paulo, registered with the São Paulo Futures, Commodities and Securities Exchange - BM&BOVESPA S.A. The Company, its subsidiaries and jointly-controlled subsidiaries (together, the "Group") are primarily engaged in planting sugarcane and producing and selling sugar, ethanol and other sugarcane byproducts; cogenerating electricity; development of real estate ventures; agricultural production; import and export of goods, products and raw materials, and investment in other companies.

Approximately 70% of the sugarcane used in the production of the goods derives from the Company's own plantations, from shareholders, related companies and agricultural partnerships, and the remaining 30% from third-party suppliers. Sugar alcohol business is subject to seasonal trends based on the sugarcane growing cycle in the South and Central region of Brazil. The annual sugarcane crop period in the South and Central region of Brazil typically begins in April and ends in December. This creates fluctuations in the Company's inventories. Raw material supply can suffer from the impact of adverse climate conditions. Sugarcane requires an 18-month period for maturing and for the beginning of the harvest. The harvest generally takes place between April and December, which is also the period when sugar and ethanol are produced and electricity is cogenerated.

The Company is a subsidiary of the holding company LJN Participações S.A. ("LJN"), which holds controlling interest of 52.26% in its voting capital. In turn, the owners of LJN are the following family holding companies: Luiz Ometto Participações S.A., João Ometto Participações S.A. and Nelson Ometto Participações Ltda.

At the Extraordinary General Meeting held on February 23, 2017, the acquisition and merger of Nova Fronteira Bioenergia S.A. ("Nova Fronteira") was approved, as detailed in Note 10.2.

Issue of these financial statements was approved by the Company's Board of Directors on June 25, 2018.

2. Summary of significant accounting practices

2.1 Statement of compliance and basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International

Financial Reporting Interpretations Committee ("IFRIC"), implemented in Brazil by the Brazilian Financial Accounting Standards Board ("CPC") and CPC technical interpretations ("ICPCs") and guidance ("OCPCs") approved by the Brazilian SEC ("CVM"). The financial statements were prepared under the historical cost convention, except for certain derivative financial instruments and biological assets, measured at fair value.

Significant accounting practices adopted by the Company are described in the specific notes to these financial statements related to the items reported, and those generally applicable, in different respects, to the financial statements, are described below.

In addition, the Company considered the guidance issued by Technical Guidance OCPC 07, issued by the CPC in November 2014, in the preparation of the financial statements. Accordingly, the relevant information specific to the financial statements is being evidenced and corresponds to those used by Administration in its management.

The Company records dividends received from its subsidiaries on its cash flow used in investing activities since it considers these dividends as return on investments made.

As disclosed in Note 10.2, on February 23, 2017, the Company acquired an additional interest in Nova Fronteira and merged it. As from that date, the Company started to recognize 100% of subsidiary UBV's income as a result of equity pickup in its individual financial statements and included this subsidiary in its consolidated financial statements.

As a result, the comparison between the individual and consolidated financial statements for the year ended March 31, 2018 and the prior year is jeopardized.

2.2 Basis of consolidation and investments in subsidiaries

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

The consolidated balances in the financial statements for the years ended March 31, 2018 and 2017 include the following subsidiaries:

In thousands of reais, unless otherwise stated

Company	Interest held in capital (direct and indirect) 2018	2017	Main activities
Usina Boa Vista S/A ("UBV")	100%	100%	Agribusiness activities: industrial processing of sugarcane (own and third party production), manufacturing of ethanol and its by-products cogeneration of electricity and agricultural production.
São Martinho Terras Imobiliárias S.A. ("SM Terras Imobiliárias")	100%	100%	Sale and purchase of real estate, incorporation and exploration of real estate projects and mining.
São Martinho Energia S.A. ("SME")	100%	100%	Cogeneration of electricity.
Cia Bioenergética Santa Cruz 1 ("Bio")	100%	100%	Cogeneration of electricity.
São Martinho Inova S.A. ("SM Inova")	100%	100%	Hold interest in companies.
São Martinho Terras Agrícolas S.A. ("SM Terras Agrícolas")	100%	100%	Exploitation of land through agricultural lease and partnership, rental and sale of real estate.
SPE - Residencial Recanto das Paineiras Empreendimentos Imobiliários Ltda ("SPE Paineiras") – controlada da SM Terras Imobiliárias	100%	100%	Merger and exploitation of real estate venture
SPE - Park Empresarial Iracemápolis Ltda ("SPE Park") – controlada da SM Terras Imobiliárias	100%	100%	Merger and exploitation of real estate venture
SPE - Residencial Limeira Ltda ("SPE Limeira") – controlada da SM Terras Imobiliárias	100%	100%	Merger and exploitation of real estate venture
SPE - Residencial Pradópolis Ltda ("SPE Pradópolis") - controlada da SM Terras Imobiliárias	100%	100%	Merger and exploitation of real estate venture
SPE - Residencial Pradópolis II Ltda ("SPE Pradópolis II") - controlada da SM Terras Imobiliárias	100%	100%	Merger and exploitation of real estate venture
São Martinho Logística e Participações S.A. ("SM Logística")	100%	100%	Storage of products in general

Contractual investment arrangements whereby two or more parties have joint control of the venture are classified as jointly-controlled operations or joint ventures, according to rights and obligations of the parties thereto. Joint control is the sharing, contractually agreed, of the business control that exists only when decisions on the significant activities require the unanimous consent from the parties that share the control. These investments are accounted for under the equity method.

At March 31, 2018 and 2017, the Company had the following jointly-controlled entities:

Company	Interest held in capital 2018	2017	Main activities
Jointly-controlled subsidiaries - direct:			
Usina Santa Luiza S/A ("USL")	66.67%	66.67%	Storage services.

2.3 Functional and reporting currency

The financial statements are presented in Brazilian real (R$), which is the currency of the primary economic environment in which the Company operates (“the functional currency”).

2.4 Foreign currency translation

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

2.5 Financial instruments

(i) Financial assets

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

a) Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are those held for trading. These assets are accounted for at fair value and transaction costs are charged to income for the year.

b) Loans and receivables

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

c) Derecognition (write-off)

A financial asset (or, whenever the case, a part of a financial asset, or a part of a group of similar financial assets) is derecognized (i.e. excluded from income for the year) when:
• The rights to receive the cash flows from the asset have expired;
• The Company has transferred its rights to receive cash flows of the asset or has assumed an obligation to fully pay the cash flows received, without significant delay to a third party under a ‘pass-through’ arrangement, and (a) the Company transferred substantially

all risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all risks and rewards related to the asset, but has transferred control over the asset.

When the Company has transferred its rights to receive the cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards related to the asset, the Company continues to recognize a financial asset to the extent of its continuing involvement in the financial asset.

The continuous involvement that takes the form of a guarantee in relation to the transferred asset is measured based on the lower of the original carrying amount of the asset or the maximum amount of the consideration that could be required to be amortized by the Company.

d) Impairment of financial assets

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

(ii) **Financial liabilities**

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

(iii) **Derivative financial instruments**

Derivatives are measured at fair value, with gains and losses recognized in the income statement, unless hedge accounting is applied.

The Company documents, at inception, the relation between the hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking the hedging transactions.

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

2.6 Business combinations and goodwill

Business combinations are accounted for under the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is evaluated based on the acquisition-date fair value.

Goodwill is initially measured at cost when the amount exceeds (a) the consideration transferred in exchange for control of the acquiree; (b) the amount of any noncontrolling interest in the acquiree; and (c) fair value of the interest previously held by the acquirer in the acquiree (if any) that exceeds the amounts, on the acquisition date, net of identifiable assets acquired and liabilities assumed, valued at fair value. If, after remeasurement, the Group's interest in the fair value of net identifiable assets acquired exceeds (a), (b) and (c) above, the excess amount is immediately recognized in income statement as gain arising from bargain purchase.

Goodwill corresponding to consolidated entities is recorded under specific "Goodwill" account in the consolidated statement of financial position.

In each business combination, the acquirer shall measure any noncontrolling interests in the acquiree at fair value of these interests or a portion assignable to them in the fair value of net identifiable assets of the acquiree.

Acquisition costs incurred are accounted for as expenses.

Upon acquiring a business, the Group assesses financial assets and liabilities assumed so as to correctly classify and designate them in accordance with contractual terms, economic circumstances and relevant conditions on the acquisition date, including the segregation, by the acquiree, of embedded derivatives existing in host contracts.

In case the business combination is performed in stages, the carrying amount on the acquisition date of the controlling interest previously held by the acquirer in the acquiree is remeasured at fair value on acquisition date through income statement.

After initial recognition, goodwill is recorded at cost, less accumulated impairment losses. For impairment test purposes, goodwill acquired in a business combination is, as of acquisition date, allocated to each Group's cash-generating unit, which shall be benefited from such combination synergy, regardless of other assets or liabilities of the acquiree being attributed to these units..

2.7 Leases

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

3. Standands, interpretations and amendments to standards that are not yet effective

The pronouncements and interpretations issued by IASB and by Brazilian Accounting Pronouncement ("CPC"), but which were not effective until the issue date of the Company's financial statements, are disclosed below. Company intends to adopt these pronouncements when they become effective and applicable to the Company.

(a) IFRS 9 (CPC 48) – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments (CPC 48 - Financial Instruments), which replaces IAS 39 - Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 gathers three aspects of the project of accounting for financial instruments: classification and measurement, reduction to the recoverable value of the asset and hedge accounting In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments (CPC 48 - Financial Instruments), which replaces IAS 39 - Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 three aspects of the project of accounting for financial instruments: classification and measurement, reduction to the recoverable value of the asset and hedge accounting. The standard is effective for fiscal years beginning on or after January 1, 2018, and its adoption for the first fiscal year is mandatory, except for items related to hedge accounting, according to a circular letter issued by the CVM.

The Company plans to adopt the new standard on the effective date required and will not restate comparative information.

(i) Classification and measurement of financial assets
IFRS 9 contains a new approach to financial asset classification and measurement that reflects the business model in which assets are managed and their cash flow characteristics and contains three main classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income and at fair value through profit or loss. The standard eliminates IAS 39 categories held-to-maturity, loans and receivables and available for sale.

(ii) Impairment
The new standard replaces the "incurred losses" model of CPC 38 (IAS 39) with a prospective "expected credit loss" model. This will require a relevant judgment on how changes in economic factors affect expected credit losses. Such provisions will be measured in: expected 12-month credit losses and expected credit losses for a lifetime, that is, credit losses that result from all possible delinquency events over the expected life of a financial instrument.

(iii) Hedge accounting
The Company will continue to adopt the requirements of IAS 39 / CPC 38, as permitted by IFRS 9.

During the year the Company conducted a detailed impact assessment of the three aspects of IFRS 9. This evaluation is based on information currently available and may be subject to changes arising from reasonable and sustainable information that is being made available to the Company during the next year when the Company will adopt IFRS 9. In general, the Company does not foresee any significant impact on the balance sheet and the statement of changes in shareholders' equity.

(b) IFRS 15 (CPC 47) – Revenue from contracts with customers

The new standard brings the principles that an entity apply to determine the measurement of income and when it must be recognized, demanding recognition of the amount of revenue to reflect the consideration which is expected in exchange for control of those goods or services. The new revenue standard will replace all current revenue recognition requirements under IFRS.

In preparing for the adoption of IFRS 15, the Company is considering the following:

(i) In relation to sales in the sugar and ethanol market and other derivative products, the Company does not expect impacts with the adoption of the standard, since all performance obligations are concluded upon delivery of the final product, which is also the moment of revenue recognition;

(ii) Real Estate Market: During the year, the CPC made a request to the Interpretation Committee of the IASB - IFRS IC on the application or not of the recognition of long-term revenue (POC) for certain contracts in the Brazilian environment.

The technical area of the CVM, by Official CVM / SNC / SEP / 01/2018, directed the entities to maintain the application of the provisions of OCPC 04 - Application of Technical Interpretation 02, as long as such process is not completed and the text of OCPC 04 is not adapted to policy changes. Accordingly, the Company awaits the pacification of the matter to measure, if applicable, the possible impact of applying CPC 47 on its financial statements.

(c) IFRS 16 (CPC 06) – Leasing

It establishes that the leases are recognized in the balance sheet of the lessee, and a liability is recorded for future payments and an intangible asset for the right of use. The definition of lease covers all contracts that give the right to use and control of an identifiable asset, including leases and, potentially, some components of contracts for services. The standard is effective as of January 1, 2019. The Company is evaluating the impact on its financial statements.

(d) IFRS 2 - Classification and measurement of transactions with share-based payments - Amendments

The IASB issued amendments to standards that address three key areas: the effects of the acquisition conditions of rights on the measurement of a share-based payment transactions settled in cash; the classification of a share-based payment transaction with settlement characteristics by the net amount for tax withholding tax obligations; and accounting when one adopts the changes without updating prior periods, but retrospective adoption is allowed if applied for the three changes and the other criteria are met. The changes are effective for annual periods beginning on January 1, 2018. The Company is evaluating the new standard and does not anticipate any significant impact on the financial statements.

4. Significant accounting estimates and judgments

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

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

(a) Impairment of goodwill

The Group tests goodwill for impairment annually. The recoverable amounts of Cash-Generating Units (CGUs) were determined based on calculations of the value in use, based on estimates.

(b) Fair value of biological assets

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

(c) Income tax, social contribution and other taxes

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

(d) Fair value of derivatives and other financial instruments

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

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

(e) Provision for contingencies

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

(f) Business combination and acquisition of ownership interest

Management contracted independent experts to measure fair value of the identifiable assets acquired, the liabilities and the contingent liabilities assumed, in addition to the determination of the purchase pricing allocation (PPA).

The assumptions for determining the PPA are primarily based on the market conditions existing at the acquisition date.

(g) ICMS tax benefits

As described in Note 17 (d), subsidiary UBV has ICMS tax incentives granted by Goiás state government. On August 7, 2017, the Complementary Law No. 160/2017 was published regulating the granting of tax benefits in disagreement with item "g" of subsection XII of paragraph 2 of art. 155 of the Federal Constitution.

The States and the Federal District shall regularize/ratify their benefits in this context, by registering and depositing with the Executive Secretariat of the National Council for Fiscal Policy - CONFAZ, the supporting documentation corresponding to the concessionary acts of the fiscal benefits granted by them.

The Company's management has been accompanying, along with its legal advisors, the evolution of the fulfillment of the obligations by the Finance Department of Goiás.

5. Caixa e equivalentes de caixa e aplicações financeiras

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

In thousands of reais, unless otherwise stated

	Company			Consolidated		
	Yields (*)	2018	2017	Yields (*)	2018	2017
Cash and banks - in Brazil		7,217	106		8,461	467
Cash and banks - abroad (US dollar)		132,405	62,878		132,404	62,878
Short-term investments - in Brazil						
. Bank Deposit Certificate (CDB)		-	67,037		-	67,037
. Debentures held under repurchase agreements		-	11,999		-	12,072
Total cash and cash equivalents		139,622	142,020		140,865	142,454
Short-term investments						
. Investment fund	99.33%	953,900	548,611	99.46%	1,320,851	1,029,113
. Funds - Financial Treasury Bills (LFT) (i)		4,159	-	100% SELIC	24,371	-
. Bank Deposit Certificate (CDB)	97.56%	19,873	-	97.56%	19,873	18,641
. Other (i)		559	532	100.00%	6,425	6,026
Total financial investments		978,491	549,143		1,371,520	1,053,780
In noncurrent assets		24,591	532		50,669	24,667
Total available funds		1,093,522	690,631		1,461,716	1,171,567

* Current remuneration based on the Interbank Deposit Certificate (CDI) rate variation - weighted average rate

(i) This balance is given as guarantee for financing operations with the BNDES with redemption restriction until the maturity of the contracts.

6. Trade accounts receivable

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

The balance of trade accounts receivable is broken down as follows:

	Company		Consolidated	
	2018	2017	2018	2017
Domestic customers	66,583	63,121	202,532	121,827
Foreign market customers	230	72,851	230	72,851
	66,813	135,972	202,762	194,678
Current assets	66,813	135,972	177,893	168,868
Noncurrent assets	-	-	24,869	25,810

For the years ended March 31, 2018 and 2017, management did not identify the need to record an allowance for doubtful accounts.

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

In thousands of reais, unless otherwise stated

	Company		Consolidated	
	2018	2017	2018	2017
Falling due:	66,813	135,639	201,441	194,258
Overdue and not provisioned:				
Within 30 days	-	-	276	-
Over 31 days	-	333	1,045	420
	66,813	135,972	202,762	194,678

Out of the amount receivable, R$ 7.594 e R$ 297, Company and Consolidated, respectively (R$ 4.378 e R$ 228, Company and Consolidated, respectively, at March 31, 2017), refer to related parties, as detailed in Note 9.

7. Inventories and advances to suppliers

	Company		Consolidated	
	2018	2017	2018	2017
Current				
Finished products and work-in-process	117,654	59,544	136,531	77,368
Advances - purchases of sugarcane	60,895	61,219	71,163	80,929
Advances - purchases of inputs	42,030	24,035	62,176	30,142
Land subdivisions	-	-	5,820	6,398
Inputs, ancillary materials for maintenance and other	39,630	45,119	58,964	61,737
	260,209	189,917	334,654	256,574
Noncurrent				
Advances - purchases of sugarcane	88,430	74,978	111,135	88,766
	88,430	74,978	111,135	88,766
	348,639	264,895	445,789	345,340

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

The balance classified as "Land slots" refers to real estate developments SPE Paineiras, SPE Park, SPE Limeira, SPE Pradópolis and SPE Pradópolis II.

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.

In thousands of reais, unless otherwise stated

8. Taxes recoverable

Breakdown of taxes recoverable is as follows:

	Company		Consolidated	
	2018	2017	2018	2017
Current				
PIS / COFINS	12,423	55,651	13,793	59,205
ICMS	10,383	28,173	21,184	42,156
Other	996	829	1,116	949
	23,802	84,653	36,093	102,310
Noncurrent				
PIS / COFINS	26,421	33,011	34,807	40,666
Brazilian Special Regime for Reinstatement of Taxes for Exporters (REINTEGRA)	62,100	35,165	62,100	35,165
IOF on derivatives	8,054	7,676	8,054	7,676
ICMS	9,010	13,319	11,143	17,217
Social Security Tax (INSS)	6,092	5,790	6,096	5,794
	111,677	94,961	122,200	106,518
	135,479	179,614	158,293	208,828

The balances of taxes recoverable arise from commercial transactions and tax prepayments, adjusted to present value when applicable.

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

	2018	
	Company	Consolidated
From 1º/04/2019 to 31/03/2020	83,128	84,862
From 1º/04/2020 to 31/03/2021	6,882	8,612
From 1º/04/2021 to 31/03/2022	5,994	7,639
From 1º/04/2022 to 31/03/2023	5,994	7,639
From 1º/04/2023 to 31/03/2024	3,741	4,853
From 1º/04/2024 onwards	5,938	8,595
	111,677	122,200

In thousands of reais, unless otherwise stated

9. Related parties

(a) Company and consolidated balances:

	Company		Consolidated	
	2018	2017	2018	2017
Current assets				
Trade accounts receivable (i)				
São Martinho Terras Imobiliárias S.A.	155	132	-	-
Cia Bioenergética Santa Cruz 1	5	4	-	-
São Martinho - Energia S.A.	803	828	-	-
São Martinho Terras Agrícolas S.A.	32	-	-	-
Usina Boa Vista S/A	6,296	3,180	-	-
Usina Santa Luiza S/A	63	60	63	60
Others	240	174	234	168
	7,594	4,378	297	228
Inventories - purchase of sugarcane				
From shareholders / related parties	7,672	6,322	7,672	6,322
Dividends receivable				
São Martinho Terras Imobiliárias S.A.	3,211	6,681	-	-
São Martinho - Energia S.A.	-	980	-	-
	3,211	7,661	-	-
Noncurrent assets				
Advance for future capital increase				
São Martinho Inova S.A.	693	755	-	-
São Martinho - Energia S.A.	-	1	-	-
Usina Santa Luiza S/A	5,834	3,867	5,834	3,867
	6,527	4,623	5,834	3,867
Current liabilities				
Trade account payables				
São Martinho Terras Imobiliárias S.A.	402	2,101	-	-
Cia Bioenergética Santa Cruz 1	135	175	-	-
São Martinho - Energia S.A.	254	-	-	-
São Martinho Terras Agrícolas S.A.	4,535	1,528	-	-
Others	172	142	172	142
	5,498	3,946	172	142
Rental of lands				
From shareholders / related parties	2,458	4,588	2,586	4,713
Current liabilities and noncurrent liabilities				
Acquisition of equity interest				
Luiz Ometto Participações S.A. (note 31)	50,256	62,088	50,256	62,088

(i) Refer to the apportionment of expenses with the Shared Services Center.

