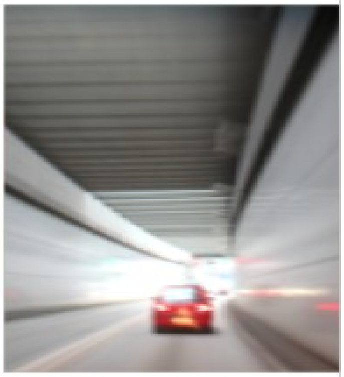


São Martinho

2007 Earnings
2006/07 Harvest

SÃO MARTINHO POSTS ADJUSTED EBITDA OF R$ 290.1 MILLION IN 2007

EBITDA margin reaches 34.2%, up by 3.0 percentage points

São Paulo, June 27 2007 – SÃO MARTINHO S.A. (Bovespa: SMTO3; Reuters: SMTO3.SA and Bloomberg: SMTO3 BZ), one of the largest sugar and ethanol producers in Brazil, announces today its results for the full year of 2007 – 2006/07 harvest.

In accordance with the initiative adopted by Copersucar and to better reflect the harvest season, the figures in the Company's financial statements are for 11 months instead of 12 months. For comparative purposes, this document presents the pro-forma 12-month figures (from April/06 to March/07 and April/05 to March/06) in order to compare the results of Fiscal Year 2007 and 2006.

Highlights

- São Martinho's net revenue totaled R$ 826.5 million for the 12 months ended March, 2007, 2.2% up on the previous 12 months, chiefly due to the increase in average sugar prices on the domestic and export markets and higher sugar export volume.

- Adjusted EBITDA from the 2006/07 harvest moved up 12.6% over the 2005/06 season to R$ 290.1 million, largely due to the increase in average prices in fiscal year of 2007. The EBITDA margin widened by 3.0 percentage points to 34.2%.

- On February 28, 2007, São Martinho concluded its IPO. The Company issued 21.2 million shares at R$20.00 per share – 13.0 million in the primary offering and 8.2 million in the secondary offering, raising R$ 423.6 million, or 18.75% of total capital. The over-allotment option (green shoe), corresponding to 2.7 million shares, was also fully exercised.

- On March 26, 2007, São Martinho entered into an Ethanol Purchase Agreement with the Mitsubishi Corporation of Japan, by means of which Usina Boa Vista S.A undertook to sell 30% of its total output in the form of industrial ethanol to Mitsubishi for a 30-year period. Mitsubishi also acquired 10% of Usina Boa Vista S.A.

- On April 12, 2007, São Martinho acquired a 41.67% interest in Usina Santa Luiza via Etanol Participações S.A., a holding company comprising Usina São Martinho S/A (a wholly-owned subsidiary of São Martinho S/A), Cosan S.A. Indústria e Comércio and Santa Cruz S.A. Açúcar e Álcool, with respective interests of 41.67%, 33.33% and 25.00%. The total value of the cash transaction was R$ 179.3 million, of which R$ 74.7 million was São Martinho's share. The same consortium also acquired identical interest in Agropecuária Aquidaban, which produces 1.5 million tonnes of sugarcane per year, for R$ 59.8 million.

- On June 18, 2007, São Martinho's Board of Directors approved the acceleration of investments in Usina Boa Vista and an increase in sugarcane crushing capacity to 400,000 tonnes p.a. Investments of around R$ 550 million scheduled over the next four years will be brought forward and fully concluded in three. As a result, Usina Boa Vista's crushing capacity will reach 3.4 million tones in 2010/11 harvest, around 1 million tonnes in the 2008/09 harvest, rising to approximately 2.0 million in 2009/10.

Sector Overview

Sugar

Average Sugar Prices	2007	2006	Var.%
US$/R$ Exchange rate	2.15	2.32	-7.0%
NY11 US$ cents/pound	13.05	12.03	8.5%
NY11 R$ / 50-kilogram sack	28.11	27.86	0.9%
London 5 US$/ton	403.42	320.97	25.7%
London 5 R$/50-kilogram sack	43.45	37.16	16.9%
Sugar ESALQ Gross R$/50-kilogram sack	41.52	36.31	14.3%

International raw sugar prices began 2007 at US$ 17.20 cents/pound, at a high level when compared to the previous fiscal years, but suffered a gradual decline thereafter, closing March 2007 at US$ 9.88 cents/pound, an interim slide of 44.8%. Nevertheless, average sugar prices in US dollar were 8.5% higher than in the previous 12 months, although a good deal of this was wiped out by the appreciation of the Real – in the final quarter of the harvest, sugar prices in US-dollars fell by 15.9%.

Due to high prices at the beginning of the harvest in Brazil, particularly in the Center-South, the country's main producing region, almost half of the available sugarcane was transformed into sugar, pushing sugar output up to approximately 30 million tonnes, a new record. The favoring of sugar output to the detriment of ethanol was also that influenced by the reduction in the ratio of anhydrous ethanol in the gasoline mix from 25% to 20% in march/06, a percentage that was maintained throughout most of 2006, only rising to 23% by the end of the year.

In addition to increased domestic supply, important producing countries experienced surprising recoveries, particularly India, China, the USA, Pakistan and Russia.

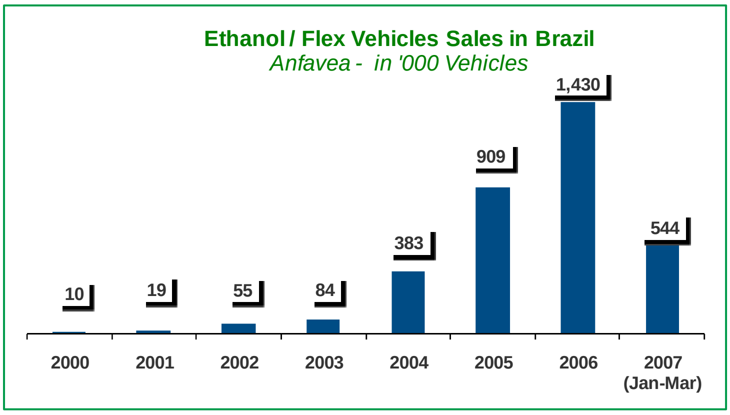
On the demand side, given soaring international sugar prices, some importing countries such as Russia, announced plans to raise sugar import tariffs to US$ 250/tonne in order to reduce imports. Such tariff has been at US$140/tone, since October 2005.

