

São Martinho Group posts Net Income of R\$21.0 million in 2Q16

São Paulo, November 9, 2015 – SÃO MARTINHO S.A. (BM&FBovespa: SMT03; Reuters SMT03.SA and Bloomberg SMT03 BZ), one of Brazil's largest sugar and ethanol producers, announces today its results for the second quarter of the 2015/16 crop year (2Q16).

2Q16 HIGHLIGHTS

- ✓ Adjusted EBITDA amounted to R\$318.9 million (Adjusted EBITDA margin of 46.7%), up 24.1% from 2Q15. The indicator improved this quarter benefiting from a combination of i) higher anhydrous ethanol sales volume; and ii) higher sugar sales prices in the period;
- ✓ EBIT came to R\$112.6 million (EBIT margin of 16.5%), down 12.3% from 2Q15. The lower EBIT is related exclusively to the increase in depreciation expenses (+R\$ 40 million) in 2Q16, due to the mark-to-market adjustment of the agricultural product. At the end of the fiscal year, after inventories are sold, this effect will be reversed and depreciation volume will be closer to the Company's recurring capex. Excluding this effect, EBIT in the quarter was R\$153.1 million (EBIT margin of 22.4%), up 17.2% on 2Q15;
- ✓ Net income was R\$21.0 million, decreasing 81.7% on 2Q15. The decline in net income is mainly associated with the increase in financial expenses due to the BRL depreciation in the period and to the higher balance of net debt compared to 2Q15. Moreover, last year, we recorded a non-recurring gain of R\$79.8 million from the sale of our ownership interest in Agropecuária Boa Vista, which distorts comparisons between the periods;
- ✓ At September 30, 2015, we had sugar prices fixed for the 2015/16 crop year for 695,642 tons at an average price of US\$ 15.61 cents/lb. The amount represents 97% of our net exposure (total sugar sales through the end of the crop year excluding our natural hedge with Consecana). In addition to its sugar hedging, the Company also held short dollar positions through NDFs of US\$194.0 million (equivalent to 81% of hedged sugar volumes), with an average BRL/USD parity price of 3.15;
- ✓ In 2Q16, we began hedging sugar prices for the 2016/17 crop year at US\$ 13.52 cents/lb for a total of 340,528 tons. This volume corresponds to around 25% of the group's maximum sugar production volume. On the same date, we held US\$10 million in NDFs, representing only 10% of the equivalent volume of hedged sugar;
- ✓ On October 9, 2015, the rating agency Standard & Poor's reaffirmed the rating of the São Martinho Group on the global scale of BB+, with a stable outlook;
- ✓ Sugarcane crushing at São Martinho Group mills through September 2015 amounted to 15.0 million tons, which represents 77.1% of the guidance for the 2015/16 crop year. Based on current weather conditions, we reaffirm our production guidance announced earlier this year.



NEW ACCOUNTING STANDARD – IFRS 11 (CPC 19)

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

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

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

	QUARTER		
	São Martinho S.A. (consolidated CPC 19)	UBV (50.95%)	São Martinho S.A. (Pro forma)
R\$ '000			
Net Revenue*	610,507	73,013	683,599
Adjusted EBITDA	278,477	40,260	318,903
Adjusted EBITDA Margin	45.6%	55.1%	46.7%
EBIT	103,494	9,100	112,652
EBIT Margin	17.0%	12.5%	16.5%
Taxes	36,963	6,164	42,921
Net Income	(2,441)	4	166
Financial Result / PPE	(124,761)	(17,917)	(142,257)
Income (Loss) Before taxes	13,255	(2,649)	13,482
Taxes	7,799	(229)	7,572
Net Income	21,054	(2,878)	21,054

*Excludes the Hedge Accounting effect of foreign-denominated debt and USC PPA (R\$ 22.8 million).



YEAR TO DATE			
	São Martinho S.A. (consolidated CPC 19)	UBV (50.95%)	São Martinho S.A. (Pro forma)
R\$ '000			
Net Revenue*	1,003,273	156,663	1,160,305
Adjusted EBITDA	455,208	86,982	543,034
Adjusted EBITDA Margin	45.4%	55.5%	46.8%
EBIT	178,302	21,565	200,494
EBIT Margin	17.8%	13.8%	17.3%
Biological Assets and Other	39,784	9,047	47,922
Equity Income	10,011	5	190
Financial Result / PPE	(206,378)	(20,314)	(226,413)
Income (Loss) Before taxes	21,719	10,302	22,194
Taxes	27,630	(492)	27,155
Net Income	49,349	9,810	49,349
Cash	820,355	103,569	925,382
Gross Debt	3,770,021	387,281	4,157,526
Net Debt	2,949,666	283,712	3,232,144
EBITDA YTD**	995,207	156,361	1,151,568
Net Debt / EBITDA	2.96 x	1.81 x	2.81 x

*Excludes the Hedge Accounting effect of foreign-denominated debt and USC PPA (R\$ 48.4 million).

**Considers 100% of Adjusted EBITDA of USC in the last 12 months.



OVERVIEW - COMPANY

OPERATING DATA	6M16	6M15	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	15,037	15,158	-0.8%
Own	9,253	9,629	-3.9%
Third Parties	5,784	5,529	4.6%
Mechanized Harvest	97.1%	94.8%	2.31 p.p.
Agricultural Yield (ton/ha)	84.2	87.6	-3.8%
Average TRS (kg/ton)	130.1	141.0	-7.8%
Production			
Sugar ('000 tons)	952	987	-3.5%
Anhydrous Ethanol ('000 m ³)	318	369	-13.8%
Hydrous Ethanol ('000 m ³)	239	273	-12.4%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	142	239	-40.5%
Cogeneration ('000 MWh)	536	507	5.7%
TRS Produced	1,957	2,138	-8.5%
Mix - Sugar - Ethanol	51% - 49%	48% - 52%	
Mix Anhydrous - Hydrous	58% - 42%	59% - 41%	

In the first six months of the 2015/16 crop year, the São Martinho Group processed 15.0 million tons, which represents 77% of the guidance given for production in the crop year, in line with production volume in the previous crop year.

Due to high rainfall early in the crop year, the average TRS content in 6M16 stood at 130.1 kg/ton, down 7.8% from 6M15, which led to contraction of 8.5% in total TRS production in the first six months of the crop year. The decrease in TRS had already been considered in the guidance given at the start of the season (June 2015) and will be offset by higher sugarcane crushing volumes.

FINANCIAL HIGHLIGHTS (R\$ '000)	2Q16	2Q15	Chg. (%)	6M16	6M15	Var. (%)
São Martinho - Consolidated						
Net Revenue*	683,599	526,227	29.9%	1,160,305	1,037,248	11.9%
Adjusted EBITDA	318,903	256,918	24.1%	543,034	484,030	12.2%
EBITDA Margin	46.7%	48.8%	-2.2 p.p.	46.8%	46.7%	0.1 p.p.
EBIT	112,652	128,384	-12.3%	200,494	229,610	-12.7%
EBIT Margin	16.5%	24.4%	-7.9 p.p.	17.3%	22.1%	-4.9 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	7,796,812	7,013,366	11.2%	7,796,812	7,013,366	11.2%
Shareholders' Equity	2,445,148	2,234,288	9.4%	2,445,148	2,234,288	9.4%
EBITDA (LTM)	1,151,568	1,051,022	9.6%	1,151,568	1,051,022	9.6%
Net Debt	3,232,144	2,392,803	35.1%	3,232,144	2,392,803	35.1%
Net Debt / EBITDA (LTM)	2.8 x	2.28 x		2.8 x	2.3 x	
Net Debt / Shareholders' Equity	132%	107%		132%	107%	

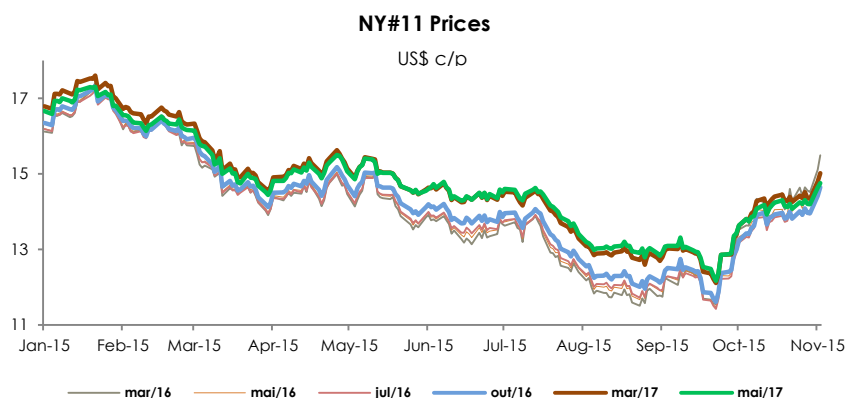
*Excludes the effects from Hedge Accounting of foreign-denominated debt and USC PPA.