In thousands of reais, unless otherwise stated

(b) Company and Consolidated significant transactions in the year:

	Company		Consolidated	
	2018	2017	2018	2017
Sales revenue				
Cia Bioenergética Santa Cruz 1	6,502	3,185	-	-
São Martinho - Energia S.A.	7,512	6,278	-	-
	14,014	9,463	-	-
Reimbursed expenses/(purchase of products and services)				
São Martinho Terras Imobiliárias S.A.	(7,017)	(33,617)	-	-
São Martinho Terras Agrícolas S.A.	(46,918)	(23,870)	-	-
Cia Bioenergética Santa Cruz 1	(2,392)	(1,070)	-	-
São Martinho - Energia S.A.	305	283	-	-
Agro Pecuária Boa Vista S/A	186	95	186	95
Usina Boa Vista S/A	23,839	16,198	-	14,366
	(31,997)	(41,981)	186	14,461
Shareholders and Related Parties				
Sugarcane purchases / agricultural partnership and land lease				
Agro Pecuária Boa Vista S/A	(30,348)	(34,173)	(30,348)	(34,173)
Others	(12,938)	(13,253)	(13,205)	(13,284)
	(43,286)	(47,426)	(43,553)	(47,457)

Sales revenue refers to sale of steam. Purchases of products and services are derived from purchase of sugarcane, electricity and steam manufacturing service. Expenses reimbursed by investees refer to the costs of the shared service center, the Board of Directors, and the corporate office. Apportionments are supported by agreements between the parties.

(c) Key management personnel compensation:

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

	Company		Consolidated	
	2018	2017	2018	2017
Salaries, fees and bonus	22,625	24,955	25,211	26,688
Social security and social contributions	4,481	5,238	4,998	5,580
Other	1,541	1,352	1,784	1,554
	28,647	31,545	31,993	33,822

Information on the Stock Option Plan offered to the Company's officers, which is not part of their fixed or variable compensation, is described in Note 17 (f).

In thousands of reais, unless otherwise stated

10. Investments

10.1 Subsidiaries, jointly-controlled subsidiaries and affiliates

The balance of investments in other companies, Company and Consolidated, is as follows:

Company	% - Ownerhip interest (current)	Adjusted equity of investee		Book value of investments		Equity pickup	
				Company			
		2018	2017	2018	2017	2018	2017
Classified in investment							
São Martinho Terras Imobiliárias S.A.	100,00%	148.494	1.043.290	148.494	1.043.290	12.844	48.323
São Martinho - Energia S.A.	100,00%	26.214	19.735	26.214	19.735	25.999	17.923
São Martinho Inova S.A.	100,00%	24.360	21.815	24.360	21.815	1.790	(270)
São Martinho Terras Agrícolas S.A.	100,00%	1.042.766	430.903	1.042.766	430.903	42.326	21.374
São Martinho Logística e Participações S.A.	100,00%	2.952	3.078	2.952	3.078	(126)	(113)
Usina Boa Vista S.A. (Nota 10.2)	100,00%	1.353.646	1.147.277	1.353.646	1.147.277	206.369	(31.738)
Nova Fronteira Bioenergia S.A. (Nota 10.2)	50,95%	-	-	-	-	-	89.838
Companhia Bioenergética Santa Cruz 1	100,00%	104.227	104.704	104.227	104.704	49.637	33.665
Other		-	-	1.859	1.862	-	-
Total classified in investment		2.702.659	2.770.802	2.704.518	2.772.664	338.839	179.002
Classified in noncurrent liabilities							
Usina Santa Luiza S.A. (i)	66,67%	(21.812)	(14.989)	(14.542)	(13.044)	(4.365)	(3.051)
Total classified in noncurrent liabilities		(21.812)	(14.989)	(14.542)	(13.044)	(4.365)	(3.051)
Closing balance		2.680.847	2.755.813	2.689.976	2.759.620	334.474	175.951

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

(i) Investees are not consolidated and these investments are reported in the consolidated financial statements under the equity method.

Company	% - Ownerhip interest (current)	Adjusted equity of investee		Book value of investments		Equity pickup	
				Consolidated			
		2018	2017	2018	2017	2018	2017
Classified in investment							
Nova Fronteira Bioenergia S.A. (Nota 10.2)	50.95%	-	-	-	-	-	89,838
CTC - Centro de Tecnologia Canavieira S.A. (i)	5.41%	566,850	541,511	30,693	29,320	1,371	578
Other		-	-	1,859	1,864	-	-
Total classified in investment		566,850	541,511	32,552	31,184	1,371	90,416
Classified in noncurrent liabilities							
Usina Santa Luiza S.A. (i)	66.67%	(21,812)	(14,989)	(14,542)	(13,044)	(4,365)	(3,051)
Total classified in noncurrent liabilities		(21,812)	(14,989)	(14,542)	(13,044)	(4,365)	(3,051)
Closing balance		545,038	526,522	18,010	18,140	(2,994)	87,365

10.2 Acquisition and merger of Nova Fronteira Bioenergia S.A.

At the Extraordinary General Meeting held on February 23, 2017, the acquisition of 49.05% of Nova Fronteira's shares was approved, therefore the Company now holds 100% of the shares of this investee.

At that same meeting, the merger of the acquiree and its consequent dissolution was approved, which is justified to the extent that the assets of the parties combined under a single corporate structure will allow the structuring and more efficient use of the assets and operations of the companies involved, in order to concentrate all the activities undertaken by Nova Fronteira in the Company. It shall further strengthen the competitive position of the Parties, reducing risk for shareholders and allowing the generation of long-term value.

In thousands of reais, unless otherwise stated

The aforementioned merger was based on the accounting net assets of Nova Fronteira, calculated based on the carrying amounts of February 23, 2017, totaling an incorporated net assets of R$ 1,134,388 fundamentally represented by the investment in the UBV.

From the acquisition and merger date onwards, the Company holds 100% of subsidiary UBV's shares and fully consolidates its results in its consolidated financial statements.

As consideration for the percentage acquired, the Company issued 24,023,708 treasury shares, which were measured for purposes of recognizing the consideration transferred, based on the weighted average of the quotations of the Company's shares in the period of ninety days prior to the transaction, totaling R$459,806. This amount was recognized in equity, of which R$429,362 under Capital, R$86,106 as incentive reserve and R$55,662 (debt balance) under capital reduction.

Since this transaction is a business combination, management contracted independent experts to measure, on a preliminary basis, the fair value of identifiable assets acquired, liabilities assumed and purchase pricing allocation (PPA). The preliminary assessment carried out in the previous year was completed in the year ended March 31, 2018, without alteration in relation to the values previously disclosed.

The following table sets forth the assets and liabilities at the consolidated fair value of the acquiree, as well as the effect of the gain on bargain purchase, recognized in income statements for the year under other operating income and expenses:

	Existing installment 50.95%	Installment acquired 49.05%	Total investment
Investment and shareholders' equity at book values	577,946	556,392	1,134,338
Transferred consideration		459,806	
Gain by advantageous purchase		**(96,586)**	
Total value of assets and liabilities of the investee	601,381	578,953	1,180,334
Gain for added value of pre-existing investment and acquired installment	**(23,435)**	**(22,561)**	**(45,996)**

This transaction resulted in a gain on bargain purchase of R$96,586 (market value versus equity on the merger date), and gain on remeasurement of the investment (PPA) of the acquired portion (49.05%) and of the pre-existing portion (50.95%) in the amount of R$45,996 thousand, totaling the effect of R$142,582 on income for the year under “Other operating income and expenses”.

At the acquisition date, the fair value of trade accounts receivable totals R$93,055, same contractual amount. There was no impairment of any trade accounts receivable, and contractual amount is expected to be fully received. There is no contingent consideration in this transaction.

In thousands of reais, unless otherwise stated

During the year ended March 31, 2017, from the date of acquisition, subsidiary UBV contributed to the consolidated with revenues of R$67,744 and pretax income of R$33,215. Had the business combination been conducted at the beginning of the year, consolidated revenues would total R$839,574 and net income from operations would be R$139,691.

Also during the previous year, Management recorded the write-off of deferred tax assets (Note 19) in the amount of R $ 59,656, which were calculated on the balances of tax losses and negative basis of the UBV, as a result of the expected incorporation of the UBV mentioned in the note on subsequent events (Note 31).

10.3 Supplementary information on Usina Boa Vista S.A.

A summary of the statements of financial position and of profit or loss of the referred to subsidiary is as follows:

Statement of financial position	2018	2017
Current assets	672,438	706,119
Noncurrent assets	1,063,928	1,025,149
Total assets	1,736,366	1,731,268
Current liabilities	200,212	400,740
Noncurrent liabilities	240,833	234,439
Equity	1,295,321	1,096,089
Total liabilities and equity	1,736,366	1,731,268

Statement of profit or loss	2018	2017 *
Net revenue	845,309	839,574
Cost of sales	(529,882)	(515,834)
Gross profit	315,427	323,740
Net operating expenses	(49,281)	(41,545)
Finance income (costs)	(13,272)	(9,640)
Income and social contribution taxes (IRPJ and CSLL)	(53,642)	(132,864)
Net income for the period	199,232	139,691

* individual information of the subsidiary. Consolidated from the date of acquisition (note 10.2)

In thousands of reais, unless otherwise stated

Financial information	2018	2017
Cash and short-term investments	306,608	424,859
Gross debt	291,199	528,075
Depreciation and amortization (including biological assets harvested)	233,101	226,917

11. Biological assets

Biological assets correspond to agricultural products under development (standing cane) produced in sugarcane plantations (bearer plant), to be used as raw material in the production of sugar and ethanol upon its harvest. These assets are carried at fair value less costs to sell.

Measurement at fair value of biological assets is classified as Level 3 - Assets and liabilities whose prices do not exist, or whose prices or valuation techniques are supported by a small, nonexistent or illiquid market and unobservable market inputs.

The fair value of biological assets was 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 sugarcane, which is estimated based on public data and estimates of the future prices of sugar and ethanol; and

(b) Cash outflows represented by estimates of (i) costs necessary for the biological transformation of the sugarcane (cultural treatments) 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 agricultural partnerships; and (v) taxes on positive cash flows.

The following significant assumptions were used to determine fair value:

	Company		Consolidated	
	2018	2017	2018	2017
Harvest estimated total area (ha)	172,762	169,867	227,343	222,789
Expected productivity (ton/ha)	88.74	85.28	88.23	84.65
Number of Total Recoverable Sugar (ATR) per sugar cane ton (kg)	132.56	130.66	133.42	131.41
Projected average price of ATR (R$)	0.5759	0.6396	0.5757	0.6397

At March 31, 2018, the discount rate used to calculate the fair value of biological assets is 7.48% p.a. (9.25% p.a. at March 31, 2017).

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

In thousands of reais, unless otherwise stated

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

	Company		Consolidated	
	2018	2017	2018	2017
Historical cost	467,314	458,098	628,164	458,098
Fair value	(29,658)	12,143	(41,802)	12,143
Biological assets at March 31	437,656	470,241	586,362	470,241
Changes:				
Increase resulting from cultivation	325,273	321,119	427,540	329,552
Transfers from property, plant and equipment	127,822	96,343	171,298	88,256
Change in fair value	(69,360)	(41,801)	(74,927)	(25,456)
Fair value surplus - business combination	-	-	11,863	-
Reductions resulting from harvest	(401,659)	(408,246)	(540,411)	(409,393)
Consolidation UBV - Historical Cost	-	-	-	161,651
Consolidation UBV - Fair Value	-	-	-	(28,489)
Closing balance of biological assets:	419,732	437,656	581,725	586,362
Represented by:				
Historical cost	518,750	467,314	686,591	628,164
Fair value	(99,018)	(29,658)	(104,866)	(41,802)
Closing balance of biological assets:	419,732	437,656	581,725	586,362

The operating activities of sugarcane cultivation are at risk of damage due to climate change, pests and diseases, forest fires and other natural forces. Consequently, future harvest results may be impacted, being increased or reduced.

(a) Agricultural partnerships and lease agreements

The Company entered into agreements of agricultural partnerships to purchase sugarcane produced in the rural properties of third parties, maturing between six and twelve years, renewable upon termination. In addition, the Company has lease agreements for the production of sugarcane.

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 sugarcane established by CONSECANA. At March 31, 2018 and 2017, the total estimated payments (nominal value) are as follows:

In thousands of reais, unless otherwise stated

	Company		Consolidated	
	2018	2017	2018	2017
Agricultural partnership:				
Within 1 year	250,931	215,481	316,488	271,496
More than 1 year and less than 5 years	713,263	693,041	933,683	871,817
More than 5 years	499,431	601,786	794,881	816,531
(-) Present value adjustment	(423,772)	(562,460)	(627,247)	(740,804)
	1,039,853	947,848	1,417,805	1,219,040
Lease agreements:				
Within 1 year	51,647	25,765	52,550	26,080
More than 1 year and less than 5 years	193,973	87,766	197,586	89,025
More than 5 years	423,542	94,565	428,394	97,098
(-) Present value adjustment	(284,875)	(77,020)	(288,064)	(78,876)
	384,287	131,076	390,466	133,327

12. Property, Plant and Equipment (PPE)

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

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

Sugarcane plantations correspond to bearer plants that are solely used to cultivate sugarcane. Sugarcane is classified as a permanent crop and its economically productive cycle lasts, on average, eight years after the first harvest.

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

In thousands of reais, unless otherwise stated

Company	Land	Buildings and outbuildings	Equipment and manufacturing facilities	Inter-crop maintenance	Vehicles	Agricultural machinery and farming implements	Other PPE	Construction in progress	Sugarcane plantation	Total
Balances at March 31, 2016	138,091	219,161	776,308	130,648	166,448	230,249	14,837	50,468	594,914	2,321,124
Acquisition	13,942	-	1,170	170,880	12,562	32,261	1,194	101,717	217,354	551,080
Cost of sale	-	-	(6)	-	(1,854)	(3,778)	(7)	-	-	(5,645)
Transfers between groups	-	33,783	74,303	-	1,710	4,630	3,659	(118,085)	-	-
Capital reduction in Vale do Mogi	4,487	-	-	-	-	-	-	-	-	4,487
Transfer to biological assets	-	-	-	-	-	-	-	-	(96,343)	(96,343)
Depreciation	-	(7,288)	(52,569)	(131,040)	(13,656)	(32,456)	(3,131)	-	-	(240,140)
Balances at March 31, 2017	156,520	245,656	799,206	170,488	165,210	230,906	16,552	34,100	715,925	2,534,563
Total cost	156,520	283,092	1,124,973	301,595	229,200	377,011	57,142	34,100	715,925	3,279,558
Accumulated depreciation	-	(37,436)	(325,767)	(131,107)	(63,990)	(146,105)	(40,590)	-	-	(744,995)
Residual value	156,520	245,656	799,206	170,488	165,210	230,906	16,552	34,100	715,925	2,534,563
Acquisition	-	54	2,909	220,351	13,019	34,944	966	73,597	208,960	554,800
Transfer of biological assets	-	-	-	-	-	-	-	-	(127,822)	(127,822)
Cost of sale	(712)	-	(151)	-	(759)	(2,082)	(82)	-	-	(3,786)
Transfers between groups	-	4,790	46,573	-	1,822	(7,599)	8,150	(62,346)	8,610	-
Depreciation	-	(7,746)	(57,420)	(172,795)	(13,335)	(24,148)	(3,197)	-	-	(278,641)
Balances at March 31, 2018	155,808	242,754	791,117	218,044	165,957	232,021	22,389	45,351	805,673	2,679,114
Total cost	155,808	287,935	1,174,304	390,839	243,282	402,273	66,177	45,351	805,673	3,571,642
Accumulated depreciation	-	(45,181)	(383,187)	(172,795)	(77,325)	(170,252)	(43,788)	-	-	(892,528)
Residual value	155,808	242,754	791,117	218,044	165,957	232,021	22,389	45,351	805,673	2,679,114
Residual values:										
Historical cost	16,355	183,199	584,132	218,044	138,873	189,931	22,389	45,351	805,673	2,203,947
Surplus	139,453	59,555	206,985	-	27,084	42,090	-	-	-	475,167
Annual average depreciation rates	-	3%	5%	100%	6%	9%	13%	-	14%	-

In thousands of reais, unless otherwise stated

Consolidated	Land	Buildings and outbuildings	Equipment and manufacturing facilities	Inter-crop maintenance	Vehicles	Agricultural machinery and farming implements	Leasehold improvements	Other PPE	Construction in progress	Sugarcane plantation	Total
Balances at March 31, 2016	1,750,344	223,420	842,050	131,120	166,448	230,249	-	14,838	51,086	594,914	4,004,469
Acquisition	13,942	-	1,216	189,599	13,649	32,284	-	1,261	106,172	227,814	585,937
Cost of sale	(180)	-	(6)	-	(1,975)	(5,180)	-	(7)	-	-	(7,348)
Transfers between groups	-	33,849	77,020	-	1,710	4,639	-	3,733	(120,951)	-	-
Transfer to inventory	(3,148)	-	-	-	-	-	-	-	-	-	(3,148)
Transfer to biological assets	-	-	-	-	-	-	-	-	-	(88,256)	(88,256)
Consolidation of UBV	32,568	132,998	382,659	37,431	56,781	53,351	39,169	5,907	9,498	185,698	936,060
Fair value surplus - business combination	14,755	14,706	42,213	-	4,132	29,449	-	-	-	-	105,255
Depreciation	-	(7,595)	(55,388)	(131,512)	(13,856)	(32,821)	(15)	(3,232)	-	-	(244,419)
Balances at March 31, 2017	1,808,281	397,378	1,289,764	226,638	226,889	311,971	39,154	22,500	45,805	920,170	5,288,550
Total cost	1,808,281	464,756	1,750,040	399,144	322,855	516,813	88,623	68,587	45,805	920,170	6,385,074
Accumulated depreciation	-	(67,378)	(460,276)	(172,506)	(95,966)	(204,842)	(49,469)	(46,087)	-	-	(1,096,524)
Residual value	1,808,281	397,378	1,289,764	226,638	226,889	311,971	39,154	22,500	45,805	920,170	5,288,550
Acquisition	2,381	280	4,099	281,996	18,705	50,996	-	1,530	90,804	278,593	729,384
Cost of sale	(2,884)	-	(176)	-	(845)	(5,366)	-	(90)	-	-	(9,361)
Transfer of biological assets	-	-	-	-	-	-	-	-	-	(171,298)	(171,298)
Transfers between groups	-	22,414	51,108	-	2,265	(9,904)	-	8,363	(85,293)	11,047	-
Transfers to inventory for sales	-	-	-	-	-	-	-	-	(1,923)	-	(1,923)
Depreciation	-	(11,546)	(79,801)	(229,660)	(19,079)	(34,830)	(5,849)	(4,675)	-	-	(385,440)
Balances at March 31, 2018	1,807,778	408,526	1,264,994	278,974	227,935	312,867	33,305	27,628	49,393	1,038,512	5,449,912
Total cost	1,807,778	487,450	1,805,071	508,634	342,980	552,539	88,623	78,390	49,393	1,038,512	6,759,370
Accumulated depreciation	-	(78,924)	(540,077)	(229,660)	(115,045)	(239,672)	(55,318)	(50,762)	-	-	(1,309,458)
Residual value	1,807,778	408,526	1,264,994	278,974	227,935	312,867	33,305	27,628	49,393	1,038,512	5,449,912
Residual values:											
Historical cost	150,513	333,554	1,002,016	278,974	197,045	246,862	33,305	27,628	49,393	1,038,512	3,357,802
Surplus	1,657,265	74,972	262,978	-	30,890	66,005	-	-	-	-	2,092,110
Annual average depreciation rates	-	3%	5%	100%	6%	9%	17%	13%	-	14%	

In thousands of reais, unless otherwise stated

Under the terms of certain borrowing agreements of the Group, property, plant and equipment totaling R$ 1,297,762 (consolidated) were pledged as collateral, of which R$ 286,756 refers to rural properties (8,754 hectares of land).

The Group capitalized financial charges amounting to R$ 2,343 for the year ended March 31, 2018 (R$ 2,913 for March 31, 2017).

13. Intangible assets

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

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

	Company		Consolidated	
	2018	2017	2018	2017
Goodwill on future profitability (i)	374,633	374,633	374,633	374,633
Software	27,025	25,789	29,725	28,488
Accumulated amortization	(21,174)	(18,280)	(23,748)	(20,782)
Rights on sugarcane contracts (ii)	8,780	10,779	8,780	10,779
Rights on electricity agreements (iii)	-	-	103,401	103,401
Rights on electricity agreements - amortization (iii)	-	-	(40,001)	(27,560)
Other assets	9,744	1,956	17,367	4,983
	399,008	394,877	470,157	473,942

(i) Goodwill related to business combination of prior years of companies merged into the Company;
(ii) Refers to the acquisition of rights on agreements for agricultural partnership and sugarcane supply (2,281 hectares);
(iii) Refers to the fair value of Bio's agreements for electricity supply, effective up to 2025.

