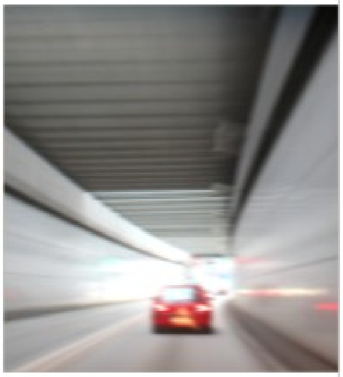


São Martinho

2Q09 Results
2008/09 Harvest

SÃO MARTINHO REPORTS RESULTS FOR THE SECOND QUARTER OF 2009

SÃO MARTINHO REPORTS 2Q09 ADJUSTED EBITDA OF R$ 34.9 MILLION WITH EBITDA MARGIN OF 18%

São Paulo, November 14, 2008 – 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 second quarter of 2009 (2Q09) – 2008/09 Harvest year. The 2Q09 results are presented on a consolidated basis, in accordance with Brazilian Corporate Law, including the partial consolidation of 41.67% of Santa Luiza Mill. The results for 2Q08 are also presented on a consolidated basis, though they consider 5 months of the operations of Santa Luiza Mill and Agropecuária Aquidaban, since the acquisition of these companies occurred in April 2007.

2Q09 Highlights

- Adjusted EBITDA in the quarter was R$ 34.9 million, increasing by 47% in relation to 2Q08, due to the combination of better prices and higher sales volume of anhydrous and hydrous ethanol.

- In 2Q09, we contracted R$ 330 million in long-term export prepayment financing and in financing through the Finem line of the Brazilian Development Bank (BNDES). We believe our comfortable cash position (R$ 206.3 million) combined with the monetization of our finished products inventory in 2Q09 (approximately R$ 300 million) will be sufficient to service our short-term debt in the event that the current scenario of tight credit extends over the next 12 months.

- For the second half of the year, our estimated production and inventory in 2Q09 totaled approximately 413,000 tons of sugar, 243,000 m^3 of hydrous ethanol and 138,000 m^3 of anhydrous ethanol. These volumes represent 64.5% of our production in the 2008/09 harvest year (in TRS equivalent), leading us to expect more robust sales for all our products in the coming quarters.

- The 2Q09 result was negatively impacted by the increase in foreign-exchange variation (with no cash impact) of approximately R$ 27 million. Note that these losses are offset when the export is made. The main operations originating these expenses were funding operations in foreign currencies through advances on export contracts (ACC) and prepayment of exports.

- On September 22, 2008, we announced the launch of a stock buyback program involving up to 200,000 shares in the company over the next 12 months. The objective of the program is to maximize value creation for our shareholders through the efficient management of the capital structure.

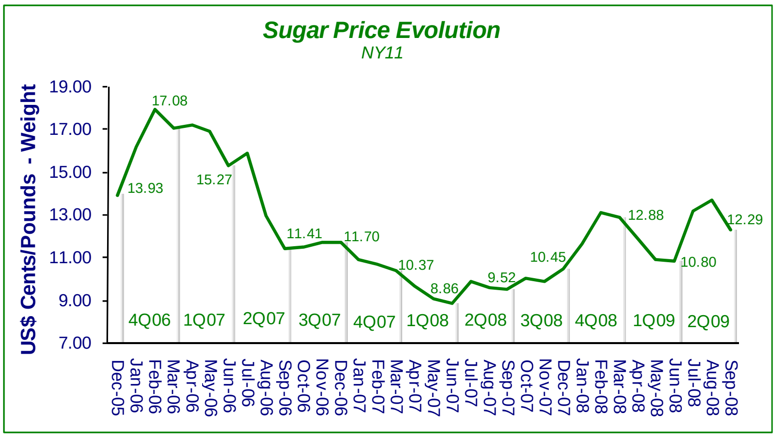
- On September 22, 2008, we announced the creation of the "ALLICOM" consortium with the groups São João and Santa Cruz. The principal objective of the consortium is to gain scale in domestic and international sales by combining the sugar and ethanol supply capacities of the three economic groups.

Industry Overview

Sugar

Average Sugar Prices	2Q09	1Q09	2Q08	Chg.% 2Q09 x 2Q08	Chg.% 2Q09 x 1Q09	1H09	1H08	Chg.% 1H09 x 1H08
US$/R$ Exchange rate	1.67	1.66	1.92	-13.0%	0.7%	1.66	1.95	-14.7%
NY11 US$ cents/pound	13.06	11.20	9.68	34.9%	16.7%	12.13	9.43	28.7%
NY11 R$ / Ton	480.19	408.75	409.25	17.3%	17.5%	444.58	405.28	9.7%
Sugar ESALQ Net R$/50-kilogram sack	24.31	22.61	20.85	16.6%	7.6%	23.46	22.62	3.7%

The sugar price quoted in New York (NY11) improved significantly in 2Q09 to an average in the period of US$ 13.06 cents/pound, 34.9% higher than in 2Q08. In the same period, the Brazilian real appreciated by approximately 13%, negatively impacting sugar prices for Brazilian exporters. As a result, sugar prices denominated in Brazilian real increased by 17.3% in 2Q09 versus 2Q08.



With the deterioration of the crisis in the United States, after September we observed a strong sell-off in all commodities, with prices falling. In October alone, the sugar price (NY11) on the ICE fell by 22.5%, despite the strong fundamentals supporting higher prices for next year.

As we mentioned in last quarter's earnings release, we expect Indian production of approximately 21 million tons in the 2008/09 harvest year, which would represent a decline of 22% in relation to the 2007/08 harvest year. This decline will lead the market to a more balanced supply and demand scenario in 2009, with even the possibility of a deficit if Brazil does not raise its production beyond 33 million tons.

In addition, following onset of the crisis in the United States, we observed sharp depreciation in the Brazilian real against the U.S. dollar (of approximately 40%). This scenario is favorable for Brazilian sugar producers, since the commodity is quoted in U.S. dollar. Below we provide a sensitivity table of sugar prices in R$ /ton, combining different variations in the US$ and sugar prices (NY11).

Taking as an example the current BRL/US$ exchange rate (US$ 1.00 = R$ 2.20) and a sugar price (NY11) of US$ 11 cents/pound gives a price in BRL of approximately R$ 534/ton, much higher than the combination of a sugar price of US$ 14 cents/pound with the exchange rate at around R$ 1.60.