INDUSTRY OVERVIEW

Sugar

According to the data from the Sugarcane Industry Association (UNICA) for Brazil's Center-South, the region's sugar production through the first half of October fell by 7.65% on the year-ago period. As we mentioned last quarter, the region's lower production volume reflects: i) the high rainfall in the first six months of the season primarily in the state of São Paulo, which adversely affected sugar production; and ii) the higher allocation of sucrose to ethanol production.



The combination of Brazil's lower sugar production and the recent increase in ethanol prices helped to support sugar prices, which reached US\$15.00 ¢/lb in recent weeks. Assuming that domestic demand for ethanol remains resilient, sugar prices could sustain very attractive levels for Brazilian producers in the next season, at above R\$1,200/ton.



Ethanol

According to the latest UNICA report, ethanol production through the first half of October rose 1.3% from the same period last season. The increase was led by higher hydrous ethanol production, which grew around 10.4%, driven by: i) companies' increased need for cash; and ii) higher consumption, due to the increased competitiveness of ethanol over gasoline at the pump.



AVERAGE PRICES - ETHANOL	2Q16	2Q15	Chg. (%)	6M16	6M15	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R\$ / m ³	1,365.09	1,345.38	1.5%	1,369.63	1,381.48	-0.9%
Hydrous ESALQ, Net DM - R\$ / m ³	1,210.48	1,215.31	-0.4%	1,223.64	1,234.05	-0.8%

Note that on September 29, 2015, Petrobras announced a 6% increase in gasoline prices, which further strengthens the competitiveness of hydrous ethanol over gasoline at the pump, leading to an important increase in prices whose positive impact should be felt over the coming quarters.



FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	2Q16	2Q15	Chg. (%)	6M16	6M15	Chg. (%)
R\$ '000						
Domestic Market	279,125	264,368	5.6%	575,225	517,678	11.1%
Sugar	22,883	16,908	35.3%	45,848	33,583	36.5%
Hydrous Ethanol	35,873	62,238	-42.4%	95,590	118,232	-19.2%
Anhydrous Ethanol	131,726	87,284	50.9%	251,399	210,884	19.2%
Energy	65,805	61,934	6.3%	133,617	111,206	20.2%
Real Estate Development	5,336	18,364	-70.9%	19,278	18,364	5.0%
Others	17,502	17,640	-0.8%	29,493	25,409	16.1%
Export Market	404,474	261,859	54.5%	585,080	519,569	12.6%
Sugar	267,170	232,873	14.7%	439,345	420,062	4.6%
Hydrous Ethanol	44,651	18,847	136.9%	44,651	18,847	136.9%
Anhydrous Ethanol	90,199	-	n.m.	90,199	66,765	35.1%
Others	2,454	10,139	-75.8%	10,885	13,895	-21.7%
Net Revenue*	683,599	526,227	29.9%	1,160,305	1,037,247	11.9%
Sugar	290,053	249,781	16.1%	485,193	453,645	7.0%
Hydrous Ethanol	80,524	81,085	-0.7%	140,241	137,079	2.3%
Anhydrous Ethanol	221,925	87,284	154.3%	341,598	277,649	23.0%
Energy	65,805	61,934	6.3%	133,617	111,206	20.2%
Real Estate Development	5,336	18,364	-70.9%	19,278	18,364	5.0%
Others	19,956	27,779	-28.2%	40,378	39,304	2.7%

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

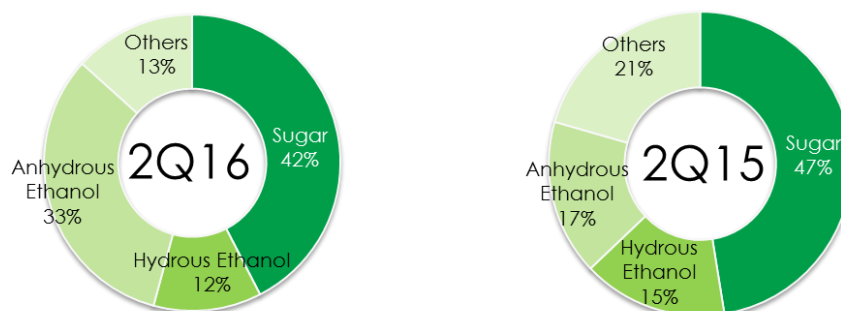
Net Revenue

In the second quarter of the 2015/16 crop year (2Q16), the Company's net revenue amounted to R\$683.6 million, increasing 29.9% from the same period of the previous crop year. The increase was mainly due to the higher sales volume of anhydrous ethanol (+139.2%) and higher sugar prices (+19.5%).

