(A free translation of the original in Portuguese)

São Martinho S.A.

Parent company and consolidated financial statements at March 31, 2012 and independent auditor's report

(A free translation of the original in Portuguese)

Independent auditor's report

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

We have audited the accompanying financial statements of São Martinho S.A. ("Parent company"), which comprise the balance sheet as at March 31, 2012 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of São Martinho S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at March 31, 2012 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on the parent company financial statements

In our opinion, the parent company financial statements referred to above present fairly, in all material respects, the financial position of São Martinho S.A. as at March 31, 2012, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of São Martinho S.A. and its subsidiaries as at March 31, 2012, and their financial performance and their cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis of matter

As discussed in note 2 to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of São Martinho S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries and jointly-controlled entities based on the equity method of accounting, while IFRS requires measurement based on cost or fair value.

Other matters
Statements of value added

We also have audited the parent company and consolidated statements of value added for the year ended March 31, 2012, the presentation of which is required by the Brazilian corporate legislation for listed companies, but is considered supplementary information for IFRS purposes. These statements were subjected to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Ribeirão Preto, June 25, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

(A free translation of the original in Portuguese)

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São Martinho S.A.

Balance sheet at March 31

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

		Parent company		Consolidated	
Assets	**Note**	**2012**	**2011**	**2012**	**2011**
Current assets					
Cash and cash equivalents	7	288,554	116,461	410,567	222,219
Trade receivables	8	33,869	50,439	38,399	59,673
Derivative financial instruments	30	10,283	5,967	11,063	5,967
Inventories	9	104,624	116,042	137,375	139,106
Taxes recoverable	10	28,977	12,650	39,701	33,520
Income tax and social contribution	26	17,658	1,023	20,550	5,037
Dividends receivable		8,604			
Other assets	12	4,905	4,958	5,551	5,692
		497,474	307,540	663,206	471,214
Non-current assets					
Long-term receivables					
Financial investments	13			6,541	2,848
Inventories	9	13,927		26,877	
Related parties	11	17,672	4,833	3,788	33
Deferred income tax and social contribution	26			38,227	43,917
Trade receivables from Copersucar		1,545	9,749	1,737	9,939
Taxes recoverable	10	23,413	14,354	46,581	37,220
Judicial deposits	29	41,784	30,564	44,972	32,367
Other assets	12	253	5,619	395	7,101
		98,594	65,119	169,118	133,425
Investments	14	1,376,929	1,213,426	8,262	
Biological assets	15	443,536	342,152	632,904	435,532
Property, plant and equipment	16	1,413,608	1,328,183	3,244,267	2,864,761
Intangible assets	17	2,967	1,831	69,410	36,726
		3,335,634	2,950,711	4,123,961	3,470,444
Total assets		3,833,108	3,258,251	4,787,167	3,941,658

		Parent company		Consolidated	
Liabilities and equity	**Note**	**2012**	**2011**	**2012**	**2011**
Current liabilities					
Borrowings	18	117,551	80,291	247,504	140,982
Derivative financial instruments	30	13,542	25,910	14,269	25,910
Trade payables	19	56,751	46,642	76,655	61,096
Payables to Copersucar	20	2,040	2,040	2,356	2,203
Salaries and social charges		44,790	37,015	57,297	44,000
Taxes payable		9,376	18,294	12,199	20,343
Income tax and social contribution	26		829	240	829
Related parties	11		33	224	705
Dividends payable	23	30,070	9,180	30,070	9,180
Advances from customers		5,810	14,455	8,418	14,475
Acquisition of investment	38	57,906		57,906	
Other liabilities	22	13,769	21,398	10,215	21,137
		351,605	256,087	517,353	340,860
Non-current liabilities					
Borrowings	18	671,412	335,790	984,865	570,711
Payables to Copersucar	20	200,409	201,650	222,007	207,645
Taxes payable in installments	21	49,873	54,910	57,873	55,833
Deferred income tax and social contribution	26	404,681	375,874	820,201	728,368
Provision for contingencies	29	68,064	70,043	74,259	74,284
Acquisition of investment	38	55,569		55,569	
Advances for future capital increase	11			23,543	
Other liabilities	22	6,817	10,411	6,819	10,471
		1,456,825	1,048,678	2,245,136	1,647,312
Equity	23				
Share capital		455,900	455,900	455,900	455,900
Carrying value adjustments		1,272,558	1,304,969	1,272,558	1,304,969
Revenue reserves		308,867	194,516	308,867	194,516
Treasury shares		(12,753)	(1,899)	(12,753)	(1,899)
Stock options granted		106		106	
		2,024,678	1,953,486	2,024,678	1,953,486
Total liabilities and equity		3,833,108	3,258,251	4,787,167	3,941,658

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

São Martinho S.A.

Statement of income
Years ended March 31
All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	**2012**	**2011**	**2012**	**2011**
Revenue	32	1,153,129	569,836	1,366,990	1,295,046
Cost of sales	33	(843,734)	(382,639)	(990,438)	(895,702)
Gross profit		309,395	187,197	376,552	399,344
Operating income (expenses)					
Selling	33	(47,724)	(19,671)	(53,748)	(58,205)
General and administrative expenses	33	(100,941)	(43,912)	(120,499)	(101,130)
Equity in the earnings (loss) of subsidiaries	14	20,539	79,002	(451)	
Other income (expenses), net	34	27,633	(15,025)	26,987	(4,244)
		(100,493)	394	(147,711)	(163,579)
Operating profit		208,902	187,591	228,841	235,765
Finance result	35				
Finance income		61,067	22,501	75,692	39,473
Finance costs		(84,479)	(42,674)	(116,006)	(101,607)
Monetary and foreign exchange variations, net		(17,572)	6,556	(22,324)	23,465
		(40,984)	(13,617)	(62,638)	(38,669)
Profit before taxation		167,918	173,974	166,203	197,096
Income tax and social contribution	26(b)				
Current		(16,472)	(25,193)	(16,333)	(59,496)
Deferred		(24,835)	(6,493)	(23,259)	4,688
Profit for the year		126,611	142,288	126,611	142,288
Basic and diluted earnings per share - R$	36			1.12	1.26

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

São Martinho S.A.

Statement of comprehensive income
Years ended March 31
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Profit for the year	126,611	142,288	126,611	142,288
Other comprehensive income				
Gains (losses) on derivative transactions - hedge accounting	6,461	(61,121)	6,461	(61,121)
Total comprehensive income for the year	133,072	81,167	133,072	81,167

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

São Martinho S.A.

Statement of changes in equity

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

			Carrying value adjustments				Revenue reserves						
			Deemed cost		Gains (losses) on derivative transactions - hedge accounting								
	Note	Share capital	Own	Subsidiaries	Own	Subsidiaries	Legal	Capital investments	Additional dividends	Treasury shares	Stock options granted	Retained earnings (accumulated deficit)	Total equity
At April 1, 2010	23	360,000	423,429	934,418	25,458	20,363	9,731	200,062	8,838	(1,899)		(71,009)	1,909,391
Prior-year additional dividends paid									(8,838)				(8,838)
Realization of the deemed cost increment			(21,087)	(16,995)								38,082	
Losses on derivative transactions - hedge accounting					(40,758)	(20,363)							(61,121)
Capital increase with reserve		95,900						(95,900)					
Merger of the deemed cost of USM			243,345	(243,345)									
Adjustment due to decrease in holding in subsidiary				504									504
Profit for the year												142,288	142,288
Allocation of profit:													
Transfer to reserves							5,468	54,093				(59,561)	
Mandatory minimum dividend												(9,180)	(9,180)
Additional dividend proposed									21,062			(21,062)	
Distribution of interest on capital												(19,558)	(19,558)
At March 31, 2011	23	455,900	645,687	674,582	(15,300)		15,199	158,255	21,062	(1,899)			1,953,486
Prior-year additional dividends paid									(21,062)				(21,062)
Realization of the deemed cost increment			(38,508)	(364)								38,872	
Gains on derivative transactions - hedge accounting					6,461								6,461
Merger of the deemed cost of OMTEK			3,374	(3,374)									
Purchases of own shares										(10,854)			(10,854)
Stock options granted											106		106
Profit for the year												126,611	126,611
Allocation of profit:													
Transfer to reserves							6,331	123,068				(129,399)	
Mandatory minimum dividend												(30,070)	(30,070)
Additional dividend proposed									(6,014)			(6,014)	
At March 31, 2012	23	455,900	610,553	670,844	(8,839)		21,530	281,323	(6,104)	(12,753)	106		2,024,678

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

São Martinho S.A.

Statement of cash flows
Years ended March 31
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Cash flows from operating activities				
Profit for the year	126,611	142,288	126,611	142,288
Adjustments				
Depreciation and amortization	145,091	95,881	184,963	143,587
Harvested biological assets (depreciation)	147,642	47,012	166,910	186,773
Changes in the fair value of biological assets	(37,543)	11,516	(31,978)	34,298
Equity in the (earnings) loss of subsidiaries	(20,539)	(79,002)	451	
Capital gain on investment in jointly-controlled subsidiary	(13,720)	(8,533)	(13,720)	(24,666)
Negative goodwill on acquisition of investment	(11,259)		(11,259)	
(Gains) losses on investment and property, plant and equipment disposals	1,096	(1,864)	1,178	(2,102)
Interest, monetary and foreign exchange variations, net	90,831	13,757	121,705	56,243
Provision for contingencies, net	6,577	20,494	5,832	22,394
Deferred income tax and social contribution	24,835	6,493	23,259	(4,688)
Provision (reversal) for inventory losses	149		(3,222)	3,799
Adjustments to present value and others	5,028	1,686	5,086	(1,743)
	464,799	249,728	575,816	556,183
Changes in assets and liabilities				
Trade receivables	20,887	(12,981)	26,578	(25,068)
Inventories	6,852	127,651	11,506	(41,955)
Taxes recoverable	(24,094)	12,882	(23,566)	28,636
Financial investments			(3,933)	(2,812)
Related parties	3,216	(5,403)	(1,623)	340
Other assets	(8,832)	(1,503)	(9,992)	(6,129)
Trade payables	(2,984)	(93,425)	(14,223)	(4,927)
Salaries and social charges	7,310	(2,796)	9,803	6,269
Taxes payable	2,869	16,307	1,868	26,649
Taxes payable in installments	(10,119)	2,002	(10,707)	3,467
Provision for contingencies	(16,036)	(8,584)	(16,767)	(18,033)
Other liabilities	(22,715)	10,230	(24,464)	17,707
Cash flows from operations	421,153	294,108	520,296	540,327
Interest paid	(13,464)	(13,796)	(37,708)	(50,594)
Income tax and social contribution paid	(12,893)	(11,233)	(14,322)	(23,878)
Net cash provided by operating activities	394,796	269,079	468,266	465,855
Cash flows from investing activities				
Financial resources used in investments	(60,594)	410	(59,010)	410
Additions to property, plant and equipment and intangible assets	(220,886)	(91,686)	(308,318)	(223,103)
Additions to biological assets (crop planting and treatment)	(213,367)	(96,159)	(308,041)	(235,828)
Proceeds from sale of property, plant and equipment	3,477	4,108	3,649	7,302
Proceeds from sale of investment Uniduto	6,085		6,782	
Increase in subsidiary's cash and cash equivalents due to changes in ownership interest			100,588	143,165
Cash and cash equivalents of merged subsidiary	1,320	65,004		
Advances for future capital increase	(17,864)		(5,364)	153
Dividends and interest on own capital received	21,373	119,576		
Net cash provided by (used in) investing activities	(480,456)	1,253	(569,714)	(307,901)
Cash flows from financing activities				
Derivative financial instruments	(965)	(6,504)	(533)	(34,789)
New borrowings - third parties	616,318	51,458	696,997	571,483
Repayment of borrowings - Copersucar	(8,246)	(3,189)	(8,460)	(5,807)
Repayment of borrowings - third parties	(308,257)	(184,971)	(379,962)	(562,583)
Borrowings received (repaid) - related parties				(103)
Advances for future capital increase			22,851	295
Purchases of treasury shares	(10,854)		(10,854)	
Payment of dividends and interest on own capital	(30,243)	(34,865)	(30,243)	(34,865)
Net cash provided by (used in) financing activities	257,753	(178,071)	289,796	(66,369)
Increase in cash and cash equivalents	172,093	92,261	188,348	91,585
Cash and cash equivalents at the beginning of the year	116,461	24,200	222,219	130,634
Cash and cash equivalents at the end of the year	288,554	116,461	410,567	222,219

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

São Martinho S.A.

Statement of value added
Years ended March 31
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Revenue				
Gross sales of products and goods	1,209,511	607,002	1,447,089	1,384,139
Revenue from the construction of own assets	281,140	150,227	397,355	309,649
Reversal of the provision for impairment of trade receivables				(15)
Other income	2,799	4,343	3,301	6,202
	1,493,450	761,572	1,847,745	1,699,975
Inputs acquired from third parties				
Cost of products and goods sold	(394,382)	(152,335)	(432,855)	(362,830)
Materials, energy, outsourced services and others	(346,158)	(186,596)	(492,928)	(457,470)
Recovery (impairment) of assets	(150)		3,289	(3,781)
	(740,690)	(338,931)	(922,494)	(824,081)
Gross value added	752,760	422,641	925,251	875,894
Depreciation and amortization	(145,091)	(95,881)	(184,963)	(143,587)
Harvested biological assets (depreciation)	(147,642)	(47,012)	(166,910)	(186,773)
Net value added generated by the entity	460,027	279,748	573,378	545,534
Value added received through transfer				
Equity in the earnings (loss) of subsidiaries	20,539	79,002	(451)	
Finance income	200,535	49,642	236,226	120,324
Other	26,966	8,323	28,921	25,375
Total value added to distribute	708,067	416,715	838,074	691,233
Distribution of value added				
Personnel and payroll charges				
Direct remuneration	187,022	79,865	229,167	171,049
Benefits	63,321	33,656	78,776	59,855
Government Severance Indemnity Fund for Employees (FGTS)	14,378	6,937	17,579	15,074
Management fees	11,372	7,539	12,720	10,742
Taxes and contributions				
Federal	54,199	49,508	61,189	90,292
State	1,675	23,575	13,338	34,869
Municipal	403	67	480	306
Less: state tax incentives			(7,537)	(8,554)
Creditors				
Interest	52,714	24,435	79,937	70,267
Rentals	4,794	2,552	1,961	2,845
Foreign exchange differences	157,040	20,585	182,858	57,386
Other	34,538	25,708	40,995	44,814
Interest on capital		19,558		19,558
Dividends	30,070	9,180	30,070	9,180
Profits reinvested	96,541	113,550	96,541	113,550
Value added distributed	708,067	416,715	838,074	691,233

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

1 Operations

1.1 General information

São Martinho S.A. (the "Company") and its subsidiaries are primarily engaged in planting sugar cane and producing and selling sugar, ethanol and other sugar cane products; the cogeneration of electricity; cattle breeding and agricultural production; import and export of goods, products and raw materials and investing in other companies.

Approximately 64% of the sugar cane used in the production of the products derives from the Company's own plantations, from those of stockholders, related companies and agricultural partnerships, and the remaining 36% from third-party suppliers.

Sugar cane requires up to 18-month period for maturing and the beginning of the harvest, which generally takes place between April and December, the period during which sugar and ethanol are also produced.

The sale of sugar and ethanol is carried out in a partnership with Santa Cruz S.A. Açúcar e Álcool ("SC") through a commercial agreement, in which costs, expenses and obligations arising from sales transactions are apportioned proportionally between the Company and its subsidiaries and SC, in accordance with their percentage of the total volume sold. In the prior year, sales were carried out through the consortium Allicom.

As part of its strategic objectives, the Company maintains investments in the following subsidiaries, jointly-controlled companies and associates:

- Vale do Mogi Empreendimentos Imobiliários S.A. ("Vale do Mogi"), previously called Usina São Martinho S.A. ("USM");
- Nova Fronteira Bioenergia S.A. ("NF") and its subsidiaries:
    - Usina Boa Vista S.A. ("UBV"); and
    - SMBJ Agroindustrial S.A. ("SMBJ");
- SMA Indústria Química S.A. ("SMA");
- Usina Santa Luiza S.A. ("USL");
- São Martinho Energia S.A. ("SME");
- Omtek Indústria e Comércio Ltda. ("Omtek") - investment merged into the Company on May 30, 2011;
- Santa Cruz S.A. Açúcar e Álcool ("SC") and its subsidiary:
    - Companhia Bioenergética Santa Cruz 1 ("Bio");
- Agro Pecuária Boa Vista S.A. ("ABV"); and
- CTC - Centro de Tecnologia Canavieira S.A. ("CTC").

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

The issue of these financial statements was approved by the Company's Board of Directors on June 25, 2012.

1.2 Formation and capital increase in NF

On June 21, 2010, the Company and Petróleo Brasileiro S.A. ("Petrobrás"), through its subsidiary Petrobrás Biocombustível S.A. ("PBio"), announced the signing of an investment agreement for the production of ethanol in the State of Goiás, in the midwest region of Brazil.

The agreement established the formation of a new company, NF, which comprised the assets of the subsidiaries UBV and SMBJ. The objective is to increase the processing of UBV and to implement a greenfield project in SMBJ. PBio will have the right of preference, regarding market terms and conditions, for the purchase of up to 49% of the production of ethanol and the excess electricity of the new Company.

In connection with this agreement, the Extraordinary General Meeting of stockholders held on September 17, 2010 approved the increase in the capital of NF through the subscription of 427,039,541 new common shares, increasing the capital to R$ 427,040. The payment was made through the transfer of all the common shares of UBV and SMBJ, R$ 111,355 by the Company and R$ 315,684 by the subsidiary USM (currently Vale do Mogi).

Additionally, the Extraordinary General Meeting held on November 1, 2010 approved a new increase in the capital of NF of R$ 420,874 through the subscription of 410,293,373 new common shares at the unit issue price of R$ 1.025788, which resulted in the subsidiary's capital amounting to R$ 847,914. As required by the Brazilian Securities Commission - CVM, the Company granted to its minority stockholders the right of preference in the increase of capital and these stockholders subscribed 405,308 shares in the amount of R$ 416. The remaining 409,888,065 shares issued, in the amount of R$ 420,458, were subscribed by PBio, of which R$ 257,423 was paid up to December 31, 2010 and R$ 163,035 was paid on November 1, 2011.

Since the minority stockholders exercised their right in the subscription of the shares of NF, on December 21, 2010 the Company sold to PBio 405,308 common shares for R$ 416, in compliance with an agreement signed between the Company and PBio, which established that PBio should hold 49% of the capital of NF. After this transaction, the Company held a 50.95% interest in NF, PBio 49% and the minority stockholders 0.05%.

As a result of the decrease in the Company's holding in NF, the consolidated balance which, at October 31, 2010 considered an investment of 100%, decreased at March 31, 2011 to 62.89%, calculated based on paid-up capital. The payment by PBio and the sale of shares to minority stockholders generated a net capital gain to the Company and USM, in the amounts of R$ 8,532 and R$ 24,666, respectively, which were recorded in the statement of income for the year within "Other income (expenses), net", as they were characterized as a gain on the partial loss of control in the formation of a joint venture with asset contributions, in accordance with the interpretation of the international standard SIC 13 - "Jointly controlled entities - non-monetary contributions by venturers", of a commercial nature.

At March 31, 2012, after the payment of capital by Pbio of R$ 163,035, which occurred on November 1, 2011, the Company's percentage ownership interest in NF decreased from 62.89% to 50.95% (calculated based on the paid-up capital). As a consequence, this payment by PBio generated a net capital gain to the Company of R$13,720, which was recorded in the statement of income for the period within "Other income (expenses), net", in accordance with the above interpretation.

All amounts in thousands of reais unless otherwise stated

1.3 Total spin-off of Mogi Agrícola S.A. ("Mogi")

At the Extraordinary General Meeting held on November 1, 2010, the stockholders approved the total spin-off of the assets and liabilities of Mogi Agrícola S.A., based on an appraisal report at book value as of September 30, 2010, conducted by independent appraisers, with the net assets spun-off being merged by its stockholders, USM (currently Vale do Mogi) and ARDR - Agro São José Ltda. ("ARDR"). The spun-off net assets, as well as the portion merged by USM, including equity variations up to October 31, 2010, were as follows:

Assets	**Assets spun off by Mogi**	**Assets merged by USM (currently Vale do Mogi)**	**Liabilities**	**Liabilities spun off by Mogi**	**Liabilities merged by USM (currently Vale do Mogi)**
Current assets			Current liabilities		
Cash and cash equivalents	1	1	Trade payables	2	2
Taxes recoverable	7	7	Taxes payable	3	3
	8	8		5	5
Non-current assets					
Long-term receivables					
Related parties	334	33			
Property, plant and equipment	57,139	26,416			
Total assets	57,481	26,457	**Total liabilities**	5	5
Total net assets merged by USM (currently Vale do Mogi)					**26,452**

1.4 Partial spin-off of USM and merger of the spun-off net assets into the Company

At the Extraordinary General Meeting held on December 1, 2010, the stockholders approved the partial spin-off of the assets and liabilities of USM, based on an appraisal report at book value as of October 31, 2010, conducted by independent appraisers, with the net assets spun-off being merged by the Company. The objective of this transaction was to reorganize the operating activities of the companies, centralizing in the Company the operating activities of processing, production and sale of sugar, ethanol and its by-products, as well as the cogeneration of electricity, and the properties (land) were concentrated in USM. This transaction will improve the operational efficiency, especially in the financial and tax areas, and optimize the access to capital, aiming at higher levels of competitiveness and productivity. After the partial spin-off of its assets and liabilities, USM changed its corporate name to Vale do Mogi Empreendimentos Imobiliários S.A. The net assets spun off by USM and merged by the Company, including the equity variations up to November 30, 2010, as well as the effects arising from the adoption of the new CPCs/IFRS, were as follows:

All amounts in thousands of reais unless otherwise stated

Assets	**Assets spun-off**	**Liabilities**	**Liabilities spun-off**
Current assets		Current liabilities	
Cash and cash equivalents	65,004	Borrowings	101,506
Trade receivables	26,592	Derivative financial instruments	15,856
Inventories	269,797	Trade payables	120,878
Taxes recoverable	10,480	Payables to Copersucar	1,450
Other assets	3,960	Salaries and social charges	30,775
		Taxes payable	10,164
	375,833	Other liabilities	32,669
Non-current assets			
Long-term receivables			313,298
Related parties	2,597		
Deferred income tax and social contribution	49,864	Non-current liabilities	
Taxes recoverable	8,944	Borrowings	330,146
Other assets	3,195	Payables to Copersucar	137,313
		Taxes payable in installments	35,806
	64,600	Deferred income tax and social contribution	204,226
		Provision for contingencies	20,541
Investments	337,774	Other liabilities	820
Biological assets	214,376		
Property, plant and equipment	492,510		728,852
Intangible assets	1,142		
	1,045,802		
Total assets	1,486,235	**Total liabilities**	1,042,150
		Total net assets spun-off and merged	**444,085**

1.5 Merger of Omtek Indústria e Comércio Ltda. ("Omtek")

At the Extraordinary General Stockholders Meeting held on May 30, 2011, the stockholders approved the merger of the assets and liabilities of Omtek Indústria e Comércio Ltda., based on an appraisal report at book value as of April 30, 2011, issued by independent appraisers. The net assets merged by the Company, including the equity variations up to May 30, 2011, were as follows:

All amounts in thousands of reais unless otherwise stated

Assets	**Assets spun-off**	**Liabilities**	**Liabilities spun-off**
Current assets		Current liabilities	
Cash and cash equivalents	1,320	Trade payables	723
Trade receivables	321	Salaries and social charges	465
Inventories	1,400	Taxes payable	57
Taxes recoverable	13,799	Other liabilities	21
Other assets	895		
			1,266
	17,735		
		Non-current liabilities	
Non-current assets		Taxes payable in installments	469
Long-term receivables		Deferred income tax and social contribution	1,760
Deferred income tax and social contribution	259	Provision for contingencies	358
Taxes recoverable	49		
Other assets	262		2,587
	570		
Property, plant and equipment	9,198		
Intangible assets	2		
	9,200		
Total assets	27,505	**Total liabilities**	3,853
		Total net assets spun-off and merged	**23,652**

1.6 Acquisition of investments in Santa Cruz S.A. Açúcar e Álcool ("SC") and Agro Pecuária Boa Vista S.A. ("ABV")

On November 21, 2011, the Company acquired 32.18% of SC and 17.97% of ABV for the total present value of R$ 168,072. The payment will be made in three installments (one already paid on the transaction date) without monetary restatement, as detailed in note 38, together with the details of the transaction and its accounting effects. There is no contingent consideration.

1.7 Sale of the investment in Uniduto Logística S.A. ("Uniduto")

At a meeting held on April 16, 2012, the Board of Directors approved the sale of the Company's investment in Uniduto, which was carried out on March 9, 2012 to the companies Copersucar S.A. and Raízen Energia S.A.

12,169,325 common shares, representing 11.38% of the share capital of Uniduto, were sold for R$ 6,085, which was fully received upon signature of the contract.

Also, on the same date, the jointly-controlled subsidiary SC sold its shares, representing 4.05% of the share capital of Uniduto (4,331,790 common shares), for R$ 2,166.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the "deemed cost" of land and buildings, machinery, and industrial and agricultural equipment and vehicles on the transition date to IFRS/CPCs, and financial assets and financial liabilities (including derivative instruments) and biological assets at fair value through profit or loss.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(a) Consolidated financial statements

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC).

The consolidated financial statements have also been prepared and are being presented in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

(b) Parent company financial statements

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

2.2 Consolidation

(a) Consolidated financial statements

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

(i) Subsidiaries and jointly-controlled subsidiaries

Subsidiaries are all entities over which the Company has the power to determine the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

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

The Company also has investments in jointly-controlled subsidiaries. In these cases, the power to determine, jointly with other partners, the financial and operating policies is derived from common share voting rights, and, also, from policies established in the correspondent bylaws and stockholders' agreements, signed between the parties. Investments in jointly-controlled subsidiaries are recorded based on the proportional consolidation method, in which the Company recognizes in the consolidated financial statements its share of the assets, liabilities and income and expenses of the jointly-controlled subsidiary.

All amounts in thousands of reais unless otherwise stated

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

Company	Main activities
Vale do Mogi (former USM) - 100% holding.	Agricultural activity: sugar cane processing from own production and production purchased from third parties; production and sale of sugar, ethanol and their byproducts; cogeneration of electricity; agricultural production and investment in other companies. After the spin-off described in note 1.4, the company is engaged in leasing land and conducting agricultural partnerships.
NF - 50.95% holding in capital. At March 31, 2011, the Company had 62.89% holding in capital, based on paid-up capital.	Investment in other Brazilian or foreign companies, as well as management and trading of its own assets.
SMA - 50% holding in capital.	Production and sale of high-performance renewable chemicals, as well as other related products.
USL - 41.67% holding in capital (49.73% including holdings in SC and ABV).	Rendering of warehousing services.
SME - 100% holding.	Cogeneration and sale of electricity, research and development of new energy sources and investment in other companies.
SC - 32.19% holding in capital.	Agricultural activity: sugar cane processing from own production and production purchased from third parties; production and sale of sugar, ethanol and their byproducts; cogeneration of electricity; agricultural production and investment in other companies.
ABV - 17.97% holding in capital (32.53% including the holding in capital of SC).	Leasing land and conducting agricultural partnerships.
Omtek - 100% holding. Investment merged into the Company on May 30, 2011.	Sodium salt processing and sale in the foreign market. The operating cycle is the same as that of the parent company, which is responsible for supplying (under specific conditions) sugar cane molasses, steam and electricity, which are the inputs necessary for the company's production.