NY11 R$ / Tonnes

Exchange - R$ / US$	Sugar NY11 - US$ ¢ / Pounds - Weight: 9.00	10.00	11.00	12.00	13.00	14.00
1.60	R$ 317	R$ 353	R$ 388	R$ 423	R$ 459	R$ 494
1.80	R$ 357	R$ 397	R$ 437	R$ 476	R$ 516	R$ 556
2.00	R$ 397	R$ 441	R$ 485	R$ 529	R$ 573	R$ 617
2.20	R$ 437	R$ 485	R$ 534	R$ 582	R$ 631	R$ 679
2.40	R$ 476	R$ 529	R$ 582	R$ 635	R$ 688	R$ 741

Ethanol

Average Ethanol/Oil Prices	2Q09	1Q09	2Q08	Chg.% 2Q09 x 2Q08	Chg.% 2Q09 x 1Q09	1H09	1H08	Chg.% 1H09 x 1H08
Anhydrous ESALQ, Net DM - R$ / M3	874.10	799.00	664.35	31.6%	9.4%	838.05	770.67	8.7%
Hydrous ESALQ, Net DM - R$ / M3	728.28	688.29	582.23	25.1%	5.8%	709.08	661.05	7.3%
Anhydrous ESALQ EM - R$ / M3	767.51	790.57	689.37	11.3%	-2.9%	779.04	744.29	4.7%
Hydrous ESALQ EM - R$ / M3	705.79	706.47	663.61	6.4%	-0.1%	706.13	726.01	-2.7%
Oil NY	117.98	123.98	75.15	57.0%	-4.8%	120.98	70.09	72.6%

In 2Q09, domestic anhydrous and hydrous ethanol prices increased by 31.6% and 25.1%, respectively, in relation to 2Q08, primarily reflecting the strong growth in vehicle sales in Brazil. Bear in mind that anhydrous and hydrous ethanol prices have remained above the average prices registered in the 2007/08 harvest year (see Chart 1). We believe prices will remain resilient over the coming quarters, since the growth vector of demand remains robust, given that today 85% of all vehicles produced in the country are equipped with flex-fuel technology.

Chart 1

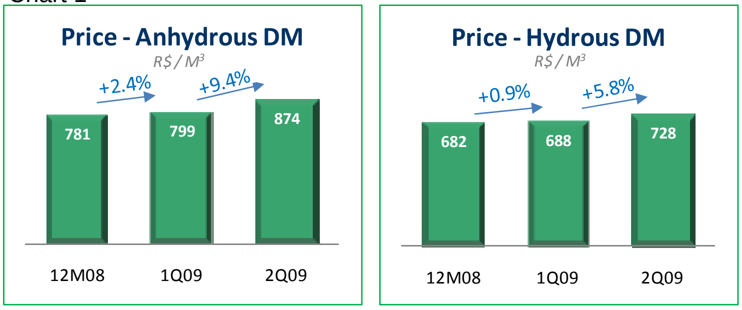
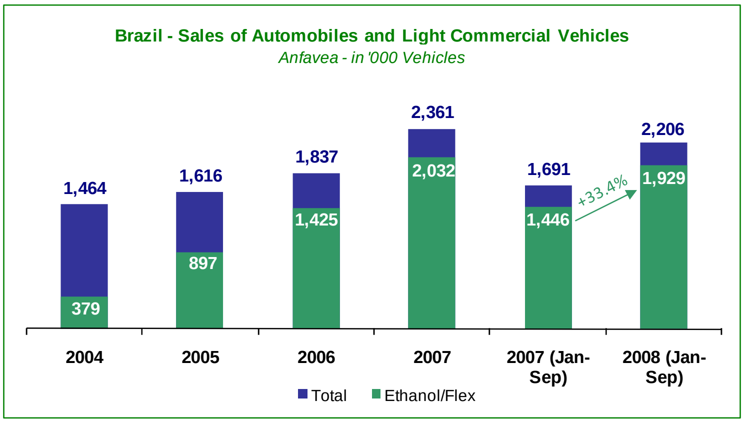


Chart 2



International oil prices fell sharply after the deterioration of the crisis in the United States post September. It is important to note that depending on the intensity and duration of this downward move in oil prices, Petrobras could lower gasoline prices in Brazil, which would adversely affect the competitiveness of ethanol in the domestic market.

We do believe this situation should be monitored, however, the hydrous ethanol price in 2Q09 (R$ 728/m^3) is equivalent to an oil barrel price of approximately US$ 60, considering an exchange rate of around R$ 1.90. In this light, we believe Petrobras will lower gasoline prices in a scenario in which oil reaches US$ 50/barrel combined with a BRL/US$ exchange rate of below R$ 2.00/US$.

The credit crisis could also have a negative impact on the growth curve in the fleet of flex-fuel vehicles in Brazil, which grew by 33.4% year on year in the first 9 months of this year (see Chart 2). We believe this situation should be monitored, however, the postponement of some greenfield projects that will start up in the 2009/10 harvest year should reduce the estimated ethanol supply, in line with the weaker growth in demand.

For export volumes, we expect Brazil to ship approximately 4.2 billion liters of ethanol in the 2008/09 harvest year, for growth of approximately 36% in relation to the 2007/08 harvest year. The main driver of this growth was shipments to the United States, primarily owing to the floods in some corn-producing regions in May and June of this year. At that time, U.S. gasoline prices were above US$ 3.00/gallon, making Brazilian exports viable, despite the import duty of US$ 0.54/gallon.

Operating Performance

Operating Highlights

Operating Data	1H09	1H08	Chg.%
Crushed Sugarcane ('000 tonnes)	8,670	7,878	10.1%
Own	4,936	4,946	-0.2%
Third Parties	3,734	2,932	27.3%
Mechanized Harvest (%)	81.6%	78.9%	2.7 p.p
Production			
Sugar ('000 tonnes)	431	400	7.8%
Anhydrous Ethanol ('000 m^3)	183	212	-13.7%
Hydrous Ethanol ('000 m^3)	280	174	60.8%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	65	143	-54.5%
Energy ('000 MWh)	45.1	-	n.m.

