



Quarterly Information (ITR)

December 31, 2015

with independent auditor's review report
on quarterly Information

São Martinho S.A.

A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information 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 REVIEW REPORT ON QUARTERLY INFORMATION

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

Introduction

We have reviewed the individual and consolidated interim accounting information contained in the Quarterly Information Form (ITR) of São Martinho S.A. for the quarter ended December 31, 2015, which comprise the balance sheet as of December 31, 2015, the related statements of operations and comprehensive income for the three and nine-month periods then ended and changes in shareholders' equity and cash flows for the nine-month period then ended, including explanatory notes.

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

Scope of review

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

Conclusion

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

São Martinho S.A.
Emphasis of matter

Real estate transactions

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

Other matters

Statements of value added

We also reviewed the individual and consolidated statements of value added for the nine-month period ended December 31, 2015, prepared under the responsibility of Company's management, whose presentation in the interim accounting information is required by the standards issued by the CVM applicable to preparation of Quarterly Information (ITR) and considered supplementary information under IFRS, whereby no statement of value added presentation is required. These statements were submitted to the same review procedures previously described and, based on our review, we are not aware of any fact that would make us believe that they were not prepared, in all material respects, in accordance with the overall individual and consolidated interim accounting information.

Campinas, February 12, 2016.

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

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

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

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Balance sheet at December and March 31, 2015

In thousands of reais

ASSETS	Note	Company		Consolidated	
		December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
CURRENT ASSETS					
Cash and cash equivalents	5	344,107	989,690	345,548	1,020,112
Short-term investments	5	269,318	-	306,407	-
Trade accounts receivable	6	179,173	141,601	197,108	156,317
Derivative financial instruments	22	66,147	221,797	66,147	221,797
Inventories	7	667,706	167,121	657,410	177,443
Taxes recoverable	8	101,515	102,213	102,255	102,821
Income and social contribution taxes	19	80,861	64,278	80,862	64,633
Other assets		14,509	6,507	14,509	6,476
TOTAL CURRENT ASSETS		1,723,336	1,693,207	1,770,246	1,749,599
NONCURRENT ASSETS					
Investments		492	478	5,270	5,723
Inventories	7	19,275	49,607	19,275	49,607
Transactions with related parties	9	1,256	1,280	-	34
Trade accounts receivable	6	-	561	22,269	8,049
Receivables from Copersucar		4,425	1,669	4,425	1,669
Taxes recoverable	8	99,706	75,712	99,771	75,860
Judicial deposits	21	29,084	26,587	31,655	27,927
Other assets		498	518	498	518
		154,736	156,412	183,163	169,387
Investments	10	2,370,285	2,242,251	471,328	429,780
Biological assets	11	942,556	936,241	942,556	936,241
Property, plant and equipment	12	1,585,200	1,676,831	3,268,061	3,383,376
Intangible assets	13	397,166	396,280	488,286	500,541
		5,295,207	5,251,603	5,170,231	5,249,938
TOTAL NONCURRENT ASSETS		5,449,943	5,408,015	5,353,394	5,419,325
TOTAL ASSETS		7,173,279	7,101,222	7,123,640	7,168,924

LIABILITIES AND EQUITY	Note	Company		Consolidated	
		December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
CURRENT LIABILITIES					
Borrowings	14	690,971	868,879	694,514	872,419
Derivative financial instruments	22	191,782	232,711	191,782	232,711
Trade accounts payable	15	167,206	101,866	152,547	95,476
Payables to Copersucar	16	26,929	2,040	26,929	2,040
Salaries and social charges		87,670	83,942	88,173	84,373
Taxes payable		11,347	11,793	15,588	13,235
Income and social contribution taxes	19	-	725	1,994	1,511
Transactions with related parties	9	103,093	-	-	-
Dividends payable		1	67,939	1	67,939
Advances from customers		11,563	4,462	12,607	3,197
Acquisition of equity interest	9 and 31	17,891	17,507	17,891	17,507
Other liabilities		21,130	23,225	21,296	29,484
TOTAL CURRENT LIABILITIES		1,329,583	1,415,089	1,223,322	1,419,892
NONCURRENT LIABILITIES					
Borrowings	14	2,850,308	2,347,783	2,867,601	2,367,660
Payables to Copersucar	16	237,153	279,584	237,153	279,584
Tax payment in installments		15,664	16,267	15,664	16,267
Deferred income and social contribution taxes	19	113,643	282,312	150,490	323,811
Provision for contingencies	21	56,381	54,360	58,678	55,430
Acquisition of equity interest	9 and 31	73,370	78,815	73,370	78,815
Other liabilities		11,382	10,927	11,567	11,380
TOTAL NONCURRENT LIABILITIES		3,357,901	3,070,048	3,414,523	3,132,947
EQUITY					
Capital	17	931,340	812,992	931,340	812,992
Capital reserve		10,706	9,119	10,706	9,119
Treasury shares		(8,226)	(7,375)	(8,226)	(7,375)
Stock options granted		4,911	5,079	4,911	5,079
Equity adjustments		1,133,337	1,405,708	1,133,337	1,405,708
Income reserves		272,214	390,562	272,214	390,562
Retained earnings		141,513	-	141,513	-
TOTAL EQUITY		2,485,795	2,616,085	2,485,795	2,616,085
TOTAL LIABILITIES AND EQUITY		7,173,279	7,101,222	7,123,640	7,168,924

See accompanying notes.

Statement of operations
Periods ended December 31, 2015 and 2014

In thousands of reais

		Company			
	Note	December 31, 2015		December 31, 2014	
		Quarter	9 months	Quarter	9 months
Revenues	25	664,284	1,526,499	429,977	1,080,796
Cost of sales	26	(519,440)	(1,213,818)	(345,031)	(841,505)
Gross profit		<u>144,844</u>	<u>312,681</u>	<u>84,946</u>	<u>239,291</u>
Operating income/(expenses)					
Selling expenses	26	(30,797)	(69,581)	(20,635)	(53,096)
General and administrative expenses	26	(32,306)	(95,516)	(41,100)	(95,748)
Equity pickup	10	72,367	183,903	68,107	177,958
Other income, net	27	274	4,030	8,283	77,276
		<u>9,538</u>	<u>22,836</u>	<u>14,655</u>	<u>106,390</u>
Operating income		<u>154,382</u>	<u>335,517</u>	<u>99,601</u>	<u>345,681</u>
Financial income (expenses), net	28				
Financial income		18,281	65,467	19,169	50,227
Financial expenses		(76,157)	(208,590)	(68,490)	(150,110)
Monetary and exchange gains (losses), net		866	(95,503)	(18,443)	(17,682)
Derivatives		(21,393)	(6,019)	10,965	19,224
		<u>(78,403)</u>	<u>(244,645)</u>	<u>(56,799)</u>	<u>(98,341)</u>
Income before income and social contribution taxes		75,979	90,872	42,802	247,340
Income and social contribution taxes	19(b)				
Current		(23,551)	(11,168)	1,355	
Deferred		23,592	45,665	9,383	(17,852)
Net income for the period		<u>76,020</u>	<u>125,369</u>	<u>53,540</u>	<u>229,488</u>
Basic earnings per share (in reais)	29	<u>0.6727</u>	<u>1.1097</u>	<u>0.4753</u>	<u>2.0406</u>
Diluted earnings per share (in Reais)	29	<u>0.6716</u>	<u>1.1087</u>	<u>0.4734</u>	<u>2.0317</u>

See accompanying notes.

Statement of operations
Periods ended December 31, 2015 and 2014

In thousands of reais

Consolidated					
	Note	December 31, 2015		December 31, 2014	
		Quarter	9 months	Quarter	9 months
Revenues	25	694,687	1,649,531	497,116	1,272,832
Cost of sales	26	(508,349)	(1,191,960)	(347,346)	(875,695)
Gross profit		186,338	457,571	149,770	397,137
Operating income/(expenses)					
Selling expenses	26	(31,260)	(70,879)	(21,470)	(58,797)
General and administrative expenses	26	(33,505)	(99,388)	(43,164)	(103,411)
Equity pickup	10	31,082	41,093	10,160	39,454
Other income, net	27	274	4,200	8,895	86,572
		(33,409)	(124,974)	(45,579)	(36,182)
Operating income		152,929	332,597	104,191	360,955
Financial income (expenses), net	28				
Financial income		22,529	79,296	22,689	59,402
Financial expenses		(76,534)	(210,255)	(69,641)	(161,387)
Monetary and exchange gains (losses), net		865	(95,503)	(21,104)	(21,983)
Derivatives		(21,392)	(6,019)	8,898	15,758
		(74,532)	(232,481)	(59,158)	(108,210)
Income before income and social contribution taxes		78,397	100,116	45,033	252,745
Income and social contribution taxes	19(b)				
Current		(26,866)	(18,980)	(2,379)	(6,679)
Deferred		24,489	44,233	11,855	(14,319)
Net Income for the Period		76,020	125,369	54,509	231,747
Attributable to:					
Controlling interests				53,540	229,488
Noncontrolling interests				969	2,259
				54,509	231,747
Basic earnings per share (in reais)	29	0.6727	1.1097	0.4753	2.0406
Diluted earnings per share (in Reais)	29	0.6716	1.1087	0.4734	2.0317

See accompanying notes.

Statement of comprehensive income (loss)
Periods ended December 31, 2015 and 2014

In thousands of reais

Company	December 31, 2015		December 31, 2014	
	Quarter	9 months	Quarter	9 months
Net income for the period	76,020	125,369	53,540	229,488
Items that will be reclassified subsequently to P&L				
Derivative financial instruments:				
Commodity derivatives - Futures, options and forwards	(212,518)	(234,403)	47,346	94,443
Foreign exchange derivatives - Options/ NDFs	90,453	23,253	(29,715)	(40,736)
Foreign exchange variations on borrowings - ACCs/PPEs	72,472	(168,848)	(75,651)	(100,704)
Swap contracts	379	768	155	1,045
Deferred taxes on the items above	16,732	128,938	19,674	15,624
Interest in the comprehensive income (loss) of jointly-controlled subsidiaries	-	-	(9,157)	(28,874)
	(32,482)	(250,292)	(47,348)	(59,202)
Comprehensive income (loss) for the period	43,538	(124,923)	6,192	170,286

Consolidated	December 31, 2015		December 31, 2014	
	Quarter	9 months	Quarter	9 months
Net Income for the Period	76,020	125,369	54,509	231,747
Items that will be reclassified subsequently to P&L				
Derivative financial instruments:				
Commodity derivatives - Futures, options and forwards	(212,518)	(234,403)	47,346	94,443
Foreign exchange derivatives - Options/ NDFs	90,453	23,253	(29,715)	(40,736)
Foreign exchange variations on borrowings - ACCs/PPEs	72,472	(168,848)	(75,651)	(100,704)
Swap contracts	379	768	155	1,045
Deferred taxes on the items above	16,732	128,938	19,674	15,624
Interest in the comprehensive income (loss) of jointly-controlled subsidiaries	-	-	(9,157)	(28,874)
	(32,482)	(250,292)	(47,348)	(59,202)
Comprehensive income (loss) for the period	43,538	(124,923)	7,161	172,545

See accompanying notes.

Statement of changes in equity
Periods ended December 31, 2015 and 2014
In thousands of reais

					Equity adjustments												
					Deemed cost		Hedge accounting		Income reserves								
Note	Capital	Capital reserve	Treasury shares	Stock options granted	Own	Of investees	Own	Of investees	Legal reserve	Budgeted capital	Additional dividends	Unrealized income reserve	Retained earnings	Total	Noncontrolling interests	Total equity	
At March 31, 2014	737,200	-	(11,839)	3,605	513,013	703,701	(91,814)	(8,191)	31,927	190,008	8,342	-	-	2,075,952	-	2,075,952	
Capital increase with reserves	71,650	-	-	-	-	-	-	-	-	(71,650)	-	-	-	-	-	-	
Capital increase through issue of new shares	4,142	-	-	-	-	-	-	-	-	-	-	-	-	4,142	-	4,142	
Realization of surplus deemed cost	17(c)	-	-	-	(12,007)	(4,207)	-	-	-	-	-	-	16,214	-	-	-	
Payment of capital via assets in Vale do Mogi	-	-	-	-	(302,576)	302,576	-	-	-	-	-	-	-	-	-	-	
Gain (loss) on derivative transactions - hedge accounting	17(c)	-	-	-	-	-	(30,328)	(28,874)	-	-	-	-	-	(59,202)	2,081	(57,121)	
Stock options granted	-	-	-	2,130	-	-	-	-	-	-	-	-	-	2,130	-	2,130	
Stock options exercised	-	-	2,917	(941)	-	-	-	-	-	-	-	-	1,123	3,099	-	3,099	
Prior-year additional dividends paid	-	-	-	-	-	-	-	-	-	-	(8,342)	-	-	(8,342)	-	(8,342)	
Other	-	-	-	-	-	-	-	-	-	-	-	-	(582)	(582)	-	(582)	
Net Income for the Period	-	-	-	-	-	-	-	-	-	-	-	-	229,488	229,488	2,259	231,747	
At December 31, 2014	17	812,992	-	(8,922)	4,794	198,430	1,002,070	(122,142)	(37,065)	31,927	118,358	-	-	246,243	4,340	2,251,025	
At March 31, 2015		812,992	9,119	(7,375)	5,079	213,472	1,505,044	(312,808)	-	46,230	251,984	-	92,348	-	2,616,085	-	2,616,085
Capital increase with reserves	17 (a)	118,348	-	-	-	-	-	-	-	(118,348)	-	-	-	-	-	-	
Realization of surplus deemed cost	17(c)	-	-	-	-	(11,944)	(4,200)	-	-	-	-	-	16,144	-	-	-	
Capital decrease via assets in Vale do Mogi	10.3	-	-	-	-	17,457	(17,457)	-	-	-	-	-	-	-	-	-	
Deferred tax set up		-	-	-	-	(5,935)	-	-	-	-	-	-	-	(5,935)	-	(5,935)	
(capital decrease in Vale do Mogi)		-	-	-	-	6,186	(6,186)	-	-	-	-	-	-	-	-	-	
Adjustment of surplus deemed cost		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gain (loss) on derivative transactions - hedge accounting	17(c)	-	-	-	-	-	(250,292)	-	-	-	-	-	-	(250,292)	-	(250,292)	
Acquisition of shares issued by the Company	17(b)	-	-	(8,734)	-	-	-	-	-	-	-	-	-	(8,734)	-	(8,734)	
Stock options granted	17(f)	-	-	-	2,136	-	-	-	-	-	-	-	-	2,136	-	2,136	
Stock options exercised	17(f)	-	1,587	7,883	(2,304)	-	-	-	-	-	-	-	-	7,166	-	7,166	
Net Income for the Period		-	-	-	-	-	-	-	-	-	-	-	125,369	125,369	-	125,369	
At December 31, 2015	17	931,340	10,706	(8,226)	4,911	219,236	1,477,201	(563,100)	-	46,230	133,636	-	92,348	141,513	-	2,485,795	

See accompanying notes.

Cash flow statement

Periods ended December 31, 2015 and 2014

In thousands of reais

	Note	Company		Consolidated	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Cash flow from operating activities					
Net income for the period		125,369	229,488	125,369	229,488
Adjustments					
Depreciation and amortization	26	153,760	106,419	156,931	117,057
Harvested biological assets (depreciation)	26	285,491	183,090	285,491	193,325
Changes in fair value of biological assets	11	(28,705)	(865)	(28,705)	2,602
Amortization of intangible assets		548	3,304	9,937	6,748
Equity pickup	10	(183,903)	(177,958)	(41,093)	(39,454)
Capital gains on investment		-	-	-	(7,055)
Gain (loss) on investment and PP&E disposed of	12	1,433	302	1,433	(6,879)
Interest, monetary and exchange gains/losses, net		285,722	132,355	282,628	158,120
Derivative financial instruments		27,373	56,196	27,373	57,055
Set up of provision for contingencies, net	21.1	7,084	7,168	8,310	8,943
Deferred income and social contribution taxes	19(b)	(45,665)	17,852	(44,233)	14,319
Present value adjustment and other		4,177	4,938	2,715	4,938
Income (loss) from sale of equity interest	27	-	(79,717)	-	(79,717)
		632,684	482,572	786,156	659,490
Changes in Assets and Liabilities					
Trade accounts receivable		(46,271)	(82,464)	(70,902)	(109,093)
Inventories		(332,137)	(183,435)	(308,616)	(237,220)
Taxes recoverable		(33,893)	(46,251)	(33,358)	(51,327)
Short-term Investments		-	-	963	(1,128)
Other assets		(9,750)	4,454	(9,683)	10,495
Trade accounts payable		61,702	18,433	53,187	26,824
Salaries and social charges		3,729	(14,461)	3,800	(13,342)
Taxes payable		(4,090)	5,489	2,310	11,027
Payables to Copersucar		(26,833)	14,299	(26,833)	14,569
Taxes payment in installments		(1,411)	(29,759)	(1,411)	(29,759)
Provision for contingencies - settlements	21.1	(14,698)	(25,158)	(14,698)	(25,649)
Other liabilities		5,005	(1,764)	3,081	(9,413)
Cash from operating activities		234,037	141,955	383,996	245,474
Payment of interest on borrowings		(157,510)	(82,357)	(158,610)	(95,778)
Income and social contribution taxes paid		-	-	(4,849)	(3,424)
Net cash provided by operating activities		76,527	59,598	220,537	146,272
Cash flow from investing activities					
Investment of funds	31	(13,681)	(53,807)	(13,681)	(51,953)
Changes for acquisition and sale of ownership interest		-	-	-	44,860
Additions to PP&E and intangible assets		(119,011)	(134,824)	(121,671)	(146,300)
Additions to biological assets (sugarcane planting and treatment)	11	(325,587)	(222,978)	(325,587)	(259,740)
Short-term Investments	5	(269,319)	-	(306,407)	-
Proceeds from sale of property, plant and equipment	12	2,612	1,984	12,253	8,436
Cash and cash equivalents incorporated from subsidiary		-	228,422	-	-
Future capital contribution		(10)	(301,245)	-	-
Dividends received		140,285	79,662	-	3,127
Net cash used in investing activities		(584,711)	(402,786)	(755,093)	(401,570)
Cash flow from financing activities					
Financing taken out from third parties		632,717	921,765	632,717	930,098
Financing repayment - third parties		(700,610)	(602,672)	(703,219)	(656,142)
Changes in noncontrolling interests		-	-	-	2,259
Purchase of treasury shares	17(b)	(8,734)	-	(8,734)	-
Disposal of treasury shares	17(f)	7,166	3,098	7,166	3,098
Dividends paid		(67,938)	(40,405)	(67,938)	(43,089)
Net cash provided by (used in) financing activities		(137,399)	281,786	(140,008)	236,224
Net increase (decrease) in cash and cash equivalents		(645,583)	(61,402)	(674,564)	(19,074)
Cash and cash equivalents at beginning of period		989,690	542,917	1,020,112	551,359
Cash and cash equivalents at end of period		344,107	481,515	345,548	532,285
Additional information					
Balances of short-term investments	5	269,318	-	306,407	-
Total funds available	5	613,425	481,515	651,955	532,285

See accompanying notes.

Statement of value added
Periods ended December 31, 2015 and 2014

In thousands of reais

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Revenues				
Gross sales of goods and products	1,576,393	1,111,239	1,700,467	1,303,511
Revenue related to construction of own assets	345,709	259,527	345,709	293,963
Other revenues	2,709	90,976	2,880	91,945
	<u>1,924,811</u>	<u>1,461,742</u>	<u>2,049,056</u>	<u>1,689,419</u>
Inputs Acquired from Third Parties				
Cost of sales and services	(630,264)	(406,304)	(589,012)	(389,169)
Materials, energy, third-party services and other operating expenses	(293,801)	(289,438)	(308,446)	(342,523)
	<u>(924,065)</u>	<u>(695,742)</u>	<u>(897,458)</u>	<u>(731,692)</u>
Gross value added	1,000,746	766,000	1,151,598	957,727
Depreciation and amortization	(153,760)	(106,419)	(156,931)	(117,057)
Harvested biological assets (depreciation)	(285,491)	(183,090)	(285,491)	(193,325)
Net value added produced by the Company	561,495	476,491	709,176	647,345
Value added received in transfer				
Equity pickup	183,903	177,958	41,093	39,454
Financial income	688,305	198,633	702,136	221,260
Other	1,453	(13,538)	1,453	(5,135)
Total value added to be distributed	<u>1,435,156</u>	<u>839,544</u>	<u>1,453,858</u>	<u>902,924</u>
Payment of value added				
Personnel and charges				
Direct Compensation	271,932	188,840	272,504	202,339
Benefits	73,588	47,904	73,718	53,605
Unemployment Compensation Fund (FGTS)	23,321	15,562	23,333	16,789
Management compensation	11,241	10,164	12,226	10,832
Taxes, charges and contributions				
Federal	(5,082)	41,904	9,881	51,674
State	486	369	731	373
Municipal	492	475	623	476
Creditors				
Interest	198,971	122,560	200,630	131,515
Leases	1,277	6,428	1,276	3,788
Foreign exchange gains	443,649	90,680	443,649	107,844
Other	289,912	85,170	289,918	91,942
Retained profits for the period	125,369	229,488	125,369	229,488
Noncontrolling interests	-	-	-	2,259
Value added distributed	<u>1,435,156</u>	<u>839,544</u>	<u>1,453,858</u>	<u>902,924</u>

See accompanying notes.