The summarized financial statements of the companies proportionally consolidated (jointly-controlled subsidiaries) by the Company are as follows:

- NF (consolidated) - 50.95% of the capital at March 31, 2012 (62.89% in 2011):

All amounts in thousands of reais unless otherwise stated

	2012	2011
Current assets	268,772	224,990
Non-current assets		
Long-term receivables	146,816	109,445
Investments, biological assets, property, plant and equipment and intangible assets	907,479	801,400
Total assets	1,323,067	1,135,835
Current liabilities	164,404	138,172
Non-current liabilities	359,194	373,811
Equity	799,469	623,852
Total liabilities and equity	1,323,067	1,135,835
Net sales revenue	302,536	153,875
Operating costs and expenses	(306,082)	(159,192)
Operating loss before taxations	(3,546)	(5,317)
Profit (loss) for the year	1,650	(1,896)

All amounts in thousands of reais unless otherwise stated

- SC (consolidated) - 32.19% of the capital at March 31, 2012:

	2012
Current assets	104,593
Non-current assets:	
Long-term receivables	49,321
Investments, biological assets, property, plant and equipment and intangible assets	1,025,129
Total assets	1,179,043
Current liabilities	278,143
Non-current liabilities	570,121
Equity	330,779
Total liabilities and equity	1,179,043
Net sales revenue	119,610
Operating costs and expenses	(141,140)
Operating loss before taxation	(21,530)
Loss for the year	(21,054)

- ABV -32.53% of the capital (including the investment in SC) at March 31, 2012:

	2012
Current assets	3,444
Non-current assets:	
Long-term receivables	43,472
Investments and property, plant and equipment	481,754
Total assets	528,670
Current liabilities	12,168
Non-current liabilities	179,789
Equity	336,713
Total liabilities and equity	528,670
Net sales revenue	119
Operating costs and expenses	(8,039)
Operating loss before taxation	(7,920)
Loss for the year	(6,224)

All amounts in thousands of reais unless otherwise stated

- USL - 49.73% of the capital (including the investments in SC and ABV) at March 31, 2012 (41.67% in 2011):

	2012	2011
Current assets	2,736	4,424
Non-current assets:		
Long-term receivables	3,845	1,041
Property, plant and equipment and intangible assets	5,767	6,743
Total assets	12,348	12,208
Current liabilities	1,660	1,761
Non-current liabilities	25,902	25,188
Net capital deficiency	(15,214)	(14,741)
Total liabilities and net capital deficiency	12,348	12,208
Net sales revenue	653	646
Operating costs and expenses	(4,974)	(1,505)
Operating loss before taxation	(4,321)	(859)
Loss for the year	(4,287)	(150)

- SMA -50% of the capital:

	2012	2011
Current assets	339	107
Non-current assets:		
Long-term receivables	2,790	
Property, plant and equipment and intangible assets	44,615	1,370
Total assets	47,744	1,477
Current liabilities	2,289	1,434
Non-current liabilities	47,087	
Net capital deficiency and equity	(1,632)	43
Total liabilities and net capital deficiency and equity	47,744	1,477
Loss for the year	(1,675)	(57)

(ii) Transactions and non-controlling interest

The Company treats transactions with non-controlling interests, when applicable, as transactions with equity owners of the Company. For purchases from non-controlling interests, the difference between any consideration paid and the proportion acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any direct interest in the entity is remeasured at its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the direct interest as an associate or jointly-controlled subsidiary. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(b) Parent company financial statements

In the parent company financial statements, subsidiaries and jointly-controlled subsidiaries are recorded on the equity method of accounting. The same adjustments are made in the parent company and consolidated financial statements to reach the same profit or loss and equity attributable to the owners of the parent entity. In the case of the Company, the accounting practices adopted in Brazil applicable to the individual financial statements differ from IFRS applicable to the separate financial statements only in relation to the evaluation of investments in subsidiaries and associates based on the equity method of accounting, instead of cost or fair value in accordance with IFRS.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal statements provided to the chief operating decision-makers. The chief operating decision-makers responsible for allocating resources and assessing performance of the operating segments are: the Executive Board, the CEO and the Board of Directors, all of whom make the Company's strategic decisions.

2.4 Translation of foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, and presented as " Monetary and foreign exchange variations, net (note 35)", except when deferred in equity as qualifying cash flow hedges.

2.5 Cash and cash equivalents

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

2.6 Financial assets

2.6.1 Classification

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

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for active and frequent trading. A financial asset is classified in this category if acquired principally for realization in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. All financial assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "Trade receivables and other assets", "Cash and cash equivalents" and "Related parties" (notes 7, 8 and 11).

2.6.2 Recognition and measurement

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

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the statement of income within "Finance result" in the period in which they arise.

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

2.6.3 Offsetting of financial instruments

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

2.6.4 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of loss, the carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income.

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

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

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

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

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

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

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

. adverse changes in the payment status of borrowers in the portfolio; and
. national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

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

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

2.7 Derivative financial instruments

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

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

The Group's derivatives used for hedge accounting comprise only cash flows, with transactions described in note 30.

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

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

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

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

The fair value of derivative instruments is disclosed in note 30.

2.8 Trade receivables

Trade receivables are initially stated at present value, less the provision for impairment of trade receivables, when applicable. A provision is recorded when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the book value and the recoverable value.

Accounts receivable from export customers are adjusted based on the foreign exchange variation at the balance sheet date.

2.9 Inventories

Inventories are stated at average purchase or production cost, adjusted by the provision for reduction to realizable values, when necessary. The cost of finished products comprises expenses incurred on purchase and general production expenses. Costs incurred in the maintenance of sugar cane crops (crop treatment) are appropriated to the harvests under development and recorded in "Biological assets" - note 15.

Upon harvesting, sugar cane is considered an agricultural product and is carried at its fair value, less selling expenses, which is determined by the amounts harvested, valued at the accumulated amount established by the Council of Sugar cane, Sugar and Alcohol Producers of the State of São Paulo (CONSECANA) in that month. The fair value of the sugar cane harvested will be the cost of raw materials used in the production of sugar and ethanol.

2.10 Current and deferred income tax and social contribution on net income

Deferred taxes are calculated on income tax and accumulated social contribution losses and on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The currently defined tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes and current liabilities (note 26).

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

2.11 Judicial deposits

Judicial deposits are monetarily restated and presented in non-current assets. The related liabilities in dispute are described in note 29.

2.12 Investments

Investments in subsidiaries and jointly-controlled subsidiaries are recorded on the equity method of accounting, based on financial statements prepared as of the same base date as the Company's financial statements, as stated in note 14.

2.13 Acquisitions of investments

The acquisitions of investments are accounted for on the purchase method of accounting, following the same criteria adopted for business combinations (CPC 15). The method includes the measurement at the acquisition date of the identifiable assets acquired, and the liabilities and contingent liabilities assumed at their fair values. The excess between the consideration of acquisition and the fair value of the identifiable net assets acquired is recorded as goodwill. If the consideration is less than the fair value of the identifiable net assets acquired, the gain on the acquisition is recognized directly in the statement of income for the period in which the acquisition is realized.

The Company has up to one year after the acquisition date, the period which is denominated as the "measurement period", to measure the fair value of the identifiable net assets acquired and the liabilities and contingent liabilities assumed, with the consequent allocation of goodwill or the accounting of gain on advantageous purchase, as applicable. The changes in the fair values obtained are amended retrospectively. The adjustments of the measurement period correspond to adjustments resulting from the additional information obtained during the "measurement period" that already existed at the acquisition date.

Goodwill is initially accounted for at cost, representing the excess of the cost of the business combination over the net fair value of the identifiable assets acquired, and the liabilities and contingent liabilities assumed. After the initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is reviewed annually for evidence of impairment, and also whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Acquisition-related costs are expensed as incurred.

2.14 Biological assets

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

The sugar cane productive cycle lasts, on average, five years after the first harvest, and sugar cane is therefore classified as a permanent crop.

Significant assumptions used in the determination of fair value of biological assets are stated in note 15.

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

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

2.15 Property, plant and equipment

Property, plant and equipment are recorded at purchase or construction cost, increased by the deemed cost surplus of land, machinery and industrial and agricultural equipment and vehicles, when applicable. Depreciation is calculated on the straight-line method at the average annual rates mentioned in note 16. Land is not depreciated.

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

The costs of borrowings used to finance the construction of property, plant and equipment are capitalized during the period necessary to construct and prepare the asset for its intended use.

The Company opted to state certain of its property, plant and equipment items at deemed cost on the transition date to CPCs/IFRS, April 1, 2009. The effects of the adoption of the deemed cost increased property, plant and equipment in relation to equity, net of deferred taxes (note 16 (a)).

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

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

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

2.16 Intangible assets

(i) Goodwill/negative goodwill

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

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

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

(ii) Computer programs (software)

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

2.17 Impairment of non-financial assets

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

2.18 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on the straight-line method over the period of the lease. The Company's leases are disclosed in note 15 (a).

2.19 Provisions

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

2.20 Borrowings

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

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

2.21 Other current and non-current assets and liabilities

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

2.22 Revenue recognition and determination of the results of operations

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

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

(i) Sales of goods

Sales of goods are recognized whenever products are delivered to the customer. Delivery does not occur until: (i) the products have been shipped to the specified location; (ii) the risks of loss have been transferred to the customer (iii) the customer has accepted the products in accordance with the sales contract; and (iv) the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

(ii) Interest income

Interest income is recognized according to the elapsed term, using the effective interest method. When a loan and receivable instrument is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Subsequently, as time goes by, interest is incorporated into loans and receivables against interest income. This interest income is calculated at the same effective interest rate used to determine the recoverable amount, that is, the original rate of loans and receivables.

(iii) Other income and expenses/costs

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

3 Critical accounting estimates and judgments

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

3.1 Critical accounting estimates and assumptions

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

(a) Provision for impairment of trade receivables

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

(b) Provision for reduction to replacement and/or realizable values

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

(c) Fair value of biological assets

The fair value of the biological assets of the Company and its subsidiaries represents the present value of estimated net cash flows relating to these biological assets, determined by application of assumptions established in discounted cash flow models, as mentioned in note 15.

(d) Income tax, social contribution and other taxes

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

(e) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company and its subsidiaries use their judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Additionally, certain asset and liability financial instruments are discounted to present value so that their recorded amounts are not significantly different from the corresponding fair value initially recognized. In this context, management uses estimated discount rates which are most appropriate in each circumstance and period.

(f) Provision for contingencies

The Company and its subsidiaries are parties to labor, civil and tax lawsuits at various levels. The provisions for contingencies to cover losses arising from lawsuits in progress are established and updated based on management's assessment, according to the opinion of its legal counsel, and require a high level of judgment on the matters involved.

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

The Company and its subsidiaries review and, if necessary, adjust the useful lives of their property, plant and equipment items, at least once a year.

(h) ICMS tax benefits

As described in note 27, UBV receives Value-Added Tax on Sales and Services (ICMS) tax incentives granted by the government of the State of Goiás. The Federal Supreme Court (STF) has handed down decisions in Direct Actions, declaring the unconstitutionality of several state laws that granted ICMS tax benefits without previous agreement between the States.

Although it has no ICMS tax incentives judged by the STF, UBV has accompanied, together with its legal advisors, the evolution of this matter in the courts to determine possible impacts on its operations and consequent impacts on the financial statements.

(i) Acquisition of investments

As described in note 38, management contracted independent appraisers to calculate the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed, and to determine the Purchase Price Allocation (PPA).

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

4 Accounting pronouncements and interpretations of standards that are not yet effective

The following new standards, amendments and interpretations to existing standards were issued by the IASB but are not effective for 2012. The early adoption of these standards, even though encouraged by the IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

. IAS 19, "Employee benefits" was amended in June 2011. The impacts will be as follows: (i) to eliminate the corridor approach; (ii) to recognize all actuarial gains and losses in other comprehensive income as they occur; (iii) to immediately recognize all past service costs; and (iv) to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Management is evaluating the total impact of these changes for the Group. The standard is applicable to the Company and its subsidiaries as from the years beginning April 1, 2013.

. IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires the classification of financial assets in two categories: measured at fair value and at amortized cost. The determination is made at initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in the statement of income, unless this creates an accounting mismatch. The Group is assessing IFRS 9's full impact. The standard is applicable to the Company and its subsidiaries as from the years beginning April 1, 2013.

. IFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control. The Group is assessing IFRS 10's full impact. The standard is applicable to the Company and its subsidiaries as from the years beginning April 1, 2013.

. IFRS 11,"Joint arrangements" was issued in May 2011. The standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: (i) joint operations - arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses; and (ii) joint ventures - arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. The proportional consolidation method will no longer be permitted in joint ventures. The standard is applicable to the Company and its subsidiaries as from the years beginning April 1, 2013.

. IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is assessing IFRS 12's full impact. The standard is applicable to the Company and its subsidiaries as from the years beginning April 1, 2013.

. IFRS 13, "Fair value measurement" was issued in May 2011. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The Group is assessing IFRS 13's full impact. The standard is applicable to the Company and its subsidiaries as from the years beginning April 1, 2013.

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

5 Financial risk management

5.1 Financial risk factors

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

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

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

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

5.2 Foreign exchange risk

The Company and its subsidiaries operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

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

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

5.2.1 Assets and liabilities subject to foreign exchange variations

The table below summarizes foreign currency-denominated assets and liabilities (in US dollars - US$), recorded in the consolidated balance sheet at March 31, 2012:

Assets	R$	Equivalents in thousands of US$
Current assets:		
Cash and cash equivalents (banks - demand deposits)	44,794	24,592
Trade receivables	5,819	3,195
Derivative financial instruments	11,063	6,074
Total assets	61,676	33,861
Liabilities		
Current liabilities:		
Borrowings	100,792	55,316
Derivative financial instruments	14,269	7,831
Other liabilities	3,279	1,800
Non-current liabilities:		
Borrowings	523,149	287,113
Other liabilities	6,557	3,599
Total liabilities	648,046	355,659
Subtotal, net	(586,370)	(321,798)
(-) Export-linked borrowings - ACC and PPE (*)	585,743	321,466
Net exposure - liabilities	(627)	(332)

These assets and liabilities were adjusted and recorded in the financial statements at March 31, 2012 at the exchange rate in effect on that date, of R$ 1.8215 per US$ 1.00 for assets and R$ 1.8221 per US$ 1.00 for liabilities.

(*) The balance of borrowings in foreign currency refers mainly to loans in the format of Advances on Foreign Exchange Contracts (ACC) and Export Prepayments (PPE), maturing from June 2012 to September 2016, which are linked to exports. As the above agreements will be settled through product exports, the Company's management understands that these transactions represent a natural hedge and that, therefore, the foreign exchange variations will only have a temporary accounting effect on the financial statements, without a corresponding effect on the cash flows of the Company and its subsidiaries.

5.3 Volatility risk of commodity price

The Company and its subsidiaries are exposed to the risk of changes in the commodity prices of manufactured products such as sugar and ethanol.

At March 31, 2012, the prices of 5,006 metric tons of sugar were hedged by sales contracts for future delivery scheduled as from April 2012, priced at an average of 23.62 ¢/lb (cents per pound weight) with the New York - ICE Futures US.

5.4 Cash flow and fair value interest rate risk

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

5.5 Credit risk

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

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

5.6 Liquidity risk

Cash flow forecasting is realized for the Company and its subsidiaries and aggregated by the Finance Department. The Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operating needs.

Surplus cash held by the operating entities over and above the balance required for working capital management is invested in interest-earning current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margins as determined by the cash flow forecasts. At March 31, 2012, the Company and its subsidiaries had financial investments consisting mainly of repurchase agreements backed by government securities, and fixed-income funds, indexed to the Interbank Deposit Certificate (CDI) interest rate, with high liquidity and active trading in the market, that are expected to readily generate cash inflows for managing liquidity risk.

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

All amounts in thousands of reais unless otherwise stated

				Parent company
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At March 31, 2012				
Borrowings	117,551	106,283	483,201	81,928
Derivative financial instruments	13,542			
Trade payables	56,751			
Acquisition of investment	57,906	55,569		
Other liabilities	13,769	3,538	3,279	
At March 31, 2011				
Borrowings	80,291	72,062	243,015	20,713
Derivative financial instruments	25,910			
Trade payables	46,642			
Related parties	33			
Other liabilities	21,398	4,845	5,566	

				Consolidated
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At March 31, 2012				
Borrowings	226,228	216,614	658,554	130,973
Derivative financial instruments	14,269			
Trade payables	76,655			
Acquisition of investment	57,906	55,569		
Other liabilities	10,215	3,537	3,282	
At March 31, 2011				
Borrowings	140,982	130,467	371,715	68,529
Derivative financial instruments	25,910			
Trade payables	61,096			
Related parties	705			
Other liabilities	21,137	4,598	5,873	

5.7 Sensitivity analysis

In accordance with CVM Instruction 475, the sensitivity analysis below has been prepared by the Company showing the effects of changes in the fair values of financial instruments relating to the pricing and hedging of foreign currency risks and other financial assets and liabilities denominated in foreign currency at March 31, 2012, considered by management as the major risks to which the Company is exposed. This analysis considers management expectations with respect to the future scenario projected. For this reason, this analysis has not been audited by the independent auditors.

All amounts in thousands of reais unless otherwise stated

Parent company:

	Risk	Probable scenario: Average rate/price	Probable scenario: Effect on the statement of income and cash flows	Possible scenarios: Deterioration 25%	Possible scenarios: Deterioration 50%
Foreign exchange rate risk					
Cash and cash equivalents	Depreciation of the US dollar	1.80	(470)	(10,035)	(19,600)
Trade receivables	Depreciation of the US dollar	1.80	(70)	(1,498)	(2,925)
Short and long-term borrowings	Appreciation of the US dollar	1.85	(6,098)	(117,309)	(228,520)
Forward contracts - foreign currency - NDF	Appreciation of the US dollar	1.80	29,550	(122,403)	(274,355)
Accounts payable	Appreciation of the US dollar	1.80	119	(2,310)	(4,739)
Price risk					
Forward contracts - sugar - NDF	Increase in the commodity price	23.97	123	(16,108)	(32,340)
Futures market - sale - ethanol	Increase in the commodity price	1,182.12	5	(740)	(1,484)
Futures market - purchase - sugar	Decrease in the commodity price	24.58	(41)	(1,455)	(3,399)
Futures market - sale - sugar	Increase in the commodity price	24.06	524	(64,883)	(147,127)
"Put" sale - sugar	Increase in the commodity price	24.16	183	(419)	(1,021)
"Call" purchase - sugar	Decrease in the commodity price	24.03	(99)	(528)	(957)
"Put" sale - sugar	Increase in the commodity price	24.00	44	(225)	(494)
"Put" purchase - sugar	Decrease in the commodity price	24.13	(64)	(680)	(1,295)

All amounts in thousands of reais unless otherwise stated

Consolidated:		Probable scenario		Possible scenarios	
	Risk	Average rate/price	Effect on the statement of income and cash flows	Deterioration 25%	Deterioration 50%
Foreign exchange rate risk					
Cash and cash equivalents	Depreciation of the US dollar	1.80	(543)	(11,606)	(22,669)
Trade receivables	Depreciation of the US dollar	1.80	(71)	(1,508)	(2,945)
Short and long-term borrowings	Appreciation of the US dollar	1.85	(9,605)	(167,992)	(326,378)
Forward contracts - foreign currency - NDF	Appreciation of the US dollar	1.80	30,024	(124,051)	(278,126)
Accounts payable	Appreciation of the US dollar	1.80	119	(2,310)	(4,739)
Price risk					
Forward contracts - sugar - NDF	Increase in the commodity price	23.97	124	(16,264)	(32,652)
Futures market - sale - ethanol	Increase in the commodity price	1,199.41	10	(1,800)	(3,610)
Futures market - purchase - sugar	Decrease in the commodity price	24.28	(79)	(4,879)	(10,209)
Futures market - sale - sugar	Increase in the commodity price	24.06	575	(61,518)	(140,499)
"Put" sale - sugar	Increase in the commodity price	24.10	239	(580)	(1,400)
"Call" purchase - sugar	Decrease in the commodity price	24.03	(99)	(528)	(957)
"Put" sale - sugar	Increase in the commodity price	23.99	46	(232)	(510)
"Put" purchase - sugar	Decrease in the commodity price	24.10	(80)	(980)	(1,880)
Short-term loans and financing	Swap (risk of US$ devaluation)	1.85	(18)	364	745

5.8 Capital management

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

In order to maintain or adjust its capital structure, the Company may revise the policy for payment of dividends, return capital to stockholders, issue new shares, or sell assets to reduce its indebtedness, for example.

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

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

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

5.9 Fair value estimation

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

The fair values of futures negotiated in the New York - Intercontinental Exchange (ICE Futures US) are calculated by the difference between the price of the derivative in the contract and the market closing price on the base date, obtained from quotations in the current market, and reconciled with creditor or debtor balances with the brokers. The fair value of options negotiated in the ICE is obtained from quotations in the market.

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

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

At each reporting date, the Company and its subsidiaries review individual financial assets or group of financial assets for evidence of impairment.

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

The Company and its subsidiaries adopted CPC 40 for financial instruments that are measured in the balance sheet at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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

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

All amounts in thousands of reais unless otherwise stated

			Parent company
As per balance sheet	**Level 1**	**Level 2**	**Total**
At March 31, 2012			
Assets - derivative financial instruments			
Ethanol futures	8		8
Sugar futures	4,404		4,404
Sugar options	631		631
Sugar forward contracts		4,518	4,518
Liabilities - derivative financial instruments			
Foreign exchange forward contracts		(12,409)	(12,409)
Swap contracts		(1,133)	(1,133)
At March 31, 2011			
Assets - derivative financial instruments			
Ethanol futures	14		14
Sugar options	129		129
U.S. dollar options		221	221
Foreign exchange forward contracts		3,894	3,894
Liabilities - derivative financial instruments			
Sugar futures	(2,634)		(2,634)
Sugar forward contracts		(23,276)	(23,276)

			Consolidated
As per balance sheet	**Level 1**	**Level 2**	**Total**
At March 31, 2012			
Assets - derivative financial instruments			
Ethanol futures	(185)		(185)
Sugar futures	4,223		4,223
Sugar options	816		816
Sugar forward contracts		4,548	4,548
Liabilities - derivative financial instruments			
Foreign exchange forward contracts		(12,352)	(12,352)
Swap contracts		(1,543)	(1,543)
At March 31, 2011			
Assets - derivative financial instruments			
Ethanol futures	14		14
Sugar options	129		129
U.S. dollar options		221	221
Foreign exchange forward contracts		3,894	3,894
Liabilities - derivative financial instruments			
Sugar futures	(2,634)		(2,634)
Sugar forward contracts		(23,276)	(23,276)

All amounts in thousands of reais unless otherwise stated

6 Financial instruments by category

				Parent company
Assets as per balance sheet	**Loans and receivables**	**Assets at fair value through profit or loss**	**Derivatives used for hedging**	**Total**
At March 31, 2012				
Cash and cash equivalents	288,554			288,554
Trade receivables	33,869			33,869
Derivative financial instruments		722	9,561	10,283
Related parties	17,672			17,672
Other assets, except for prepayments	2,430			2,430
At March 31, 2011				
Cash and cash equivalents	116,461			116,461
Trade receivables	50,439			50,439
Derivative financial instruments	1,709		4,258	5,967
Related parties	4,833			4,833
Other assets, except for prepayments	8,386			8,386

				Parent company
Liabilities as per balance sheet	**Liabilities at fair value through profit or loss**	**Derivatives used for hedging**	**Other financial liabilities**	**Total**
At March 31, 2012				
Borrowings	72,199		716,764	788,963
Derivative financial instruments	1,133	12,409		13,542
Trade payables			56,751	56,751
Other liabilities			14,246	14,246
At March 31, 2011				
Borrowings	76,154		339,927	416,081
Derivative financial instruments		25,910		25,910
Trade payables			46,642	46,642
Related parties			33	33
Other liabilities			17,034	17,034

All amounts in thousands of reais unless otherwise stated

				Consolidated
Assets as per balance sheet	**Loans and receivables**	**Assets at fair value through profit or loss**	**Derivatives used for hedging**	**Total**
At March 31, 2012				
Cash and cash equivalents	410,567			410,567
Financial investments		6,541		6,541
Trade receivables	38,399			38,399
Derivative financial instruments		1,287	9,776	11,063
Related parties	3,788			3,788
Other assets, except for prepayments	2,945			2,945
At March 31, 2011				
Cash and cash equivalents	222,219			222,219
Financial investments		2,848		2,848
Trade receivables	59,673			59,673
Derivative financial instruments		1,709	4,258	5,967
Related parties	33			33
Other assets, except for prepayments	10,026			10,026

				Consolidated
Liabilities as per balance sheet	**Liabilities at fair value through profit or loss**	**Derivatives used for hedging**	**Other financial liabilities**	**Total**
At March 31, 2012				
Borrowings	78,927		1,153,442	1,232,369
Derivative financial instruments	1,543	12,726		14,269
Trade payables			76,655	76,655
Related parties			224	224
Other liabilities			17,034	17,034
At March 31, 2011				
Borrowings	76,154		635,539	711,693
Derivative financial instruments		25,910		25,910
Trade payables			61,096	61,096
Related parties			705	705
Other liabilities			31,608	31,608

The credit quality of the 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 Company and its subsidiaries.

7 Cash and cash equivalents

All amounts in thousands of reais unless otherwise stated

		Parent company	
	Remuneration	**2012**	**2011**
Cash and banks		39,011	18,791
Financial investments			
. Agribusiness Credit Bill (LCA)	40% of the Interbank Deposit Certificate (CDI) interest rate - weighted average rate		3,008
. Bank Deposit Certificate (CDB)	100.90% (March - 100.71%) of the CDI interest rate - weighted average rate	77,036	17,103
. Debenture repurchase agreements	102.00% (March - 100.95%) of the CDI interest rate - weighted average rate	172,507	77,559
		288,554	116,461

		Consolidated	
	Remuneration	**2012**	**2011**
Cash and banks		54,744	20,937
Financial investments			
. Agribusiness Credit Bill (LCA)	40% of the Interbank Deposit Certificate (CDI) interest rate - weighted average rate		3,008
. Bank Deposit Certificate (CDB)	100.82% (March - 100.75%) of the CDI interest rate - weighted average rate	129,895	82,494
. Debenture repurchase agreements	101.94% (March - 101.02%) of the CDI interest rate - weighted average rate	225,928	115,780
		410,567	222,219

Cash and bank balances include deposits in current accounts which are available for immediate use. These balances are a result of the strategies and the normal flow of operations of the Company and its subsidiaries.