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

Net Revenue Breakdown

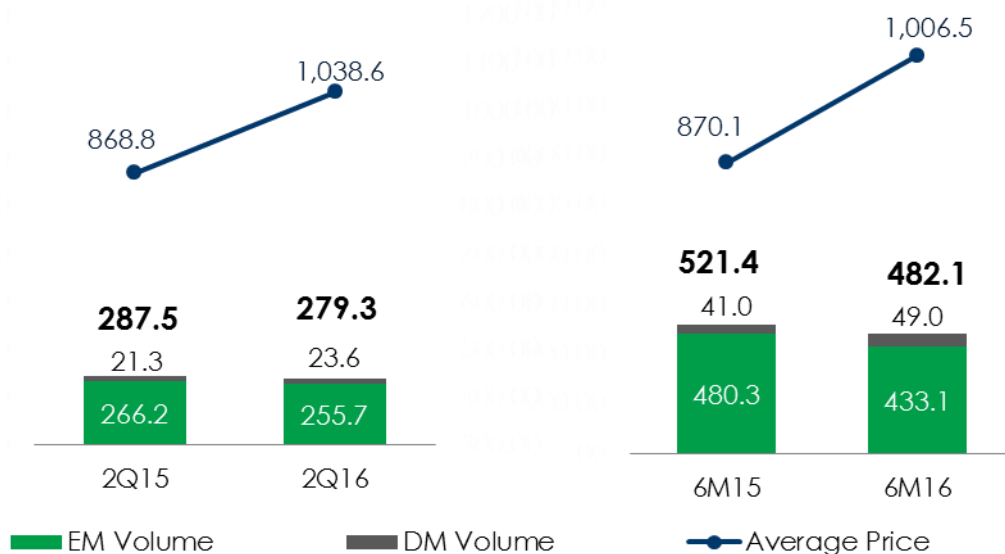
2Q16 vs. 2Q15





Sugar

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



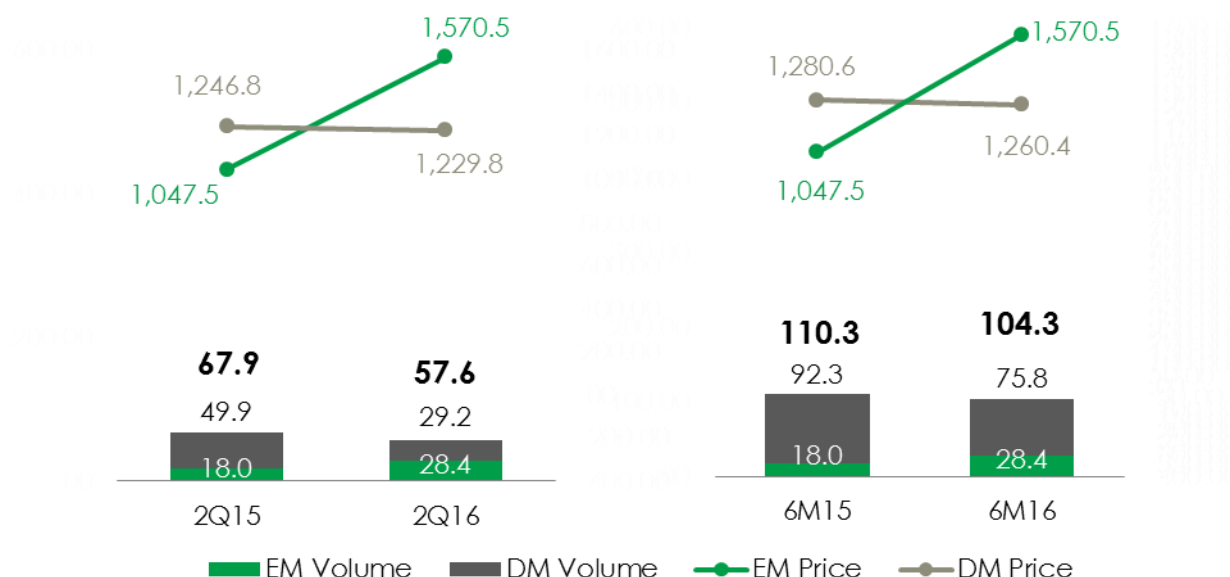
Net revenue from sugar sales amounted to R\$290.1 million in 2Q16, increasing 16.1% on the same period of the previous crop year. The improvement reflects the 19.5% increase in the average sugar sales price, driven by the sharp BRL depreciation in the period.

In the first six months of the crop year, net revenue from sugar sales totaled R\$485.2 million, increasing 7.0% compared to 6M14, reflecting the 15.7% increase in the average sales price.



Hydrous Ethanol

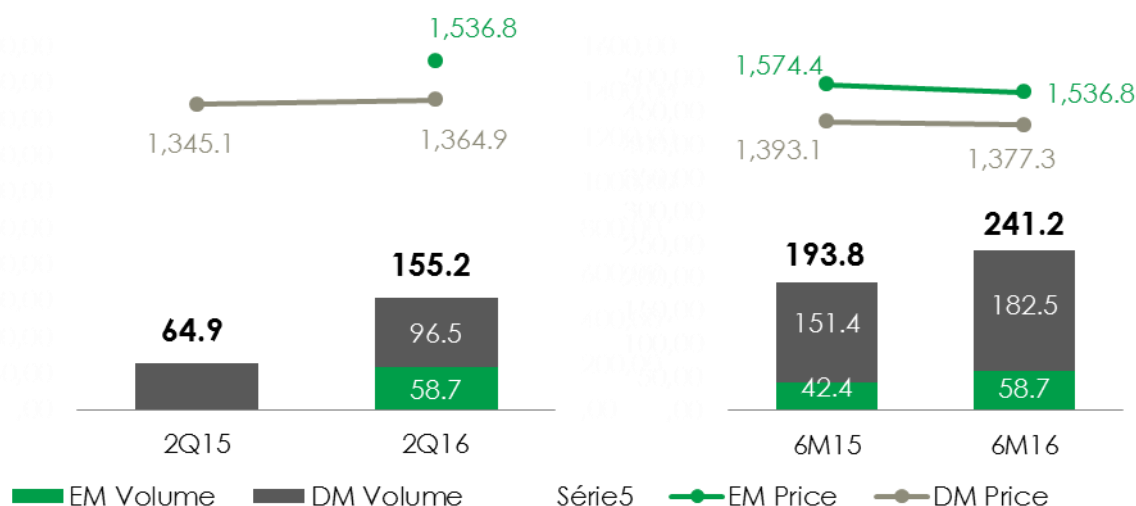
Volume ('000 m³) and Average Price (R\$/m³)



Net revenue from hydrous ethanol sales amounted to R\$80.1 million in 2Q16, in line with the same period of the previous crop year. In 6M16, net revenue from hydrous ethanol sales grew 2.3% compared to 6M15, reflecting the 8.2% higher average sales price.

Anhydrous Ethanol

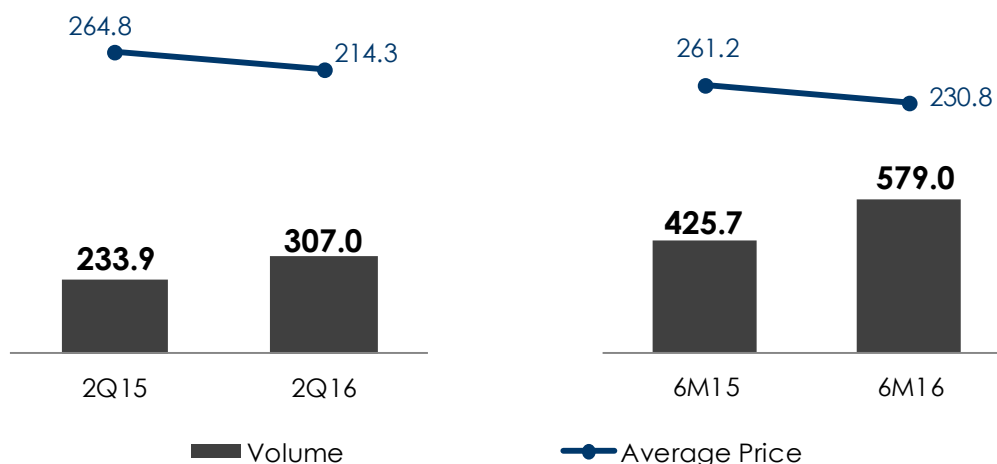
Volume ('000 m³) and Average Price (R\$/m³)



Net revenue from anhydrous ethanol sales amounted to R\$221.9 million in 2Q16, increasing 154.3% from the same period of the previous season. The improvement was due to the 139.2% growth in sales volume in the period, combined with the 6.3% increase in the average sales price. In the six-month period, net revenue from anhydrous ethanol sales increased 23.0% compared to the same period of the 2014/15 crop year, reflecting an increase in sales volume.

Cogeneration

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



Net revenue from cogeneration sales in 2Q16 amounted to R\$65.8 million, increasing 6.3% from the same period of the previous crop year. In 6M16, net revenue from cogeneration came to R\$133.6 million, increasing 20.2% from the year-ago period, driven by the 36.0% increase in energy sales volume as a result of the consolidation of Santa Cruz, given that in 2Q15 (July 2014) we held only a 36.0% ownership interest.

The average sales price decreased around 11.7% in the first six months of the season, reflecting the decline in the spot energy prices to which the Company is exposed. Note that in the previous crop year, the Company was able to sell energy in the spot market close to the ceiling price of R\$822/MWh, compared to the current ceiling price of R\$388/MWh.

However, it is important to note that in this crop year, part of the sales volume we would sell in the spot market has already been allocated to a forward contract (valid for the 2015/16 crop year), at an average price above R\$300/MWh. Therefore, on September 30, 2015, our effective exposure to spot energy prices was only 5.6%.

Real Estate Development

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

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

Real Estate Development 6M16 Project Evolution	Recanto das Paineiras	Park Empresarial de Iracemópolis
POC (percentage-of-completion) position	95.7%	96.2%
Total lots sold (%)	99.8%	72.6%

In 6M16, we recognized revenue of R\$19.3 million (based on the percentage of completion method), as shown in the following table.

Real Estate Development in progress	Revenue Recognized in 2Q16	Revenue Recognized in 6M16
	R\$ '000	R\$ '000
Property sales	2,118	2,263
Projects already launched in partnership	3,218	17,015
Recanto das Paineiras	2,844	12,594
Park Empresarial de Iracemópolis	374	4,421
Total revenue	5,336	19,278

Other Products and Services

Net revenue from the line "Other Products and Services" came to R\$19.9 million in 2Q16, decreasing 28.2% from the same quarter of the previous crop year. The reduction is explained mainly by the 67% decrease in RNA net revenue, due to the 73% drop in sales volume this quarter.