Impairment of nonfinancial assets

Under the provisions of CPC 01 (IAS 36) - Impairment of assets, goodwill, property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once a year or more frequently whether evidence of impairment is found. Annual impairment tests are performed at the end of March. To determine whether there was impairment loss, assets are grouped into Cash-Generating Units (CGU), which correspond to the smallest group of assets generating cash flows clearly independent from those generated by another CGU.

In thousands of reais, unless otherwise stated

At March 31, 2018, the Company tested noncurrent assets for impairment. The assessment was based on calculations of the value in use of each cash-generating unit. These calculations use cash flow projections, before calculation of income and social contribution taxes, based on financial budgets approved by management. The growth rate does not exceed the long-term average growth rate of the industry in which the CGU operates.

Main assumptions and estimates involved are estimates of sugar and ethanol sales prices, costs related to energy and other macroeconomic data.

Main assumptions used by the Company are as follows:

	2018		2017	
Cash-Generating Units	São Martinho and Iracema production units	Santa Cruz production unit	São Martinho and Iracema production units	Santa Cruz production unit
Average growth rate of net operating income	3.3%	3.3%	2.4%	3.0%
Nominal growth rate for perpetuity	4.5%	4.5%	4.0%	4.0%
Discount rate	8.5%	8.5%	10.0%	10.0%

14. Borrowings

Borrowings are recognized at fair value, net of transaction costs incurred, and on their maturity dates they are carried at amortized cost.

	2018		Company		Consolidated	
Type	Rate	Index	2018	2017	2018	2017
Local currency						
Export credit notes	105.11%	CDI	397,336	495,136	397,336	495,136
BNDES credit facilities	2.74%	+TJLP	99,706	232,044	154,399	335,321
BNDES credit facilities	4.12%	PRÉ	249,405	338,570	366,064	500,334
BNDES credit facilities	3.99%	+SELIC	71	3,196	258	3,989
Rural credit	8.32%	PRÉ	339,314	275,445	444,573	343,493
Rural product note		PRÉ	-	-	-	162,147
Industrial credit certificate		PRÉ	-	-	-	2,986
FINEP	4.00%	PRÉ	83,508	95,922	83,508	95,922
Agribusiness Receivables Certificate (CRA) (a)	98.00%	CDI	947,472	349,462	947,472	349,462
Agribusiness Receivables Certificate (CRA) (a)	4.88%	+IPCA	413,077	-	413,077	-
Other securitized credits	4.56%	+IGP-M	29,274	41,826	29,274	41,826
Total in local currency			2,559,163	1,831,601	2,835,961	2,330,616
In foreign currency						
Pre-export financing (PPE)	1.73%	+Libor	734,471	741,329	734,471	741,329
Export credit notes (NCE)	2.10%	+Libor	8,101	584,487	8,101	584,487
International Finance Corporation (IFC) *(b)*	2.70%	+Libor	303,797	-	303,797	-
FINEM	2.60%	+Cesta Moedas	15,036	16,977	42,567	62,628
Total in foreign currency			1,061,405	1,342,793	1,088,936	1,388,444
TOTAL			3,620,568	3,174,394	3,924,897	3,719,060
Current			574,569	1,175,682	686,630	1,499,583
Noncurrent			3,045,999	1,998,712	3,238,267	2,219,477

In thousands of reais, unless otherwise stated

a) Agribusiness Receivables Certificate (CRA)

During the year, the Company made new funding through capital markets, through the issuance of Agribusiness Receivables Certificates (CRA) by Vert Securitization Company, in the amount of R$ 1,006,400. The amount is composed of four types of Certificates: (i) in the amount of R$ 313,566 with semiannual interest payments equivalent to 96% of the cumulative variation of the CDI rate and single amortization of principal in April 2021, (ii) of R$ 192,834 with annual payments of interest equivalent to IPCA + 5,0894% and single repayment of principal in April 2023, (iii) in the amount of R$ 287,457 with annual payments of interest equivalent to 99% of the cumulative variation of the rate CDI and single repayment of principal in March 2023 and (iv) in the amount of R$ 212,543 with annual payments of interest equivalent to IPCA + 4,6818% and single repayment of principal in March 2025. Of the amount presented, R$ 21,392 refers to expenses with commissions for issuance of debentures, which are being appropriated in the result on a monthly basis based on the effective rate of the operation.

b) Funding through IFC

On June 7, 2017, the Company raised US$ 90,000 (R$ 298,522 updated to June 30, 2017) in the A/B Loans format (a 1/3 partnership agreement with the financial institution ABN Amro) through the International Finance Corporation (IFC), a member of the World Bank Group, with an 8-year deadline.

The following table shows the changes in loans and financing in the year:

Changes in debt	Company		Consolidated	
	2018	2017	2018	2017
Prior balance	3,174,394	3,487,197	3,719,060	3,507,187
Financing taken out	1,622,533	768,823	1,746,615	768,924
Amortization of principal	(1,240,882)	(894,362)	(1,595,432)	(903,992)
Amortization of interest	(231,428)	(206,025)	(277,361)	(208,335)
Monetary restatement	236,801	228,937	270,543	234,105
Foreign exchange differences	59,150	(210,176)	61,472	(209,769)
Consolidation Usina Boa Vista	-	-	-	530,940
	3,620,568	3,174,394	3,924,897	3,719,060

Some contracted operations are tied to swap contracts for Reais. The table below shows the effect on March 31, 2018:

Type	2018				2017			
	Company		Consolidated		Company		Consolidated	
	Fair value (MtM)	Debt balance (Accrual)	Fair value (MtM)	Debt balance (Accrual)	Fair value (MtM)	Debt balance (Accrual)	Fair value (MtM)	Debt balance (Accrual)
Swap transactions - from fixed rate to floating rate	237,742	238,612	340,385	341,634	171,403	210,794	171,403	210,794
Swap transactions - from libor to fixed rate	25,750	26,322	25,750	26,322	117,101	118,704	117,101	118,704
Swap transactions - from foreign currency to Brazilian reais	-	-	-	-	337,221	241,347	337,221	241,347
Swap transactions - from Brazilian reais to foreign currency	-	-	-	-	87,309	61,382	87,309	61,382
Non-swap transactions - local currency	2,320,549	2,320,549	2,468,004	2,468,004	1,559,425	1,440,721	2,058,440	1,939,736
Non-swap transactions - foreign currency	1,035,084	1,035,085	1,088,937	1,088,937	982,742	1,101,446	1,028,393	1,147,097
TOTAL	3,619,125	3,620,568	3,923,076	3,924,897	3,255,201	3,174,394	3,799,867	3,719,060

In thousands of reais, unless otherwise stated

The balances of loans and financing in the long term have the following maturity composition:

	Company	Consolidated
From 1º/04/2019 to 31/03/2020	1,046,995	1,090,562
From 1º/04/2020 to 31/03/2021	580,296	689,183
From 1º/04/2021 to 31/03/2022	470,727	496,639
From 1º/04/2022 to 31/03/2023	385,334	399,142
From 1º/04/2023 to 31/03/2024	265,004	265,098
From 1º/04/2024 to 31/03/2025	270,879	270,879
From 1º/04/2025 to 31/03/2026	5,816	5,816
After 2026	20,948	20,948
	3,045,999	3,238,267

As of March 31, 2018, R$ 1,600,155 of the Group's debt is charged, with 41% in equipment, 33% in receivables, 9% in land and 16% in others.

Covenants

The Company has covenants amounting to R$ 1,145,505, which are required and determined annually, the conditions of which are met for the year ended March 31, 2018.

15. Trade accounts payable

	Company		Consolidated	
	2018	2017	2018	2017
Sugarcane	55,031	58,206	71,540	76,377
Materials, services and other	56,862	44,916	82,606	62,546
	111,893	103,122	154,146	138,923

Out of the total trade accounts payable, R$7,956 and R$2,856 Company and Consolidated, respectively (R$8,534 and R$4,855, Company and Consolidated, respectively, at March 31, 2017), refer to related parties, as detailed in Note 9.

16. Agreements with Copersucar

In Copersucar withdrawal process, the Company entered into a contract providing for rights and obligations that have not yet expired. Significant obligations and rights are as follows:

In thousands of reais, unless otherwise stated

(a) Obligations:

Copersucar provided funds to companies during the period in which they were cooperative members through bills of exchange, for the purpose of financing their operations. The funds were obtained by the Cooperative and refer to temporary cash surpluses arising from preliminary injunctions in lawsuits claiming suspension of the enforceability of taxes. These cash surpluses are related to provisions for contingencies recorded by the Cooperative under noncurrent liabilities. However, in the event of unfavorable outcomes in lawsuits, the Company could be required to reimburse the amount within 120 days. The main amounts included in these liabilities arose from Federal VAT (IPI), whose constitutionality and lawfulness had been challenged in court by the Cooperative, and from tax liabilities included in the Tax Recovery Program (REFIS) of Copersucar, as shown below.

Company and Consolidated	2018	2017
REFIS - Copersucar - Restated by reference to SELIC	89,197	99,705
Exchange Bill (LC) - Restated by reference to SELIC	62,004	87,311
Exchange Bill (LC) - Transfer of funds without incurring	48,547	48,547
Expenses with tax proceedings	8,583	8,583
Other	2,039	2,039
Total	210,370	246,185
Current liabilities	8,583	8,583
Noncurrent liabilities	201,787	237,602

Bank sureties guarantee all the Company's obligations with Copersucar. In addition, in accordance with the terms negotiated for the withdrawal of Copersucar, the Company remains liable for obligations, proportionate to its investment in Copersucar in previous crops, which result from tax assessments that may arise and that relate to periods in which the Company was a cooperative member.

During the year ended March 31, 2018, Copersucar joined the PERT (Special Tax Regularization Program), including debts that were being discussed in court. Some of these debts were already provisioned and the balance was recorded during the quarter ended December 31, 2017, resulting in a net effect of R$ 2,657 in the statement of income. The total amount disbursed by the Company is R$ 30,777.

Copersucar has been served delinquency notices with respect to State VAT (ICMS) on fuel and industrial ethanol sales made up to December 31, 2008, which amount attributed to Company would be R$ 246,020 (estimated amount and updated up to March 31, 2018).

Copersucar believes that it has solid arguments to support the success of the defenses of the fines imposed on them in these assessments and its legal advisors evaluate the aforementioned causes as a possible loss risk.

(b) Rights:

Copersucar also figures as plaintiff in legal proceedings challenging the refund/overpayment of various taxes or indemnities. São Martinho, in the condition of former cooperative member, will be entitled proportionally to these credits, if any, and will inform the market when such rights become good and marketable on behalf of the Company.

As reported by Copersucar, the Judiciary condemned the Union to indemnify the cooperative for damages caused to its members resulting from the fixing of lagged prices, in sales of sugar and ethanol made in the 1980s. There was a request for payment in the order of R$ 5.6 billion (R$ 730.5 million in proportion to the Company). The payment of a supplementary balance in the order of R$ 12.8 billion (R$ 1.665 billion proportional) is requested, with the Federal Government claiming an excess of R$ 2.2 billion (R$ 286.3 million proportional), in protest dated May 4, 2018. As of the date of preparation of these financial statements, Management's best estimate is that it is probable credit, but not practically certain, because it is not under the entity's total control. Therefore, the credit right has not been registered and is being disclosed.

17. Equity

(a) Capital

At March 31, 2018, capital amounted to R$ 1,549,302 (R$ 1,494,334 at March 31, 2017), and is represented by 364,011,329 common registered shares, with no par value.

The Company is authorized to increase its capital up to the limit of 372,000,000 (three hundred and seventy-two million) common shares, regardless of amendments to bylaws, upon resolution by the Board of Directors, which will determine the share issue conditions, including price and payment term.

At the Special General Meeting held on February 23, 2017, the shareholders approved the issue of 24,023,708 new common registered book-entry shares, with no par value, to be assigned to the shareholders of Nova Fronteira, replacing the shares held by it. In addition, the merger of Nova Fronteira Bioenergia S.A. was approved. This change is justified to the extent that the assets of the parties combined under a single corporate structure will allow the structuring and more efficient use of the assets and operations of the companies involved in order to concentrate all the activities undertaken by Nova Fronteira in the Company, in addition to strengthen the competitive position of the parties, reducing risks to their shareholders and allowing generation of long-term value.

In thousands of reais, unless otherwise stated

As a result of the merger, Nova Fronteira ceased to exist and the Company's capital was increased through issue of 24,023,708 new common registered book-entry shares, with no par value, which were assigned to the shareholders of Nova Fronteira.

The amount of R$ 55,662 recognized as capital reducing account, mentioned in Note 10.2, refers to the adjustment to the acquired portion of equity recognized on merger of Nova Fronteira, recorded at carrying amount to comply with the Brazilian Corporation Law, to reflect the consideration transferred in the operation.

In Special General Shareholders' Meeting held on July 28, 2017, shareholders approved capital increase amounting to R$ 54,968 through use of the capital budget reserve amounting to R$ 110,630, after deduction of R$ 55,662 previously recognized as capital reducing account.

(b) Treasury shares

Since these are equity instruments that are repurchased, they are recognized at acquisition cost and recognized in a reduction account of Shareholders' Equity. No gain or loss is recognized in the statement of income on the purchase, sale, issue or cancellation of equity instruments owned by the Company.

The changes in treasury shares during the period ended December 31, 2018 are as follows:

	2017	Acquisition of shares	Sale of shares	2018
Quantity	5,431,517	7,992,600	(215,454)	13,208,663
Average price	16.96	18.24	17.59	17.72
Total amount	92,134	145,756	(3,790)	234,100

On November 27, 2017, the 5th Stock Repurchase Plan was approved at a meeting of the Board of Directors. The Plan will contemplate the acquisition of up to 8,000,000 (eight million) shares within 18 months from the date of approval.

(c) Equity adjustments

(i) Deemed cost

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

(ii) Hedge accounting fair value

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

(d) Income reserve

Legal reserve

Legal reserve is annually set up with allocation of 5% of net income for the year, capped at 20% of capital. The purpose of the legal reserve is to ensure maintenance of adequate capital level and may only be used to absorb losses and increase capital.

Capital investment reserve

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

Unrealized income reserve

This reserve refers to unearned income, comprising the sale of equity interest held in ABV, sale of properties arising from real estate developments and gain due to change in equity interest.

Tax incentive reserve

Subsidiary UBV benefits from a state tax incentive program up to 2033, with Goiás State, in the form of deferral of the ICMS payment, named "Goiás Industrial Development Program - Produzir", with partial reduction on such tax. The use of this benefit by subsidiary UBV is conditional upon compliance with all obligations set forth in the program, whose conditions refer to factors under the control of UBV.

In thousands of reais, unless otherwise stated

The benefit related to the reduction in the payment of this tax is calculated on the debt balance determined in each calculation period, by applying the discount percentage granted by the tax incentive.

The amount of this grant calculated for the period was recorded in the statement of profit or loss under "Deductions from gross revenue", reducing the "ICMS payable" account. Since this amount may not be allocated as dividends, a reserve for tax incentives is set up, matched against "Retained earnings", in the amount determined for the grant.

The amount of this incentive that impacted profit or loss of subsidiary UBV for the period ended December 31, 2018 was R$ 74,678 (R$ 34,679 at March 31, 2017).

(e) Dividends

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

The mandatory minimum dividends were calculated as follows:

	2018	2017
Net income for the year	491,706	283,867
Constitution of legal reserve - 5%	(24,585)	(14,193)
Calculation basis for distribution of mandatory minimum dividends	467,121	269,674
Mandatory minimum dividends - 25%	116,780	67,419
Realization of unrealized profits reserve	31,561	6,823
Total dividends	148,341	74,242
Dividend per share	0.4229	0.2070
Number of shares held in treasury - March 31	350,803	358,580

At a meeting of the Board of Directors held on June 25, 2018, an additional distribution of dividends in the amount of R$ 31,659 (R$ 0.0902 per share) was proposed to be ratified at the Annual Shareholders' Meeting.

(f) Stock option plan

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

In thousands of reais, unless otherwise stated

The balances of stock option plans granted and the changes in outstanding stock options for the year period ended December 31, 2018 are as follows:

Plan	4th Plan	5th Plan	6th Plan	7th Plan	8th Plan	Total
Plan issue date	17/12/2012	16/12/2013	15/12/2014	14/12/2015	12/12/2016	
Deadline for exercise (i)	2019	2020	2021	2022	2023	
Fair value of options (R$) (ii)	2,29 - 2,62	2,82 - 3,15	3,80 - 4,20	5,55 - 6,21	5,91 - 6,53	
Options granted (ii)	1,175,178	1,142,436	1,014,264	767,700	779,934	4,879,512
Options exercised (ii)	(879,422)	(457,716)	(140,805)	(26,904)	-	(1,504,847)
Outstanding stock options	295,756	684,720	873,459	740,796	779,934	3,374,665
Strike price (ii)	8.37	9.13	12.04	15.87	17.70	

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

(ii) The data referring to the 4th, 5th, 6th and 7th plans was adjusted to reflect the share split mentioned in Note 17 (a).

For the period ended December 31, 2018, the stock options exercised corresponded to 215,454 shares purchased for R$ 3,790 (R$ 2,711 at March 31, 2017).

The fair value attributed to these options was determined based on the Black & Scholes pricing model. The Company recognized during the year a stock option expense of R$ 4,083 (R$ 4,079 at March 31, 2017).

(g) Capital reserve

Refers to the valuation at market value of the Company's shares issued at the time of the exchange of shares with the non-controlling shareholders.

18. Profit sharing program

The Company manages, as part of its policy, a profit sharing program based on operating and financial targets previously agreed upon with its employees. The amount of profit sharing for the year ended March 31, 2018 and 2017, recorded as operating costs or expenses in the income statement totaled R$ 51,639 and R$ 38,695, respectively, in the Company (Consolidated – R$ 65,424 and R$ 38,376), respectively.

In thousands of reais, unless otherwise stated

19. Income and social contribution taxes

Deferred income and social contribution taxes are calculated on income and social contribution tax losses, and corresponding temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

(a) Deferred income and social contribution taxes

Company	2017	Recognized in P&L	Recognized in equity	2018
. Income and social contribution tax losses	48,926	(18,766)	(5,954)	24,206
. Derivative financial instruments	40,581	(15,694)	2,840	27,727
. Provision for contingencies	22,108	1,089	-	23,197
. Biological assets and agricultural product (change in fair value)	11,576	23,583	-	35,159
. Provision for other obligations	7,514	(339)	-	7,175
. Other assets	4,170	2,259	-	6,429
Total income and social contribution tax assets	134,875	(7,868)	(3,114)	123,893
. Surplus of PPE (Deemed cost)	(173,366)	10,975	-	(162,391)
. Accelerated depreciation incentive	(157,612)	(22,979)	-	(180,591)
. Tax benefit on merged goodwill	(100,498)	(30,360)	-	(130,858)
. Gain on bargain purchase/surplus value - PPA	(48,478)	(4,191)	-	(52,669)
. Foreign exchange differences	(27,758)	19,091	-	(8,667)
. Divestiture with deferred taxation	(21,683)	2,710	-	(18,973)
. Securitized financing	(17,025)	3,438	-	(13,587)
. Present value adjustment	(1,344)	744	-	(600)
. Other liabilities	(131)	131	-	-
Total income and social contribution tax liabilities	(547,895)	(20,441)	-	(568,336)
Deferred income and social contribution taxes	(413,020)	(28,309)	(3,114)	(444,443)

São Martinho

In thousands of reais, unless otherwise stated

Consolidated	2017	Recognized in P&L	Recognized in equity	Consolidation adjustment - Rights on electricity agreements	2018
. Income and social contribution tax losses	53,454	(23,295)	(5,954)	-	24,205
. Derivative financial instruments	40,581	(15,694)	2,841	-	27,728
. Provision for contingencies	23,895	1,161	-	-	25,056
. Biological assets and agricultural product (change in fair value)	6,208	25,478	-	-	31,686
. Employees' profit sharing and bonus	507	1	-	-	508
. Provision for other obligations	7,514	(339)	-	-	7,175
. Other assets	6,032	(127)	-	-	5,905
Total income and social contribution tax assets	138,191	(12,815)	(3,113)	-	122,263
. Surplus of PPE (Deemed cost)	(370,919)	11,169	(286,325)	-	(646,075)
. Accelerated depreciation incentive	(180,799)	(49,306)	-	-	(230,105)
. Tax benefit on merged goodwill	(100,498)	(30,360)	-	-	(130,858)
. Gain on bargain purchase/surplus value - PPA	(48,478)	(4,191)	-	-	(52,669)
. Foreign exchange differences	(27,758)	19,091	-	-	(8,667)
. Divestiture with deferred taxation	(21,683)	2,710	-	-	(18,973)
. Securitized financing	(17,025)	3,438	-	-	(13,587)
. Present value adjustment	(1,344)	745	-	-	(599)
. Other liabilities	(286)	135	-	-	(151)
. Intangible assets	(27,818)	-	-	4,806	(23,012)
. Gain due to change in ownership interest - CTC	(4,726)	(238)	-	-	(4,964)
Total income and social contribution tax liabilities	(801,334)	(46,807)	(286,325)	4,806	(1,129,660)
Deferred income and social contribution taxes	(663,143)	(59,622)	(289,438)	4,806	(1,007,397)
Other deferred taxes	(526)	-	-	-	(526)

Deferred tax assets and liabilities are presented net in the statement of financial position, 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.