Financial Performance

Operating Revenue

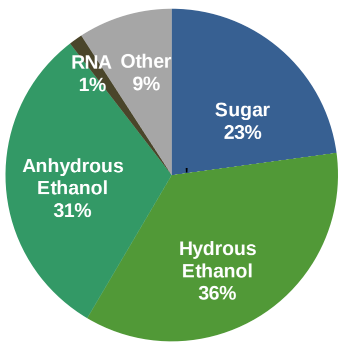
Net Revenues Breakdown In R$ Thousand	2Q09	2Q08	Chg.% 2Q09 x 2Q08	1H09	1H08	Chg.% 1H09 x 1H08
Domestic Market	**129,199**	**83,137**	**55.4%**	**200,253**	**165,084**	**21.3%**
Sugar	6,869	18,805	-63.5%	8,480	39,241	-78.4%
Hydrous Ethanol	65,119	28,222	130.7%	96,769	48,571	99.2%
Anhydrous Ethanol	39,428	24,390	61.7%	70,087	60,612	15.6%
Other	17,783	11,721	51.7%	24,917	16,659	49.6%
Export Market	**65,115**	**95,934**	**-32.1%**	**86,116**	**188,550**	**-54.3%**
Sugar	37,563	59,443	-36.8%	50,214	115,711	-56.6%
Hydrous Ethanol	4,104	9,512	-56.9%	4,104	17,456	-76.5%
Anhydrous Ethanol	20,892	23,951	-12.8%	26,406	49,742	-46.9%
RNA	2,556	3,028	-15.6%	5,392	5,641	-4.4%
Net Revenue	**194,313**	**179,071**	**8.5%**	**286,369**	**353,634**	**-19.0%**
Sugar	44,432	78,248	-43.2%	58,693	154,952	-62.1%
Hydrous Ethanol	69,223	37,734	83.5%	100,873	66,028	52.8%
Anhydrous Ethanol	60,320	48,341	24.8%	96,493	110,354	-12.6%
RNA	2,556	3,028	-15.6%	5,392	5,641	-4.4%
Other	17,783	11,721	51.7%	24,917	16,659	49.6%

Net Revenue

São Martinho recorded Net Revenue growth of 8.5% in relation to 2Q08, mainly driven by the combination of higher sales volumes of anhydrous and hydrous ethanol and the better average prices.

In the first six months of 2009, the Company's net revenue declined by 19% in relation to the same six months of 2008, due to the drop in sales volume (-21.5% in TRS equivalent) between the two periods.

Net Revenue Breakdown 2Q09



Sales Performance Products	2Q09	2Q08	Chg.% 2Q09 x 2Q08	1H09	1H08	Chg.% 1H09 x 1H08
Domestic Market						
Sugar (tonnes)	16,505	45,474	-63.7%	20,463	88,960	-77.0%
Hydrous Ethanol (m^3)	92,695	48,975	89.3%	140,938	80,617	74.8%
Anhydrous Ethanol (m^3)	47,098	36,544	28.9%	86,121	79,655	8.1%
Export Market						
Sugar (tonnes)	93,300	127,108	-26.6%	124,912	247,590	-49.5%
Hydrous Ethanol (m^3)	4,951	12,497	-60.4%	4,951	22,515	-78.0%
Anhydrous Ethanol (m^3)	26,614	29,783	-10.6%	33,318	61,575	-45.9%
RNA (Kg)	54,150	78,000	-30.6%	136,710	143,000	-4.4%
Consolidated						
Sugar (tonnes)	109,805	172,582	-36.4%	145,375	336,550	-56.8%
Hydrous Ethanol (m^3)	97,646	61,472	58.8%	145,889	103,132	41.5%
Anhydrous Ethanol (m^3)	73,712	66,327	11.1%	119,439	141,230	-15.4%
RNA (Kg)	54,150	78,000	-30.6%	136,710	143,000	-4.4%

Average Prices	2Q09	2Q08	Chg.% 2Q09 x 2Q08	1H09	1H08	Chg.% 1H09 x 1H08
Domestic Market						
Sugar (R$/tonnes)	416.19	413.53	0.6%	414.39	441.11	-6.1%
Hydrous Ethanol (R$/$m^3$)	702.51	576.25	21.9%	686.61	602.50	14.0%
Anhydrous Ethanol (R$/$m^3$)	837.15	667.40	25.4%	813.82	760.94	6.9%
Export Market						
Sugar (R$/tonnes)	402.60	467.66	-13.9%	401.99	467.35	-14.0%
Hydrous Ethanol (R$/$m^3$)	828.95	761.14	8.9%	828.95	775.32	6.9%
Anhydrous Ethanol (R$$m^3$)	785.01	804.19	-2.4%	792.56	807.83	-1.9%
RNA (R$/Kg)	47.20	38.82	21.6%	39.44	39.44	0.0%
Consolidated						
Sugar (R$/tonnes)	404.65	453.40	-10.8%	403.74	460.41	-12.3%
Hydrous Ethanol (m^3)	708.92	613.84	15.5%	691.44	640.23	8.0%
Anhydrous Ethanol (m^3)	818.32	728.82	12.3%	807.89	781.38	3.4%
RNA (R$/Kg)	47.20	38.82	21.6%	39.52	39.44	0.2%

Sugar

Net revenue from sugar sales contracted by 43.2% to R$ 44.4 million in 2Q09, from R$ 78.2 million in 2Q08, explained primarily by the reductions in domestic and export sales volumes of 63.7% and 26.6%, respectively. Another factor was the reduction of 13.9% in the average sugar price, negatively impacting sugar revenue.

Moreover, our average sugar sales price in 2Q09 was impacted by fixing prices with our clients in the months of May and June 2008, with sales concentrated in prices quoted in July, a period when the average price was US$ 11.40 cents/pound.

Year to date, sugar net sales revenue fell by 62.1%, impacted primarily by the drop of 56.8% in sales volume in the period. The lower sales in 2Q09 and 6M09 mainly reflect the strategy of concentrating sales in the second half of 2009, a period in which we are able to fix prices at above US$ 12.00 cents/pound.

Ethanol

Hydrous Ethanol

Net revenue from hydrous ethanol totaled R$ 69.2 million in 2Q09, up 83.5% on the R$ 37.7 million recorded in 2Q08.

The main factor was the increase of 89.3% year on year in domestic sales of the product in the quarter, driven by the higher number of flex-fuel cars in the Brazilian market, with a direct impact on consumption.

Revenue was also favorably impacted by the hike of 21.9% in the domestic sale price versus 2Q08. In contrast to the previous harvest year, anhydrous and hydrous ethanol prices are not falling sharply during the harvest period, since supply and demand are more balanced.

In the first six months of 2009, net revenue from hydrous ethanol increased 52.8% year on year, mainly reflecting the higher sales volume generated by the growing demand for flex fuel vehicles.

In addition, the Boa Vista Mill (greenfield dedicated to hydrous ethanol production) launched sales in July 2008, boosting the group's sales volume in both 2Q09 and 6M09.

Anhydrous Ethanol

Net revenue from anhydrous ethanol sales in the quarter was R$ 60.3 million, up 24.8% in relation to 2Q08, due to the combination of higher volume and prices in the period. In contrast to the previous harvest year, anhydrous and hydrous ethanol prices are not falling sharply during the harvest periods, since supply and demand are more balanced.

In terms of volume, the growth in domestic sales offset the decline in export sales, given that in 2Q09 the margins in the domestic market were higher than in 2Q08, leading us to increase supply to the domestic market.

