



Quarterly Information (ITR)  
December 31, 2014  
with Independent Auditor's Review Report on  
Quarterly Information

São Martinho S.A.

**A free translation from Portuguese into English of Independent Auditor's Review Report on individual and consolidated interim accounting information**

**Independent auditor's review report on quarterly information**

The Shareholders, Board of Directors and Officers of

**São Martinho S.A.**

Pradópolis - SP

**Introduction**

We have reviewed the individual and consolidated interim accounting information contained in the Quarterly Information Form (ITR) of São Martinho S.A. for the quarter ended December 31, 2014, which comprise the balance sheet as of December 31, 2014, the related statements of operations and comprehensive income for the three and nine-month periods then ended and changes in shareholders' equity and cash flows for the nine-month period then ended, including explanatory notes.

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

**Scope of review**

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

São Martinho S.A.

### **Conclusion on the individual interim accounting information**

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

### **Conclusion on the consolidated interim accounting information**

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

### **Emphasis of matter**

#### **Real estate transactions**

As described in Note 2.2, from this current year, the Company began to conduct real estate transactions, which have specific accounting practices in Brazil. Therefore, specifically in relation to real estate transactions, the Company adopted International Financial Reporting Standards (IFRS) applicable to real estate companies in Brazil, edited by the Accounting Pronouncements Committee - CPC, approved by the Brazilian Securities and Exchange Commission (CVM) and by the Federal Accounting Council (CFC), which considers OCPC01 and OCPC04 - Application of Technical Interpretation ICPC02 to the Brazilian Real Estate Development Entities, which deals with the revenue recognition and related costs and expenses resulting from real estate transactions during the course of the work (percentage of completion method - POC). Our report on review of interim financial information does not contain qualification in respect of this matter.

#### **Other matters**

#### **Statements of value added**

We also reviewed the individual and consolidated statements of value added for the nine-month period ended December 31, 2014, prepared under the responsibility of Company's management, whose presentation in the interim accounting information is required by the standards issued by the Brazilian

São Martinho S.A.

Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR) and considered supplementary information under IFRS, whereby no statement of value added presentation is required. These statements were submitted to the same review procedures previously described and, based on our review, we are not aware of any fact that would make us believe that they were not prepared, in all material respects, in accordance with the overall individual and consolidated interim accounting information.

**Correspondent financial information**

The accounting correspondent information, related to balance sheets as of March 31, 2014, and to statements of operations, comprehensive income referred to the three and nine-month period ended December 31, 2013 and the changes in equity, cash flow and statements of value added related to the nine-month period ended December 31, 2013, presented for comparison purposes, were audited and reviewed, respectively, by other independent auditors that issued an unqualified audit report and an unqualified review report, in June 16, 2014 and in February 13, 2014 respectively.

Campinas, February 9, 2015.

ERNST & YOUNG

Auditores Independentes S.S.

CRC 2SP015199/O-6

José Antonio de A. Navarrete

Accountant CRC 1SP198698/O-4

## Contents

Balance sheet .....	2
Income statement .....	3
Statement of comprehensive income (loss) .....	5
Statement of changes in equity .....	6
Cash flow statement .....	7
Statement of value added.....	8
1 Operations .....	9
2 Summary of significant accounting practices .....	13
3 Critical accounting estimates and judgments .....	17
4 Financial risk management.....	17
5 Financial instruments by category.....	25
6 Cash and cash equivalents.....	27
7 Trade accounts receivable .....	28
8 Inventories .....	29
9 Taxes recoverable .....	30
10 Transactions with related parties .....	31
11 Other assets .....	35
12 Investments .....	36
13 Biological assets .....	40
14 Property, plant and equipment .....	44
15 Intangible assets .....	47
16 Borrowings.....	48
17 Trade accounts payable .....	51
18 Payables to Copersucar .....	51
19 Tax payments in installments .....	53
20 Other liabilities.....	53
21 Equity .....	54
22 Employee and management benefits plan – Private Pension plan.....	56
23 Profit sharing program.....	56
24 Income and social contribution taxes.....	58
25 Commitments .....	62
26 Provision for contingencies .....	62
27 Derivative financial instruments.....	65
28 Segment information (consolidated).....	71
29 Revenues.....	74
30 Costs and expenses by nature .....	74
31 Other operating income, net.....	76
32 Financial income (expenses).....	78
33 Earnings per share .....	79
34 Insurance coverage.....	80
35 Acquisition and disposal of investment – Amounts payable and receivable.....	81

**Balance sheet**

In thousands of reais

ASSETS	Note	Company		Consolidated		LIABILITIES AND EQUITY PICKUP	Note	Company		Consolidated	
		December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014			December 31, 2014	March 31, 2014		
<b>CURRENT ASSETS</b>						<b>CURRENT LIABILITIES</b>					
Cash and cash equivalents	6	481,515	542,917	532,285	551,359	Borrowings	16	901,591	436,671	905,135	439,644
Trade accounts receivable	7	147,870	59,800	197,359	72,106	Derivative financial instruments	27	89,771	56,398	89,771	56,398
Derivative financial instruments	27	103,611	33,553	103,611	33,553	Trade accounts payable	17	141,920	66,862	131,941	64,429
Inventories	8	623,275	90,319	616,051	99,658	Payables to Copersucar	18	2,040	2,040	2,040	2,040
Taxes recoverable	9	86,249	63,905	86,824	64,367	Salaries and social charges		68,589	58,847	69,085	58,847
Income and social contribution taxes	24	61,281	33,473	61,434	34,237	Taxes payable		8,873	10,583	10,779	11,040
Dividends receivable		-	232	-	232	Income and social contribution taxes	24	-	-	2,615	611
Other assets	11	19,085	7,141	19,086	7,145	Transactions with related parties	10	84,342	-	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>1,522,886</b>	<b>831,340</b>	<b>1,616,650</b>	<b>862,657</b>	Dividends payable		-	32,063	-	32,063
<b>NONCURRENT ASSETS</b>						<b>NONCURRENT LIABILITIES</b>					
Long-term receivables						Advances from customers		2,576	883	1,684	883
Financial investments		465	-	6,796	-	Acquisition of investment	35	18,306	10,725	18,306	10,725
Inventories	8	34,553	25,790	34,553	25,790	Other liabilities	20	20,107	17,289	20,204	17,290
Transactions with related parties	10	1,280	1,926	34	1,925	<b>TOTAL CURRENT LIABILITIES</b>		<b>1,338,115</b>	<b>692,361</b>	<b>1,251,560</b>	<b>693,970</b>
Trade accounts receivable	7	550	1,592	4,967	1,592	<b>NONCURRENT LIABILITIES</b>					
Accounts receivable from Copersucar	18	1,669	1,361	1,669	1,361	Borrowings	16	1,918,469	1,132,312	1,939,215	1,151,177
Taxes recoverable	9	107,202	67,942	107,378	68,201	Payables to Copersucar	18	277,649	206,014	277,649	206,014
Judicial deposits	26	29,106	31,969	30,279	31,969	Tax payments in installments	19	16,659	46,318	16,659	46,318
Other assets	11	518	120	518	120	Deferred income and social contribution taxes:	24	350,093	440,717	905,556	807,880
		175,343	130,700	186,194	130,958	Provision for contingencies	26	50,285	56,649	51,344	56,649
						Acquisition of investment	35	90,343	-	90,343	-
						Other liabilities	20	-	6	484	436
						<b>TOTAL NONCURRENT LIABILITIES</b>		<b>2,703,498</b>	<b>1,882,016</b>	<b>3,281,250</b>	<b>2,268,474</b>
Investments	12	1,837,219	1,371,826	437,067	537,764	<b>EQUITY</b>					
Biological assets	13	840,872	596,309	840,872	596,309	Capital	21	812,992	737,200	812,992	737,200
Property, plant and equipment	14	1,506,991	1,528,097	3,210,477	2,717,791	Equity adjustment		1,041,293	1,116,709	1,041,293	1,116,709
Intangible assets	15	404,987	192,057	488,235	192,917	Income reserve		150,285	230,277	150,285	230,277
		4,590,069	3,688,289	4,976,651	4,044,781	Treasury shares		(8,922)	(11,839)	(8,922)	(11,839)
						Stock options		4,794	3,605	4,794	3,605
<b>TOTAL NONCURRENT ASSETS</b>		<b>4,765,412</b>	<b>3,818,989</b>	<b>5,162,845</b>	<b>4,175,739</b>	Retained earnings		246,243	-	246,243	-
						<b>TOTAL EQUITY</b>		<b>2,246,685</b>	<b>2,075,952</b>	<b>2,246,685</b>	<b>2,075,952</b>
<b>TOTAL ASSETS</b>		<b>6,288,298</b>	<b>4,650,329</b>	<b>6,779,495</b>	<b>5,038,396</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,288,298</b>	<b>4,650,329</b>	<b>6,779,495</b>	<b>5,038,396</b>