Notes to quarterly information**December 31, 2015**In thousands of reais, unless otherwise stated

1. Operations

A São Martinho S.A. (the “Company”), is a listed corporation headquartered in Pradópolis, State of São Paulo, and registered with the São Paulo Futures, Commodities and Securities Exchange - BM&BOVESPA S.A. - (“BM&BOVESPA”). The Company, its subsidiaries and jointly-controlled subsidiaries (together, the “Group”) are primarily engaged in planting sugar cane and producing and selling sugar, ethanol and other sugar cane 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 sugar cane used in the production of the goods derives from the Company’s own plantations, from shareholders, related companies and agricultural partnerships, and the remaining 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. Sugar cane requires an 18-month period for maturing and the beginning of the harvest. The harvest generally takes place between April and December, which is also the period when sugar and ethanol are produced and electricity is cogenerated.

The Company is a subsidiary of the holding company LJM Participações S.A. (“LJM”), which has controlling interest of 55.96% in its voting capital. In turn, the owners of LJM are the family holding companies: Luiz Ometto Participações S.A., João Ometto Participações S.A. and Nelson Ometto Participações Ltda.

During the period ended March 31, 2015, the Company acquired the controlling interest in Santa Cruz S.A. - Açúcar e Alcool (“SC”), and disposed of its equity investment in Agro Pecuária Boa Vista S.A. (“ABV”), as described in Note 10.

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

Issue of this quarterly information was approved by the Company’s Board of Directors on February 12, 2016.

2. Summary of significant accounting practices**2.1 Statement of compliance and basis of preparation**

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

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

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

Upon issue of standard IAS 27 (Separate Financial Statements) reviewed by the IASB in 2014, separate financial statements in accordance with IFRS are allowed to use the equity method for valuation of investments in subsidiaries, affiliates and jointly-controlled subsidiaries. In December 2014, the CVM issued Rule No. 733/2014, which approved the Document for Amending Accounting Pronouncements 7, referring to Pronouncements CPC 18, CPC 35 and CPC 37 issued by the Brazilian Financial Accounting Standards Board - FASB (CPC), accepting said amendment to IAS 27 and allowing its adoption for years ended as from December 31, 2014. Accordingly, the

Notes to quarterly information**December 31, 2015**In thousands of reais, unless otherwise stated

Company's quarterly information is in compliance with the IFRS as from March 31, 2015.

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

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

2.2 Basis of consolidation and investments in subsidiaries

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

Consolidated balances in the quarterly information for the period ended December 31, 2015 includes the following subsidiaries:

Notes to quarterly information
December 31, 2015

In thousands of reais, unless otherwise stated

Company	Interest held in capital	Main business activity
Vale do Mogi Empreendimentos Imobiliários S.A. ("Vale do Mogi")	100%	Exploration of land through agricultural lease and partnership, lease and sale of properties.
São Martinho Energia S.A. ("SME")	100%	Cogeneration of electricity
Companhia Bioenergética Santa Cruz 1 ("Bio")	100%	Cogeneration of electricity
São Martinho Inova S.A. ("SM Inova")	100%	Holding interest in companies
SPE - Residencial Recanto das Paineiras Empreendimentos Imobiliários Ltda. ("SPE Paineiras") – subsidiary of Vale do Mogi	100% (direct 0.01% and indirect 99.99%)	Merger and exploration of real estate venture
SPE - Park Empresarial Iracemápolis Ltda. ("SPE Park") – subsidiary of Vale do Mogi	100% (direct 0.01% and indirect 99.99%)	Merger and exploration of real estate venture
SPE - Residencial Limeira Ltda. ("SPE Limeira") – subsidiary of Vale do Mogi	100% (direct 0.01% and indirect 99.99%)	Merger and exploration of real estate venture
SPE - Residencial Pradópolis Ltda. ("SPE Pradópolis") – subsidiary of Vale do Mogi	100% (direct 0.01% and indirect 99.99%)	Merger and exploration of real estate venture
São Martinho Logística e Participações S.A. ("SM Logística")	100% (direct 99.99% and indirect 0.01%)	Storage of products in general

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

At December 31, 2015, the Company had the following jointly-controlled companies:

Notes to quarterly information

December 31, 2015

In thousands of reais, unless otherwise stated

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

2.3 Functional and reporting currencies

The quarterly information is presented in Real (R\$), which is the currency of the 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 P&L, except when deferred in equity as qualifying cash flow hedges.

2.5 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 statement of operations on a straight-line basis over the lease term.

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

The following new or revised standards are not yet effective for the period ended December 31, 2015:

- IFRS 9 — Financial Instruments
- IFRS 14 — Regulatory Deferral Accounts
- IFRS 15 — Revenue from Contracts with Customers
- IFRS 2 — Share-based Payment
- IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 — Financial Instruments: Disclosures
- IAS 19 — Employee Benefits
- IAS 34 — Interim Financial Reporting
- Amendments to IAS 1 – Disclosures
- Amendments to IFRS 10, IFRS 12 and IAS 28 — Investments in Associates and Joint Ventures: Exceptions to the consolidation rules
- Amendments to IFRS 11 – Joint Arrangements: Accounting for acquisition of equity shares
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IAS 16 and IAS 41 – IAS 41 – Agriculture
- Amendments to IAS 27 – Equity method in separate financial statements
- Amendment to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and associated or joint venture (joint arrangements)

Management is evaluating the adoption of these pronouncements and the impact on its financial statements from April 1, 2016, if applicable.

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) Allowance for doubtful accounts

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

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

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

(d) Fair value of biological assets

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

(e) Income tax, social contribution and other taxes

The 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.

(f) Fair value of derivatives and other financial instruments

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

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

(g) Provision for contingencies

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

Notes to quarterly information

December 31, 2015

In thousands of reais, unless otherwise stated

5. Cash and cash equivalents and short-term investments

Bank balances in domestic and foreign currencies, plus short-term investments classified in current assets, comprise the balance of funds available.

	Yields*	Company		Yields*	Consolidated	
		December 31, 2015	March 31, 2015		December 31, 2015	March 31, 2015
Cash and banks – in Brazil		297	2,041		1,491	8,359
Cash and banks - abroad		306,587	190,575		306,587	190,576
Short-term investments – in Brazil						
. Bank Deposit Certificates (CDBs)	100.51%	21,139	405,183	100.51%	21,139	405,183
. Debentures held under repurchase agreements	100.51%	16,084	391,891	100.49%	16,331	415,994
Total cash and cash equivalents		<u>344,107</u>	<u>989,690</u>		<u>345,548</u>	<u>1,020,112</u>
. Exclusive Investment fund (i)	100.10%	269,318	-	100.10%	306,407	-
Total short-term investments		<u>269,318</u>	<u>-</u>		<u>306,407</u>	<u>-</u>
Total funds available		<u>613,425</u>	<u>989,690</u>		<u>651,955</u>	<u>1,020,112</u>

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

(i) In order to diversify the portfolio of assets and optimize operational and financial management, the Company joined in June 2015 to an investment fund Referenced DI Exclusive with daily liquidity.

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:

Notes to quarterly information
December 31, 2015

In thousands of reais, unless otherwise stated

	Company		Consolidated	
	December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
Domestic market customers	83,404	79,227	123,608	101,431
Foreign market customers	95,769	62,935	95,769	62,935
	<u>179,173</u>	<u>142,162</u>	<u>219,377</u>	<u>164,366</u>
Current assets	179,173	141,601	197,108	156,317
Noncurrent assets	-	561	22,269	8,049

For the periods presented, management identified no need to record an allowance for doubtful accounts.

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

	Company		Consolidated	
	December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
Falling due:	178,220	141,551	218,150	163,739
Past due and not provisioned:				
Within 30 days	43	506	43	518
Above 31 days	910	105	1,184	109
	<u>179,173</u>	<u>142,162</u>	<u>219,377</u>	<u>164,366</u>

Out of the amount receivable, R\$4,045 and R\$3,175, Company and Consolidated, respectively (R\$2,719 and R\$2,565, Company and Consolidated, respectively, at March 31, 2015), refer to related parties, as detailed in Note 9.

Notes to quarterly information
December 31, 2015

In thousands of reais, unless otherwise stated

7. Inventories

	Company		Consolidated	
	December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
Current				
Finished products and work-in-process	525,100	81,410	508,182	81,410
Advances - procurement of sugar cane	72,269	39,575	72,269	39,575
Land subdivisions - land	-	-	6,622	10,322
Inputs, ancillary material for maintenance and other items	70,337	46,136	70,337	46,136
	667,706	167,121	657,410	177,443
Noncurrent				
Advances - procurement of sugar cane	19,275	49,607	19,275	49,607
	19,275	49,607	19,275	49,607
	686,981	216,728	676,685	227,050

- (i) In consolidated, the elimination of the profit margin between companies of the group is considered.

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

The balance classified as "Land subdivisions - land" refers to real estate developments SPE Paineiras, SPE Park, SPE Limeira and SPE Pradópolis.

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

Notes to quarterly information
December 31, 2015

In thousands of reais, unless otherwise stated

8. Taxes recoverable

Breakdown of taxes recoverable is as follows:

	Company		Consolidated	
	December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
Current				
PIS / COFINS	49,627	58,494	49,649	58,500
ICMS	27,346	27,346	28,064	27,948
Reintegra	23,737	15,572	23,737	15,572
Other	805	801	805	801
	101,515	102,213	102,255	102,821
Noncurrent				
PIS / COFINS	59,639	42,160	59,639	42,160
IOF on derivatives	6,866	6,380	6,866	6,380
ICMS	28,013	22,387	28,078	22,535
INSS	5,188	4,785	5,188	4,785
	99,706	75,712	99,771	75,860
	201,221	177,925	202,026	178,681

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

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

Notes to quarterly information
December 31, 2015

In thousands of reais, unless otherwise stated

	December 31, 2015	
	Company	Consolidated
From 01/01/2017 to 12/31/2017	61,879	61,901
From 01/01/2018 to 12/31/2018	12,436	12,458
From 01/01/2019 to 12/31/2019	12,186	12,207
From 01/01/2020 to 12/31/2020	5,505	5,505
From 01/01/2021 to 12/31/2022	3,250	3,250
From 01/01/2023	4,450	4,450
	<u>99,706</u>	<u>99,771</u>

9. Transactions with related parties
a) Company and consolidated balances:

Company	December 31, 2015				March 31, 2015			
	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities
Consolidated in the current quarterly information:								
Vale do Mogi Empreend. Imobiliários S.A.	106	-	40,035	-	137	-	3,643	-
Companhia Bioenergética Santa Cruz 1	185	-	36,307	-	11	-	1,223	-
São Martinho - Energia S.A.	575	-	42,508	-	5	-	2,179	-
São Martinho Inova S.A.	-	1,256	-	-	-	1,246	-	-
Other	4	-	-	-	-	-	-	-
Not consolidated in the current quarterly information:								
Luiz Ometto Participações S.A. (Note 31)	-	-	-	73,370	-	-	12,062	73,370
Usina Boa Vista S.A.	2,933	-	6	-	2,344	-	-	-
Usina Santa Luiza S.A.	59	-	-	-	57	-	185	-
Nova Fronteira Bioenergia S.A.	4	-	-	-	5	-	-	-
SMBJ Agroindustrial S.A.	4	-	-	-	5	-	-	-
SMA Indústria Química S.A.	92	-	-	-	58	-	-	-
Agro Pecuária Boa Vista S.A.	6	-	7	-	-	-	-	-
Other	77	-	91	-	97	34	73	-
Subtotal	4,045	1,256	118,954	73,370	2,719	1,280	19,365	73,370
Inventories – procurement of sugar cane								
Shareholders	1,241	-	1,858	-	1,015	-	1,027	-
	<u>5,286</u>	<u>1,256</u>	<u>120,812</u>	<u>73,370</u>	<u>3,734</u>	<u>1,280</u>	<u>20,392</u>	<u>73,370</u>

Notes to quarterly information
December 31, 2015

In thousands of reais, unless otherwise stated

Consolidated	December 31, 2015				March 31, 2015			
	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities
From investees and related parties:								
Usina Boa Vista S.A.	2,933	-	6	-	2,344	-	-	-
Nova Fronteira Bioenergia S.A.	4	-	-	-	5	-	-	-
Luiz Ometto Participações S.A. (Note 31)	-	-	-	73,370	-	-	12,062	73,370
Usina Santa Luiza S.A.	59	-	-	-	57	-	185	-
SMA Indústria Química S.A.	92	-	-	-	58	-	-	-
SMBJ Agroindustrial S.A.	4	-	-	-	5	-	-	-
Agro Pecuária Boa Vista S.A.	6	-	7	-	-	-	-	-
Other	77	-	91	-	96	34	73	-
Subtotal	3,175	-	104	73,370	2,565	34	12,320	73,370
Inventories – procurement of sugar cane								
Shareholders	1,241	-	1,858	-	1,015	-	1,027	-
	<u>4,416</u>	<u>-</u>	<u>1,962</u>	<u>73,370</u>	<u>3,580</u>	<u>34</u>	<u>13,347</u>	<u>73,370</u>

The balances in current assets are classified as trade accounts receivable and inventories in the balance sheet. The balance of R\$103,093 in current liabilities refers to prepaid dividends (classified as transactions with related parties in the balance sheet). The remaining balance (classified as trade accounts payable in the balance sheet) refers to purchases and sales of products and services, and prepaid dividends between the Company, its investees and related parties. The balances in noncurrent assets refer to future capital contributions and in noncurrent liabilities to acquisition of equity investment.

b) Company and Consolidated transactions for the period:

Company	December 31, 2015			December 31, 2014		
	Sales revenue	Expenses reimbursed	Sales of products and services	Sales revenue	Expenses reimbursed	Sales of products and services
Consolidated in current financial statements:						
Vale do Mogi Empreend. Imobiliários S.A.	-	506	(47,981)	-	14	(43,297)
Companhia Bioenergética Santa Cruz 1	3,831	17	(3,442)	-	-	-
São Martinho - Energia S.A.	5,601	214	-	-	-	-
Not consolidated in current financial statements:						
Usina Boa Vista S.A.	-	10,200	-	-	9,795	-
Usina Santa Luiza S.A.	-	256	-	-	305	-
SMA Indústria Química S.A.	-	314	-	84	191	-
Santa Cruz S.A. Açúcar e Alcool	-	-	-	-	4,047	-
Other	-	370	-	5,417	606	(645)
Shareholders and related parties						
- Procurement of sugar cane	-	-	(10,408)	-	-	(9,924)
	<u>9,432</u>	<u>11,877</u>	<u>(61,831)</u>	<u>5,501</u>	<u>14,958</u>	<u>(53,866)</u>

Sales revenue refers to sale of steam. Purchases of products and services are derived from purchase of sugar cane, electricity and steam manufacturing service.

Notes to quarterly information
December 31, 2015

In thousands of reais, unless otherwise stated

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.

Consolidated	December 31, 2015		December 31, 2014		
	Expenses reimbursed	Sales of products and services	Sales revenue	Expenses reimbursed	Sales of products and services
Usina Boa Vista S.A.	10,200	-	-	9,795	-
Usina Santa Luiza S.A.	256	-	-	305	-
SMA Indústria Química S.A.	314	-	84	191	-
Santa Cruz S.A. Açúcar e Alcool	-	-	-	4,047	-
Other	370	-	-	333	-
Shareholders and related parties					
- Procurement of sugar cane	-	(10,408)	-	-	(9,924)
	11,140	(10,408)	84	14,671	(9,924)

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

c) Key management personnel compensation:

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

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Salaries, fees and bonus	11,687	11,240	12,897	12,774
Social security contributions and social charges	2,290	2,218	2,532	2,442
Other	708	700	836	798
	14,685	14,158	16,265	16,014

Notes to quarterly information
December 31, 2015

In thousands of reais, unless otherwise stated

10. Investments
10.1 Subsidiaries, jointly-controlled subsidiaries and affiliates

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

				Company				Consolidated	
Company	% of interest held	Equity adjusted of investee		Carrying amount of investments		Equity pickup		Carrying amount of investments	
		December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015	December 31, 2015	December 31, 2014	December 31, 2015	March 31, 2015
Classified in investment									
Vale do Mogi Empreend. Imobiliários S.A.	100.00%	1,678,319	1,678,250	1,678,319	1,678,250	47,046	45,663	-	-
São Martinho - Energia S.A.	100.00%	63,816	9,365	63,816	9,365	57,525	52,025	-	-
Vale do Piracicaba S.A.	100.00%	17,346	17,334	17,346	17,334	13	7,132	-	-
Santa Cruz S.A. Açúcar e Álcool (ii)	-	-	-	-	-	-	31,534	-	-
Agro Pecuária Boa Vista S.A. (iii)	-	-	-	-	-	-	2,507	-	-
São Martinho Logística e Participações S.A.	100.00%	3,218	3,367	3,218	3,367	(86)	(70)	-	-
Nova Fronteira Bioenergia S.A. (i)	50.95%	884,923	803,414	450,868	409,352	41,529	32,023	450,868	409,352
Companhia Bioenergética Santa Cruz 1	100.00%	154,852	122,733	154,853	122,733	38,331	8,019	-	-
CTC - Centro de Tecnologia Canavieira S.A. (i)	5.67%	327,946	327,620	-	-	-	498	18,595	18,578
Other		8,313	8,404	1,865	1,850	-	(1)	1,865	1,850
Total classified in investment		3,138,733	2,970,487	2,370,285	2,242,251	184,358	179,330	471,328	429,780
Classified in noncurrent liabilities									
SMA - Indústria Química S/A (i)	50.00%	(3,955)	(3,737)	(1,977)	(1,869)	(109)	(97)	(1,977)	(1,869)
Usina Santa Luiza S.A. (i)	66.67%	(14,107)	(13,587)	(9,405)	(9,058)	(346)	(1,275)	(9,405)	(9,058)
Total classified in noncurrent liabilities		(18,062)	(17,324)	(11,382)	(10,927)	(455)	(1,372)	(11,382)	(10,927)
Closing balance		3,120,671	2,953,163	2,358,903	2,231,324	183,903	177,958	459,946	418,853

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

- (i) Investees are not consolidated and these investments are reported in the consolidated quarterly information under the equity method;
- (ii) Merged during the prior year;
- (iii) Disposed of during the prior year.

10.2 Changes in corporate structure during the prior year

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

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

- Disposal of Agro Pecuária Boa Vista S.A. ("ABV") - Note 10.6;
- Acquisition and merger of Santa Cruz S.A. - Açúcar e Alcool ("SC") - Note 10.7.1.

10.3 Reduction in capital of Vale do Mogi

On September 28, 2015, the Board of Directors approved a reduction in capital of Vale do Mogi amounting to R\$1,677, without cancelling the shares, by way of as accord and satisfaction involving certain properties. These assets include surplus deemed cost amounting to R\$17,457.

11. Biological assets

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

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

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

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

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In thousands of reais, unless otherwise stated

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

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

The following significant assumptions were used to determine fair value:

Company and consolidated	December 31, 2015	March 31, 2015
Harvested estimated total area (ha)	163,444	157,630
Expected productivity (metric ton/ha)	82.62	80.66
Amount of ATR per metric ton of sugar cane (kg)	132.37	134.34
Estimated average price per ATR (R\$)	0.5937	0.4998

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 P&L for the period.