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

All amounts in thousands of reais unless otherwise stated

8 Trade receivables

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

	Parent company		Consolidated	
	2012	2011	2012	2011
Local customers	28,089	36,303	32,580	44,111
Foreign customers	5,780	14,136	5,819	15,562
	33,869	50,439	38,399	59,673

At March 31, 2012 and 2011, management did not identify the need to record a provision for impairment of trade receivables.

As of March 31, 2012, trade receivables of R$ 824 (R$ 900 - consolidated) were past due but not impaired. These receivables related to a number of customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

	Parent company		Consolidated	
Past due and not provided for:	2012	2011	2012	2011
up to 30 days	106	14,593	309	16,027
from 31 to 60 days	256		144	
over 60 days	462	123	447	313
Not yet due:				
up to 30 days	30,271	33,514	34,094	41,082
from 31 to 60 days	2,611	2,185	3,192	2,185
over 60 days	163	24	213	66
	33,869	50,439	38,399	59,673

The past due amounts mainly refer to exports which were billed for immediate payment and take on average 30 days to be received. At March 31, 2012, the average collection period for trade receivables was 16 days (2011 - 23 days).

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

All amounts in thousands of reais unless otherwise stated

9 Inventories

	Parent company	
	2012	2011
Finished products and in process	35,876	66,674
Advances - purchases of sugar cane	49,202	19,931
Inputs, indirect, maintenance and other materials	34,000	29,437
Provision for reduction of inventories to realizable value	(527)	
	118,551	116,042
Current assets	104,624	116,042
Non-current assets	13,927	

	Consolidated	
	2012	2011
Finished products and in process	43,558	80,510
Advances - purchases of sugar cane	68,534	23,986
Inputs, indirect, maintenance and other materials	52,867	38,510
Provision for reduction of inventories to realizable value	(707)	(3,900)
	164,252	139,106
Current assets	137,375	139,106
Non-current assets	26,877	

In order to expand its production, 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 be only occur in future years.

All amounts in thousands of reais unless otherwise stated

10 Taxes recoverable

The balance of taxes recoverable can be summarized as follows:

	Parent company	
	2012	2011
Social Contribution on Revenues (COFINS), including credits on purchases of property, plant and equipment	23,645	18,162
Value-Added Tax on Sales and Services (ICMS), including credits on purchases of property, plant and equipment	16,427	4,438
Social Integration Program (PIS), including credits on purchases of property, plant and equipment	6,898	3,950
Tax on Financial Transactions (IOF) on derivatives	4,751	
Other	669	454
	52,390	27,004
Current assets	(28,977)	(12,650)
Non-current assets (mainly credits on purchases of property, plant and equipment)	23,413	14,354

	Consolidated	
	2012	2011
Social Contribution on Revenues (COFINS), including credits on purchases of property, plant and equipment	43,515	42,116
Value-Added Tax on Sales and Services (ICMS), including credits on purchases of property, plant and equipment	25,777	18,819
Social Integration Program (PIS), including credits on purchases of property, plant and equipment	11,254	9,236
Tax on Financial Transactions (IOF) on derivatives	4,751	
Other	985	569
	86,282	70,740
Current assets	(39,701)	(33,520)
Non-current assets (mainly credits on purchases of property, plant and equipment)	46,581	37,220

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

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

All amounts in thousands of reais unless otherwise stated

11 Related parties

(a) Parent company and consolidated balances

	Parent company				
	2012				2011
	Current assets	Non-current assets	Current liabilities	Non-current assets	Current liabilities
Subsidiaries and related parties:					
Vale do Mogi (formerly USM)	466		248	203	
Omtek				2,962	
UBV	3,082		796	80	33
USL	18	1,500		1,586	
SMBJ	1			2	
SME		12,678			
CTC		3,494			
SC	1,120		220		
SMA	86				
Imobiliária Paramirim S.A.	1,035				
Other	17				
Sub-total	5,825	17,672	1,264	4,833	33
Stockholders, from purchases of sugar cane - trade payables	950		1,812		877
	6,775	17,672	3,076	4,833	910

	Consolidated					
	2012				2011	
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Non-current assets	Current liabilities
Subsidiaries and related parties:						
Amyris Brasil				23,543		
UBV	1,512		391			
USL	9				1	
SMBJ	1					
CTC		3,546				693
SC	760				30	12
SMA	42					
Imobiliária Paramirim S.A.	1,035					
Other	17	242			2	
Sub-total	3,376	3,788	391	23,543	33	705
Stockholders, from purchases of sugar cane - trade payables	1,052		1,880			4,541
	4,428	3,788	2,271	23,543	33	5,246

At March 31, 2012, the balances in current assets and liabilities (classified as trade receivables and trade payables in the balance sheet) refer to sales and purchases of goods between the Company and its subsidiaries. The balances in non-current assets and liabilities are advances for future capital increase.

All amounts in thousands of reais unless otherwise stated

(b) Parent company transactions in the year

				2012
	Finance and administrative expenses	**Sales revenue**	**Expenses reimbursed by subsidiaries**	**Purchases of goods and services**
Omtek		47		
UBV		52	7,632	40
USL			363	
Vale do Mogi				34,194
SMA			300	
USC		6,055	111	
Other			133	
Stockholders				
- rental of properties	239			
- rendering of services	1,272			
- purchases of sugar cane				10,129
	1,511	6,154	8,539	44,363

						2011
	Finance income	**Sales revenue**	**Finance and administrative expenses**	**Expenses apportioned by subsidiaries**	**Expenses reimbursed by subsidiaries**	**Purchases goods and services**
USM		8		2,808	2,509	421
Omtek		7,918			86	43
UBV	11	134			3,298	
USL					68	
Stockholders						
- rental of properties			195			
- rendering of services			693			
- purchases of sugar cane						3,243
	11	8,060	888	2,808	5,961	3,707

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

The expenses apportioned by subsidiary refer to expenditures with the shared services center incurred by USM up to November 2010 (subsequently by the Company). The expenses reimbursed by subsidiaries refer to expenditures of the Board of Directors and the Corporate Office. The apportionments are supported by agreements between the parties.

All amounts in thousands of reais unless otherwise stated

(c) Consolidated transactions in the year

				2012
	Financial and administrative expenses	Sales revenue	Expenses reimbursed by subsidiaries	Purchases of goods and services
UBV		19	3,288	15
USL		30	207	
SMA			150	
USC		5,690	75	
Other			125	
Stockholders				
- rental of properties	239			
- rendering of services	1,305			
- purchases of sugar cane				10,781
	1,544	5,739	3,845	10,796

	2011
Stockholders	
- rental of properties	334
- rendering of services	1,368
- purchases of sugar cane	9,013
	10,715

(d) Key management remuneration

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

	Parent company		Consolidated	
	2012	2011	2012	2011
Fees and bonuses	11,820	9,103	13,007	10,832
Social security contributions	2,364	1,525	2,601	1,742
Other	567	497	576	560
	14,751	11,125	16,184	13,134

All amounts in thousands of reais unless otherwise stated

12 Other assets

	Parent company		Consolidated	
	2012	2011	2012	2011
Prepaid expenses	2,728	2,191	3,001	2,767
Sundry advances	1,437	2,234	1,680	2,333
Other investments	141	5,347	284	5,418
Other receivables	852	805	981	2,275
	5,158	10,577	5,946	12,793
Current assets	(4,905)	(4,958)	(5,551)	(5,692)
Non-current assets	253	5,619	395	7,101

13 Financial investments

		Consolidated	
	Remuneration	2012	2011
Financial investments			
. Funds - Financial Treasury Bills (LFT)	100% of the Special System for Settlement and Custody (SELIC) interest rate	6,541	2,848

The balance relating to UBV guarantees the payment of a borrowing and, accordingly, cannot be redeemed at any time.

All amounts in thousands of reais unless otherwise stated

14 Investments

14.1 Subsidiaries, jointly-controlled subsidiaries and associates

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

										2012
	Vale do Mogi	**Omtek**	**SME**	**NF**	**SMA**	**USL**	**SC**	**ABV**	**Other**	**Total**
In subsidiaries, jointly-controlled subsidiaries and associates										
Shares/quotas held (thousands)	23,500		1	426,635	50	11,898	1,643	1,146		
Percentage holding	100.00%		100.00%	50.95%	50.00%	41.67%	32.19%	17.97%		
Share capital	59,540		1	847,906	100	7,341	65,323	224,803		
Equity (net capital deficiency)	765,539		(162)	799,469	(1,632)	(15,215)	330,779	343,483		
Profit (loss) for the year	31,109		(163)	1,650	(1,674)	(4,287)	(21,054)	(5,574)		
Changes in the investments:										
At March 31, 2011	762,435	24,614		392,341	21	34,015				1,213,426
Reclassification of other assets									5,216	5,216
Additional dividends distributed	(20,617)									(20,617)
Acquisition of investment - note 36							102,764	65,308		168,072
Negative goodwill (gain) on advantageous acquisition - note 38							11,259			11,259
Reclassification of tax benefit of goodwill - note 38								(882)		(882)
Interest on capital reveived							(756)			(756)
Payment and increase of capital						1,583			2,524	4,107
Merger of net assets - note 1.5		(23,652)								(23,652)
Capital gain on the transaction described in note 1.2				13,720						13,720
Equity in the earnings (loss)	31,109	(962)	(163)	1,281	(837)	(1,781)	(6,778)	(1,001)	(329)	20,539
Reclassification of investment available for sale									(6,076)	(6,076)
Mandatory minimum dividend	(7,388)							(1,216)		(8,604)
Reclassification to liabilities of investments with net capital deficiency - note 22			163		816	198				1,177
At March 31, 2012	765,539			407,342		34,015	106,489	62,209	1,335	1,376,929

The equity of the subsidiaries SC and ABV are adjusted by the fair values of the assets and liabilities acquired in the amounts of R$ 141,223 and R$ 106,420, respectively.

All amounts in thousands of reais unless otherwise stated

							2011
	Vale do Mogi	**Omtek**	**NF**	**SMA**	**UBV**	**USL**	**Total**
In subsidiaries:							
Shares/quotas held (thousands)	23,500	27,971	426,635	50		11,898	
Percentage holding	100.00%	100.00%	62.89%	50.00%		41.67%	
Share capital	59,540	27,971	684,870	100		3,541	
Equity (net capital deficiency)	762,435	24,614	623,852	43		(14,741)	
Profit (loss) for the period	88,433	(8,338)	(820)	(57)		(156)	
Changes in the investments:							
At March 31, 2010	1,263,806	18,906			89,061		1,371,773
Interest on capital received	(15,680)						(15,680)
Additional dividends distributed	(93,567)						(93,567)
Merger of spun-off net assets - note 1.4	(444,085)	15,884	287,855	20		34,015	(106,311)
Capital increase with advances (AFAC)					8,377		8,377
Gain (loss) on revaluation reserve of subsidiaries, due to increase (decrease) in holding	2,101	(2,055)			(46)		
Capital subscription with transfer of UBV's shares			96,246		(96,246)		
Sale of shares - note 1.2			(410)				(410)
Capital gain on the transaction described in note 1.2			8,943				8,943
Equity loss arising from carrying value adjustments	(37,225)				(26)		(37,251)
Capital gain (loss) due to the decrease in investment in the accumulated results up to March 31, 2010	(1,348)	(449)			1,797		
Equity in the earnings (loss)	88,433	(7,672)	(293)	1	(2,917)	1,450	79,002
Reclassification to liabilities of investments with net capital deficiency - note 22						(1,450)	(1,450)
At March 31, 2011	762,435	24,614	392,341	21		34,015	1,213,426

There are no cross-holdings between the parent company and the subsidiaries.

14.2 Goodwill, spin-off and merger of Etanol Participações S.A. ("EP")

On April 12, 2007, EP acquired shares of USL and Agropecuária Aquidaban S.A. ("AA") for R$ 184,080 and R$ 61,360, respectively, recording a total goodwill of R$ 210,117, of which R$ 154,013 referred to the acquisition of USL and R$ 56,104 to the acquisition of AA, based on the financial statements of the acquired companies as of March 31, 2007.

On December 10, 2007, the stockholders of EP announced to the market the discontinuation of the operations of USL and AA. Subsequently, on December 21, 2007, the stockholders of EP decided to spin-off all EP's assets and liabilities, which were transferred to USL and AA. The investments of EP in USL and AA were eliminated, and the shares previously held by EP in USL and AA were transferred to its stockholders.

Due to these decisions, the allocation of the goodwill paid by EP on the acquisition of these subsidiaries, between the revaluation of assets and expected future profitability, was reviewed and the determinations of CVM Instructions 319, of December 3, 1999, and 349, of March 6, 2001, were applied in the consolidation process of USM.

This review was based on an appraisal report by independent experts on the economic value of the investments, taking into consideration the absorption of the operations of these subsidiaries by the controlling stockholders and the sale of a significant portion of their property, plant and equipment. The assets held for sale were classified in the consolidated balance sheet in a specific caption of non-current assets, at historical cost plus the respective goodwill, which together represented the estimated realizable value determined in a report issued by the independent appraisers. The property, plant and equipment items that will not be sold remain classified under a specific caption at the historical cost of purchase plus the respective goodwill. The remaining goodwill was classified as expected future profitability, net of the related tax benefit, and is supported by an economic appraisal report of the investment under the new operating assumptions established in December 2007.

Up to March 31, 2009, the goodwill attributed to expected future profitability was being amortized over a period of up to ten years, based on the expected return on the investment in accordance with the economic appraisal report, which considered the investment's operating characteristics. As established by the Brazilian Accounting Pronouncements Committee (CPC) Pronouncement 1 and the Brazilian Securities Commission (CVM) Instruction 565/08, the goodwill arising from expected future profitability should no longer be systematically amortized as from the year beginning April 1, 2009, but is to be periodically tested for impairment. The analyses made did not indicate the need for recognizing an impairment provision.

The goodwill related to the assets held for sale will be amortized on the realization of these assets. The tax benefit arising from the goodwill related to future profitability is amortized according to its effective use in the tax calculations.

After the above-mentioned events and the amortization and write-off arising from the assets sold, the goodwill in the consolidated financial statements is as follows:

All amounts in thousands of reais unless otherwise stated

	Goodwill	Accumulated amortization/ write-off	Net balance in: 2012	2011
Expected future profitability - intangible assets	39,688	(5,673)	34,015	34,015
Revaluation surplus of assets held for sale	27,415	(27,383)	32	53
Tax benefit related to the portion of expected future profitability - deferred taxes	20,446	(15,015)	5,431	9,508
	87,549	(48,071)	39,478	43,576

14.3 Investments in the consolidated financial statements

The balance of investments in these statements relates to: (i) the indirect subsidiaries: Agropecuária Caieira do Norte S.A., Monte Sereno Agrícola Ltda. and Agropecuária do Cachimbo S.A., whose investments amount to R$ 5,448, R$ 1,343 and R$ 65, respectively; and (ii) the associated company CTC - Centro de Tecnologia Canavieira amounting to R$ 1,406.

These investments are not consolidated and are recorded on the equity method of accounting.

15 Biological assets

At March 31, 2012, the Company, USC and UBV had sugar cane plantations in the States of São Paulo and Goiás used to provide raw materials for their production. The cultivation of sugar cane begins with the planting of seedlings in land of the Company or of third parties, and the first harvest occurs after a period of 12 to 18 months after planting, when the cane is harvested and the root ("stubble") remains in the ground. After each harvest (year/crop), the treated stubble grows again, giving an average of five or six crops.

The Company's land in which crops are cultivated is recorded in property, plant and equipment and is not part of the fair value of biological assets.

The key assumptions used for measuring the fair value are:

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

(a) Cash inflows obtained from the multiplication of (i) the estimated production, measured in kilograms of ATR (Total Sugar Recoverable), and (ii) the futures 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 the estimates of (i) costs necessary for the biological transformation of the sugarcane (cultivation) up to the harvest; (ii) costs with harvesting/cutting, loading and transport (CCT); (iii) capital costs (land and machinery and equipment); (iv) costs of leases and rural partnerships; and (v) taxes on positive cash flows.

All amounts in thousands of reais unless otherwise stated

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

	Consolidated	
	2012	**2011**
Estimated harvest area (ha)	130,068	109,053
Expected productivity (t/ha)	74.42	84.64
Amount of ATR per metric ton of sugar cane (kg)	137.07	137.47
Estimated average price per ATR (R$)	0.5269	0.4323

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

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

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

	2012	
	Parent company	**Consolidated**
Biological assets at March 31, 2011	342,152	435,532
Decrease due to loss of shareholding in subsidiary - NF		(24,989)
Acquisition of investment in SC		48,915
Increases arising from planting and treatment	213,367	308,041
Change in fair value	37,543	31,978
Decreases resulting from the harvest	(149,526)	(166,573)
Biological assets at the end of the year	443,536	632,904

(a) Operating leases, agricultural partnership and future sugar cane purchase commitments.

The Company and its subsidiaries signed agreements related to operating leases and purchases of sugar cane produced in the rural properties of third parties and agricultural partnerships through multiyear agreements. The lease and sugar cane purchase agreements are effective for six to twelve years, and most of them are renewable.

The amounts to be disbursed due to these transactions will be determined at the end of each crop by the price of a metric ton of sugar cane established in the model defined by the Council of Sugar Cane, Sugar and Alcohol Producers of the State of São Paulo (CONSECANA). At March 31, 2012 and 2011, the total payments related to leases and purchase agreements are estimated as follows:

	Consolidated	
	2012	**2011**
Up to 1 year	123,716	92,233
From 1 year and up to 5 years	368,186	273,905
After 5 years	195,845	121,136
	687,747	487,274

All amounts in thousands of reais unless otherwise stated

16 Property, plant and equipment

Parent company

	Land	Buildings and premises	Industrial equipment and facilities	Vehicles	Agricultural machinery and implements	Other	Construction in progress	Total
At March 31, 2010	549,804	20,486	146,253	13,687	38,649	3,186	20,357	792,422
Total cost	549,804	28,555	196,512	24,864	55,429	8,123	20,357	883,644
Accumulated depreciation		(8,069)	(50,259)	(11,177)	(16,780)	(4,937)		(91,222)
Net book value	549,804	20,486	146,253	13,687	38,649	3,186	20,357	792,422
At March 31, 2010	549,804	20,486	146,253	13,687	38,649	3,186	20,357	792,422
Additions			61,452	39	8	353	31,215	93,067
Disposals (residual value)	(1,245)		(375)	(624)				(2,244)
Transfers	400	1,351	5,965	1,756	8,309	1,054	(18,835)	
Assets merged from USM	55,450	45,405	255,960	31,151	69,699	4,443	30,402	492,510
Depreciation		(2,518)	(32,436)	(4,885)	(6,918)	(815)		(47,572)
At March 31, 2011	604,409	64,724	436,819	41,124	109,747	8,221	63,139	1,328,183
Total cost	604,409	68,828	445,829	41,895	111,868	32,492	63,139	1,368,460
Accumulated depreciation		(4,104)	(9,010)	(771)	(2,121)	(24,271)		(40,277)
Net book value	604,409	64,724	436,819	41,124	109,747	8,221	63,139	1,328,183
At March 31, 2011	604,409	64,724	436,819	41,124	109,747	8,221	63,139	1,328,183
Additions			77,240	16,776	20,619	1,831	116,776	233,242
Disposals (residual value)	(2,873)		(58)	(181)	(867)	(100)		(4,079)
Transfers between accounts and to intangible assets	10	2,117	58,426	2,749	6,433	4,442	(75,929)	(1,752)
Assets merged from OMTEK	1,260	1,543	6,325			70		9,198
Depreciation		(3,630)	(120,199)	(9,563)	(15,969)	(1,823)		(151,184)
At March 31, 2012	602,806	64,754	458,553	50,905	119,963	12,641	103,986	1,413,608
Total cost	602,806	72,733	520,128	61,148	137,662	38,856	103,986	1,537,319
Accumulated depreciation		(7,979)	(61,575)	(10,243)	(17,699)	(26,215)		(123,711)
Net book value	602,806	64,754	458,553	50,905	119,963	12,641	103,986	1,413,608
Net book value of:								
Historical cost	21,102	20,706	218,539	46,594	75,087	12,641	103,986	498,655
Revaluation increment	581,704	44,048	240,014	4,311	44,876			914,953
	602,806	64,754	458,553	50,905	119,963	12,641	103,986	1,413,608
Average depreciation rates		5.30%	10.11%	11.47%	13.00%	12.53%		

All amounts in thousands of reais unless otherwise stated

Consolidated

	Land	Buildings and premises	Industrial equipment and facilities	Vehicles	Agricultural machinery and implements	Leasehold improvements	Other	Construction in progress	Total
At March 31, 2010	1,745,191	196,419	693,655	75,869	160,650	25,799	11,021	134,155	3,042,759
Total cost	1,745,191	223,652	911,574	115,322	221,909	31,116	34,736	134,155	3,417,655
Accumulated depreciation		(27,233)	(217,919)	(39,453)	(61,259)	(5,317)	(23,715)		(374,896)
Net book value	1,745,191	196,419	693,655	75,869	160,650	25,799	11,021	134,155	3,042,759
At March 31, 2010	1,745,191	196,419	693,655	75,869	160,650	25,799	11,021	134,155	3,042,759
Additions		10	83,626	441	128	10,787	1,225	132,359	228,576
Disposals (residual value)	(1,652)	(9)	(536)	(1,094)	(1,908)		(1)		(5,200)
Transfers	803	23,854	67,327	13,832	22,172	1,557	2,527	(132,072)	
Decrease in shareholding in NF	(12,037)	(50,675)	(87,028)	(10,803)	(16,600)	(9,870)	(1,632)	(31,068)	(219,713)
Depreciation		(7,308)	(126,585)	(15,191)	(23,337)	(7,347)	(1,893)		(181,661)
At March 31, 2011	1,732,305	162,291	630,459	63,054	141,105	20,926	11,247	103,374	2,864,761
Total cost	1,732,305	174,390	662,184	68,564	155,031	27,911	36,626	103,374	2,960,385
Accumulated depreciation		(12,099)	(31,725)	(5,510)	(13,926)	(6,985)	(25,379)		(95,624)
Net book value	1,732,305	162,291	630,459	63,054	141,105	20,926	11,247	103,374	2,864,761
At March 31, 2011	1,732,305	162,291	630,459	63,054	141,105	20,926	11,247	103,374	2,864,761
Additions	4,898		97,846	18,415	29,938	8,740	2,015	166,261	328,113
Disposals (residual value)	(2,912)		(91)	(326)	(867)		(114)		(4,310)
Transfers between accounts and to intangible assets	10	2,712	106,290	3,252	7,099		4,732	(129,258)	(5,163)
Depreciation		(6,933)	(146,310)	(13,004)	(20,916)	(5,012)	(2,206)		(194,381)
Acquisition of interest in SC and ABV	173,762	17,370	104,005	11,852	11,685	80	238	11,059	330,051
Decrease in shareholding in NF	(3,887)	(16,000)	(33,327)	(3,931)	(5,626)	(3,154)	(537)	(8,342)	(74,804)
At March 31, 2012	1,904,176	159,440	758,872	79,312	162,418	21,580	15,375	143,094	3,244,267
Total cost	1,904,176	178,951	871,975	103,260	198,489	31,574	43,056	143,094	3,474,575
Accumulated depreciation		(19,511)	(113,103)	(23,948)	(36,071)	(9,994)	(27,681)		(230,308)
Net book value	1,904,176	159,440	758,872	79,312	162,418	21,580	15,375	143,094	3,244,267
Net book value of:									
Historical cost	133,039	102,432	465,396	69,490	113,947	21,580	15,375	143,094	1,064,353
Revaluation increment	1,771,137	57,008	293,476	9,822	48,471				2,179,914
	1,904,176	159,440	758,872	79,312	162,418	21,580	15,375	143,094	3,244,267
Average depreciation rates		3.70%	7.55%	13.70%	13.08%	20.00%	12.67%		

All amounts in thousands of reais unless otherwise stated

The parent company balance of construction in progress at March 31, 2012 refers to the refurbishment of its two plants to increase sugar and ethanol production, investments in electricity cogeneration, extension of the transshipment capacity and other improvements. The consolidated balance of construction in progress also includes the expansion and improvements to the plant of UBV and USC for the production of sugar, ethanol and electricity cogeneration.

At March 31, 2012, 13,712 ha. of the Company's land was pledged in guarantee for UBV transactions.

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

Under the terms of certain borrowing agreements of the Company and its subsidiaries, property, plant and equipment totaling R$ 519,315 at March 31, 2012 (consolidated) was pledged as collateral. These assets are mainly represented by industrial equipment and facilities, and agricultural machinery and implements. In addition, land totaling R$ 812,799 was pledged as collateral for securitized rural credits, recorded in current and long-term liabilities.

The Company and its subsidiaries capitalized finance charges of R$ 4,694 in the year ended March 31, 2012 (2011 - R$ 7,233).

(a) Deemed cost

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

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

17 Intangible assets

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Goodwill - expected future profitability (i)			47,880	38,826
Accumulated amortization (i)			(4,811)	(4,811)
Software	6,948	5,148	9,138	6,858
Accumulated amortization	(3,981)	(3,317)	(5,149)	(4,147)
Other assets - electricity contract (ii)			22,352	
	2,967	1,831	69,410	36,726

(i) The goodwill attributed to expected future profitability, derived from the spin-off of the net assets of USL, of R$ 38,826, currently merged by the Company, is no longer being amortized and has been tested for impairment as from the fiscal year beginning April 1, 2009, as mentioned in note 14.2. The goodwill attributed to the acquisition of SC and ABV is detailed in note 38.

(ii) Refers to the intangible assets (electricity contracts) identified in the process of acquisition of the investment in SC. See note 38. The amortization will be recorded in accordance with the deliveries scheduled in the contract.