See accompanying notes.

**Income statement**

In thousands of reais, except when otherwise indicated

	Note	Company			
		December 31, 2014		December 31, 2013	
		Quarter	(9 months)	Quarter	(9 months)
Revenues	29	429,977	1,080,796	299,353	1,178,215
Cost of products sold	30	(345,031)	(841,505)	(235,747)	(872,042)
Gross profit		<u>84,946</u>	<u>239,291</u>	<u>63,606</u>	<u>306,173</u>
Operating income (expenses)					
Selling expenses	30	(20,635)	(53,096)	(14,812)	(62,208)
General and administrative expenses	30	(41,100)	(95,748)	(25,301)	(86,096)
Equity pick-up	12	68,107	177,958	25,442	43,533
Other operating income, net	31	8,283	77,276	3,048	9,545
		<u>14,655</u>	<u>106,390</u>	<u>(11,623)</u>	<u>(95,226)</u>
Operating income		<u>99,601</u>	<u>345,681</u>	<u>51,983</u>	<u>210,947</u>
Financial income (expenses)	32				
Financial income		19,169	50,227	7,252	19,786
Financial expenses		(68,490)	(150,110)	(27,455)	(80,634)
Monetary and foreign exchange variations, net		(18,443)	(17,682)	6,992	31,407
Derivatives		10,965	19,224	1,024	(2,658)
		<u>(56,799)</u>	<u>(98,341)</u>	<u>(12,187)</u>	<u>(32,099)</u>
Pretax income		42,802	247,340	39,796	178,848
Income and social contribution taxes	24(b)				
Current		1,355	-	12,147	(2,822)
Deferred		9,383	(17,852)	(18,985)	(47,453)
Net income for the period		<u>53,540</u>	<u>229,488</u>	<u>32,958</u>	<u>128,573</u>
Basic earnings per share (R\$)	33	<u>0.4753</u>	<u>2.0406</u>	<u>0.2937</u>	<u>1.1456</u>
Diluted earnings per share (R\$)	33	<u>0.4734</u>	<u>2.0317</u>	<u>0.2931</u>	<u>1.1434</u>

See accompanying notes.

**Income statement**

In thousands of reais, except when otherwise indicated

		<b>Consolidated</b>			
		<b>December 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Note</b>	<b>Quarter</b>	<b>(9 months)</b>	<b>Quarter</b>	<b>(9 months)</b>
Revenues	29	497,116	1,272,832	312,828	1,213,327
Cost of products sold	30	(347,346)	(875,695)	(229,205)	(856,021)
Gross profit		<u>149,770</u>	<u>397,137</u>	<u>83,623</u>	<u>357,306</u>
Operating income (expenses)					
Selling expenses	30	(21,470)	(58,797)	(14,812)	(62,208)
General and administrative expenses	30	(43,164)	(103,411)	(25,469)	(86,573)
Equity pickup		10,160	39,454	5,901	(11,302)
Other operating income, net	31	8,895	86,572	3,049	10,130
		<u>(45,579)</u>	<u>(36,182)</u>	<u>(31,331)</u>	<u>(149,953)</u>
Operating income		<u>104,191</u>	<u>360,955</u>	<u>52,292</u>	<u>207,353</u>
Financial income (expenses)	32				
Financial income		22,689	59,402	8,422	22,924
Financial expenses		(69,641)	(161,387)	(27,785)	(81,303)
Monetary and foreign exchange variations, net		(21,104)	(21,983)	6,991	31,406
Derivatives		8,898	15,758	1,024	(2,658)
		<u>(59,158)</u>	<u>(108,210)</u>	<u>(11,348)</u>	<u>(29,631)</u>
Pretax income		45,033	252,745	40,944	177,722
Income and social contribution taxes	24(b)				
Current		(2,379)	(6,679)	11,472	(5,547)
Deferred		11,855	(14,319)	(19,458)	(43,602)
Net income for the period		<u>54,509</u>	<u>231,747</u>	<u>32,958</u>	<u>128,573</u>
Attributable to:					
Controlling shareholders		53,540	229,488		
Noncontrolling shareholders		969	2,259		
		<u>54,509</u>	<u>231,747</u>		
Basic earnings per share (R\$)	33	<u>0.4753</u>	<u>2.0406</u>		
Diluted earnings per share (R\$)	33	<u>0.4734</u>	<u>2.0317</u>		

See accompanying notes.