The Company recognizes deferred tax assets based on projection of taxable profit in subsequent years. This projection is revised on an annual basis and within ten years.

Deferred income and social contribution tax liabilities are realized mainly through the depreciation and disposal of property, plant and equipment items that gave rise to them. Realization of this liability is estimated at the average rate of 15% per year, according to the depreciation rates of the respective property, plant and equipment items, except for the deferred tax liabilities on the surplus of land, which will be realized if sold.

For the year ended March 31, 2018, the Company and its subsidiary SM Terras Agrícolas ecognized the amounts of R$ 286,325 of deferred tax liabilities on the deemed cost surplus of land, matched against "Equity adjustment valuation" in equity. The tax-triggering event of the recognition was the transfer through capital reduction or split-off of land of SM Terras Imobiliárias that took place in the year and consequent change in the taxation manner in case of land realization.

Due to the decision of merging UBV, as described in Note 10.2, and consequent loss of income and social contribution tax losses of that subsidiary, the amount of R$59,656 of deferred tax assets was written off in the income statement for March 31, 2017.

In thousands of reais, unless otherwise stated

The recovery of all deferred tax credits, calculated under the terms of CVM Rule No. 371/02, indicates that the projections of taxable income approved by management, including expected realization of temporary differences, is estimated as follows:

Consolidated	Expectation of achievement
In the crop 18/19	14,640
In the crop 19/20	20,294
In the crop 20/21	5,131
In the crop 21/22	16,303
In the crop 22/23	2,371
From 23/24 crop onwards	63,524
	122,263

(b) Reconciliation of income and social contribution taxes

	Company		Consolidated	
	2018	2017	2018	2017
Pretax income	561,307	331,836	622,546	413,645
Income and social contribution taxes at nominal rates (34%)	(190,844)	(112,940)	(211,666)	(140,755)
Adjustments for calculation of effective tax rate:				
. Equity pickup	113,721	59,823	(1,018)	29,704
. Other permanent exclusions/(additions), net	6,737	(1,186)	6,383	(1,206)
. State subsidy	-	-	25,391	850
. Adjustment of the subsidiary's calculation taxed by presumed profit	-	-	41,989	34,970
. IRPJ and CSLL previously unused credits recorded	-	-	6,326	-
. Other	785	6,334	1,755	6,313
Income and social contribution tax expense	(69,601)	(47,969)	(130,840)	(70,124)
Income and social contribution tax effective rate	12.4%	14.5%	21.0%	17.0%
Adjustments to determine the effective non-recurring rate:				
. Write-off of Deferred Tax Assets	-	-	-	(59,654)
Income and social contribution tax expense	(69,601)	(47,969)	(130,840)	(129,778)
Current income and social contribution taxes	(41,292)	(6,871)	(71,218)	(14,148)
Deferred income and social contribution taxes	(28,309)	(41,098)	(59,622)	(115,630)
Income and social contribution tax effective rate	12.4%	14.5%	21.0%	17.0%

20. Commitments

The Group assumes various commitments in the ordinary course of its business. Significant commitments to be disclosed in these financial statements are as follows:

Riparian forests and land for legal reserve

The Group has uncultivated areas covered by conserved native vegetation in the process of regeneration or enrichment, corresponding to riparian forests and land for legal reserve, intended to ensure the ecological balance of the environment, contributing to the preservation of biodiversity and the sustainability of agricultural activities, strictly observing the provisions in the Forest Code in relation to the preservation of the Permanent Preservation Areas (“APP”) and Legal Reserve (“RL”).

The Company has already provided for the registry of its properties with the Environmental Rural Registry (“CAR”) and will join the Program for Environmental Regularization (“PRA”). The manner in which investments for environmental regularization, if any, will be performed as well as the time required for their execution are not measurable at this time. Investments in preservation areas and other environmental regularization activities, when made, are recorded under property, plant and equipment.

Ethanol supply agreement

Under a sale and purchase agreement, the Company has agreed to supply industrial ethanol to Mitsubishi Corporation, beginning with the 2008/2009 crop until 2038/2039 crop, under market conditions.

Sureties granted

In addition, the Company is the guarantor of borrowings contracted by UBV totaling R$ 46,091.

Electricity supply

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

Purchase of inputs

The Company has commitments for the purchase of inputs intended for maintenance of the plantation over the crop. The referred to operation is performed through purchase for future delivery.

21. Provision for contingencies

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

In thousands of reais, unless otherwise stated

21.1 Probable losses

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

					Company
	Tax	Civil and environmental	Labor	TOTAL	Judicial deposits
Balance as of March 31, 2017	11,571	3,363	51,643	66,577	24,707
Additions	661	2,773	19,343	22,777	5,708
Reversals	(953)	(1,084)	(7,698)	(9,735)	-
Use	(8)	(1,057)	(16,974)	(18,039)	(7,317)
Restatements	1,394	1,703	5,419	8,516	1,052
Balance as of March 31, 2018	12,665	5,698	51,733	70,096	24,150

					Consolidated
	Tax	Civil and environmental	Labor	TOTAL	Judicial deposits
Balance as of March 31, 2017	18,222	26,597	56,896	101,715	32,423
Additions	2,061	3,821	23,289	29,171	7,850
Reversals	(2,414)	(6,258)	(9,535)	(18,207)	-
Use	(3,385)	(1,177)	(20,890)	(25,452)	(12,816)
Restatements	1,384	4,528	5,983	11,895	1,216
Balance as of March 31, 2018	15,868	27,511	55,743	99,122	28,673

Judicial deposits are monetarily restated and reported in noncurrent assets.

The nature of the main lawsuits at March 31, 2018 included in the above provisions is as follows (Company and consolidated):

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

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

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

In thousands of reais, unless otherwise stated

21.2 Possible losses

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

		Company				Consolidated			
		2018		2017		2018		2017	
Nature		Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount
Environmental		43	7,645	36	6,840	43	7,645	37	7,036
Civil									
Indemnities		15	4,211	21	11,572	15	4,211	21	11,571
Review of contracts		4	5,857	6	7,390	8	5,912	7	7,390
Other civil proceedings		14	70	12	1,046	15	71	13	1,046
Labor		17	61	20	-	20	61	21	-
Tax									
Social security contribution	(i)	15	199,114	14	213,013	15	199,114	14	213,013
Calculation of IRPJ/CSLL	(ii)	5	258,010	5	236,777	5	258,010	5	236,777
Offset of federal taxes	(iii)	65	89,061	33	33,621	66	89,214	34	33,761
ICMS	(iv)	9	12,832	3	2,360	10	24,352	4	12,980
Other tax proceedings	(v)	10	1,373	41	23,078	11	1,373	43	25,713
TOTAL		**197**	**578,234**	**191**	**535,697**	**208**	**589,963**	**199**	**549,287**

Environmental proceedings refer to notices from CETESB and/or environmental police arising from burning of sugarcane straw, as well as annulment proceedings to cancel the fines applied by the bodies aforementioned.

Civil proceedings relate to compensation claims in general arising from (i) traffic accidents and (ii) contract reviews.

Labor claims mainly refer to tax assessment notices drawn up by the Ministry of Labor and/or annulment actions to cancel these notices.

Tax proceedings:

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

(ii) These refer to exclusion of expenses on securitized financing, as well as expenses arising of accelerated tax-incentive depreciation as provided in art. 314 of the RIR / 99.

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

(iv) These proceedings address allegedly undue ICMS credit arising from capital expenditures control register (CIAP).

(v) These proceedings refer to disputes involving other tax cases, including, among others, tax delinquency notices related to a fine arising from lack of approval of offset, Municipal Real Estate Tax (IPTU) collection

claims, contribution to the National Service for Industrial Training (SENAI) and the fee to the National Department of Mineral Research (DNPM).

22. Derivative financial instruments and risk management

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

Derivative financial instruments are taken out exclusively for the purpose of pricing and hedging the Company's sugar, ethanol and other product export transactions against foreign exchange risk, sugar price fluctuation and interest rate variations. No transactions with financial instruments are carried out for speculative purposes.

22.1 Market risks

(a) Currency risk

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

Non-Derivable Forwards (NDF) and swap and options strategies are used to manage currency risk. The Group's financial risk management policy defines guidelines that establish the adequate hedge volume of expected cash flows, particularly those related to export sales.

Assets and liabilities subject to foreign exchange difference

The table below summarizes foreign currency-denominated assets and liabilities (in US dollars - US$), recorded in the consolidated statement of financial position at December 31, 2018:

In thousands of reais, unless otherwise stated

Consolidated	2018	Thousands of US$ equivalent
Current and noncurrent assets		
Cash and cash equivalents (banks - demand deposits)	132,404	39,835
Trade accounts receivable	230	69
Derivative financial instruments	72,790	21,900
Total assets	205,424	61,804
Current and noncurrent liabilities:		
Loans and financing	1,088,936	327,677
Derivative financial instruments	9,792	2,947
Total liabilities	1,098,728	330,624
Subtotal assets (liabilities)	(893,304)	(268,820)
(-) Borrowings linked to exports - ACC and PPE	1,046,369	314,868
Net exposure - assets	153,065	46,048

These assets and liabilities were restated and recorded in the financial statements at March 31, 2018, at the exchange rate in effect on that date, of R$ 3.3238 per US$ 1.00 for assets and R$ 3.3232 per US$ 1.00 for liabilities.

(b) Commodity price volatility risk

The Company is exposed to the risk of changes in commodity price of manufactured products such as sugar and ethanol. At March 31, 2018, the prices of 535,037 tons of sugar had been determined with commercial partners for delivery in 18/19 crop, priced at an average of 15.51 ¢/lb (US dollar cents per pound weight), including polarization premium.

(c) Cash flow or fair value risk associated with interest rate

The Group takes out borrowings at floating rates. Regarding borrowings in local currency, the risk of fluctuation in interest rates is mitigated naturally since investments are all remunerated at floating rates. As regards foreign currency, swaps may be contracted to mitigate possible interest-rate fluctuations (Libor).

(d) Market risk sensitivity analysis

The following table provides a sensitivity analysis of the effects of changes in the relevant risk factors to which the Company is exposed. Such analysis considers only instruments that are not designated for hedge accounting.

In thousands of reais, unless otherwise stated

Consolidated	Risk factor	Impacts on P&L Probable scenarios - 5%	Possible scenarios - 25%	Possible scenarios - 50%
Cash and cash equivalents	Decrease in exchange rate - R$/US$	(6,615)	(33,076)	(66,153)
Trade accounts receivable	Decrease in exchange rate - R$/US$	(608)	(3,038)	(6,075)
Borrowings	Increase in exchange rate - R$/US$	(753)	(3,765)	(7,529)
Derivative financial instruments				
Swap contracts (a)	Decrease in exchange rate - R$/US - and increase in interest curve	(741)	(1,856)	(3,718)
Net exposure		(8,717)	(41,734)	(83,475)

(a) The sensitivity analysis of variations in interest curves considers the effects of an increase or decrease of 5bps, 25bps and 50bps (basis points) in the pricing curve of the derivative instruments. The exposure to rates refers exclusively to variations in the Interbank Deposit (DI) curve and foreign exchange coupons.

(e) Financial instruments

The Company opted for hedge accounting to recognize part of its financial instruments. The instruments elected for designation are: a) derivatives of sugar, ethanol and foreign currency - US dollar; and b) foreign currency debts - US dollar - that cover sales of the 2018/2018 to 2020/2021 crops and were classified as cash flow hedge of highly probable expected transactions (future sales).

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

In the case of sugar hedges, the derivatives were designated as a cash flow hedge in respect of future sales of sugar. These transactions are carried out in the New York - Intercontinental Exchange (ICE Futures US) and with top-tier financial institutions through over-the-counter contracts or directly with customers.

In the case of foreign exchange hedges, derivative and non-derivative financial instruments were designated as a cash flow hedge in respect of future sales in foreign currency. These hedges are reviewed upon contracting of Non-Deliverable Forwards (NDFs), swap and option strategies as well as debt in foreign currency taken out with top-tier financial institutions.

The balances of assets and liabilities at March 31, 2018 and 2017 relating to transactions with derivative financial instruments and their maturities are as follows::

In thousands of reais, unless otherwise stated

Consolidated	Contracted amount/volume	Average price/rate	Notional value - R$	Fair value - R$
				2018
In current assets - Gain				
Margin deposit				824
Merchandise futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	330,571	14.90	322,256	48,446
Merchandise futures contracts - Ethanol				
. Sale commitment	6,300	1,560.24	328	23
Merchandise forward contracts - Sugar #11				
. Sale commitment	29,973	15.28	29,964	5,418
Non-Deliverable Forward (NDF) - Dollar - OTC				
. Sale commitment	67,819	3.3972	230,395	3,157
Merchandise options contracts - Sugar #11 - Commodities Exchange				
. Bidding position in puts options	22,861	14.56	21,777	2,189
Merchandise flexive options contracts - Dollar - OTC				
. Bidding position in puts options	12,900	3.2977	42,570	1,217
Swap contracts - interest - OTC				7,899
Total derivative financial instruments in current assets				69,173
In noncurrent assets - Gain				
Swap contracts - interest - OTC				3,617
Total derivative financial instruments in noncurrent assets				3,617

Consolidated	Contracted amount/volume	Average price/rate	Notional value - R$	Fair value - R$
				2018
In current liabilities - Loss				
Merchandise futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	57,915	13.98	52,972	293
. Purchase commitment	63,452	13.59	56,418	4,808
Non-Deliverable Forward (NDF) - Dollar - OTC				
. Sale commitment	53,876	3.2918	177,349	2,325
Merchandise options contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	22,861	15.94	23,842	772
Merchandise flexive options contracts - Dollar - OTC				
. Bidding position in call options	12,900	3.5568	45,924	646
Swap contracts - interest - OTC				18
Total derivative financial instruments in current liabilities				8,862
In noncurrent liabilities - Loss				
Swap contracts - interest - OTC				930
Total derivative financial instruments in noncurrent liabilities				930

In thousands of reais, unless otherwise stated

Consolidated	2017			
	Contracted amount/volume	Average price/rate	Notional value - R$	Fair value - R$
In current assets - Gain				
Merchandise futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	309,437	19.29	372,272	46,121
. Purchase commitment	762	16.65	791	6
Merchandise forward contracts - Sugar #11				
. Sale commitment	152,966	18.55	176,968	17,975
Non-Deliverable Forward (NDF) - Dollar - OTC				
. Sale commitment	281,704	3.5483	999,570	85,528
Merchandise options contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	5,080	19.75	6,257	4
. Bidding position in put options	64,519	20.24	81,443	15,697
Swap contracts - interest - OTC				7,586
Total derivative financial instruments in current assets				172,917
In noncurrent assets - Gain				
Swap contracts - interest - OTC				27
Total derivative financial instruments in noncurrent assets				27

Consolidated	2017			
	Contracted amount/volume	Average price/rate	Notional value - R$	Fair value - R$
In current liabilities - Loss				
Margin deposit				248
Merchandise futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	2,591	18.44	2,980	-
. Purchase commitment	82,351	17.94	92,140	5,968
Non-Deliverable Forward (NDF) - Dollar - OTC				
. Sale commitment	19,848	3.2493	64,492	119
. Purchase commitment	425	3.4485	1,466	98
Merchandise options contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	69,599	21.57	93,629	208
Swap contracts - interest - OTC				69,456
Total derivative financial instruments in current liabilities				76,097
In noncurrent liabilities - Loss				
Swap contracts - interest - OTC				5
Total derivative financial instruments in noncurrent liabilities				5

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

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

In thousands of reais, unless otherwise stated

At March 31, 2018, financial instruments designated for hedge accounting are broken down as follows:

Company and Consolidated	Assets	Liabilities	TOTAL in other comprehensive income
Financial instruments:			
Commodity derivatives - Futures, options and forward contracts	49,043	(696)	49,739
Foreign exchange derivatives - Options / NDF	3,157	2,325	832
Foreign exchange differences on borrowing agreements (Trade Finance)	13,181	151,412	(138,231)
	65,381	153,041	(87,660)
Deferred taxes on the items above	(22,230)	(52,034)	29,804
	43,151	101,007	(57,856)

(f) Estimated realization

At March 31, 2018, impacts reported in the Company's equity and estimated realization in the income statement are as follows:

Company and Consolidated	18/19 Crop	19/20 Crop	20/21 Crop	21/22 Crop	From 22/23 crop onwards	TOTAL
Derivative financial instruments:						
Commodity derivatives - Futures, options and forward contracts	49,739	-	-	-	-	49,739
Foreign exchange derivatives - Options / NDF	832	-	-	-	-	832
Foreign exchange differences on borrowing agreements (Trade Finance)	(73,844)	(48,186)	1,694	(7,158)	(10,737)	(138,231)
	(23,273)	(48,186)	1,694	(7,158)	(10,737)	(87,660)
Deferred taxes on the items above	7,913	16,383	(576)	2,434	3,650	29,804
	(15,360)	(31,803)	1,118	(4,724)	(7,087)	(57,856)

22.2 Credit risk

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

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

22.3 Liquidity risk

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

In thousands of reais, unless otherwise stated

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

Cash surplus in foreign currency is invested with daily liquidity at fixed rates previously established.

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

Company	Within 1 year	From 1 to 3 years	Above 3 years	Total
At March 31, 2018				
Loans and financing	574,569	1,627,291	1,418,708	3,620,568
Derivative financial instruments	8,862	930	-	9,792
Trade accounts payable	111,893	-	-	111,893
Acquisition of ownership interest	11,746	23,240	15,270	50,256
Other liabilities	18,692	-	14,542	33,234
	725,762	1,651,461	1,448,520	3,825,743
At March 31, 2017				
Loans and financing	1,175,682	1,487,763	510,949	3,174,394
Derivative financial instruments	76,097	5	-	76,102
Trade accounts payable	103,122	-	-	103,122
Acquisition of ownership interest	11,958	23,240	26,890	62,088
Other liabilities	17,714	-	13,044	30,758
	1,384,573	1,511,008	550,883	3,446,464

Consolidated	Within 1 year	From 1 to 3 years	Above 3 years	Total
At March 31, 2018				
Loans and financing	686,630	1,779,745	1,458,522	3,924,897
Derivative financial instruments	8,862	930	-	9,792
Trade accounts payable	154,146	-	-	154,146
Acquisition of ownership interest	11,746	23,240	15,270	50,256
Other liabilities	28,286	-	14,542	42,828
	889,670	1,803,915	1,488,334	4,181,919
At March 31, 2017				
Loans and financing	1,499,583	1,629,291	590,186	3,719,060
Derivative financial instruments	76,097	-	-	76,097
Trade accounts payable	138,923	-	-	138,923
Acquisition of ownership interest	11,958	23,240	26,890	62,088
Other liabilities	28,659	-	13,044	41,703
	1,755,220	1,652,531	630,120	4,037,871

In thousands of reais, unless otherwise stated

22.4 Capital management

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

To maintain or adjust its capital structure, the Company, under the Brazilian Corporation Law, may take actions to ensure the objectives mentioned above.

23. Financial instrument classification and fair value

23.1 Classification

Financial assets and liabilities are classified as follows:

Company	Within 1 year	From 1 to 3 years	Above 3 years	Total
At March 31, 2018				
Loans and financing	574,569	1,627,291	1,418,708	3,620,568
Derivative financial instruments	8,862	930	-	9,792
Trade accounts payable	111,893	-	-	111,893
Acquisition of ownership interest	11,746	23,240	15,270	50,256
Other liabilities	18,692	-	14,542	33,234
	725,762	1,651,461	1,448,520	3,825,743
At March 31, 2017				
Loans and financing	1,175,682	1,487,763	510,949	3,174,394
Derivative financial instruments	76,097	5	-	76,102
Trade accounts payable	103,122	-	-	103,122
Acquisition of ownership interest	11,958	23,240	26,890	62,088
Other liabilities	17,714	-	13,044	30,758
	1,384,573	1,511,008	550,883	3,446,464

In thousands of reais, unless otherwise stated

Consolidated	Within 1 year	From 1 to 3 years	Above 3 years	Total
At March 31, 2018				
Loans and financing	686,630	1,779,745	1,458,522	3,924,897
Derivative financial instruments	8,862	930	-	9,792
Trade accounts payable	154,146	-	-	154,146
Acquisition of ownership interest	11,746	23,240	15,270	50,256
Other liabilities	28,286	-	14,542	42,828
	889,670	1,803,915	1,488,334	4,181,919
At March 31, 2017				
Loans and financing	1,499,583	1,629,291	590,186	3,719,060
Derivative financial instruments	76,097	-	-	76,097
Trade accounts payable	138,923	-	-	138,923
Acquisition of ownership interest	11,958	23,240	26,890	62,088
Other liabilities	28,659	-	13,044	41,703
	1,755,220	1,652,531	630,120	4,037,871

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

23.2 Fair value

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

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

For the year ended March 31, 2018, there is no reclassification of assets and liabilities at fair value from or to Level 1, 2 or 3.