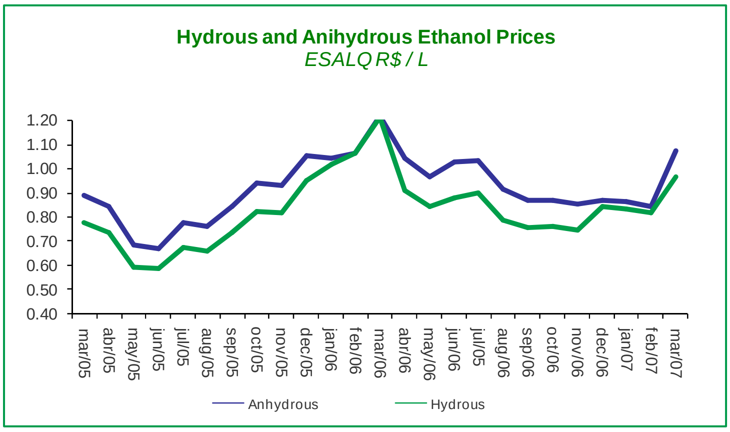
Forecasts indicated a substantial sugar surplus following three years of small surpluses and even deficits, leading to a reduction in the ratio between global inventories and consumption. Accordingly, the surplus expected in this harvest will be used to rebuild recently depleted stocks. However, projections for the 2007/08 harvest point to yet another big surplus, which led to further price reductions.

Domestic sugar prices, which are strongly influenced by international ones, recorded a similar trend, falling from R$ 49.65 per 50kg sack at the start of the harvest to R$ 34.65 at the close, a decline of 30.6%. In the final quarter alone, the slide was 5.9%. As on the international market, however, average prices were still 14.3% up on the average for the previous 12 months.

Ethanol

Average Ethanol Prices	2007	2006	Var.%
Anhydrous ESALQ, Net DM R$ / M3	932.13	906.01	2.9%
Hydrous ESALQ, Net DM - R$ / M3	837.27	826.10	1.4%
Anhydrous ESALQ EM R$ / M3	1,000.91	754.37	32.7%
Hydrous ESALQ EM - R$ / M3	899.11	658.08	36.6%





Brazilian ethanol output reached the record level of almost 18 billion liters, which found ready buyers in the domestic market (the growing fleet of flex-fuel vehicles) and abroad to countries that adopted the addition of ethanol to their gasoline mix, such as USA.

At the beginning of the 2006/07 harvest, the bulk of sugarcane production was allocated to ethanol, given relatively high international prices. Domestic prices therefore moved up, which jeopardized domestic consumption and led the government to reduce the ratio of anhydrous ethanol in the gasoline mix to 20%.

Thus, the lower demand for anhydrous ethanol despite the accelerated growth of the flex-fuel vehicle fleet, which has already surpassed the 3 million mark, domestic consumption of both anhydrous and hydrous ethanol reached a balance between supply and demand. This balance was largely responsible for the relative average price stability in the domestic market, in which anhydrous ethanol rose by only 2.9% and hydrous by just 1.4%.

The reverse was true on the international market, however, especially in the USA. Thanks to the replacement of MTBE by ethanol as a gasoline additive, US demand surged and supply was unable to keep pace, creating a temporary imbalance. This gap was rapidly seized upon by Brazilian producers, who saw their average prices jump by 32.7% for anhydrous and 36.6% for hydrous, despite the appreciation of the Real and tariff barriers.

Besides USA, various other countries have also been implementing and announcing their intention to implement programs to add ethanol to their gasoline mix, which will clearly strengthen the position of Brazilian producers, especially those with bigger advantages in terms of production costs.

We will discuss the opportunities and risks for the 07/08 harvest in greater detail, as well as the outlook for the upcoming harvests, in the *Financial Outlook* section

Operating Performance

Operating Highlights

Operating Data	2007	2006	Var.%
Crushed Sugarcane ('000 tonnes)	9,276	9,739	-4.8%
Own	6,191	6,745	-8.1%
Third Parties	3,085	2,994	3.0%
# of Employees	7,297	6,809	7.1%
Mechanized Harvest (%)	73.1%	72.5%	
Production			
Sugar ('000 tonnes)	678	597	13.6%
Anhydrous Ethanol ('000 m^3)	212	311	-31.8%
Hydrous Ethanol ('000 m^3)	182	129	41.1%
RNA - Ribonucleic Acid (tonnes)	320	330	-3.0%

Financial Performance

Operating Revenue

Net Revenues Breakdown R$ Thousand	2007	2006	Var.%
Domestic Market	**388,339**	**506,557**	**-23.3%**
Sugar	129,535	118,127	9.7%
Hydrous Ethanol	120,916	63,833	89.4%
Anhydrous Ethanol	117,787	305,871	-61.5%
Other	20,100	18,726	7.3%
Export Market	**438,198**	**301,990**	**45.1%**
Sugar	293,115	228,168	28.5%
Hydrous Ethanol	29,663	35,688	-16.9%
Anhydrous Ethanol	98,374	24,471	302.0%
RNA	17,046	12,997	31.2%
Other	-	667	n.m.
Net Revenue	**826,537**	**808,548**	**2.2%**
Sugar	422,650	346,296	22.0%
Hydrous Ethanol	150,579	99,521	51.3%
Anhydrous Ethanol	216,162	330,341	-34.6%
RNA	17,046	12,997	31.2%
Other	20,100	19,393	3.6%

Accounting Criteria - Copersucar

Revenue and expenses from product sales and Copersucar's operations are divided between each Cooperative member in the proportion of product volume made available, independently of the volume actually withdrawn from their warehouses. Cooperative members are kept informed of Copersucar's revenues and expenses, including inventories to be booked under COGS, through specific detailed reports each month.