**Statement of comprehensive income**

In thousands of reais

Company	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Net income for the period	53,540	229,488	32,958	128,573
Items that shall be subsequently reclassified to profit or loss				
Derivative financial instruments				
Commodity derivatives - Futures, options and forwards	47,346	94,443	6,490	(43,304)
Foreign exchange derivatives - Options/ NDFs	(29,715)	(40,736)	(12,203)	(47,494)
Foreign exchange variations on borrowings - ACCs/PPEs	(75,651)	(100,704)	(33,508)	(103,599)
Swap contracts	155	1,045	48	1,343
Deferred taxes on the above items	19,674	15,624	13,319	65,639
Equity in the comprehensive income (loss) of jointly controlled subsidiaries	(9,157)	(28,874)	(4,564)	(12,200)
	(47,348)	(59,202)	(30,418)	(139,615)
Comprehensive income (loss) for the period	6,192	170,286	2,540	(11,042)

Consolidated	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Net income for the period	54,509	231,747	32,958	128,573
Items that shall be subsequently reclassified to profit or loss				
Derivative financial instruments				
Commodity derivatives - Futures, options and forwards	47,346	94,443	6,490	(43,304)
Foreign exchange derivatives - Options/ NDFs	(29,715)	(40,736)	(12,203)	(47,494)
Foreign exchange variations on borrowings - ACC/PPE	(75,651)	(100,704)	(33,508)	(103,599)
Swap contracts	155	1,045	48	1,343
Deferred taxes on the above items	19,674	15,624	13,319	65,639
Equity in the comprehensive income (loss) of jointly controlled subsidiaries	(9,157)	(28,874)	(4,564)	(12,200)
	(47,348)	(59,202)	(30,418)	(139,615)
Comprehensive income (loss) for the period	7,161	172,545	2,540	(11,042)

See accompanying notes.

**Statement of changes in equity**

All amounts in thousands of reais

Note	Capital	Equity adjustments						Legal	Income reserves		Treasury shares	Stock options granted	Retained earnings	Total
		Deemed cost		Hedge accounting		Capital investment	Additional dividends							
		Own	Of investees	Own	Of investees									
At March 31, 2013	614,150	577,818	671,432	16,619	-	25,177	194,705	12,674	(13,811)	1,853	-	2,100,617		
Capital increase with reserves	123,050	-	-	-	-	-	(123,050)	-	-	-	-	-		
Realization of deemed cost increment	-	(17,565)	(8,898)	-	-	-	-	-	-	-	26,463	-		
Payment of capital via assets in Vale do Mogi	-	(43,899)	43,899	-	-	-	-	-	-	-	-	-		
Loss on derivative transactions - hedge accounting	-	-	-	(127,415)	(12,200)	-	-	-	-	-	-	(139,615)		
Stock options granted	-	-	-	-	-	-	-	-	-	1,587	-	1,587		
Stock options exercised	-	-	-	-	-	-	-	-	627	(172)	218	673		
Additional dividends for prior years, paid	-	-	-	-	-	-	-	(12,674)	-	-	-	(12,674)		
Net income for the period	-	-	-	-	-	-	-	-	-	-	128,573	128,573		
At December 31, 2013	21	737,200	516,354	706,433	(110,796)	(12,200)	25,177	71,655	-	(13,184)	3,268	155,254	2,079,161	
At March 31, 2014		737,200	513,013	703,701	(91,814)	(8,191)	31,927	190,008	8,342	(11,839)	3,605	-	2,075,952	
Capital increase with reserves		71,650	-	-	-	-	-	(71,650)	-	-	-	-	-	
Capital increase through new share issue		4,142	-	-	-	-	-	-	-	-	-	-	4,142	
Realization of deemed cost increment		-	(12,007)	(4,207)	-	-	-	-	-	-	16,214	-	-	
Payment of capital via assets in Vale do Mogi		-	(302,576)	302,576	-	-	-	-	-	-	-	-	-	
Gain on derivative transactions - hedge accounting		-	-	-	(30,328)	(28,874)	-	-	-	-	-	-	(59,202)	
Stock options granted		-	-	-	-	-	-	-	-	2,130	-	-	2,130	
Stock options exercised		-	-	-	-	-	-	-	2,917	(941)	1,123	3,099		
Additional dividends for prior years, paid		-	-	-	-	-	-	(8,342)	-	-	-	(8,342)		
Other		-	-	-	-	-	-	-	-	-	(582)	(582)		
Net income for the period		-	-	-	-	-	-	-	-	-	229,488	229,488		
At December 31, 2014	21	812,992	198,430	1,002,070	(122,142)	(37,065)	31,927	118,358	-	(8,922)	4,794	246,243	2,246,685	

See accompanying notes.

**Statement of cash flows**  
**Nine-month periods ended December 31**  
 In thousands of reais

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<b>Cash flows from operating activities</b>				
Net income for the period	229,488	128,573	229,488	128,573
Adjustments				
Depreciation and amortization	106,419	97,199	117,057	98,260
Harvested biological assets (depletion)	183,090	153,403	193,325	153,403
Change in fair value of biological assets	(865)	(47)	2,602	(47)
Amortization of intangible assets	3,304	-	6,748	-
Equity pickup	(177,958)	(43,533)	(39,454)	11,302
Capital gain on investment	-	-	(7,055)	-
(Gain) loss on investment and property, plant and equipment disposals	302	1,948	(6,879)	(2,234)
Interest, monetary and foreign exchange variations, net	132,355	58,803	158,120	59,463
Derivative financial instruments	56,196	33,320	57,055	33,320
Setting up of provision for contingencies, net	7,168	13,394	8,943	13,394
Deferred income and social contribution taxes	17,852	47,453	14,319	43,602
Present value adjustment and others	4,938	12,277	4,938	11,310
Gains (losses) from sale of investment	(79,717)	-	(79,717)	-
	<u>482,572</u>	<u>502,790</u>	<u>659,490</u>	<u>550,346</u>
<b>Changes in assets and liabilities</b>				
Trade accounts receivable	(82,464)	(59,731)	(109,093)	(64,253)
Inventories	(183,435)	(176,737)	(237,220)	(169,262)
Taxes recoverable	(46,251)	(39,643)	(51,327)	(39,956)
Short-term investments	-	-	(1,128)	-
Other assets	4,454	7,044	10,495	7,044
Trade accounts payable	18,433	83,622	26,824	73,935
Salaries and social charges	(14,461)	8,452	(13,342)	8,452
Taxes recoverable	5,489	1,138	11,027	5,111
Payables to Copersucar	14,299	(5,644)	14,569	(5,644)
Tax installments	(29,759)	(3,990)	(29,759)	(3,990)
Provision for contingencies - settlements	(25,158)	(22,510)	(25,649)	(22,510)
Other liabilities	(1,764)	5,458	(9,413)	5,173
Cash from operations	141,955	300,249	245,474	344,446
Payment of interest on borrowings	(82,357)	(51,286)	(95,778)	(52,451)
Income and social contribution taxes paid	-	-	(3,424)	(2,151)
Net cash from operating activities	<u>59,598</u>	<u>248,963</u>	<u>146,272</u>	<u>289,844</u>
<b>Cash flows from investing activities</b>				
In investments	(53,807)	(66,398)	(51,953)	(66,398)
Gain from change in shareholding interest	-	-	44,860	-
Additions to PP&E and intangible assets	(134,824)	(145,242)	(146,300)	(146,022)
Additions to biological assets (planting and treatment)	(222,978)	(167,068)	(259,740)	(167,068)
Proceeds from sale of PP&E	1,984	5,232	8,436	11,553
Proceeds from sale of biological assets and rights	-	47,500	-	47,500
Cash and cash equivalents of merged subsidiary	228,422	1	-	1
Future capital contribution	(301,245)	(1,414)	-	(1,414)
Dividends received	79,662	37,614	3,127	1,330
Net cash used in investing activities	<u>(402,786)</u>	<u>(289,775)</u>	<u>(401,570)</u>	<u>(320,518)</u>
<b>Cash flows from financing activities</b>				
Borrowings raised - third parties	921,765	206,273	930,098	207,109
Amortization of borrowings - third parties	(602,672)	(233,630)	(656,142)	(235,516)
Changes in interest held by noncontrolling shareholders	-	-	2,259	-
Sale of treasury shares	3,098	672	3,098	672
Payment of dividends	(40,405)	(30,000)	(43,089)	(30,000)
Net cash provided by (used in) financing activities	<u>281,786</u>	<u>(56,685)</u>	<u>236,224</u>	<u>(57,735)</u>
Increase (decrease) in cash and cash equivalents	(61,402)	(97,497)	(19,074)	(88,409)
Cash and cash equivalents at the beginning of the period	542,917	479,631	551,359	531,142
Cash and cash equivalents at the end of the period	<u>481,515</u>	<u>382,134</u>	<u>532,285</u>	<u>442,733</u>