In thousands of reais, unless otherwise stated

As per statement of financial position - Consolidated	2018			2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Short-term investments	-	1,371,520	-	-	1,053,780	-
Derivative financial instruments	50,658	22,132	-	61,828	111,116	-
Biological assets	-	-	581,725	-	-	586,362
	50,658	1,393,652	581,725	61,828	1,164,896	586,362
Liabilities - Derivative financial instruments	5,873	3,919	-	6,176	69,926	-

Futures and Options in the ICE

The fair value of futures negotiated in the New York - Intercontinental Exchange (ICE Futures US) is calculated by the difference between the price of the derivative in the contract and the market closing price on the reporting 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 quotation in the market.

Foreign exchange options

The fair value of foreign exchange options is obtained using the Black & Scholes method, based on public market data and characteristics thereof, specifically the price of the underlying asset, strike of options, volatility, yield curve and time remaining until expiration of the agreements.

Forward contracts

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

Other financial assets and liabilities

The carrying amounts of trade accounts receivables, notes receivable, trade accounts payable and notes payable, less impairment loss, or present value adjustment, when applicable, are assumed to approximate their fair values.

24. Segment reporting (consolidated)

Management has determined the Group's operating segments based on the reports used for strategic decisions, which are reviewed by the main decision-makers, namely: the Executive Board, the CEO and the Board of Directors.

The analyses are made by segmenting the business based on the products sold by the Group, into the following segments:

In thousands of reais, unless otherwise stated

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

Certain events that took place over the period ended June 30, 2016 resulted in the strategic repositioning of Vale do Mogi and evidence the development of real estate activity as its main business activity. Among these events, the following are to be highlighted: (a) the establishment of independent management and own operational structure; (b) the launch of real estate ventures; and (c) the additional payment of plots of land by the Company in Vale do Mogi.

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

Consolidated income statement by segment

							2018
Consolidated	Sugar	Ethanol	Electricity	Real estate ventures	Other products	Not by segment	Total
Gross revenue							
Domestic market	204,016	1,854,686	224,285	9,973	58,999	-	2,351,959
Foreign market	1,313,574	27,807	-	-	4,738	-	1,346,119
Gain/loss on derivatives	103,540	(637)	-	-	99	-	103,002
Amortization of electric power supply agreement	-	-	-	-	-	(8,210)	(8,210)
(-)Taxes, contributions and deductions on sales	(17,665)	(309,846)	(16,992)	(1,554)	(11,113)	-	(357,170)
Net revenue	1,603,465	1,572,010	207,293	8,419	52,723	(8,210)	3,435,700
Cost of sales	(1,054,010)	(1,137,574)	(38,421)	(639)	(42,633)	-	(2,273,277)
Change in market value of biological assets	-	-	-	-	-	(63,064)	(63,064)
Gross profit	549,455	434,436	168,872	7,780	10,090	(71,274)	1,099,359
Gross margin	34.27%	27.64%	81.47%	92.41%	19.14%	-	32.00%
Selling expenses	(101,537)	(7,758)	(9,974)	-	(509)	-	(119,778)
Other operating expenses	-	-	-	-	-	(179,900)	(179,900)
Operating income	447,918	426,678	158,898	7,780	9,581	(251,174)	799,681
Operating margin	27.93%	27.14%	76.65%	92.41%	18.17%	-	23.28%
Other income and expenses not by segment	-	-	-	-	-	(307,975)	(307,975)
Net income for the year	-	-	-	-	-	-	491,706

In thousands of reais, unless otherwise stated

Consolidated	Sugar	Ethanol	Electricity	Real estate ventures	Other products	Not by segment	Total
							2017
Gross revenue							
Domestic market	202,314	804,012	128,808	23,612	97,335	-	1,256,081
Foreign market	1,530,437	115,623	-	-	382	-	1,646,442
Gain/loss on derivatives	(173,269)	(8,333)	-	-	-	-	(181,602)
Amortization of electric power supply agreement	-	-	-	-	-	(7,309)	(7,309)
(-)Taxes, contributions and deductions on sales	(15,960)	(61,678)	(8,287)	(2,323)	(15,845)	-	(104,093)
Net revenue	1,543,522	849,624	120,521	21,289	81,872	(7,309)	2,609,519
Cost of sales	(1,111,027)	(702,549)	(49,447)	(3,372)	(40,397)	-	(1,906,792)
Change in market value of biological assets	-	-	-	-	-	(19,418)	(19,418)
Gross profit	432,495	147,075	71,074	17,917	41,475	(26,727)	683,309
Gross margin	28.02%	17.31%	58.97%	84.16%	50.66%	-	26.19%
Selling expenses	(86,766)	(9,309)	(3,463)	-	(2,403)	-	(101,941)
Other operating expenses	-	-	-	-	-	87,515	87,515
Operating income	345,729	137,766	67,611	17,917	39,072	60,788	668,883
Operating margin	22.40%	16.21%	56.10%	84.16%	47.72%	-	25.63%
Other income and expenses not by segment	-	-	-	-	-	(385,016)	(385,016)
Net income for the year	-	-	-	-	-	-	283,867

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 period to another.

	Sugar	Ethanol	Electricity	Real estate ventures	Not by segment	Total
						2018
Trade accounts receivable	17,543	116,920	32,695	34,109	1,495	202,762
Inventories	175,109	259,191	-	5,820	5,669	445,789
Biological assets	210,838	370,887	-	-	-	581,725
Property, plant and equipment	2,125,566	3,177,537	134,485	-	12,324	5,449,912
Intangible assets	237,612	169,019	63,400	126	-	470,157
Total assets allocated	2,766,668	4,093,554	230,580	40,055	19,488	7,150,345
Other unallocated assets	-	-	-	-	1,964,367	1,964,367
Total	2,766,668	4,093,554	230,580	40,055	1,983,855	9,114,712

	Sugar	Ethanol	Electricity	Real estate ventures	Not by segment	Total
						2017
Trade accounts receivable	87,513	52,897	12,185	31,617	10,466	194,678
Inventories	153,785	172,140	-	6,398	13,017	345,340
Biological assets	248,970	337,392	-	-	-	586,362
Property, plant and equipment	2,324,830	2,812,146	138,483	-	13,091	5,288,550
Intangible assets	233,661	164,442	75,839	-	-	473,942
Total assets allocated	3,048,759	3,539,017	226,507	38,015	36,574	6,888,872
Other unallocated assets	-	-	-	-	1,803,011	1,803,011
Total	3,048,759	3,539,017	226,507	38,015	1,839,585	8,691,883

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

25. Revenues

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

(a) Sales of products and rendering of services

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

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

As of March 31, 2018, the Company had clients representing more than 10% of its net revenues. The Company's three largest customers of sugar sales account for about 27% of net revenue; while for the ethanol sold, the three largest customers account for 32%.

(b) Sale of plots of land and subdivisions (real estate)

Sales revenues and cost of land inherent in the development are allocated in the income statement to the extent that infrastructure work progresses given that the transfer of risks and rewards occurs continuously. In these sales (undeveloped plots) the following procedures are observed:

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

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

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

In thousands of reais, unless otherwise stated

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

	Company		Consolidated	
	2018	2017	2018	2017
Gross sales revenue				
Domestic market	1,284,911	1,083,192	2,351,959	1,256,081
Foreign market	1,346,119	1,646,442	1,346,119	1,646,442
Gain/loss on derivatives	103,002	(181,602)	103,002	(181,602)
	2,734,032	2,548,032	3,801,080	2,720,921
Amortization of electric power supply agreement (i)	-	-	(8,210)	(7,309)
	2,734,032	2,548,032	3,792,870	2,713,612
Taxes, contributions and deductions on sales	(236,314)	(94,896)	(357,170)	(104,093)
	2,497,718	2,453,136	3,435,700	2,609,519

(i) Amortização dos contratos de fornecimento de Energia da BIO e UBV.

26. Costs and expenses by nature

Reconciliation of expenses by nature is as follows:

	Company		Consolidated	
	2018	2017	2018	2017
Raw material and consumer and in-use materials	760,740	817,750	858,991	771,093
Personnel expenses	329,389	349,416	406,906	357,179
Depreciation and amortization (including biological assets harvested)	651,213	609,062	895,582	631,870
Third-party services	146,042	141,102	155,385	143,401
Maintenance services and parts	82,006	90,656	113,550	93,912
Litigation	7,642	5,700	5,593	(3,845)
Change in fair value of biological assets	69,361	41,801	63,064	25,456
Materials for resale	13,495	52,005	23,343	67,868
Realization of inventory surplus value (PPA)	-	-	-	5,140
Cost of land sold	-	-	639	3,372
Other expenses	44,632	70,464	113,136	80,518
	2,104,520	2,177,956	2,636,189	2,175,964
<u>Classified as:</u>				
Cost of sales	1,858,049	1,932,594	2,336,341	1,926,210
Selling expenses	105,275	98,868	119,778	101,941
General and administrative expenses	141,196	146,494	180,070	147,813
	2,104,520	2,177,956	2,636,189	2,175,964

In thousands of reais, unless otherwise stated

27. Other income (expenses), net

For the year ended March 31, 2017, the amount refers substantially to the advantageous purchase result in the amount of R$ 96,586 and capital gains of R$ 45,996 (note 10.2).

28. Finance income (costs)

	Company		Consolidated	
	2018	2017	2018	2017
Finance income				
Interest income	83,036	100,909	115,268	116,224
Interest Recovery - PERT 11,941	4,604	-	4,604	-
PIS/COFINS on finance income	(5,277)	(8,783)	(6,487)	(8,981)
Other revenues	6,624	4,286	9,317	6,812
	88,987	96,412	122,702	114,055
Finance costs				
Present value adjustment	(2,185)	(2,806)	(2,185)	(2,806)
Interest on borrowings	(235,075)	(234,471)	(268,647)	(239,537)
Interest on payment in installment - Copersucar	(25,620)	(43,434)	(29,981)	(44,354)
Bank surety commission	(7,717)	(2,587)	(9,256)	(2,606)
Copersucar bonds	(10,969)	(6,247)	(10,969)	(6,247)
Monetary correction of contingencies	(2,686)	(10,969)	(5,449)	(11,783)
Other costs	(6,719)	(7,421)	(7,032)	(9,847)
	(290,971)	(307,935)	(333,519)	(317,180)
Monetary variation and foreign exchange differences, net				
Cash and cash equivalents	20,338	(23,075)	20,338	(23,075)
Trade accounts receivable/payable	(51)	(5,712)	(52)	(5,712)
Borrowings	13,894	32,093	11,572	31,688
	34,181	3,306	31,858	2,901
Derivatives - not designated for hedge accounting				
Gain (loss) on sugarcane transactions	(3,350)	2,832	(3,350)	2,832
Gain (loss) on ethanol transactions	(1,655)	(267)	(1,655)	(267)
Income from foreign exchange transactions	(1,587)	35,714	(1,587)	35,714
Gain (loss) on swap	6,650	(80,126)	9,477	(80,126)
Cost of stock exchange transactions	(632)	(2,470)	(632)	(2,470)
Foreign exchange differences, net	(429)	(10,697)	(429)	(10,697)
	(1,003)	(55,014)	1,824	(55,014)
Finance income (costs)	(168,806)	(263,231)	(177,135)	(255,238)

29. Earnings per share

	2018	2017
Income for the period attributed to Company shareholders	491,706	283,867
Weighted average number of common shares for the period - in thousand (i)	333,408	337,320
Basic earnings per share (in reais)	1.4748	0.8415

	2018	2017
Income for the period used to determine diluted earnings per share	491,706	283,867
Weighted average number of common shares for diluted earnings per share - in thousands (i)	334,292	338,059
Diluted earnings per share (in reais)	1.4709	0.8397

(i) Weighted average includes potentially dilutive call options.

30. Insurance coverage

The Group maintains a standard safety, training and quality program in its units, which aims, among other things, to reduce the risk of accidents. Furthermore, it maintains insurance contracts at amounts considered sufficient to cover significant losses, if any, on its assets and liabilities. The amounts covered by the current insurance policies at March 31, 2018 are as follows:

Maximum coverage (i)		
Covered perils	Company	Consolidated
Civil liability	2,410,055	3,199,472
Loss of profits	2,734,974	3,646,632
Fire, lightning and explosion of any nature	1,515,000	2,020,000
Other insurance coverage	2,158,885	2,892,116
Electric damages	1,424,341	1,899,268
Theft or larceny	271,845	363,922
Natural phenomena, vehicle or aircraft crash, etc.	144,000	192,000

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

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

In thousands of reais, unless otherwise stated

31. Acquisition and divestiture – payable and receivables

Net balance payable refers to the acquisition and disposal of equity investment and is as follows:

	Acquisition of ownership interest	Divestiture	
Company and Consolidated	Santa Cruz	Agro Pecuária Boa Vista	Net balance
Balance at March 31, 2017	(219,663)	157,575	(62,088)
Amortization (principal)	31,210	(19,590)	11,620
Monetary restatement	(17,483)	12,564	(4,919)
Amortization (interest)	18,206	(13,075)	5,131
Balance at March 31, 2018	**(187,730)**	**137,474**	**(50,256)**

Current liabilities	(11,746)
Noncurrent liabilities	(38,510)
	(50,256)

These amounts are restated by reference to the CDI, paid on an annual basis and maturing until 2025.

32. Subsequent events

At the Extraordinary General Meeting held on April 2, 2018, the incorporation of Usina Boa Vista SA by the Company was approved, according to a material fact published on February 28, 2018 and approved by the Board of Directors on the same date.

The Merger is justified insofar as the combination of the UBV's assets with the Company's assets under a single legal entity will allow the structuring and more efficient use of the assets and the agro-industrial operations of the companies involved in order to concentrate in the Company all the activities developed by the UBV. This procedure will lead to the unification of the management and activities of the two companies, generating greater efficiency, synergy and rationalization of administrative and financial costs.

* * *

Earnings Release 4Q18

JUNE 25th, 2018

Cash Net Income of R$233.2 million in 4Q18, growing 102.9% on 4Q17

4Q18 Highlights

- ✓ Higher ethanol sales volume (+85%) combined with lower unit production costs were the main factors supporting the improvement in the quarter's financial indicators, as follows:
  - ✓ Adjusted EBITDA amounted to **R$585.6** million in 4Q18 (+46.0%), with Adjusted EBITDA margin of 52.4% (+7.5 p.p.);
  - ✓ Adjusted EBIT was **R$296.3** million in 4Q18 (+62.6%), with Adjusted EBIT margin of 26.5% (+6.1 p.p.);
  - ✓ Cash Net Income reached **R$233.2** million (+102.9%);
  - ✓ Net income came to **R$153.3** million (+28.4%).

12M18 Highlights

- ✓ Improvement in all financial indicators for 12M18, mainly reflecting: i) higher ethanol sales volume (+30%); ii) higher energy and sugar prices; and iii) lower sugar and ethanol production costs. Selected key indicators follow:
  - ✓ Adjusted EBITDA amounted to **R$1,950.0 million** in 12M18 (+34.9%), with Adjusted EBITDA margin of 53.8% (+7.6 p.p.);
  - ✓ Adjusted EBIT was **R$1,054.4 million** in 12M18 (+49.1%), with Adjusted EBIT margin of 29.1% (+6.5 p.p.);
  - ✓ Cash Net Income reached **R$846.4 million** (+92.7%);
  - ✓ Net income came to **R$491.7 million** (+73.2%);
  - ✓ On Mar. 31, 2018, sugar prices for the 2018/19 crop year were hedged for 535,000 tons at US$15.51 ¢/lb, representing **approximately 78% of our own cane exposure.** On the same date, we had US$ 123.5 million sold at an exchange rate of R$3.35 (R$/USD), equivalent to 54% of own cane.

Executive Summary	4Q18	4Q17	Chg. (%)	12M18	12M17	Chg. (%)
Net Revenue	1,118,241	894,270	25.0%	3,621,987	3,122,347	16.0%
Adjusted EBITDA	585,629	400,991	46.0%	1,949,994	1,445,083	34.9%
Adjusted EBITDA Margin	52.4%	44.8%	7.5 p.p.	53.8%	46.3%	7.6 p.p.
Adjusted EBIT	296,278	182,232	62.6%	1,054,412	707,172	49.1%
Adjusted EBIT Margin	26.5%	20.4%	6.1 p.p.	29.1%	22.6%	6.5 p.p.
Adjustment to Maturity of Hedge Accounting/PPA	(3,899)	5,802	n.m.	(186,287)	(119,467)	55.9%
Net Income before taxes	192,107	248,683	-22.8%	622,546	445,552	39.7%
Net Income	153,335	119,441	28.4%	491,706	283,867	73.2%
Cash Income	233,176	114,917	102.9%	846,362	439,130	92.7%
Net Debt / EBITDA	1.26 x	1.55 x	-18.6%	1.26 x	1.55 x	-18.6%

* Excludes the Hedge Accounting effect of foreign-denominated debt and PPA.

MESSAGE FROM THE CEO

Another season has come to an end. A season of solid growth in financial results and improvement in operating performance, stemming from the acquisitions and investments in productivity made over the past few years. The full consolidation of the assets of Usina Boa Vista as of this crop year has made a very important contribution to boosting profitability, given the mill's high efficiency, strategic location and high volume of energy cogeneration.

For the ongoing projects, we opted to accelerate the planting schedule using pre-sprouted seedling and intercropping technologies at our units in early 2018, and expect the project to increase cane crushing volume to 100% of our installed capacity of 24 million tons in the coming seasons. Another important pillar of our investment in operating improvements is the agricultural automation project (COA), which is in the advanced stages of implementation at Usina São Martinho to, over the coming years, roll out the technology to all São Martinho units.

For the crop year that started in April 2018, we observed drier weather than the historical average for the period. The combination of these weather effects and our decision to renew the planted area should tend to have a marginal impact on the cane volume processed in the 2018/19 crop year, though with a higher average sugar content (TRS), which would partially offset the lower cane production. Although the global scenario for sugar in the short term indicates a surplus of the product, exchange variation and a production mix with a higher share of ethanol are sufficient to maintain our results at levels similar to those of the 2017/18 crop year. For ethanol, our constructive vision reflects the expectation of higher prices than those practiced in the last crop year, supported by a trend of higher consumption and improved oil prices.

Lastly, I want to share that, after figuring for six straight years in the ranking of the 150 Best Companies to Work For compiled by the magazine Você S.A., in 2017, São Martinho also was named Best Company in Agribusiness. It is a very important achievement that reinforces the essence of our beliefs: caring for people, for attitudes and for our business.

Fabio Venturelli

CEO

São Martinho

OVERVIEW – COMPANY

Operating Highlights

	12M18	12M17	Chg.(%)
Crushed Sugarcane ('000 tons)	**22,206**	**19,281**	**15.2%**
Own	15,191	13,398	13.4%
Third Parties	7,015	5,883	19.2%
Mechanized Harvest	99.8%	98.9%	0.87 p.p.
Agricultural Yield (ton/ha)	79.5	78.7	1.1%
Average TRS (kg/ton)	139.8	130.3	7.3%
Production			
Sugar ('000 tons)	1,407	1,301	8.2%
Anhydrous Ethanol ('000 m^3)	487	398	22.4%
Hydrous Ethanol ('000 m^3)	466	269	72.9%
Cogeneration ('000 MWh)	913	720	26.8%
TRS Produced	*3,104*	*2,513*	*23.5%*
Mix - Sugar - Ethanol	*47% - 53%*	*54% - 46%*	
Mix Anhydrous - Hydrous	*52% - 48%*	*61% - 39%*	

During the 2017/18 crop year, the Company processed 22.2 million tons of sugarcane, 15.2% more than in the previous crop year. Product TRS increased 23.5%, supported by i) the higher yields of sugarcane fields, ii) the 7.3% increase in average Cane TRS, and iii) the full consolidation of Usina Boa Vista.

Production Guidance – 2018/19 Crop Year

As per the Material Fact notice released today, we announce our guidance for operating results in the 2018/19 crop year.

Production	Actual 17/18 Crop Year	Guidance 18/19 Crop Year	Chg. (%)
Crushing ('000 tons)	**22,206**	**20,570**	**-7.4%**
Sugar ('000 tons)	1,407	980	*-30.4%*
Anhydrous ('000 m^3)	487	456	*-6.4%*
Hydrous ('000 m^3)	466	663	*42.4%*
Cogeneration ('000MWh)	913	850	*-6.9%*
Average TRS (Kg/Ton)	*139.8*	*142.6*	*2.0%*
Total TRS Produced	**3,104**	**2,933**	**-5.5%**
Mix Sugar/Ethanol	*47% - 53%*	*35% - 65%*	

The guidance for sugarcane processing during the crop year is approximately 20.6 million tons, down 7.4% from crushing volume in the previous crop year, partially offset by 2.0% increase in average TRS compared to the 2017/18 crop year. **As a result, the guidance for total TRS produced calls for a reduction of approximately 5.5%.**

As mentioned in the Material Fact notice, the guidance calling for lower crushing volume reflects: i) the dry weather observed since the start of 2018 (with precipitation in January to June at around only 41% of the historical average); and ii) the expansion in the sugarcane planting area, which represents an acceleration in our project to reach sugarcane crushing of 24 million tons in the coming years.