All amounts in thousands of reais unless otherwise stated

18 Borrowings

Type	Charges	Guarantees	Maturity	Parent company 2012	Parent company 2011
In local currency:					
Securitized rural credits	General Market Price Index (IGP-M) + weighted average interest of 4.58% p.a., paid annually	(a)	Annual installments with maturities between Sep 18 and Jul 20	72,199	76,154
Rural credit (PROCER)	Weighted average fixed interest rate of 11.25% paid on the maturity of the contract	(b)	Single installment with maturity in Oct 11		11,721
Rural credit	Weighted average fixed interest rate of 6.75% paid on the maturity of the contract	(b)	Monthly installments with maturities between Apr 12 and Dec 12	20,139	3,469
Finame / BNDES Automatic loans	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 4.11% p.a. paid monthly	(c)	Monthly installments with maturities between Apr12 and Feb 17	21,472	33,415
Finame / BNDES Automatic loans	Weighted average fixed rate of 5.31% p.a. paid monthly	(d)	Monthly installments with maturities between Apr 12 and Jan 17	36,560	40,266
Other securitized credits	Fixed interest rate of 3% p.a. paid annually	(e)	Annual installments with final maturity in Oct 25	69	71
Working capital	Variation of 99 % CDI OVER CETIP (average rate for interbank loans for one day registered with CETIP) paid on the maturities of the contracts	(g)	Single installments with maturities in May 12, May 13 and May 14	109,392	
Leasing	Fixed interest rate of 7.51% p.a. paid monthly	(f)	Monthly installments with maturities between Apr 12 and Apr 13	242	460
FINEM DIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.90% p.a. paid monthly	(c)	Monthly installments with maturities between May 13 and Apr 23	14,966	
FINEM DIRECT	Fixed interest rate of 5.50% p.a. paid monthly	(c)	Monthly installments with maturities between Apr 12 and Apr 21	62,177	
FINEM DIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 1.40% p.a. paid monthly	(c)	Monthly installments with maturities between Jun 12 and Mar 21	13,001	
In foreign currency:					
Advances on Foreign Exchange Contracts (ACC)	Fixed interest rate of 1.30% p.a. + US$ variation paid on maturities	(l)	Single installment with maturity in Jan 12		4,983
Export prepayment - PPE	6-month Libor + fixed rate of 2.24% p.a. = 2.9405% p.a. + US$ variation paid on maturities	(h)	Semiannual installments with maturities between Jun 12 and Sep 16	437,376	245,527
Finame / BNDES Automatic loans	Currency basket (US$, Euro and Yen) + weighted average fixed rate of 6.5905% p.a. paid monthly	(k)	Monthly installments with maturities between Jan 12 and Mar 12		15
FINEM DIRECT	Currency basket (US$, Euro and Yen) + weighted average fixed rate of 6.7387% p.a. paid monthly	(c)	Monthly installments with maturities between May 13 and Apr 23	1,370	
Total				788,963	416,081
Current liabilities				(117,551)	(80,291)
Non-current liabilities				671,412	335,790

FINAME - Government Agency for Machinery and Equipment Financing
BNDES - National Bank for Economic and Social Development
FINEM - Financing Program for Business Expansion and Modernization

All amounts in thousands of reais unless otherwise stated

Type	Charges	Guarantees	Maturity	Consolidated 2012	Consolidated 2011
In local currency:					
Securitized rural credits	General Market Price Index (IGP-M) + weighted average interest of 4.59% p.a., paid annually	(a)	Annual installments with maturities between Sep 18 and Jul 20	78,927	76,367
Rural credit	Fixed interest rate of 6.75% p.a. paid on final maturity of the contracts	(b)	Monthly installments with maturities between Apr 12 and Dec 12	20,139	3,469
Rural credit (PROCER)	Weighted average fixed interest rate of 11.25% p.a. paid on the maturity of the contracts	(b)	Monthly installments with maturity in Jan 12		22,252
Finame / BNDES Automatic loans	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 4.05% p.a. paid monthly	(c) and (i)	Monthly installments with maturities between Apr12 and Feb 17	31,677	42,174
Finame / BNDES Automatic loans	Weighted average fixed interest rate of 5.61% p.a. paid monthly	(d) and (j)	Monthly installments with maturities between Apr 12 and Jan 17	43,155	41,588
Industrial Credit Certificate	Weighted average fixed interest rate of 11.5% p.a. paid monthly	(j)	Monthly installments with maturities between Apr 12 and Nov 19	4,374	6,104
Working capital	Variation of 99.00 % CDI OVER CETIP (average rate for interbank loans for one day registered with CETIP) paid on the maturities of the contracts	(g)	Single installments with maturities in May 12, May 13 and May 14	109,392	
Other securitized credits	Fixed interest rate of 3% p.a. paid annually	(e)	Annual installments with maturities between Oct 12 and Oct 25	68	71
Leasing	Weighted average fixed rate of 7.70% p.a. paid monthly	(f)	Monthly installments with maturities between Apr 12 and May 13	257	484
FINEM - DIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.38% p.a. paid monthly	(c) and (i)	Monthly installments with maturities between May 13 and Apr 23	195,455	184,828
FINEM - DIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 1.40% p.a. paid monthly	(c) and (i)	Monthly installments with maturities between Jun 12 and Mar 21	13,001	
FINEM - DIRECT	Fixed interest rate of 5.10% p.a. paid monthly	(c) and (i)	Monthly installments with maturities between Apr 12 and Apr 21	111,983	38,819
In foreign currency:					
FINEM - DIRECT	Currency basket (US$, Euro and Yen) + weighted average fixed rate of 6.19% p.a. paid monthly	(c) and (k)	Monthly installments with maturities between May 13 and Apr 13	38,198	45,012
Finame / BNDES Automatic loans	Currency basket (US$, Euro and Yen) + weighted average fixed rate of 7.00% p.a. paid monthly	(k)	Monthly installments with maturities between Jan 12 and Mar 12		15
Advances on Foreign Exchange Contracts (ACC)	Fixed interest rate of 4.58% p.a. + US$ variation paid on final maturities	(l)	Installments with maturities between Aug 12 and Mar 12	19,093	4,983
Working capital	Average fixed interest rate of 5.6642% p.a. + US$ variation paid on maturities	(m) and (n)	Single installment with maturity in Jul 13	36,073	
Export prepayment - PPE	6-month Libor + fixed rate of 2.24% p.a. = 2.9405% p.a. + US$ variation paid on maturities	(h)	Semiannual installments with maturities between Jun 12 and Sep 16	437,376	245,527
Export prepayment - PPE	Average fixed interest rate of 4.4790% p.a. + US$ variation paid on maturities	(n)	Installments with maturities between Aug 12 and Aug 16	88,144	
Export prepayment - PPE	Principal restated at the US$ variation and interest restated at 135% of the variation of the Interbank Deposit Certificate (CDI) OVER Central System for Custody and Financial Settlement of Securities (CETIP) rate, paid on final maturities	(n)	Single installment with maturity in Jan 13	5,057	
Total				1,232,369	711,693
Current liabilities				(247,504)	(140,982)
Non-current liabilities				984,865	570,711

All amounts in thousands of reais unless otherwise stated

At March 31, 2012, all the borrowings were guaranteed by stockholders' sureties and by the following additional guarantees (referenced to the tables above):

Description of the guarantees for borrowings at March 31, 2012		Carrying or contractual amount
(a)	Mortgage - 15,276.09 ha of land	533,910
(b)	Promissory note	14,928
(c)	Statutory lien of industrial equipment	39,859
	Statutory lien of agricultural equipment	75,495
	Promissory note	33,460
	Bank guarantee	18,687
(d)	Mortgage - 6.81 ha of land	158
	Statutory lien of industrial equipment	90,126
	Statutory lien of agricultural equipment	45,740
	Promissory note	1,694
(e)	Mortgage - 78.53 ha of land	4,779
(f)	Promissory note	1,580
	Statutory lien of industrial equipment	121
(g)	Promissory note	100,000
(h)	Consolidated financial covenants: maintenance of a minimum percentage of principal with a projected flow of receivables and minimum ratio between the net debt and EBITDA. At March 31, 2012 and 2011, the Company was in compliance with all the covenants of the financing agreements.	
	Mortgage - 1,052.73 ha of land	24,386
	Promissory note	600,439
(i)	Mortgage of 11,541 ha	201,884
	Statutory lien of industrial equipment	155,165
	Statutory lien of agricultural equipment	13,265
	Promissory note	4,530
(j)	Mortgage of 199 ha	3,138
	Statutory lien of industrial equipment	96,606
	Statutory lien of agricultural equipment	371
(k)	Mortgage of 2,198 ha	38,457
	Statutory lien of industrial equipment	2,567
(l)	Promissory note	23,417
(m)	Mortgage of 262,75 ha	6,087
(n)	Mortgage of 46,296 ha	297,369

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

All amounts in thousands of reais unless otherwise stated

The subsidiary SC did not comply at March 31, 2012 with certain contractual borrowing conditions (covenants - financial indices), which would enable the lender to demand prepayment of approximately R$ 66 million. SC opted to maintain this balance recorded in non-current liabilities at March 31, 2012 because it had obtained waivers from the lender on May 24, 2012, applicable retroactively. Accounting practices adopted in Brazil require that, when an entity violates a covenant of a long-term borrowing on or before the end of the reporting period, making the liability due and payable at the order of the lender, the liability must be classified as current even if the lender has agreed, after the balance sheet date and before the date of authorization for issue of financial statements, not to demand prepayment as a consequence of the breach of covenant. Accordingly, the Company reclassified, in the consolidated financial statements, the amount of R$ 22 million at March 31, 2012 to current liabilities, equivalent to its proportion of the subsidiary's borrowing.

Long-term borrowings have the following maturities:

	2012	
	Parent company	**Consolidated**
From 4/1/2013 to 3/31/2014	106,283	211,612
From 4/1/2014 to 3/31/2015	288,118	370,836
From 4/1/2015 to 3/31/2016	110,588	157,053
From 4/1/2016 to 3/31/2017	84,495	118,108
From 4/1/2017 to 3/31/2018	22,523	45,405
From 4/1/2018 to 3/31/2027	59,405	81,851
	671,412	984,865

The carrying amounts and fair values of the borrowings are similar.

Based on Brazilian Central Bank Resolution 2,471/98 and other pertinent legal provisions, in 1998, 1999 and 2000, the Company and USL securitized debts with financial institutions by means of the purchase of National Treasury Notes (CTN) in the secondary market, as collateral for the payment of the principal. This securitized financing, recorded as "Securitized agricultural credits", will be automatically settled on the maturity dates through the redemption of the CTNs, which are under the custody of the creditor financial institutions. These certificates are not negotiable and are exclusively intended for paying this debt. The companies' disbursements during the 20 years in which this securitization is effective is limited to the annual payment of amounts equivalent to the application of variable percentages of between 3.9% and 4.96% per annum of the securitized amount, monetarily adjusted based on the General Market Price Index (IGP-M), limited to 9.5% per annum up to the annual payment date. This obligation was recorded in the financial statements at March 31, 2012 and 2011, based on the amount of future disbursements adjusted to present value.

All amounts in thousands of reais unless otherwise stated

19 Trade payables

	Parent company		Consolidated	
	2012	2011	2012	2011
Sugar cane	14,212	26,448	17,587	31,794
Materials, services and other	42,539	20,194	59,068	29,302
	56,751	46,642	76,655	61,096

The sugar cane harvest period, which generally occurs between April and December of each year, has a direct impact on the balance payable to sugar cane suppliers and providers of harvesting, loading and transport services.

20 Payables to Copersucar

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

The analysis of the amounts payable to Copersucar is as follows:

	Parent company	
	2012	2011
REFIS - Copersucar - Updated based on the SELIC interest rate	87,804	86,051
Bill of Exchange - Updated based on the SELIC interest rate	69,141	70,096
Bill of Exchange - Onlending of funds not subject to charges	44,272	44,272
Bill of Exchange - Updated based on the US$ variation + interest of 4.53% p.a.	1,232	3,271
Total	202,449	203,690
Current liabilities	(2,040)	(2,040)
Non-current liabilities	200,409	201,650

All amounts in thousands of reais unless otherwise stated

	Consolidated	
	2012	**2011**
REFIS - Copersucar - Updated based on the SELIC interest rate	103,371	86,051
Bill of Exchange - Updated based on the SELIC interest rate	79,075	75,001
Bill of Exchange - Onlending of funds not subject to charges	40,478	45,225
Bill of Exchange - Updated based on the TJLP rate		110
Bill of Exchange - Updated based on the US$ variation + interest of 4.53% p.a.	1,439	3,461
Total	224,363	209,848
Current liabilities	(2,356)	(2,203)
Non-current liabilities	222,007	207,645

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

Copersucar enrolled in the special Tax Recovery Program (REFIS) established by Law 11,941/09. The amount included in the installment payments of taxes under this Program was allocated to the cooperative and ex-cooperative members during the year ended March 31, 2011, according to the resolution of the Board of Directors of Copersucar.

In accordance with the terms of the withdrawal from Copersucar, as from the date thereof, the Company and its subsidiaries USL and SC will remain liable for the obligations recorded under "Payables to Copersucar" in non-current liabilities, without any change in maturity dates, until the matters that gave rise to these liabilities and which are under judicial dispute being handled by the Cooperative's legal counsel are finally judged by the courts on an unappealable basis. Such liabilities continue to be collateralized by bank guarantees in the amount of R$ 162,698 (R$ 189,931 - consolidated).

21 Taxes payable in installments

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Value-added Tax on Sales and Services (ICMS)	3,106	8,848	3,224	8,848
REFIS installment program - Law 11,941	52,005	50,815	59,122	52,075
Other			839	
	55,111	59,663	63,185	60,923
Current liabilities (taxes payable)	(5,238)	(4,753)	(5,312)	(5,090)
Non-current liabilities	49,873	54,910	57,873	55,833

In October and November 2009, the Company and its subsidiaries Omtek, USL and USC enrolled in the Tax Recovery Program (REFIS), established by Law 11,941, of May 27, 2009, with benefits of the reduction of interest, fines and legal charges. Most of the lawsuits included in the installment payment program were being challenged in court and had been provided for, based on the opinion of the legal advisors. As a consequence of the enrollment in REFIS, the Company and its subsidiaries must pay the installments without any delay exceeding three months, as well as waive their legal claims and any plea of rights on which these lawsuits were based, subject to the immediate rescission of the installment program and, consequently, the loss of the benefits (discounts and advantageous payment terms).

All amounts in thousands of reais unless otherwise stated

22 Other liabilities

	Parent company		Consolidated	
	2012	2011	2012	2011
Sales to be billed	160	7,187	3,202	10,663
Revenues to be appropriated	758	1,458	758	2,913
Taxes payable in installments	88	728	88	728
Net capital deficiency of subsidiaries	7,319	6,142		
Mitsubishi Corporation	9,836	11,748	9,836	11,748
Other	2,425	4,546	3,150	5,556
	20,586	31,809	17,034	31,608
Current liabilities	(13,769)	(21,398)	(10,215)	(21,137)
Non-current liabilities	6,817	10,411	6,819	10,471

The outstanding balance due to Mitsubishi Corporation arose from the acquisition of the investment in UBV, in November 2009 and with final payment in 2014.

23 Equity

(a) Share capital

At March 31, 2012 and 2011, the capital was divided into 113,000,000 common shares, without par value.

(b) Treasury shares

On December 13, 2011, the Board of Directors approved the second common share repurchase program, such shares to be held in treasury for subsequent sale, cancellation or utilization for the stock option plan (item (f) below), without reducing capital, pursuant to the Company's by-laws, CVM Instructions 10/80 and 268/97 and other statutory provisions. The share repurchases of this second program will be carried out up to June 12, 2012 on the BM&FBovespa S.A. (São Paulo Stock, Commodities and Futures Exchange), at market prices, with the intermediation of brokerage firms. Up to 1,000,000 shares are to be purchased.

During the year ended March 31, 2012, the Company repurchased 569,600 common shares for R$ 10,854, at a minimum price per share of R$ 16.76 and a maximum price of R$ 23.02, resulting in an average price of R$ 19.06. The table below summarizes the changes in treasury shares in this period:

All amounts in thousands of reais unless otherwise stated

	Number	Average purchase price*	Total amount
Treasury shares at March 31, 2011	139,000	13.66	1,899
Repurchase of shares of the second program	569,600	19.06	10,854
Treasury shares at March 31, 2012	708,600	18.00	12,753

** Includes additional costs on acquisition*

At March 31, 2012, the market value of these shares was R$ 16,574 (R$ 3,557 at March 31, 2011).

The Company's objective with this program is to maximize the generation of value for its stockholders.

(c) Carrying value adjustments

- **Deemed cost**

  This corresponds to the deemed cost surplus of land, buildings and premises, equipment and industrial installations, vehicles and machinery, and agricultural implements, as described in note 15(a). The amounts are recorded net of tax effects and their realization is based on the depreciation, write-off or sale of the related assets, and the realized amounts are transferred to "Retained earnings".

- **Hedge accounting fair value**

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

(d) Legal and capital investment reserves

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

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

On September 17, 2010, the amount of R$ 95,900 was capitalized by resolution of the stockholders in General Meeting, since the related investments had already been made.

At a meeting held on July 29, 2011, the stockholders approved an additional allocation of R$ 54,093 to the capital investment reserve.

Management has proposed a new appropriation to this reserve as of March 31, 2012 with the remaining balance of the profit for the year, to be approved, together with the related investment plan, at the next General Meeting. In addition, management has proposed the capitalization of the amount appropriated to this reserve in prior years, which should be approved at a future General Meeting since the related investments have already been made.

(e) Dividends and interest on capital

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

The Annual General Meeting of stockholders held on July 30, 2010 approved an additional dividend distribution of R$ 8,838 (R$ 0.0783 per share), totaling R$ 30,933 (R$ 0.2741 per share), corresponding to 35% of the profit for the previous year (under the former BR GAAP) after appropriation to the legal reserve.

As permitted by Law 9,249/95, in September 2010 the subsidiary USM (currently Vale do Mogi) calculated and distributed interest on capital to the Company based on the Long-term Interest Rate (TJLP) effective for the period, in the gross amount of R$ 15,680. In December 2010, the Company calculated and distributed interest on capital based on the Long-term Interest Rate (TJLP) effective for the period, in the gross amount of R$ 19,558.

The interest on capital received from the subsidiary USM was recorded as finance income, and the interest on capital paid to the Company's stockholders as finance costs, as required by tax legislation. Subsequently, the interest on capital received was credited to the investment account, and the interest on capital paid was charged to retained earnings, in compliance with CVM Resolution 247/96. The interest on capital was also considered in the calculation of the mandatory minimum dividend.

The Annual General Meeting of stockholders held on July 29, 2011 approved an additional dividend distribution of R$ 21,062 (R$ 0.1866 per share).

The mandatory minimum dividend was calculated as follows:

All amounts in thousands of reais unless otherwise stated

	2012	2011
Profit for the year	126,611	142,288
Offset of accumulated deficit		(32,927)
	126,611	109,361
Offset to legal reserve - 5%	(6,331)	(5,468)
Calculation basis for distribution of the mandatory minimum dividend	120,280	103,893
Mandatory minimum dividend - 25% (2012 - R$ 0.2668 per share)	30,070	25,973
Interest on capital paid as dividend, net of Withholding Income Tax (IRRF) (2011 - R$ 0.1488 per share)		(16,793)
Amount of mandatory minimum dividend payable (2012 - R$ 0.2668 per share)	30,070	9,180

The Board of Diretors´ Meeting held on June 25, 2012 proposed the distribution of an additional dividend of R$ 6.014 (R$ 0,0536 per share), to be approved at the Annual General Meeting.

(f) Stock option plan

On November 28, 2011, purchase options of 140,400 Company shares were granted to certain directors. An exercise price of R$ 19.31 per share was attributed to these shares. The acquisition of the right of exercise of the options will occur on three occasions, namely: i) 33.3% after the first year as from the grant date; ii) 33.3% after the second year as from the grand date; and iii) 33.3% after the third year as from the grant date. The maximum terms for the exercise of these stock options is 2018. The fair value of each stock option on the grant date was R$ 3.20 for the batch with right of exercise at the end of the first year after the grant date, R$ 4.95 for the batch with right of exercise as from the end of the second year and R$ 6.41 for the batch with right of exercise as from the end of the third year after the grant date.

On December 12, 2011, purchase options of 418,538 Company's shares were granted to certain directors. An exercise price of R$ 18.49 per share was attributed to these shares. The acquisition of the right of exercise of the options occur on three occasions, namely: i) 33.3% after the second year as from the grant date; ii) 33.3% after the third year as from the grand date; and iii) 33.3% after the fourth year as from the grant date. The maximum terms for the exercise of these stock options is 2018. The fair value of each stock option on the grant date was R$ 4.98 for the batch with right of exercise at the end of the second year after the grant date, R$ 6.38 for the batch with right of exercise as from the end of the third year and R$ 7.56 for the batch with right of exercise as from the end of the fourth year after the grant date.

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

All amounts in thousands of reais unless otherwise stated

The changes on the outstanding stock options for the year ended March 31, 2012 are as follows:

Date	Number of shares granted	Outstanding stock options	Average exercise price
11/28/2011	140,400	140,400	19.31
12/12/2011	418,538	418,538	18.49
3/31/2012	558,938	558,938	

In the year ended March 31, 2012, the Company recognized an expense of R$ 106 with stock options.

24 Employee and management benefits plan

In September 2008, the Company and its subsidiaries contracted a supplementary pension plan for all their employees and officers, of the PGBL (annuity pension plan) type, which is a defined contribution pension plan.

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

The amounts of profit sharing for the year ended March 31, 2012, recorded as operating costs or expenses in the statement of income, amounted to R$ 1,358 and R$ 1,491 (2011 - R$ 594 and R$ 1,663), respectively in the parent company and consolidated statements.

25 Profit sharing program

In conformity with the Collective Bargaining Agreements with the employee labor unions, the Company and its subsidiaries introduced a profit sharing program based on operating and financial targets previously agreed upon with the employees.

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

All amounts in thousands of reais unless otherwise stated

The amounts of profit sharing for the year ended March 31, 2012, recorded as operating costs or expenses in the statement of income, amounted to R$ 18,630 and R$ 23,221 (2011 - R$ 9,992 and R$ 20,535), respectively in the parent company and consolidated statements.

26 Income tax and social contribution

(a) The income tax and social contribution are represented by:

	Parent company	
Tax credits	**2012**	**2011**
Current assets - prepayments		
. Income tax and social contribution to be offset	17,658	1,023
Tax debits		
In current liabilities - current payables		
. Income tax and social contribution payable		829
Non-current liabilities		
Deferred credits		
. Income tax on tax losses	21,880	14,296
. Social contribution on tax losses	7,950	5,220
Taxes on temporary differences:		
. Provision for contingencies	16,737	17,127
. Biological assets and agricultural product (changes in fair value)		16,718
. Tax benefit of merged goodwill	5,432	9,509
. Pre-operating expenses (deferred, written off)	6	
. Derivative financial instruments	10,980	13,784
. Other	5,331	9,414
Deferred liabilities		
Taxes on temporary differences:		
. Revaluation increment of property, plant and equipment (deemed cost)	(311,776)	(329,797)
. Accelerated tax-incentive depreciation	(125,318)	(107,366)
. Securitized financing	(13,833)	(12,574)
. Adjustments to present value	(5,312)	(8,371)
. Derivative financial instruments	(4,248)	(3,834)
. Biological assets and agricultural product (changes in fair value)	(4,867)	
. Foreign exchange variations	(7,643)	
Non-current liabilities	(404,681)	(375,874)

All amounts in thousands of reais unless otherwise stated

	Consolidated	
	2012	**2011**
In current assets - prepayments		
. Income tax and social contribution to be offset	20,550	5,037
In current liabilities - current payables		
. Income tax and social contribution payable	240	829
Deferred income tax and social contribution		
Deferred credits		
. Income tax on tax losses	55,359	33,442
. Social contribution on tax losses	20,051	12,113
Taxes on temporary differences:		
. Provision for contingencies	17,826	17,363
. Biological assets and agricultural product (changes in fair value)	5,731	27,750
. Tax benefit of merged goodwill	8,459	9,509
. Pre-operating expenses (deferred, written off)	5,941	7,982
. Derivative financial instruments	10,980	13,784
. Other	5,665	10,733
Deferred liabilities		
Taxes on temporary differences:		
. Revaluation increment of property, plant and equipment (deemed cost)	(737,730)	(684,793)
. Accelerated tax-incentive depreciation	(125,318)	(107,366)
. Securitized financing	(14,027)	(12,740)
. Adjustments to present value	(5,749)	(8,393)
. Derivative financial instruments	(4,248)	(3,835)
. Biological assets and agricultural product (changes in fair value)	(6,831)	
. Foreign exchange variations	(10,616)	
. Intangible assets	(7,467)	
	(781,974)	(684,451)
Non-current assets	(38,227)	(43,917)
Non-current liabilities	(820,201)	(728,368)

The deferred tax assets and liabilities are presented net in the balance sheet, by each company, when there is a legally enforceable right and the intention to offset them on the calculation of current taxes when related to the same tax authority. Accordingly, the balances of deferred taxes shown below refer to the net amounts of each consolidated company and, when applicable, the amounts for 2011 were reclassified for the proper comparison of the information presented.

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

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

All amounts in thousands of reais unless otherwise stated

	Estimated realization	
Years ended March 31:	**Parent company**	**Consolidated**
2013	20,066	22,722
2014	19,921	23,306
2015	17,067	21,063
2016	4,326	12,932
2017	2,705	15,200
2018 and thereafter	4,231	34,789
	68,316	130,012

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

(b) Reconciliation of income tax and social contribution

The income tax and social contribution expense are reconciled to the standard rates as shown below:

	2012		2011	
Parent company:	**Income tax**	**Social contribution**	**Income tax**	**Social contribution**
Profit before taxation	167,918	167,918	173,974	173,974
Standard rates of tax - %	25%	9%	25%	9%
	(41,980)	(15,113)	(43,494)	(15,658)
Reconciliation to the effective rate:				
Permanent differences				
Equity in the earnings of subsidiaries	5,135	1,849	19,755	7,111
Interest on capital	(189)	(68)	971	350
Tax benefits - REFIS installment program - Law 11,941	176	64		
Gain on the capital increase by Pbio in NF - note 1.2	3,430	1,235	2,133	768
Negative goodwill (gain) on acquisition of investment in USC - note 38	2,815	1,013		
Other permanent differences	(497)	(171)	(3,216)	(1,156)
PAT and donations with incentives	994		750	
Income tax and social contribution expense	(30,116)	(11,191)	(23,101)	(8,585)
Income tax and social contribution expense	(41,307)		(31,686)	

All amounts in thousands of reais unless otherwise stated

Consolidated:	2012 Income tax	2012 Social contribution	2011 Income tax	2011 Social contribution
Profit before taxation	166,203	166,203	197,096	197,096
Standard rates of tax - %	25%	9%	25%	9%
	(41,551)	(14,958)	(49,274)	(17,739)
Reconciliation to the effective rate:				
Permanent differences				
Tax incentives - non-taxable ICMS	1,884	678	1,994	718
Deferred taxes, not recorded	(1,913)	(688)	66	23
Gain on the capital increase by Pbio in NF - note 1.2	3,430	1,235		
Gain on acquisition of investment in USC - note 38	2,815	1,013		
Tax benefits - REFIS installment program - Law 11,941	364	132		
Equity in the loss of subsidiaries	(113)	(41)		
Interest on capital			4,890	1,760
Adjustment related to the calculation of subsidiary taxed based on the presumed profit	7,081	2,549		
Other permanent differences	(1,877)	(607)	227	82
PAT and donations with incentives	975		2,445	
Income tax and social contribution expense	(28,905)	(10,687)	(39,652)	(15,156)
Income tax and social contribution expense	(39,592)		(54,808)	

27 Investment subsidies

UBV has enrolled in a state tax incentive program in the State of Goiás, denominated "Program for the Industrial Development of Goiás - Produzir", consisting of the deferral of the payment of Value-added Tax on Sales and Services (ICMS), and with a partial reduction of this tax. To use this benefit, UBV has to be in compliance with all the obligations defined in the program, the conditions of which refer to events under the control of UBV.

The benefit related to the tax reduction is calculated on the liability determined in each taxable period, through the application of the discount percentage granted by the benefit.

The investment subsidy obtained in the year was recorded in the statement of income as a deduction of net revenue, as a reduction of the account "ICMS payable". As it is not possible to distribute these amounts as dividends, a "Reserve for Tax Incentives" in the amount of the investment grant is recorded as an appropriation from retained earnings, in UBV.

The incentive amounts credited to operations for the years ended March 31, 2012 and 2011 were R$ 7,540 and R$ 7,975, respectively.