See accompanying notes.

**Statement of value added**  
**Nine-month periods ended December 31**

In thousands of reais

	Company		Consolidated	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<b>Revenues</b>				
Gross sales of goods and products	1,111,239	1,208,558	1,303,511	1,248,147
Revenue from the construction of own assets	259,527	104,889	293,963	105,224
Other revenue	90,976	14,899	91,945	15,502
	<u>1,461,742</u>	<u>1,328,346</u>	<u>1,689,419</u>	<u>1,368,873</u>
<b>Inputs acquired from third parties</b>				
Cost of products and goods sold	(406,304)	(471,902)	(389,169)	(454,390)
Materials, electricity, outsourced services and others	(289,438)	(211,944)	(342,523)	(217,879)
	<u>(695,742)</u>	<u>(683,846)</u>	<u>(731,692)</u>	<u>(672,269)</u>
<b>Gross value added</b>	766,000	644,500	957,727	696,604
Depreciation and amortization	(106,419)	(97,199)	(117,057)	(98,260)
Harvested biological assets (depletion)	(183,090)	(153,403)	(193,325)	(153,403)
<b>Net value added generated by the entity</b>	476,491	393,898	647,345	444,941
<b>Value added received through transfer</b>				
Equity pickup	177,958	43,533	39,454	(11,302)
Financial income	198,633	178,452	221,260	181,588
Other	(13,538)	(4,584)	(5,135)	(4,584)
<b>Total value added to distribute</b>	<u>839,544</u>	<u>611,299</u>	<u>902,924</u>	<u>610,643</u>
<b>Distribution of value added</b>				
<b>Personnel and payroll charges</b>				
Direct compensation	188,840	141,599	202,339	141,599
Benefits	47,904	32,808	53,605	32,808
Unemployment Compensation Fund (FGTS)	15,562	10,648	16,789	10,648
Management fees	10,164	9,126	10,832	9,126
<b>Taxes charges and contributions</b>				
Federal	41,904	72,567	51,674	73,400
State	369	62	373	62
Municipal	475	270	476	270
<b>Creditors</b>				
Interest	122,560	73,522	131,515	74,518
Rent	6,428	3,631	3,788	1,141
Foreign exchange variations	90,680	72,847	107,844	72,848
Other	85,170	65,646	91,942	65,650
<b>Dividends</b>				
Profits retained for the period	229,488	128,573	229,488	128,573
	-	-	2,259	-
<b>Value added distributed</b>	<u>839,544</u>	<u>611,299</u>	<u>902,924</u>	<u>610,643</u>

See accompanying notes.



## Notes to quarterly information at December 31, 2014

In thousands of reais, unless otherwise stated

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### 1 Operations

#### 1.1 General information

São Martinho S.A. (the "Company"), its subsidiaries and jointly controlled subsidiaries (together, the "Group") are primarily engaged in planting sugar cane and producing and selling sugar, ethanol and other sugar cane products; cogenerating electricity; development of real estate ventures; agricultural production; import and export of goods, products and raw materials, and investment in other companies.

Approximately 60% of the sugar cane used in the production of the goods derives from the Company's own plantations, from shareholders, related companies and agricultural partnerships, and the remaining 40% from third-party suppliers.

Sugar cane requires an 18-month period for maturing and the beginning of the harvest. The harvest generally takes place between April and December, which is also the period when sugar and ethanol are produced and electricity is cogenerated.

In the sugar alcohol industry, business is subject to seasonal trends based on the sugarcane growing cycle in the South and Central region of Brazil. The annual sugarcane crop period in the South and Central region of Brazil typically begins in April and ends in December. This creates fluctuations in the Company's inventories. Raw material supply can suffer from the impact of adverse climate conditions.

The Company is a listed corporation - headquartered in Pradópolis, State of São Paulo, and registered with the São Paulo Futures, Commodities and Securities Exchange - BM&FBovespa S.A. ("BM&FBovespa") in the Novo Mercado (New Market) category. It is a subsidiary of the holding company LJM Participações S.A. ("LJM"), which has a controlling interest of 55.96% in its voting capital. In turn, the owners of LJM are the family holding companies: Luiz Ometto Participações S.A., João Ometto Participações S.A. and Nelson Ometto Participações Ltda.

The issue of these financial statements was approved by the Company's Board of Directors on February 9, 2015.



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

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**1.2 Acquisition and merger of Santa Cruz S.A. Açúcar e Álcool (“SC”)**

The Board of Directors’ meeting held on February 17, 2014 approved the acquisition of a further 3.90% interest in the capital of SC, increasing the Company’s investment in the equity of SC from 32.19% to 36.09%. The amount of the consideration is R\$ 15,345, which will be paid in three annual installments of R\$ 5,115. The completion of this operation occurred on April 1, 2014, with the payment of the first installment and transfer of shares.

In addition, on August 8, 2014, the Company acquired further 56.05% of the capital of SC, for R\$ 315,862, thereby holding an investment of 92.14% in SC. As from that date, the Company began to fully consolidate SC.

The transactions described above were approved by the Brazilian antitrust enforcement agency (CADE) on July 23, 2014.

Management contracted independent experts to measure fair value of the identifiable assets acquired, the liabilities and the contingent liabilities assumed, in addition to the determination of the purchase pricing allocation (PPA). The independent expert work is ongoing and as at December 31, 2014, and the Balance Sheet and Net Income for the Period include the preliminary calculation effects.