In the first six months of the year, anhydrous ethanol net revenue fell by 12.6%, due to lower sales volume in 1Q09, since our ending inventories in March 2008 were sold to Copersucar as part of our termination agreement with the cooperative.

Ribonucleic Acid (RNA) Sodium Salt

Net revenue in the quarter from this product was R$ 2.5 million, decreasing by 15.6% in relation to 2Q08, driven mainly by the lower sales volume, which declined by 30.6% year on year to 54.1 metric tons.

Year to date, net revenue from this product fell by 4.4%, mainly influenced by the lower sales volume.

In the last six months of 2009, we expect to ship a further 160 metric tons of RNA to Japan at prices higher than those practiced in the previous harvest year, given the price increase of 40%.

Other Products and Services

Net Revenue from the "Other Products and Services" line totaled R$ 17.8 million in the quarter, 51.7% higher than a year ago. This revenue increase was primarily due to the sale of 39,921 MW/hour of energy in 2Q09.

Year to date, Net Revenue from this line increased by 49.6% in relation to the same six months of 2008. The main driver was the energy sales of 45,061 MW/hour in 6M09.

Inventories

Inventories	2Q09	2Q08	Chg.% 2Q09 x 2Q08
Sugar (Tonnes)	290,868	175,148	66.1%
Hydrous Ethanol (m^3)	133,455	74,955	78.0%
Anhydrous Ethanol (m^3)	68,095	114,851	-40.7%

The main variations in inventories observed in the table above refer to the year-on-year increases in sugar and hydrous ethanol volumes in 2Q09 of 66.1% and 78.0%, respectively. The higher stocking of sugar resulted from our termination of the cooperative agreement with Copersucar in March 2008. Accordingly, after this date our sales area began to negotiate directly with our clients, concentrating shipments in the second half of the year.

The increase in hydrous ethanol inventories is related to the operational startup of the Boa Vista Mill in late June 2008.

Estimates – Product Availability in Last Six Months of 2009

Inventories / Production Estimates (*)	Inventories 2Q09	Production 2H09 (*)	Total Inventories 2H09
Sugar (Tonnes)	290,868	121,965	412,833
Hydrous Ethanol (m^3)	133,455	109,295	242,750
Anhydrous Ethanol (m^3)	68,095	69,785	137,879

(*) Estimated production from October through end of 2008/09 harvest.

As shown above, the combination of our inventories in 2Q09 with the expected production through the conclusion of the harvest year will assure for the São Martinho group a high volume of products for sale over the coming quarters. This availability represents 178% of the volume sold in 6M09 (in TRS equivalent).

Cost of Goods Sold

The composition of our Cost of Goods Sold (Cash Cost) is shown below:

Breakdown of Cost of Goods Sold (COGS) - Cash In R$ Thousand	2Q09	2Q08	Chg.%	1H09	1H08	Chg.%
Agricultural Costs	**89,981**	**87,815**	**2.5%**	**131,296**	**166,691**	**-21.2%**
Suppliers	*42,751*	*42,573*	*0.4%*	*54,497*	*70,046*	*-22.2%*
Partnerships	*6,984*	*6,761*	*3.3%*	*10,436*	*16,308*	*-36.0%*
Own Sugarcane	*40,247*	*38,481*	*4.6%*	*66,363*	*80,337*	*-17.4%*
Industrial	**13,662**	**11,944**	**14.4%**	**21,003**	**27,242**	**-22.9%**
Other Products	**15,818**	**10,510**	**50.5%**	**24,654**	**17,232**	**43.1%**
Total COGS (*)	***119,461***	***110,269***	***8.3%***	***176,953***	***211,165***	***-16.2%***
Santa Luiza and Aquidaban Reconciliation	-	*10,463*	*n.m.*	-	*19,141*	*n.m.*
Total COGS	***119,461***	***120,733***	***-1.1%***	***176,953***	***230,306***	***-23.2%***
TRS Sold (000 Tonnes)	*410*	*402*	*2.1%*	*610*	*777*	*-21.5%*
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	*252*	*274*	***-7.9%***	*250*	*274*	*-9.0%*

(*) Excludes the partial consolidation of the Santa Luiza Mill and Agropecuária Aquidaban.

As shown above, Cash COGS in the quarter was 1.1% lower than in 2Q08. The main impact was generated by the integration of the operations of the Santa Luiza Mill into the São Martinho group. Starting this harvest year, we began processing approximately 750,000 metric tons of sugarcane at the São Martinho Mill, a volume previously processed at Santa Luiza.

In addition, analysis of the behavior of unit costs indicated a decline of 7.9% between 2Q09 and 2Q08, an impact that is also related to the allocation of all sugarcane crushing at the Santa Luiza Mill to the São Martinho Mill starting this harvest year.

Year to date, Cash COGS fell by 23.2%, reflecting the lower sales volume (21.5% in TRS equivalent).

Gross Profit and Gross Margin

Fueled by higher anhydrous and hydrous ethanol sales volumes and the better prices, Gross Profit in the São Martinho Group in the quarter increased by 185.9% year on year.

In the first six months, Gross Profit advanced 26.7% year on year, impacted by the lower sales volume in 1Q09, as detailed in our 1Q09 earnings release.

Selling Expenses

Selling Expenses Breakdown						
In R$ Thousand	**2Q09**	**2Q08**	**Chg.%**	**1H09**	**1H08**	**Chg.%**
Port Costs	1,371	3,752	-63.5%	1,477	7,436	-80.1%
Packaging	-	528	n.m.	-	930	n.m.
Freight	9,373	7,111	31.8%	11,858	15,459	-23.3%
Sales Comission	665	-	n.m.	944	-	n.m.
Other - nonrecurring	-	-	n.m.	-	698	n.m.
Selling Expenses (*)	**11,409**	**11,390**	**0.2%**	**14,279**	**24,523**	**-41.8%**
TRS Sold ('000 Tonnes)	*410*	*376*	9.1%	*597*	*727*	-18.0%
Santa Luiza and Aquidaban Reconciliation	-	899	n.m.	-	1,670	n.m.
Selling Expenses	**11,409**	**12,289**	**-7.2%**	**14,279**	**26,193**	**-45.5%**
TRS Sold ('000 Tonnes)	*410*	*402*	2.1%	*610*	*777*	-21.5%
% of Net Revenues	*5.9%*	*6.9%*	*-1.0 p.p.*	*5.0%*	*7.4%*	*-2.4 p.p.*

(*) Excludes the partial consolidation of Santa Luiza Mill and Agropecuária Aquidaban.

Selling expenses in the quarter contracted by 7.2% year on year, reflecting mainly the reductions in ethanol and sugar export volumes in the period of 25.34% and 26.6%, respectively. In the first six months of 2009, selling expenses fell by 45.5% year on year, due to the reductions in sugar and ethanol export volumes of 49.5% and 54.5%, respectively.