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

	Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Biological assets at March 31	936,241	596,309	936,241	596,309
Increases due to planting	117,077	72,234	117,077	87,018
Increases due to treatment	208,510	150,744	208,510	172,722
Consolidation of SC	-	-	-	252,309
Change in fair value	28,705	865	28,705	(2,602)
Merger of SC	-	270,606	-	-
Decreases resulting from harvesting	(347,977)	(249,886)	(347,977)	(264,884)
Biological assets at the end of period	942,556	840,872	942,556	840,872

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(a) Agricultural partnerships and lease agreements

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

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

Company and consolidated	December 31, 2015	March 31, 2015
Within 1 year	220,671	164,219
From 1 to 5 years	660,038	499,309
Above 5 years	510,352	425,802
	<u>1,391,061</u>	<u>1,089,330</u>

12. Property, plant and equipment

Net book values and 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.

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Impairment of nonfinancial assets

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

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

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In thousands of reais, unless otherwise stated

Company	Land	Buildings and facilities	Manufacturing facilities and equipment	Maintenance between harvests	Vehicles	Agricultural machinery and implements	Other PP&E	Construction in progress	Total
Balances at March 31, 2014	533,478	101,873	484,080	69,770	93,463	149,892	14,732	80,809	1,528,097
Acquisition	-	10	1,057	128,978	22,481	23,117	1,069	91,679	268,391
Cost of sale	-	-	(1)	-	(551)	(2,033)	-	-	(2,585)
Payment of capital - Vale Mogi	(476,795)	-	-	-	-	-	-	-	(476,795)
Merger of SC	30,988	45,446	221,565	3,838	28,756	35,600	966	13,924	381,083
Purchase Pricing Allocation (PPA)	37,491	15,418	658	-	23,513	53,195	-	-	130,275
Transfers between groups	-	38,302	97,969	-	2,298	1,191	1,919	(141,679)	-
Depreciation	-	(4,204)	(35,673)	(77,152)	(8,834)	(22,781)	(2,991)	-	(151,635)
Balances at March 31, 2015	125,162	196,845	769,655	125,434	161,126	238,181	15,695	44,733	1,676,831
Total cost	125,162	220,548	993,225	125,669	200,124	328,576	50,439	44,733	2,088,476
Accumulated depreciation	-	(23,703)	(223,570)	(235)	(38,998)	(90,395)	(34,744)	-	(411,645)
Net book value	125,162	196,845	769,655	125,434	161,126	238,181	15,695	44,733	1,676,831
Acquisition	-	-	904	22,575	12,097	24,749	830	59,101	120,256
Cost of sale	-	-	(50)	-	(389)	(3,564)	(1)	-	(4,004)
Transfers between groups	-	18,724	45,378	-	516	1,567	591	(66,776)	-
Capital reduction in Vale do Mogi	12,929	6,205	-	-	-	-	-	-	19,134
Depreciation	-	(5,465)	(48,475)	(131,153)	(11,168)	(28,360)	(2,396)	-	(227,017)
Balances at December 31, 2015	138,091	216,309	767,412	16,856	162,182	232,573	14,719	37,058	1,585,200
Total cost	138,091	245,477	1,039,383	148,244	212,041	347,693	51,829	37,058	2,219,816
Accumulated depreciation	-	(29,168)	(271,971)	(131,388)	(49,859)	(115,120)	(37,110)	-	(634,616)
Net book value	138,091	216,309	767,412	16,856	162,182	232,573	14,719	37,058	1,585,200
Net book values:									
Historical cost	2,406	150,791	523,126	16,856	130,199	168,666	14,719	37,058	1,043,821
Surplus	135,685	65,518	244,286	-	31,983	63,907	-	-	541,379
Average annual depreciation rates	-	2.89%	5.70%	100.00%	7.39%	10.26%	12.02%	-	-

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Consolidated	Land	Buildings and facilities	Manufacturing facilities and equipment	Maintenance between harvests	Vehicles	Agricultural machinery and implements	Other PP&E	Construction in progress	Total
Balances at March 31, 2014	1,690,255	108,887	509,983	69,770	93,463	149,892	14,732	80,809	2,717,791
Acquisition	-	3,193	1,058	129,347	22,973	25,040	1,082	97,420	280,113
Cost of disposal	(639)	-	(1)	-	(709)	(2,033)	-	-	(3,382)
Capital payment	(5,993)	-	-	-	-	-	-	-	(5,993)
Consolidation of SC	30,988	43,945	272,833	3,921	29,330	35,972	712	18,374	436,075
Purchase Pricing Allocation (PPA)	37,491	16,453	4,357	-	23,513	53,195	-	-	135,009
Transfers between groups	-	40,450	105,513	-	2,506	1,191	2,209	(151,869)	-
Accumulated	-	(5,235)	(55,702)	(77,235)	(9,950)	(25,075)	(3,040)	-	(176,237)
Balances at March 31, 2015	1,752,102	207,693	838,041	125,803	161,126	238,182	15,695	44,734	3,383,376
Total cost	1,752,102	235,226	1,075,212	126,038	200,124	328,577	50,439	44,734	3,812,452
Accumulated depreciation	-	(27,533)	(237,171)	(235)	(38,998)	(90,395)	(34,744)	-	(429,076)
Net book value	1,752,102	207,693	838,041	125,803	161,126	238,182	15,695	44,734	3,383,376
Acquisition	1,145	9	904	22,603	12,097	24,749	831	59,493	121,831
Cost of disposal	(118)	-	(50)	-	(389)	(3,564)	(1)	-	(4,122)
Transfers between groups	-	18,724	45,378	-	516	1,567	591	(66,776)	-
Transfer to inventory	(2,785)	-	-	-	-	-	-	-	(2,785)
Depreciation	-	(5,824)	(50,991)	(131,500)	(11,168)	(28,360)	(2,396)	-	(230,239)
Balances at December 31, 2015	1,750,344	220,602	833,282	16,906	162,182	232,574	14,720	37,451	3,268,061
Total cost	1,750,344	251,713	1,121,370	148,641	212,041	347,694	51,830	37,451	3,921,084
Accumulated depreciation	-	(31,111)	(288,088)	(131,735)	(49,859)	(115,120)	(37,110)	-	(653,023)
Net book value	1,750,344	220,602	833,282	16,906	162,182	232,574	14,720	37,451	3,268,061
Net book values:									
Historical cost	105,709	153,952	572,146	16,906	130,199	168,667	14,720	37,451	1,199,750
Surplus	1,644,635	66,650	261,136	-	31,983	63,907	-	-	2,068,311
Average annual depreciation rates	-	3.02%	5.56%	100.00%	7.39%	10.26%	12.02%	-	-

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Under the terms of certain borrowing agreements of the Group, property, plant and equipment totaling R\$1,219,526 (consolidated) were pledged as collateral, of which R\$659,889 refers to rural properties (19,572 hectares of land).

The Group capitalized financial charges amounting to R\$1,792 for the period ended December 31, 2015 (December 31, 2014 - R\$1,075). For the same period, the Company's property, plant and equipment includes assets arising from lease agreements that transfer risks, rewards and controls amounting to R\$1,436 (December 31, 2014 - R\$2,101).

13. Intangible assets

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

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

	Company		Consolidated	
	December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
Goodwill based on future profitability - USL (i)	79,709	79,709	79,709	79,709
Goodwill based on future profitability - Mirtilo (i)	115,798	115,798	115,798	115,798
Goodwill based on future profitability - SC (i)	179,126	179,126	179,126	179,126
Software	22,018	19,497	22,018	19,497
Accumulated amortization	(13,956)	(11,544)	(13,956)	(11,544)
Rights on sugar cane contracts (ii)	11,781	12,330	11,781	12,330
Rights on electricity contracts (iii)	-	-	89,176	103,401
Other assets	2,690	1,364	4,634	2,224
	<u>397,166</u>	<u>396,280</u>	<u>488,286</u>	<u>500,541</u>

(i) Goodwill on the net assets acquired, whose operations were assumed by the Company.

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

(iii) Refers to the fair value allocated under Bio's agreements for electricity supply, effective up to 2025.

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14. Borrowings

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

Modalidade	Annual charges		Company		Consolidated	
	Rate	Index	December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
In Local Currency						
Export Credit Note (NCE)	101.71% k	Deposit Certific	577,524	815,024	577,524	815,024
BNDES credit facilities	3.27%	TJLP	270,846	317,404	278,952	326,302
BNDES credit facilities	4.08%	Fixed	293,620	303,082	306,350	317,601
Securitized rural credits	4.58%	IGP-M	49,827	57,445	49,827	57,445
Rural credit	6.50%	Fixed	64,361	32,651	64,361	32,651
FINEP	4.00%	Fixed	62,777	24,254	62,777	24,254
Leasing	9.75%	Fixed	-	839	-	839
Other securitized credits	3.00%	Fixed	53	57	53	57
Total in local currency			1,319,008	1,550,756	1,339,844	1,574,173
In Foreign Currency						
		Exchange				
Pre-export financing (PPE)	2.66%	variation (EV)	1,292,129	981,525	1,292,129	981,525
Export Credit Note (NCE)	4.30%	EV	707,368	503,968	707,368	503,968
Advance on exchange contracts (ACC)	1.16%	EV	197,067	160,475	197,067	160,475
BNDES credit facilities	6.69%	EV	25,707	19,938	25,707	19,938
Total in foreign currency			2,222,271	1,665,906	2,222,271	1,665,906
Total			3,541,279	3,216,662	3,562,115	3,240,079
Current			690,971	868,879	694,514	872,419
Noncurrent			2,850,308	2,347,783	2,867,601	2,367,660

Some transactions in foreign currency are pegged to swap agreements for Brazilian reais, not exposed to foreign exchange fluctuations.

In addition, some transactions in domestic currency are pegged to swap agreements for US dollar, exposed to foreign exchange fluctuations.

Transactions pegged to swap agreements are as follows:

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	Company		Consolidated	
	December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
Transactions in foreign currency pegged to swap for local currency	440,072	261,003	440,072	261,003
Transactions in local currency	1,200,166	1,349,617	1,221,002	1,373,034
Total in local currency	1,640,238	1,610,620	1,661,074	1,634,037
Transactions in local currency pegged to swap for foreign currency	118,842	201,139	118,842	201,139
Transactions in foreign currency	1,782,199	1,404,903	1,782,199	1,404,903
Total in foreign currency	1,901,041	1,606,042	1,901,041	1,606,042
Total	3,541,279	3,216,662	3,562,115	3,240,079

For agreements in foreign currency, R\$286,014 of Pre-Export Financing (PPE) and R\$73,704 of NCEs are pegged to libor swaps to a fixed rate.

At December 31, 2015, of total debt of the Company, R\$2,586,682 is encumbered.

Noncurrent borrowings mature as follows:

	Company	Consolidated
From 01/01/2017 to 12/31/2017	903,587	907,069
From 01/01/2018 to 12/31/2018	775,785	779,267
From 01/01/2019 to 12/31/2019	671,730	675,212
From 01/01/2020 to 12/31/2020	310,378	313,860
From 01/01/2021 to 12/31/2021	93,945	95,840
From 01/01/2022 to 02/28/2030	94,883	96,353
	2,850,308	2,867,601

Covenants

Some borrowing agreements provide for certain contractual borrowing conditions (covenants) which had been fulfilled by the Company at March 31, 2015.

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Securitized rural credits

The Company securitized debts with financial institutions through the purchase of National Treasury Notes (CTN). This securitized financing will be automatically settled on the maturity dates through the redemption of the CTNs, which are non-negotiable notes, exclusively intended for payment of this debt. The companies' disbursements during the 20 years in which this securitization is effective are limited to the annual payment of amounts equivalent to the application of variable percentages between 3.8% and 4.96% per annum of the securitized amount, monetarily restated by reference to the General Market Price Index (IGP-M), limited to 9.5% per annum up to the annual payment date. This obligation is recorded in the quarterly information based on the amount of future disbursements adjusted to present value.

15. Trade accounts payable

	Company		Consolidated	
	December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
Sugar cane	115,227	33,732	101,091	30,087
Materials, services and other	51,979	68,134	51,456	65,389
	<u>167,206</u>	<u>101,866</u>	<u>152,547</u>	<u>95,476</u>

Out of the amount receivable, R\$15,861 and R\$104, Company and Consolidated, respectively (R\$7,303 and R\$258, Company and Consolidated, respectively, at March 31, 2015), refer to related parties, as detailed in Note 9.

16. Payables to Copersucar

Copersucar provided funds to companies during the period in which they were cooperative members through bills of exchange, for the purpose of financing their operations. The funds were obtained by the Cooperative in the market and transferred to the cooperative members, for short-term settlement, and from temporary cash surpluses arising from injunctions in lawsuits claiming the suspension of liabilities. These cash surpluses are related to provisions for contingencies recorded by the Cooperative under noncurrent liabilities.

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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	December 31, 2015	March 31, 2015
REFIS - Copersucar – restated by reference to SELIC rate	105,960	107,971
Bill of exchange – Restated by reference to SELIC rate	82,646	79,797
Bill of exchange – Onlending of funds not subject to charges	50,587	50,587
Expenses with tax proceedings (i)	24,889	43,269
Total	264,082	281,624
Current liabilities	26,929	2,040
Noncurrent liabilities	237,153	279,584

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

(i) Copersucar has been served delinquency notices with respect to State VAT (ICMS) on fuel and industrial ethanol sales made up to December 31, 2008. Copersucar legal counsel assesses the outcome in these lawsuits as a risk of possible loss. Copersucar believes that it has strong arguments to successfully defend the fines imposed by the State Tax Authorities over these delinquency notices. Costs from these notices and attorney's fees for the Company totaled R\$33,542.

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17. Equity
(a) Capital

At December 31, 2015, capital amounted to R\$931,340 (R\$812,992 at March 31, 2015), represented by 113,329,207 registered common shares, without par value.

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

(b) Treasury shares

In the period ended December 31, 2015, 184,632 shares were repurchased for the amount of R\$8,734. In addition, in the same period 318,848 treasury shares were sold due to share purchase options exercised by the Company's officers (item (f) below), there remaining 275,459 treasury shares.

	Number	Average acquisition price*	Total
Treasury shares at March 31, 2015	409,675	18.00	7,375
Share purchase	184,632	47.31	8,734
Stock option exercised	(318,848)	24.73	(7,883)
Treasury shares at December 31, 2015	275,459	29.86	8,226

* including additional acquisition costs - in reais

(c) Equity adjustments

- 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".

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

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

- **Hedge accounting fair value**

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

(d) Legal and capital investment reserves

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 protect the entity's capital, and it can only be used to offset losses and increase capital.

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

(e) 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.

(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.

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At the Board of Director's meeting held on December 14, 2015, the 7th Stock Option Plan was approved. The new plan regulation will govern all characteristics of the other plans existing in the Company.

The stock option plans issued and the changes in outstanding stock options for the period ended December 31, 2015 are as follows:

Plan	2nd Plan	3rd Plan	4th Plan	5th Plan	6th Plan	7th Plan	Total
Plan issue date	11/28/2011	12/12/2011	12/17/2012	12/16/2013	12/15/2014	12/14/2015	
Limit date for exercise*	2018	2018	2019	2020	2021	2022	
Options fair value (R\$)	3,20 - 6,41	4,98 - 7,56	6,86 - 7,86	8,47 - 9,46	11,39 - 12,59	16,65 - 18,63	
Options granted	140,400	418,538	391,726	380,812	338,088	255,900	1,925,464
Options exercised	(140,400)	(361,547)	(219,195)	(62,039)	-	-	(783,181)
Outstanding stock options	-	56,991	172,531	318,773	338,088	255,900	1,142,283
Strike price	19.31	18.49	25.11	27.40	36.11	47.60	

* 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.

In the period ended December 31, 2015, 318,848 stock options were exercised in the amount of R\$7,166.

The fair value attributed to these options was determined based on the Black & Scholes pricing model. The Company recognized a stock option expense of R\$2,136 (R\$2,130 at December 31, 2014).

(g) Capital reserve

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

(h) Unearned income reserve

This reserve refers to unearned income, comprising the sale of equity interest held in ABV amounting to R\$52,613, sale of properties arising from real estate developments amounting to R\$10,297, and gains/losses on equity pickup and gain on a change in equity interest amounting to R\$29,438.

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18. Profit sharing program

The Company manages, as part of its policy, a profit sharing program based on operating and financial targets previously agreed upon with its employees. The amount of profit sharing for the periods ended December 31, 2015 and 2014, recorded as operating costs or expenses in P&L, amounted to R\$30,448 and R\$26,302, in Company and consolidated, respectively.

19. Income and social contribution taxes

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

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

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

	Company		Consolidated	
	December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
Current assets - prepayments				
. Income and social contribution taxes to offset	80,861	64,278	80,862	64,633
Current liabilities – current debts				
. Income and social contribution taxes payable	-	725	1,994	1,511

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(b) Changes in deferred income and social contribution taxes

Company	September 30, 2015	Quarter		December 31, 2015
		Recognized in P&L	Recognized in equity	
. Derivative financial instruments	295,032	9,585	16,734	321,351
. Employees' profit sharing and bonus	10,435	3,375	-	13,810
. Income and social contribution tax losses	70,220	(16,198)	-	54,022
. Provision for contingencies	16,716	1,853	-	18,569
. Provision for other obligations	6,181	-	-	6,181
. Biological assets and agricultural product (change in fair value)	7,791	(2,167)	-	5,624
. Other	3,463	(1,435)	-	2,028
Total income and social contribution tax asset	409,838	(4,987)	16,734	421,585
. Present value adjustment	(2,648)	186	-	(2,462)
. Divestiture with deferred taxation	(27,104)	-	-	(27,104)
. Tax benefit on merged goodwill	(54,959)	(7,590)	-	(62,549)
. Accelerated tax-incentive depreciation	(177,369)	10,678	-	(166,691)
. Securitized loans	(17,651)	(636)	-	(18,287)
. Surplus of PP&E (Deemed cost)	(189,917)	3,577	-	(186,340)
. Other	(711)	155	-	(556)
. Foreign exchange gains (losses)	(93,448)	22,209	-	(71,239)
Total income and social contribution tax liability	(563,807)	28,579	-	(535,228)
Deferred income and social contribution taxes	(153,969)	23,592	16,734	(113,643)

Consolidated	September 30, 2015	Quarter		December 31, 2015
		Recognized in P&L	Recognized in equity	
. Derivative financial instruments	295,032	9,585	16,734	321,351
. Employees' profit sharing and bonus	10,435	3,375	-	13,810
. Income and social contribution tax losses	70,220	(16,198)	-	54,022
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. Divestiture with deferred taxation	(27,104)	-	-	(27,104)
. Tax benefit on merged goodwill	(54,959)	(7,590)	-	(62,549)
. Accelerated tax-incentive depreciation	(177,369)	10,678	-	(166,691)
. Securitized loans	(17,651)	(636)	-	(18,287)
. Surplus of PP&E (Deemed cost)	(194,517)	3,621	-	(190,896)
. Other	(1,066)	97	-	(969)
. Intangible assets	(33,133)	1,255	-	(31,878)
. Foreign exchange gains (losses)	(93,448)	22,209	-	(71,239)
Total income and social contribution tax liability	(601,895)	29,820	-	(572,075)
Deferred income and social contribution taxes	(192,057)	24,833	16,734	(150,490)

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Company	March 31, 2015	YTD		December 31, 2015
		Recognized in P&L	Recognized in equity	
. Derivative financial instruments	197,515	(5,104)	128,940	321,351
. Employees' profit sharing and bonus	5,035	8,775	-	13,810
. Income and social contribution tax losses	58,914	(4,892)	-	54,022
. Provision for contingencies	17,988	581	-	18,569
. Provision for other obligations	18,461	(12,280)	-	6,181
. Biological assets and agricultural product (change in fair value)	5,163	461	-	5,624
. Other	1,921	107	-	2,028
Total income and social contribution tax asset	304,997	(12,352)	128,940	421,585
. Present value adjustment	(3,297)	836	-	(2,461)
. Divestiture with deferred taxation	(27,104)	-	-	(27,104)
. Tax benefit on merged goodwill	(39,779)	(22,770)	-	(62,549)
. Accelerated tax-incentive depreciation	(190,863)	24,172	-	(166,691)
. Securitized loans	(17,400)	(887)	-	(18,287)
. Surplus of PP&E (Deemed cost)	(189,950)	9,546	(5,936)	(186,340)
. Other	(617)	61	-	(556)
. Exchange gains (losses)	(118,299)	47,059	-	(71,240)
Total income and social contribution tax liability	(587,309)	58,017	(5,936)	(535,228)
Deferred income and social contribution taxes	(282,312)	45,665	123,004	(113,643)