28 Commitments

The Company and its subsidiaries undertake several commitments in the ordinary course of their business. The following are the main commitments which should be disclosed in these financial statements:

28.1 Riparian forests and land for legal reserve

The Company and its subsidiaries have uncultivated areas covered by preserved native vegetation or in 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".

The riparian forests, hillsides, remaining original vegetation and areas registered as legal reserve are strictly observed and preserved upon sugar cane plantation. The Company and its subsidiaries do not interfere at all with these areas.

Although the Company - except for its subsidiary UBV, which has already acquired areas for agribusiness and forest conservation in the proportion established by the law - does not yet have legal reserve areas registered at the minimum percentage prescribed in current law, it has already made efforts concerning this matter. For some of the unregistered areas, the Company has recorded at the proper environmental authority, projects of registration of legal reserve comprising the proportional registration in the terms established by the environmental legislation. Furthermore, in order to comply with the legislation in force, the Company has already carried out the regularization of some of its rural areas, through the institution of conservation easement, reverted to Private Reserves of Natural Heritage, which shows the commitment of the Company to environmental matters. The other areas for which projects have not yet been registered are still within the legal timeframe for compliance with this obligation and, therefore, not in default.

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

28.2 Ethanol supply agreement

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

28.3 Sureties

In addition, the Company is the guarantor of borrowings contracted by UBV totaling R$ 477,864.

All amounts in thousands of reais unless otherwise stated

28.4 Electricity supply

The Company has commitments for sale of the surplus of its production through auctions, directly or through the Electric Energy Trade Chamber (CCEE), or also through sale contracts with third-parties.

29 Provision for contingencies

29.1 Probable losses

The Company and its subsidiaries, based on legal counsel's assessment of probable losses, have the following provisions for contingencies (amounts monetarily restated):

							Parent company
	March 31, 2011	Merged balance OMTEK	Additions	Reversals	Utilizations	Monetary restatement	March 31, 2012
Tax	8,727	3	1,328	(3,836)	(10)	281	6,493
Civil and environmental	14,498		1,137	(1,130)	(1,513)	1,514	14,506
Labor	46,818	353	15,870	(6,792)	(14,513)	5,329	47,065
	70,043	356	18,335	(11,758)	(16,036)	7,124	68,064
(-) Judicial deposits	(30,564)	(253)	(18,586)		9,395	(1,776)	(41,784)
	39,479	103	(251)	(11,758)	(6,641)	5,348	26,280

								Consolidated
	March 31, 2011	Decrease in shareholding in NF	Acquisition of investment in SC and ABV	Additions	Reversals	Utilizations	Monetary restatement	March 31, 2012
Tax	9,470	(12)	1,319	1,328	(4,237)	(10)	360	8,218
Civil and environment	15,124	(6)	559	1,333	(1,442)	(1,632)	1,553	15,489
Labor	49,690	(30)	1,541	16,502	(7,652)	(15,125)	5,626	50,552
	74,284	(48)	3,419	19,163	(13,331)	(16,767)	7,539	74,259
(-) Judicial deposits	(32,367)	30	(2,241)	(19,026)		9,527	(895)	(44,972)
	41,917	(18)	1,178	137	(13,331)	(7,240)	6,644	29,287

On May 30, 2011, the Company merged all the assets of Omtek Indústria e Comércio Ltda., also assuming the lawsuits in which it was involved, as described in note 1.5. Therefore, the provisions of the merged company were added to those of the Company, as identified in the column "Merged balance OMTEK ".

As mentioned in note 1.2, there was a reduction in the NF shareholding (from 62.89% to 50.95%) on November 1, 2011. Therefore, there was a reduction in the balances of the provisions in the consolidated statements, which is identified in the column "Decrease in shareholding in NF".

As mentioned in note 1.6, the Company acquired investments in SC and ABV on November 21, 2011. Therefore, the provisions of the companies acquired were added to those of the Company in the consolidated statements, as identified in the column "Acquisition of investment in SC and ABV".

All amounts in thousands of reais unless otherwise stated

The nature of the main lawsuits to which the above provisions related at March 31, 2012 was as follows (Parent company and Consolidated):

Tax:

These refer to: (a) taxes whose payment is being challenged in court by the Company and its subsidiaries in which the amounts challenged have been deposited in court; (b) success fees payable to legal advisors for defenses in tax lawsuits.

Civil and environmental:

These refer to: (i) compensation for material and moral damages; (ii) redress for damages caused by the burning of sugar cane straw; and (iii) environmental lawsuits.

Labor:

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

29.2 Possible losses (contingent liabilities)

The Company and its subsidiaries are parties to several lawsuits involving tax, environmental and civil matters that were assessed by legal counsel as possible losses (contingent liabilities). The nature and the amounts involved in the lawsuits are as follows:

Tax:

Consolidated							Stage
Subject		Number of lawsuits	Administrative	Trial court	Lower tribunal	Higher tribunal	Total
(i)	Social security contributions	15	99,745		12,775		112,520
(ii)	Calculation of IRPJ/CSLL	6	80,339				80,339
	Negative balance of IRPJ	3		97	224	1,533	1,854
	Offset of credits - PIS	2	3,757		1,761		5,518
	Offset of federal taxes	2	226		1,481		1,707
	Other tax cases	33	14,180	1,339	1,312		16,831
		61	198,247	1,436	17,553	1,533	218,769

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

All amounts in thousands of reais unless otherwise stated

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

In addition, in accordance with the terms negotiated for the withdrawal from Copersucar, the Company, USC and USL remain liable for the payment of obligations, proportionate to their interest in Copersucar in previous harvests, which result from tax assessments that may arise and that relate to periods in which the Company and its subsidiaries were cooperative members. The State Finance authorities have issued tax assessments against Copersucar with respect to Value-added Tax on Sales and Services (ICMS) on fuel and industrial ethanol sales made by Copersucar up to December 31, 2008, as principal taxpayer or substitute taxpayer of the distribution companies. The adjusted amount, calculated proportionately to the interest of the Company and its subsidiaries in the Cooperative, amounts to R$ 149,883. Legal counsel assesses the outcome in these lawsuits as a possible loss.

Copersucar believes that it has strong arguments to successfully defend the fines imposed by the State Finance Departments in these assessments.

Civil and environmental:

Consolidated						Stage
Subject	Number of lawsuits	Administrative	Trial court	Lower tribunal	Higher tribunal	Total
Environmental	32	800	1,163	1,107	1,620	4,690
Civil						
Indemnities	51		10,119	210	27	10,356
Review of contracts	9			20		20
Rectification of area and land registration	5		10			10
Permits for obtaining mining research license	8					
Regulatory	1	70				70
	106	870	11,292	1,337	1,647	15,146

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

30 Derivative financial instruments

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

All amounts in thousands of reais unless otherwise stated

As from March 1, 2010, the Company and its subsidiaries (except for SC and ABV) opted for the utilization of hedge accounting to record a part of their derivative financial instruments. The instruments elected were sugar, ethanol and foreign currency (US dollar) derivatives, which cover the sales of the 2011/2012 and 2012/2013 crops, and were classified as a hedge of cash flows of highly probable expected transactions (future sales).

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

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

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

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

The balances of assets and liabilities at March 31, 2012 and 2011 relating to transactions involving derivative financial instruments were as follows:

	Parent company	
	2012	2011
Margin deposits	722	1,709
Potential results - futures - sugar	4,404	(2,634)
Potential results - futures - ethanol	8	14
Potential results - options - sugar	631	129
Potential results - options - US dollar		221
Potential results - forward contracts - foreign exchange	(12,409)	3,894
Potential results - forward contracts - sugar	4,518	(23,276)
Potential results - swap contracts	(1,133)	
	(3,259)	(19,943)
In current assets	10,283	5,967
In current liabilities	(13,542)	(25,910)
	(3,259)	(19,943)

All amounts in thousands of reais unless otherwise stated

	Consolidated	
	2012	**2011**
Margin deposits	1,287	1,709
Potential results - futures - sugar	4,223	(2,634)
Potential results - futures - ethanol	(185)	14
Potential results - options - sugar	816	129
Potential results - options - US dollar		221
Potential results - forward contracts - foreign exchange	(12,352)	3,894
Potential results - forward contracts - sugar	4,548	(23,276)
Potential results - swap contracts	(1,543)	
	(3,206)	(19,943)
In current assets	11,063	5,967
In current liabilities	(14,269)	(25,910)
	(3,206)	(19,943)

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

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

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

30.1 Fair value of the derivative financial instruments

At March 31, 2012 and 2011 and 2011, the analysis of the fair values of the assets and liabilities related to transactions involving derivative financial instruments is as follows:

All amounts in thousands of reais unless otherwise stated

(a) **Futures and options contracts:**

					2012
Parent company	**Contracted volume**	**Price/ average rate**	**Notional value - R$**	**Fair value - R$**	**Receivable (payable) - R$**
Products - Sugar #11					
Futures contracts					
Sales commitment	340,360	24.41	333,733	4,220	4,220
Purchase commitment	7,874	24.13	7,633	184	184
					4,404
Option contracts					
Bidding position - sale	100,584	21.97	88,757	2,527	2,527
Bidding position - purchase	46,736	24.70	46,376	1,814	1,814
Written position - sale	69,596	20.60	57,605	(1,120)	(1,120)
Written position - purchase	85,344	25.20	86,395	(2,590)	(2,590)
					631
Products - ETH BMF					
Futures contracts					
Sales commitment	2,520	1,140.30	96	8	8
Currency - US$					
Option contracts					
Bidding position - sale	1,000	1.74	1,740		1
Written position - purchase	1,000	2.01	2,010		(1)

All amounts in thousands of reais unless otherwise stated

					2011
Parent company and consolidated	**Contracted volume**	**Price/ average rate**	**Notional value - R$**	**Fair value - R$**	**Receivable (payable) - R$**
Products - Sugar #11					
Futures contracts					
Sales commitment	141,580	24.76	125,873	(1,081)	(1,081)
Purchase commitment	83,922	25.69	77,417	(1,553)	(1,553)
					(2,634)
Option *contracts*					
Bidding position - sale	64,872	23.92	55,712	3,201	3,201
Bidding position - purchase	10,160	26.50	9,668	540	540
Written position - sale	14,224	21.22	10,836	(240)	(240)
Written position - purchase	75,032	27.59	74,348	(3,372)	(3,372)
					129
Products - ETH BMF					
Futures contracts					
Sales commitment	11,190	1,062.09	396	14	14
Currency - US$					
Option *contracts*					
Bidding position - sale	9,000	1.72	15,480	528	528
Written position - purchase	9,000	1.87	16,830	(307)	(307)
					221

All amounts in thousands of reais unless otherwise stated

Consolidated	Contracted volume	Price/ average rate	Notional value - R$	Fair value - R$	Receivable (payable) - R$
					2012
Products - Sugar #11					
Futures contracts					
Sales commitment	367.918	24,43	361.033	4.856	4.856
Purchase commitment	21.858	25,10	22.036	(633)	(633)
					4.223
Option contracts					
Bidding position - sale	127.243	22,30	114.010	3.679	3.679
Bidding position - purchase	46.736	24,70	46.376	1.814	1.814
Written position - sale	80.636	20,36	65.965	(1.159)	(1.159)
Written position - purchase	125.087	25,54	128.353	(3.518)	(3.518)
					816
Products - ETH BMF					
Futures contracts					
Sales commitment	6.036	1.150,69	232	(185)	(185)
Currency - US$					
Option contracts					
Bidding position - sale	1.000	1,74	1.740		1
Written position - purchase	1.000	2,01	2.010		(1)

The manner of the transactions with the options contracts listed above is based on the following terminology:

a) Bidding position - sale: purchase of put options that grant the Company the right, but not the obligation, to sell at a previously established price.
b) Bidding position - purchase: purchase of call options that grant the Company the right, but not the obligation, to purchase at a previously established price.
c) Written position - purchase: sale of call options under which the Company has the obligation to comply at the agreed price at the buyer's discretion.
d) Written position - sale: sale of call options under which the Company has the obligation to comply at the agreed price at the buyer's discretion.

All amounts in thousands of reais unless otherwise stated

(b) Foreign currency forward contracts (NDF over-the-counter - CETIP):

Parent company- 2012

Maturity	Position	US$ thousand	Average fixed rate - R$/US$ 1	Notional amount - R$	Fair value - R$	Payable - R$
Apr-12	Sold	6,708	1.8529	12,430	203	203
May-12	Sold	2,000	1.7280	3,456	(220)	(220)
Jun-12	Sold	6,500	1.7762	11,546	(468)	(468)
Jul-12	Sold	20,416	1.7804	36,348	(1,585)	(1,585)
Aug-12	Sold	54,336	1.8192	98,850	(2,714)	(2,714)
Sep-12	Sold	40,792	1.8459	75,304	(1,440)	(1,440)
Oct-12	Sold	45,646	1.8397	83,980	(2,333)	(2,333)
Nov-12	Sold	35,660	1.8473	65,872	(1,917)	(1,917)
Dec-12	Sold	28,127	1.8871	53,080	(694)	(694)
Jan-13	Sold	25,667	1.8893	48,493	(813)	(813)
Feb-13	Sold	11,180	1.8790	21,007	(571)	(571)
Mar-13	Sold	8,500	1.9017	16,166	(320)	(320)
Apr-12	Sold	2,500	1.9182	4,796	(77)	(77)
May-12	Sold	5,000	1.9545	9,772	(36)	(36)
Aug-13	Sold	14,880	2.0296	30,200	452	452
Aug-14	Sold	14,880	2.1608	32,152	152	152
Aug-15	Sold	14,880	2.2955	34,158	(28)	(28)
		337,672				(12,409)

Consolidated- 2012

Maturity	Position	US$ thousand	Average fixed rate - R$/US$ 1	Notional amount - R$	Fair value - R$	Payable - R$
Apr-12	Sold	6,740	1.8521	12,483	199	199
May-12	Sold	2,032	1.7274	3,510	(225)	(225)
Jun-12	Sold	7,739	1.7918	13,867	(450)	(450)
Jul-12	Sold	21,655	1.7855	38,665	(1,584)	(1,584)
Aug-12	Sold	54,529	1.8195	99,214	(2,709)	(2,709)
Sep-12	Sold	40,872	1.8462	75,458	(1,431)	(1,431)
Oct-12	Sold	46,065	1.8400	84,760	(2,342)	(2,342)
Nov-12	Sold	35,901	1.8478	66,336	(1,916)	(1,916)
Dec-12	Sold	28,610	1.8881	54,019	(682)	(682)
Jan-13	Sold	25,667	1.8893	48,493	(813)	(813)
Feb-13	Sold	11,937	1.8853	22,505	(542)	(542)
Mar-13	Sold	8,500	1.9017	16,165	(320)	(320)
Apr-12	Sold	2,500	1.9182	4,795	(77)	(77)
May-12	Sold	5,000	1.9545	9,773	(36)	(36)
Aug-13	Sold	14,880	2.0296	30,200	452	452
Aug-14	Sold	14,880	2.1608	32,153	152	152
Aug-15	Sold	14,880	2.2955	34,157	(28)	(28)
		342,387				(12,352)

All amounts in thousands of reais unless otherwise stated

					Parent company and consolidated -	2011
Maturity	Position	US$ thousand	Average fixed rate - R$/US$ 1	Notional amount - R$	Fair value - R$	Receivable - R$
Apr-11	Sold	2,575	1.8992	4,890	696	696
May-11	Sold	1,000	1.6697	1,670	29	29
Jun-11	Sold	1,000	1.6828	1,683	29	29
Jul-11	Sold	6,000	1.8048	10,830	814	814
Aug-11	Sold	500	1.7160	858	18	18
Sep-11	Sold	500	1.7305	865	19	19
Oct-11	Sold	9,500	1.8375	17,458	1,203	1,203
Nov-11	Sold	2,500	1.7669	4,418	121	121
Dec-11	Sold	4,500	1.8577	8,361	545	545
Jan-12	Sold	4,080	1.7995	7,342	224	224
Feb-12	Sold	1,500	1.8162	2,724	85	85
Mar-12	Sold	1,000	1.8247	1,825	53	53
Apr-12	Sold	1,000	1.8393	1,840	58	58
		35,655				3,894

The counterparties of the forward contracts are the financial institutions: America Merrill Lynch, Citibank, Rabobank, Bradesco, Santander, HSBC, Itaú BBA, Deutsche Bank, Goldman Sachs, Morgan Stanley, BTG Pactual, Barclays and Credit Agricole Brasil.

(c) <u>Sugar forward contracts "sugar 11" (NDF over-the-counter - CETIP)</u>:

						Parent company - 2012
Maturity	Position	Lots	Average fixed rate (¢/lb)	Notional amount - R$	Fair value - R$	Receivable - R$
May-12	Sold	282	26.94	13,846	1,283	1,283
Jul-12	Sold	745	25.69	34,870	2,833	2,833
Oct-12	Sold	300	24.53	13,409	402	402
		1,327				4,518

						Consolidated - 2012
Maturity	Position	Lots	Average fixed rate (¢/lb)	Notional amount - R$	Fair value - R$	Receivable - R$
May-12	Sold	282	26.94	13,846	1,283	1,283
Jul-12	Sold	1,072	25.48	49,766	2,849	2,849
Oct-12	Sold	627	24.75	28,281	416	416
		1,981				4,548

					Parent company and consolidated - 2011	
Maturity	Position	Lots	Average fixed rate (¢/lb)	Notional amount - R$	Fair value - R$	Payable - R$
May-11	Sold	872	22.80	32,383	(6,621)	(6,621)
Jul-11	Sold	1,508	20.63	50,678	(12,060)	(12,060)
Oct-11	Sold	625	20.10	20,464	(4,566)	(4,566)
Mar-12	Sold	10	22.29	363	(29)	(29)
		3,015				(23,276)

The counterparties of the sugar forward contraocts "sugar 11" are the financial institutions: Citibank, Macquarie, Deutsche Bank and Barclays.

(d) **Swap contracts - US$ x CDI (over-the-counter - CETIP):**

						Parent company - 2012
Maturity	Notional amount - US$ (000)	Base value - R$	Asset position	Liability position	Fair value - R$	Payable - R$
Apr-12	(US$ 20,000)	(37,000)	85% do CDI	US$ + 1.55%	(1,133)	(1,133)

						Consolidated - 2012
Maturity	Notional amount - US$ (000)	Base value - R$	Asset position	Liability position	Fair value - R$	Payable - R$
Apr-12	(US$ 20,000)	(37,000)	85% do CDI	US$ + 1.55%	(1,133)	(1,133)
Nov-12	US$ 966	1,646	LB12 US$ + 1.70%	US$ + 5.15%	(47)	(47)
Nov-13	US$ 2,897	4,939	LB6 US$ + 1.95%	US$ + 5.09%	(188)	(188)
Sep-15	US$ 4,829	8,608	LB6 US$	US$ + 1.43%	(63)	(63)
Dec-15	US$ 6,548	11,673	LB6 US$	US$ + 1.35%	(82)	(82)
Dec-15	US$ 2,897	5,172	LB6 US$	US$ + 1.22%	(30)	(30)
						(1,543)

The fair value of the derivative financial instruments, presented above, are expected to be realized in the following screens/periods:

All amounts in thousands of reais unless otherwise stated

Parent company at March 31, 2012					**Maturity by screen**
	May-12	**Jul-12**	**Oct-12**	**Mar-13**	**Total**
PRODUCTS					
Derivatives designated as hedges					
Fair value of purchased futures - Sugar	184				184
Fair value of sold futures - Sugar	1,774	2,507	365	(426)	4,220
Fair value of sold NDFs - Sugar	1,283	2,833	402		4,518
	3,241	5,340	767	(426)	8,922
Sugar options					
Fair value of bidding position - sale	112	1,078	1,301	36	2,527
Fair value of bidding option - purchase	320	641	853		1,814
Fair value of written position - sale	(5)	(395)	(720)		(1,120)
Fair value of written position - purchase	(620)	(739)	(1,201)	(30)	(2,590)
	(193)	585	233	6	631
	3,048	5,925	1,000	(420)	9,553

Parent company at March 31, 2012						**Maturity by period**
	1Q12	**2Q12**	**3Q12**	**4Q12**	**Later**	**Total**
PRODUCTS						
Derivatives designated as hedges						
Fair value of sold futures - Ethanol	8					8
FOREIGN CURRENCY						
Derivatives designated as hedges						
Fair value of sold NDFs - Foreign exchange	(484)	(5,740)	(4,944)	(1,704)	463	(12,409)
Derivatives not designated as hedges						
Swap contracts						
Fair value of Swap - US dollar x CDI	(1,133)					(1,133)
	(1,609)	(5,740)	(4,944)	(1,704)	463	(13,534)

All amounts in thousands of reais unless otherwise stated

Consolidated at March 31, 2011				Maturity by screen	
	May-12	Jul-12	Oct-12	Mar-13	Total
PRODUCTS					
Derivatives designated as hedges					
Fair value of purchased futures - Sugar	(32)	(493)	(108)		(633)
Fair value of sold futures - Sugar	1,800	2,920	585	(449)	4,856
Fair value of sold NDFs - Sugar	1,283	2,849	416		4,548
	3,051	5,276	893	(449)	8,771
Sugar options					
Fair value of bidding position - sale	203	1,524	1,916	36	3,679
Fair value of bidding option - purchase	320	641	853		1,814
Fair value of written position - sale	(5)	(411)	(743)		(1,159)
Fair value of written position - purchase	(648)	(1,056)	(1,784)	(30)	(3,518)
	(130)	698	242	6	816
	2,921	5,974	1,135	(443)	9,587

Consolidated at March 31, 2011					Maturity by period	
	1Q12	2Q12	3Q12	4Q12	Later	Total
PRODUCTS						
Derivatives designated as hedges						
Fair value of sold futures - Ethanol	(156)	(29)				(185)
FOREIGN CURRENCY						
Derivatives designated as hedges						
Fair value of sold NDFs - Sugar						
Fair value of sold NDFs - Foreign exchange	(476)	(5,724)	(4,940)	(1,675)	463	(12,352)
Derivatives not designated						
Fair value of Swap - US dollar x CDI	(1,133)					(1,133)
	(1,765)	(5,753)	(4,940)	(1,675)	463	(13,670)

All amounts in thousands of reais unless otherwise stated

The results of transactions involving derivative financial instruments that affected the results of operations at March 31, 2012 and 2011 were:

	2012		2011	
Product-linked contracts:	Parent company	Consolidated	Parent company	Consolidated
Futures contracts	(24,266)	(25,906)	(1,302)	10,602
Options	(7,685)	(6,184)	(3,295)	(7,335)
Commissions and brokerage fees	(524)	(561)	(398)	(613)
Foreign exchange variations	20	20	(516)	(516)
	(32,455)	(32,631)	(5,511)	2,138
Currency-linked contracts:				
Futures contracts	(17,108)	(17,555)	12,819	27,723
Options	(549)	(549)	169	169
	(17,657)	(18,104)	12,988	27,892
Debt-linked contracts:				
Swap	6,757	6,020		(9,602)
Net effect	(43,355)	(44,715)	7,477	20,428
Effect on income statement items:				
Gross revenue	(43,584)	(43,585)	14,396	41,139
Interest income	32,307	35,991	14,539	15,361
Interest costs:	(32,098)	(37,141)	(20,942)	(35,556)
Monetary and foreign exchange variations, net	20	20	(516)	(516)
	(43,355)	(44,715)	7,477	20,428

30.2 Margin deposits given in guarantee

In order to comply with the requirements of exchanges for certain financial derivative transactions, the Company and its subsidiaries maintained the following amounts as guarantees for derivative transactions.

	Parent company		Consolidated	
Brokers	**2012**	**2011**	**2012**	**2011**
Natixis	524		711	
New Edge	(6)	507	(6)	507
Prudential	287	1,202	287	1,202
Hencorp			61	
Macquarie			18	
ICAP			79	
ADM			221	
Santander	(83)		(84)	
	722	1,709	1,287	1,709

All amounts in thousands of reais unless otherwise stated

31 Segment information (consolidated)

Management has determined the operating segments of the Company and its subsidiaries based on the reports used for strategic decisions, reviewed by the main decision-makers, namely: the Executive Board, the CEO and the Board of Directors.

The analyses are realized by segmenting the business based on the products sold by the Company and its subsidiaries, comprising three segments:

(i) Sugar;
(ii) Ethanol; and
(iii) Other products.

The "Other products" segment (iii) includes operations related to the production and sale of electricity, generated by the Company and UBV, ribonucleic acid (sodium salt), arising from the merger of Omtek, and other products or byproducts of lesser importance.

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

The operating assets related to these segments are located only in Brazil (State of São Paulo and Goiás).

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

(a) Consolidated result per segment

Year ended March 31, 2012

	Sugar	Ethanol	Other products	Non-segmented	Total
Net revenue	766,687	505,070	95,233		1,366,990
Cost of sales	(484,241)	(427,342)	(78,855)		(990,438)
Gross profit	282,446	77,728	16,378		376,552
Gross margin	36.8%	15.4%	17.2%		27.5%
Selling expenses	(43,995)	(6,730)	(3,023)		(53,748)
Other operating expenses				(93,963)	(93,963)
Operating profit	238,451	70,998	13,355	(93,963)	228,841
Finance costs, net				(40,314)	(40,314)
Foreign exchange variations, net				(22,324)	(22,324)
Profit before taxation	238,451	70,998	13,355	(156,601)	166,203
Income tax and social contribution				(39,592)	(39,592)
Profit for the year	238,451	70,998	13,355	(196,193)	126,611

All amounts in thousands of reais unless otherwise stated

Year ended March 31, 2011

	Sugar	Ethanol	Other products	Non-segmented	Total
Net revenue	702,175	520,958	71,913		1,295,046
Cost of sales	(420,483)	(411,529)	(63,690)		(895,702)
Gross profit	281,692	109,429	8,223		399,344
Gross margin	40.1%	21.0%	11.4%		30.8%
Selling expenses	(47,274)	(10,777)	(154)		(58,205)
Other operating expenses				(105,374)	(105,374)
Operating profit	234,418	98,652	8,069	(105,374)	235,765
Finance costs, net				(62,134)	(62,134)
Foreign exchange variations, net				23,465	23,465
Profit before taxation	234,418	98,652	8,069	(144,043)	197,096
Income tax and social contribution				(54,808)	(54,808)
Profit for the year	234,418	98,652	8,069	(198,851)	142,288

(b) Consolidated operating assets per segment

The main operating assets of the Company and its subsidiaries were segregated by segment based on the cost centers into which they are allocated and/or the apportionment criterion that takes into consideration the production of each product in relation to total production. This allocation could, therefore, vary from one period to another.

At March 31, 2012

	Sugar	Ethanol	Other products	Total
Trade receivables	6,278	25,152	6,969	38,399
Inventories	53,972	101,418	8,862	164,252
Biological assets	282,517	350,387		632,904
Property, plant and equipment	1,402,441	1,461,113	380,713	3,244,267
Intangible assets	37,864	31,498	48	69,410
Other assets not allocated				637,935
Total	1,783,072	1,969,568	396,592	4,787,167

At March 31, 2011

	Sugar	Ethanol	Other products	Total
Trade receivables	22,379	34,024	3,270	59,673
Inventories	65,442	59,811	13,853	139,106
Biological assets	206,760	228,772		435,532
Property, plant and equipment	1,471,068	1,351,584	42,109	2,864,761
Intangible assets	21,700	15,026		36,726
Other assets not allocated				405,860
Total	1,787,349	1,689,217	59,232	3,535,798

All amounts in thousands of reais unless otherwise stated

Taking into consideration that the principal decision-makers analyze liabilities on a consolidated basis, the segment information relating to liabilities is not being disclosed.