The following table shows the assets acquired and the liabilities assumed as well as the preliminary PPA determination referring to the acquisition of the 59.95% interest:



## Notes to quarterly information at

**December 31, 2014**

In thousands of reais, unless otherwise stated

	Fair value
Total consideration	<u>331,207</u>
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	26,794
Trade accounts receivable	12,018
Inventories	99,000
Taxes recoverable	14,716
Other assets	8,792
Investments	46,933
Biological assets	151,707
Property, plant and equipment	315,755
Intangible assets	87,068
Borrowings	(445,553)
Trade accounts payable	(34,012)
Derivative financial instruments	(3,292)
Payables to Copersucar	(29,484)
Deferred income and social contribution taxes	(73,844)
Other liabilities	<u>(33,915)</u>
Total assets and liabilities of the investee (59.95%)	<u>142,683</u>
( = ) Goodwill - future profitability	<u><u>188,524</u></u>

Costs related to the transaction are represented by commissions, legal and intermediary fees and totaled R\$ 7,794, recorded in income for the period ended December 31, 2014.

Subsequently, the Special General Meeting held on October 31, 2014, approved the merger of SC into the Company, based on the book value valuation report as of June 30, 2014.

The Merger is justified to the extent that SC's assets combined with those of the Company, under a single corporate structure will allow more efficient use of its assets and operations in order to concentrate at the Company, all activities undertaken by SC. This procedure will allow for unification of the administration and activities of the two companies, creating greater efficiency, synergy and rationalization of administrative and financial costs. It shall further strengthen the competitive position of the Group, reducing risk for shareholders and allowing the generation of long-term value.



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

The acquisition of equity in SC and its merger into the Company have a significant effect on comparability of the current period results with those of the prior period.

The Company merged the net assets of SC, based on book values as at October 31, 2014:

Assets	Merged net assets	Liabilities	Merged net liabilities
Current assets		Current liabilities	
Cash and cash equivalents	228,422	Borrowings	463,602
Trade accounts receivable	9,428	Financial derivative instruments	8,040
Derivative financial instruments	1,556	Trade accounts payable	70,500
Inventories	236,542	Salaries and social charges	24,203
Taxes recoverable	16,378	Transactions with related parties	24,030
Income and social contribution taxes	14,131	Taxes payable	904
Other current assets	4,878	Advances from customers	2,272
	511,335	Other current liabilities	4,207
Noncurrent assets			597,758
Long-term receivables		Noncurrent liabilities	
Financial investments	465	Long-term liabilities	
Inventories	2,195	Borrowings	290,528
Accounts receivable - Copersucar	308	Payables to Copersucar	50,125
Transactions with related parties	34	Transactions with related parties	300,000
Judicial deposits	1,651	Deferred taxes	17,720
Taxes recoverable	7,741	Provision for contingencies	5,811
Other noncurrent assets	397		
	12,791		664,184
Investments	101,733	<b>Total liabilities</b>	1,261,942
Biological assets	270,607		
Property, plant and equipment	381,083	<b>Total merged net liabilities</b>	45,276
Intangible assets	29,669		
	783,092		
<b>Total assets</b>	1,307,218		

For the merger of SC, the Company's capital was increased by R\$ 4,142 through issue of 329,207 shares, which were 100% attributed to noncontrolling shareholders of SC, according to their respective equity interests therein.





## **Notes to quarterly information at December 31, 2014**

In thousands of reais, unless otherwise stated

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### **2 Summary of significant accounting practices**

#### **2.1 Basis for preparation**

The interim financial information included in this quarterly information was prepared in accordance with Accounting Pronouncement CPC 21 (R1) - Interim Financial Reporting (individual and consolidated), from the Brazilian FASB (CPC), and with the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), consolidated, and is presented in accordance with the standards issued by the Brazilian SEC (CVM) applicable to the preparation of Quarterly Information.

Specifically, the consolidated quarterly information also include companies with real estate operations, the accounting practices of which are in accordance with International Financial Reporting Standards (IFRS) applicable to real estate development entities including Guidance OCPC 4 – Application of Technical Interpretation ICPC 2, for Brazilian real estate entities with regard to the recognition of revenue in the sector and involves issues relating to the meaning and application of the continuous transfer of risk and benefits of real estate units.

With the exception of real estate transactions this interim financial information was prepared in accordance with the principles, practices and criteria adopted in the preparation of the annual financial statements at March 31, 2014. Accordingly, this quarterly information should be read together with the aforementioned financial statements, which were approved by the Board of Directors on June 16, 2014 and filed with the CVM on the same date, and also approved at the Annual and Special General Meetings held on July 31, 2014.

Non-financial data included in this quarterly information were not reviewed by our independent auditors.

**Notes to quarterly information at****December 31, 2014**In thousands of reais, unless otherwise stated

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**2.2 Sale of land and plots**

In addition, as from this crop the Company began to record revenue from real estate development (land):

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

- The percentage of cost incurred (including land) in relation to its total budgeted cost is calculated. This percentage is applied on revenue from sold units and plots, adjusted in accordance with contractual sale conditions, which determines the revenue amount to be recognized as directly proportional to costs.
- The sales revenue recognized that is higher than that effectively received from customers is recorded in current or noncurrent assets.
- The amounts received in relation to the sale of plots that are higher than the amounts recognized in revenue are recorded under the heading "Advances from customers".

In credit sales of land with completed infrastructure projects, revenue is recognized when the sale is made, regardless of the receipt of the contractual amount, with revenues measured at the fair value of the consideration received and receivable. The Company takes into consideration the Present Value Adjustment to the amounts receivable recorded.

**2.3 Consolidation****(a) Subsidiaries**

The consolidated interim financial information includes the interim financial information of the Company and its subsidiaries. From August through October 2014, the Company began to fully consolidate Santa Cruz S.A. Açúcar e Álcool ("SC") given its acquisition of a 56.05% interest, increasing its investment in SC from 36.09% to 92.14%, in accordance with the Material Fact disclosed on August 8, 2014. The details of the transaction are described in Note 1.2.



## Notes to quarterly information at December 31, 2014

In thousands of reais, unless otherwise stated

The transaction has a significant effect on comparability of the current period results with those of the prior period.

Accordingly, the consolidated balances include the following subsidiaries:

Company	Interest	Main activities
Vale do Mogi Empreendimentos Imobiliários S.A. ("Vale do Mogi")	100%	Development of land through tenancy, agricultural partnerships, leasing and sale of properties.
São Martinho Energia S.A. ("SME")	100%	Cogeneration of electricity.
Vale do Piracicaba S.A. ("Vale do Piracicaba")	100%	Purchase and sale of properties, real estate development ventures and holding interest in other entities.
Companhia Bioenergética Santa Cruz 1 ("Bio")	100%	Cogeneration of electricity.
SPE - Residencial Recanto das Paineiras Empreendimentos Imobiliários Ltda. ("Paineiras") - a Vale do Mogi subsidiary	100% (direct interest 0.01% and indirect interest 99.99%)	Real estate development and projects.
SPE - Park Empresarial Iracemápolis Ltda. ("Park") - a Vale do Mogi subsidiary	100% (direct interest 0.01% and indirect interest 99.99%)	Real estate development and projects.
SPE - Residencial Limeira Ltda. ("Limeira") - a Vale do Mogi subsidiary	100% (direct interest 0.01% and indirect interest 99.99%)	Real estate development and projects.