Consolidated	March 31, 2015	YTD		December 31, 2015
		Recognized in P&L	Recognized in equity	
. Derivative financial instruments	197,515	(5,104)	128,940	321,351
. Employees' profit sharing and bonus	5,035	8,775	-	13,810
. Income and social contribution tax losses	58,914	(4,892)	-	54,022
. Provision for contingencies	17,988	581	-	18,569
. Provision for other obligations	18,461	(12,280)	-	6,181
. Biological assets and agricultural product (change in fair value)	5,163	461	-	5,624
. Other	1,921	107	-	2,028
Total income and social contribution tax asset	304,997	(12,352)	128,940	421,585
. Present value adjustment	(3,297)	836	-	(2,461)
. Divestiture with deferred taxation	(27,104)	-	-	(27,104)
. Tax benefit on merged goodwill	(39,779)	(22,770)	-	(62,549)
. Accelerated tax-incentive depreciation	(190,863)	24,172	-	(166,691)
. Securitized loans	(17,400)	(887)	-	(18,287)
. Surplus of PP&E (Deemed cost)	(194,683)	9,722	(5,936)	(190,897)
. Other	(617)	(351)	-	(968)
. Intangible assets	(36,766)	4,888	-	(31,878)
. Exchange gains (losses)	(118,299)	47,059	-	(71,240)
Total income and social contribution tax liability	(628,808)	62,669	(5,936)	(572,075)
Deferred income and social contribution taxes	(323,811)	50,317	123,004	(150,490)

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

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

Consolidated Periods ended:	Estimated realized value
2015/2016 crop	59,750
2016/2017 crop	108,458
2017/2018 crop	105,766
2018/2019 crop	44,430
From 2019/2020 crop	103,181
	<u>421,585</u>

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

(c) Reconciliation of income and social contribution taxes

	Company			
	December 31, 2015	December 31, 2015	December 31, 2014	December 31, 2014
	Quarter	9 months	Quarter	9 months
Income before taxes	75,979	90,872	42,802	247,340
Income and social contribution taxes at statutory rates (34%)	(25,833)	(30,896)	(14,553)	(84,096)
Adjustments for calculation of effective tax rate:				
. Equity pickup	24,605	62,527	23,156	60,506
. Other permanent exclusions (additions), net	793	2,623	2,090	5,546
. Unrecorded deferred taxes	-	-	146	146
. Other	126	38	2	20
. Tax incentives	350	205	(103)	26
Income and social contribution tax expense	41	34,497	10,738	(17,852)
Current income and social contribution taxes	(23,551)	(11,168)	1,355	-
Deferred income and social contribution taxes	23,592	45,665	9,383	(17,852)
Income and social contribution tax effective rate	-0.1%	-38.0%	-25.1%	7.2%

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	Consolidated			
	December 31, 2015	December 31, 2015	December 31, 2014	December 31, 2014
	Quarter	9 months	Quarter	9 months
Income before taxes	78,397	100,116	45,033	252,745
Income and social contribution taxes at statutory rates (34%)	(26,655)	(34,039)	(15,311)	(85,933)
Adjustments for calculation of effective tax rate:				
. Equity pickup	10,568	13,972	3,454	13,414
. Other permanent exclusions (additions), net	793	2,621	5,566	8,402
. Unrecorded deferred taxes	-	-	(1,342)	(746)
. Adjustment of calculation of subsidiary whose taxable profit is computed as	12,498	42,870	19,820	46,711
. Gain (loss) on inventories	(57)	(412)	(315)	(315)
. Other	126	38	(2,235)	(2,198)
. Tax incentives	350	203	(161)	(333)
Income and social contribution tax expense	(2,377)	25,253	9,476	(20,998)
Current income and social contribution taxes	(26,866)	(18,980)	(2,379)	(6,679)
Deferred income and social contribution taxes	24,489	44,233	11,855	(14,319)
Income and social contribution tax effective rate	3.0%	-25.2%	-21.0%	8.3%

20. Commitments

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

Riparian forests and land for legal reserve

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

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

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Ethanol supply agreement

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

Sureties granted

In addition, the Company is the guarantor of borrowings contracted by UBV totaling R\$167,475.

Electricity supply

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

21. Provision for contingencies

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

21.1 Probable losses

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

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	Company					December 31, 2015
	March 31, 2015	Additions	Reversals	Use	Restatements	
Tax	8,625	1,017	(366)	(385)	514	9,405
Civil and environmental	4,794	1,763	(1,440)	(3,255)	1,227	3,089
Labor	40,941	15,269	(9,159)	(11,058)	7,894	43,887
Total	54,360	18,049	(10,965)	(14,698)	9,635	56,381
Judicial deposits	26,587	12,773	-	(11,002)	726	29,084

	Consolidated					December 31, 2015
	March 31, 2015	Additions	Reversals	Use	Restatements	
Tax	9,693	2,248	(371)	(385)	515	11,700
Civil and environmental	4,793	1,763	(1,440)	(3,255)	1,227	3,088
Labor	40,944	15,269	(9,159)	(11,058)	7,894	43,890
Total	55,430	19,280	(10,970)	(14,698)	9,636	58,678
Judicial deposits	27,927	14,004	-	(11,002)	726	31,655

Judicial deposits are monetarily restated and reported in noncurrent assets.

The nature of the main lawsuits at December 31, 2015 included in the above provisions is as follows (Company and consolidated):

Tax proceedings:

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

Civil and environmental proceedings:

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

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)

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recognition of employment relationship with the consequent payment of the 13th monthly salary and vacation pay, plus 1/3 vacation bonus.

21.2 Possible losses

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

Tax proceedings:

Consolidated		Stage			
Nature	No. of proceedings	Administrative	Trial court	Higher court	Total
(i) Social security contribution	16	134,374	-	13,541	147,915
(ii) Calculation of IRPJ/CSLL	5	193,890	-	-	193,890
(iii) IRPJ losses	9	3,197	-	-	3,197
CSLL losses	5	170	-	-	170
Offset of credits - PIS	5	138	-	3,241	3,379
Offset of federal taxes	4	276	-	-	276
(iv) Other tax proceedings	46	9,374	4,615	1,547	15,536
	90	341,419	4,615	18,329	364,363

- (i) These refer to the levy of Social Security Tax (INSS) on export revenue, under the allegation that exports carried out through intermediation of a cooperative are not included in the exemption established in article 149, paragraph 2, of the Brazilian Federal Constitution.
- (ii) These refer to exclusion of expenses on securitized financing, as well as expenses arising from the benefit of accelerated tax-incentive depreciation from the Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL) bases.
- (iii) The proceedings refer to requests to offset IRPJ, CSLL, Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) and other federal taxes as a result of overpayments and/or tax losses and export credits whose offset has been rejected by the Brazilian IRS (RFB) and which are pending judgment of protest letters/voluntary appeals.
- (iv) The proceedings refer to disputes involving other tax cases, including, among others, the contribution to the National Service for Industrial Training (SENAI) and the fee to the

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National Department of Mineral Research (DNPM), whose likelihood of loss is assessed as “possible”.

Civil and environmental proceedings:

Consolidated		Stage				
Nature	No. of proceedings	Administrative	Trial court	Lower court	Higher court	Total
Environmental	33	1,231	3,316	400	-	4,947
Civil						
Indemnities	21	-	11,581	4	35	11,620
Review of contracts	11	-	1,657	-	-	1,657
Other civil proceedings	21	-	1,339	13	-	1,352
Labor						
Assessment notice	17	40	-	-	-	40
	103	1,271	17,893	417	35	19,616

22. Derivative financial instruments and risk management

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

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

22.1 Market risks
(a) Currency risk

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

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

Assets and liabilities subject to foreign exchange fluctuation

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

Consolidated	R\$	Thousands of US\$ equivalent
Current assets		
Cash and cash equivalents (banks – demand deposits)	306,587	78,515
Trade accounts receivable	95,769	24,526
Derivative financial instruments	66,147	16,940
Total assets	468,503	119,981
Liabilities		
Current:		
Borrowings	459,959	117,811
Derivative financial instruments	191,782	49,122
Noncurrent:		
Borrowings	1,762,312	451,389
Total liabilities	2,414,053	618,322
Subtotal assets (liabilities)	(1,945,550)	(498,341)
(-) Borrowings linked to exports – ACC and PPE	2,196,564	562,616
Net exposure - assets	251,014	64,275

These assets and liabilities were restated and recorded in the quarterly information at December 31, 2015 at the exchange rate in effect on that date, of R\$3.9048 per US\$1.00 for assets and R\$3.9042 per US\$1.00 for liabilities.

(b) Commodity price volatility risk

The Company is exposed to the risk of changes in the commodity prices of manufactured products such as sugar and ethanol. At December 31, 2015, the price of 418,584 tons of sugar

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was set with commercial partners for future delivery scheduled for 2015/2016 crop, at an average of 15.74 ¢/lb (US dollar cents per pound weight), while the price of 433, 947 tons of sugar was set for 2016/2017 crop at an average of 13.96 ¢/lb (US dollar cents per pound weight).

(c) 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.

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\$	15,354	76,771	153,541
Trade accounts receivable	Decrease in exchange rate – R\$/US\$	4,792	23,961	47,921
Borrowings	Increase in exchange rate – R\$/US\$	(24,176)	(120,881)	(241,762)
Derivative financial instruments				
Future price (sugar and ethanol)	Increase in future price of commodities	(228)	(1,139)	(2,277)
Swap contracts (a)	Decrease in exchange rate - R\$/US - and increase in interest curve	(700)	(963)	(1,401)
Net exposure		(4,958)	(22,251)	(43,978)

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

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(d) Derivative financial instruments

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

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

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

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

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

Company and consolidated	December 31, 2015
	Fair value - R\$
<u>In current assets – gain / (loss)</u>	
Margin deposit	66,147
<u>TOTAL DERIVATIVE FINANCIAL INSTRUMENTS IN CURRENT ASSETS</u>	<u>66,147</u>

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Company and consolidated	December 31, 2015			
	Amount/volume contracted	Average rate/price	Notional amount – R\$	Fair value – R\$
<u>In current liabilities – (Gains) / loss</u>				
Merchandise futures contracts - Sugar #11 – Commodities Exchange				
. Sales commitments	595,912	14.19	728,214	40,850
. Purchase commitments	365,777	14.67	462,054	(15,468)
Merchandise options contracts - Sugar #11 – Commodities Exchange				
. Bidding position in call options	91,444	14.88	117,097	(8,790)
. Bidding position in put options	420,390	12.86	465,382	(11,619)
. Written position in call options	386,098	14.42	479,377	47,694
. Written position in put options	125,786	12.08	130,764	1,079
Merchandise futures contracts - Ethanol – Commodities Exchange				
. Sales commitments	17,910	1,432.58	25,657	52
. Purchase commitments	9,150	1,611.11	14,742	(32)
Flexible currency option contracts - Dollar				
. Bidding position in put options	5,000	3.50	17,500	(33)
. Written position in call options	5,000	3.70	18,500	1,447
NDF – US Dollar - OTC				
. Sales commitments	212,397	3.6928	784,344	90,069
		Notional amount – US\$	Notional amount – R\$	Fair value – R\$
Swap contracts – interest - OTC		255,870	675,852	46,533
<u>TOTAL DERIVATIVE FINANCIAL INSTRUMENTS IN CURRENT LIABILITIES</u>				<u>191,782</u>

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Company and consolidated	March 31, 2015			
	Amount/volume contracted	Average rate/price	Notional amount – R\$	Fair value – R\$
<u>In current assets – gain / (loss)</u>				
Margin deposit				20,674
Merchandise futures contracts - Sugar #11 – Commodities Exchange				
. Sales commitments	605,565	16.64	712,553	171,830
. Purchase commitments	55,679	15.50	61,048	(12,831)
Merchandise options contracts - Sugar #11 – Commodities Exchange				
. Bidding position in call options	87,431	18.38	2,589	466
. Bidding position in put options	180,349	15.88	11,807	44,204
. Written position in call options	392,957	17.64	11,913	(2,626)
Merchandise futures contracts - Ethanol – Commodities Exchange				
. Sales commitments	39,120	1,250.90	48,939	156
. Purchase commitments	18,900	1,309.80	24,755	(76)
<u>TOTAL DERIVATIVE FINANCIAL INSTRUMENTS IN CURRENT ASSETS</u>				<u>221,797</u>
Company and consolidated	March 31, 2015			
	Amount/volume contracted	Average rate/price	Notional amount – R\$	Fair value – R\$
<u>In current liabilities – (Gains) / loss</u>				
Flexible currency option contracts - Dollar				
. Bidding position in put options	8,400	3.1812	26,722	(880)
. Written position in call options	8,400	3.4193	28,722	1,815
NDF – US Dollar - OTC				
. Sales commitments	231,214	2.7922	645,596	123,855
			Notional amount – US\$	Notional amount – R\$
Swap contracts – interest - OTC		411,763	1,152,956	107,921
<u>TOTAL DERIVATIVE FINANCIAL INSTRUMENTS IN CURRENT LIABILITIES</u>				<u>232,711</u>

Margin deposit balances refer to funds maintained in current accounts with brokers to cover the initial margins and variance established by the Commodities Exchange in which the

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contracts are executed, with the objective of guaranteeing open contracts and net remittances in relation to daily adjustments resulting from fluctuations in contract prices in the futures and options market.

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

22.2 Credit risk

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

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

22.3 Liquidity risk

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

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

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

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Company	Within 1 year	From 1 to 2 years	From 2 to 5 years	Above 5 years	Total
At December 31, 2015					
Borrowings	690,971	903,587	1,757,893	188,828	3,541,279
Derivative financial instruments	191,782	-	-	-	191,782
Trade accounts payable	167,206	-	-	-	167,206
Acquisition of equity interest	17,891	11,620	34,860	26,890	91,261
Other liabilities	21,130	11,382	-	-	32,512
	<u>1,088,980</u>	<u>926,589</u>	<u>1,792,753</u>	<u>215,718</u>	<u>4,024,040</u>
At March 31, 2015					
Borrowings	868,879	398,797	1,652,692	296,294	3,216,662
Derivative financial instruments	232,711	-	-	-	232,711
Trade accounts payable	101,866	-	-	-	101,866
Acquisition of equity interest	17,507	17,065	34,860	26,890	96,322
Other liabilities	23,225	-	-	10,927	34,152
	<u>1,244,188</u>	<u>415,862</u>	<u>1,687,552</u>	<u>334,111</u>	<u>3,681,713</u>
Consolidated	Within 1 year	From 1 to 2 years	From 2 to 5 years	Above 5 years	Total
At December 31, 2015					
Borrowings	694,514	907,069	1,768,339	192,193	3,562,115
Derivative financial instruments	191,782	-	-	-	191,782
Trade accounts payable	152,547	-	-	-	152,547
Acquisition of equity interest	17,891	11,620	34,860	26,890	91,261
Other liabilities	21,296	11,567	-	-	32,863
	<u>1,078,030</u>	<u>930,256</u>	<u>1,803,199</u>	<u>219,083</u>	<u>4,030,568</u>
At March 31, 2015					
Borrowings	872,419	402,276	1,663,129	302,255	3,240,079
Derivative financial instruments	232,711	-	-	-	232,711
Trade accounts payable	95,476	-	-	-	95,476
Acquisition of equity interest	17,507	17,065	34,860	26,890	96,322
Other liabilities	29,484	11,380	-	-	40,864
	<u>1,247,597</u>	<u>430,721</u>	<u>1,697,989</u>	<u>329,145</u>	<u>3,705,452</u>

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22.4 Capital management

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

23. Financial instrument classification and fair value

23.1 Classification

Financial assets and liabilities are classified as follows:

		Company	
	Classification	December 31, 2015	March 31, 2015
Financial assets			
Cash and cash equivalents	Fair value through profit or loss	344,107	989,690
Short-term Investments	Fair value through profit or loss	269,810	478
Trade accounts receivable	Loans and receivables	179,173	142,162
Derivative financial instruments	Fair value through profit or loss	66,147	221,797
Transactions with related parties	Loans and receivables	1,256	1,280
Other assets, except for prepayments	Loans and receivables	5,428	3,091
		<u>865,921</u>	<u>1,358,498</u>
Financial Liabilities			
Borrowings	Liabilities at amortized cost	3,541,279	3,216,662
Derivative financial instruments	Fair value through profit or loss	191,782	232,711
Trade accounts payable	Other financial liabilities	167,206	101,866
Acquisition of equity interest	Other financial liabilities	91,261	96,322
Other liabilities	Other financial liabilities	32,512	34,152
		<u>4,024,040</u>	<u>3,681,713</u>

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			Consolidated
	Classification	December 31, 2015	March 31, 2015
Financial assets			
Cash and cash equivalents	Fair value through profit or loss	345,548	1,020,112
Short-term Investments	Fair value through profit or loss	311,677	5,723
Trade accounts receivable	Loans and receivables	219,377	164,366
Derivative financial instruments	Fair value through profit or loss	66,147	221,797
Other assets, except for prepayments	Loans and receivables	5,428	3,020
		<u>948,177</u>	<u>1,415,018</u>
Financial liabilities			
Borrowings	Liabilities at amortized cost	3,562,115	3,240,079
Derivative financial instruments	Fair value through profit or loss	191,782	232,711
Trade accounts payable	Other financial liabilities	152,547	95,476
Acquisition of equity interest	Other financial liabilities	91,261	96,322
Other liabilities	Other financial liabilities	32,863	40,864
		<u>4,030,568</u>	<u>3,705,452</u>

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

23.2 Fair value

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

Level 1 - Quoted prices (unadjusted) in active, liquid and visible markets, for identical assets and liabilities that are readily available at the measurement date;

Level 2 - Quoted prices (which may be adjusted or not) for similar assets or liabilities in active markets; and

Level 3 - Assets and liabilities whose prices do not exist, or whose prices or valuation techniques are supported by a small, nonexistent or illiquid market and unobservable market inputs.

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Conforme balanço patrimonial	December 31, 2015		March 31, 2015	
	Level 1	Level 2	Level 1	Level 2
Assets - Derivative financial instruments				
Sugar cane option contract	-	-	42,044	-
Sugar cane futures contract	-	-	158,999	-
Ethanol futures contract	-	-	80	-
	-	-	201,123	-
Liabilities - Derivative financial instruments:				
Ethanol futures contract	20	-	-	-
Sugar cane option contract	28,364	-	-	-
Sugar cane futures contract	25,382	-	-	-
Flexible currency option	-	1,414	-	935
Forward contracts - exchange	-	90,069	-	123,855
Swap contracts	-	46,533	-	107,921
	53,766	138,016	-	232,711

Futures and Options in the ICE

The fair value of futures negotiated in the New York - Intercontinental Exchange (ICE Futures US) is calculated by the difference between the price of the derivative in the contract and the market closing price on the 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 quotes 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 values of forward contracts, both for foreign exchange and sugar, contracted in the over-the-counter market with first-tier banks, are calculated using the discounted future cash flow method, based on observable market inputs, specifically the DI and DDI interest curves published by the BM&F, PTAX published by the Central Bank of Brazil (BACEN), and prices of sugar futures and the Libor rate published by Ice Futures in the ICE.

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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.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts and the fair values of borrowings are similar.

24. Segment 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:

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

Certain events that took place over the period ended March 31, 2015 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.