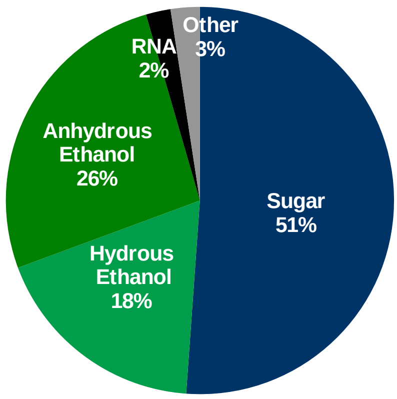
Net Revenue

São Martinho's net revenue totaled R$ 826.5 million for the 12 months ended March 31, 2007, 2.2% up on the previous 12 months, chiefly due to the increase in average sugar prices on the domestic and international markets and higher sugar export volume.

Hydrous and anhydrous ethanol export prices moved up strongly due to a one-off opportunity in the US market and total ethanol shipments to the US jumped by more than 35% in volume (considering sales volumes of both products).

It is Important to point out that annual net revenue was jeopardized by the lower volume sold in 2007 as against 2006 (in raw sugar equivalent basis), best exemplified by the 62.5% drop in domestic anhydrous volume.

2007 Sales Breakdown



In addition, the previous year was favored by high inventories at the close of fiscal 2005, ensuring higher sales volume than output from the 2005/06 harvest. Thus, 2007 volume fell by around 10% over 2006 (in raw sugar equivalent basis).

Sales Performance			
R$ Thousand	**2007**	**2006**	**Var.%**
Domestic Market			
Sugar (tonnes)	196,995	207,476	-5.1%
Hydrous Ethanol (m3)	152,286	77,115	97.5%
Anhydrous Ethanol (m3)	126,937	338,521	-62.5%
Export Market			
Sugar (tonnes)	479,347	422,292	13.5%
Hydrous Ethanol (m3)	29,602	55,238	-46.4%
Anhydrous Ethanol (m3)	91,537	34,392	166.2%
RNA (Kg)	405,360	330,010	22.8%
Consolidated			
Sugar (tonnes)	676,343	629,768	7.4%
Hydrous Ethanol (m3)	181,888	132,353	37.4%
Anhydrous Ethanol (m3)	218,474	372,912	-41.4%
RNA (Kg)	405,360	330,010	22.8%

Average Prices*	2007	2006	Var.%
Domestic Market			
Sugar (R$/tonnes)	657.56	569.35	15.5%
Hydrous Ethanol (R$/m^3)	794.00	827.76	-4.1%
Anhydrous Ethanol (R$/m^3)	927.92	903.55	2.7%
Export Market			
Sugar (R$/tonnes)	611.49	540.31	13.2%
Hydrous Ethanol (R$/m^3)	1,002.08	646.08	55.1%
Anhydrous Ethanol (R$m^3)	1,074.70	711.53	51.0%
RNA (R$/Kg)	42.05	39.38	6.8%
Consolidated			
Sugar (R$/tonnes)	624.91	549.88	13.6%
Hydrous Ethanol (m^3)	827.87	751.94	10.1%
Anhydrous Ethanol (m^3)	989.42	885.84	11.7%
RNA (R$/Kg)	42.05	39.38	6.8%

(*) Considers average prices net of taxes before the impact of revenues (expenses) resulting from export pricing of sugar, as transferred by Copersucar.

Inventories

Inventories In R$ Thousand	2007	2006	2005
Sugar (Tonnes)	77,450	75,844	108,318
Hydrous Ethanol (m^3)	-	226	17,910
Anhydrous Ethanol (m^3)	643	26,886	89,212

As can be seen from the above table, the decrease in 2006 inventories was due to the upturn in sales volume, favored by improved sugar and ethanol prices in the 2005/06 harvest.

The variation in 2007 inventories was chiefly due to the hefty reduction in anhydrous ethanol output. In 2007 there was a reduction in the percentage of anhydrous ethanol in the gasoline mix from 25% to 20% in March/06. As a result of this altered scenario, plus the big increase in international sugar prices, the Company favored the production of sugar.

Sugar (*)

Net revenue from sugar sales moved up 22.0%, from R$ 346.3 million in 2006, to R$ 422.7 million, largely thanks to increased export volume and higher average prices both in Brazil and abroad.

(*) This comment already disregards hedging adjustments made by Copersucar in the Company's net revenue

Ethanol

Hydrous Ethanol

Hydrous ethanol net revenue climbed by 51.3%, from R$ 99.5 million in 2006, to R$ 150.6 million, driven by the 97% increase in domestic sales volume, in turn pushed by the expansion of the flex-fuel fleet, and the 55% upturn in average export prices, thanks to the rise in US prices in the 2006/07 harvest, which led to increased.

Anhydrous Ethanol

Net revenue from anhydrous ethanol sales totaled R$ 216.2 million, 34.6% less than the year before, pulled down by the 62.5% slide in domestic sales volume, in turn provoked by the reduction of anhydrous in the gasoline mix from 25% to 20% in March/06. This was partially offset by the increase in export prices, triggered by the same circumstances that led to the upturn in hydrous export prices (see item above).

RNA Sodium Salt

RNA is used as a pharmaceutical raw material and as a flavor enhancer in the food industry. São Martinho exports all of its output to the Mitsubishi Corporation through a long-term contract. Annual net revenue grew by 31.2% to R$17.0 million, thanks to the 22.8% upturn in sales volume and, to a lesser extent, the 6.8% increase in average prices following commercial negotiations, which was offset by the devaluation of the dollar in a year-over-year comparison.

Other Products and Services

Net revenue from “other goods and services” totaled R$ 20.1 million in 2007, 3.6% up on the year before, primarily due to the increase in sales volume. The products that are part of this revenue line are yeast, fusel oil and sugarcane bagasse.