### (b) Jointly controlled subsidiaries and associates

These investments are recorded under the equity pickup method.

The Company holds investments in the following jointly controlled entities:

**Notes to quarterly information at**
**December 31, 2014**

 In thousands of reais, unless otherwise stated
 

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Company	Interest	Main activities
<b>Jointly controlled subsidiaries - Direct:</b>		
Nova Fronteira Bioenergia S.A. ("NF")	50.95%	Holding interests in other entities.
SMA Indústria Química S.A. ("SMA")	50%	Production of renewable high performance chemical products
Usina Santa Luiza S.A. ("USL")	66.67%	Storage services
<b>Jointly controlled subsidiaries - Indirect:</b>		
Usina Boa Vista S.A. ("UBV") - a subsidiary of NF	50.95%	Agribusiness activities: industrial processing of sugar cane (own and third party production), manufacture of ethanol and its derivatives, cogeneration of electricity and agriculture.
SMBJ Agroindustrial S.A. ("SMBJ") - a subsidiary of NF	50.95%	Agriculture.

## 2.4 Amendments to existing standards not yet effective

The following amendments to existing standards were issued by IASB, but are not effective for the current year:

- IAS 41 - Agriculture (equivalent to CPC 29 – Biological Assets and Agricultural Produce) – This standard currently requires that biological assets related to agricultural activities be measured at fair value less costs to sell. In revising this standard, the IASB decided that bearer plants (biological asset to bear produce) should be accounted for as Property, Plant & Equipment (IAS 16/CPC 27), that is, at cost less depreciation or impairment. Bearer plants are defined as those used to bear produce for several years, but the plant itself, after maturity, does not suffer significant transformation. Its only future economic benefit comes from the agricultural produce that it generates. Sugar cane roots ("stubble") fall under the definition of Bearer Plants which are measured at cost less depreciation or impairment. Standing cane is a biological asset and remains within the scope of CPC 29 and IAS 41, measured at fair value. Management is evaluating the impacts of IAS 41 adoption. This revision is effective from January 1, 2016.
- IFRS 15 – Revenue from contracts with customers – This new standard introduces the principles that an entity must apply to measure revenue and when it is recognized. It is effective in 2017 and supersedes IAS 11 – Construction Contracts, (equivalent to CPC 17 - Construction Contracts) IAS 18 – Revenue and corresponding interpretations (CPC 30 - Revenue). Management is evaluating the impacts of its adoption.
- IFRS 9 – Financial instruments – This new standard addresses the classification, measurement and recognition of financial assets and liabilities. IFRS 9 aims, ultimately, to replace IAS 39 – Financial instruments: Recognition and measurement (CPC 38 – Financial Instruments:

**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

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Recognition and Measurement). This standard enters into force as from 2015 but is being reviewed as from its issue date. Management has not yet concluded its evaluation of the impacts of its adoption.

- CPC Revision of Accounting Pronouncements No. 07 – On December 23, 2014, the Brazilian securities regulator issued its CVM Rule No. 733/2014, thereby approving the Document for Revision of Accounting Pronouncements No 07. This document sets forth amendments to CPC 35 – Separate Financial Statements, as a result of changes to IAS 27 approved by the International Accounting Standards (IASB) in August 2014, with consequent amendments to CPC 37 and CPC 18. The objective of the Revision is to allow entities to use the equity method to account for their investments in subsidiaries, which, in practice, brings the IASB standard in line with accounting pronouncements adopted in Brazil. These amendments are effective for annual periods ended on or after December 31, 2014.

The equivalents of these revisions and new standards have not been issued by the Brazilian FASB (CPC) as accounting practices adopted in Brazil, including the approval process by the appropriate regulators.

**3 Critical accounting estimates and judgments**

The Company represents that the information on critical accounting estimates and judgments described in Note 3.1 to the financial statements for the year ended March 31, 2014 remain valid for this Quarterly Information - ITR.

**4 Financial risk management**

There are no differences between the current financial risk factors and risk management policy and those described in Note 4 to the financial statements for the year ended March 31, 2014.

**Notes to quarterly information at  
December 31, 2014**

 In thousands of reais, unless otherwise stated
 

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**4.1 Assets and liabilities subject to foreign exchange variations**

The table below summarizes foreign currency-denominated assets and liabilities (in US dollars - US\$), recorded in the consolidated balance sheet at December 31, 2014:

Consolidated	R\$	Thousands of US\$ equivalent
Current assets		
Cash and cash equivalents (banks - cash deposits)	71,160	26,790
Trade accounts receivable	93,901	35,352
Derivative financial instruments	103,611	39,007
Total assets	268,672	101,149
Liabilities		
Current:		
Borrowings	413,253	155,616
Derivative financial instruments	89,771	33,804
Noncurrent:		
Borrowings	935,767	352,375
Total liabilities	1,438,791	541,795
Subtotal assets (liabilities)	(1,170,119)	(440,646)
( - ) Export-linked financing - ACCs and PPEs (*)	1,264,593	476,199
Net asset exposure	94,474	35,553

These assets and liabilities were adjusted and recorded in the interim financial information at December 31, 2014, at the exchange rate in effect on that date, of R\$ 2.6562 per US\$ 1.00 for assets and R\$ 2.6556 per US\$ 1.00 for liabilities.

(\*) Borrowings in foreign currency refers mainly to loans in the format of Advances on Foreign Exchange Contracts (ACCs), Export Credit Notes (NCEs) and e Pre-Export Financing (PPEs), which are linked to product exports. As the above agreements will be settled through product exports, management understands that these transactions represent a natural hedge and therefore, the foreign exchange variations will only have temporary



## Notes to quarterly information at December 31, 2014

In thousands of reais, unless otherwise stated

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accounting effects on the financial statements, without a corresponding effect on cash flows.

### 4.2 Commodity price volatility risk

The Group is exposed to the risk of changes in the commodity prices of manufactured goods such as sugar and ethanol.

At December 31, 2014, the prices of 62,640 tons of sugar had been fixed with commercial partners for future delivery as from January 2015, priced at an average of 16.14 ¢/lb (U.S. dollar cents per pound weight).

### 4.3 Liquidity risk

Cash flow forecasting is performed for the Group and aggregated by the Finance Department. This department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operating needs.

Surplus cash held by the operating entities over and above the amount required for working capital management is invested in interest-earning current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margins as determined by the cash flow forecasts.

At December 31, 2014, the Group had financial investments consisting mainly of repurchase agreements backed by government securities, and fixed-income funds, indexed to the Interbank Deposit Certificate (CDI) interest rate, with high liquidity and active trading in the market, that are expected to readily generate cash inflows for managing liquidity risk.