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Consolidated P&L by segment

Period ended December 31, 2015							
	Sugar cane	Ethanol	Electricity	Real estate ventures	Other products	Not by segment and PPA	Total
Net revenue	776,884	671,391	144,891	22,877	42,877	(9,389)	1,649,531
Cost of sales	(596,070)	(498,060)	(47,463)	(6,581)	(29,019)	(11,384)	(1,188,577)
Depreciation of agricultural product	(19,709)	(12,379)	-	-	-	-	(32,088)
Mark-to-market of sugar cane plantation	-	-	-	-	-	28,705	28,705
Gross profit	161,105	160,952	97,428	16,296	13,858	7,932	457,571
Gross margin	20.74%	23.97%	67.24%	71.23%	32.32%	-	27.74%
Selling expenses	(50,592)	(18,614)	(1,605)	-	(68)	-	(70,879)
Other operating expenses	-	-	-	-	-	(54,095)	(54,095)
Operating income (loss)	110,513	142,338	95,823	16,296	13,790	(46,163)	332,597
Operating margin	14.23%	21.20%	66.13%	71.23%	32.16%	-	20.16%
Other income and expenses not by segment	-	-	-	-	-	(207,228)	(207,228)
Net Income for the period	-	-	-	-	-	-	125,369

Period ended December 31, 2014							
	Sugar cane	Ethanol	Electricity	Real estate ventures	Other products	Not by segment and PPA	Total
Net revenue	686,736	387,903	123,151	24,420	54,532	(3,910)	1,272,832
Cost of sales	(497,620)	(291,552)	(16,521)	(4,331)	(44,696)	(10,542)	(865,262)
Depreciation of agricultural product	(1,818)	(6,007)	-	-	-	-	(7,825)
Mark-to-market of sugar cane plantation	-	-	-	-	-	(2,608)	(2,608)
Gross profit	187,298	90,344	106,630	20,089	9,836	(17,060)	397,137
Gross margin	27.27%	23.29%	86.58%	-	18.04%	-	31.20%
Selling expenses	(50,652)	(6,982)	(958)	-	(205)	-	(58,797)
Other operating expenses	-	-	-	-	-	22,615	22,615
Operating income	136,646	83,362	105,672	20,089	9,631	5,555	360,955
Operating margin	19.90%	21.49%	85.81%	-	17.66%	-	28.36%
Other income and expenses not by segment	-	-	-	-	-	(129,208)	(129,208)
Net Income for the period	-	-	-	-	-	-	231,747

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

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consideration the production of each product in relation to total production. This allocation could, therefore, vary from one year to another.

December 31, 2015						
	Sugar cane	Ethanol	Electricity	Real estate ventures	Other unallocated products	Total
Trade accounts receivable	86,080	65,703	19,344	27,116	21,134	219,377
Inventories	380,743	273,612	-	6,622	15,708	676,685
Biological assets	566,666	375,890	-	-	-	942,556
Property, plant and equipment	1,895,981	1,255,687	106,165	-	10,228	3,268,061
Intangible assets	239,945	159,164	89,177	-	-	488,286
Total assets allocated	3,169,415	2,130,056	214,686	33,738	47,070	5,594,965
Other unallocated assets	-	-	-	-	-	1,528,675
Total	3,169,415	2,130,056	214,686	33,738	47,070	7,123,640

March 31, 2015						
	Sugar cane	Ethanol	Electricity	Real estate ventures	Other unallocated products	Total
Trade accounts receivable	50,322	61,706	3,230	8,902	40,206	164,366
Inventories	81,296	127,703	-	10,322	7,729	227,050
Biological assets	550,146	386,095	-	-	-	936,241
Property, plant and equipment	1,911,574	1,339,385	120,359	-	12,058	3,383,376
Intangible assets	233,364	163,776	103,401	-	-	500,541
Total assets allocated	2,826,702	2,078,665	226,990	19,224	59,993	5,211,574
Other unallocated assets	-	-	-	-	1,957,350	1,957,350
Total	2,826,702	2,078,665	226,990	19,224	2,017,343	7,168,924

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

25. Revenues

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

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(i) Sales of products and services

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

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

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

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

- (i) The percentage of cost incurred in relation to its total budgeted cost is calculated. This percentage is applied on revenue from plots and units sold, adjusted in accordance with contractual sale conditions;
- (ii) The sales revenue recognized that is higher than that effectively received from customers is recorded in current or noncurrent assets; and
- (iii) The amounts received in relation to the sale of plots that are higher than the amounts recognized in revenue are recorded under the heading "Advances from customers".

In 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.

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	Company				Consolidated			
	December 31, 2015		December 31, 2014		December 31, 2015		December 31, 2014	
	Quarter	9 months	Quarter	9 months	Quarter	9 months	Quarter	9 months
Gross sales revenue								
Local market	316,813	660,960	171,084	420,390	351,606	800,572	241,797	577,162
Foreign market	398,604	950,899	267,462	699,396	398,604	950,899	273,162	755,329
Gain (loss) on derivatives	(21,776)	(31,671)	2,702	(7,890)	(21,776)	(31,671)	1,934	(12,929)
	693,641	1,580,188	441,248	1,111,896	728,434	1,719,800	516,893	1,319,562
Purchase Pricing Allocation (PPA) effects – electricity (i)	-	-	-	-	(2,410)	(9,389)	(2,324)	(3,910)
	693,641	1,580,188	441,248	1,111,896	726,024	1,710,411	514,569	1,315,652
Sales taxes, contributions and deductions	(29,357)	(53,689)	(11,271)	(31,100)	(31,337)	(60,880)	(17,453)	(42,820)
	664,284	1,526,499	429,977	1,080,796	694,687	1,649,531	497,116	1,272,832

(i) This refers to PPA amortization deriving from acquisition of SC.

26. Costs and expenses by nature

Reconciliation of expenses by nature is as follows:

Costs and expenses by nature	Company				Consolidated			
	December 31, 2015		December 31, 2014		December 31, 2015		December 31, 2014	
	Quarter	9 months	Quarter	9 months	Quarter	9 months	Quarter	9 months
Raw material, store and supplies	205,347	479,769	129,061	374,647	190,422	448,706	111,539	330,147
Personnel	98,898	243,307	56,875	146,380	99,604	245,444	70,977	189,187
Depreciation and amortization (including harvested biological assets)	164,666	439,251	134,088	289,509	165,516	442,422	138,866	310,382
Third-party services	40,973	94,134	33,263	79,821	40,982	93,768	34,455	88,728
Spare parts and maintenance services	26,921	61,272	13,750	28,898	26,970	61,445	19,148	45,434
Litigation	2,316	6,477	9,341	7,168	2,316	6,473	9,414	7,884
Changes in fair value of biological assets	7,153	(28,705)	1,297	(865)	7,153	(28,705)	1,303	2,602
Materials for resale	11,667	39,642	4,996	11,237	11,667	39,642	8,379	14,706
Cost of land sold	-	-	-	-	3,092	6,581	1,864	4,331
Other expenses	24,602	43,768	24,095	53,554	25,392	46,451	16,035	44,502
	582,543	1,378,915	406,766	990,349	573,114	1,362,227	411,980	1,037,903

Classified as:	Company				Consolidated			
	December 31, 2015		December 31, 2014		December 31, 2015		December 31, 2014	
	Quarter	9 months	Quarter	9 months	Quarter	9 months	Quarter	9 months
Cost of sales	519,440	1,213,818	345,031	841,505	508,349	1,191,960	347,346	875,695
Selling expenses	30,797	69,581	20,635	53,096	31,260	70,879	21,470	58,797
General and administrative expenses	32,306	95,516	41,100	95,748	33,505	99,388	43,164	103,411
	582,543	1,378,915	406,766	990,349	573,114	1,362,227	411,980	1,037,903

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27. Other revenues, net

	Company			
	December 31, 2015		December 31, 2014	
	Quarter	9 months	Quarter	9 months
Divestiture – ABV (Note 10.2)	-	-	-	79,717
Nonrecurring expenses – Acquisition of SC (Note 10.2)	-	-	-	(9,394)
Tax loss of subsidiary used in REFIS	-	-	7,097	7,097
Revenue from right-of-way agreement	-	71	-	-
Review of tax credits	(1,026)	(1,037)	(16)	(98)
Proceeds from sale of property, plant and equipment	561	(689)	167	(166)
Gain on sale of scrap	313	1,343	435	1,446
Leases	46	148	175	860
Gain on purchase of Agrarian Debt Bonds (TDA)	435	435	453	453
Fine for break of contract - service provider	-	-	(500)	(1,280)
Indemnities for agricultural partnership agreements	-	-	85	553
Recoveries with agricultural partnership agreement	-	971	-	-
Expenses with proceeding - ICMS Copersucar	(73)	1,327	-	(2,566)
In-court reorganizations	-	942	-	331
Recovery of receivables	-	187	-	-
Claim reimbursement	-	142	-	-
Other	18	190	387	323
	<u>274</u>	<u>4,030</u>	<u>8,283</u>	<u>77,276</u>

	Consolidated			
	December 31, 2015		December 31, 2014	
	Quarter	9 months	Quarter	9 months
Divestiture – ABV (Note 10.2)	-	-	-	79,717
Nonrecurring expenses – Acquisition of SC (Note 10.2)	-	-	-	(9,394)
Tax loss of subsidiary used in REFIS	-	-	7,097	7,097
Gain on change of related interest - CTC	-	-	-	7,055
Revenue from right-of-way agreement	-	234	-	-
Review of tax credits	(1,026)	(1,037)	(9)	(574)
Proceeds from sale of property, plant and equipment	561	(689)	217	(89)
Gain on sale of scrap	313	1,343	469	1,588
Leases	46	148	763	1,827
Gain on purchase of Agrarian Debt Bonds (TDA)	435	435	453	453
Fine for break of contract - service provider	-	-	(500)	(1,280)
Indemnities for agricultural partnership agreements	-	-	85	553
Recoveries with agricultural partnership agreement	-	971	-	181
Revenue from agricultural services - prior crop	-	-	-	804
Set up of private pension unnamed fund	-	-	-	239
Expenses with proceeding - ICMS Copersucar	(73)	1,327	-	(2,566)
In-court reorganizations	-	942	-	331
Recovery of receivables	-	189	-	-
Claim reimbursement	-	142	-	-
Other	18	195	320	630
	<u>274</u>	<u>4,200</u>	<u>8,895</u>	<u>86,572</u>

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28. Financial income (expenses)

	Company				Consolidated			
	December 31, 2015		December 31, 2014		December 31, 2015		December 31, 2014	
	Quarter	9 months	Quarter	9 months	Quarter	9 months	Quarter	9 months
Financial income								
Interest received and accrued	18,038	63,496	18,135	47,325	20,939	73,132	21,654	56,424
Bank surety commission	577	2,616	931	2,409	577	2,616	931	2,409
PIS/COFINS on financial income	(883)	(1,685)	-	-	(931)	(1,800)	-	-
Other income	549	1,040	103	493	1,944	5,348	104	569
	<u>18,281</u>	<u>65,467</u>	<u>19,169</u>	<u>50,227</u>	<u>22,529</u>	<u>79,296</u>	<u>22,689</u>	<u>59,402</u>
Financial expenses								
Present value adjustment	(547)	(2,459)	(691)	(3,417)	(547)	(2,459)	(691)	(3,417)
Interest on borrowings	(47,932)	(150,315)	(43,317)	(93,874)	(48,305)	(151,443)	(44,048)	(101,789)
Interest on payment in installment - Copersucar	(3,541)	(7,852)	(2,621)	(7,098)	(3,541)	(7,852)	(2,793)	(7,654)
Interest paid and accrued	(13,979)	(36,491)	(9,292)	(16,523)	(13,979)	(37,020)	(9,300)	(16,542)
Bank surety commission	(1,331)	1,556	(7,111)	(19,196)	(1,331)	1,556	(7,211)	(20,589)
Monetary restatement of contingencies	(7,814)	(9,635)	(2,028)	(5,816)	(7,814)	(9,636)	(2,082)	(6,923)
Other expenses	(1,013)	(3,394)	(3,430)	(4,186)	(1,017)	(3,401)	(3,516)	(4,473)
	<u>(76,157)</u>	<u>(208,590)</u>	<u>(68,490)</u>	<u>(150,110)</u>	<u>(76,534)</u>	<u>(210,255)</u>	<u>(69,641)</u>	<u>(161,387)</u>
Monetary and foreign exchange gains/losses, net								
Cash and cash equivalents	(9,732)	63,072	15,344	23,707	(9,732)	63,072	15,161	27,595
Customers and suppliers	(3,524)	7,813	5,210	9,483	(3,524)	7,813	5,329	10,459
Borrowings	14,122	(166,388)	(38,997)	(50,872)	14,121	(166,388)	(41,594)	(60,037)
	<u>866</u>	<u>(95,503)</u>	<u>(18,443)</u>	<u>(17,682)</u>	<u>865</u>	<u>(95,503)</u>	<u>(21,104)</u>	<u>(21,983)</u>
Derivatives - not designated for hedge accounting								
Gain (loss) on sugar cane transactions	(22,177)	(38,408)	(3,396)	3,731	(22,177)	(38,408)	(3,437)	3,481
Gain (loss) on ethanol transactions	-	(6)	245	260	-	(6)	245	260
Gain (loss) on foreign exchange transactions	5,819	(14,064)	8,418	8,161	5,819	(14,064)	8,418	8,161
Gain (loss) on swap	(3,460)	43,106	2,837	3,809	(3,460)	43,106	614	15
Cost of commodities exchange operations	(557)	(1,517)	(376)	(823)	(557)	(1,517)	(396)	(921)
Foreign exchange gain/loss, net	(1,018)	4,870	3,237	4,086	(1,017)	4,870	3,454	4,762
	<u>(21,393)</u>	<u>(6,019)</u>	<u>10,965</u>	<u>19,224</u>	<u>(21,392)</u>	<u>(6,019)</u>	<u>8,898</u>	<u>15,758</u>
Financial income (expenses), net	<u>(78,403)</u>	<u>(244,645)</u>	<u>(56,799)</u>	<u>(98,341)</u>	<u>(74,532)</u>	<u>(232,481)</u>	<u>(59,158)</u>	<u>(108,210)</u>

29. Earnings per share

	December 31, 2015		December 31, 2014	
	Quarter	9 months	Quarter	9 months
Income for the period attributed to Company shareholders	76,020	125,369	53,540	229,488
Weighted average number of common shares in the year – in thousands	<u>113,001</u>	<u>112,978</u>	<u>112,635</u>	<u>112,461</u>
Basic earnings per share (in reais)	<u>0.6727</u>	<u>1.1097</u>	<u>0.4753</u>	<u>2.0406</u>

	December 31, 2015		December 31, 2014	
	Quarter	9 months	Quarter	9 months
Income for the period used to determine diluted earnings per share	76,020	125,369	53,540	229,488
Weighted average number of common shares for diluted earnings per shares – in thousands (i)	<u>113,199</u>	<u>113,079</u>	<u>113,106</u>	<u>112,953</u>
Diluted earnings per share (in Reais)	<u>0.6716</u>	<u>1.1087</u>	<u>0.4734</u>	<u>2.0317</u>

(i) Weighted average includes potentially dilutive call options.

Notes to quarterly information
December 31, 2015

In thousands of reais, unless otherwise stated

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 any significant losses on its assets and liabilities. The amounts covered by the current insurance policies at December 31, 2015 were as follows:

Company and consolidated	
Insured perils	Maximum coverage (i)
Civil liability	1,827,929
Fire, lightning and explosion of any nature	1,499,909
Theft or larceny	216,187
Other coverage	280,215
Electrical damages	51,963
Natural phenomena, vehicle or aircraft crash, among others.	144,000

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

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

31. Acquisition and divestiture - payables and receivables

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

	Payables					Receivables				Net balance
	Balance at March 31, 2015	Monetary restatement	Amortization (principal)	Amortization (interest)	Balance at December 31, 2015	Balance at March 31, 2015	Monetary restatement	Amortization (interest)	Balance at December 31, 2015	
Santa Cruz – acquisition of equity interest - 56.05%	(282,349)	(27,271)	-	27,104	(282,516)	-	-	-	-	(282,516)
Agro Pecuária Boa Vista - divestiture	-	-	-	-	-	196,917	19,019	(18,903)	197,033	197,033
Total with related party LOP	(282,349)	(27,271)	-	27,104	(282,516)	196,917	19,019	(18,903)	197,033	(85,483)
Santa Cruz – 3.9%	(10,890)	(368)	5,115	365	(5,778)	-	-	-	-	(5,778)
	(293,239)	(27,639)	5,115	27,469	(288,294)	196,917	19,019	(18,903)	197,033	(91,261)
									Current liabilities	(17,891)
									Noncurrent liabilities	(73,370)
										(91,261)

32. Subsequent events**Joint venture with Amyris Inc.**

Company published on July 1, 2015, material fact informing the market of the non-achievement of contractual targets by Amyris Inc. and its Brazilian subsidiary Amyris Brazil Ltda. and the consequent decision of not continuing the construction of the plant expected in the Joint Venture.

After approval by the Administrative Council for Economic Defense (CADE) on 5 January 2016, Company concluded the termination of operation, by: (i) the sale of all of its equity interest in SMA Indústria Química S.A. (SMA) to Amyris Brazil Ltda.; (ii) the resignation of the representatives of São Martinho in the Management of SMA; and (iii) formalization of other documents necessary for the termination of contracts related to the Joint Venture.

This information will be announced to investors and market through new Relevant Notice and the accounting effects of the transaction will be recorded in the fourth quarter of the harvest 15/16.

* * *

São Martinho Group posts 3Q16 Net Income of R\$76.0 million, advancing 42.0% on 3Q15

São Paulo, February 12, 2016 – SÃO MARTINHO S.A. (BM&FBovespa: SMT03; Reuters SMT03.SA and Bloomberg SMT03 BZ), one of Brazil's largest sugar and ethanol producers, announces today its results for the third quarter of the 2015/16 crop year (3Q16).

3Q16 HIGHLIGHTS

- ✓ Adjusted EBITDA amounted to R\$411.9 million in 3Q16 (Adjusted EBITDA margin of 48.3%), up 43.2% from 3Q15. The indicator improved this quarter benefiting from a combination of i) higher ethanol and sugar sales volumes; and ii) higher sugar and ethanol sales prices in the period;
- ✓ Adjusted EBIT in 3Q16 came to R\$201.6 million (EBIT margin of 23.6%), increasing 60.2% from 3Q15. Adjusted EBIT growth is explained by the same factors that benefitted Adjusted EBITDA in the period;
- ✓ At December 31, 2015, we had sugar prices hedged for the 2015/16 crop year for 418,584 tons at an average price of US\$ 15.74 cents/lb, effectively covering 100% of the sugar inventories to be sold in the coming quarter. On the same date, the Company had sugar prices for the 2016/17 crop year hedged for 433,497 tons at an average price of US\$ 13.96 cents/lb, with this volume representing 50.3% of its net exposure (i.e., total sugar production through the end of the crop year excluding our natural hedge with Consecana);
- ✓ In addition to the hedging of sugar prices, on December 31, 2015, the company held short dollar positions through NDFs amounting to US\$107.2 million (equivalent to 96% of the sugar volume hedged), with an average BRL/USD parity price of R\$3.40. On the same date, for the 2016/17 crop year, we held short dollar positions through NDFs in the amount of US\$63.7 million at BRL/USD 4.11, which represents 23.4% of the hedge of own cane allocated to sugar production.



NEW ACCOUNTING STANDARD – IFRS 11 (CPC 19)

With the adoption of the new accounting standard IFRS 11 (CPC 19) as of the 2013/14 fiscal year, São Martinho S.A. no longer proportionally consolidates the results of its investees. In view of the materiality of the results of Nova Fronteira Bioenergia S.A. (50.95%) to the São Martinho Group, **the Company decided to continue to present on a pro-forma basis its balance sheet, income statement and cash flow statement in the set of financial statements following the same consolidation criteria used prior to the adoption of said standard.**

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

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

	QUARTER		
	São Martinho S.A. (consolidated CPC 19)	UBV (50.95%)	São Martinho S.A. (Pro forma)
R\$ '000			
Net Revenue*	745,303	107,359	852,673
Adjusted EBITDA	345,363	66,748	411,909
Adjusted EBITDA Margin	46.3%	62.2%	48.3%
Adjusted EBIT	160,565	41,363	201,620
Adjusted EBIT Margin	21.5%	38.5%	23.6%
Taxes	11,898	(5,419)	6,479
Net Income	31,082	(5)	(171)
Financial Result / PPE	(125,148)	(1,396)	(126,720)
Income (Loss) Before taxes	78,397	34,544	81,208
Taxes	(2,377)	(2,825)	(5,188)
Net Income	76,020	31,718	76,020

*Excludes the Hedge Accounting effect of foreign-denominated debt and USC PPA (R\$ 50.6 million).