The estimated production mix is 65% ethanol, or around 1.1 billion liters, and 35% sugar, or some 1 million tons.

Financial Indicators

The following table presents São Martinho's financial highlights in the quarter and in the full year:

	4Q18	4Q17	Chg. (%)	12M18	12M17	Chg. (%)
Net Revenue [1]	1,118,241	894,270	25.0%	3,621,987	3,122,347	16.0%
Adjusted EBITDA	585,629	400,991	46.0%	1,949,994	1,445,083	34.9%
Adjusted EBITDA Margin	52.4%	44.8%	7.5 p.p.	53.8%	46.3%	7.6 p.p.
Adjusted EBIT	296,278	182,232	62.6%	1,054,412	707,172	49.1%
Adjusted EBIT Margin	26.5%	20.4%	6.1 p.p.	29.1%	22.6%	6.5 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	9,114,712	8,691,525	4.9%	9,114,712	8,691,525	4.9%
Shareholders' Equity	3,289,775	3,403,320	-3.3%	3,289,775	3,403,320	-3.3%
EBITDA (LTM) [2]	1,949,994	1,666,784	17.0%	1,949,994	1,666,784	17.0%
Net Debt	2,462,768	2,584,549	-4.7%	2,462,768	2,584,549	-4.7%
Net Debt / EBITDA (LTM) [2]	1.26 x	1.55 x	-18.6%	1.26 x	1.55 x	-18.6%
Net Debt / Shareholders' Equity	75%	76%		75%	76%	

1 - Excludes the effects from Hedge Accounting of foreign-denominated debt and PPA USC.

2 - Information considers 100% of UBV on the EBITDA LTM on the 4Q18.

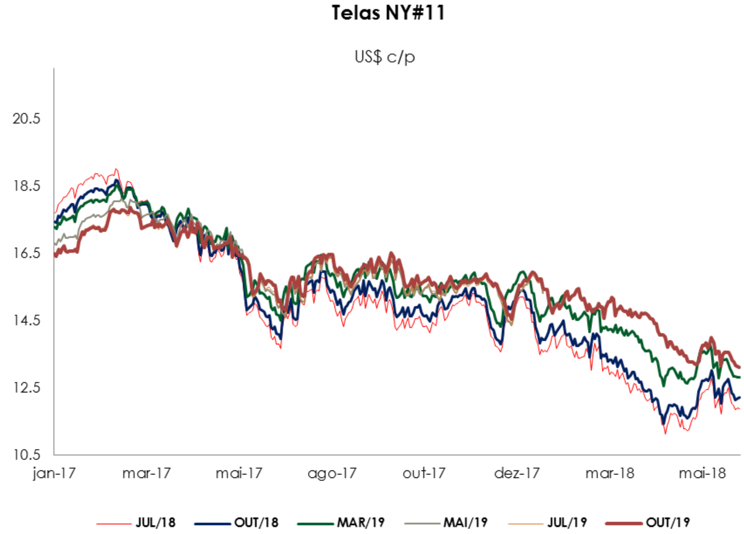
INDUSTRY OVERVIEW

According to the UNICA report for the end of the 2017/18 crop year, Brazil's Center-South region registered cane crushing volume of 596.3 million tons, down 1.78% from the previous crop year, and average TRS of 136.6 kg, representing an increase of 2.68% from the previous crop year, with sugar accounting for 46.46% of the production mix and ethanol for the other 53.54%.

Sugar

The chart on the right shows that the decline in international sugar prices in recent months reflects the production surplus in the northern hemisphere, especially in India, Thailand and certain EU nations.

In the short term, the Company believes that sugar market fundamentals continue to indicate a production surplus and consequently higher pressure on the price of sugar futures for the 2018/19 crop year.



For the 2019/20 crop year, we believe there is still room for a recovery in sugar prices, given the reduction in sugar production in Brazil resulting from a shift in the mix towards ethanol and the prospects of lower crushing due to the drier weather observed to date.

As detailed in the "Hedge" section of this release, as of Mar. 31, 2018, we already had hedged prices for approximately 78% of our net exposure to sugar at a price of R$1,144.8/ton.

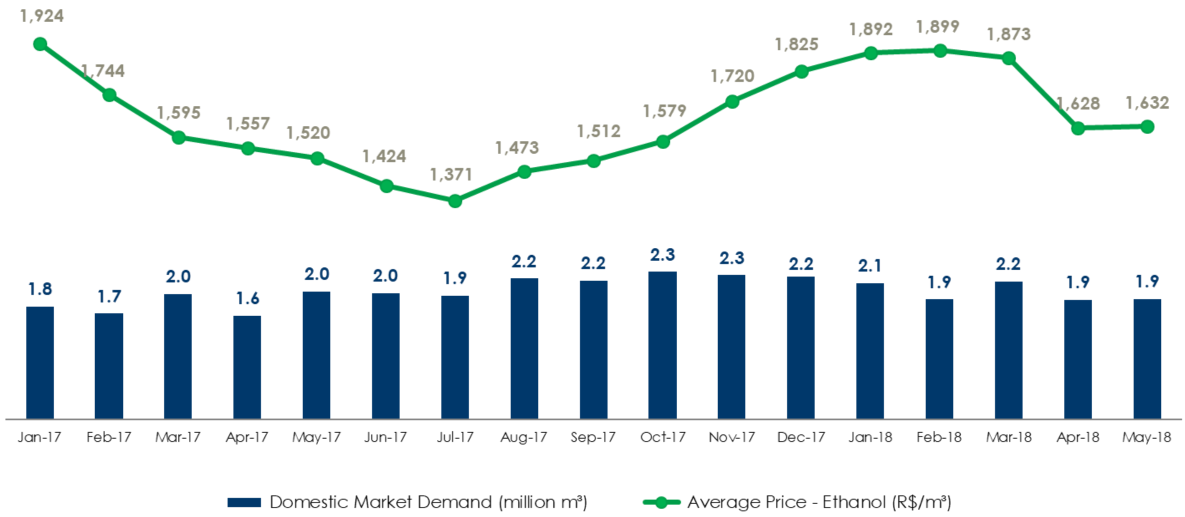
Ethanol

Based on our expectation of a higher share of ethanol in the production mix in the 2018/19 crop year, we are optimistic on ethanol prices, which have been offering higher profitability compared to sugar for contracts due in the current crop year.

Note that, in contrast to what happened in the previous crop year, when the domestic market received a very high volume of imported ethanol and the industry started the crop year with high ethanol inventories, we do not expect these factors to repeat this crop year.

According to data from the ANP website, based on 2017, the states of São Paulo, Minas Gerais and Goiás alone accounted for some 57% of national ethanol consumption. Analyzing the first months of 2018, the consumption of hydrous ethanol in these states has been gaining share over gasoline, growing from 25% to 36% in the first quarter. We believe this movement reflects the more attractive parity of ethanol at the pump in relation to gasoline.

Although the industry will tend to allocate a higher share of the production mix to ethanol, we expect supply and demand to remain balanced throughout the year.



FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	4Q18	4Q17	Chg. (%)	12M18	12M17	Chg. (%)
R$ '000						
Domestic Market	**716,649**	**407,339**	**75.9%**	**2,014,480**	**1,521,316**	**32.4%**
Sugar	68,098	60,535	12.5%	205,965	161,813	27.3%
Hydrous Ethanol	307,565	82,181	274.3%	737,147	400,621	84.0%
Anhydrous Ethanol	319,157	224,531	42.1%	807,762	720,424	12.1%
Energy	6,098	29,122	-79.1%	207,293	152,089	36.3%
Real Estate Development	3,893	320	1116.6%	8,419	21,289	-60.5%
Others	11,838	10,650	11.2%	47,894	65,079	-26.4%
Export Market	**401,592**	**486,931**	**-17.5%**	**1,607,507**	**1,601,032**	**0.4%**
Sugar	391,138	462,085	-15.4%	1,575,580	1,482,817	6.3%
Hydrous Ethanol	10,454	7,709	35.6%	26,407	74,824	-64.7%
Anhydrous Ethanol	-	16,753	-100.0%	693	43,008	-98.4%
Others	-	384	-100.0%	4,827	384	1157.0%
Net Revenue*	**1,118,241**	**894,270**	**25.0%**	**3,621,987**	**3,122,348**	**16.0%**
Sugar	459,236	522,620	-12.1%	1,781,545	1,644,630	8.3%
Hydrous Ethanol	318,019	89,890	253.8%	763,554	475,445	60.6%
Anhydrous Ethanol	319,157	241,284	32.3%	808,455	763,431	5.9%
Energy	6,098	29,122	-79.1%	207,293	152,089	36.3%
Hydrous Ethanol	3,893	320	1116.6%	8,419	21,289	-60.5%
Others	11,838	11,034	7.3%	52,721	65,463	-19.5%

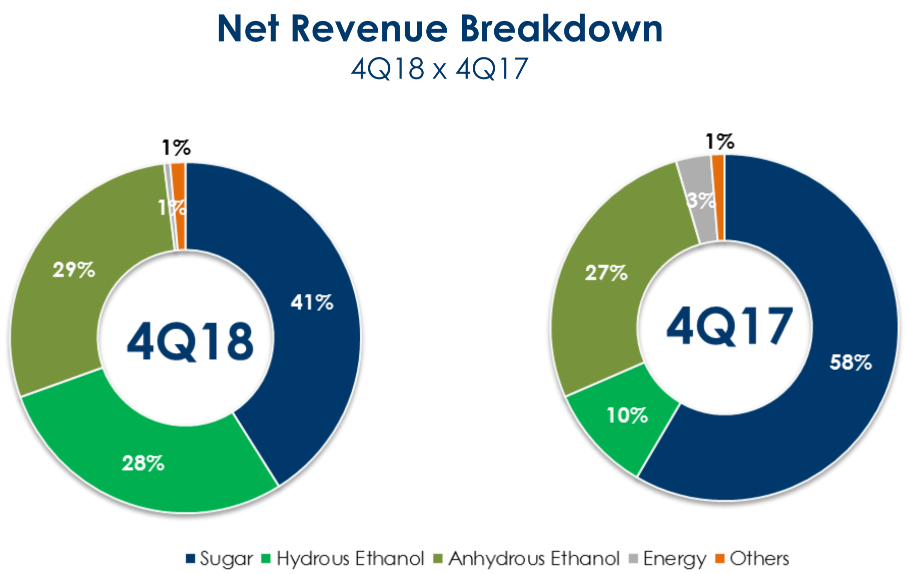
*Excludes the effects from Hedge Accounting of foreign-denominated debt and PPA.

Net revenue

In the fourth quarter of the 2017/18 crop year (4Q18), the Company's net revenue amounted to R$1.12 billion, increasing 25.0% from the same period of the previous crop year. The increase is mainly due to the higher ethanol sales volume combined with the higher average sales prices compared to those practiced in the same period of the previous crop year.

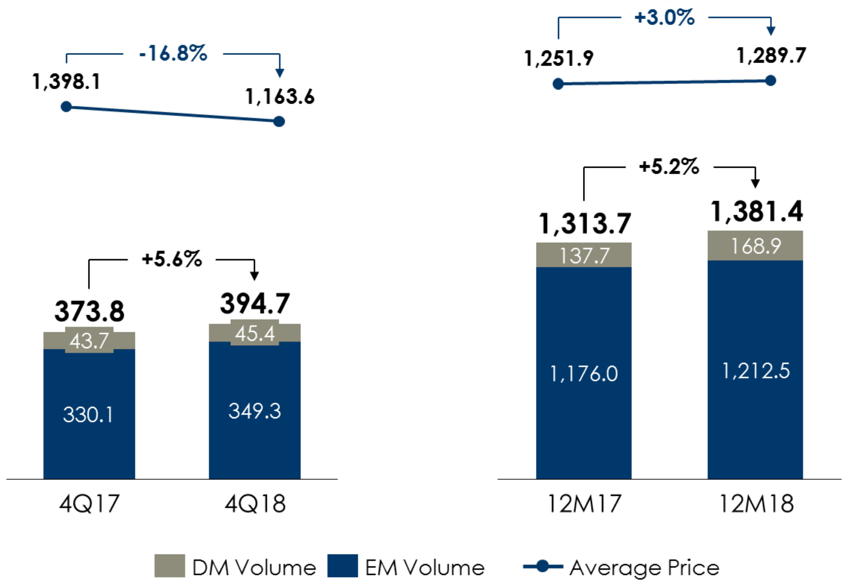
In the full crop year, net revenue advanced 16.0%, driven by i) the higher sugar sales volume (+5.1%) with better sales price (+3.0%), ii) the higher hydrous ethanol sales volume (+64.6%), and iii) the higher average cogeneration sales price (+35.3%).

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



Sugar

Volume ('000 tons) and Average Price (R$/ton)

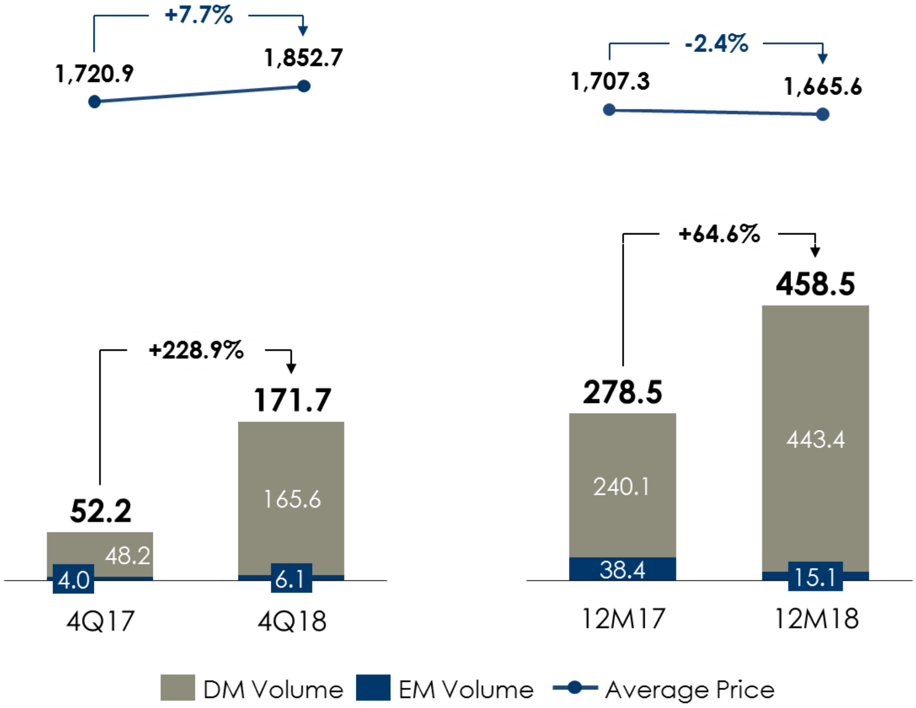


Net revenue from sugar sales amounted to R$459.2 million in 4Q18, down 12.1% on the same period of the previous crop year, reflecting the 16.8% decrease in the average price.

In the full year (12M18), net revenue from sugar sales amounted to R$1.78 billion, advancing 8.3% on 12M17, supported by the 5.1% increase in sales volume and the 3% increase in average sales price.

Hydrous Ethanol

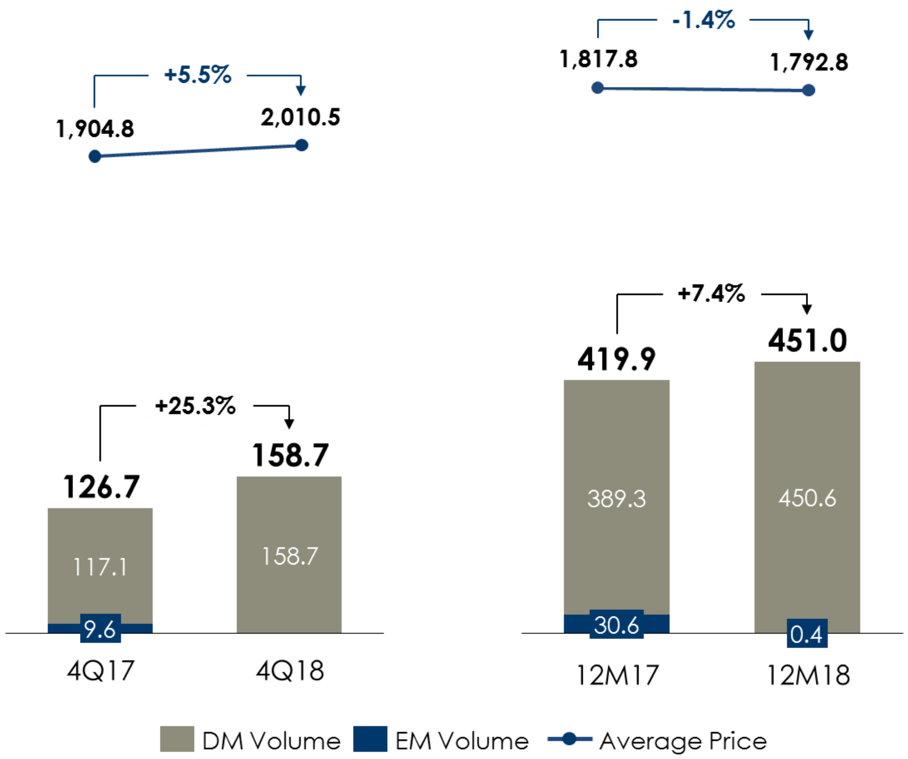
Volume ('000 m³) and Average Price (R$/m³)



Net revenue from hydrous ethanol sales amounted to R$318.0 million in 4Q18, increasing 253.8% from 4Q17, driven by the 228.9% increase in sales volume. In the full crop year, net revenue from hydrous ethanol sales amounted to R$763.5 million, advancing 60.6% on 12M17, reflecting the 64.6% increase in sales volume. The higher sales volume is explained by the full consolidation of Usina Boa Vista as of the 2017/18 crop year.

Anhydrous Ethanol

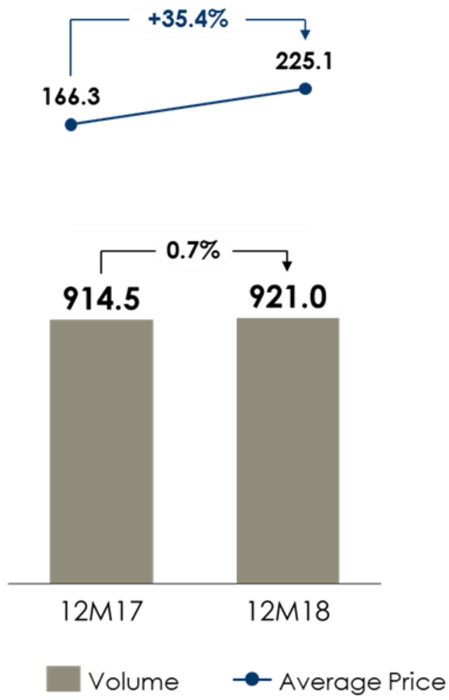
Volume ('000 m³) and Average Price (R$/m³)



Net revenue from anhydrous ethanol sales amounted to R$319.2 million in 4Q18, up 32.3% from the same period of the previous crop year, explained by the 25.3% higher sales volumes and 5.5% higher average sales prices. In the full crop year, net revenue from anhydrous ethanol sales amounted to R$808.5 million, up 5.9%, explained by the 7.4% increase in sales volume in the crop year. The higher sales volume is explained by the full consolidation of Usina Boa Vista as of the 2017/18 crop year.

Cogeneration

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



Net revenue from cogeneration sales in the full crop year amounted to R$207.3 million, increasing 36.3% from the previous crop year. The better result reflects the sharp increase of 35.4% in the sales price to 225.1 R$/MWh, reflecting the higher spot energy price.

Real Estate Development

The following table presents an overview of real estate projects launched and their percentage of completion (POC) and sales since their launch through March 2018.

Real Estate Development	Type	Town	Area (m²)	Lauched date	Total lots Sold	POC Position
Recanto das Paineiras	Residence	Iracemápolis	376,567	June-14	99.4%	100.0%
Park Empresarial	Industrial	Iracemápolis	182,684	September-14	77.0%	100.0%
Park Empresarial II	Industrial	Iracemápolis	133,794	Outubro-17	22.9%	40.8%
Nova Pradópolis - Fase I	Residence	Pradópolis	246,937	December-15	96.3%	100.0%
Nova Pradópolis - Fase II	Residence	Pradópolis	255,750	July-17	41.7%	97.8%

In 12M18, the Company recognized net revenue of R$8.4 million and cash generation of R$11.8 million.