**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

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

<b>Company</b>	<b>Within one year</b>	<b>Between one and two years</b>	<b>Between two and five years</b>	<b>Over five years</b>	<b>Total</b>
<b>At December 31, 2014</b>					
Borrowings	901,591	347,423	1,314,387	256,659	2,820,060
Derivative financial instruments	89,771	-	-	-	89,771
Trade accounts payable	141,920	-	-	-	141,920
Acquisition of investment	18,306	16,973	34,860	38,510	108,649
Other liabilities	20,107	-	-	-	20,107
	<u>1,171,695</u>	<u>364,396</u>	<u>1,349,247</u>	<u>295,169</u>	<u>3,180,507</u>
<b>At March 31, 2014</b>					
Borrowings	436,671	376,562	626,557	129,193	1,568,983
Derivative financial instruments	56,398	-	-	-	56,398
Trade accounts payable	66,862	-	-	-	66,862
Acquisition of investment	10,725	-	-	-	10,725
Other liabilities	17,289	6	-	-	17,295
	<u>587,945</u>	<u>376,568</u>	<u>626,557</u>	<u>129,193</u>	<u>1,720,263</u>
<b>Consolidated</b>					
<b>At December 31, 2014</b>					
Borrowings	905,135	350,902	1,324,824	263,489	2,844,350
Derivative financial instruments	89,771	-	-	-	89,771
Trade accounts payable	131,941	-	-	-	131,941
Acquisition of investment	18,306	16,973	34,860	38,510	108,649
Other liabilities	20,204	484	-	-	20,688
	<u>1,165,357</u>	<u>368,359</u>	<u>1,359,684</u>	<u>301,999</u>	<u>3,195,399</u>
<b>At March 31, 2014</b>					
Borrowings	439,644	379,505	635,387	136,285	1,590,821
Derivative financial instruments	56,398	-	-	-	56,398
Trade accounts payable	64,429	-	-	-	64,429
Acquisition of interest	10,725	-	-	-	10,725
Other liabilities	17,290	436	-	-	17,726
	<u>588,486</u>	<u>379,941</u>	<u>635,387</u>	<u>136,285</u>	<u>1,740,099</u>



**Notes to quarterly information at  
December 31, 2014**

 In thousands of reais, unless otherwise stated
 

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**4.4 Sensitivity analysis**

In accordance with CVM Ruling 475, the sensitivity analysis below has been prepared by the Company showing the effects of changes in the fair values of financial instruments which are not designated for hedge accounting. This analysis relates to the pricing and hedging of foreign currency exchange risks and other financial assets and liabilities at December 31, 2014, and considers management expectations with respect to risk exposure and the future scenario projected. For this reason, the analysis has not been examined by the independent auditors.

Consolidated	Probable scenarios		Possible scenarios	
	Average rate/price	Impact on recorded P&L and cash flows	Variation of 25%	Variation of 50%
Variation in foreign currency	5%	75	374	748
Variation in the price of goods sold	5%	71	357	714
Variation in the interest curve	10 bps	334	357	380

**Sensitivity analysis of foreign exchange variations:** the Company is exposed to variations between the Brazilian real and the US dollar. The sensitivity analysis carried out by the Company considers the effects of an increase or decrease of 25% and 50% between the parity Real/US dollar on its financial instruments. In this analysis, there would be a positive or negative impact arising from the foreign exchange variation of R\$ 374 and R\$ 748 for the stresses of 25% and 50%, respectively, on commodity futures and options (Ice Futures U.S. – Sugar #11) traded on exchanges and currency negotiated in over-the-counter (OTC) markets.

**Sensitivity analysis of variations in the prices of commodities:** the Company is exposed to variations in the price of sugar negotiated through futures contracts and options in the North-American ICE Futures US. Also used as index for forward contracts and flexible commodity options in the over-the-counter market, the sensitivity analysis carried out by the Company considers the effects of an increase or decrease of 25% and 50% in the commodity price on its derivative financial instruments. In this analysis, there would be an impact arising from the variation of price of R\$ 357 and R\$ 714 for stresses of 25% and 50%, respectively.

**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

**Sensitivity analysis of variations in interest curves:** the Company has swap contracts. The exposure to rates refers exclusively to variations in the CDI curve. The sensitivity analysis carried out by the Company considers the effects of an increase or decrease of 25bps and 50bps (basis points) in the pricing curve of the derivative instruments. In this analysis, there would be an impact arising from the variation of the curve of R\$ 357 and R\$ 380 for stresses of 25bps and 50bps, respectively.

#### 4.5 Capital management

The gearing ratios at December 31 and March 31, 2014 were as follows:

Consolidated	December 31, 2014	March 31, 2014
Third party capital		
Borrowings (Note 16)	2,844,350	1,590,821
(-) Cash and cash equivalents (Note 6)	(532,285)	(551,359)
	2,312,065	1,039,462
Own capital		
Equity	2,246,685	2,075,952
	4,558,750	3,115,414
Total capital		
Gearing ratio - %	51%	33%

The growth in the gearing ratio is explained by the merger of SC.

#### 4.6 Fair value measurement

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



## Notes to quarterly information at

**December 31, 2014**

In thousands of reais, unless otherwise stated

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

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

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

The Group evaluates, at the reporting date, if there is objective evidence that a financial asset or a group of financial assets is impaired in relation to its recoverable amount.

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

The Group adopts CPC 40 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level, according to the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1); and
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).



## Notes to quarterly information at

**December 31, 2014**

In thousands of reais, unless otherwise stated

According to balance sheet	Consolidated		
	Level 1	Level 2	Total
At December 31, 2014			
Assets - Derivative financial instruments			
Sugar options	-	17,169	17,169
Sugar futures	58,965	-	58,965
	<u>58,965</u>	<u>17,169</u>	<u>76,134</u>
Liabilities - Derivative financial instruments			
Flexible currency options	-	460	460
Ethanol futures	127	-	127
Forward contracts - foreign exchange	-	30,768	30,768
Swap contracts	-	58,416	58,416
	<u>127</u>	<u>89,184</u>	<u>89,311</u>
At March 31, 2014			
Assets - Derivative financial instruments			
Flexible currency options	-	4,815	4,815
Forward contracts - commodities	-	65	65
	<u>-</u>	<u>4,880</u>	<u>4,880</u>
Liabilities - Derivative financial instruments			
Forward contracts - foreign exchange	-	5,684	5,684
Ethanol futures	15	-	15
Sugar futures	14,770	-	14,770
Sugar options	-	4,369	4,369
Swap contracts	-	31,560	31,560
	<u>14,785</u>	<u>41,613</u>	<u>56,398</u>

**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

**5 Financial instruments by category**

<b>Company</b>			
<b>Assets, according to balance sheet</b>	<b>Assets measured at fair value through P&amp;L</b>	<b>Derivatives used for hedge</b>	<b>Total</b>
<b>At December 31, 2014</b>			
Cash and cash equivalents	481,515	-	481,515
Trade accounts receivable	148,420	-	148,420
Derivative financial instruments	27,477	76,134	103,611
Transactions with related parties	1,280	-	1,280
Other assets, except prepayments	11,535	-	11,535
	<u>670,227</u>	<u>76,134</u>	<u>746,361</u>
<b>At March 31, 2014</b>			
Cash and cash equivalents	542,917	-	542,917
Trade accounts receivable	61,392	-	61,392
Derivative financial instruments	28,673	4,880	33,553
Transactions with related parties	1,926	-	1,926
Other assets, except prepayments	5,426	-	5,426
	<u>640,334</u>	<u>4,880</u>	<u>645,214</u>