Cost of Goods Sold

The following table shows a breakdown of our COGS, excluding depreciation (cash cost):

Breakdown of Cost of Goods Sold (COGS) - Excluding Depreciation					
R$ Thousand	**2007**	**%**	**2006**	**%**	**Var.%**
Agricultural Costs	**(361,978)**	**83%**	**(345,448)**	**75%**	**4.8%**
Suppliers	*(165,188)*	*38%*	*(144,339)*	*31%*	*14.4%*
Partnerships	*(38,718)*	*9%*	*(35,773)*	*8%*	*8.2%*
Own Sugarcane	*(158,072)*	*36%*	*(165,336)*	*36%*	*-4.4%*
Industrial	**(43,104)**	**10%**	**(88,736)**	**19%**	**-51.4%**
Other Products	**(31,501)**	**7%**	**(25,571)**	**6%**	**23.2%**
Total COGS	***(436,584)***	***100%***	***(459,755)***	***100%***	***-5.0%***

As can be seen from the above, the major cost impact came from the Suppliers and Partnerships lines, thanks to the fiscal year of 2007 upturn in sugar and ethanol prices.

In addition, industrial costs dropped by 51% due to a change in accounting procedures. Previously, the Company booked inter-harvest maintenance costs directly under COGS. As of the 2006/07 harvest, however, in order to comply with Ibracon (Brazilian Independent Auditors Institute) Norm 22, which forbids the constitution of provisions for inter-harvest maintenance, such maintenance involving the repositioning of equipment or the extension of its working life being recognized under fixed assets and depreciated in the following harvest. In terms of total production costs, this procedure has no effect on the periods in question, but there are corresponding variations in industrial costs and depreciation.

Gross Profit and Margin

The Company recorded a gross profit of R$ 255.1 million in 2007, an 2.5% drop when compared to 2006. This reduction was mainly due to the decline in sales volume over 2006 (approximately 10% less in terms of raw sugar equivalent basis).

Selling Expenses

Salling Expenses Breakdown			
R$ Thousand	**2007**	**2006**	**Var.%**
Port Costs	(15,301)	(13,684)	11.8%
Packaging	(1,796)	(1,410)	27.4%
Freight	(29,404)	(23,605)	24.6%
Other	(8,348)	(463)	n.m.
Sales Expenses	**(54,849)**	**(39,163)**	**40.1%**
% of Net Revenue	***6.6%***	***4.8%***	

Selling expenses moved up by 40%, primarily due to higher sugar and anhydrous ethanol export volume (+13.5% and +166.2%, respectively). Also, in the 2006/07 harvest, Secex (the Foreign Trade Secretariat) approved the remittance of agents' commissions on sugar exports. As result, São Martinho began paying commissions to Copersucar Trading, booked under "other". These funds will be capitalized in Copersucar Trading to cover part of its cash needs for the final sales pricing process. In previous fiscal years, these expenses were deducted directly from net revenue.

General and Administrative Expenses

General and Administrative Expenses Breakdown			
In R$ Thousand	**2007**	**2006**	**Var.%**
Personnel	(26,299)	(26,428)	-0.5%
Taxes, Fees and Contributions	(7,450)	(5,555)	34.1%
Provisions for Contingencies	(8,676)	(7,681)	13.0%
Depreciation and Amortization	(5,246)	(5,196)	1.0%
General Expenses and Third-Party Services	(15,186)	(12,886)	17.8%
Copersucar Share	(12,056)	(11,100)	8.6%
Total General and Administrative Expenses	**(74,912)**	**(68,848)**	8.8%

G&A expenses totaled R$ 74.9 million in 2007, 8.8% up on 2006. The biggest increase was recorded by "taxes, fees and contributions", due to non-recurring payments of rural land taxes. It is also worth mentioning that most of the upturn in general expenses and third-party services was caused by payments for external sugar storage during the 2006/07 harvest, in turn triggered by the higher sugar output in 2007, which was not offset by the pace of sales.

EBITDA

EBITDA Reconciliation			
R$ Thousand	**2007**	**2006**	**Var.%**
Adjusted EBITDA	**290,089**	**257,616**	**12.6%**
Adjusted EBITDA Margin	*34.2%*	*31.2%*	*+3.0 p.p*
Pricing adjustment Net Revenue	22,811	17,003	34.2%
Pricing adjustment Sales Expenses	8,318	-	n.m.
IPO Expenses	16,029	-	n.m.
Non-recurring Operating Revenues	(13,305)	-	n.m.
EBITDA	**256,236**	**240,613**	**6.5%**
EBITDA Margin	*31.0%*	*29.8%*	*+1.2 p.p*
(-) Depreciation and Amortization	(140,091)	(92,456)	51.5%
(-) Financial Revenue (Expense), net	(26,109)	(28,392)	-8.0%
(=) Operating Income	**90,036**	**119,765**	**-24.8%**

As can be seen from the above table, adjusted EBITDA climbed by 12.6% over the 05/06 harvest. The main positive impact came from higher average prices in 2007 (see "net revenue").

The biggest negative pressure came from the 10% reduction in annual sales volume (in raw sugar equivalent basis), in turn due to the sale of inventories left over from 2004/05 harvest (134% higher in raw sugar equivalent basis) and thus favoring the results achieved in 2006 and prejudicing comparability with 2007 results.

The selling expenses and net revenue pricing adjustment lines "pricing adjustment - net revenue" and "pricing adjustment – sales expenses" refer to futures market transactions by Copersucar via its subsidiary Copersucar Trading. São Martinho's EBITDA has been adjusted for these items to facilitate comparison with its peers.

Other Operating Revenues (Expenses)

Other Operating Revenues (Expenses) Reconciliation			
In R$ Thousand	**2007**	**2006**	**Var.%**
Copersucar's PIS / Cofins Taxes Reversion	13,305	-	n.m.
IPO Expenses	(16,029)	-	n.m.
Other Expenses Reconciliation	1,197	915	n.m.
Other Operating Revenues (Expenses)	**(1,527)**	**915**	**n.m.**

The main positive impact in other other operating revenues (expenses) line in the Fiscal Year of 2007 are related to the R$ 13.3 million tax reversion transferred by Copersucar. Such figure is related to a lawsuit (PIS Tax) won by Copersucar. The main negative impact is due to the IPO expenses. Considering that such revenues and expenses are non-recurring, the Company decided to exclude such figures when reconciling its adjusted EBITDA.