YEAR TO DATE			
	São Martinho S.A. (consolidated CPC 19)	UBV (50.95%)	São Martinho S.A. (Pro forma)
R\$ '000			
Net Revenue*	1,748,576	264,022	2,012,978
Adjusted EBITDA	801,513	153,697	954,942
Adjusted EBITDA Margin	45.8%	58.2%	47.4%
Adjusted EBIT	401,880	53,518	454,808
Adjusted EBIT Margin	23.0%	20.3%	22.6%
Biological Assets and Other	(11,331)	13,038	1,707
Equity Income	41,093	-	19
Financial Result / PPE	(331,526)	(21,710)	(353,133)
Income (Loss) Before taxes	100,116	44,846	103,402
Taxes	25,253	(3,317)	21,967
Net Income	125,369	41,528	125,369
Cash	657,225	111,482	769,229
Gross Debt	3,653,376	385,324	4,038,934
Net Debt	2,996,151	273,842	3,269,705
EBITDA YTD	1,094,052	181,742	1,275,794
Net Debt / EBITDA	2.74 x	1.51 x	2.56 x

*Excludes the Hedge Accounting effect of foreign-denominated debt and USC PPA (R\$ 99.0 million).



OVERVIEW - COMPANY

OPERATING DATA	15/16 Crop Year	14/15 Crop Year	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	20,024	18,718	7.0%
Own	12,985	12,326	5.3%
Third Parties	7,039	6,392	10.1%
Mechanized Harvest	97.4%	97.0%	0.43 p.p.
Agricultural Yield (ton/ha)	85.9	87.6	-1.9%
Average TRS (kg/ton)	128.9	141.6	-8.9%
Production			
Sugar ('000 tons)	1,230	1,231	-0.1%
Anhydrous Ethanol ('000 m ³)	445	438	1.5%
Hydrous Ethanol ('000 m ³)	306	353	-13.3%
Cogeneration ('000 MWh)	741	720	2.9%
TRS Produced	2,581	2,650	-2.6%
Mix - Sugar - Ethanol	50% - 50%	49% - 51%	
Mix Anhydrous - Hydrous	60% - 40%	56% - 44%	

In the 2015/16 crop year, the São Martinho Group processed 20.0 million tons of sugarcane, which represents a capacity utilization rate of approximately 97% in our mills.

Sugarcane processing in the 2015/16 crop year increased 7.0%, given the longer season. However, our average TRS fell 8.9% due to the high rainfall on our sugarcane fields, especially in November 2015, which led to a reduction of 2.6% in total TRS produced.

The following table shows our financial highlights, which we will discuss in further detail over the course of this release.

FINANCIAL HIGHLIGHTS (R\$ '000)	3Q16	3Q15	Chg. (%)	9M16	9M15	Var. (%)
São Martinho - Consolidated						
Net Revenue*	852,673	594,188	43.5%	2,012,978	1,631,436	23.4%
Adjusted EBITDA	411,909	287,612	43.2%	954,942	771,642	23.8%
Adjusted EBITDA Margin	48.3%	48.4%	-0.1 p.p.	47.4%	47.3%	0.1 p.p.
Adjusted EBIT	201,620	125,851	60.2%	454,808	363,155	25.2%
Adjusted EBIT Margin	23.6%	21.2%	2.5 p.p.	22.6%	22.3%	0.3 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	7,585,261	7,250,564	4.6%	7,585,261	7,250,564	4.6%
Shareholders' Equity	2,485,795	2,246,685	10.6%	2,485,795	2,246,685	10.6%
EBITDA (LTM)	1,275,794	1,011,581	26.1%	1,275,794	1,011,581	26.1%
Net Debt	3,269,705	2,686,745	21.7%	3,269,705	2,686,745	21.7%
Net Debt / EBITDA (LTM)	2.6 x	2.7 x		2.6 x	2.7 x	
Net Debt / Shareholders' Equity	132%	120%		132%	120%	

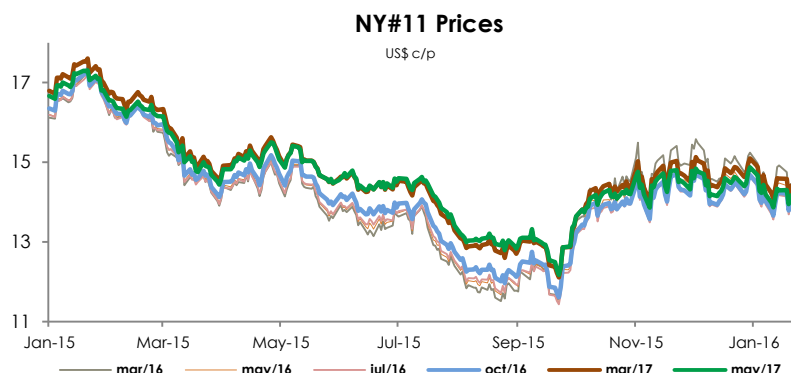
* Excludes the effects from Hedge Accounting of foreign-denominated debt and USC PPA.



INDUSTRY OVERVIEW

Sugar

According to data from the Sugarcane Industry Association (UNICA), Brazil's Center-South crushed 596.0 million tons of sugarcane through mid-January 2016, an increase of 4.7% from the previous crop year, although TRS/ton of cane was 3.7% lower in the same comparison.



UNICA data also show that sugar production totaled 30.6 million tons, down 4.3% from the same period of the 2014/15 crop year. As mentioned in previous quarters, the lower production volume reflects: i) the high rainfall throughout the season, primarily in the state of São Paulo, which adversely affected sugar production; and ii) the higher allocation of sucrose to the production of ethanol, whose sale price improved sharply.

Ethanol

Ethanol production volume in the 2015/16 crop year advanced 4.9% to 27.3 billion liters. Production increased in response to the stronger demand for hydrous ethanol in the 2015/16 crop year, given the increased competitiveness of ethanol in relation to gasoline at the pump.



AVERAGE PRICES - ETHANOL	3Q16	3Q15	Chg. (%)	9M16	9M15	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R\$ / m ³	1,865.09	1,343.13	38.9%	1,543.04	1,368.69	12.7%
Hydrous ESALQ, Net DM - R\$ / m ³	1,650.66	1,202.66	37.3%	1,373.10	1,223.59	12.2%



FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	3Q16	3Q15	Chg. (%)	9M16	9M15	Chg. (%)
R\$ '000						
Domestic Market	429,107	307,488	39.6%	1,004,332	825,166	21.7%
Sugar	26,596	21,965	21.1%	72,444	55,548	30.4%
Hydrous Ethanol	159,094	70,596	125.4%	254,684	188,828	34.9%
Anhydrous Ethanol	176,210	116,524	51.2%	427,609	327,408	30.6%
Energy	49,033	73,344	-33.1%	182,650	184,550	-1.0%
Real Estate Development	3,599	7,920	-54.6%	22,877	25,621	-10.7%
Others	14,575	17,139	-15.0%	44,068	43,211	2.0%
Export Market	423,566	286,700	47.7%	1,008,646	806,269	25.1%
Sugar	354,751	263,093	34.8%	794,096	683,155	16.2%
Hydrous Ethanol	24,370	14,237	71.2%	69,021	33,084	108.6%
Anhydrous Ethanol	44,380	-	n.m.	134,579	66,765	101.6%
Others	65	9,370	-99.3%	10,950	23,265	-52.9%
Net Revenue*	852,673	594,188	43.5%	2,012,978	1,631,435	23.4%
Sugar	381,347	285,058	33.8%	866,540	738,703	17.3%
Hydrous Ethanol	183,464	84,833	116.3%	323,705	221,912	45.9%
Anhydrous Ethanol	220,590	116,524	89.3%	562,188	394,173	42.6%
Energy	49,033	73,344	-33.1%	182,650	184,550	-1.0%
Real Estate Development	3,599	7,920	-54.6%	22,877	25,621	-10.7%
Others	14,640	26,509	-44.8%	55,018	66,476	-17.2%

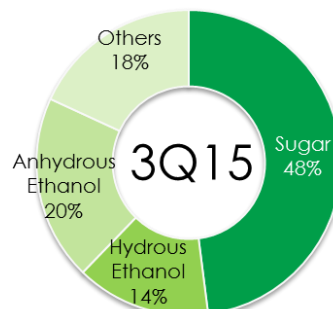
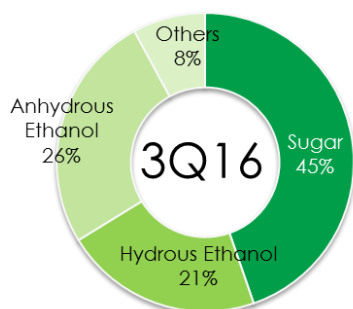
*Excludes the effects from Hedge Accounting of foreign-denominated debt and USC PPA.

Net Revenue

In the third quarter of the 2015/16 crop year (3Q16), the Company's net revenue amounted to R\$852.7 million, increasing 43.5% from the same period of the previous crop year. The increase reflects the growth in sugar and ethanol sales volume and the higher prices for both products compared to the year-ago period.

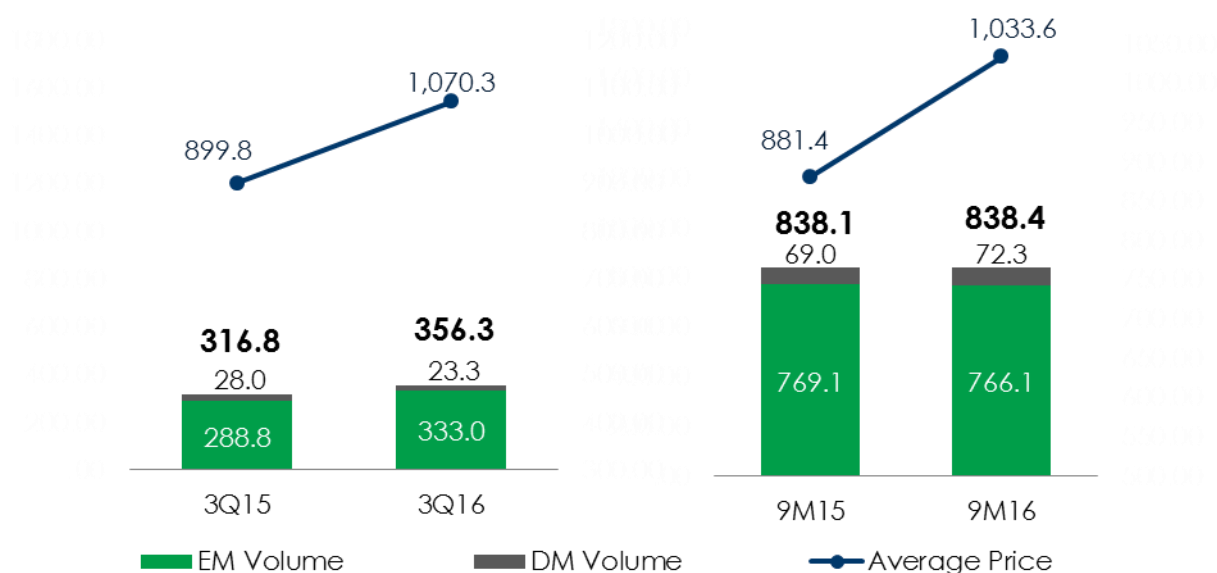
The following charts present a breakdown of the Company's net revenue by product in the quarters:

Net Revenue Breakdown 3Q16 vs. 3Q15



Sugar

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



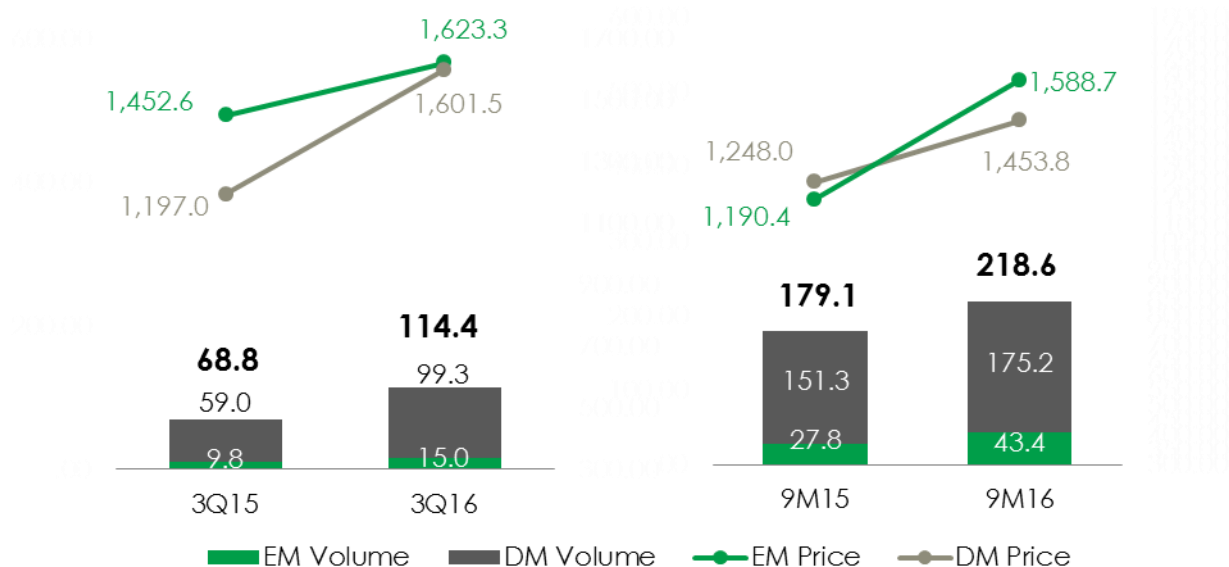
Net revenue from sugar sales amounted to R\$381.3 million in 3Q16, increasing 33.8% on the same period of the previous crop year. The improvement is explained by i) the 12.5% growth in sales volume; and ii) 18.9% increase in the average sugar price, driven primarily by the sharp BRL depreciation in the period.

In the first nine months of the crop year, net revenue from sugar sales amounted to R\$866.5 million, increasing 17.3% compared to 9M15, supported by the 17.3% increase in the average sales price.



Hydrous Ethanol

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



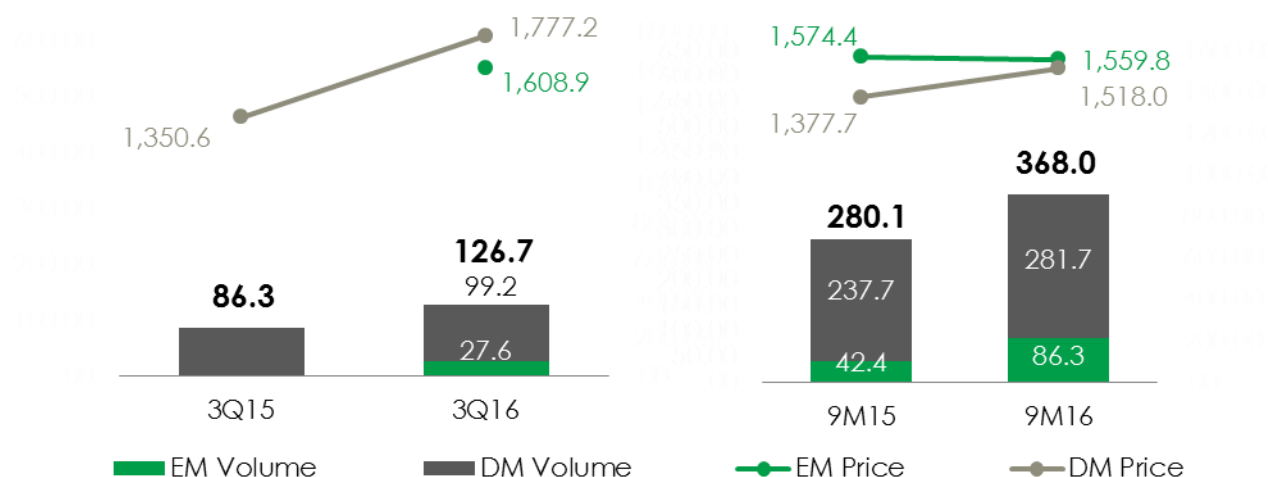
Net revenue from hydrous ethanol sales amounted to R\$183.5 million in 3Q16, increasing 116.3% from the same period of the previous crop year. The improvement is explained by i) the 66.3% increase in sales volume; and ii) the 30.1% increase in the average sales price, as commented in the section 'Industry Overview – Ethanol.' Sales volume growth was driven by the carryover of ethanol inventories.

In 9M16, net revenue from hydrous ethanol sales came to R\$323.7 million, up 45.9% from the same period of the previous crop year, supported by better prices and higher production, as commented above.



Anhydrous Ethanol

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



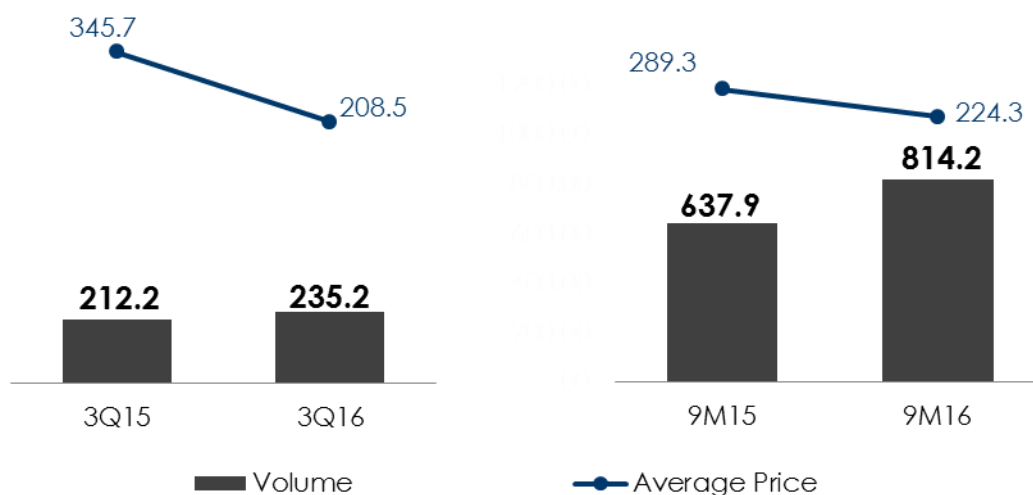
Net revenue from anhydrous ethanol sales amounted to R\$220.6 million in 3Q16, increasing 89.3% from the same quarter of the previous season. The improvement was due to the 46.9% growth in sales volume in the period, combined with the 28.9% increase in the average sales price.

In 9M16, net revenue from anhydrous ethanol sales increased 42.6% from the same period of the 2014/15 crop year to R\$562.2 million, reflecting the higher sales volume and better sales prices in the domestic market.



Cogeneration

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



Net revenue from cogeneration sales declined 33.1% in 3Q16 to R\$49.0 million compared to the same quarter of the prior crop year, reflecting primarily the 39.7% decrease in the average sales price following the decline in the spot energy prices to which the Company is exposed compared to the spot price in the third quarter of the 2014/15 crop year.

In 9M16, net revenue from cogeneration sales was R\$182.7 million, stable year over year, reflecting a combination of higher sales volume and lower average price, as commented above.

Real Estate Development

As reported previously, in the 2014/15 crop year we launched two real estate projects: Recanto das Paineiras and Park Empresarial de Iracemópolis, which are located in the Limeira region of the interior of São Paulo state.

The following table shows the evolution in terms of construction and sales of the projects launched so far this crop year.

Real Estate Development 9M16 Project Evolution	Recanto das Paineiras	Park Empresarial de Iracemópolis
POC (percentage-of-completion) position	99.8%	99.8%
Total lots sold (%)	99.8%	72.6%

In 9M16, we recognized revenue of R\$18.7 million (based on the percentage of completion method), as shown in the following table.

Real Estate Development in progress	Revenue Recognized in the Quarter 3Q16 R\$ '000	Revenue Recognized in the Period 9M16 R\$ '000
Property sales	1,908	4,171
Projects already launched in partnership	1,691	18,706
Recanto das Paineiras	1,386	13,980
Park Empresarial de Iracemópolis	305	4,726
Total revenue	3,599	22,877

Other Products and Services

Net revenue from the line "Other Products and Services" came to R\$14.6 million in 3Q16, decreasing 44.8% from the same quarter of the previous crop year. The decrease is explained mainly by the lower net revenue from RNA.



INVENTORIES

INVENTORIES	3Q16	3Q15	Chg. (%)
Sugar (tons)	397,699	350,410	13.5%
Hydrous (m³)	94,854	180,860	-47.6%
Anhydrous (m³)	148,643	154,985	-4.1%

At the end of 3Q16, we held sugar inventories amounting to 397,700 tons, an increase of 13.5% on the same period of the previous season. The build in inventories reflects the strategy to carry sugar inventories to sell at the end of the season at higher sales prices, as explained in the section 'Hedge – Sugar.'