General and Administrative Expenses

General and Administrative Expenses Breakdown (Excluding Depreciation)						
In R$ Thousand	**2Q09**	**2Q08**	**Chg.%**	**1H09**	**1H08**	**Chg.%**
Personnel Expenses	8,614	5,872	46.7%	15,292	11,229	36.2%
Taxes, Fees and Contributions	5,163	3,689	39.9%	6,530	4,795	36.2%
Provisions for Contingencies	5,078	1,704	198.0%	11,450	4,985	129.7%
General Expenses and Third-Party Services	6,954	2,669	160.5%	11,263	7,089	58.9%
Copersucar Share	-	3,348	n.m	-	6,075	n.m
Management Fee	3,117	2,679	16.3%	4,912	4,582	7.2%
Total General and Administrative Expenses (*)	**28,926**	**19,962**	44.9%	**49,448**	**38,754**	27.6%
Santa Luiza and Aquidaban Reconciliation	-	2,342	n.m	-	4,054	n.m
Total General and Administrative Expenses	**28,926**	**22,303**	29.7%	**49,448**	**42,808**	15.5%

(*) Excludes the partial consolidation of Santa Luiza Mill and Agropecuária Aquidaban.

G&A expenses totaled R$ 28.9 million in the quarter, up 29.7% on 2Q08. The main negative impacts were: 1) the higher contingencies in 2Q09 due to labor suits, filed in particular by former employees of Santa Luiza Mill; 2) the higher personnel expenses due to the startup of operations at the Boa Vista Mill and the subsequent recording in the income statement (until 1Q09, these expenses were recorded as a deferred item since the company was in the pre-operational phase); and 3) addition of the expenses with third-party services, given the nonrecurring expenditures with consulting services.

In 6M09, G&A expenses increased by 15.5% in relation to 6M08 due to reasons similar to those described above.

Other Operational Revenue (Expenses)

Other Operating Revenues (Expenses) Reconciliation						
In R$ Thousand	**2Q09**	**2Q08**	**Chg.%**	**1H09**	**1H08**	**Chg.%**
ICMS (Installment)	-	(17,607)	n.m.	-	(17,607)	n.m.
IPO Expenses	-	-	n.m.	-	(206)	n.m.
Goodwill Amortization	(1,962)	(211)	831.0%	(4,139)	(351)	1078.3%
Others	458	41	1005.5%	968	219	342.3%
Other Operating Revenues (Expenses)	**(1,505)**	**(17,777)**	**-91.5%**	**(3,172)**	**(17,946)**	**-82.3%**

The main impact on the line "Other Operating Revenue (Expenses)" in 2Q09 versus 2Q08 was generated by the amortization of goodwill from the acquisition of the Santa Luiza Mill and Agropecuária Aquibadan, following the decision to shut down the Santa Luiza Mill.

In addition, in 2Q08 we registered a nonrecurring expense related to the payment in installments of ICMS tax, which did not recur in 2Q09.

EBITDA

EBITDA Reconciliation						
In R$ Thousand	**2Q09**	**2Q08**	**Chg.%**	**1H09**	**1H08**	**Chg.%**
Adjusted EBITDA	**34,974**	**23,787**	**47.0%**	**48,357**	**55,037**	**-12.1%**
Adjusted EBITDA Margin	*18.0%*	*13.3%*	*4.7 p.p.*	*16.9%*	*15.6%*	*1.3 p.p.*
Pricing adjustment Sales Expenses	-	-	n.m.	-	698	n.m.
Operating Expenses (Revenues) - Nonrecurring	-	*17,607*	n.m.	*1,700*	*17,607*	-90.3%
Non Cash Itens Launched in the COGS	*(4,275)*	*1,031*	n.m.	*6,621*	*4,557*	45.3%
EBITDA	**39,249**	**5,149**	**662.2%**	**40,035**	**32,175**	**24.4%**
EBITDA Margin	*20.2%*	*2.9%*	*17.3 p.p.*	*14.0%*	*9.1%*	*4.9 p.p.*
(-) Depreciation and Amortization	(47,108)	(48,811)	-3.5%	(78,036)	(98,336)	-20.6%
(-) Financial Revenue (Expense), Net	(56,584)	(4,623)	1124.0%	(67,735)	236	n.m.
(=) Operating Income (Loss)	**(64,443)**	**(48,285)**	**33.5%**	**(105,736)**	**(65,924)**	**60.4%**

Adjusted EBITDA

Adjusted EBITDA in the quarter was R$ 34.9 million, increasing by 47.0% in relation to 2Q08. The main factors impacting our adjusted EBITDA were: 1) the higher anhydrous and hydrous sales volumes in the domestic market, as detailed in the sections "Anhydrous" and "Hydrous" and 2) increases in the average prices of anhydrous and hydrous ethanol in the domestic market of 25.4% and 21.9%, respectively.

In the first six months of 2009, adjusted EBITDA posted a decline of 12.1% year on year, mainly due to the lower sugar sales volume in the period.

EBITDA (Adjustment for non-cash items)

EBITDA was impacted positively in the quarter by the partial reversal of a provision for the reduction of inventories to market value (with no cash impact) carried out in 1Q09.

As mentioned in our 1Q09 earnings release, this provision should be reversed as sugar and ethanol production progresses and as higher yields are obtained. The adjustment results from the fact that at the close of 1Q09 the volume of finished products in inventory is typically very low (we produce on average 25% of the total harvest in this period), while a large portion of our fixed costs (depreciation, labor, etc.) is already allocated to inventories.

Note that the lower sugar sales volume in 6M09 is related to our commercial strategy of concentrating sales in the second half of 2009, a period in which we are able to set prices at above US$ 12.00 cents/pound.

Exposure to Currency and Sugar Derivatives

The São Martinho group adopts a conservative financial management policy. Our objective is to contract derivative financial instruments to protect our cash flow from fluctuations in the U.S. dollar and in international sugar prices.

Our hedge policy, which is approved by the Risk committee and validated by the Board of Directors, enables us to protect our exposure to the U.S. dollar as well as sugar prices in the futures market for the next 12 months. Our hedge positions by asset on September 30, 2008 are detailed below:

U.S. Dollar

On September 30, 2008, the São Martinho group held a US$ 30.7 million short position in US$ currency futures on the BM&F through non-deliverable forwards (NDFs) at the price of R$ 1.79/US$, maturing in October 2008 and March 2009.