Net Financial Result

Net Financial Result Breakdown			
R$ Thousand	**2007**	**2006**	**Var.%**
Financial Revenue	68,447	38,321	78.6%
Financial Expense	(91,114)	(71,518)	27.4%
Exchange Variation	(3,442)	4,805	n.m.
Net Financial Result	**(26,109)**	**(28,392)**	**-8.0%**

São Martinho's net financial dropped by 8.0% in 2007, chiefly thanks to Copersucar's hedge operations, which were shared among its cooperative members.

Extraordinary Result

The non-operating result for the 12 months ended March 31, 2007 was impacted by a non-recurring gain of R$ 10.9 million from the sale of a deactivated mill by Usina Iracema, designed to modernize the firm's industrial structure. Iracema now operates with a single optimized crushing facility with the same processing capacity per harvest as the two previous units. This was achieved by extending the crushing period, thereby improving operating performance and reducing costs, especially maintenance, harvesting, loading and transportation costs.

Income Tax and Social Contribution

Annual income tax and social contribution expenses (current and deferred) totaled R$ 36.3 million, 14.9% down on 2006, largely due to the reduction in taxable income.

Net Income

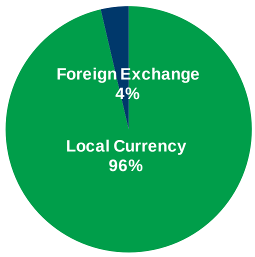
As a consequence of the aforementioned reasons, São Martinho's net income dropped 24.8% in the year and totaled R$ 64.5 million. The main negative impacts were the IPO expenses of R$ 16.0 million and the lower sales volume as discussed in "Gross Profit" section.

Debt

Debt R$ Thousand	Mar/07	Apr/06	Var%.
PESA	120,618	124,485	-3.1%
Rural Credit	42,981	8,472	407.3%
Finame / BNDES Automatic	126,394	88,853	42.3%
Working Capital	22,402	1,158	n.m.
FRN (Commercial Paper)	10,408	10,681	-2.6%
Prepaiment	-	7,663	n.m.
Total Gross Debt (Market)	**322,803**	**241,312**	33.8%
Other Financial Liabilities - Copersucar			
Copersucar's Working Capital	28,036	21,054	33.2%
Total Copersucar's Debt	**28,036**	**21,054**	33.2%
Gross Debt	**350,839**	**262,366**	**33.7%**
Cash and Cash Equivalents	366,964	103,518	254.5%
Debt with Copersucar	**(16,125)**	**158,848**	**n.m.**

On March 31, 2007, São Martinho's gross debt stood at R$ 350.8 million, broken down as in the table above, 34% more than at the close of March, 2006.

2007 Debt Breakdown

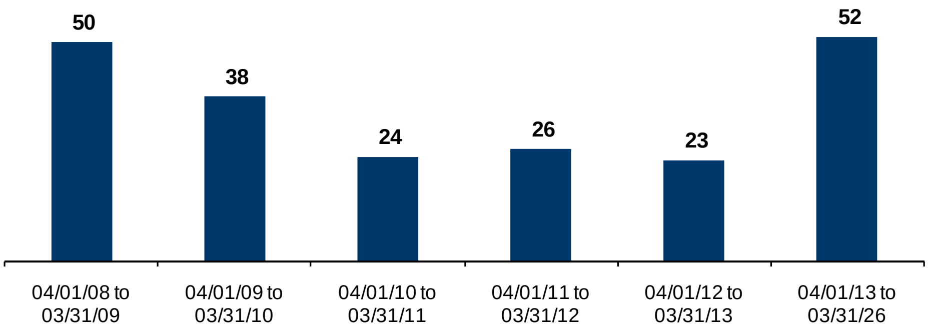


Cash and cash equivalents totaled R$ 366.9 million, a massive increase over the year before due to the R$ 243 million raised by the IPO (net of related expenses).

The reduction in the net debt would have been even greater but for investments of around R$ 91.8 million in Usina Boa Vista and other investments in upgrading existing mills, part of our commitment to constantly improving efficiency (for more details, see *Capex)*.

The vast majority of São Martinho's debt (96%) is in Reais, as can be seen from the adjacent chart, and 60.6% is long-term (see amortization schedule below).

Long Term Debt Repayment Schedule
R$ MM



The chart above includes bank loans in the PESA mode, reflecting assets revaluation concluded in the previous fiscal year.

<u>Debt with Copersucar.</u>

On March 31, 2007, the Company recorded R$ 223.1 million as a debt with Copersucar. This figure is related to long-term fiscal contingencies, which are currently being discussed in court, and certain assets that were booked in Copersucar's balance sheet and are transferred to its members. The portion related to financial debt through Copersucar is booked under “Copersucar’s Working Capital” and included in the Company’s gross debt as abovementioned.

Capex

CAPEX Breakdown In R$ Thousand	2007	2006	Var.%
Sugarcane Planting	65,671	53,782	22.1%
Industrial / Agricultural	76,673	35,595	115.4%
Sub Total	**142,345**	**89,377**	**59.3%**
Upgrading, Mechanization and Expansion			
Industrial / Agricultural	54,871	27,255	101.3%
Other	13,850	420	n.m.
Sub Total	**68,721**	**27,675**	**148.3%**
Boa Vista Mill (Greenfield)			
Sugarcane Planting	27,444	187	n.m.
Industrial / Agricultural	58,437	9,656	505.2%
Deferred Expenses	5,970	317	n.m.
Sub Total	**91,851**	**10,160**	**n.m.**
Total	**302,917**	**127,211**	**138.1%**

Investments increased in fiscal 2007, especially those in Usina Boa Vista (the group’s greenfield project), given that start-up is scheduled for the 2008/09 harvest.

In line with the Company’s commitment to improving its industrial and agricultural efficiency, it was also invested around R$ 54.9 million in Usina Iracema and Usina São Martinho. Most went to harvest mechanization in Iracema allowing it to begin the 2007/08 harvest with a harvest mechanization ratio of close to 78%. Another large portion went to the firm’s industrial area and Iracema now operates with a single optimized crushing facility with the same processing capacity per harvest as the two previous units, thereby improving operating performance and reducing costs, especially maintenance costs (see “Extraordinary Result”).