Ethanol inventories (anhydrous and hydrous) fell 27.5%, reflecting the growth in sales volume in 3Q16 compared to 3Q15.



EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 3Q16	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	381,347	404,054	49,033	3,599	14,640	852,673
COGS (Cash)	(172,715)	(173,454)	(14,312)	(3,092)	(9,851)	(373,424)
Gross Profit (Cash)	208,632	230,600	34,721	507	4,789	479,249
Gross Margin (Cash)	54.7%	57.1%	70.8%	14.1%	32.7%	56.2%
Sales Expenses	(22,859)	(8,713)	(1,351)	-	-	(32,923)
G&A Expenses (Cash)	(14,769)	(16,404)	(2,637)	(1,136)	-	(34,947)
Other Revenues (Expenses)	-	-	-	-	530	530
Adjusted EBITDA	171,004	205,483	30,732	(629)	5,319	411,909
Adjusted EBITDA Margin	44.8%	50.9%	62.7%	-17.5%	36.3%	48.3%
EBITDA Cost**	(590.4)	(823.6)	(77.8)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 50.6 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 3Q15	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	285,058	201,357	73,344	7,920	26,509	594,188
COGS (Cash)	(118,598)	(99,591)	(4,880)	(1,864)	(18,200)	(243,133)
Gross Profit (Cash)	166,460	101,766	68,464	6,056	8,309	351,055
Gross Margin (Cash)	58.4%	50.5%	93.3%	76.5%	31.3%	59.1%
Sales Expenses	(20,068)	(1,567)	(1,474)	-	(86)	(23,195)
G&A Expenses (Cash)	(19,776)	(16,112)	(3,629)	(713)	-	(40,229)
Other Revenues (Expenses)	-	-	-	-	(19)	(19)
Adjusted EBITDA	126,617	84,088	63,361	5,343	8,204	287,612
Adjusted EBITDA Margin	44.4%	41.8%	86.4%	67.5%	30.9%	48.4%
EBITDA Cost**	(500.1)	(756.3)	(47.0)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 9.2 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh



EBITDA BY PRODUCT - 9M16	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	866,540	885,893	182,650	22,877	55,018	2,012,978
COGS (Cash)	(387,283)	(412,192)	(44,672)	(6,581)	(29,241)	(879,969)
Gross Profit (Cash)	479,257	473,701	137,978	16,296	25,777	1,133,009
Gross Margin (Cash)	55.3%	53.5%	75.5%	71.2%	46.9%	56.3%
Sales Expenses	(50,592)	(20,413)	(4,405)	-	(69)	(75,479)
G&A Expenses (Cash)	(41,591)	(47,967)	(10,926)	(3,669)	-	(104,153)
Other Revenues (Expenses)	-	-	-	-	1,565	1,565
Adjusted EBITDA	387,074	405,321	122,647	12,627	27,273	954,942
Adjusted EBITDA Margin	44.7%	45.8%	67.1%	55.2%	49.6%	47.4%
EBITDA Cost**	(571.9)	(819.3)	(73.7)	-	-	-

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 99.0 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 9M15	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	738,703	616,085	184,551	25,621	66,476	1,631,436
COGS (Cash)	(332,798)	(299,008)	(13,813)	(4,331)	(42,062)	(692,012)
Gross Profit (Cash)	405,905	317,077	170,738	21,290	24,414	939,424
Gross Margin (Cash)	54.9%	51.5%	92.5%	83.1%	36.7%	57.6%
Sales Expenses	(52,668)	(9,223)	(4,073)	-	(204)	(66,168)
G&A Expenses (Cash)	(49,353)	(45,232)	(10,807)	(1,530)	-	(106,921)
Other Revenues (Expenses)	-	-	-	-	5,307	5,307
Adjusted EBITDA	303,884	262,623	155,858	19,760	29,517	771,642
Adjusted EBITDA Margin	41.1%	42.6%	84.5%	77.1%	44.4%	47.3%
EBITDA Cost**	(518.8)	(769.8)	(45.0)	-	-	-

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 34.3 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

In 3Q16, sugar accounted for 41.5% of the Group's consolidated Adjusted EBITDA, while ethanol accounted for 49.9% and cogeneration for 7.5%. Sugar EBITDA margin remained stable compared to the same period last season, while ethanol EBITDA margin expanded by 9.1 percentage points from 3Q15 due to better prices.



COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	3Q16	3Q15	Chg. (%)	9M16	9M15	Chg. (%)
R\$ '000						
Agricultural Costs	298,623	190,300	56.9%	689,861	538,018	28.2%
Suppliers	157,696	104,358	51.1%	379,340	301,021	26.0%
Partnerships	54,522	31,395	73.7%	128,281	101,436	26.5%
Own Sugarcane	86,405	54,547	58.4%	182,240	135,561	34.4%
Industrial	48,591	32,391	50.0%	111,283	86,230	29.1%
Other Products	28,844	28,306	1.9%	86,872	75,630	14.9%
Reintegra	(2,634)	(7,865)	-66.5%	(8,047)	(7,865)	2.3%
Total COGS	373,424	243,133	53.6%	879,969	692,012	27.2%
TRS Sold (000 Tons)	788	599	31.5%	1,891	1,670	13.2%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	441	372	18.6%	424	374	13.4%

In 3Q16, Cash COGS came to R\$373.4 million, increasing 53.6% from the previous crop year. The increase in COGS is mainly due to i) the 31.5% growth in sales volume (in TRS equivalent) compared to the year-ago period; ii) the lower dilution of the Company's fixed costs given the lower TRS content this quarter compared to 3Q15; and iii) the higher Consecana price, which impacted third parties sugarcane and leasing costs.

In 9M16, Cash COGS came to R\$879.9 million, increasing 27.2% from the same period of the previous crop year, impacted by the same factors that affected the quarterly result.

The following table presents more details on this impact for both sugar and ethanol.

AVERAGE CASH COST PER UNIT	3Q16	3Q15	Chg. (%)	9M16	9M15	Chg. (%)
R\$ Thousand						
COGS	(346,169)	(218,189)	58.7%	(799,476)	(631,806)	26.5%
Sugar	(172,715)	(118,598)	45.6%	(387,283)	(332,798)	16.4%
Ethanol	(173,454)	(99,591)	74.2%	(412,192)	(299,008)	37.9%
Average Cash Cost Per Unit (*)						
Sugar Cash Cost	(484.8)	(374.4)	29.5%	(461.9)	(397.1)	16.3%
Ethanol Cash Cost	(719.5)	(642.3)	12.0%	(702.7)	(651.2)	7.9%

(*) Sugar in R\$/Ton
Ethanol in R\$/m³



SELLING EXPENSES

SELLING EXPENSES	3Q16	3Q15	Chg.%	9M16	9M15	Chg.%
R\$ '000						
Port Costs / Freight	28,357	21,341	32.9%	67,781	61,537	10.1%
Other - non-recurring	4,566	1,854	146.3%	7,698	4,631	66.2%
Selling Expenses	32,923	23,195	41.9%	75,479	66,168	14.1%
TRS Sold ('000 Tons)	788	599	31.5%	1,891	1,670	13.2%
% of Net Revenue	4.1%	4.0%	0.0 p.p.	3.9%	4.1%	-0.1 p.p.

In 3Q16, selling expenses amounted to R\$32.9 million, growing 41.9% from 3Q15, basically reflecting the higher freight expenses and port costs due to the growth in sugar and ethanol export volumes in the period.

In 9M16, selling expenses amounted to R\$75.5 million (+14.1%), mainly reflecting the same factors that impacted 3Q16, as cited above.

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH)	3Q16	3Q15	Chg. (%)	9M16	9M15	Chg. (%)
R\$ Thousand						
Personnel and Management Fee	22,886	21,516	6.4%	71,202	64,804	9.9%
Taxes, Fees, Contributions and Contingencies	3,707	12,310	-69.9%	11,070	19,828	-44.2%
General Expenses and Third-Party Services	7,949	10,893	-27.0%	19,744	25,359	-22.1%
Stock Options Expenses	405	710	-43.0%	2,137	2,130	0.3%
Total recurring General and Administrative Expenses	34,947	45,429	-23.1%	104,153	112,121	-7.1%
Non-recurring items		(5,200)			(5,200)	
Total General and Administrative Expenses	34,947	40,229	-13.1%	104,153	106,921	-2.6%

G&A expenses amounted to R\$34.9 million in 3Q16, down 13.1% from the same period of the previous crop year. The decline reflects mainly the reduction in labor contingencies involving the Company.



EBITDA

Pro-Forma EBITDA RECONCILIATION	3Q16	3Q15	Chg. (%)	9M16	9M15	Chg. (%)
R\$ '000						
Adjusted EBITDA	411,909	287,612	43.2%	954,942	771,642	23.8%
Adjusted EBITDA Margin	48.3%	48.4%	-0.1 p.p.	47.4%	47.3%	0.1 p.p.
Adjustment to Maturity of Hedge /USC PPA	50,616	9,202	n.m.	99,045	34,311	n.m.
Equity Income	171	22	n.m.	(19)	(591)	-96.8%
Non Recurring Operating Revenues (Expenses)	231	(1,981)	n.m.	(3,313)	(73,955)	-95.5%
Biological Assets	8,847	1,668	n.m.	(35,531)	183	n.m.
Book EBITDA	352,044	278,700	26.3%	894,762	811,694	10.2%
EBITDA Margin	43.9%	47.6%	-3.7 p.p.	46.7%	50.8%	-4.1 p.p.
(-) Depreciation and Amortization	(210,288)	(161,761)	30.0%	(500,134)	(408,487)	22.4%
(-) Depreciation of Agricultural Product	15,556	(2,263)	n.m.	(37,137)	(9,957)	n.m.
(-) Financial Revenue (Expense), net	(76,104)	(67,392)	12.9%	(254,088)	(134,173)	89.4%
(=) Operating Income	81,208	47,284	71.7%	103,402	259,077	-60.1%

Adjusted EBITDA

Adjusted EBITDA amounted to R\$411.9 million in 3Q16 (Adjusted EBITDA margin of 48.3%), up 43.2% from 3Q15. The indicator improved this quarter benefiting from a combination of i) higher ethanol and sugar sales volumes; and ii) higher sugar and ethanol sales prices in the period;

Main Adjustments to EBITDA in 3Q16

1) Adjustment of Debt Maturity in Hedge Accounting / PPA Santa Cruz: R\$50.6 million

- Expense related to exchange variation on debt settled in 3Q16 that was previously designated as Hedge Accounting. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.1/US\$1.00, we adjusted the amount of R\$48.2 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period;
- Noncash expense of R\$2.4 million, reflecting the amortization of goodwill paid for the future profitability of the cogeneration volume of Santa Cruz Mill (*purchase price allocation* - PPA).

2) Biological Assets

Expense related to the noncash accrual of a provision for the fair value adjustment of biological assets in the amount of R\$8.8 million, which mainly reflects the increase in WACC.



The following tables provide a breakdown of Adjusted EBITDA by business:

3Q16						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Others	Consolidated - ex others
R\$ '000						
Net Revenue*	852,673	785,401	49,033	3,599	14,640	838,033
Adjusted EBITDA	411,909	376,487	30,733	(629)	5,318	406,591
Adjusted EBITDA Margin	48.3%	47.9%	62.7%	-17.5%	36.3%	48.5%

*Excludes hedge accounting effect of foreign denominated debt.

3Q15						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Others	Consolidated - ex others
R\$ '000						
Net Revenue*	594,188	486,415	73,344	7,920	26,509	567,679
Adjusted EBITDA	287,612	210,705	63,361	5,343	8,203	279,409
Adjusted EBITDA Margin	48.4%	43.3%	86.4%	67.5%	30.9%	49.2%

*Excludes hedge accounting effect of foreign denominated debt.

9M16						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Others	Consolidated - ex others
R\$ '000						
Net Revenue*	2,012,978	1,752,433	182,650	22,877	55,018	1,957,960
Adjusted EBITDA	954,942	792,395	122,647	12,627	27,274	927,669
Adjusted EBITDA Margin	47.4%	45.2%	67.1%	55.2%	49.6%	47.4%

*Excludes hedge accounting effect of foreign denominated debt.

9M15						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Others	Consolidated - ex others
R\$ '000						
Net Revenue*	1,631,436	1,354,788	184,551	25,621	66,476	1,564,960
Adjusted EBITDA	771,642	566,508	155,858	19,760	29,516	742,126
Adjusted EBITDA Margin	47.3%	41.8%	84.5%	77.1%	44.4%	47.4%

*Excludes hedge accounting effect of foreign denominated debt.

CPC 19						
EBITDA RECONCILIATION	3Q16	3Q15	Chg.%	9M16	9M15	Chg.%
R\$ '000						
Book EBITDA	318,445	243,057	31.0%	775,019	671,337	15.4%
EBITDA Margin	45.8%	48.9%	-3.1 p.p.	47.0%	52.7%	-5.8 p.p.
(-) Depreciation and Amortization	(165,516)	(138,866)	19.2%	(442,422)	(310,382)	42.5%
(-) Net Financial Expense	(74,532)	(59,158)	26.0%	(232,481)	(108,210)	114.8%
(=) Operating Income (Loss)	78,397	45,033	74.1%	100,116	252,745	-60.4%

With the adoption of the new accounting standard IFRS 11 (CPC 19) as of fiscal year 2013/14, São Martinho S.A. no longer proportionately consolidates the results of its investees. Adjusted by IFRS 11, the table above includes only the EBITDA of São Martinho S.A., excluding the proportionate consolidation of Nova Fronteira Bioenergia S.A. (50.95%).



Operating Cash Generation (Adjusted EBIT)

Adjusted EBIT in 3Q16 came to R\$201.6 million (EBIT margin of 23.6%), increasing 60.2% from 3Q15. Adjusted EBIT growth is explained by the same factors that benefitted Adjusted EBITDA in the period.

R\$ '000	3Q16	3Q15	Chg.%	9M16	9M15	Chg.%
Adjusted EBIT	201,620	125,851	60.2%	454,808	363,155	25.2%
Adjusted EBIT Margin	23.6%	21.2%	2.5 p.p.	22.6%	22.3%	0.3 p.p.
(-) Depreciation of Agricultural Product	15,556	(2,263)	n.m.	(37,137)	(9,957)	n.m.
Book EBIT	217,177	123,588	75.7%	417,671	353,198	18.3%
EBIT Margin	25.5%	20.8%	4.7 p.p.	20.7%	21.6%	-0.9 p.p.
(-) Depreciation and Amortization	(210,288)	(161,761)	30.0%	(500,134)	(408,487)	22.4%
Adjusted EBITDA	411,909	287,612	43.2%	954,942	771,642	23.8%
Adjusted EBITDA Margin	48.3%	48.4%	-0.1 p.p.	47.4%	47.3%	0.1 p.p.
Adjustment to Maturity of Hedge /USC PPA	50,616	9,202	n.m.	99,045	34,311	n.m.
Equity Income	171	22	n.m.	(19)	(591)	-96.8%
Non Recurring Operating Revenues (Expenses)	231	(1,981)	n.m.	(3,313)	(73,955)	-95.5%
Biological Assets	8,847	1,668	n.m.	(35,531)	183	n.m.
Book EBITDA	352,044	278,700	26.3%	894,762	811,694	10.2%
EBITDA Margin	43.9%	47.6%	-3.7 p.p.	46.7%	50.8%	-4.1 p.p.

HEDGING

A summary of our sugar and U.S. dollar hedge positions on December 31, 2015 follows.

Sugar

	Volume Hedged ('000 tons)	Avg. Price (US\$ c/p)
Sugar		
May/16 (K16)	112,019	13.93
Jul/15 (N15)	144,584	13.93
Oct/15 (V15)	129,140	13.95
Mar/16 (H16)	47,754	14.12
2016/2017 crop year	433,497	13.96

On December 31, 2015, our hedge position for the 2015/16 crop year totaled 418,584 tons at the price of 15.74 ¢/lb, representing 100% of the sugar volume to be sold in 4Q16.

For the 2016/17 crop year, on the same date, 433,497 tons of sugar was hedged at a price of US\$13.96 ¢/lb. If we consider the same production volume of the current crop year (1,230,000 tons), approximately 50.3% of own cane and 35.2% of total cane would be hedged.

U.S. Dollar

On December 31, 2015, the São Martinho Group held open positions through Non-Deliverable Forwards (NDFs) and derivative instruments, which are used to hedge its exports, with maturities in the 2015/16 and 2016/17 crop years, as follows:

	TOTAL		SUGAR		ETHANOL	
Dollar	US '000	Average Price (R\$/US\$)	US '000	Average Price (R\$/US\$)	US '000	Average Price (R\$/US\$)
2015/2016 crop year	113,675	3.43	107,245	3.40	6,430	3.92
2016/2017 crop year	63,700	4.11	63,700	4.11		

Hedge Accounting

Effect on Shareholders' Equity

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

The quarterly results are recorded in shareholders' equity ("Adjustments to Book Value"), net of deferred income and social contribution taxes. In the period between March 2015 and December 2015, we recorded a loss in shareholders' equity of R\$250.3 million, mainly related to the depreciation in the Brazilian real against the U.S. dollar.

Impact on Income Statement

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

In 3Q16, a total of US\$39.8 million in debt matured, with the exchange rate of R\$1.9/US\$1.00 adopted for the translation of net revenue. Considering that the rate considered for the purposes of cash flow in the period was R\$3.1/US\$1.00, we adjusted the amount of R\$48.2 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation.



NET FINANCIAL RESULT

FINANCIAL RESULT	3Q16	3Q15	Chg.%	9M16	9M15	Chg.%
R\$ '000						
Financial Income	27,086	26,644	1.7%	89,990	69,742	29.0%
Financial Expenses	(85,321)	(78,248)	9.0%	(232,947)	(193,610)	20.3%
Hedge Result/Exchange Variation	(17,870)	(15,787)	13.2%	(111,132)	(10,305)	n.m.
Net Financial Result	(76,105)	(67,392)	12.9%	(254,089)	(134,173)	89.4%

The Company registered a net financial expense of R\$76.1 million in 3Q16, increasing 12.9% compared to 3Q15, which mainly reflects higher interest expenses under financial expenses. In 9M16, the financial result increased 89.4%, due to i) the depreciation in the Brazilian real in the period; and ii) the increase in the Company's net debt.

NET INCOME

In 3Q16, Net Income amounted to R\$76.0 million, increasing 42.0% on the year-ago quarter. Net income growth was driven by EBITDA growth in the period, as mentioned above.

DEBT WITH COPERSUCAR

On December 31, 2015, the São Martinho Group recognized on its balance sheet debt of R\$276.5 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 the legal counsels at Copersucar. These obligations continue to be secured by suretyships in the amount of R\$213.5 million on a consolidated basis.



INDEBTEDNESS

DEBT	dec/15	mar/15	Chg. %
R\$ Thousand			
PESA	50,101	57,755	-13.3%
Rural Credit	197,340	163,907	20.4%
BNDES / FINAME	734,419	877,296	-16.3%
Working Capital	824,822	533,283	54.7%
ACC (Advances on Foreign Exchange Contracts)	197,067	160,475	22.8%
PPE (Export prepayment)	1,176,197	981,525	19.8%
NCE (Export Credit Note)	767,727	838,463	-8.4%
Others	-	897	-100.0%
Obligations from Acquisitions - LOP	85,483	85,432	0.1%
Obligations from Acquisitions - Other	5,778	10,891	-46.9%
Gross Debt	4,038,934	3,709,923	8.9%
Cash and Cash Equivalents	769,229	1,140,538	-32.6%
Consolidated Net Debt	3,269,705	2,569,385	27.3%
Net Debt / Acum. EBITDA	2.6 x	2.2 x	
Net Debt / Acum. EBITDA - USD*	2.2 x	1.7 x	

* Net Debt PTAX:
Mar/15: R\$ 3.20
Dec/15: R\$ 3.90

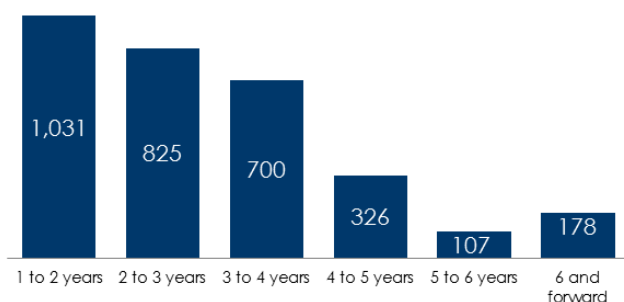
Cumulative EBITDA average 12M daily PTAX rate:
Mar/15: R\$ 2.48
De/15: R\$ 3.34

In 3Q16, the net debt of the São Martinho Group increased 27.3% to approximately R\$3.3 billion, to end the period with a Net Debt to EBITDA ratio of 2.6 times. The increase in the Company's net debt is explained mainly by i) higher working capital needs due to the higher sugar and ethanol inventories in the period (+ R\$474 million) and ii) long-term exchange variation in the amount of approximately R\$258.0 million.