INVENTORIES

INVENTORIES	2Q16	2Q15	Chg. (%)
Sugar (tons)	476,321	357,737	33.1%
Hydrous (m³)	155,850	165,397	-5.8%
Anhydrous (m³)	136,501	155,107	-12.0%

At the end of 2Q16, our sugar inventories came to 476,300 tons (approximately R\$520 million), or 33% more than in the previous quarter. The higher inventory level results from the strategy to carry sugar to benefit from higher prices for Oct/15 and Mar/16 contracts, which were approximately 10% higher than the average realized price in 6M16.

Ethanol (anhydrous and hydrous) inventories decreased 9.9%, **due to i) lower production volume (higher share of sugar in the production mix and lower TRS content); and ii) higher ethanol exports in 2Q16. Considering the sharp increase in ethanol prices as of October 2015, the Company has changed its mix to produce more ethanol through the end of the crop year.**



EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 2Q16	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	290,053	302,448	65,805	5,337	19,956	683,599
COGS (Cash)	(122,553)	(146,421)	(18,006)	(710)	(11,190)	(298,880)
Gross Profit (Cash)	167,500	156,027	47,799	4,627	8,766	384,719
Gross Margin (Cash)	57.7%	51.6%	72.6%	86.7%	43.9%	56.3%
Sales Expenses	(16,081)	(10,310)	(1,465)	-	(44)	(27,900)
G&A Expenses (Cash)	(14,455)	(18,232)	(4,297)	(1,400)	-	(38,384)
Other Revenues (Expenses)	-	-	-	-	468	468
Adjusted EBITDA	136,964	127,485	42,036	3,227	9,190	318,903
Adjusted EBITDA Margin	47.2%	42.2%	63.9%	60.5%	46.1%	46.7%
EBITDA Cost**	(548.2)	(822.2)	(77.4)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 22.8 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 2Q15	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Receita Líquida*	249,782	168,370	61,934	17,743	28,398	526,227
CPV (Caixa)	(110,316)	(81,956)	(4,795)	(2,467)	(16,598)	(216,132)
Lucro Bruto (Caixa)	139,466	86,414	57,139	15,276	11,800	310,095
Margem Bruta (Caixa)	55.8%	51.3%	92.3%	86.1%	41.6%	58.9%
Despesas de Vendas	(18,812)	(2,896)	(1,422)	-	(73)	(23,202)
Despesas G&A (Caixa)	(16,792)	(12,446)	(3,861)	(673)	-	(33,772)
Outras receitas (despesas)	-	-	-	-	3,797	3,797
EBITDA Ajustado	103,862	71,072	51,857	14,603	15,524	256,918
Margem EBITDA Ajustado	41.6%	42.2%	83.7%	82.3%	54.7%	48.8%
Custo EBITDA **	(507.5)	(732.7)	(43.1)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 18.7 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh



EBITDA BY PRODUCT - 6M16	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenue*	485,193	481,838	133,617	19,279	40,378	1,160,305
COGS (Cash)	(214,568)	(238,738)	(30,360)	(3,488)	(19,390)	(506,544)
Gross Profit (Cash)	270,625	243,100	103,257	15,791	20,988	653,761
Gross Margin (Cash)	55.8%	50.5%	77.3%	81.9%	52.0%	56.3%
Selling Expenses	(27,733)	(11,701)	(3,054)	-	(69)	(42,556)
G&A Expenses (Cash)	(26,567)	(31,475)	(8,631)	(2,533)	-	(69,206)
Other Income (Expenses)	-	-	-	-	1,034	1,034
Adjusted EBITDA	216,325	199,924	91,573	13,258	21,953	543,034
Adjusted EBITDA Margin	44.6%	41.5%	68.5%	68.8%	54.4%	46.8%
EBITDA Cost**	(557.7)	(816.0)	(72.6)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 48.4 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 6M15	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenue*	453,645	414,727	111,207	17,743	39,928	1,037,250
COGS (Cash)	(214,201)	(199,416)	(8,933)	(2,467)	(23,863)	(448,880)
Gross Profit (Cash)	239,444	215,311	102,274	15,276	16,065	588,370
Gross Margin (Cash)	52.8%	51.9%	92.0%	86.1%	40.2%	56.7%
Selling Expenses	(32,596)	(7,656)	(2,599)	-	(122)	(42,973)
G&A Expenses (Cash)	(29,736)	(28,917)	(7,222)	(817)	-	(66,692)
Other Income (Expenses)	-	-	-	-	5,325	5,325
Adjusted EBITDA	177,112	178,738	92,453	14,459	21,268	484,030
Adjusted EBITDA Margin	39.0%	43.1%	83.1%	81.5%	53.3%	46.7%
EBITDA Cost**	(530.4)	(776.0)	(44.1)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 25.1 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

In 2Q16, sugar accounted for 42.9% of the Group's consolidated Adjusted EBITDA, while ethanol accounted for 40.0% and cogeneration for 13.2%. Sugar EBITDA margin expanded 5.6 p.p. compared to 2Q15, driven by higher prices, while ethanol EBITDA margin remained stable.

The EBITDA cost in 2Q16 i) increased 8.0% for sugar; and ii) increased 12.2% for ethanol, reflecting the lower dilution of fixed costs due to the decline in TRS content. In the case of cogeneration, EBITDA margin fell 19.8 p.p., due to the lower energy prices in the spot market.



COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	2Q16	2Q15	Chg. (%)	6M16	6M15	Chg. %
R\$ '000						
Agricultural Costs	232,422	162,124	43.4%	391,238	347,718	12.5%
Suppliers	135,450	99,173	36.6%	221,644	196,664	12.7%
Partnerships	41,665	24,904	67.3%	73,759	70,041	5.3%
Own Sugarcane	55,307	38,047	45.4%	95,835	81,013	18.3%
Industrial	36,621	24,844	47.4%	62,692	53,838	16.4%
Reintegra	33,723	29,163	15.6%	58,028	47,324	22.6%
Other Products	(3,885)	-	n.m.	(5,413)	-	n.m.
Total COGS	298,880	216,132	38.3%	506,545	448,880	12.8%
TRS Sold ('000 Tons)	661	529	24.9%	1,103	1,071	3.0%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	407	353	15.2%	412	375	9.8%

In 2Q16, Cash COGS came to R\$298.9 million, increasing 38.3% from the previous crop year. The increase in COGS is mainly due to i) the 24.9% growth in sales volume (in TRS) compared to the year-ago period; and ii) the lower dilution of the Company's costs given the lower TRS content this quarter compared to 2Q15.

In the first six months of the crop year, Cash COGS came to R\$506.5 million, up 12.8% from the same period of the prior season, due to the higher sales volume and lower dilution of fixed costs, as explained above.

Since we should produce the same volume of sugar and ethanol (in TRS equivalent) by the end of the crop year, we expect the impact from the lower dilution of fixed costs observed to date to be partially offset.

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

AVERAGE CASH COST PER UNIT	2Q16	2Q15	Chg. %	6M16	6M15	Chg. %
R\$ '000						
COGS	(268,974)	(192,272)	39.9%	(453,307)	(413,617)	9.6%
Sugar	(122,553)	(110,316)	11.1%	(214,568)	(214,201)	0.2%
Ethanol	(146,421)	(81,956)	78.7%	(238,738)	(199,416)	19.7%
Average Cash Cost Per Unit (*)						
Sugar Cash Cost	(438.8)	(383.7)	14.4%	(445.1)	(410.9)	8.3%
Ethanol Cash Cost	(688.1)	(617.2)	11.5%	(691.0)	(655.8)	5.4%

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



SELLING EXPENSES

SELLING EXPENSES	2Q16	2Q15	Chg. (%)	6M16	6M15	Chg. (%)
R\$ Thousand						
Port Costs / Freight	26,341	21,347	23.4%	39,424	40,200	-1.9%
Other	1,559	1,856	-16.0%	3,132	2,773	12.9%
Selling Expenses	27,900	23,203	20.2%	42,556	42,973	-1.0%
TRS Sold ('000 Tons)	661	529	24.9%	1,103	1,071	3.0%
% of Net Revenues	4.2%	4.6%	-0.4 p.p.	3.8%	4.2%	-0.3 p.p.