Increased capex (Industrial / Agricultural) was chiefly due to Ibracon Norm 22. Previously, the Company had booked inter-harvest equipment maintenance costs directly under COGS. As of the 2006/07 harvest, these expenses have been booked under fixed assets and depreciated in the following harvest.

Usina Boa Vista

The Boa Vista Mill is being built in Quirinópolis (State of Goiás) and is scheduled for completion in 2008. It should begin operations in the 2008/09 harvest with an initial annual crushing capacity of one million tonnes of sugarcane, climbing to 3.4 million by 2010/11. To begin with, Boa Vista will only produce ethanol for transport to the Southeast by barge via the Paranaíba, Paraná and Tietê rivers, or by road or in the future via the ethanol pipeline, which will give the mill a competitive edge in terms of freight and logistics costs.

Crop development is already under way. Around 9,000 hectares have already been planted and a further 5,000 will be planted in 2007 in partnership with local landowners.

The undertaking will absorb around R$ 550 million, R$ 165 million of which from the Company’s own resources and R$ 385 million in financing. Investments through March/07 totaled R$ 103 million.

Work began in the second half of 2006, after the environmental license was granted. Since the surrounding area is flat, sugarcane planting and harvesting will be mechanized, in line with the Company’s strategy of maximizing mechanized operations in order to boost margins and add value for shareholders.

Subsequent Events

Agreement with Mitsubishi: On March 26, 2007, São Martinho entered into an Ethanol Purchase Agreement with the Mitsubishi Corporation of Japan, by means of which Usina Boa Vista S.A undertook to sell 30% of its total output in the form of industrial ethanol to Mitsubishi for a 30-year period, beginning in the 2008/09 harvest. At the same time the Company entered into a Shareholding Agreement, by means of which it sold a 10% interest in Usina Boa Vista S.A. to Mitsubishi.

Acquisition of Usina Santa Luiza: On April 12, 2007, São Martinho acquired a 41.67% interest in Usina Santa Luiza via Etanol Participações S.A., a holding company comprising Usina São Martinho S/A (a wholly-owned subsidiary of São Martinho S/A), Cosan S.A. Indústria e Comércio and Santa Cruz S.A. Açúcar e Álcool, with respective interests of 41.67%, 33.33% and 25.00%. The total value of the cash transaction was R$ 179.3 million, of which R$ 74.7 million was São Martinho's share. Concomitantly, the same consortium also acquired identical interest in Agropecuária Aquidaban, which produces 1.5 million tonnes of sugarcane per year, for R$ 59.8 million. Located in the municipality of Motuca (SP), Usina Santa Luiza has 19,000 hectares of plantations, an annual sugarcane crushing capacity of 1.8 million tonnes and acquires a further 200,000 tonnes of cane per year from suppliers.

Acceleration and Expansion of Investments in Usina Boa Vista: On June 18, 2007, São Martinho's Board of Directors approved the acceleration of investments in Usina Boa Vista and an increase in cane crushing capacity to 400,000 tonnes p.a. Investments of around R$ 550 million scheduled over the next four years will be brought forward and fully concluded in three. As a result, Boa Vista's crushing capacity will reach around 1 million tonnes in the 2008/09 harvest, rising to 2.0 million in 2009/10.

Financial Outlook

Outlook for the Coming Harvests

At the beginning of the fourth quarter of 2007, a downward trend was observed in international sugar prices, mainly due to record production in Brazil, which reached 425 million tonnes in the 2006/07 harvest, as well as prospects of increased crushing in the 2007/08 harvest. In addition, Indian output is expected to grow by 30%, increasing global supply and pushing international prices down. Moreover, and no less importantly, anhydrous and hydrous ethanol prices fell at the beginning of the 2007/08 harvest due to expectations of higher ethanol production vis-à-vis the ethanol/sugar mix in this harvest and a consequent surplus of these products. However, these estimates probably do not take into account the growth of the flex-fuel fleet, favorable ethanol price when compared to those of gasoline and the recent increase of the anhydrous ethanol ratio in the gasoline mix in Brazil.

Regarding sugar, prices are expected to recover in the long term due to the following factors:

1. Production costs of more than 15 cents/pound in India, the EU and Thailand, Brazil's main competitors in the export market;
2. A gradual reduction in EU sugar export subsidies, giving more room for other exporters;
3. Stronger demand for ethanol in Brazil and worldwide (see more details below), helping to reduce the sugar production surplus in Brazil.

For Ethanol the scenario is the following:

Domestic Market:

At present more than 85% of vehicles sold in Brazil have flex-fuel capabilities which, together with record domestic vehicle sales, suggests that demand for ethanol will grow exponentially in the coming years. According to UNICA, Brazil needs to produce approximately 27 billion liters of ethanol only to meet the needs of the domestic market in 2012/2013 harvest. Considering that ethanol sales to the domestic market in 2006/07 harvest totaled 13.4 billion liters, the production must more than double in the next 5 years.

Export Market:

In the past few years, global demand for clean energy has increased considerably due to concern over oil prices, geopolitical risks, global warming, the need to obtain renewable sources of energy, and compliance with the Kyoto Protocol.

Although still under discussion, Japan and the EU are studying the use of ethanol as a gasoline additive.

In addition to Brazil, the US is a huge consumer of ethanol; however, possibly in the 2007/08 harvest the bulk of demand of this country will be met by local production.

In the long term, countries like the US, which plans to substitute 20% of gasoline consumption in the next 10 years for ethanol, what means a consumption of 132.5 billion liters in absolute numbers, are expected to substantially increase their imports from Brazil.

Alert to growth opportunities in the ethanol market, São Martinho recently announced that investments in Usina Boa Vista would be speeded up, raising sugarcane crushing capacity to 3.4 million tonnes in the 2010/11 harvest in order to meet demand in the domestic and export markets.