Real Estate Development	Net Revenue 12M18	Cash Generation 12M18	Portfolio March/18
Current Projects	7,810	9,779	31,054
Land Monetization	609	2,060	3,055
Total	**8,419**	**11,839**	**34,109**

INVENTORIES

	4Q18	4Q17	Chg. (%)
Sugar (tons)	29,965	10,141	195.5%
Hydrous Ethanol (m³)	28,451	7,634	272.7%
Anhydrous Ethanol (m³)	50,136	34,829	43.9%

EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 4Q18	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R$ '000						
Net Revenues*	459,236	637,176	6,098	3,893	11,838	1,118,241
COGS (Cash)	(191,551)	(259,026)	(2,894)	(320)	(8,920)	(462,711)
Gross Profit (Cash)	267,685	378,150	3,204	3,573	2,918	655,530
Gross Margin (Cash)	58.3%	59.3%	52.5%	91.8%	24.6%	58.6%
Sales Expenses	(30,214)	(1,395)	(2,620)	-	(6)	(34,235)
G&A Expenses (Cash)	(15,668)	(23,884)	950	(746)	-	(39,348)
Other Revenues (Expenses)					3,682	3,682
Adjusted EBITDA	**221,803**	**352,871**	**1,534**	**2,827**	**6,594**	**585,629**
Adjusted EBITDA Margin	48.3%	55.4%	25.2%	72.6%	55.7%	52.4%
EBITDA Cost**	(601.6)	(860.5)	(159.6)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R$ -3.9 million).
** Sugar in R$/Ton
Ethanol in R$/m³
Cogeneration in R$/MWh

EBITDA BY PRODUCT - 4Q17	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R$ '000						
Net Revenues*	522,620	331,174	29,122	320	11,034	894,270
COGS (Cash)	(223,183)	(178,755)	(26,465)	(99)	(9,550)	(438,052)
Gross Profit (Cash)	299,437	152,419	2,657	221	1,484	456,218
Gross Margin (Cash)	57.3%	46.0%	9.1%	69.1%	13.4%	51.0%
Sales Expenses	(23,870)	(2,502)	(2,238)	-	(148)	(28,758)
G&A Expenses (Cash)	(15,817)	(12,520)	(1,923)	(1,162)	-	(31,422)
Other Revenues (Expenses)					4,952	4,952
Adjusted EBITDA	**259,750**	**137,397**	**(1,503)**	**(941)**	**6,288**	**400,991**
Adjusted EBITDA Margin	49.7%	41.5%	-5.2%	-294.1%	57.0%	44.8%
EBITDA Cost**	(703.2)	(1,083.1)	(182.3)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R$ 5.8 million).
** Sugar in R$/Ton
Ethanol in R$/m³
Cogeneration in R$/MWh

EBITDA BY PRODUCT - 12M18	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R$ '000						
Net Revenues*	1,781,545	1,572,009	207,293	8,419	52,721	3,621,987
COGS (Cash)	(638,727)	(689,366)	(28,184)	(745)	(32,453)	(1,389,474)
Gross Profit (Cash)	1,142,818	882,643	179,109	7,674	20,268	2,232,513
Gross Margin (Cash)	64.1%	56.1%	86.4%	91.2%	38.4%	61.6%
Sales Expenses	(101,536)	(7,759)	(9,975)	-	(508)	(119,778)
G&A Expenses (Cash)	(72,973)	(78,759)	(13,160)	(3,397)	-	(168,289)
Other Revenues (Expenses)	-	-	-	-	5,549	5,549
Adjusted EBITDA	**968,309**	**796,125**	**155,974**	**4,277**	**25,309**	**1,949,994**
Adjusted EBITDA Margin	54.4%	50.6%	75.2%	50.8%	48.0%	53.8%
EBITDA Cost**	(588.7)	(853.2)	(55.7)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA (R$ 186.3 million).
** Sugar in R$/Ton
Ethanol in R$/m³
Cogeneration in R$/MWh

EBITDA BY PRODUCT - 12M17	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R$ '000						
Net Revenues*	1,644,630	1,238,876	152,089	21,289	65,463	3,122,348
COGS (Cash)	(703,122)	(629,082)	(46,043)	(3,473)	(41,549)	(1,423,269)
Gross Profit (Cash)	941,508	609,794	106,046	17,816	23,914	1,699,078
Gross Margin (Cash)	57.2%	49.2%	69.7%	83.7%	36.5%	54.4%
Sales Expenses	(86,766)	(12,832)	(6,978)	-	(243)	(106,820)
G&A Expenses (Cash)	(72,630)	(62,586)	(14,110)	(3,560)	-	(152,886)
Other Revenues (Expenses)	-	-	-	-	5,711	5,711
Adjusted EBITDA	**782,112**	**534,377**	**84,958**	**14,256**	**29,381**	**1,445,083**
Adjusted EBITDA Margin	47.6%	43.1%	55.9%	67.0%	44.9%	46.3%
EBITDA Cost**	(656.5)	(1,008.6)	(73.4)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA (R$ 119.3 million).
** Sugar in R$/Ton
Ethanol in R$/m³
Cogeneration in R$/MWh

In 4Q18, sugar accounted for 37.8% of the Company's consolidated Adjusted EBITDA, while ethanol accounted for 60.6%. EBITDA margin for sugar contracted slightly by 1.5 p.p. from the same period of the previous crop year, mainly due to the lower sales price. Meanwhile, EBITDA margin for ethanol expanded 15.2 p.p. from the same quarter last year, reflecting the higher average price in the period.

In the whole of the 2017/18 crop year, sugar accounted for 49.6% of the consolidated Adjusted EBITDA, while ethanol accounted for 40.9%. Sugar EBITDA margin expanded 6.7 p.p. on the previous crop year, explained by the higher net revenue and lower production cost. Ethanol EBITDA margin increased 7.7 p.p., mainly due to the lower production cost.

CASH COGS

	4Q18	4Q17	Chg. (%)	12M18	12M17	Chg. (%)
R$ '000						
Agricultural Costs	**395,532**	**350,870**	**12.7%**	**1,171,193**	**1,140,635**	**2.7%**
Suppliers	*184,283*	*159,019*	*15.9%*	*599,878*	*575,336*	*4.3%*
Partnerships	*102,013*	*96,033*	*6.2%*	*277,892*	*271,144*	*2.5%*
Own Sugarcane	*109,236*	*95,818*	*14.0%*	*293,423*	*294,155*	*-0.2%*
Industrial	62,356	60,877	2.4%	183,580	175,283	4.7%
Other Products	12,140	36,153	-66.4%	61,529	118,337	-48.0%
Reintegra	(7,318)	(9,848)	-25.7%	(26,828)	(10,985)	144.2%
Total COGS	**462,711**	**438,052**	**5.6%**	**1,389,474**	**1,423,269**	**-2.4%**
TRS Sold (000 Tons)	978	701	39.4%	3,004	2,554	17.6%
Unit Cost (Sugar and Ethanol Cash COGS / TRS	461	573	-19.6%	442	511	-13.5%

In 4Q18, Cash COGS came to R$462.7 million, increasing 5.6% from the same quarter of the previous crop year, mainly due to: i) the effects from the full consolidation of Usina Boa Vista; and ii) the higher sales volume in terms of TRS in the period. In the full crop year, cash COGS amounted to R$1,389.5 million, down 2.4% from the same period of the previous crop year, mainly reflecting the effects from the reduction in the Consecana price (-15%) in 12M18, even though the total TRS volume was 17.6% higher this crop year.

Both in the fourth quarter of the crop year and in 12M18, the higher volume of TRS sold combined with the higher yield this crop year supported reductions in production unit cash cost for both sugar and ethanol.

AVERAGE CASH COST PER UNIT	4Q18	4Q17	Chg. (%)	12M18	12M17	Chg. (%)
R$ Thousand						
COGS (Cash)	**450,577**	**401,938**	**12.1%**	**1,328,093**	**1,305,333**	**1.7%**
Sugar	191,551	223,183	-14.2%	638,727	703,122	-9.2%
Ethanol	259,026	178,755	44.9%	689,366	602,211	14.5%
Average Cash Cost Per Unit (*)						
Sugar Cash Cost	485.3	597.1	-18.7%	462.4	535.2	-13.6%
Ethanol Cash Cost	784.0	999.2	-21.5%	758.1	880.9	-13.9%

(*) Sugar in R$/Ton
Ethanol in R$/m³

To better understand these effects, the following table details the breakdown of cash cost by product in the 2017/18 crop year.

12M18	Sugar	Ethanol	Energy	Others	Total
R$ '000.000					
Cost of Goods Sold	1,084	1,170	38	43	2,336
Selling Expenses	102	8	10	1	120
General and Adminstrative Expenses	85	92	-	3	180
(-) Depreciation/Amortization	(421)	(454)	(10)	(10)	(896)
Biological Assets	(30)	(33)	-	-	(63)
Cash costs and expenses	**820**	**783**	**38**	**37**	**1,678**
(+) Maintenance CAPEX	460	496			956
Total	**1,279**	**1,279**	**38**	**37**	**2,633**
Average Price (in R$/unity[1].)	**1,290**	**1,729**	**225**		
Average Cost (in R$/unity[1].)	**926**	**1,406**	**41**		
Operating Margin (%)	*28%*	*19%*	*82%*		
Sold Volumes ('000 unity[1])	**1,381**	**909**	**921**		

[1] Unity: Sugar: tons, Ethanol: m³, Energy: MWh

SELLING EXPENSES

	4Q18	4Q17	Chg. (%)	12M18	12M17	Chg. (%)
R$ Thousand						
Port Costs / Freight	30,510	25,996	17.4%	104,947	95,139	10.3%
Other	3,725	2,762	34.9%	14,831	11,682	27.0%
Selling Expenses	**34,235**	**28,758**	**19.0%**	**119,778**	**106,821**	**12.1%**
TRS Sold ('000 Tons)	978	701	39.4%	3,004	2,554	17.6%
% of Net Revenues	3.1%	3.2%	-0.2 p.p.	3.3%	3.4%	-0.1 p.p.

In 4Q18, selling expenses came to R$34.2 million, increasing 19.0% on the year-ago period (4Q17), mainly due to the growth in sugar sales volume, which led to a 12.1% increase in selling expenses in 12M18.

CASH GENERAL AND ADMINISTRATIVE EXPENSES

	4Q18	4Q17	Chg. (%)	12M18	12M17	Chg. (%)
R$ Thousand						
Personnel and Management Fee	27,125	25,840	5.0%	105,622	102,869	2.7%
Taxes, Fees, Contributions and Contingencies	(523)	(5,245)	-90.0%	14,019	5,992	134.0%
General Expenses and Third-Party Services	11,999	9,715	23.5%	44,565	32,749	36.1%
Stock Options Expenses	747	1,112	-32.8%	4,083	4,076	0.2%
Total recurring General and Administrative Expenses	**39,348**	**31,422**	**25.2%**	**168,289**	**145,686**	**15.5%**
Non-recurring items	-	-		-	7,200	n.m.
Total General and Administrative Expenses	**39,348**	**31,422**	**25.2%**	**168,289**	**152,886**	**10.1%**

Cash G&A expenses amounted to R$39.3 million in 4Q18, increasing 25.2% from the same period of the prior crop year, mainly due to the effects from the Boa Vista consolidation, which also was the main factor in the 10.1% increase in the full crop year.

EBITDA

Pro-Forma EBITDA RECONCILIATION	4Q18	4Q17	Chg. (%)	12M18	12M17	Chg. (%)
R$ '000						
Adjusted EBITDA	**585,629**	**400,991**	**46.0%**	**1,949,994**	**1,445,083**	**34.9%**
Adjusted EBITDA Margin	52.4%	44.8%	7.5 p.p.	53.8%	46.3%	7.6 p.p.
Adjustment to Maturity of Hedge Accounting / PPA	3,899	-5,802	n.m.	186,287	119,467	55.9%
Equity Income	992	343	189.2%	2,994	(606)	n.m.
Non Recurring Operating Revenues (Expenses)	1,834	(140,609)	n.m.	2,386	(142,362)	n.m.
Biological Assets	50,076	17,647	183.8%	63,064	24,207	160.5%
Book EBITDA	**528,828**	**529,412**	**-0.1%**	**1,695,263**	**1,444,377**	**17.4%**
EBITDA Margin	47.5%	58.8%	-11.4 p.p.	49.3%	48.1%	1.2 p.p.
(-) Depreciation and Amortization	(289,351)	(218,759)	32.3%	(895,582)	(737,911)	21.4%
(-) Financial Revenue (Expense), net	(47,370)	(61,970)	-23.6%	(177,135)	(260,914)	-32.1%
(=) Operating Income	192,107	248,683	-22.8%	622,546	445,552	39.7%

Adjusted EBITDA

Adjusted EBITDA amounted to R$585.6 million in 4Q18 (Adjusted EBITDA margin of 52.4%), growing 46.0% on 4Q17, mainly due to: i) the higher ethanol sales volume; and ii) the lower unit production cash cost for both ethanol and sugar. In the full crop year, Adjusted EBITDA advanced 34.9% to R$1,950 million (EBITDA margin of 53.8%), reflecting: i) the higher ethanol sales volume; ii) the higher energy and sugar prices; and iii) the lower sugar and ethanol production costs.

Main Adjustments to EBITDA in 4Q18 and 12M18

Adjustment of Debt Maturity (Hedge Accounting / PPA)

- Debt maturity (Hedge Accounting): Expense related to exchange variation on debt settled in 4Q18 that was previously designated as Hedge Accounting at a USD/BRL exchange rate of R$2.5/USD. Considering that the exchange rate used for the purposes of cash flow in the period was R$3.3/USD, we adjusted the amount of R$3.9 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period. In 12M18, the adjustment amounted to R$178.1 million.

- Price Purchase Allocation (PPA): There was no PPA expense in 4Q18. In the full crop year, the expense came to R$8.2 million.

Biological Assets

- Expenses related to the noncash accrual of a provision for the fair value adjustment of biological assets in the amounts of R$50.0 million in 4Q18 and R$63.0 million in the full crop year.

São Martinho

Operating Cash Generation (Adjusted EBIT)

R$ '000	4Q18	4Q17	Chg.%	12M18	12M17	Chg.%
Adjusted EBIT	**296,278**	**182,232**	**62.6%**	**1,054,412**	**707,172**	**49.1%**
Adjusted EBIT Margin	26.5%	20.4%	6.1 p.p.	29.1%	22.6%	6.5 p.p.
(-) Depreciation and Amortization	(289,351)	(218,759)	32.3%	(895,582)	(737,911)	21.4%
Adjusted EBITDA	**585,629**	**400,991**	**46.0%**	**1,949,994**	**1,445,083**	**34.9%**
Adjusted EBITDA Margin	52.4%	44.8%	7.5 p.p.	53.8%	46.3%	7.6 p.p.
Adjustment to Maturity of Hedge / PPA	3,899	-5,802	n.m.	186,287	119,467	55.9%
Equity Income	992	343	189.2%	2,994	(606)	n.m
Non Recurring Operating Revenues (Expenses)	1,834	(140,609)	n.m.	2,386	(142,362)	n.m
Biological Assets	50,076	17,647	183.8%	63,064	24,207	160.5%
Book EBITDA	**528,828**	**529,412**	**-0.1%**	**1,695,263**	**1,444,377**	**17.4%**
EBITDA Margin	47.5%	58.8%	-11.4 p.p.	49.3%	48.1%	1.2 p.p.

EBIT in 4Q18 came to R$296.2 million (EBIT margin of 26.5%), increasing 62.6% from 4Q17. In the full crop year, EBIT advanced 49.1% to R$1,054.4 million (EBIT margin of 29.1%), explained by the same factors that benefitted Adjusted EBITDA.

HEDGE

A summary of our sugar and U.S. dollar hedge positions as of March 29, 2018 follows.

Sugar

	Volume Hedged ('000 tons)	Avg. Price (US$ c/lb)	Avg. Price (R$ /Ton)
Sugar			
2018/2019 crop year	**535,037**	**15.51**	**1,144.8**

At the end of the period, we had 535,000 tons of sugar to be shipped in the 2018/19 crop year hedged at an average price of 15.51 ¢/lb, or R$1,144.8/ton, considering realized USD-denominated NDFs and at market exchange rates on the unhedged difference. Considering the production guidance for the 2018/19 crop year, the sugar volumes hedged correspond to approximately 78% of own cane or 55% of total cane.

U.S. Dollar

The Company held open positions through Non-Deliverable Forwards (NDFs) and derivative instruments, which are used to hedge its exports, related to the 2018/19 crop year, as follows:

	TOTAL		SUGAR		ETHANOL	
USD	US$ '000	Average Price (R$/US$)	US$ '000	Average Price (R$/US$)	US$ '000	Average Price (R$/US$)
2018/2019 crop year	134,595	3.35	123,495	3.35	11,100.00	3.32

The volume of NDFs, as detailed above, represents approximately 54% of the sugar volume hedged (for own cane), or 39% of total exposure.

Hedge Accounting

Effect on Shareholders' Equity

In March 2010, 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 from April 2017 to March 2018, we recorded a reduction in shareholders' equity of R$5.5 million.

Effect on Income Statement

As previously mentioned, certain foreign-denominated liabilities that had been designated as Hedge Accounting will mature in the future, which will impact our net revenue.

In 4Q18, a total of US$5.0 million in debt was recognized at the exchange rate of R$2.5/US$ used for the translation of net revenue. Considering that the exchange rate used for the purposes of cash flow in the period was R$3.3/US$, we made an adjustment of R$3.9 million in net revenue and EBITDA to provide a better understanding of the Company's operating cash generation in the period.

In 12M18, a total of US$147.4 million in debt was recognized at the exchange rate of R$2.1/US$ used for the translation of net revenue. Considering that the exchange rate used for the purposes of cash flow in the period was R$3.3/USD, we made an adjustment of R$178.1 million in net revenue and EBITDA.

NET FINANCIAL RESULT

	4Q18	4Q17	Chg.%	12M18	12M17	Var.%
R$ '000						
Financial Revenues	21,771	30,981	-29.7%	122,702	132,553	-7.4%
Financial Expenses	(65,841)	(85,853)	-23.3%	(316,386)	(323,830)	-2.3%
Net Financial before Exchange Var. and Hedge	**(44,070)**	**(54,872)**	**-19.7%**	**(193,684)**	**(191,277)**	**1.3%**
Hedge Result/Exchange Variation	(134)	(5,129)	-97.4%	33,682	(49,899)	n.m.
Copersucar Monetary Variation	(3,166)	(1,970)	60.7%	(17,133)	(19,739)	-13.2%
Net Financial Result	**(47,370)**	**(61,971)**	**-23.6%**	**(177,135)**	**(260,915)**	**-32.1%**

The net financial result in 4Q18 was an expense of R$47.3 million, which represents a 23.6% reduction compared to 4Q17. In the full crop year, the net financial expense decreased by 32.1% to R$177.1 million. The better result in the period reflects the lower interest rates in Brazil and the Company's liability management of a portion of its debt.

COPERSUCAR

Obligations:

On March 31, 2018, the São Martinho Group recognized on its Balance Sheet debt of R$210.4 million with Copersucar. 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$210.4 million on a consolidated basis.

Rights:

Due to its condition as a former member of the cooperative, the Company has rights and obligations arising from future variations in the assets and liabilities of Copersucar.

The Courts have ruled against the Federative Republic of Brazil to indemnify Copersucar for damages caused to its members by the lagged setting of prices for sugar and ethanol sales in the 1980s. The judgment upon the merits is final and unappealable and the process is in the phase of liquidation/enforcement.

Copersucar presented in its calculations the amount of R$18 billion, to which São Martinho would be entitled to 13%. The first undisputed portion, set at R$5.6 billion, will be paid through registered warrants issued in 2017 and the Federative Republic of Brazil already has deposited in court the first installment (15%) of these warrants, in the amount of R$870.2 million.

Of the balance of around R$12.8 billion, the federal government claimed an excess of R$2.2 billion on May 4, 2018. On the same date, Copersucar claimed the issue of a complementary registered warrant in the amount of R$10.6 billion (complement of the undisputed portion).

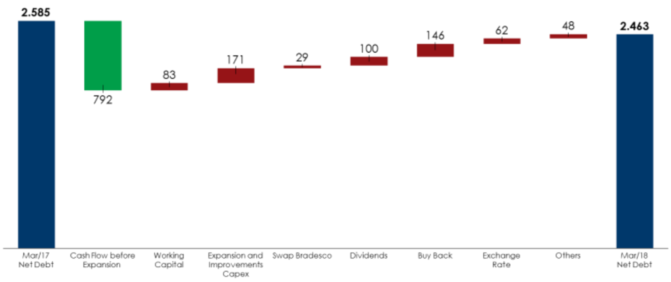
The right to these credits, although virtually certain, has yet to be made available. Therefore, such rights were not booked and are being disclosed in accordance with the treatment given by Copersucar.