32 Revenue

	Parent company		Consolidated	
	2012	2011	2012	2011
Gross sales revenue				
Domestic market	442,225	286,197	655,003	670,493
Foreign market	767,458	321,898	792,263	713,894
	1,209,683	608,095	1,447,266	1,384,387
Taxes, contributions and sales deductions	(56,554)	(38,259)	(80,276)	(89,341)
	1,153,129	569,836	1,366,990	1,295,046

33 Costs and expenses by nature

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

	Parent company		Consolidated	
Costs and expenses by nature:	2012	2011	2012	2011
Raw material and materials for use and consumption	356,125	133,630	373,582	321,513
Personnel expenses	138,519	68,565	163,825	134,216
Depreciation and amortization (includes harvested biological assets)	292,733	142,893	351,778	330,532
Parts and maintenance services	32,105	17,901	39,824	34,952
Outsourced services	90,943	42,297	108,016	99,998
Contingencies	20,151	4,216	20,158	9,299
Change in fair value of biological assets	(37,543)	11,516	(31,978)	34,298
Materials for resale	21,211	5,542	30,428	21,804
Other expenses	78,155	19,662	109,052	68,425
	992,399	446,222	1,164,685	1,055,037

	Parent company		Consolidated	
Classified as:	2012	2011	2012	2011
Cost of sales	843,734	382,639	990,438	895,702
Selling expenses	47,724	19,671	53,748	58,205
General and administrative expenses	100,941	43,912	120,499	101,130
	992,399	446,222	1,164,685	1,055,037

All amounts in thousands of reais unless otherwise stated

34 Other income (expenses), net

	Parent company		Consolidated	
	2012	2011	2012	2011
Gain (loss) on the sale of property, plant and equipment	(596)	893	(631)	2,194
Gain on the sale of investment	6		7	
REFIS installment program - Law 11,941	424	(10,039)		(9,945)
Capital gain on investments	13,720	8,533	13,720	24,666
Provision for contingencies		(13,144)	618	(13,184)
Expenditures with corporate restructuring		(3,799)		(11,717)
Negative goodwill on acquisition of investment	11,259		11,259	
Other	2,820	2,531	2,014	3,742
	27,633	(15,025)	26,987	(4,244)

35 Finance result

	Parent company		Consolidated	
	2012	2011	2012	2011
Finance income				
Interest income	27,483	7,770	38,162	20,439
Gains on derivatives	32,307	14,539	35,991	15,361
Other income	1,277	192	1,539	3,673
	61,067	22,501	75,692	39,473
Finance costs				
Interest expense	(49,642)	(19,659)	(73,147)	(59,887)
Losses on derivatives	(32,098)	(20,942)	(37,141)	(35,556)
Other expenses	(2,739)	(2,073)	(5,718)	(6,164)
	(84,479)	(42,674)	(116,006)	(101,607)
Monetary and foreign exchange variations				
Gains	139,468	27,141	160,534	80,851
Losses	(157,040)	(20,585)	(182,858)	(57,386)
	(17,572)	6,556	(22,324)	23,465
Finance result	(40,984)	(13,617)	(62,638)	(38,669)

36 Earnings per share

Basic and diluted

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

	2012	2011
Profit for the year	126,611	142,288
Weighted average number of common shares - in thousands	112,721	112,861
Basic and diluted earnings (in reais)	1.12	1.26

Basic earnings approximate diluted earnings per share because the impact of the stock option plan is not significant.

37 Insurance (unaudited)

The Company and its subsidiaries maintain a standard of safety, training and quality program in their units, which aims to, among other things, reduce the risk of accidents. In addition, they have insurance contracts with cover determined according to the advice of experts, taking into account the nature and degree of risk, in amounts considered sufficient to cover possible significant losses on assets and/or liabilities. The amounts insured by the current insurance policies at March 31, 2012 were as follows:

	Maximum cover (*)	
Risks covered	Parent company	Consolidated
Civil liability	1,241,650	1,500,096
Fire, lightning and explosion of any nature	212,500	319,789
Theft or larceny	67,509	118,738
Other cover	109,439	128,474
Electrical damages	17,792	22,701
Natural phenomena, impact of vehicles or aircraft, etc.	8,500	11,638

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

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

All amounts in thousands of reais unless otherwise stated

38 Acquisition of investment

As mentioned in note 1.6, on November 21, 2011 the Company acquired 32.18% of the share capital of SC and 17.97% of the share capital of ABV, for the amounts, adjusted to present value, of R$ 102,764 and R$ 65,308, respectively. The stockholders entered into an agreement establishing the shared control of these companies.

SC is headquartered in the city of Américo Brasiliense, approximately 45 kilometers from the Company's largest plant, with a processing capacity of 4 million metric tons of sugar cane and flexibility of sugar production and ethanol of 60% and 40%, respectively. ABV has plots of land that are leased for SC to cultivate sugarcane.

As a result of this acquisition, the Company expects to achieve strong synergy with SC and ABV in the following strategic areas:

i. Agricultural area - starting from the next crop, there will be the implementation of operations for the maximization of Cutting, Loading and Transportation (CCT), planting and crop treatment for sugar cane; and

ii. Gains of scale - (a) purchases of agricultural and industrial inputs and services in common; (b) consistency and standardization of equipment and spare parts; (c) streamlining the maintenance of agricultural and industrial equipment; (d) reduction of the logistics costs of transport of sugar and ethanol; (e) synergies in the administrative structure and sale of production.

Management contracted independent appraisers to calculate the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed, and for the determination of the Purchase Price Allocation (PPA). The changes arising from the calculation of the fair values of the investments acquired and the PPA were adjusted when calculated and recorded retroactively (on the date of acquisition), with the corresponding adjustments in the goodwill preliminarily recorded.

The tables below present the corresponding entries for each investment acquired.

(a) Santa Cruz S.A. Açúcar e Álcool

	Formation of purchase price
Purchase price	
Amount paid on November 21, 2011	36,081
Present value of the installment payable in Nov 12	34,029
Present value of the installment payable in Nov 13	32,654
Total consideration	102,764

All amounts in thousands of reais unless otherwise stated

	Book values	Adjustments to fair value	Adjusted amounts
Fair value of the identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	41,143		41,143
Trade receivables	12,775		12,775
Inventories	134,222	7,842	142,064
Deferred income tax and social contribution	38,475	961	39,436
Investments	132,780	64,679	197,459
Biological assets	151,942		151,942
Property, plant and equipment	457,724	56,605	514,329
Intangible assets	2,066	71,037	73,103
Other assets	19,491		19,491
Borrowings	(566,046)	(2,602)	(568,648)
Trade payables	(46,035)		(46,035)
Payables to Copersucar	(43,547)		(43,547)
Deferred income tax and social contribution	(74,864)	(51,790)	(126,654)
Other liabilities	(52,449)	(226)	(52,675)
Total value of the assets acquired and liabilities assumed	207,677	146,506	354,183
Shareholding acquired			32.19%
(-) Investment - proportion of the value of assets acquired and liabilities assumed			114,023
(=) Negative goodwill (recorded in income for the year)			(11,259)

(b) Agro Pecuária Boa Vista S.A.

	Formation of purchase price
Purchase price	
Amount paid on November 21, 2011	22,929
Present value of the installment payable in Nov 12	21,626
Present value of the installment payable in Nov 13	20,753
Total consideration	65,308

All amounts in thousands of reais unless otherwise stated

	Book values	Adjustments to fair value	Adjusted amounts
(-) Fair value of the identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	144		144
Trade receivables	5,241		5,241
Taxes recoverable	13,162		13,162
Deferred income tax and social contribution	27,911	1,233	29,144
Property, plant and equipment (mainly land)	316,027	163,894	479,921
Other assets	4,947		4,947
Borrowings	(17,089)		(17,089)
Taxes payable in installments	(22,160)		(22,160)
Deferred income tax and social contribution	(81,155)	(55,724)	(136,879)
Other liabilities	(3,749)	(3,626)	(7,375)
Total value of the assets acquired and liabilities assumed	243,279	105,777	349,056
Shareholding acquired			17.97%
(-) Investment - proportion of the value of assets acquired and liabilities assumed			62,713
(=) Goodwill			2,595

The costs of the transaction, such as commissions, expenses with lawyers and intermediaries, totaled R$ 1,684 and were recorded as an expense for the year ended March 31, 2012.

38.1 Accounts payable - Acquisition of investment

As mentioned in note 1.6, the payment for the acquisition of the shareholdings in SC and ABV was established in three installments, and the balance payable is as follows:

	SC	ABV	Total
Present value of the total consideration	102,764	65,308	168,072
Payment on November 21, 2011	(36,081)	(22,929)	(59,010)
Adjustment to present value	2,698	1,715	4,413
At March 31, 2012	69,381	44,094	113,475
Current liabilities	(35,405)	(22,501)	(57,906)
Non-current liabilities	33,976	21,593	55,569

* * *

São Martinho

4Q12

Results

2011/2012 Crop Year

São Martinho reports Net Income of R$126.6 million in 12M12

São Paulo, June 25, 2012 – SÃO MARTINHO S.A. (BM&FBovespa: SMTO3; Reuters SMTO3.SA and Bloomberg SMTO3 BZ), one of Brazil's largest sugar and ethanol producers, announces today its results for the fourth quarter of 2012 (4Q12).

12M12 and 4Q12 HIGHLIGHTS

- The São Martinho Group recorded Adjusted EBITDA of **R$530.0 million (Adjusted EBITDA margin of 38.8%)**, down 13.5% from 12M11. The main drivers of the EBITDA reduction were: i) the lower ethanol and sugar sales volume due to the shortfall in the sugarcane harvest throughout the entire center-south region of Brazil, which led to the lower availability of cane at the mills of the São Martinho Group, and ii) the partial consolidation of the results of Usina Boa Vista (51%) due to the sale of the equity interest to Petrobrás Biocombustível;

- **Net Income was R$126.6 million in 12M12,** which represents a reduction of 11.0% from 12M11. The lower profitability in 12M12 is directly related to the reduction in EBITDA detailed above.

- The São Martinho Group recorded Adjusted EBITDA of **R$65.4 million in 4Q12 (Adjusted EBITDA margin of 25.2%)**, down 49.9% from 4Q11. The main drivers of EBITDA reduction were: i) the lower sales volumes of sugar and anhydrous ethanol (higher-margin products whose sales were anticipated in previous quarters) and ii) the 77.0% increase in administrative expenses, due to the nonrecurring concentration of these items in 4Q12;

- Based on an analysis of i) the development of sugarcane in our fields to date, combined with ii) the investments made in planting and iii) the partial consolidation of the crushing activities of Santa Cruz S.A., we project growth in crushing volume in the 2012/13 crop year of 13.2% from the 2011/12 crop year. This growth should also be accompanied by higher sugar levels in the cane (as measured by kg of TRS/ton). The following table provides details of our estimates:

Proportional Grupo São Martinho S.A. (*)	2011/2012 Crop Year	2012/2013 Crop Year	Chg. %
Crushing ('000 tons)	**10.6**	**12.0**	**13.2%**
Sugar ('000 tons)	774.0	900.0	16.3%
Ethanol ('000 m^3)	377.0	470.0	24.7%

(*) Includes the interest of 50.95% in the capital of Nova Fronteira Bioenergia S.A. and of 32.18% in Santa Cruz S.A.

- On March 31, 2012, we had sugar prices fixed for the **2012/13 crop year for 473,303 tons at an average price close to USD 25.00 cents/pound.** This volume corresponds to around **53% of the potential volume of sugar production in the next crop year**;

- On March 31, 2012, our net debt stood at R$935.3 million, increasing R$446.0 million from March 31, 2011. Approximately 85% of this debt increase is related to the partial acquisition of Santa Cruz S.A. and Agropecuária Boa Vista, as announced in October 2011.

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R$ Thousand)	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
São Martinho - Consolidated						
Gross Revenue	279.701	305.224	-8,4%	1.447.266	1.384.387	4,5%
Net Revenue	259.472	280.558	-7,5%	1.366.990	1.295.046	5,6%
Adjusted EBITDA	65.437	130.655	-49,9%	529.993	612.585	-13,5%
EBITDA Margin	25,2%	46,6%	-21,4 p.p.	38,8%	47,3%	-8,5 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	4.787.167	3.941.658	21,5%	4.787.167	3.941.658	21,5%
Shareholders' Equity	2.024.678	1.953.486	3,6%	2.024.678	1.953.486	3,6%
EBITDA (LTM)	529.993	612.585	-13,5%	529.993	612.585	-13,5%
Net Debt	935.277	489.474	91,1%	935.277	489.474	91,1%
Net Debt / EBITDA (LTM)	1,6 x (*)	0,8 x		1,6 x (*)	0,8 x	
Net Debt / Shareholders' Equity	46%	25%		46%	25%	

(*) Considering Santa Cruz´s EBITDA LTM (32.18%)

OPERATING DATA	12M12	12M11	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane (‘000 tons)	11,412	13,067	-12.7%
Own	7,461	8,511	-12.3%
Third Parties	3,951	4,556	-13.3%
Mechanized Harvest	85.7%	85.3%	0.4 p.p
Production			
Sugar ('000 tons)	774	873	-11.3%
Anhydrous Ethanol ('000 m^3)	222	258	-13.9%
Hydrous Ethanol ('000 m^3)	226	307	-26.5%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	226	264	-14.6%
Cogeneration ('000 MWh)	213	163	30.5%

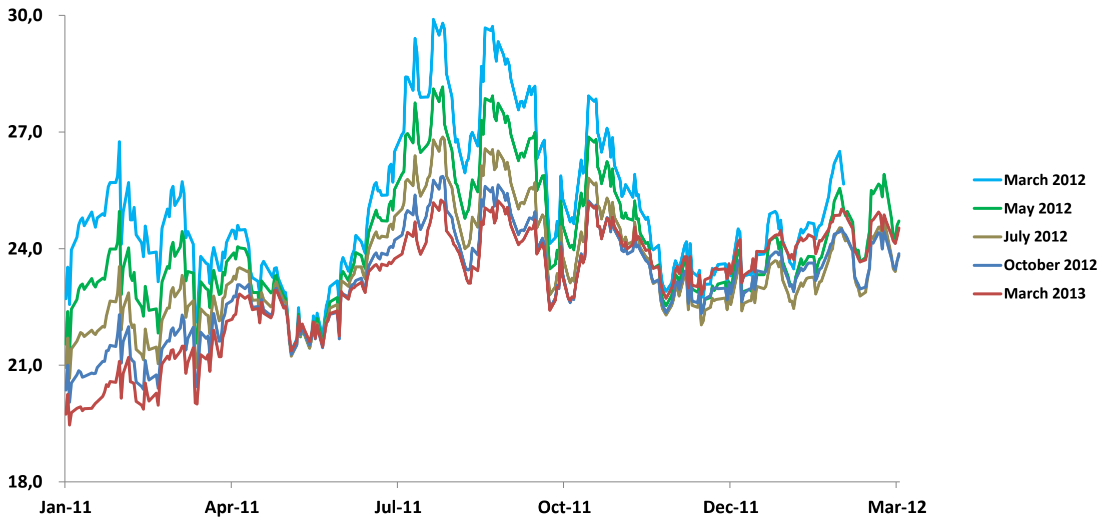
In the 2011/12 crop year, crushing by the São Martinho Group declined by 12.7% compared to the 2010/11 crop year, reflecting the shortfall in the sugarcane harvest in the entire center-south region of Brazil, which led to the lower availability of cane at the mills of the São Martinho Group.

To improve comparisons, the above table shows total crushing for all three mills controlled by the São Martinho Group, except for the Santa Cruz Mill (acquired in November 2011).

Given that as of the 2011/12 crop year, we began to consolidate 50.95% of the results of Nova Fronteira S.A. due to the sale of an interest to Petrobrás Biocombustível, **our proportional sugarcane crushing volume** in the 2011/12 crop year was **10.6 million tons, down 18.9% from the previous crop year.**

INDUSTRY OVERVIEW - SUGAR

Future Sugar Prices



During the 2011/12 crop year, the main sugar producers in the northern hemisphere, such as India, Thailand and Russia, registered higher production due to the better weather conditions in these regions and the expansion in planted area. Despite the higher supply by these countries, sugar prices remained high throughout the crop year. The combination of the shortfall in the sugarcane harvest in Brazil (the world's largest producer, responsible for nearly 50% of global sugar sales) and the even lower level of global inventories led sugar prices to remain above USD 22 cents/pound throughout the entire crop year.

During the peak period of production in Brazil, from May to September, international sugar prices were at their highest level, surpassing USD 27.00 cents/pound, driven by the lower production in Brazil and the possibility of a significant reduction in the supply of brazilian sugar during the off-season, since the center-south region of Brazil produced only 31.3 million tons of sugar this crop year, down 6.6% from the previous year, due to the adverse weather conditions mentioned above.

At the start of the 2012/13 crop year, however, in April and May, macroeconomic factors, combined with the end of the season and the higher supply of sugar from countries in the northern hemisphere, adversely affected international sugar prices, with prices declining to an average of USD 19-20 cents/pound.

Taking advantage of this scenario of high prices and consistent with our hedging policy, on March 31, 2012, the São Martinho Group held hedge positions for the 2012/13 crop year for 473,303 tons, especially for May/12, July/12 and October/12 screens, at the average price close to USD 25.00 cents/pound. These prices, combined with the recent depreciation in the brazilian Real against the U.S. dollar, should increase the average sugar sales price in brazilian Real for São Martinho S.A. in the next fiscal year.

Expectations for the 2012/13 crop year in the center-south region of Brazil are calling for stable sugar production, with production in India, Thailand and Russia also expected to remain stable. This expectation, combined with the consistent growth in global demand, should reduce the surplus in sugar production from the current 8.0 million tons to 4.0 million tons.

INDUSTRY OVERVIEW - ETHANOL

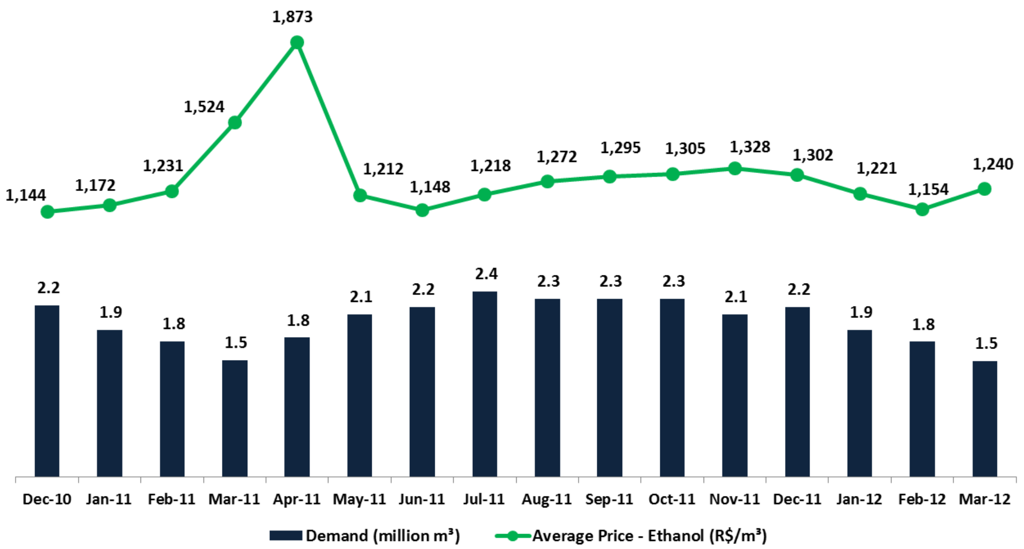
AVERAGE PRICES - ETHANOL	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R$ / m^3	1,248.33	1,371.43	-9.0%	1,416.07	1,094.58	29.4%
Hydrous ESALQ, Net DM - R$ / m^3	1,167.68	1,247.78	-6.4%	1,195.62	958.88	24.7%

In contrast to the trend in the first nine months of the 2011/12 crop year, ethanol prices declined in 4Q12. Anhydrous ethanol prices decreased by 9.0% from the same period in the prior crop year, while hydrous ethanol prices decreased 6.4%.

However, analyzing the full-year results in 12M12, prices increased 29.4% and 24.7% for anhydrous and hydrous ethanol, respectively. The improvement in prices during 2012 was driven by the lower supply of the product and subsequent adjustment in prices, which remained close to parity with gasoline prices at the pump.

The decline in ethanol production in Brazil impacted prices throughout 12M12, and in 9M12 the lower production drove prices higher. However, in 4Q12, the price scenario was negatively impacted by the need of certain producers (during 3Q12) to import ethanol in order to compensate the decline in brazilian production, which increased supply in 4Q12 and drove prices lower. In addition, this year, due to the lower production, the brazilian government reduced the blend of anhydrous ethanol added to gasoline from 25% to 20%, which reduced potential demand.

For the 2012/13 crop year, we see improvement in export markets for ethanol, with the elimination of ethanol import tariffs and subsidies to producers in the United States. Therefore, the U.S. ethanol market could become competitive for brazilian producers in the near future, especially if the U.S. dollar remains at its current strong levels.



FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Domestic Market	**140,439**	**180,086**	**-22.0%**	**576,850**	**582,819**	**-1.0%**
Sugar	15,884	20,625	-23.0%	60,246	53,675	12.2%
Hydrous Ethanol	62,379	64,254	-2.9%	207,556	236,850	-12.4%
Anhydrous Ethanol	52,088	91,473	-43.1%	231,631	233,197	-0.7%
Energy	4,626	765	505.0%	27,593	23,946	15.2%
Other	5,462	2,969	84.0%	49,823	35,151	41.7%
Export Market	**119,033**	**100,472**	**18.5%**	**790,140**	**712,227**	**10.9%**
Sugar	90,062	93,861	-4.0%	706,441	648,500	8.9%
Hydrous Ethanol	17,110	4,607	271.4%	47,291	25,551	85.1%
Anhydrous Ethanol	8,138	0	n.m.	18,592	25,361	-26.7%
RNA	3,724	2,004	85.8%	17,817	12,814	39.0%
Net Revenue	**259,472**	**280,558**	**-7.5%**	**1,366,990**	**1,295,046**	**5.6%**
Sugar	105,945	114,487	-7.5%	766,687	702,175	9.2%
Hydrous Ethanol	79,489	68,861	15.4%	254,847	262,400	-2.9%
Anhydrous Ethanol	60,226	91,473	-34.2%	250,223	258,558	-3.2%
Energy	4,626	765	505.0%	27,593	23,946	15.2%
Other	9,186	4,973	84.7%	67,640	47,965	41.0%

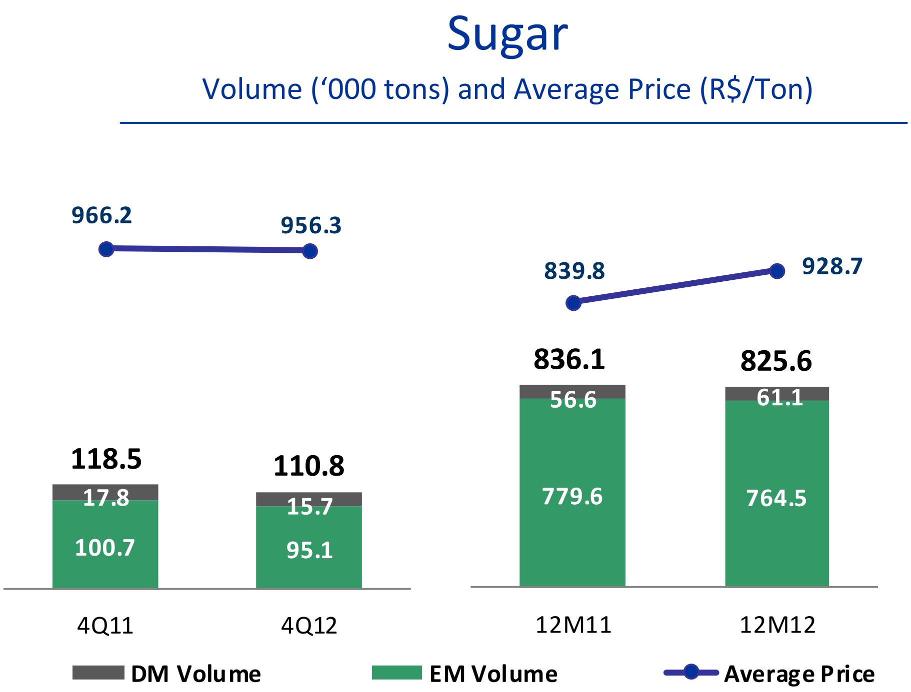
Net Revenue

The net revenue of the São Martinho Group decreased by 7.5% in 4Q12 compared to 4Q11, driven mainly by the decreases in sales volumes of anhydrous ethanol (-32.2%) and sugar (-6.5%).

The lower sales volume in 4Q12 was due to our commercial strategy to anticipate sales in previous quarters, when prices were higher.

In 12M12 compared to 12M11, the net revenue of the São Martinho Group increased by 5.6%, driven mainly by the higher average prices for sugar (+10.6%) and ethanol (+26.0%), which offset the lower sales volume in the year due to the crop shortfall.

Sugar

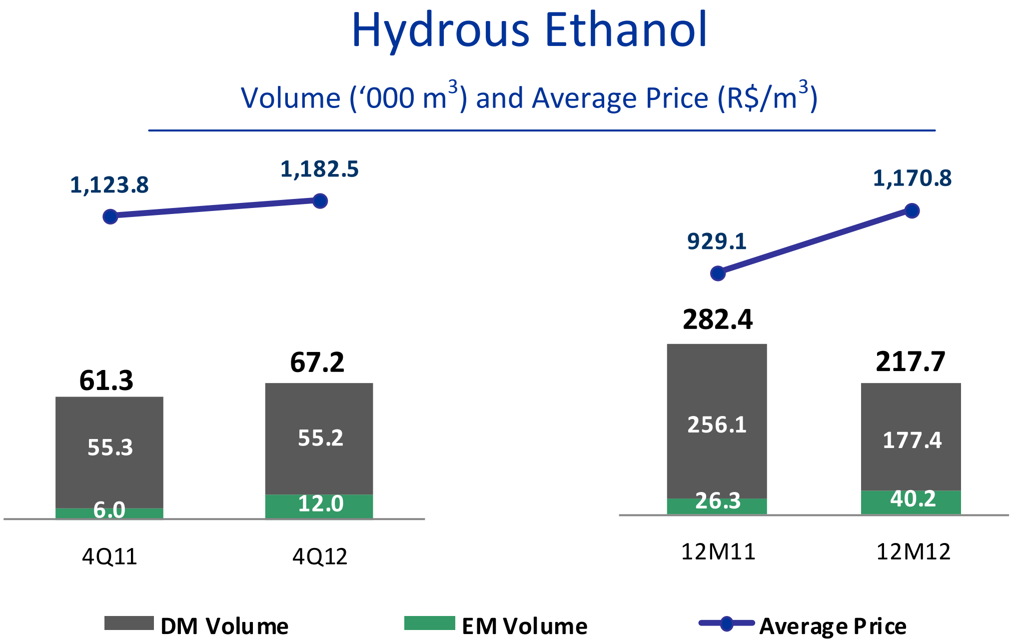


Net revenue from sugar sales came to R$105.9 million in 4Q12, for a reduction of 7.5% from the same period of the previous crop year, driven mainly by the decrease of 6.5% in sugar sales in 4Q12.