In 2Q16, selling expenses amounted to R\$27.9 million, up 20.2% on the same period of the previous crop year (2Q15), mainly due to the increase in freight expenses on higher exports of ethanol in the period, as explained previously under "Financial Performance." In 6M16, selling expenses amounted to R\$42.6 million, in line with 6M15.

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH)	2Q16	2Q15	Chg. (%)	6M16	6M15	Chg. (%)
R\$ Thousand						
Personnel and Management Fee	25,385	22,632	12.2%	48,317	43,288	11.6%
Taxes, Fees, Contributions and Contingencies	6,277	2,138	193.6%	7,364	7,519	-2.1%
General Expenses and Third-Party Services	5,857	8,292	-29.4%	11,793	14,466	-18.5%
Stock Options Expenses	866	710	22.0%	1,732	1,420	22.0%
Total General and Administrative Expenses	38,385	33,772	13.7%	69,206	66,692	3.8%

G&A expenses amounted to R\$38.4 million in 2Q16, increasing 13.7% from the same period of the previous crop year. The increase is mainly due to the increase in the Company's labor contingencies, which is in line with expectations for over the course of the crop year, the impact of which is fully reflected in 6M16.



EBITDA

Pro-Forma EBITDA RECONCILIATION	2Q16	2Q15	Chg. (%)	6M16	6M15	Chg. (%)
R\$ '000						
Adjusted EBITDA	318,903	256,918	24.1%	543,034	484,030	12.2%
Adjusted EBITDA Margin	46.7%	48.8%	-2.2 p.p.	46.8%	46.7%	0.1 p.p.
Adjustment to Maturity of Hedge / USC PPA	22,843	18,720	22.0%	48,429	25,107	92.9%
Equity Income (loss)	(166)	(100)	66.0%	(190)	(613)	-69.0%
Non Recurring Operating Income (Expenses)	(2,561)	(72,187)	-96.5%	(3,544)	(71,973)	-95.1%
Biological Assets	(40,360)	1,728	n.m.	(44,378)	(1,485)	n.m.
Book EBITDA	339,147	308,757	9.8%	542,718	532,994	1.8%
EBITDA Margin	51.3%	60.8%	-9.5 p.p.	48.8%	52.7%	-3.8 p.p.
(-) Depreciation and Amortization	(165,753)	(126,279)	31.3%	(289,846)	(246,726)	17.5%
(-) Depreciation of Agricultural Product	(40,498)	(2,255)	n.m.	(52,694)	(7,694)	n.m.
(-) Financial Income (Expense), net	(119,414)	(40,311)	196.2%	(177,984)	(66,781)	166.5%
(=) Operating Income	13,482	139,912	-90.4%	22,194	211,793	-89.5%

Adjusted EBITDA

As mentioned earlier in the section "2Q16 Highlights," the São Martinho Group recorded Adjusted EBITDA in the quarter of R\$318.9 million (Adjusted EBITDA Margin of 46.7%), which represents an increase of 24.1% from 2Q15. Growth in the period was mainly driven by the higher sales volume of anhydrous ethanol and the increase in the average sugar sales price in period.

Main Adjustments to EBITDA in 2Q16

1) Adjustment of Debt Maturity in Hedge Accounting / PPA Santa Cruz: R\$22.8 million

- Expense related to exchange variation on debt settled in 2Q16 that was previously designated as Hedge Accounting. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.1/US\$1.00, we adjusted the amount of R\$20.2 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period;
- Noncash expense of R\$2.6 million, reflecting the amortization of goodwill paid for the future profitability of the cogeneration volume of Santa Cruz Mill (purchase price allocation - PPA).

Biological Assets

Revenue related to the noncash accrual of a provision for the fair value adjustment of biological assets in the amount of R\$40.4 million, which mainly reflects i) the improvement in the expected future yield of our sugarcane fields; and ii) the increase in sugar and ethanol prices. Accordingly, a negative adjustment was made to the Company's EBITDA (see details in Note 11 to the Financial Statements).

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



2Q16						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Others	Consolidated - ex others
R\$ '000						
Net Revenues*	683,599	592,501	65,805	5,337	19,956	663,643
Adjusted EBITDA	318,903	264,449	42,036	3,227	9,190	309,712
Adjusted EBITDA Margin	46.7%	44.6%	63.9%	60.5%	46.1%	46.7%

*Excludes hedge accounting effect of foreign demoniated debt.

2Q15						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Others	Consolidated - ex others
R\$ '000						
Net Revenues*	526,227	418,152	61,934	17,743	28,398	497,829
Adjusted EBITDA	256,918	174,934	51,857	14,603	15,524	241,394
Adjusted EBITDA Margin	48.8%	41.8%	83.7%	82.3%	54.7%	48.5%

*Excludes hedge accounting effect of foreign demoniated debt.

6M16						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Others	Consolidated - ex others
R\$ '000						
Net Revenues*	1,160,305	967,031	133,617	19,279	40,378	1,119,927
Adjusted EBITDA	543,034	416,249	91,573	13,258	21,954	521,080
Adjusted EBITDA Margin	46.8%	43.0%	68.5%	68.8%	54.4%	46.5%

*Excludes hedge accounting effect of foreign demoniated debt.

6M15						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Others	Consolidated - ex others
R\$ '000						
Net Revenues*	1,037,248	868,372	111,207	17,743	39,926	997,322
Adjusted EBITDA	484,030	355,851	92,453	14,459	21,267	462,763
Adjusted EBITDA Margin	46.7%	41.0%	83.1%	81.5%	53.3%	46.4%

*Excludes hedge accounting effect of foreign demoniated debt.

CPC 19						
EBITDA RECONCILIATION	2Q16	2Q15	Chg.%	6M16	6M15	Chg.%
R\$ '000						
Book EBITDA	290,156	258,297	12.3%	456,574	428,280	6.6%
EBITDA Margin	49.4%	64.9%	-15.6 p.p.	47.8%	55.2%	-7.4 p.p.
(-) Depreciation and Amortization	(174,983)	(93,461)	87.2%	(276,906)	(171,516)	61.4%
(-) Net Financial Expense	(101,918)	(28,135)	262.2%	(157,949)	(49,052)	222.0%
(=) Operating Income	13,255	136,701	-90.3%	21,719	207,712	-89.5%

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



Operating Cash Generation

EBIT in 2Q16 came to R\$112.6 million (EBIT margin of 16.5%), down 12.3% from 2Q15. The lower EBIT is related exclusively to the increase in depreciation expenses **(+R\$40 million)** in 2Q16, due to the mark-to-market adjustment of the agricultural product (mark-to-market adjustment of the volume of cane processed and in inventory, already transformed into final products). At the end of the fiscal year, after inventories are sold, this effect will be reversed and depreciation volume will be closer to the Company's recurring capex. Excluding this effect, EBIT in the quarter came to R\$153.1 million (EBIT margin of 22.4%), up 17.2% on 2Q15.

HEDGING

A summary of our sugar and U.S. dollar hedge positions on September 30, 2015 follows.

Sugar

	Volume Hedged (^{'000} tons)	Avg. Price (US\$ c/p)
Sugar		
Jul/15 (N15)	19,055	14.89
Oct/15 (V15)	352,213	15.48
Mar/16 (H16)	324,373	15.80
2015/2016 crop year	695,642	15.61
May/16 (K16)	85,856	13.45
Jul/16 (N16)	108,768	13.44
Oct/16 (V16)	100,944	13.56
Mar/17 (H17)	44,960	13.72
2016/2017 crop year	340,528	13.52

At September 30, 2015, our hedge position for the 2015/16 crop year amounted to 695,642 tons at US\$15.61 cents/lb, which corresponds to approximately 97% of own sugarcane and 85.6% of total sugarcane.

On the same date, 340,528 tons of sugar production in the 2016/17 crop year was locked in at a price of US\$13.52 cents/lb. If we consider the same production volume of the current crop year (1,295 thousand tons), we would have approximately 37.6% of own cane and 26.3% of the total cane prices hedged.