INDEBTEDNESS

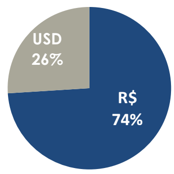
R$ Thousand	Mar/18	Mar/17	Chg.%
PESA	29,225	41,959	-30.3%
Rural Credit	509,214	678,426	-24.9%
BNDES / FINAME	582,203	828,443	-29.7%
Working Capital	397,336	495,136	-19.8%
International Finance Corporation (IFC)	303,797	-	n.m.
PPE (Export prepayment)	734,471	741,329	-0.9%
NCE (Export Credit Note)	8,101	584,487	-98.6%
Agribusiness Certificate of Receivables (CRA)	1,360,550	349,462	289.3%
Obligations from Acquisitions - LOP	50,256	62,088	-19.1%
Gross Debt	**3,975,153**	**3,781,331**	**5.1%**
Cash and Cash Equivalents	1,512,385	1,196,782	26.4%
Consolidated Net Debt	**2,462,768**	**2,584,549**	**-4.7%**
Net Debt / Acum. EBITDA [1]	1.26 x	1.55 x	-18.7%
Net Debt / Acum. EBITDA - USD [2]	1.22 x	1.61 x	-24.2%

1-Cumulative EBITDA considers 100% of UBV;
2 – Net Debt PTAX: March/17: R$ 3.17; March/18: R$ 3.32
Cumulative EBITDA average daily PTAX LTM: March/17: R$ 3.30; March/18: R$ 3.22

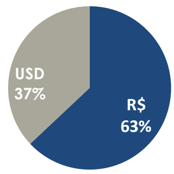
As of March 2018, the Company's net debt stood at R$2.46 billion, down 4.7% compared to March 2017. The reduction in net debt in the period is mainly due to the higher cash generation in the period, as shown below.



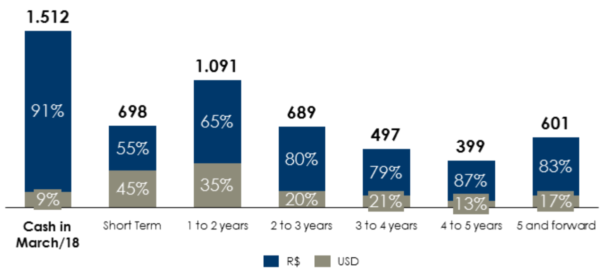
GROSS CURRENCY



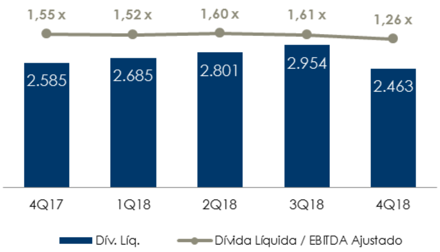
NET CURRENCY



Debt Amortization Schedule
R$ million



Net Debt / LTM EBITDA
Evolution



CAPEX

(Maintenance)	4Q18	4Q17	Chg.%	12M18	12M17	Var%.
R$ '000						
Sugarcane Planting	50,922	76,001	-33.0%	219,296	217,141	1.0%
Off-Season Maintenance (Industrial/Agricultural)	195,846	143,545	36.4%	281,631	207,754	35.6%
Crop Treatament	122,596	77,791	57.6%	454,651	367,217	23.8%
Total	**369,363**	**297,337**	**24.2%**	**955,578**	**792,113**	**20.6%**

(Operational Improvements)	4Q18	4Q17	Chg.%	12M18	12M17	Chg.%
R$ '000						
Equipament/Replacements	30,057	22,068	36.2%	109,703	76,972	42.5%
Total	**30,057**	**22,068**	**36.2%**	**109,703**	**76,972**	**42.5%**

(Upgrading/Expansion)	4Q18	4Q17	Chg.%	12M18	12M17	Chg.%
R$ '000						
Cane Plantation	25,955	-	n.m.	32,187	-	n.m.
Projects (Industrial/Agricultural)	19,061	26,761	-28.8%	70,256	107,827	-34.8%
Total	**45,016**	**26,761**	**68.2%**	**102,443**	**107,827**	**-5.0%**
Total	**444,436**	**346,166**	**28.4%**	**1,167,724**	**976,911**	**19.5%**

The Company's maintenance CAPEX amounted to R$369.4 million in 4Q18, increasing 24.2% from the same period of the previous crop year. In the crop year, maintenance CAPEX amounted to R$955.6 million, increasing 20.6% from the previous crop year. The growth in maintenance CAPEX basically reflects: (i) the consolidation of 100% of Boa Vista; (ii) the increase in inter-crop maintenance, due to the variation in the number of days in the crop year; (iii) the increase in crop treatments, reflecting the increase in costs pegged to inflation, such as labor and diesel.

Operational improvement capex (investments in replacing agricultural and industrial equipment to boost yields) amounted to R$30.1 million (+36.2%) in 4Q18 and 109.7 million (+42.5%) in 12M18. As already discussed in previous quarters, the increase reflects not only the effects from the consolidation of Usina Boa Vista, but also the replacement of part of the unit's agricultural fleet, a disbursement that already was provided for in the Company's investment plan due to the growth in crushing volume in recent years.

For expansion CAPEX, we added in this section the investments made in planting since this investment, which amounted to R$25.9 million in 4Q18 and to R$32.2 million in 12M18 reflected our decision to increase the planting renovation area. The other investments reflect the carryover effect from ongoing projects.

CASH NET INCOME

	4Q18	4Q17	Chg. (%)	12M18	12M17	Var. (%)
Net Income	153,335	119,441	28.4%	491,706	283,867	73.2%
UBV Aquisition gain	-	(142,582)	n.m.	-	(142,582)	n.m.
Income tax	38,772	129,242	-70.0%	130,840	161,685	-19.1%
Income Tax paid	(12,906)	(3,029)	326.1%	(25,535)	(7,513)	239.9%
Biological Asset	50,076	17,647	183.8%	63,064	24,207	160.5%
Maturity of Hedge / PPA	3,899	(5,802)	n.m.	186,287	119,467	55.9%
Cash Income	**233,176**	**114,917**	**102.9%**	**846,362**	**439,130**	**92.7%**
Total Shares ex-treasury (in thousands)	**350,803**	**358,580**		**350,803**	**358,580**	
Cash Income per share	**0.66**	**0.32**		**2.41**	**1.22**	

ROIC

With Land	12M18	12M17[1]
Adjusted EBITDA	1,950	1,667
(-) Maintenance Capex	-956	-875
(-) Income tax	-26	-9
Operating Cash Generation	**969**	**783**
Permanent Assets*	6,698	6,189
Short term Assets - Short - Term Liabilities**	219	197
Average Invested Capital	**6,918**	**6,386**
ROIC [2]	**14.0%**	**12.3%**

Without land	12M18	12M17[1]
Adjusted EBITDA	1,950	1,667
(-) Maintenance Capex	-956	-875
(-) Income Tax	-26	-9
(-) Own land result	-54	-58
Operating Cash Generation	**915**	**724**
Permanent Assets*	4,890	4,410
Short term Assets - Short - Term Liabilities**	219	197
Average Invested Capital	**5,110**	**4,607**
ROIC without land [2]	**17.9%**	**15.7%**

1 - Considers 100% of UBV

2 - Consider the average invested capital between the current crop year and the year before

*Permanent Asset = Long-term A - Financial revenues - Income Tax - Derivative Financial instr. - Receivables from CoperSucar - Related Parts - Judicial Deposits

** Current Working Assets - Adjusted Short Term Liabilities (excludes Income tax, debt, Copersucar liabilities and dividends)

PROPOSAL FOR SHAREHOLDER COMPENSATION

Based on the results for the 2017/18 crop year, as announced today, the Management Proposal containing the proposed agenda to be considered and voted on in the Annual Shareholders Meeting to be held on July 27, 2018 includes the proposal for the distribution of dividends to the shareholders of the Company in the amount of **R$180 million**, or **R$0.513 per share** (considering treasury shares as of Mar. 31, 2018), for a payout ratio of **36.6%**.

In addition to aforementioned proposal for dividend distribution, on Nov. 27, 2017, we announced to the market a share repurchase program through which we repurchased the equivalent of **R$145.7 million**.

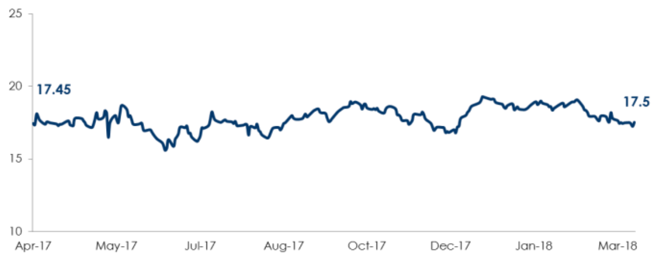
Our decision on capital allocation for the 2017/18 crop year took into consideration some pillars we believe are essential for value creation, such as: i) remunerating shareholders above the historical average; ii) making disciplined investment decisions; and iii) managing conservatively the Company's capital structure, including preserving cash, given the current market conditions, and creating room for any future strategic decisions.

CAPITAL MARKETS AND INVESTOR RELATIONS

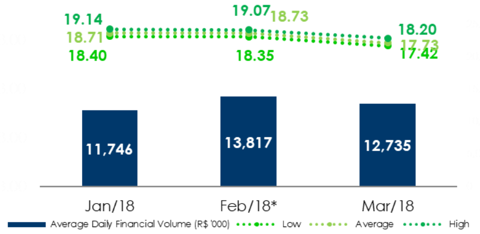
4Q18 Earnings Conference Call
June 26, 2018 (Tuesday)

3:00 p.m. (Brasília) + 55 11 3193-1001
12:00 p.m. (New York) +1 646 828-8246
Access Code: São Martinho

Performance SMTO3 – 12 months

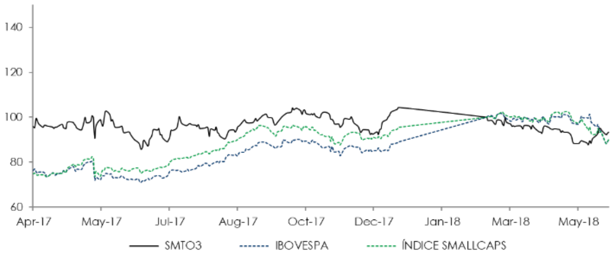


Price and Volume



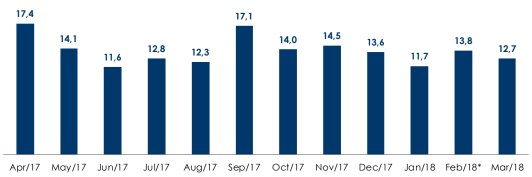
SMTO3 vs. Stock Indexes

Base 100



Average Daily Trading Volume

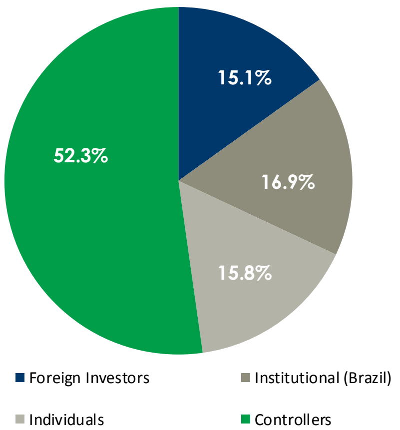
R$ million



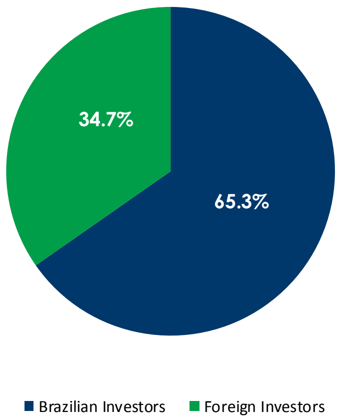
* Do not consider Block Petro. Considering it, the liquidity would be 39,2 mm on Feb/18.

Ownership Structure

Base: March 31, 2018



Free-Float Composition



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.

INCOME STATEMENT

SÃO MARTINHO S.A. - CONSOLIDATED	4Q18	4Q17	Chg. (%)	12M18	12M17	Chg. (%)
R$ Thousand						
Gross Revenue	1,221,387	941,067	29.8%	3,792,871	3,130,157	21.2%
Deductions from Gross Revenue	(107,045)	(40,995)	161.1%	(357,171)	(127,276)	180.6%
Net Revenue	**1,114,342**	**900,072**	**23.8%**	**3,435,700**	**3,002,881**	**14.4%**
Cost of Goods Sold (COGS)	(799,472)	(671,703)	19.0%	(2,336,341)	(2,174,033)	7.5%
Gross Profit	**314,870**	**228,369**	**37.9%**	**1,099,359**	**828,848**	**32.6%**
Gross Margin (%)	*28.3%*	*25.4%*	2.9 p.p	*32.0%*	*27.6%*	4.4 p.p
Operating Expenses	**(75,393)**	**82,284**	**n.m.**	**(299,678)**	**(122,382)**	**144.9%**
Selling Expenses	(34,235)	(28,758)	19.0%	(119,778)	(106,820)	12.1%
General and Administrative Expenses	(42,013)	(34,176)	22.9%	(180,070)	(164,239)	9.6%
Equity Income	(992)	(343)	189.2%	(2,994)	606	n.m.
Other Operating Expenses, Net	1,847	145,561	-98.7%	3,164	148,071	-97.9%
Operating Profit, Before Financial Effects	**239,477**	**310,653**	**-22.9%**	**799,681**	**706,466**	**13.2%**
Financial Result, Net	**(47,370)**	**(61,970)**	**-23.6%**	**(177,135)**	**(260,914)**	**-32.1%**
Financial Revenues	21,771	30,981	-29.7%	122,702	132,553	-7.4%
Financial Expenses	(69,007)	(87,823)	-21.4%	(333,519)	(343,569)	-2.9%
Monetary and Exchange Variations - Net	4,531	5,360	-15.5%	31,858	9,312	242.1%
Derivatives Results	(4,665)	(10,488)	-55.5%	1,824	(59,210)	n.m.
Income (Loss) Before Income and Social Contribution Taxes	**192,107**	**248,683**	**-22.8%**	**622,546**	**445,552**	**39.7%**
Income Tax and Social Contribution - Current	(14,402)	(2,085)	590.7%	(71,218)	(29,393)	142.3%
Income Tax and Social Contribution - Deferred	(24,370)	(127,157)	n.m.	(59,622)	(132,292)	-54.9%
Net Income	**153,335**	**119,441**	**28.4%**	**491,706**	**283,867**	**73.2%**
Net Margin (%)	*13.8%*	*13.3%*	0.5 p.p	*14.3%*	*9.5%*	4.9 p.p

BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS	Pro-Forma	
R$ Thousand		
ASSETS	12M18	12M17
SHORT-TERM ASSETS		
Cash and Cash Equivalents	140,865	143,002
Marketable Securities	1,320,851	1,029,113
Trade Receivables	177,893	169,129
Derivative Financial Instruments	69,173	172,917
Inventories and advances to suppliers	334,654	256,574
Biological Assets	581,725	586,362
Taxes Recoverable	36,093	102,325
Income Tax and Social Contribution	9,687	11,232
Other Assets	16,917	12,342
TOTAL SHORT-TERM ASSETS	**2,687,858**	**2,482,996**
LONG-TERM ASSETS		
Long-term Receivables		
Marketable Securities	50,669	24,667
Inventories	111,135	88,766
Related Parties	5,834	111
Derivative Financial Instruments	3,617	27
Trade Receivables	24,869	26,062
Receivables from Copersucar	9,355	10,017
Taxes Recoverable	122,200	106,518
Income Tax and Social Contribution	117,442	124,285
Judicial Deposits	28,673	32,617
Other Assets	439	439
	474,233	**413,509**
Investments	32,552	31,184
Property, plant and equipment	5,449,912	5,289,894
Intangible Assets	470,157	473,942
TOTAL LONG-TERM ASSETS	**6,426,854**	**6,208,529**
TOTAL ASSETS	**9,114,712**	**8,691,525**

BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES	Pro-Forma	
R$ Thousand		
LIABILITIES AND SHAREHOLDERS' EQUITY	**12M18**	**12M17**
SHORT-TERM LIABILITIES		
Borrowings	686,630	1,499,649
Derivative Financial Instruments	8,862	76,097
Trade Payables	154,146	138,939
Payables to Copersucar	8,583	9,094
Salaries and Social Contributions	137,155	121,776
Taxes Payable	16,877	20,481
Income Tax and Social Contribution	4,167	4,471
Dividends Payable	148,341	74,243
Advances from Customers	16,406	4,174
Aquisition of Investment	11,746	11,958
Other Liabilities	28,287	28,751
TOTAL SHORT-TERM LIABILITIES	**1,221,200**	**1,989,633**
LONG-TERM LIABILITIES		
Borrowings	3,238,267	2,219,594
Derivative Financial Instruments	930	5
Payables to Copersucar	201,787	248,360
Taxes Payable in Installments	2,656	14,614
Deferred Income Tax and Social Contribution	1,007,923	663,337
Provision for Contingencies	99,122	102,532
Aquisition of Investment	38,510	50,130
Other Liabilities	14,542	-
TOTAL LONG-TERM LIABILITIES	**4,603,737**	**3,298,572**
SHAREHOLDERS' EQUITY		
Share Capital	1,549,302	1,494,334
Reducing Capital	-	(55,662)
Capital Reserves	9,418	10,057
Treasury Shares	(234,100)	(92,134)
Stock options granted	11,578	8,284
Adjustments to Book Value	1,120,319	1,432,243
Profit Reserves	833,258	606,198
TOTAL SHAREHOLDERS' EQUITY	**3,289,775**	**3,403,320**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,114,712**	**8,691,525**

São Martinho

CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	12M18	12M17
R$ Thousand		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income in the period	**491,706**	**283,867**
Adjustments		
Depreciation and amortization	356,202	266,148
Harvested biological assets (depreciation)	539,380	471,763
Variation in fair value of biological assets	63,064	24,207
Amortization of intangible assets	-	1,002
Amortization of energy contracts	8,210	7,309
Equity Income	2,994	(606)
Capital gain on jointly controlled investment	-	(3,454)
Negative goodwill in investment in join venture	-	(142,582)
Gain (loss) on investment and PPE disposed of	1,276	3,084
Interest, monetary and foreign exchange variations, net	188,823	177,175
Derivatives Financial Instruments	(104,827)	234,834
Constitution of provision for contingencies, net	10,964	(525)
Deferred income tax and social contribution	130,840	161,685
Adjustments to present value and others	2,536	9,265
	1,691,168	**1,493,172**
Changes in asset and liabilities		
Trade receivables	(9,547)	(23,927)
Inventories	(60,371)	55,935
Taxes recoverable	69,888	(20,567)
Derivatives Financial Instruments	203,359	(66,616)
Marketable Securities	-	(21)
Other assets	2,708	(17,241)
Trade payables	13,252	(26,050)
Salaries and social charges	15,491	101
Taxes payable	(48,260)	(21,382)
Obligations with Copersucar	(43,666)	(24,811)
Taxes payable in installments	(12,358)	(3,629)
Provision for contingencies - settlements	(25,452)	(11,757)
Other liabilities	11,835	21,011
Cash provided by operations	**1,808,047**	**1,354,218**
Interest paid	(277,361)	(227,845)
Income tax and social contribution paid	(25,535)	(7,513)
Net cash provided by operating activities	**1,505,151**	**1,118,860**
CASH FLOW FROM FINANCING ACTIVITIES		
Financial resources used in investments	(17,451)	(27,648)
Increased acquisition in ownership	-	-
Additions to property and intangible assets	(459,670)	(391,654)
Additions to biological assets (planting and crop treatment)	(706,133)	(584,356)
Marketable Securities	(232,999)	54,318
Proceeds from sale of property, plant and equipment	6,553	4,641
Cash and cash equivalents acquired from subsidiary	-	-
Gain in cash and cash equivalents due to change in ownership interest in investee	-	668
Advance for future capital increase	-	26
Dividends received	(4,830)	-
Net cash used in investing activities	**(1,414,530)**	**(944,005)**
CASH FLOW FROM FINANCING ACTIVITIES		
New borrowing - third parties	1,746,615	825,506
Repayment of borrowing - third parties	(1,595,432)	(1,002,636)
Advance for future capital increase	-	(111)
Variation of minority shareholders	-	-
Purchase of treasury shares	(145,756)	(68,232)
Sale of treasury shares	2,362	1,689
Payment of dividends	(99,999)	(55,384)
Net cash provided by financing activities	**(92,210)**	**(299,168)**
Increase (decrease) in cash and cash equivalents	**(1,589)**	**(124,313)**
Cash and cash equivalents at the beginning of the period	**142,454**	**267,315**
Cash and cash equivalents at the end of the period	**140,865**	**143,002**