The lower sales in the period reflect the strategy adopted in prior quarters to anticipate sugar shipments.

In 12M12, net revenue from sugar sales was R$766.7 million, up 9.2% in relation to the same period of the previous crop year, reflecting the increase of 10.6% in the sugar sales price. The average price of the sugar exported in the period was USD 24.67 cents/pound, which represents an increase of 12.9% from the average export sales price of USD 21.86 cents/pound in 12M11.

Ethanol



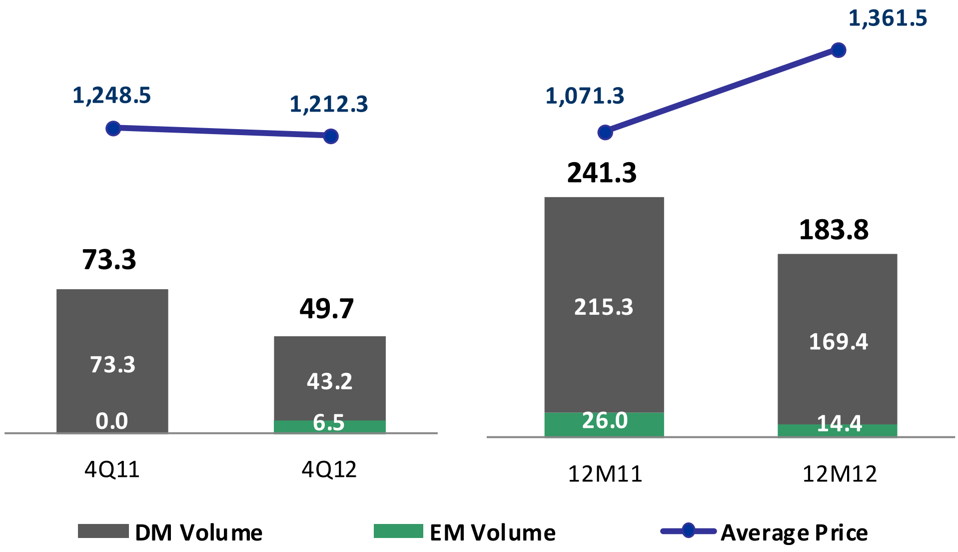
Net revenue from hydrous ethanol sales came to R$79.5 million in 4Q12, up 15.4% from the same period of the previous crop year. The growth in net revenue from hydrous ethanol was mainly driven by (i) the 9.6% increase in sales volume and (ii) the 5.2% increase in the average sale price.

In the crop year (12M12), net revenue from hydrous ethanol sales was R$254.8 million, down 2.9% from the same period of the previous crop year. This reduction was due to the 22.9% drop in sales volume, which was partially offset by the 26.0% increase in the average sales price in the period to R$1,170.8/m³.

The lower sales volume of hydrous ethanol reflects the crop shortfall caused by the adverse weather conditions mentioned earlier.

Anhydrous Ethanol

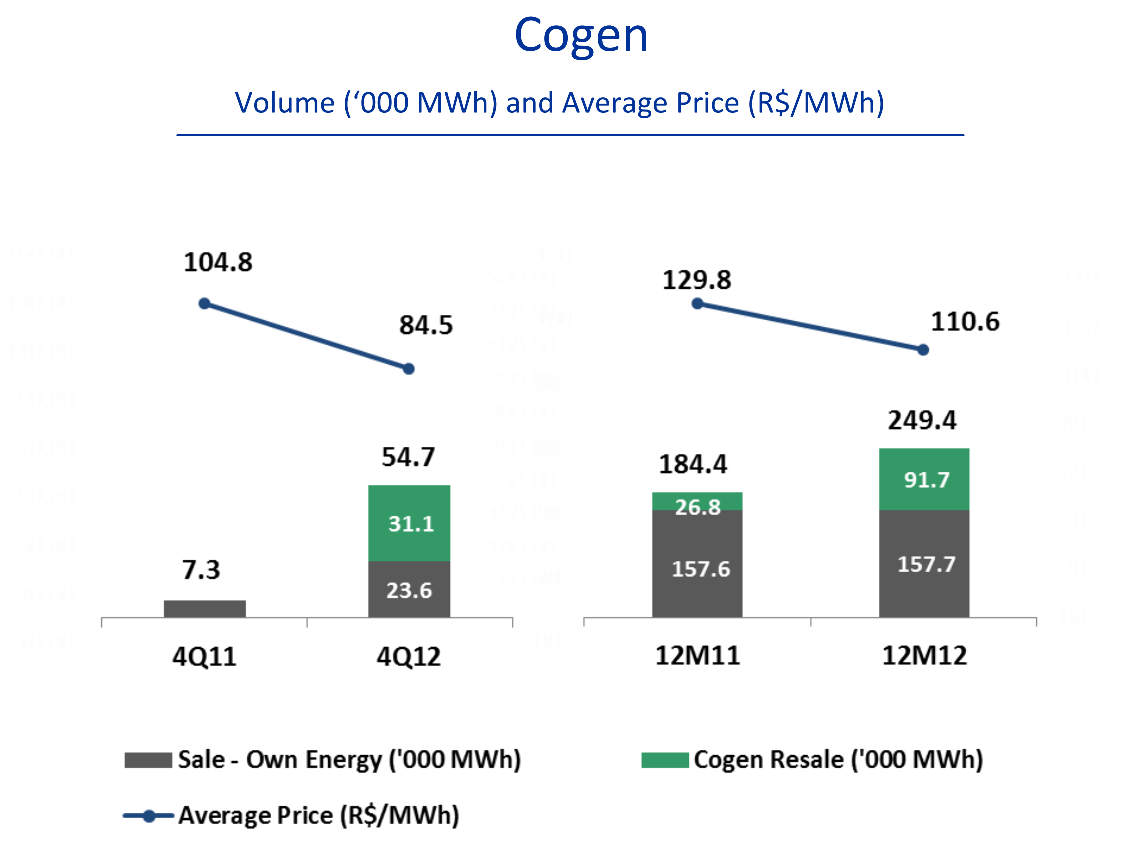
Volume ('000 m^3) and Average Price (R$/m^3)



In 4Q12, net revenue from anhydrous ethanol sales decreased 34.2% to R$60.2 million, driven by the reduction in sales of the product (-32.2%). This lower sales volume reflects the commercial strategy adopted in prior quarters to anticipate sales.

In the full crop year (12M12), net revenue from anhydrous ethanol sales totaled R$250.2 million, down 3.2% from 12M11. Despite the 27.1% increase in the sales price in the period, sales volume decreased by 23.8%, reflecting the lower supply of the product caused by the factors cited above.

Cogen



Net revenue from cogeneration sales increased sharply by 505.0% (+R$4.6 million) in 4Q12 in relation to the year-ago period, driven by the higher sales volume. Sales volume growth was driven by the sale of the guaranteed supply generated by Usina Boa Vista S.A.

In 12M12, net revenue from cogen sales was R$27.6 million, up 15.2% from the same period of the previous crop year. Although the average sales price of cogen decreased by 14.8% to R$110.6/MWh in 12M12, sales volume grew by 35.3% to 249,400 MWh. The higher volume was due to i) the partial consolidation of Santa Cruz, and ii) the increase in cogeneration at Usina Boa Vista.

Other Products and Services

Net revenue from "Other Products and Services" totaled R$67.6 million in 12M12, increasing by 41.0% from the year-ago period. The increase was driven by the higher sales volumes of RNA. We expect this level of revenue to be maintained in the next fiscal year.

INVENTORIES

INVENTORIES	4Q12	4Q11	Chg. (%)
Sugar (tons)	19,957	58,968	-66.2%
Hydrous (m^3)	10,547	24,127	-56.3%
Anhydrous (m^3)	22,079	17,451	26.5%

The reduction in inventories in 4Q12 is related to the strategy to anticipate ethanol and sugar sales in 2Q12 and 3Q12, and also to the lower production volume in the 2011/12 crop year, as commented earlier. We expect inventories to end the next fiscal year (March 2013) at levels similar to those in 4Q12.

EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 12M12	SUGAR	ETHANOL	OTHER	TOTAL
R$ Thousand				
Net Revenues	766,687	505,070	95,233	1,366,990
COGS (Cash)	(326,223)	(279,995)	(70,243)	(676,461)
Gross Profit (Cash)	440,464	225,075	24,990	690,529
Gross Margin (Cash)	57.5%	44.6%	26.2%	50.5%
Sales Expenses	(43,995)	(6,730)	(3,023)	(53,748)
G&A Expenses (Cash)	(57,504)	(45,591)	(11,455)	(114,550)
Other Revenues (Expenses)	-	-	7,762	7,762
Adjusted EBITDA	**338,966**	**172,753**	**18,274**	**529,993**
Adjusted EBITDA Margin	**44.2%**	**34.2%**	**19.2%**	**38.8%**
EBITDA Cost (*)	**(518.1)**	**(827.8)**	**-**	**-**

(*) Sugar in R$/Ton
Ethanol in R$/$m^3$

EBITDA BY PRODUCT - 12M11	SUGAR	ETHANOL	OTHER	TOTAL
R$ Thousand				
Net Revenues	702,175	520,958	71,913	1,295,046
COGS (Cash)	(256,968)	(227,815)	(49,156)	(533,940)
Gross Profit (Cash)	445,207	293,143	22,757	761,106
Gross Margin (Cash)	63.4%	56.3%	31.6%	58.8%
Sales Expenses	(47,274)	(10,777)	(154)	(58,205)
G&A Expenses (Cash)	(41,966)	(42,867)	(9,426)	(94,259)
Other Revenues (Expenses)	-	-	3,943	3,943
Adjusted EBITDA	**355,966**	**239,498**	**17,121**	**612,585**
Adjusted EBITDA Margin	**50.7%**	**46.0%**	**23.8%**	**47.3%**
EBITDA Cost (*)	**(414.1)**	**(537.4)**	**-**	**-**

(*) Sugar in R$/Ton
Ethanol in R$/$m^3$

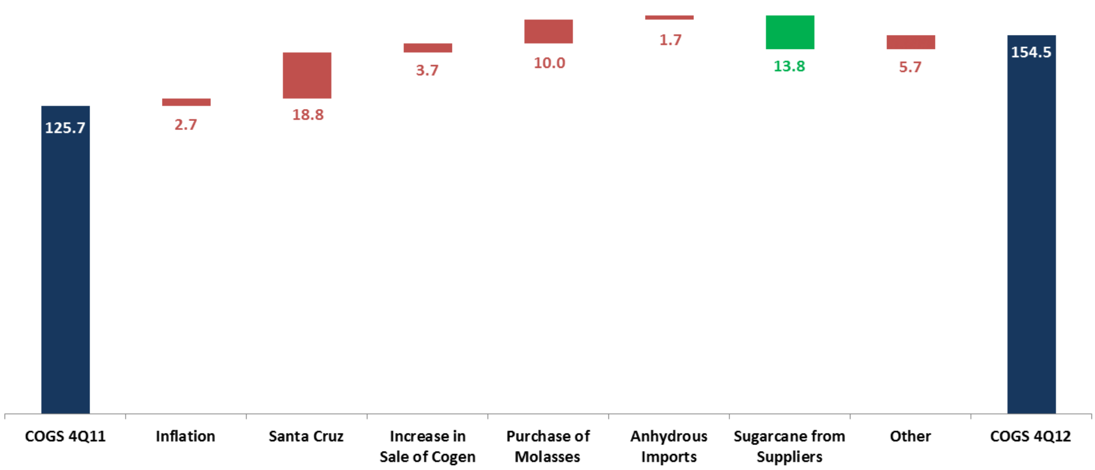
In 12M12, sugar accounted for 64.0% of the Group's consolidated EBITDA, while ethanol and other products accounted for 32.6% and 3.4%, respectively. Sugar EBITDA margin compressed by 6.5 p.p. in relation to 12M11, due to the 25.1% increase in the sugar EBITDA cost. In the case of ethanol, the EBITDA cost was R$827.8/m³ in 12M12, or 54.0% higher than in 12M11.

In 12M12, the increases in the EBITDA costs of both sugar and ethanol were due to (i) the increase of some 24.8% in the Consecana price from 12M11, which impacted costs with suppliers and leasing; and (ii) the higher unit production costs caused by the lower capacity utilization, since the volume of sugarcane processed was 12.7% lower than in the previous crop year **(see more details in "Cost of Goods Sold" and "General and Administrative Expenses")**.

COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Agricultural Costs	93.098	105.089	-11,4%	473.723	430.436	10,1%
Suppliers	42.148	56.034	-24,8%	247.273	234.708	5,4%
Partnerships	16.072	16.461	-2,4%	69.696	61.237	13,8%
Own Sugarcane	34.879	32.594	7,0%	156.754	134.491	16,6%
Industrial	21.282	14.771	44,1%	81.881	61.876	32,3%
Other Products	21.338	5.831	265,9%	99.081	41.627	138,0%
Total COGS - Santa Cruz	**18.831**	**-**	**n.m.**	**21.776**	**-**	**n.m.**
Total COGS - Consolidated	**154.549**	**125.690**	**23,0%**	**676.461**	**533.940**	**26,7%**
TRS Sold (000 Tons)	316	355	-11,1%	1.553	1.774	-12,4%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	421	337	24,9%	372	278	34,0%

In 4Q12, Cash COGS was R$154.5 million, increasing 23.0% in relation to 4Q11. The following chart presents a breakdown of these costs in 4Q12 compared to 4Q11:



The main drivers of the variation in COGS in 4Q12 were:

(i) Higher cogen sales (+R$3.7 million): Reflects the increased costs related to the higher volume of energy sold. As cited earlier, trading "guaranteed supply" means purchasing energy at spot prices (PLD) in the market and selling it at PLD + premium. The cost of acquiring power is booked under COGS;

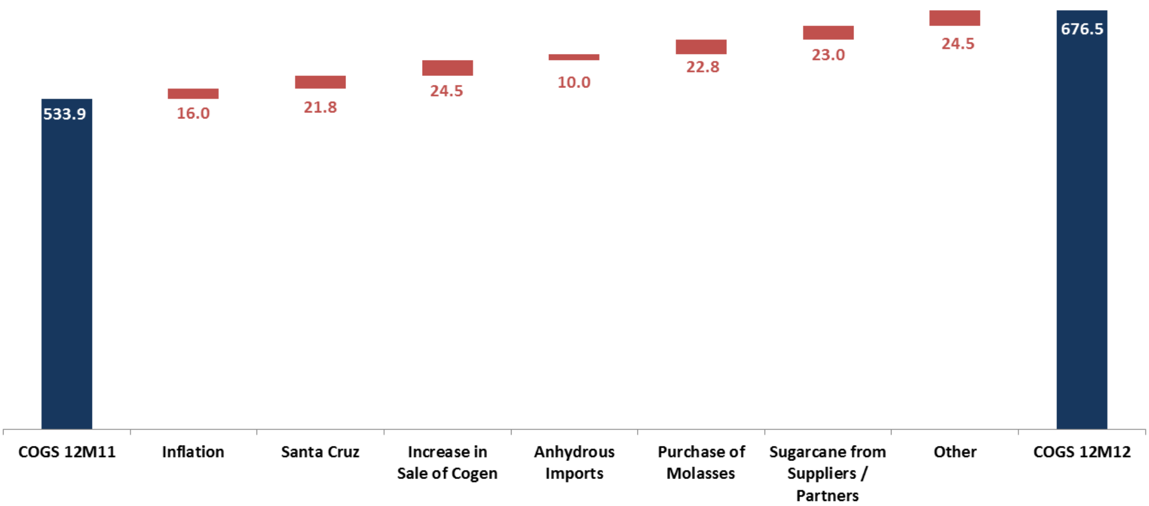
(ii) Purchase of molasses (+R$10.0 million): To increase capacity utilization at our units, we purchased molasses to make ethanol. This item did not exist in the 2010/11 crop year, since we had sufficient sugarcane to utilize our sugar and ethanol production capacity;

(iii) Anhydrous Importation (+R$1.7 million): Mainly due to guarantee the minimum supply of the product in the domestic market;

(iv) Agricultural costs (-R$13.8 million): Reflects the lower volume of sugarcane acquired from suppliers;

(v) Santa Cruz (+R$18.8 million): With the acquisition in November 2011 of a 32.18% interest in Santa Cruz, we began to partially consolidate its results as of December 2011.

The main drivers of the variation in COGS in 12M12 were:



(i) Higher cogen sales (+R$24.5 million): Reflects the increased costs related to the higher volume of energy sold. As cited earlier, trading "guaranteed supply" means purchasing electricity at spot prices (PLD) in the market and selling it at PLD + premium. The cost of acquiring power is booked under COGS;

(ii) Purchase of molasses (+R$22.8 million): To increase capacity utilization at our units, we purchased molasses to make ethanol. This cost did not exist during the 2010/11 crop year, since we had enough sugarcane to use our sugar and ethanol production capacity;

(iii) Anhydrous Imports (+R$10.0 million): Mainly due to guarantee the minimum supply of the product in the domestic market;

(iv) Agricultural costs (+R$23.0 million): Mainly reflects the 24.8% increase in the Consecana price in the period;

(v) Santa Cruz (+R$21.8 million): With the acquisition in November 2011 of a 32.18% interest in Santa Cruz, we began to partially consolidate its results as of December 2011.

SELLING EXPENSES

SELLING EXPENSES	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Port Costs / Freight	5,723	6,651	-13.9%	48,575	55,844	-13.0%
Sales Commission	25	670	-96.2%	870	2,056	-57.7%
Other - non-recurring	765	58	n.m.	2,896	305	849.3%
Selling Expenses - Santa Cruz	**998**	**-**	**n.m.**	**1,407**	**-**	**n.m.**
Selling Expenses - Consolidated	**7,512**	**7,379**	**1.8%**	**53,748**	**58,205**	**-7.7%**
TRS Sold ('000 Tons)	316	355	-11.1%	1,553	1,774	-12.4%
% of Net Revenues	2.9%	2.6%	0.3 p.p.	3.9%	4.5%	-0.6 p.p.

In 4Q12, selling expenses came to R$7.5 million, increasing slightly in relation to 4Q11 (+1.8%). The increase was due to the higher port costs stemming from the stronger U.S. dollar, since port handling costs are denominated in dollar.

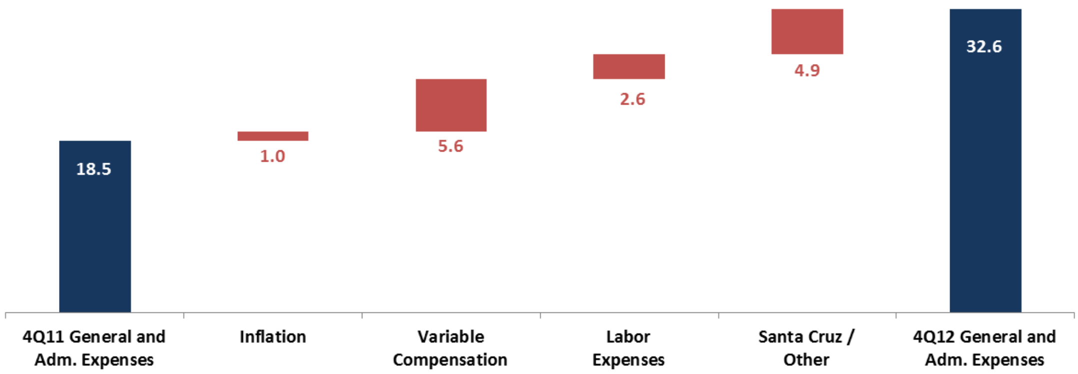
In 12M12, selling expenses came to R$53.7 million, or 7.7% lower than in 12M11. The reduction in selling expenses mainly reflects the lower costs of freight due to the agreement announced between São Martinho and Rumo Logística.

GENERAL AND ADMINISTRATIVE EXPENSES

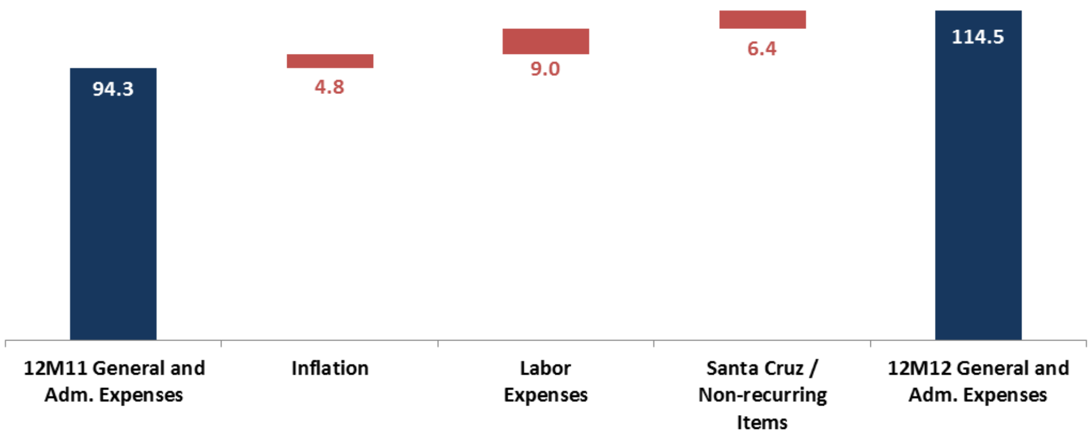
G&A EXPENSES - (CASH)	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Personnel	12,400	9,191	34.9%	42,196	36,534	15.5%
Taxes, Fees and Contributions	811	(669)	-221.3%	8,854	9,487	-6.7%
Provisions for Contingencies	5,856	3,270	79.1%	20,128	11,193	79.8%
General Expenses and Third-Party Services	5,470	4,223	29.5%	24,280	20,402	19.0%
Management Fee	5,634	2,401	134.6%	12,700	10,742	18.2%
Total General and Administrative Expenses - Santa Cruz	**2,409**	**-**	**n.m.**	**3,070**	**-**	**n.m.**
Total Recurring General and Administrative Expenses	**32,580**	**18,416**	**76.9%**	**111,228**	**88,359**	**25.9%**
Non-recurring items	-	-	n.m.	3,322	5,900	-43.7%
Total General and Administrative Expenses - Consolidated	**32,580**	**18,416**	**76.9%**	**114,550**	**94,259**	**21.5%**

G&A expenses totaled R$32.6 million in 4Q12, increasing 76.9% in relation to 4Q11. The main driver of this increase was the higher personnel expenses due to the provision for variable compensation. **This fiscal year we opted to record 100% of this provision in 4Q12, while in previous years this expense was booked on a quarterly basis.**

The following chart shows the main impacts in 4Q12:



In 12M12, G&A expenses totaled R$114.5 million, representing an increase of 21.5% in relation to 12M11. The main impact came from the provision with labor expenses, which increased by R$9.0 million to R$20.0 million. Based on the opinion of our legal counsel, we expect these expenses to total around R$15.0 million in the 2012/13 crop year. The other variations (as detailed below) are related to i) the partial consolidation of Santa Cruz as of this fiscal year, and ii) the impact from the wage increase under the collective bargaining agreement granted in May 2011, which increased salaries by around 8.0%.



EBITDA

EBITDA RECONCILIATION	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Adjusted EBITDA	**65,437**	**130,655**	**-49.9%**	**529,993**	**612,585**	**-13.5%**
Adjusted EBITDA Margin	25.2%	46.6%	-21.4 p.p.	38.8%	47.3%	-8.5 p.p.
Non Recurring Operating Revenues (Expenses)	(10,167)	22,729	n.m.	(20,375)	8,358	n.m.
Biological Assets	(3,746)	6,946	n.m.	(31,979)	34,298	n.m.
Non Cash Items Launched in the COGS	835	1,603	-47.9%	1,254	3,804	-67.0%
EBITDA	**78,516**	**99,377**	**-21.0%**	**581,094**	**566,125**	**2.6%**
EBITDA Margin	30.3%	35.4%	-5.2 p.p.	42.5%	43.7%	-1.2 p.p.
(-) Depreciation and Amortization	(80,693)	(71,585)	12.7%	(351,802)	(330,361)	6.5%
(-) Financial Revenue (Expense), net	(11,581)	(6,162)	87.9%	(62,638)	(38,669)	62.0%
(-) Equity Income	(33)	-	n.m.	(451)	-	n.m.
(=) Operating Income	(13,791)	21,630	n.m.	166,203	197,096	-15.7%

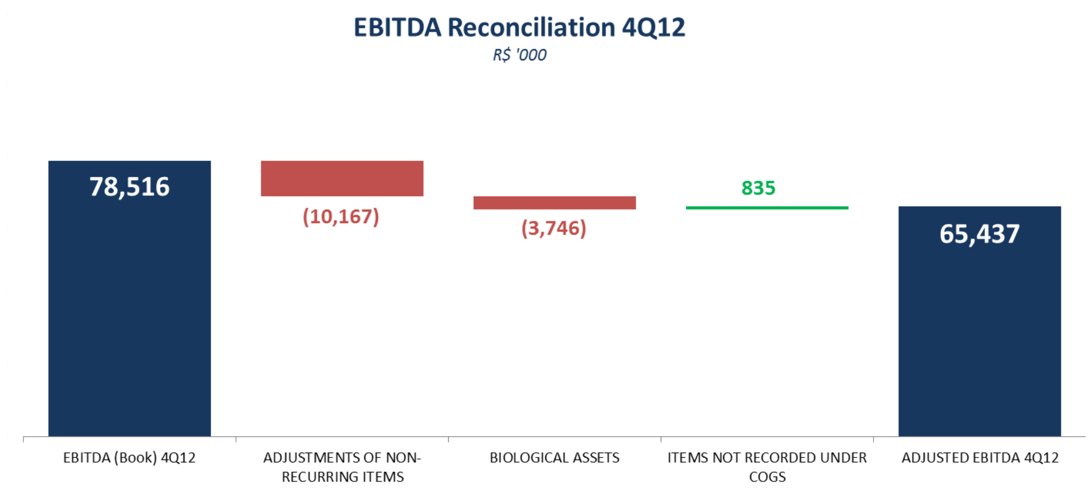
Adjusted EBITDA

In 4Q12, the São Martinho Group recorded Adjusted EBITDA of R$65.4 million (Adjusted EBITDA margin of 25.2%), down 49.9% from 4Q11.

In the year (12M12), Adjusted EBITDA was R$530.0 million, down 13.5% from 12M11 (adjusted EBITDA margin of 38.8%). The main drivers of this reduction in 4Q12 and in 12M12 were i) the lower ethanol and sugar sales volumes due to the shortfall in the sugarcane harvest in the center-south region of Brazil, which reduced the supply of sugarcane at the mills of the São Martinho Group, and ii) the partial consolidation of the results of Usina Boa Vista (51.0%) resulting from the sale of the interest to Petrobrás Biocombustível.