The table below shows our production estimates for the 2007/08 harvest:

07/08 Harvest Forecast				
Indicators	**Unit**	**São Martinho**	**Iracema**	**Consolidated**
Harvest	MM tonnes	6.8	2.7	9.5
Production Mix (Ethanol x Sugar)	%	55%	55%	55%
Sugar Production	Th. Sacks	410.0	160.0	570.0
Anhydrous Ethanol Production	Th. m^3	199.0	106.0	305.0
Hydrous Ethanol Production	Th. m^3	126.0	18.0	144.0
% proprietary mechanized harvest	%	91%	78%	87%
% total mechanized harvest	%	85%	60%	78%
% mechanized plating	%	60%	10%	45%

Upcoming Events

2007 Earnings Conference Call	
Portuguese	**English**
Date: June 29, 2007	Date: June 29, 2007
Time: 2:00 pm (Brasília time) / 1:00 pm (US ET)	Time: 3:30 pm (Brasília time) / 2:30 pm (US ET)
Telephone: (+5511) 2101-4848	Telephone: (+1 973) 935-8893
Code: São Martinho	Code: 8937437
Replay: (+5511) 2101-4848	Replay: (+1 973) 341-3080
Webcast with slides: www.saomartinho.ind.br/ri	Webcast with slides: www.saomartinho.ind.br/ir

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Disclaimer

This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to the growth prospects of São Martinho. These are merely projections and, as such, are based exclusively on the expectations of São Martinho's management concerning the future of the business. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian and international economies and the industry, among other factors, as well as the risks disclosed in São Martinho's disclosure documents and are, therefore, subject to change without prior notice.

About São Martinho

São Martinho S.A. is one of Brazil's largest sugar and ethanol producers, with a current crushing capacity of 10.3 million tonnes p.a., rising to 3.4 million tonnes in 2010/11 on conclusion of the first phase of Usina Boa Vista, a new facility presently under construction. The Company produces sugar and ethanol at two plants, the Iracema and São Martinho units, and recently acquired 41.67% of Usina Santa Luiza and an identical interest in Agropecuária Aquidaban.

The São Martinho Mill has an average daily production capacity of 3,000 tonnes of sugar (assuming that sugar takes up 60% of production capacity) and 2,000 m3 of ethanol.

The Company has also begun construction of a third mill, Boa Vista, in the municipality of Quirinópolis in the state of Goiás, which is scheduled to come on-stream for the 2008/09 harvest with an initial estimated annual sugarcane crushing capacity of 1.0 million tonnes, producing 94,600 m3 of ethanol from that harvest.

The Company intends to increase these capacities to 3.4 million tonnes and 325,000 m^3, respectively, by the 2010/11 harvest and may introduce further capacity increases thereafter. Initially, the mill will produce hydrous ethanol only, 30% of which will be for industrial use in Japan and 70% for use in flex-fuel vehicles and vehicles powered exclusively by ethanol. For more information please visit our website at www.saomartinho.ind.br/ri.

Income Statement

São Martinho S.A. - Income Statement			
In R$ Thousand	2007 Apr/06 - Mar/07	2006 Apr/05 - Mar/06	Var %
Gross Revenue	**906,825**	**894,377**	**1.4%**
Deductions from Gross Revenue	(80,288)	(85,829)	-6.5%
Net Revenue	**826,537**	**808,548**	**2.2%**
Cost of Goods Sold (COGS)	(571,429)	(547,015)	4.5%
Gross Profit	**255,108**	**261,533**	**-2.5%**
Gross Margin (%)	*30.9%*	*32.3%*	-1.4 p.p.
Operating Expenses	**(138,963)**	**(113,376)**	**22.6%**
Sales Expenses	(54,849)	(39,163)	40.1%
General and Administrative Expenses	(74,912)	(68,848)	8.8%
Management Fees	(7,675)	(6,280)	22.2%
Other Operating Revenues (Expenses), Net	(1,527)	915	n.m.
Operating Profit	116,145	148,157	-21.6%
Financial Result, Net	**(26,109)**	**(28,392)**	**-8.0%**
Financial Revenue	68,447	38,321	78.6%
Financial Expenses	(91,114)	(71,518)	27.4%
Monetary and Exchange Variation - Assets	18,127	15,223	19.1%
Monetary and Exchange Variation - Liabilitties	(21,569)	(10,418)	107.0%
Operating Result	**90,036**	**119,766**	**-24.8%**
Non-operating Result	11,063	3,894	184.1%
Income Before IT and SC	**101,099**	**123,660**	**-18.2%**
Income Tax and Social Contribution	(35,745)	(22,595)	58.2%
Deferred Income Tax and Social Contribution	(552)	(20,049)	-97.2%
Net income from split assets	(277)	4,753	n.m.
Net Income	**64,525**	**85,768**	**-24.8%**
Net Margin (%)	*7.8%*	*10.6%*	*-2.8 p.p.*
Net Income per Share (in R$)	**0.57**	**0.76**	**-24.8%**

Balance Sheet (Assets)

São Martinho S.A. - Consolidated Balance Sheet - ASSETS R$ thousand		
<u>ASSETS</u>	**Mar-07**	**Apr-06**
SHORT-TERM ASSETS		
Cash and Cash Equivalents	70,557	2,206
Short Term Investments	296,407	101,312
Accounts Receivable - Copersucar	22,708	45,050
Inventories	168,890	142,698
Tax receivable	21,219	13,060
Other Assets	21,650	22,084
TOTAL SHORT-TERM ASSETS	**601,431**	**326,410**
LONG-TERM ASSETS		
Related Parties	18	-
Deferred Income Tax and Social Contribution	83,488	77,043
Other assets	11,280	3,692
Property Plant and Equipment		
Investments	142	142
Fixed assets	1,938,917	1,237,866
Deferred	7,650	903
TOTAL LONG-TERM ASSETS	**2,041,495**	**1,319,646**
TOTAL ASSETS	**2,642,926**	**1,646,056**

Balance Sheet (Liabilities)