Sugar

On September 30, 2008, the São Martinho group held positions in derivatives and prices fixed with clients and in the futures market in the following volumes:

1) Purchase of “PUT”, equivalent to 81,280 tons of sugar at an average price of US$ 14.31 cents/pound, combined with an identical quantity in Sale of “CALL”, at an average price of US$ 16.00, with both instruments maturing between March 2009 and October 2009.
2) Sale of “PUT”, equivalent to 51,308 tons of sugar at an average price of US$ 11.02 cents/pound maturing between March 2009 and October 2009 (these options will only be exercised by the buyers if the price is below US$ 11.02 cents/pound on the maturity date).
3) Sale of “CALL” 66,040 tons of sugar at an average price of US$ 16.00 cents/pound, maturing in July 2009 (these options will only be exercised by the buyers if the price is above US$ 16.00 cents/pound on the maturity date).
4) Approximately 224,638 tons of sugar were hedged by forward delivery contracts maturing between October 2008 and January 2009, with prices set by the clients or on the exchange.

Note: In October 2008, we opted to repurchase a large portion of our open option positions, which generated a pretax gain of R$ 9.2 million.

Following the settlement of this transaction, we continue to hold open positions of short puts for 508 tons at the price of US$ 13.00 cents/pound and long puts for 11,430 tons at the price of US$ 13.50 cents/pound.

Net Financial Result

Net Financial Result Breakdown In R$ Thousand	2Q09	2Q08	Chg.%	1H09	1H08	Chg.%
Financial Revenue	3,685	15,215	-75.8%	5,637	39,461	-85.7%
Financial Expense	(29,760)	(16,869)	76.4%	(42,626)	(34,736)	22.7%
Hedge Result	(793)	-	n.m.	245	-	n.m.
Exchange Variation	(27,214)	(378)	7106.5%	(25,923)	95	n.m.
Copersucar Monetary Variation	(2,502)	(2,072)	20.8%	(5,068)	(4,070)	24.5%
Net Financial Result (*)	**(56,584)**	**(4,103)**	**1279.2%**	**(67,735)**	**750**	**n.m.**
Santa Luiza and Aquidaban Reconciliation	-	(519)	n.m.	-	(514)	n.m.
Net Financial Result	**(56,584)**	**(4,623)**	**1124.0%**	**(67,735)**	**236**	**n.m.**

(*) Excludes the partial consolidation of Santa Luiza Mill and Agropecuária Aquidaban.

São Martinho's Net Financial Result in 2Q09 was a net financial expense of R$ 56.6 million, compared with a financial expense of R$ 4.6 million in 2Q08. The main impacts were: 1) R$ 27.2 million related to foreign exchange variation (with no cash impact) generated by funding operations in foreign currencies through Advances on Export Contracts (ACC) and Prepayment of Exports, which are offset when the export is made; and 2) financial expenses of R$ 29.8 million related to the interest on our gross debt, which totaled R$ 1,070 million in September 2008.

In addition, the item "Copersucar Monetary Restatements" refers exclusively to the monetary restatement with no effect on cash flow of the liabilities related to the contingencies currently involved in legal disputes claimed by Copersucar.

In the first six months, financial income was high, driven by the high volume of financial investments in the period. At the time, we had just concluded our IPO and were beginning our investments in the Boa Vista Mill.

Income Tax and Social Contribution

At the close of 2Q09, the Company booked a loss before income tax and social contribution tax of approximately R$ 62.9 million, which generated a tax credit of R$ 20.5 million. The Company will use these credits to offsets its tax payable in future periods in which it records taxable income.

Net Income (Loss)

São Martinho posted a net loss of R$ 40.4 million in 2Q09, compared to a net loss of R$ 32.1 million in 2Q08. The main factor contributing to the higher loss in the quarter was the net financial expenses of R$ 56.6 million, which are detailed in the section "Net Financial Result".

In the first six months, São Martinho posted a net loss of R$ 66.6 million, due to the combination of 1) the weak sales volume in 1Q09; and 2) the higher financial expenses in 2Q09 impacted by the foreign exchange variation (non-cash) and higher debt.

Obligations with Copersucar

On September 30, 2008, the Company recognized debt of R$ 239 million with Copersucar.

In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book in the line “Obligations - Copersucar” under long-term liabilities all liabilities related to the contingencies currently being resolved judicially. These obligations continue to be secured by sureties in the amount of R$ 140.2 million on a consolidated basis.

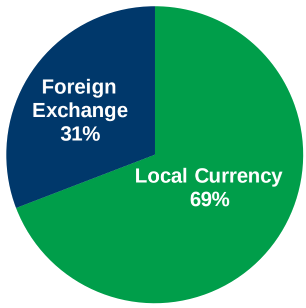
Indebtedness

Debt In R$ Thousand	Sep/08	Sep/07	Chg.%
PESA	78,931	115,817	-31.8%
Rural Credit	111,269	60,179	84.9%
BNDES / FINAME	503,193	290,815	73.0%
Working Capital	94,429	283	33267.1%
ACC	89,123	-	n.m.
PPE	191,956	-	n.m.
Others	960	9,332	-89.7%
Total Gross Debt (Market)	**1,069,861**	**476,426**	124.6%
Other Financial Liabilities - Copersucar			
Copersucar's Financial Debt	-	48,316	n.m.
Total Copersucar's Debt	**-**	**48,316**	n.m.
Gross Debt	**1,069,861**	**524,742**	**103.9%**
Cash and Cash Equivalents	206,306	185,992	10.9%
Net Debt	**863,555**	**338,750**	**154.9%**
Net Debt ex. PESA	**784,624**	**222,933**	**252.0%**

On September 30, 2008, São Martinho’s consolidated gross debt stood at R$ 1,070 million, an increase of 103.9% from September 30, 2007.

On the same date, cash and cash equivalents amounted to R$ 206.3 million, increasing by 10.9% from the balance of R$ 186 million recorded on September 30, 2007. The main reasons for this increase of R$ 561.7 million in net debt (excluding loans restructured under the PESA program) were 1) the investment of R$ 362 million in the Boa Vista Mill in the last 12 months and 2) the investments in working capital of approximately R$ 144 million, especially in our inventories.