Reconciliation of EBITDA to Adjusted EBITDA

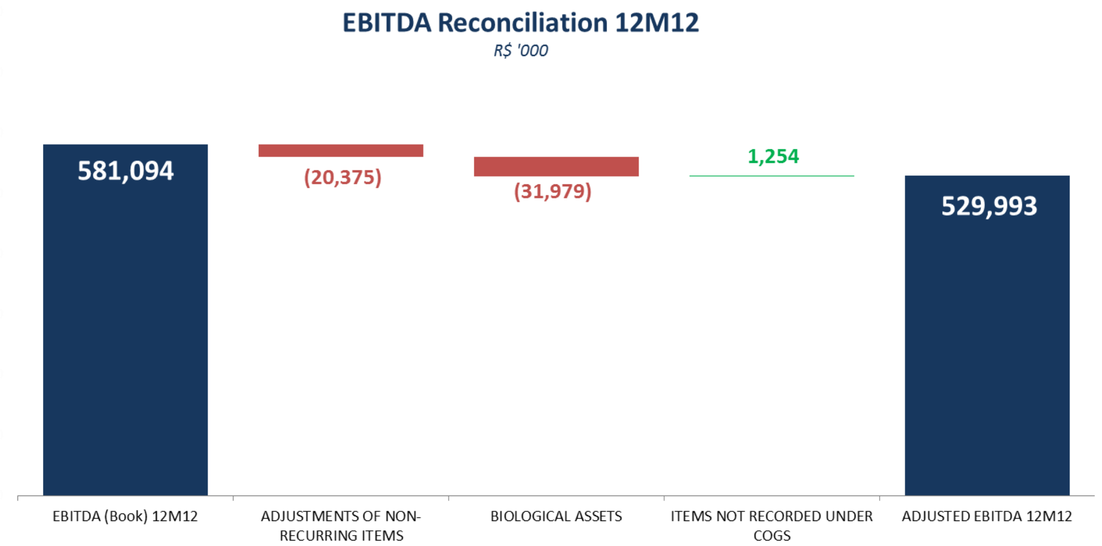
Composition of Adjustments in 4Q12



The main adjustments impacting the EBITDA calculation in 4Q12 are detailed below:

1) **Adjustments for non-recurring items (-R$10.2 million):** the main item comprising this adjustment is related to the negative goodwill from the acquisitions of Usina Santa Cruz and Agropecuária Boa Vista S.A. Considering that this is an accounting adjustment and therefore does not impact our cash flow, we opted to exclude it to provide a better measure of our adjusted EBITDA.

Composition of Adjustments in 12M12



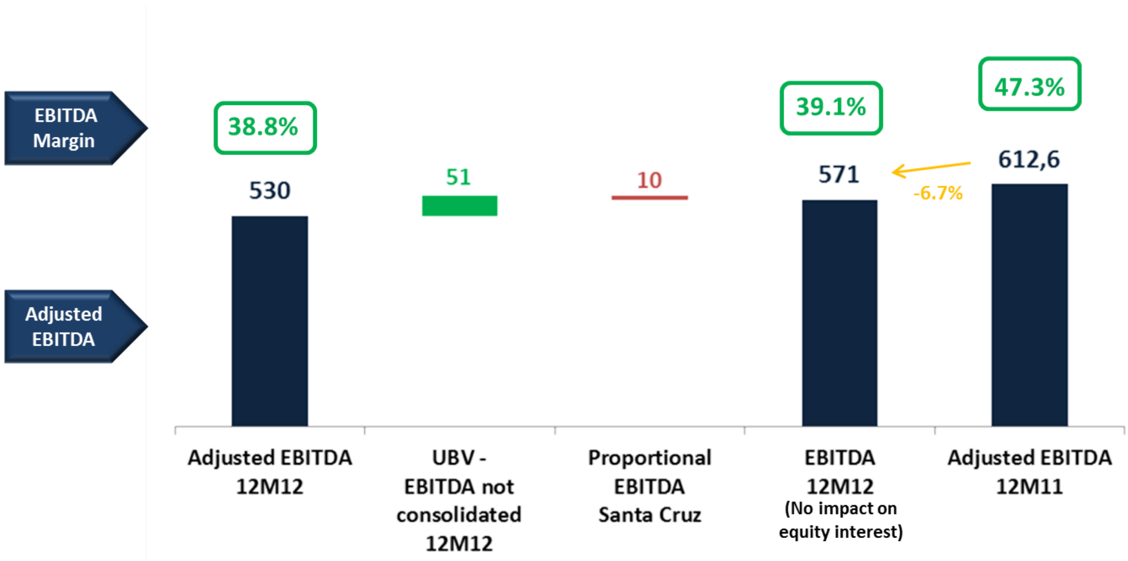
The main adjustments impacting the EBITDA calculation in 12M12 are detailed below:

2) **Adjustments for non-recurring items (-R$20.4 million):** the main items comprising this adjustment are related to i) the gains from the change in the controlling interest of Usina Boa Vista, since the share price paid by Petrobras Biocombustível in the 2nd tranche of the investment was above book price; and ii) the negative goodwill from the acquisitions of Usina Santa Cruz and Agropecuária Boa Vista S.A. Considering that this is an accounting adjustment and therefore does not impact our cash flow, we opted to exclude it to provide a better measure of our adjusted EBITDA;

3) **Adjustments to Biological Assets (-R$32.0 million):** The Company's biological assets are now measured at fair value using the discounted cash flow method. Considering that this is an accounting adjustment and therefore does not impact our cash flow, we opted to exclude it to provide a better measure of our adjusted EBITDA. In 12M12 and in 4Q12 we had gains of R$32 million and R$3.7 million, respectively.

Note that because during fiscal year 2012, the São Martinho Group concluded the sale of the interest in Usina Boa Vista to Petrobras Biocombustível and acquired 32.18% of Santa Cruz S.A., any comparison of Adjusted EBITDA between 12M12 and 12M11 was adversely affected.

For analysis purposes and to improve comparisons with prior year results, if we had excluded the impacts from the partial consolidation of Boa Vista S.A. and Santa Cruz S.A., our Adjusted EBITDA would indicate R$571.0 million (Adjusted EBITDA Margin of 39.1%), down just 6.7% from the previous crop year.



HEDGING

U.S. Dollar

On March 31, 2012, the São Martinho Group held a short position in USD currency futures through non-deliverable forwards (NDFs) with maturities through the 2015/16 crop year, as follows:

Maturity	US$ '000	Average Price (R$/USD)
US Dollar		
2012/2013 Crop Year	290,247	1.8449
2013/2014 Crop Year	22,380	2.0004
2014/2015 Crop Year	14,880	2.1608
2015/2016 Crop Year	14,880	2.2955
	342,387	**1.8884**

Sugar

On March 31, 2012, the São Martinho Group held positions in derivatives and prices fixed with clients and in the futures market in the following amounts:

Maturity	Volume (Tons)	Average Price (USD c/p)
Sugar - São Martinho		
2012/2013 Crop Year	473,303	24.93
	473,303	**24.93**

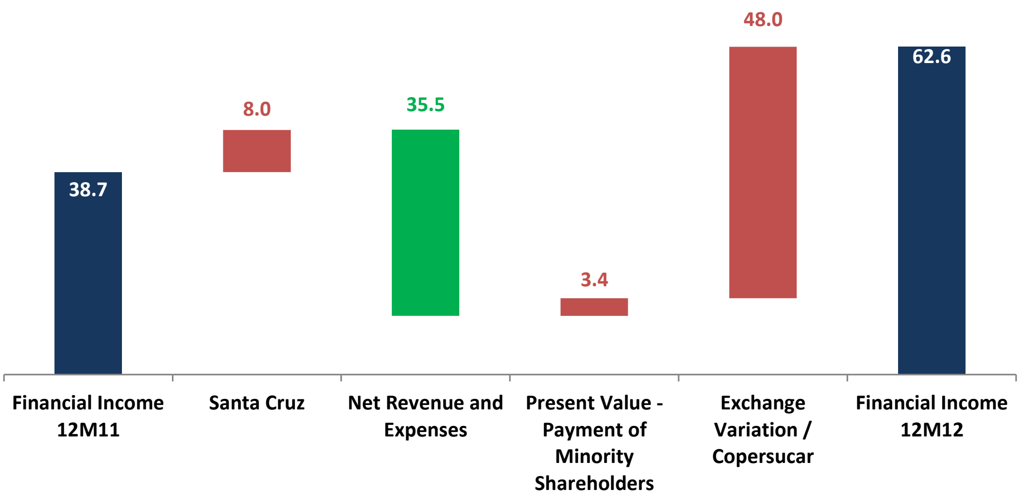
Hedge Accounting - In March 2010, inclusive, the Company began adopting hedge accounting for derivatives designated as hedge instruments, with their potential results recorded in equity ("Adjustments to book value"), net of deferred income tax and social contribution tax (potential loss of R$8.8 million in March 2012).

NET FINANCIAL RESULT

FINANCIAL RESULT	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Financial Revenues	9,505	5,785	64.3%	43,418	20,787	108.9%
Financial Expenses	(13,023)	(12,319)	5.7%	(58,079)	(66,204)	-12.3%
Hedge Result	(1,659)	383	-532.9%	(9,306)	(10,639)	-12.5%
Exchange Variation	(1,537)	1,493	n.m.	(19,448)	23,179	n.m.
Copersucar Monetary Variation	(2,189)	(1,505)	45.4%	(11,171)	(5,793)	92.8%
Net Financial Result - Santa Cruz	**(2,678)**	**-**	n.m.	**(8,052)**	**-**	n.m.
Net Financial Result - Consolidated	**(11,581)**	**(6,162)**	87.9%	**(62,638)**	**(38,669)**	62.0%

The São Martinho Group registered a net financial expense of R$11.6 million in 4Q12, which represents an increase of 87.9% from 4Q11. The main impacts were the partial consolidation of Santa Cruz (R$2.7 million) and the increase of approximately R$3 million in sugar hedging expenses as a result of the marking to market of hedge structures that are not recorded under Hedge Accounting.

In the year (12M12), our net financial expense increased by 62.0% to R$62.6 million.



The main drivers of the increase in the financial expense in 12M12 were:

(i) As a result of the reduction in average financial debt in the 2011/12 crop year compared to the previous crop year, combined with the lower borrowing costs, **we decreased our financial expenses net of investment returns by R$35.5 million.**

(ii) Increase of **R$48.0 million in exchange variation** due to the foreign exchange impact on the dollar-denominated portion of the debt. In 12M12, the Brazilian real depreciated 11.7% against the U.S. dollar, compared to appreciation of 8% in 12M11. These changes do not have any impact on our cash flow, since all dollar-denominated debt is pegged to exports, i.e. once the product is exported, the change is offset.

OPERATING WORKING CAPITAL

OPERATING WORKING CAPITAL	4Q11	3Q12	4Q12	4Q12 x 3Q12	4Q12 x 4Q11
R$ Thousand					
ASSETS	**232,299**	**486,200**	**215,475**	**270,725**	**16,824**
Accounts Receivable	59,673	63,686	38,399	25,287	21,274
Inventories	139,106	384,006	137,375	246,631	1,731
Tax receivable	33,520	38,508	39,701	-1,193	-6,181
LIABILITIES	**125,439**	**177,612**	**146,151**	**-31,461**	**20,712**
Suppliers	61,096	122,309	76,655	-45,654	15,559
Payroll and social contribution	44,000	41,228	57,297	16,069	13,297
Tax payable	20,343	14,075	12,199	-1,876	-8,144
WORKING CAPITAL	**106,860**	**308,588**	**69,324**	**239,264**	**37,536**

In 4Q12, the São Martinho Group invested working capital of R$69.3 million in its operations, which represents a reduction of R$37.5 million from 4Q11, which is due to the lower inventories of finished products in the period, as mentioned under "Inventories".

NET LOSS

In 4Q12, the Company posted a net loss of R$4.9 million, compared to net income of R$11.9 million in the previous year. This result was driven by i) the lower sales volumes of sugar and anhydrous ethanol (higher-margin products whose sales were anticipated in previous quarters) and ii) the 76.9% increase in administrative expenses due to the nonrecurring concentration of these items in 4Q12.

In 12M12, net income was R$126.6 million, which represents a reduction of 11.0% from 12M11. The lower profitability in 12M12 is directly related to i) the lower ethanol and sugar sales volume due to the shortfall in the sugarcane harvest throughout the entire center-south region of Brazil, which led to the lower availability of cane at the mills of the São Martinho Group, and ii) the partial consolidation of the results of Usina Boa Vista (51.0%) due to the sale of the equity interest to Petrobrás Biocombustível.

DEBT WITH COPERSUCAR

On March 31, 2012, the São Martinho Group recognized on its balance sheet debt of R$224.4 million with Copersucar. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under "Obligations – Copersucar" all liabilities related to the contingencies currently being resolved judicially that were filed by legal counsel at Copersucar. These obligations continue to be secured by suretyships in the amount of R$189.9 million on a consolidated basis.

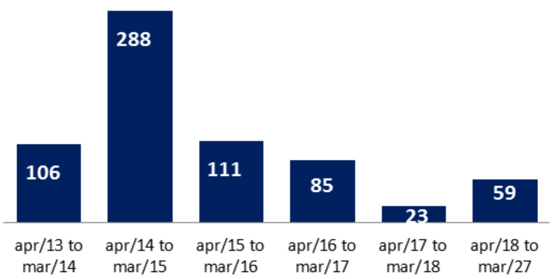
INDEBTEDNESS

DEBT	mar/12	mar/11	Chg. (%)
R$ Thousand			
PESA	72,509	76,438	-5.1%
Rural Credit	20,139	25,721	-21.7%
BNDES / FINAME	388,726	358,540	8.4%
Working Capital	109,392	-	n.m.
ACC (Advances on Foreign Exchange Contracts)	-	4,983	-100.0%
PPE (Export prepayment)	437,376	245,527	78.1%
Others	733	484	51.4%
Obligations from Santa Cruz	113,475		
Gross Debt	**1,142,350**	**711,693**	**60.5%**
Cash and Cash Equivalents	410,567	222,219	84.8%
Net Debt	**731,783**	**489,474**	**49.5%**
(+) Proportional Debt at Santa Cruz	203,494	**-**	**n.m.**
Consolidated Net Debt	**935,277**	**489,474**	**91.1%**
Net Debt / Acum. EBITDA	1,6 x (*)	0.8 x	

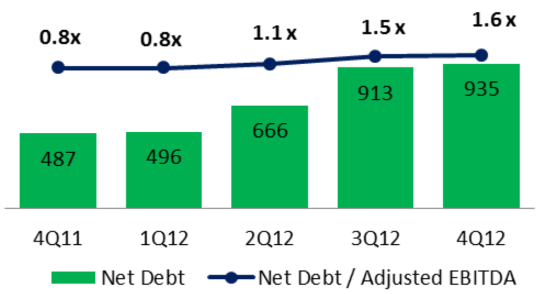
(*) Considering Santa Cruz´s EBITDA LTM in the last 12 months in the proportion of 32.18%

The São Martinho Group's debt stood at R$935.3 million at March 2012, which represents an increase of 91.1% from March 2011. This increase was due mainly to the partial acquisition (32.18% interest) of Santa Cruz S.A. and Agropecuária Boa Vista. Adding the amounts paid to the selling shareholders (R$170.0 million) and the partial consolidation of the net debt of Santa Cruz (R$203.5 million) explains approximately 85.0% of the debt increase.

Amortization Schedule
R$- Million



Net Debt / EBITDA LTM
Evolution



CAPITAL EXPENDITURE

SÃO MARTINHO - CONSOLIDATED	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
Capex (maintenance)						
Sugarcane Planting	41,551	25,669	61.9%	96,824	74,023	30.8%
Industrial / Agricultural	55,198	52,868	4.4%	106,315	100,493	5.8%
Crop Tretament	25,419	24,015	5.8%	116,543	87,835	32.7%
Sub Total	**122,169**	**102,551**	**19.1%**	**319,682**	**262,351**	**21.9%**
Upgrading, Mechanization and Expansion						
Industrial / Agricultural	45,447	12,975	250.3%	164,397	32,518	405.6%
Other	-	-	n.m.	-	387	n.m.
Sub Total	**45,447**	**12,975**	**250.3%**	**164,397**	**32,905**	**399.6%**
Boa Vista Mill (Greenfield)						
Sugarcane Planting	1,053	12,467	-91.6%	44,225	52,936	-16.5%
Industrial / Agricultural	22,130	13,777	60.6%	40,794	75,649	-46.1%
Crop Tretament	5,967	4,566	30.7%	36,709	30,268	21.3%
Sub Total	**29,151**	**30,809**	**-5.4%**	**121,728**	**158,854**	**-23.4%**
Boa Vista Mill (Greenfield)						
Sugarcane Planting	7,076	-	n.m.	8,418	-	n.m.
Industrial / Agricultural	7,474	-	n.m.	11,523	-	n.m.
Crop Tretament	3,281	-	n.m.	5,321	-	n.m.
Sub Total	**17,831**	**-**	**n.m.**	**25,263**	**-**	**n.m.**
Total	**214,598**	**146,335**	**46.6%**	**631,070**	**454,110**	**39.0%**

The São Martinho Group's maintenance CAPEX came to R$319.7 million, up 21.9% (R$57.3 million) from the previous year. This increase was due to (i) the expansion of treated areas by 8,600 hectares, and (ii) the expansion in field renovation by 9,000 hectares.

Investments in expansion and modernization came to R$164.4 million in 12M12. The main investments were: (i) the cogeneration project at Usina São Martinho (R$70.0 million); (ii) the investments to expand the sugar distribution terminal at Usina São Martinho (R$30.0 million); and (iii) the construction of the Amyris plant (approximately R$20.5 million).

The funds used to start construction of the specialty chemicals plant at SMA (joint venture between São Martinho and Amyris) are being financed exclusively by Amyris Inc. As soon as the plant is completed and operating within the production levels required under contract, São Martinho will begin to invest funds.

We expect our maintenance investments for the 2012/13 crop year to remain in line with those made during the 2011/12 crop year, at around R$300.0 million. We will invest some R$100.0 million at Usina Boa Vista, mainly in sugarcane planting. With these investments, the plant should crush 4.0 million tons in the 2013/14 crop year.

DISCLAIMER

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

ABOUT SÃO MARTINHO GROUP

The São Martinho Group is one of the largest groups in Brazil's sugar and ethanol industry, with three mills in operation: São Martinho in Pradópolis (in the Ribeirão Preto region of São Paulo state), Iracema in Iracemápolis (in the Limeira region of São Paulo), and Boa Vista (in Quirinópolis, Goiás). In addition to these mills, we also consolidated 32.18% of Santa Cruz, a mill located in Américo Brasiliense (in the Ribeirão Preto region of São Paulo state). For more information please go to www.saomartinho.ind.br.

INCOME STATEMENT

SÃO MARTINHO S.A. - CONSOLIDATED	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Gross Revenue	279,701	305,224	-8.4%	1,447,266	1,384,387	4.5%
Deductions from Gross Revenue	(20,229)	(24,666)	-18.0%	(80,276)	(89,341)	-10.1%
Net Revenue	**259,472**	**280,558**	**-7.5%**	**1,366,990**	**1,295,046**	**5.6%**
Cost of Goods Sold (COGS)	(231,985)	(204,313)	13.5%	(990,438)	(895,702)	10.6%
Gross Profit	**27,487**	**76,245**	**-63.9%**	**376,552**	**399,344**	**-5.7%**
Gross Margin (%)	*10.6%*	*27.2%*	-16.6 p.p	*27.5%*	*30.8%*	-3.3 p.p
Operating Expenses	**(29,697)**	**(48,453)**	**-38.7%**	**(147,711)**	**(163,579)**	**-9.7%**
Selling Expenses	(7,512)	(7,379)	1.8%	(53,748)	(58,205)	-7.7%
General and Administrative Expenses	(34,218)	(19,922)	71.8%	(120,499)	(101,130)	19.2%
Equity Income	(33)	-	n.m.	(451)	-	n.m.
Other Operating Expenses, Net	12,066	(21,152)	n.m.	26,987	(4,244)	n.m.
Operating Profit, Before Financial Effects	**(2,210)**	**27,792**	**n.m.**	**228,841**	**235,765**	**-2.9%**
Financial Result, Net	**(11,581)**	**(6,162)**	**87.9%**	**(62,638)**	**-38,669**	**62.0%**
Financial Revenues	17,073	17,056	0.1%	75,692	39,473	91.8%
Financial Expenses	(30,409)	(24,782)	22.7%	(116,006)	(101,607)	14.2%
Monetary and Exchange Variations - Net	1,755	1,564	12.2%	(22,324)	23,465	n.m.
Income (Loss) Before Income and Social Contribution Taxes	**(13,791)**	**21,630**	**n.m.**	**166,203**	**197,096**	**-15.7%**
Income Tax and Social Contribution - Current	(141)	(7,510)	-98.1%	(16,333)	(59,496)	-72.5%
Income Tax and Social Contribution - Deferred	9,034	(2,245)	n.m.	(23,259)	4,688	n.m.
Net Income (Loss) Before Minority Interest	**(4,898)**	**11,875**	**n.m.**	**126,611**	**142,288**	**-11.0%**
Minority Interest	-	-	n.m.	-	-	n.m.
Net Income	**(4,898)**	**11,875**	**n.m.**	**126,611**	**142,288**	**-11.0%**
Net Margin (%)	*-1.9%*	*4.2%*	-6.1 p.p	*9.3%*	*11.0%*	-1.7 p.p

BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS		
R$ Thousand		
ASSETS	**mar/12**	**mar/11**
SHORT-TERM ASSETS		
Cash and Cash Equivalents	410,567	222,219
Accounts Receivable	38,399	59,673
Derivatives Financial Instruments	11,063	5,967
Inventories	137,375	139,106
Recoverable Taxes	39,701	33,520
Income Tax and Social Contribution	20,550	5,037
Other Assets	5,551	5,692
TOTAL SHORT-TERM ASSETS	**663,206**	**471,214**
LONG-TERM ASSETS		
Long-term Receivables		
Financial Applications	6,541	2,848
Inventories	26,877	-
Related Parties	3,788	33
Deferred Income Tax and Social Contribution	38,227	43,917
Accounts Receivable - Copersucar	1,737	9,939
Recoverable Taxes	46,581	37,220
Judicial Deposits	44,972	32,367
Other Assets	395	7,101
	169,118	**133,425**
Investments	8,262	-
Biological Assets	632,904	435,532
Fixed Assets	3,244,267	2,864,761
Intangible	69,410	36,726
TOTAL LONG-TERM ASSETS	**4,123,961**	**3,470,444**
TOTAL ASSETS	**4,787,167**	**3,941,658**

BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES		
R$ Thousand		
LIABILITIES AND SHAREHOLDERS' EQUITY	**mar/12**	**mar/11**
SHORT-TERM LIABILITIES		
Loans and Financing	247,504	140,982
Derivatives Financial Instruments	14,269	25,910
Suppliers	76,655	61,096
Accounts Payable - Copersucar	2,356	2,203
Payroll and Social Contribution	57,297	44,000
Tax Payable	12,199	20,343
Income Tax and Social Contribution	240	829
Related Companies	224	705
Dividends Payable	30,070	9,180
Advances from Customers	8,418	14,475
Aquisition of Interest	57,906	-
Other Liabilities	10,215	21,137
TOTAL SHORT-TERM LIABILITIES	**517,353**	**340,860**
LONG-TERM LIABILITIES		
Loans and Financing	984,865	570,711
Accounts Payable - Copersucar	222,007	207,645
Tax Installments	57,873	55,833
Deferred Income Tax and Social Contribution	820,201	728,368
Provision for Contingencies	74,259	74,284
Aquisition of Interest	55,569	-
Advance for future capital increase	23,543	-
Other Liabilities	6,819	10,471
TOTAL LONG-TERM LIABILITIES	**2,245,136**	**1,647,312**
SHAREHOLDERS' EQUITY		
Capital Stock	455,900	455,900
Adjustments to Book Value	1,272,558	1,304,969
Capital Budget Reserve	308,867	194,516
Treasury Shares	(12,753)	(1,899)
Number of shares granted	106	-
TOTAL SHAREHOLDERS' EQUITY	**2,024,678**	**1,953,486**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,787,167**	**3,941,658**

CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	12M12	12M11
R$ Thousand		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income in the period	**126,611**	**142,288**
Adjustments		
Depreciation and amortization	184,963	143,587
Biological assets harvested (depreciation)	166,910	186,773
Variation in fair value of biological assets	(31,978)	34,298
Residual cost of investment and property, plant and equipment disposals	451	-
Capital gain from the change in equity interest	(13,720)	(24,666)
Negative goodwill on acquisition of investment	(11,259)	-
Residual cost of fixed assets - write off	1,178	(2,102)
Interest, monetary and foreign exchange variations, net	121,705	56,243
Constitution of provision for contingencies, net	5,832	22,394
Deferred income tax and social contribution on net income	23,259	(4,688)
Constitution (reversal) of provision for inventory losses	(3,282)	3,799
Adjustments to present value and others	5,091	(1,743)
	575,761	**556,183**
Changes in assets and liabilities		
Trade accounts receivable	26,578	(25,068)
Inventories	11,561	(41,955)
Taxes recoverable	(23,566)	28,636
Financial investments	(3,933)	(2,812)
Related parties	(1,623)	340
Other assets	(9,992)	(6,129)
Suppliers	(14,223)	(4,927)
Salaries and social charges	9,803	6,269
Taxes payable	1,868	26,649
Taxes payable in installments	(10,707)	3,467
Provision for contingencies	(16,767)	(18,033)
Other liabilities	(24,464)	17,707
Cash provided by (used in) operations	**520,296**	**540,327**
Interest paid	(37,708)	(50,594)
Income tax and social contribution on net income paid	(14,322)	(23,878)
Net cash provided by (used in) operating activities	**468,266**	**465,855**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments	(59,010)	410
Additions to property, plant and equipments, intangible assets and deferred charges	(308,318)	(223,103)
Additions to biological assets (planting and treatment)	(308,041)	(235,828)
Proceeds from sale of property, plant and equipment	3,649	7,302
Proceeds from sale of investment Uniduto	6,782	-
Increase in cash and cash equivalents to decrease in holding - NF	100,588	143,165
Advance on future capital increase	(5,364)	153
Dividends and interest on equity received	-	-
Net cash used in investing activities	**(569,714)**	**(307,901)**
CASH FLOW FROM FINANCING ACTIVITIES		
Derivatives Financial Instruments	(533)	(34,789)
Financing - third parties	696,997	571,483
Repayment of financing - Copersucar	(8,460)	(5,807)
Repayment of financing - third parties	(379,962)	(562,583)
Reception (payment) of funds from (to) related parties – intercompany loans	-	(103)
Advance on future capital increase	22,851	295
Acquisition of treasury stock	(10,854)	-
Payment of dividends and interest on own equity	(30,243)	(34,865)
Net cash provided by (used in) financing activities	**289,796**	**(66,369)**
Increase (decrease) in cash and cash equivalents	**188,348**	**91,585**
Cash and cash equivalents at the beginning of the period	**222,219**	**130,634**
Cash and cash equivalents at the end of the period	**410,567**	**222,219**