São Martinho S.A. - Consolidated Balance Sheet - LIABILITIES R$ Thousand		
LIABILITIES	**Mar-07**	**Apr-06**
SHORT TERM		
Loans and Financing	110,148	55,302
Suppliers	55,468	45,271
Accounts Payable - Copersucar	2,233	1,776
Payroll and social contribution	20,064	19,651
Tax payable	6,883	3,353
Related parties	46	52
Dividends Payable	20,000	4,616
Other Liabilities	3,014	2,013
TOTAL	**217,856**	**132,034**
LONG TERM LIABILITIES		
Loans and Financing	212,655	186,010
Accounts Payable - Copersucar	220,894	203,921
Income Tax and Social Contribution	238,562	119,699
Provision for Contingencies	72,160	65,133
Other Liabilities	1,708	3,308
TOTAL	**745,979**	**578,071**
MINORITY SHAREHOLDERS	**7,611**	**-**
SHAREHOLDERS' EQUITY		
Capital Stock	360,000	17,731
Capital Reserve	-	116
Revaluation Reserve	1,210,974	785,500
Legal Reserve	5,079	5,965
Accumulated Profits	95,427	126,639
TOTAL	**1,671,480**	**935,951**
TOTAL LIABILITIES	**2,642,926**	**1,646,056**

Statement of Cash Flows

São Martinho S.A. - Statement of Cash Flows (2007 Consolidated)	
In R$ Thousand	**2007**
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income in the period	**64,525**
Adjustments to reconcile net income to the cash generated on operating activities:	
Deferred income tax and social contribution	(1,601)
Depreciation and amortization	140,091
Provision for contingencies	6,574
Sale of interest in subsidiary	(717)
Residual cost of fixed assets - write off	5,107
Financial expenses and exchange variation - related parties, loans and financing and tax payable	12,430
(Increase) decrease in operating assets:	
Accounts receivable - Copersucar	73,965
Inventories	(24,146)
Tax receivable	(10,125)
Other short term assets	11,708
Other non-current assets	(7,560)
Increase (decrease) in operating liabilities:	
Suppliers	14,385
Wages and social contribution	(1,612)
Tax payable	402
Related parties	46
Prepaid expenses	(23)
Provision for contingencies	1,170
Other liabilities	(1,600)
Cash flows from operating activities	**283,019**
CASH FLOWS FROM INVESTMENT ACTIVIITES	
Increase in property, plant and equipment and deferred	(302,479)
Revenue from interest sale in subsidiary	7,890
Split assets and liabilities variation	5,469
Cash flows from investment activities	**(289,120)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Financing - third parties	144,395
Accounts payable - Copersucar	7,920
Loans payable	(69,708)
Capital Increase	260,000
Dividends and interest on equity payable	(18,669)
Cash flows from financing activities	323,938
INCREASE IN CASH AND CASH EQUIVALENTS BALANCE	**317,837**
CASH AND CASH EQUIVALENTS	
Initial balance	49,127
Final balance	366,964
INCREASE IN CASH AND CASH EQUIVALENTS BALANCE	**317,837**
ADDITIONAL INFORMATION	
Interest paid in the period	19,725
Accounts payable to suppliers related asset acquisition	11,338

Quarterly Income Statement

São Martinho S.A. - Quarterly Consolidated Income Statement					
In R$ Thousand	**1Q07**	**2Q07**	**3Q07**	**4Q07**	**Apr/06 to Mar/07**
Gross Revenue	218,709	280,844	205,838	201,434	906,825
Deductions from Gross Revenue	(23,080)	(21,303)	(18,237)	(17,668)	(80,288)
Net Revenue	**195,629**	**259,541**	**187,601**	**183,766**	**826,537**
Cost of Goods Sold (COGS)	(114,585)	(167,427)	(139,314)	(150,103)	(571,429)
Gross Profit	**81,044**	**92,114**	**48,287**	**33,663**	**255,108**
Gross Margin (%)	*41.4%*	*35.5%*	*25.7%*	*18.3%*	*30.9%*
Operating Expenses	**(29,568)**	**(40,691)**	**(24,537)**	**(44,167)**	**(138,963)**
Sales Expenses	(9,351)	(18,834)	(13,653)	(13,011)	(54,849)
General and Administrative Expenses	(18,547)	(20,125)	(21,205)	(15,035)	(74,912)
Management Fees	(1,662)	(1,766)	(2,344)	(1,903)	(7,675)
Other Operating Expenses, Net	(8)	34	12,665	(14,218)	(1,527)
Operating Profit	51,476	51,423	23,750	(10,504)	116,145
Financial Result, Net	**(7,411)**	**(4,170)**	**(9,627)**	**(4,901)**	**(26,109)**
Financial Revenue	24,165	17,185	11,119	15,978	68,447
Financial Expenses	(29,289)	(21,325)	(20,212)	(20,288)	(91,114)
Monetary and Exchange Variation - Assets	12,516	2,206	1,536	1,869	18,127
Monetary and Exchange Variation - Liabilitties	(14,803)	(2,236)	(2,070)	(2,460)	(21,569)
Operating Result	**44,065**	**47,253**	**14,123**	**(15,405)**	**90,036**
Non-operating Result	(2,264)	1,073	11,325	929	11,063
Income Before IT and SC	41,801	48,326	25,448	(14,476)	101,099
Income Tax and Social Contribution	(11,939)	(17,355)	(6,451)	-	(35,745)
Deferred Income Tax and Social Contribution	(5,000)	948	(1,505)	5,005	(552)
Net income from split assets	(277)	-	-	-	(277)
Net Margin (%)	**24,585**	**31,919**	**17,492**	**(9,471)**	**64,525**
Net Income per Share (in R$)	***12.6%***	***12.3%***	***9.3%***	***-5.2%***	***7.8%***
Depreciation	*33,104*	*31,611*	*31,861*	*43,515*	*140,091*
Net Revenue Adjustment Coper (Hedge)	*22,811*	*1,172*	*(1,172)*	*-*	*22,811*
Copersucar Trading Commission (Other Sales Expenses)	*-*	*3,323*	*2,392*	*2,603*	*8,318*
IPO Expenses	*-*	*-*	*-*	*16,029*	*16,029*
Other non-recurring Expenses	*-*	*-*	*(13,305)*	*-*	*(13,305)*
Adjusted EBITDA	***107,391***	***87,529***	***43,526***	***51,643***	***290,089***
EBITDA Margin	***49.16%***	***33.57%***	***23.35%***	***28.10%***	***34.15%***