Note that the market value of our inventories of finished products amounted to approximately R\$955 million at December 31, 2015. Considering that we expect to sell the entire inventory by March 2016, the Company's Net Debt to EBITDA ratio should return to the same level of March 2015.

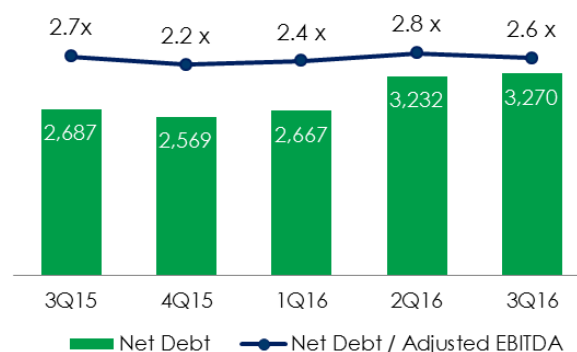
Dent Amortization Schedule

R\$ million



Net Debt / EBITDA LTM

Evolution





CAPITAL EXPENDITURE

(Maintenance)	3Q16	3Q15	Chg.%	9M16	9M15	Var%.
R\$ '000						
Sugarcane Planting	47,079	39,380	19.6%	132,506	109,396	21.1%
Off-Season Maintenance / Industrial / Agricultural	19,651	45,136	-56.5%	25,370	48,446	-47.6%
Crop Treatment	87,173	82,845	5.2%	244,479	211,762	15.5%
Total	153,903	167,360	-8.0%	402,356	369,604	8.9%

(Operational Improvements)	3Q16	3Q15	Chg.%	9M16	9M15	Chg.%
R\$ '000						
Equipment/Projects/Replacements	25,582	26,711	-4.2%	55,272	45,113	22.5%
Total	25,582	26,711	-4.2%	55,272	45,113	22.5%

(Upgrading/Expansion)	3Q16	3Q15	Chg.%	9M16	9M15	Chg.%
R\$ '000						
Industrial/Agricultural	30,069	26,650	12.8%	64,480	73,758	-12.6%
Total	30,069	26,650	12.8%	64,480	73,758	-12.6%

Total	209,555	220,721	-5.1%	522,108	488,475	6.9%
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The maintenance CAPEX of the São Martinho Group amounted to R\$153.9 million in 3Q16, decreasing 8.0% from the year-ago period. The main factor in the reduction was the schedule of inter-crop maintenance, since in 3Q16 we finished crushing activities in December, which is practically one month later than in 3Q15, when we finished crushing for the crop year in November 2015.

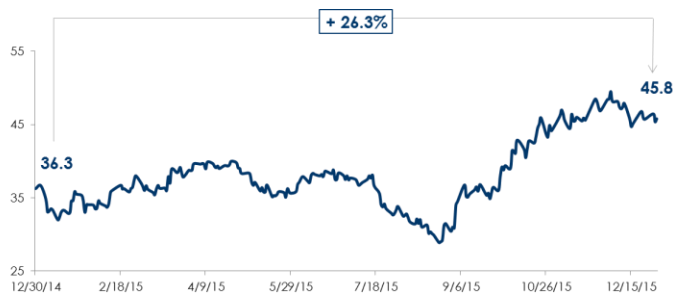
Operational improvement capex (investments in replacing agricultural and industrial equipment to boost yields) amounted to R\$25.6 million in 3Q16, down 4.2% from 3Q15, reflecting the lower need to replace equipment this quarter.

In terms of expansion CAPEX, the Company invested a total of R\$30.1 million, or 12.8% more than in the same period of the previous season, mainly due to the carryover of projects started during the previous crop year, and the start of the expansion project at Santa Cruz, which will increase capacity to 5.2 million tons by the 2017/18 crop year.

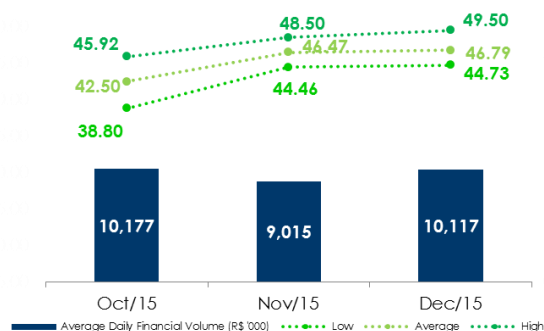


CAPITAL MARKETS AND INVESTOR RELATIONS

Performance SMT03 – 12 months



Price and Volume



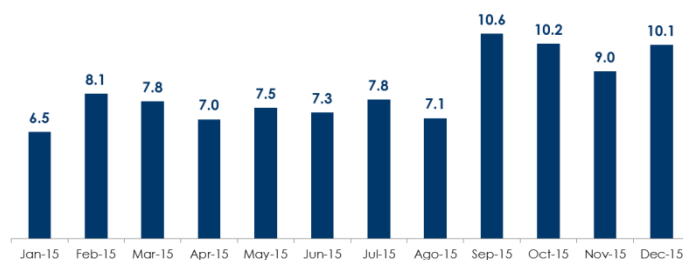
SMT03 vs. Stock Indexes

Base 100



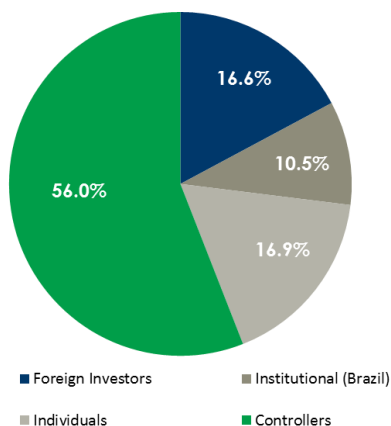
Average Daily Trading Volume

R\$ million

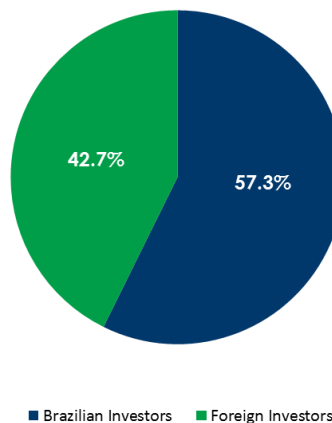


Ownership Structure

Base: Dec. 31, 2015



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

Quarter

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
R\$ Thousand	3Q16	3Q15	Chg. (%)	3Q16	3Q15	Chg. (%)
Gross Revenue	726,025	514,569	41.1%	840,996	608,121	38.3%
Deductions from Gross Revenue	(31,338)	(17,453)	79.6%	(38,939)	(23,134)	68.3%
Net Revenue	694,687	497,116	39.7%	802,057	584,987	37.1%
Cost of Goods Sold (COGS)	(508,349)	(347,346)	46.4%	(574,251)	(406,544)	41.3%
Gross Profit	186,338	149,770	24.4%	227,806	178,443	27.7%
Gross Margin (%)	26.8%	30.1%	-3.3 p.p	28.4%	30.5%	-2.1 p.p
Operating Expenses	(33,409)	(45,579)	-26.7%	(70,494)	(63,767)	10.5%
Selling Expenses	(31,260)	(21,470)	45.6%	(32,923)	(23,195)	41.9%
General and Administrative Expenses	(33,505)	(43,164)	-22.4%	(37,699)	(47,710)	-21.0%
Equity Income	31,082	10,160	n.m.	(171)	(22)	n.m.
Other Operating Expenses, Net	274	8,895	-96.9%	299	7,160	-95.8%
Operating Profit, Before Financial Effects	152,929	104,191	46.8%	157,312	114,676	37.2%
Financial Result, Net	(74,532)	(59,158)	26.0%	(76,104)	(67,392)	12.9%
Financial Revenues	22,529	22,689	-0.7%	27,086	26,643	1.7%
Financial Expenses	(76,534)	(69,641)	9.9%	(85,320)	(78,248)	9.0%
Monetary and Exchange Variations - Net	865	(21,104)	n.m.	4,416	(24,236)	n.m.
Derivatives Results	(21,392)	8,898	n.m.	(22,286)	8,449	n.m.
Income (Loss) Before Income and Social Contribution Taxes	78,397	45,033	74.1%	81,208	47,284	71.7%
Income Tax and Social Contribution - Current	(26,866)	(2,379)	n.m.	(29,442)	(4,425)	n.m.
Income Tax and Social Contribution - Deferred	24,489	11,855	106.6%	24,254	11,650	108.2%
Net Income (Loss) Before Minority Interest	76,020	54,509	39.5%	76,020	54,509	39.5%
Minority Interest	-	(969)	n.m.	-	(969)	n.m.
Net Income	76,020	53,540	42.0%	76,020	53,540	42.0%
Net Margin (%)	10.9%	10.8%	0.2 p.p	9.5%	9.2%	0.3 p.p



Year to date

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	9M16	9M15	Chg. (%)	9M16	9M15	Chg. (%)
R\$ Thousand						
Gross Revenue	1,710,412	1,315,651	30.0%	1,993,574	1,660,470	20.1%
Deductions from Gross Revenue	(60,881)	(42,819)	42.2%	(79,641)	(63,342)	25.7%
Net Revenue	1,649,531	1,272,832	29.6%	1,913,933	1,597,128	19.8%
Cost of Goods Sold (COGS)	(1,191,960)	(875,695)	36.1%	(1,373,526)	(1,104,126)	24.4%
Gross Profit	457,571	397,137	15.2%	540,407	493,002	9.6%
Gross Margin (%)	27.7%	31.2%	-3.5 p.p	28.2%	30.9%	-2.6 p.p
Operating Expenses	(124,974)	(36,182)	245.4%	(182,917)	(99,752)	83.4%
Selling Expenses	(70,879)	(58,797)	20.5%	(75,479)	(66,168)	14.1%
General and Administrative Expenses	(99,388)	(103,411)	-3.9%	(112,336)	(118,635)	-5.3%
Equity Income	41,093	39,454	4.2%	19	591	-96.8%
Other Operating Expenses, Net	4,200	86,572	-95.1%	4,879	84,460	-94.2%
Operating Profit, Before Financial Effects	332,597	360,955	-7.9%	357,490	393,250	-9.1%
Financial Result, Net	(232,481)	(108,210)	114.8%	(254,088)	(134,173)	89.4%
Financial Revenues	79,296	59,402	33.5%	89,990	69,742	29.0%
Financial Expenses	(210,255)	(161,387)	30.3%	(232,946)	(193,610)	20.3%
Monetary and Exchange Variations - Net	(95,503)	(21,983)	n.m.	(108,671)	(28,484)	n.m.
Derivatives Results	(6,019)	15,758	n.m.	(2,461)	18,179	n.m.
Income (Loss) Before Income and Social Contribution Taxes	100,116	252,745	-60.4%	103,402	259,077	-60.1%
Income Tax and Social Contribution - Current	(18,980)	(6,679)	184.2%	(21,562)	(11,104)	94.2%
Income Tax and Social Contribution - Deferred	44,233	(14,319)	n.m.	43,529	(16,226)	n.m.
Net Income (Loss) Before Minority Interest	125,369	231,747	-45.9%	125,369	231,747	-45.9%
Minority Interest	-	(2,259)	n.m.	-	(2,259)	n.m.
Net Income	125,369	229,488	-45.4%	125,369	229,488	-45.4%
Net Margin (%)	7.6%	18.0%	-10.4 p.p	6.6%	14.4%	-7.8 p.p



BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS	CPC 19		Pro-forma	
R\$ '000				
ASSETS	Dec/15	Mar/15	Dec/15	Mar/15
SHORT-TERM ASSETS				
Cash and Cash Equivalents	345,548	1,020,112	346,532	1,126,517
Marketable Securities	306,407	-	409,343	-
Trade Receivables	197,108	156,317	249,094	168,031
Derivative Financial Instruments	66,147	221,797	70,132	222,226
Inventories	657,410	177,443	759,499	212,975
Taxes Recoverable	102,255	102,821	109,305	116,363
Income and Social Contribution Taxes	80,862	64,633	89,763	68,718
Dividends receivable	14,509	6,476	17,287	7,661
TOTAL SHORT-TERM ASSETS	1,770,246	1,749,599	2,050,955	1,922,491
LONG-TERM ASSETS				
Long-term Receivables				
Marketable Securities	5,270	5,723	13,354	14,021
Inventories	19,275	49,607	29,149	72,288
Related Parties	-	34	-	34
Deferred Income and Social Contribution Taxes	-	-	47,318	48,031
Trade Receivables	22,269	8,049	22,725	8,049
Trade Receivables from Copersucar	4,425	1,669	4,738	1,784
Taxes Recoverable	99,771	75,860	110,601	87,127
Judicial Deposits	31,655	27,927	33,498	29,553
Other Assets	498	518	498	518
	183,163	169,387	261,881	261,405
Investments	471,328	429,780	20,935	20,902
Biological Assets	942,556	936,241	1,098,457	1,116,783
Property, plant and equipment	3,268,061	3,383,376	3,664,659	3,796,775
Intangible Assets	488,286	500,541	488,374	500,676
TOTAL LONG-TERM ASSETS	5,353,394	5,419,325	5,534,306	5,696,541
TOTAL ASSETS	7,123,640	7,168,924	7,585,261	7,619,032



BALANCE SHEET (LIABILITIES)

São Martinho S.A. - LIABILITIES	CPC 19		Pro-forma	
R\$ '000				
LIABILITIES AND SHAREHOLDERS' EQUITY	Dec/15	Mar/15	Dec/15	Mar/15
SHORT-TERM ASSETS				
Borrowings	694,514	872,419	856,240	978,828
Derivative Financial Instruments	191,782	232,711	191,782	232,711
Trade Payables	152,547	95,476	172,230	115,727
Payables to Copersucar	26,929	2,040	28,966	2,300
Payroll and Social Contributions	88,173	84,373	100,320	95,953
Taxes Payable	15,588	13,235	17,612	14,531
Income and Social Contribution Taxes	1,994	1,511	1,994	1,540
Dividends Payable	1	67,939	1	67,939
Advances from Customers	12,607	3,197	13,431	4,321
Acquisition of Investment	17,891	17,507	17,891	17,507
Other Liabilities	21,296	29,484	25,854	34,079
TOTAL SHORT-TERM LIABILITIES	1,223,322	1,419,892	1,426,321	1,565,436
LONG-TERM ASSETS				
Borrowings	2,867,601	2,367,660	3,091,418	2,634,773
Payables to Copersucar	237,153	279,584	247,556	292,945
Taxes Payable in Installments	15,664	16,267	15,664	16,267
Deferred Income and Social Contribution Taxes	150,490	323,811	150,736	324,064
Provision for Contingencies	58,678	55,430	62,507	58,702
Acquisition of Investment	73,370	78,815	73,370	78,815
Advances for future capital increase	-	-	31,709	31,492
Other Liabilities	11,567	11,380	185	453
TOTAL LONG-TERM LIABILITIES	3,414,523	3,132,947	3,673,145	3,437,511
SHAREHOLDERS' EQUITY				
Share Capital	931,340	812,992	931,340	812,992
Capital reserves	10,706	9,119	10,706	9,119
Treasury Shares	(8,226)	(7,375)	(8,226)	(7,375)
Stock options granted	4,911	5,079	4,911	5,079
Adjustments to Book Value	1,133,337	1,405,708	1,133,337	1,405,708
Profits Reserves	272,214	390,562	272,214	390,562
Retained earnings	141,513	-	141,513	-
TOTAL SHAREHOLDERS' EQUITY	2,485,795	2,616,085	2,485,795	2,616,085
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,123,640	7,168,924	7,585,261	7,619,032



CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	CPC 19		Pro Forma	
R\$ '000	9M16	9M15	9M16	9M15
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income in the period	125,369	229,488	125,369	229,488
Adjustments				
Depreciation and amortization	156,931	117,057	182,931	148,350
Harvested biological assets (depreciation)	285,491	193,325	354,341	270,097
Change in fair value of biological assets	(28,705)	2,602	(35,531)	177
Amortization of intangible assets	9,937	6,748	9,937	7,214
Equity income	(41,093)	(39,454)	(19)	(591)
Capital gain in investment in joint venture	-	(7,055)	-	(7,235)
Result of investment and property, plant and equipment disposals	1,433	(6,879)	1,596	(7,352)
Interest, monetary and foreign exchange variations, net	282,628	158,120	313,213	190,526
Derivative financial instruments	27,373	57,055	27,373	60,315
Accrual (reversal) of provision for contingencies, net	8,310	8,943	10,362	10,348
Deferred income tax and social contribution taxes	(44,233)	14,319	(43,529)	16,226
Adjustments to present value and others	2,715	4,938	2,278	4,553
Income (loss) from ownership divestment	-	(79,717)	-	(79,717)
	786,156	659,490	948,321	842,399
Changes in assets and liabilities				
Trade receivables	(70,902)	(109,093)	(113,858)	(124,915)
Inventories	(308,616)	(237,220)	(337,419)	(278,468)
Taxes recoverable	(33,358)	(51,327)	(30,553)	(48,788)
Marketable securities	963	(1,128)	1,948	(1,065)
Other assets	(9,683)	10,495	(11,360)	9,834
Trade payables	53,187	26,824	53,985	35,219
Salaries and social charges	3,800	(13,342)	4,368	(11,640)
Taxes payable	2,310	11,027	2,551	9,577
Payables to Copersucar	(26,833)	14,569	(28,799)	15,627
Taxes paid in installments	(1,411)	(29,759)	(1,411)	(29,731)
Provision for contingencies - settlements	(14,698)	(25,649)	(16,685)	(28,093)
Other liabilities	3,081	(9,413)	2,745	(12,822)
	383,996	245,474	473,833	377,134
Cash provided by operations	383,996	245,474	473,833	377,134
Interest paid	(158,610)	(95,778)	(175,981)	(121,805)
Income tax and social contribution paid	(4,849)	(3,424)	(4,890)	(3,496)
Net cash provided by operating activities	220,537	146,272	292,962	251,833
CASH FLOW FROM INVESTING ACTIVITIES				
Financial resources used in investments	(13,681)	(51,953)	(13,681)	(51,953)
Change due to acquisition and sale of equity interest	-	44,860	-	25,273
Additions to property, plant and equipment and intangible assets	(121,671)	(146,300)	(142,562)	(179,493)
Additions to biological assets (planting and crop treatment)	(325,587)	(259,740)	(376,985)	(333,556)
Marketable securities	(306,407)	-	(409,344)	-
Proceeds from sale of property, plant and equipment	12,253	8,436	12,503	9,135
Advance for future capital increase	-	3,127	-	(32)
Dividends received	-	-	-	443
Net cash used in investing activities	(755,093)	(401,570)	(930,069)	(530,183)
CASH FLOW FROM FINANCING ACTIVITIES				
New borrowings - third parties	632,717	930,098	674,221	1,036,589
Repayment of borrowings - third parties	(703,219)	(656,142)	(747,809)	(746,865)
Advance for future capital increase	-	2,259	216	637
Change in noncontrolling interest	(8,734)	-	-	2,259
Acquisition of treasury shares	7,166	3,098	(8,734)	-
Sale of treasury shares	(67,938)	(43,089)	7,166	3,098
Payment of dividends	-	-	(67,938)	(40,405)
Net cash provided by (used in) financing activities	(140,008)	236,224	(142,878)	255,313
Increase (decrease) in cash and cash equivalents, net	(674,564)	(19,074)	(779,985)	(23,037)
Cash and cash equivalents at the beginning of the period	1,020,112	551,359	1,126,517	670,741
Cash and cash equivalents at the end of the period	345,548	532,285	346,532	647,704