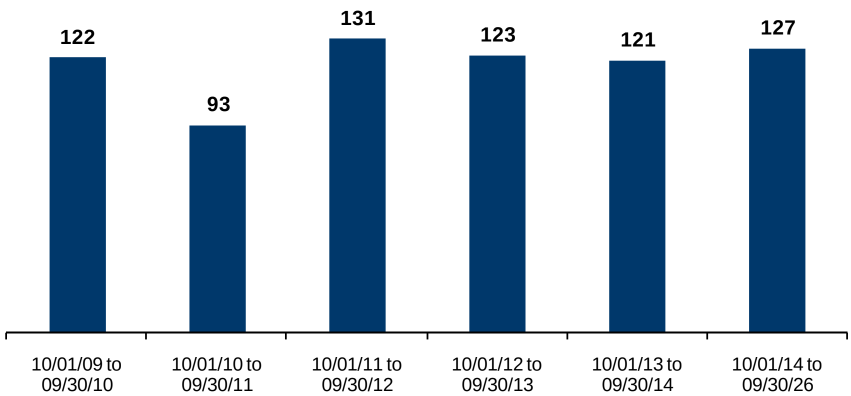
2Q09 Debt Breakdown



In addition, the decline of R$ 36.4 million in the debt item “PESA” was due to compliance with CVM Instruction 11,638/08 and CVM Deliberation 469/08, which mandates the adjustment to present value of all debt not subject to market interest rates. Accordingly, after the adjustments, debt under this line fell by 31.8% in 2Q09 versus 2Q08.

In view of the current scenario of tighter and more expensive credit, in 2Q09 we contracted R$ 330 million in long-term export prepayment financing and in financing through the Finem line of the Brazilian Development Bank (BNDES). We believe our comfortable cash position (R$ 206.3 million) combined with the monetization of our inventories in 2Q09 (approximately R$ 300 million) will be sufficient to service our short-term debt in the event that the scenario of tight credit extends over the next 12 months.

Long Term Debt Repayment Schedule - R$ MM



The above schedule includes all our PESA bank debt.

Capex

In R$ Thousand						
Capex (maintenance)	**2Q09**	**2Q08**	**Chg.%**	**1H09**	**1H08**	**Chg.%**
Sugarcane Planting	17,164	12,506	37.2%	35,222	23,629	49.1%
Industrial / Agricultural	4,498	6,128	-26.6%	20,764	18,172	14.3%
Sub Total	**21,662**	**18,633**	**16.3%**	**55,986**	**41,801**	**33.9%**
Upgrading, Mechanization and Expansion						
Industrial / Agricultural	-	1,162	n.m.	3,374	7,296	-53.8%
Other	1,320	848	55.6%	5,417	863	527.7%
Sub Total	**1,320**	**2,010**	**-34.3%**	**8,791**	**8,159**	**7.8%**
Boa Vista Mill (Greenfield)						
Sugarcane Planting	16,176	15,703	3.0%	37,581	36,118	4.1%
Industrial / Agricultural	48,002	76,670	-37.4%	136,513	120,703	13.1%
Sub Total	**64,178**	**92,373**	**-30.5%**	**174,094**	**156,821**	**11.0%**
Total	**87,160**	**113,016**	**-22.9%**	**238,872**	**206,780**	**15.5%**

In 2Q09, we continued our investments in the Boa Vista Mill, which totaled R$ 64.2 million in the quarter, down 30.5% in relation to 2Q08.

Through March 2009, we expect to invest approximately R$ 100 million at the Boa Vista Mill in the acquisition of industrial and agricultural equipment and in the planting of sugarcane.

Recent Events

Stock Buyback Program: On September 22, 2008, we announced the launch of a stock buyback program involving up to 200,000 shares in the company valid for the next 12 months. The objective of the program is to maximize value creation for our shareholders through the efficient management of the capital structure.

Creation of Allicom: On September 22, 2008, we announced the creation of the "ALLICOM" consortium with the groups São João and Santa Cruz. The principal objective of the consortium is to gain scale in sales in both the domestic and international markets by combining the sugar and ethanol supply capacities of the three groups.

Upcoming Events

2Q09 Earnings Conference Call	
Portuguese	**English**
Date: 11/18/2008	Date: 11/18/2008
Time: 2:00 pm (Brasília) / 11:00 am (US ET)	Time: 3:30 pm (Brasília) / 12:30 pm (US ET)
Tel: +55 (11) 2188-0188	Tel: +1 (412) 858-4600
Code: São Martinho	Code: São Martinho
Replay: +55 (11) 2188-0188	Replay: +1 (412) 317-0088
Code: São Martinho	Code: 424222#
Webcast with Slides: www.saomartinho.ind.br/ri	Webcast with Slides: www.saomartinho.ind.br/ir

Investor Relations Contacts

João Carvalho do Val
Chief Financial and Investor Relations Officer

Felipe Vicchiato
Investor Relations Manager

Alexandre Gorla
Investor Relations Analyst

Tel: 11 2105-4100
E-mail: ri@saomartinho.ind.br
IR Website: www.saomartinho.ind.br/ri

Disclaimer

About São Martinho

São Martinho S.A. is one of the largest sugar and ethanol producers in Brazil. The group has annual crushing capacity of approximately 12.5 million metric tons. São Martinho produces sugar and ethanol at three mills: the Iracema, São Martinho and Boa Vista units. www.saomartinho.ind.br/ri

Income Statement

São Martinho S.A. - Income Statement In R$ Thousand	2Q09 Jul/08 - Sep/08	2Q08 Jul/07 - Sep/07	Chg.%	1H09 Apr/08 a Sep/08	1H08 Apr/07 a Sep/07	Chg.%
Gross Revenue	**217,268**	**195,219**	**11.3%**	**320,678**	**385,024**	**-16.7%**
Deductions from Gross Revenue	(22,955)	(16,148)	42.2%	(34,309)	(31,390)	9.3%
Net Revenue	**194,313**	**179,071**	**8.5%**	**286,369**	**353,634**	**-19.0%**
Cost of Goods Sold (COGS)	(155,202)	(165,392)	-6.2%	(248,594)	(323,818)	-23.2%
Gross Profit	**39,111**	**13,679**	**185.9%**	**37,775**	**29,816**	**26.7%**
Gross Margin (%)	*20.1%*	*7.6%*	12.5 p.p	*13.2%*	*8.4%*	4.8 p.p
Operating Expenses	**(46,970)**	**(57,341)**	**-18.1%**	**(75,776)**	**(95,976)**	**-21.0%**
Sales Expenses	(11,409)	(12,289)	-7.2%	(14,279)	(26,193)	-45.5%
General and Administrative Expenses	(30,939)	(24,596)	25.8%	(53,413)	(47,255)	13.0%
Management Fees	(3,117)	(2,679)	16.3%	(4,912)	(4,582)	7.2%
Other Operating Revenues (Expenses), Net	(1,505)	(17,777)	-91.5%	(3,172)	(17,946)	-82.3%
Operating Profit, before financial effects	**(7,859)**	**(43,662)**	**-82.0%**	**(38,001)**	**(66,160)**	**-42.6%**
Financial Result, Net	**(56,584)**	**(4,623)**	**1124.0%**	**(67,735)**	**236**	**n.m.**
Financial Revenue	5,204	16,377	-68.2%	9,256	42,058	-78.0%
Financial Expenses	(34,574)	(20,623)	67.6%	(51,068)	(41,918)	21.8%
Monetary and Exchange Variation - Assets	6,095	4,651	31.0%	8,046	7,162	12.3%
Monetary and Exchange Variation - Liabilitties	(33,309)	(5,028)	562.5%	(33,969)	(7,066)	380.7%
Operating Result	**(64,443)**	**(48,285)**	**33.5%**	**(105,736)**	**(65,924)**	**60.4%**
Non-operating Result	1,501	100	1401.0%	3,185	518	514.9%
Income (Loss) Before Income and Social Contribution Taxes	**(62,942)**	**(48,185)**	**30.6%**	**(102,551)**	**(65,406)**	**56.8%**
Income Tax and Social Contribution - Current	-	-	n.m.	-	-	n.m.
Income Tax and Social Contribution - Deferred	20,535	16,045	106.2%	33,914	21,674	117.6%
Net income from split assets	-	-	n.m.	-	-	n.m.
Net Income (Loss) Before Minority Interest	**(42,407)**	**(32,140)**	**31.9%**	**(68,637)**	**(43,732)**	**56.9%**
Minority Interest	**2,006**	**-**	**n.m.**	**2,006**	-	**n.m.**
Net Income	**(40,401)**	**(32,140)**	**25.7%**	**(66,631)**	**(43,732)**	**52.4%**
Net Margin (%)	*-20.8%*	*-17.9%*	-2.8 p.p	*-23.3%*	*-12.4%*	-10.9 p.p
Net Income per Share (in R$)	**(0.36)**	**(0.28)**	**25.7%**	**(0.59)**	**(0.39)**	**52.4%**