U.S. Dollar

On September 30, 2015, the São Martinho Group held open positions through non-deliverable forwards (NDFs) and derivative instruments, which are used to hedge its exports, with maturities in the 2015/16 and 2016/17 crop years, as follows:

Dollar	TOTAL		SUGAR		OTHERS	
	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)
2015/2016 crop year	238,119	3.25	194,053	3.15	44,067	3.66
2016/2017 crop year	10,000	3.67	10,000	3.67		

The volume of NDFs in U.S. dollar related to the 2015/16 crop year represented approximately 79.4% of own sugarcane or 70.1% of the total for the crop year. Therefore, the sharp exchange depreciation in recent months will enable the Company to obtain better sugar prices in terms of reais per ton.

Hedge Accounting

Effect on Shareholders' Equity

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

The quarterly results are recorded in shareholders' equity ("Adjustments to Book Value"), net of deferred income and social contribution taxes. In the period between March 2015 and September 2015, we recorded a gain in shareholders' equity of R\$217.8 million, mainly related to the depreciation in the Brazilian real against the U.S. dollar.

Impact on Income Statement

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

In 2Q16, a total of US\$22.0 million in debt matured, with the exchange rate of R\$2.1/US\$1.00 adopted for the translation of net revenue. Considering that the rate considered for the purposes of cash flow in the period was R\$3.1/US\$ 1.00, we adjusted the amount of R\$20.2 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation.



NET FINANCIAL RESULT

FINANCIAL RESULT	2Q16	2Q15	Chg.%	6M16	6M15	Chg.%
R\$ '000						
Financial Income	26,434	26,973	-2.0%	62,904	43,099	46.0%
Financial Expenses	(72,353)	(73,722)	-1.9%	(147,626)	(115,362)	28.0%
Hedge Result/Exchange Variation	(73,495)	6,439	n.m.	(93,262)	5,482	n.m.
Net Financial Result	(119,414)	(40,311)	196.2%	(177,984)	(66,781)	166.5%

The São Martinho Group registered a net financial expense of R\$119.4 million in 2Q16, which represents an increase of 196.2% from 2Q15. As mentioned earlier, the increase in financial expenses reflect i) the BRL depreciation in the period; and ii) the 25.8% increase in the Company's net debt position.

NET INCOME

Net income in the quarter amounted to R\$21.0 million, decreasing 81.7% on compared to 2Q15. The decrease in net income is mainly associated with the increase in financial expenses, due to the BRL depreciation in the period and to the higher balance of net debt in 2Q16 compared to 2Q15. Moreover, last year, we recorded a non-recurring gain of R\$79.8 million from the sale of our ownership interest in Agropecuária Boa Vista, which distorts comparisons between the periods.

DEBT WITH COPERSUCAR

On September 30, 2015, the São Martinho Group recognized under Liabilities on its Balance Sheet R\$283.2 million in obligations with Copersucar. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under "Obligations – Copersucar" all liabilities related to the contingencies currently being resolved judicially that were filed by the legal counsels at Copersucar. These obligations continue to be secured by suretyships in the amount of R\$207.8 million on a consolidated basis.



INDEBTEDNESS

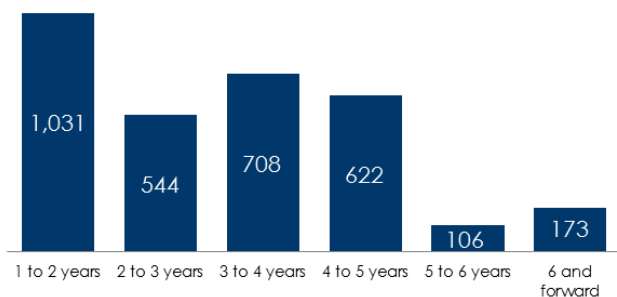
DEBT	Sep/15	Mar/15	Chg.%
R\$ '000			
PESA	49,635	57,756	-14.1%
Rural Credit	260,019	163,907	58.6%
BNDES / FINAME	749,210	877,296	-14.6%
Working Capital	794,974	533,283	49.1%
ACC (Advances on Foreign Exchange Contracts)	199,913	160,475	24.6%
PPE (Export prepayment)	1,220,069	981,525	24.3%
NCE (Export Credit Note)	792,273	838,463	-5.5%
Others	287	897	-68.0%
Obligations from Acquisitions - LOP	85,466	85,432	n.m.
Obligations from Acquisitions - Other	5,680	10,891	-47.8%
Gross Debt	4,157,526	3,709,925	12.1%
Cash and Cash Equivalents	925,382	1,140,538	-18.9%
Consolidated Net Debt	3,232,144	2,569,387	25.8%
Net Debt / Cum. EBITDA	2.8 x	2.2 x	
	2.1 x	1.7 x	

* Net Debt PTAX: Cumulative EBITDA average 12M daily PTAX rate:
 March/15: R\$ 3.2 March/15: R\$ 2.48
 September/15: R\$ 3.9722 September/15: R\$ 3.01

In 2Q16, the net debt of the São Martinho Group increased 25.8% to R\$3.2 billion, to end the period with a Net Debt to EBITDA ratio of 2.8 times. The increase in the Company's net debt is mainly due to: i) one-off increase of approximately R\$433.0 million in the Company's working capital due to the high volume of inventories in the period, which will be sold by the end of the season; and ii) long-term exchange variation, in the amount of approximately R\$241.0 million. Note that the market value of our inventories of finished products (sugar and ethanol) amounted to approximately R\$920 million at September 30, 2015. Considering that we expect to sell the entire inventory by March 2016, the Company's Net Debt to EBITDA ratio should decline back to around 2 times.

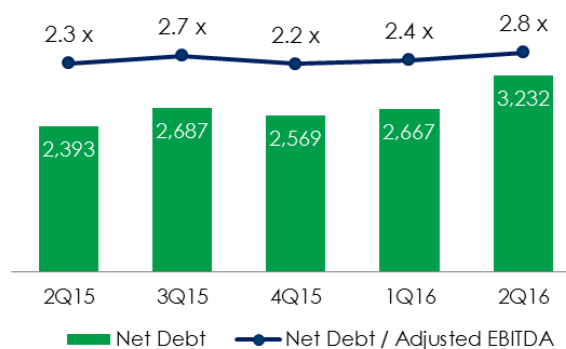
Debt Amortization Schedule

R\$ million



Net Debt/ EBITDA LTM

Evolution





CAPITAL EXPENDITURE

(Maintenance)	2Q16	2Q15	Chg.%	6M16	6M15	Var%.
R\$ '000						
Sugarcane Planting	42,158	37,991	11.0%	85,427	70,016	22.0%
Off-Season Maintenance / Industrial / Agricultural				5,719	3,310	72.8%
Crop Treatment	82,496	74,244	11.1%	157,306	128,917	22.0%
Total	124,654	112,235	11.1%	248,453	202,244	22.8%

(Operational Improvements)	2Q16	2Q15	Chg.%	6M16	6M15	Chg.%
R\$ '000						
Equipment/Projects/Replacements	11,207	12,302	-8.9%	29,689	18,403	61.3%
Total	11,207	12,302	-8.9%	29,689	18,403	61.3%

(Upgrading/Expansion)	2Q16	2Q15	Chg.%	6M16	6M15	Chg.%
R\$ '000						
Industrial/Agricultural	16,879	24,034	-29.8%	34,411	47,108	-27.0%
Total	16,879	24,034	-29.8%	34,411	47,108	-27.0%

Total	152,740	148,571	2.8%	312,553	267,754	16.7%
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The maintenance CAPEX of the São Martinho Group amounted to R\$124.7 million in 2Q16, increasing 11.1% from the year-ago period. The increase was mainly due to i) the full consolidation of Santa Cruz this quarter (in July/14 we only consolidated 36.0%), and higher costs, such as with diesel and labor.

Operational improvement capex (investments in replacing agricultural and industrial equipment to boost yields) amounted to R\$11.2 million in 2Q16, down 8.9% from 2Q15, reflecting the lower need to replace equipment this quarter.

The Company's expansion capex came to R\$16.9 million, down 29.8% on the year-ago period. As mentioned in the previous quarter, these investments reflect the carryover of projects started in the previous season and that, due to the accrual method of accounting, will have an impact on this season.