Balance Statements (Assets)

São Martinho S.A. - Consolidated Balance Sheet - ASSETS In R$ Thousand		
ASSETS	**Sep/08**	**Jun/08**
SHORT-TERM ASSETS		
Cash and Cash Equivalents	84,962	42,228
Short Term Investments	121,344	6,623
Accounts Receivable	48,983	41,876
Derivatives Financial Instruments	21,929	8,326
Inventories	405,112	261,125
Tax receivable	49,937	39,744
Other Assets	12,942	11,436
TOTAL SHORT-TERM ASSETS	**745,209**	**411,358**
LONG-TERM ASSETS		
Related Parties	116	136
Fixed Assets Destined for Sale	26,581	28,875
Deferred Income Tax and Social Contribution	116,615	100,407
Recoverable taxes	24,508	22,948
Other assets	7,764	7,761
Property Plant and Equipment		
Investments	3,547	3,547
Fixed assets	2,384,571	2,394,811
Intangible	36,998	37,891
Deferred	44,936	36,702
TOTAL LONG-TERM ASSETS	**2,645,636**	**2,633,078**
TOTAL ASSETS	**3,390,845**	**3,044,436**

Balance Statements (Liabilities)

São Martinho S.A. - Consolidated Balance Sheet - LIABILITIES		
In R$ Thousand		
LIABILITIES	**Sep/08**	**Jun/08**
SHORT TERM		
Loans and Financing	352,858	353,241
Derivatives Financial Instruments	12,740	5,084
Suppliers	97,386	80,410
Payroll and social contribution	40,334	35,309
Tax payable	9,629	9,152
Related Companies	113	113
Advances to Clients and Other Liabilities	17,276	4,700
TOTAL	**530,336**	**488,009**
LONG TERM LIABILITIES		
Loans and Financing	717,003	389,296
Accounts Payable - Copersucar	238,975	235,610
Tax Installments	9,066	9,088
Deferred Income Tax and Social Contribution	213,156	216,863
Provision for Contingencies	73,736	71,066
Other Liabilities	3,893	4,158
TOTAL	**1,255,829**	**926,081**
MINORITY INTEREST	**22,632**	**7,611**
SHAREHOLDERS' EQUITY		
Capital Stock	360,000	360,000
Capital Reserve	1,141,391	1,152,430
Legal Reserve	5,079	5,079
Capital Budget Reserve	97,656	97,656
Treasury Shares	(286)	-
Accumulated Profit (Losses)	(21,792)	7,570
TOTAL	**1,582,048**	**1,622,735**
TOTAL LIABILITIES	**3,390,845**	**3,044,436**

Cash Flow

São Martinho S.A. - Statement of Cash Flows		
In R$ Thousand	**2Q09**	**1H09**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income in the period	**(40,401)**	**(66,631)**
Adjustments to reconcile net income to the cash generated		
on operating activities:		
Depreciation and amortization	48,759	81,916
Residual cost of fixed assets - write off	13,083	14,076
Financial expenses and exchange variation - related parties, loans and financing and tax payable	63,231	80,245
Provision for contingencies	5,376	9,641
Write-off (provision) for deferred income tax and social contribution	(20,535)	(33,914)
Adjustment to present value	1,213	1,923
Minority interest	(2,006)	(2,006)
(Increase) decrease in operating assets:		
Accounts receivable	(7,107)	45,242
Inventories	(104,520)	(164,395)
Tax receivable	(11,753)	(14,453)
Related parties	20	92
Derivative financial instruments	(13,603)	(21,929)
Other short term assets	(1,506)	2,408
Other non-current assets	(3)	(588)
Increase (decrease) in operating liabilities:		
Suppliers	16,749	41,430
Wages and social contribution	5,025	17,176
Tax payable	432	(752)
Tax installments	(533)	(827)
Related parties	-	(40)
Provision for contingencies	(4,320)	(9,809)
Derivative financial instruments	7,656	12,740
Other short term liabilities	12,576	15,656
Other non-current liabilities	(265)	2,336
Cash flows from operating activities	**(32,432)**	**9,537**
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Investments	-	(3,380)
Fixed Assets and deferred acquisition	(93,540)	(255,082)
Cash flows from investment activities	**(93,540)**	**(258,462)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing - third parties	414,693	624,749
Contracting (payment) of financing - Copersucar	(810)	(76,708)
Payment of financing - third parties	(145,191)	(180,079)
Acquisition of own shares to be held in treasury	(286)	(286)
Minority interest	15,021	15,021
Cash flows from financing activities	**283,427**	**382,697**
INCREASE IN CASH AND CASH EQUIVALENTS BALANCE	**157,455**	**133,772**
CASH AND CASH EQUIVALENTS (includes short-term investments)		
Initial balance	48,851	72,534
Final balance	206,306	206,306
INCREASE IN CASH AND CASH EQUIVALENTS BALANCE	**157,455**	**133,772**
ADDITIONAL INFORMATION		
Interest paid during the quarter	(11,697)	(19,718)
Suppliers paybable related to fixed assets acquisition	5,100	5,100