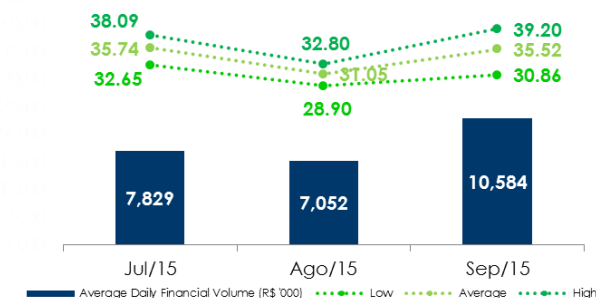


CAPITAL MARKETS AND INVESTOR RELATIONS

Performance SMT03 – 12 months



Price and Volume



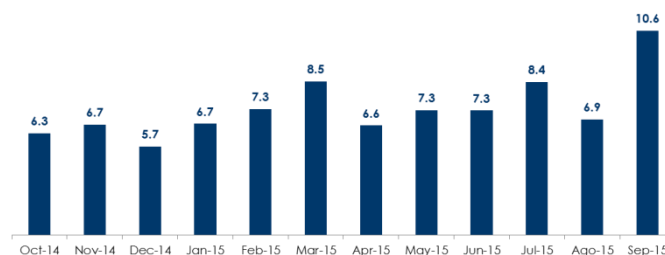
SMT03 vs. Stock Indexes

Base=100



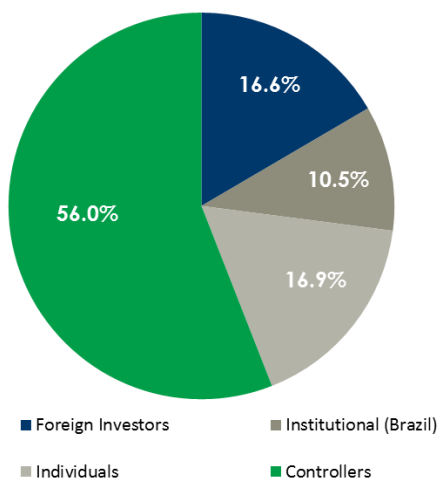
Average Daily Trading Volume

R\$ million

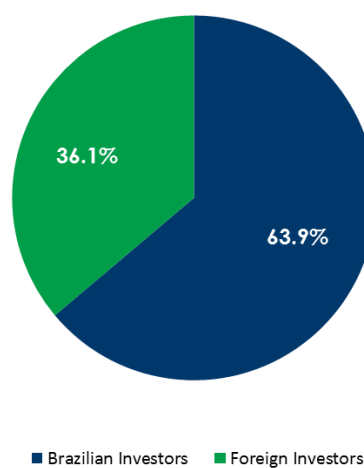


Ownership Structure

Base: Sept. 30, 2015



Free Float Composition





DISCLAIMER

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



INCOME STATEMENT

Quarter

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	2Q16	2Q15	Chg. (%)	2Q16	2Q15	Chg. (%)
R\$ Thousand						
Gross Revenue	603,359	412,398	46.3%	680,534	529,856	28.4%
Deductions from Gross Revenue	(15,695)	(14,689)	6.8%	(19,778)	(22,349)	-11.5%
Net Revenue	587,664	397,709	47.8%	660,756	507,507	30.2%
Cost of Goods Sold (COGS)	(409,510)	(269,227)	52.1%	(461,944)	(344,691)	34.0%
Gross Profit	178,154	128,482	38.7%	198,812	162,816	22.1%
Gross Margin (%)	30.3%	32.3%	-2.0 p.p	30.1%	32.1%	-2.0 p.p
Operating Expenses	(62,981)	36,354	n.m.	(65,916)	17,407	n.m.
Selling Expenses	(26,756)	(20,451)	30.8%	(27,900)	(23,203)	20.2%
General and Administrative Expenses	(36,561)	(32,213)	13.5%	(41,211)	(35,475)	16.2%
Equity Income	(2,441)	11,982	-120.4%	166	100	66.0%
Other Operating Expenses, Net	2,777	77,036	-96.4%	3,029	75,985	-96.0%
Operating Profit, Before Financial Effects	115,173	164,836	-30.1%	132,896	180,223	-26.3%
Financial Result, Net	(101,918)	(28,135)	262.2%	(119,414)	(40,311)	196.2%
Financial Revenues	23,577	23,536	0.2%	26,434	26,972	-2.0%
Financial Expenses	(65,442)	(62,446)	4.8%	(72,353)	(73,722)	-1.9%
Monetary and Exchange Variations - Net	(102,598)	(1,894)	n.m.	(121,985)	(6,125)	n.m.
Derivatives Results	42,545	12,669	235.8%	48,490	12,564	285.9%
Income (Loss) Before Income and Social Contribution Taxes	13,255	136,701	-90.3%	13,482	139,912	-90.4%
Income Tax and Social Contribution - Current	(399)	11,974	n.m.	(391)	9,732	n.m.
Income Tax and Social Contribution - Deferred	8,198	(32,163)	n.m.	7,963	(33,132)	n.m.
Net Income (Loss) Before Minority Interest	21,054	116,512	-81.9%	21,054	116,512	-81.9%
Minority Interest	-	(1,290)	n.m.	-	(1,290)	n.m.
Net Income	21,054	115,222	-81.7%	21,054	115,222	-81.7%
Net Margin (%)	3.6%	29.0%	-25.4 p.p	3.2%	22.7%	-19.5 p.p



Year-to-date

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	6M16	6M15	Chg. (%)	6M16	6M15	Chg. (%)
R\$ Thousand						
Gross Revenue	984,387	801,082	22.9%	1,152,578	1,052,349	9.5%
Deductions from Gross Revenue	(29,543)	(25,366)	16.5%	(40,702)	(40,208)	1.2%
Net Revenue	954,844	775,716	23.1%	1,111,876	1,012,141	9.9%
Cost of Goods Sold (COGS)	(683,611)	(528,349)	29.4%	(799,275)	(697,582)	14.6%
Gross Profit	271,233	247,367	9.6%	312,601	314,559	-0.6%
Gross Margin (%)	28.4%	31.9%	-3.5 p.p	28.1%	31.1%	-3.0 p.p
Operating Expenses	(91,565)	9,397	n.m.	(112,423)	(35,985)	212.4%
Selling Expenses	(39,619)	(37,327)	6.1%	(42,556)	(42,973)	-1.0%
General and Administrative Expenses	(65,883)	(60,247)	9.4%	(74,637)	(70,925)	5.2%
Equity Income	10,011	29,294	-65.8%	190	613	-69.0%
Other Operating Expenses, Net	3,926	77,677	-94.9%	4,580	77,300	-94.1%
Operating Profit, Before Financial Effects	179,668	256,764	-30.0%	200,178	278,574	-28.1%
Financial Result, Net	(157,949)	(49,052)	222.0%	(177,984)	(66,781)	166.5%
Financial Revenues	56,767	36,713	54.6%	62,904	43,099	46.0%
Financial Expenses	(133,721)	(91,746)	45.8%	(147,626)	(115,362)	28.0%
Monetary and Exchange Variations - Net	(96,368)	(879)	n.m.	(113,087)	(4,248)	n.m.
Derivatives Results	15,373	6,860	124.1%	19,825	9,730	103.8%
Income (Loss) Before Income and Social Contribution Taxes	21,719	207,712	-89.5%	22,194	211,793	-89.5%
Income Tax and Social Contribution - Current	7,886	(4,300)	n.m.	7,880	(6,679)	n.m.
Income Tax and Social Contribution - Deferred	19,744	(26,174)	n.m.	19,275	(27,876)	n.m.
Net Income (Loss) Before Minority Interest	49,349	177,238	-72.2%	49,349	177,238	-72.2%
Minority Interest	-	(1,290)	n.m.	-	(1,290)	n.m.
Net Income	49,349	175,948	-72.0%	49,349	175,948	-72.0%
Net Margin (%)	5.2%	22.7%	-17.5 p.p	4.4%	17.4%	-12.9 p.p



BALANCE SHEET (ASSETS)

São Martinho S.A. - ASSETS	CPC 19		Pro-forma	
R\$ '000				
ASSETS	Sep/15	Mar/15	Sep/15	Mar/15
SHORT-TERM ASSETS				
Cash and Cash Equivalents	592,948	1,020,112	627,954	1,126,517
Marketable Securities	222,251	-	284,451	-
Trade Receivables	191,037	156,317	218,637	168,031
Derivative Financial Instruments	84,236	221,797	89,117	222,226
Inventories	702,609	177,443	797,139	212,975
Taxes Recoverable	126,493	102,821	138,233	116,363
Income and Social Contribution Taxes	86,640	64,633	94,133	68,718
Other Assets	14,021	6,476	15,453	7,661
TOTAL SHORT-TERM ASSETS	2,020,235	1,749,599	2,265,117	1,922,491
LONG-TERM ASSETS				
Long-term Receivables				
Marketable Securities	5,156	5,723	12,977	14,021
Inventories	19,121	49,607	35,029	72,288
Related Parties	-	34	-	34
Deferred Income and Social Contribution Taxes	-	-	47,557	48,031
Trade Receivables	20,954	8,049	21,469	8,049
Trade Receivables from Copersucar	2,302	1,669	2,462	1,784
Taxes Recoverable	84,880	75,860	95,059	87,127
Judicial Deposits	31,365	27,927	33,306	29,553
Other Assets	498	518	498	518
	164,276	169,387	248,357	261,405
Investments	439,790	429,780	21,106	20,902
Biological Assets	938,105	936,241	1,100,669	1,116,783
Property, plant and equipment	3,274,239	3,383,376	3,670,044	3,796,775
Intangible Assets	491,416	500,541	491,519	500,676
TOTAL LONG-TERM ASSETS	5,307,826	5,419,325	5,531,695	5,696,541
TOTAL ASSETS	7,328,061	7,168,924	7,796,812	7,619,032



BALANCE SHEET (LIABILITIES)

São Martinho S.A. - LIABILITIES	CPC 19		Pro-forma	
R\$ '000				
LIABILITIES AND SHAREHOLDERS' EQUITY	Sep/15	Mar/15	Sep/15	Mar/15
SHORT-TERM ASSETS				
Borrowings	793,777	872,419	956,179	978,828
Derivative Financial Instruments	245,168	232,711	245,168	232,711
Trade Payables	170,172	95,476	189,797	115,727
Payables to Copersucar	33,385	2,040	35,883	2,300
Payroll and Social Contributions	104,624	84,373	118,833	95,953
Taxes Payable	17,389	13,235	18,995	14,531
Income and Social Contribution Taxes	2,007	1,511	2,007	1,540
Dividends Payable	1	67,939	1	67,939
Advances from Customers	3,387	3,197	4,498	4,321
Acquisition of Investment	17,776	17,507	17,776	17,507
Other Liabilities	28,264	29,484	35,135	34,079
TOTAL SHORT-TERM LIABILITIES	1,415,950	1,419,892	1,624,272	1,565,436
LONG-TERM ASSETS				
Borrowings	2,885,098	2,367,660	3,110,201	2,634,773
Payables to Copersucar	236,951	279,584	247,312	292,945
Taxes Payable in Installments	15,881	16,267	15,881	16,267
Deferred Income and Social Contribution Taxes	192,057	323,811	192,304	324,064
Provision for Contingencies	52,575	55,430	56,575	58,702
Acquisition of Investment	73,370	78,815	73,370	78,815
Advances for future capital increase	-	-	31,629	31,492
Other Liabilities	11,031	11,380	120	453
TOTAL LONG-TERM LIABILITIES	3,466,963	3,132,947	3,727,392	3,437,511
SHAREHOLDERS' EQUITY				
Share Capital	931,340	812,992	931,340	812,992
Capital reserves	9,119	9,119	9,119	9,119
Treasury Shares	(5,888)	(7,375)	(5,888)	(7,375)
Stock options granted	6,288	5,079	6,288	5,079
Adjustments to Book Value	1,170,793	1,405,708	1,170,793	1,405,708
Profits Reserves	272,214	390,562	272,214	390,562
Retained earnings	61,282	-	61,282	-
TOTAL SHAREHOLDERS' EQUITY	2,445,148	2,616,085	2,445,148	2,616,085
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,328,061	7,168,924	7,796,812	7,619,032



CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	CPC 19		Pro Forma	
R\$ '000	6M16	6M15	6M16	6M15
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income in the period	49,349	175,948	49,349	175,948
Depreciation and amortization	90,912	63,336	107,011	87,323
Harvested biological assets (depreciation)	185,994	108,180	235,529	167,099
Change in fair value of biological assets	(35,858)	1,305	(44,378)	(1,486)
Amortization of intangible assets	7,526	1,120	7,526	1,586
Equity income	(10,011)	(29,294)	(190)	(613)
Capital gain in investment in joint venture	-	(7,055)	-	(7,055)
Result of investment and property, plant and equipment disposals	1,993	(4,054)	2,006	(4,560)
Interest, monetary and foreign exchange variations, net	235,951	72,762	261,279	94,126
Derivative financial instruments	133,805	81,139	133,805	84,399
Accrual of provision for contingencies, net	5,342	(965)	6,744	(383)
Deferred income tax and social contribution taxes	(19,744)	26,174	(19,275)	27,876
Adjustments to present value and others	2,281	3,739	1,995	3,516
Income (loss) from ownership divestment	-	(79,717)	-	(79,717)
	647,540	412,618	741,401	548,059
Changes in assets and liabilities				
Trade receivables	(59,507)	(45,242)	(76,458)	(59,288)
Inventories	(361,258)	(289,261)	(393,334)	(337,409)
Taxes recoverable	(50,681)	(30,015)	(50,712)	(28,857)
Marketable securities	920	(434)	1,905	(371)
Other assets	(9,170)	2,194	(9,618)	1,867
Trade payables	79,890	84,980	79,981	100,876
Salaries and social charges	20,251	15,496	22,880	20,007
Taxes payable	(206)	2,733	(218)	2,483
Payables to Copersucar	(19,779)	10,852	(21,281)	10,866
Taxes payable in installments	(821)	(952)	(821)	(924)
Provision for contingencies - settlements	(10,019)	(20,303)	(10,958)	(22,369)
Other liabilities	760	5,682	3,024	5,335
	237,920	148,348	285,791	240,275
Interest paid	(102,814)	(50,780)	(116,829)	(73,278)
Income tax and social contribution paid	(785)	(47)	(826)	(99)
Net cash provided by operating activities	134,321	97,521	168,136	166,898
CASH FLOW FROM INVESTING ACTIVITIES				
Financial resources used in investments	(10,856)	(44,354)	(10,856)	(44,354)
Increase due to acquisition of equity interest	-	44,860	-	25,273
Additions to property, plant and equipment and intangible assets	(63,864)	(60,580)	(73,083)	(75,299)
Additions to biological assets (planting and crop treatment)	(210,212)	(144,312)	(242,733)	(198,934)
Marketable securities	(222,251)	-	(284,449)	-
Proceeds from sale of property, plant and equipment	11,111	6,210	11,143	6,854
Advance for future capital increase	-	-	-	(32)
Dividends received	-	3,127	-	443
Net cash used in investing activities	(496,072)	(195,049)	(599,978)	(286,049)
CASH FLOW FROM FINANCING ACTIVITIES				
New borrowings - third parties	581,540	396,818	609,725	482,291
Repayment of borrowings - third parties	(580,745)	(270,946)	(610,375)	(345,011)
Advance for future capital increase	-	-	137	544
Change in noncontrolling interest	-	1,290	-	1,290
Sale of treasury shares	1,730	1,164	1,730	1,164
Payment of dividends	(67,938)	(43,089)	(67,938)	(40,405)
Net cash provided by (used in) financing activities	(65,413)	85,237	(66,721)	99,873
Increase (decrease) in cash and cash equivalents, net	(427,164)	(12,291)	(498,563)	(19,278)
Cash and cash equivalents at the beginning of the period	1,020,112	551,359	1,126,517	670,741
Cash and cash equivalents at the end of the period	592,948	539,068	627,954	651,463