  

<b>Company</b>				
<b>Liabilities, according to balance sheet</b>	<b>Liabilities measured at fair value through P&amp;L</b>	<b>Derivatives used for hedge</b>	<b>Liabilities at amortized cost</b>	<b>Total</b>
<b>At December 31, 2014</b>				
Borrowings	55,704	-	2,764,356	2,820,060
Derivative financial instruments	-	89,771	-	89,771
Trade accounts payable	-	-	141,920	141,920
Acquisition of investment	-	-	108,649	108,649
Other liabilities	-	-	20,107	20,107
	<u>55,704</u>	<u>89,771</u>	<u>3,035,032</u>	<u>3,180,507</u>
<b>At March 31, 2014</b>				
Borrowings	64,807	-	1,504,176	1,568,983
Derivative financial instruments	-	56,398	-	56,398
Trade accounts payable	-	-	66,862	66,862
Acquisition of investment	-	-	10,725	10,725
Other liabilities	-	-	17,295	17,295
	<u>64,807</u>	<u>56,398</u>	<u>1,599,058</u>	<u>1,720,263</u>

**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

<b>Consolidated</b>			
<b>Assets, according to balance sheet</b>	<b>Assets measured at fair value through P&amp;L</b>	<b>Derivatives used for hedge</b>	<b>Total</b>
At December 31, 2014			
Cash and cash equivalents	532,285	-	532,285
Trade accounts receivable	202,326	-	202,326
Short-term investments	6,796	-	6,796
Derivative financial instruments	27,477	76,134	103,611
Other assets, except prepayments	11,536	-	11,536
	<u>780,420</u>	<u>76,134</u>	<u>856,554</u>
At March 31, 2014			
Cash and cash equivalents	551,359	-	551,359
Trade accounts receivable	73,698	-	73,698
Derivative financial instruments	28,673	4,880	33,553
Transactions with related parties	1,925	-	1,925
Other assets, except prepayments	5,430	-	5,430
	<u>661,085</u>	<u>4,880</u>	<u>665,965</u>

<b>Consolidated</b>				
<b>Liabilities, according to balance sheet</b>	<b>Liabilities measured at fair value through P&amp;L</b>	<b>Derivatives used for hedge</b>	<b>Liabilities at amortized cost</b>	<b>Total</b>
At December 31, 2014				
Borrowings	55,704	-	2,788,646	2,844,350
Derivative financial instruments	-	89,771	-	89,771
Trade accounts payable	-	-	131,941	131,941
Acquisition of investment	-	-	108,649	108,649
Other liabilities	-	-	20,688	20,688
	<u>55,704</u>	<u>89,771</u>	<u>3,049,924</u>	<u>3,195,399</u>
At March 31, 2014				
Borrowings	64,807	-	1,526,014	1,590,821
Derivative financial instruments	-	56,398	-	56,398
Trade accounts payable	-	-	64,429	64,429
Acquisition of investment	-	-	10,725	10,725
Other liabilities	-	-	17,726	17,726
	<u>64,807</u>	<u>56,398</u>	<u>1,618,894</u>	<u>1,740,099</u>

**Notes to quarterly information at  
December 31, 2014**

 In thousands of reais, unless otherwise stated
 

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

**6 Cash and cash equivalents**

	Yield	Company	
		December 31, 2014	March 31, 2014
Cash and banks in Brazil		2,669	471
Cash and banks abroad		71,160	94,447
Short-term investments in Brazil			
. CDB	101.02% (March – 101.04%) variation in CDI – Weighted average rate	111,710	187,549
. Debentures under repurchase agreements	100.78% (March – 101.23%) variation in CDI – Weighted average rate	295,976	260,450
		<u>481,515</u>	<u>542,917</u>
	Yield	Consolidated	
	Yield	December 31, 2014	March 31, 2014
Cash and banks in Brazil		2,719	495
Cash and banks abroad		71,160	94,447
Short-term investments in Brazil			
. CDB	88.01% (March – 101.04%) variation in CDI – Weighted average rate	111,740	187,549
. Debentures under repurchase agreements	99.09% (March – 100.57%) variation in CDI – Weighted average rate	346,666	268,868
		<u>532,285</u>	<u>551,359</u>

Cash and bank balances include deposits in current accounts which are available for immediate use. These balances result from the strategy and normal flow of operations of the Group.

All financial investments can be redeemed in up to ninety (90) days with no loss of earnings.



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

**7 Trade accounts receivable**

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

	Company		Consolidated	
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014
Domestic market	54,519	54,299	108,425	66,605
Foreign market customers	93,901	7,093	93,901	7,093
	<u>148,420</u>	<u>61,392</u>	<u>202,326</u>	<u>73,698</u>
Current assets	<u>147,870</u>	<u>59,800</u>	<u>197,359</u>	<u>72,106</u>
Noncurrent assets	<u>550</u>	<u>1,592</u>	<u>4,967</u>	<u>1,592</u>

At December 31 and March 31, 2014, management did not identify the need to record an allowance for doubtful accounts.

At December 31, 2014, trade accounts receivable at the Company amounting to R\$ 218 and R\$ 574 (consolidated) were past due but not impaired. These relate to a number of customers for whom there is no history of default. The aging analysis of these trade accounts receivable is as follows:





**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

	Company		Consolidated	
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014
<b>Past due but not provisioned:</b>				
Up to 30 days	107	-	107	-
Over 31 days	111	584	467	584
<b>Falling due:</b>				
Up to 30 days	121,418	51,688	138,544	52,206
From 31 to 60 days	3,567	3,611	33,962	3,606
Over 60 days	23,217	5,509	29,246	17,302
	<u>148,420</u>	<u>61,392</u>	<u>202,326</u>	<u>73,698</u>

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

**8 Inventories**

	Company		Consolidated	
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014
<b>Current</b>				
Finished goods and work in process	531,090	19,480	514,101	19,480
Advances - procurement of sugar cane	47,197	39,118	47,197	39,118
Land - subdivisions	-	-	9,765	9,339
Inputs, ancillary material for maintenance and other items	44,988	31,721	44,988	31,721
	<u>623,275</u>	<u>90,319</u>	<u>616,051</u>	<u>99,658</u>
<b>Noncurrent</b>				
Advances - customers and services	5,909	2,773	5,909	2,773
Advances - procurement of sugar cane	28,644	23,017	28,644	23,017
	<u>34,553</u>	<u>25,790</u>	<u>34,553</u>	<u>25,790</u>
	<u>657,828</u>	<u>116,109</u>	<u>650,604</u>	<u>125,448</u>

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

**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

The balance classified as "Land subdivisions" refers to the real estate ventures under construction Residencial Recanto das Paineiras and Park Empresarial Iracemápolis, both in the municipality of Iracemápolis, and Residencial Limeira, in the municipality of Limeira, all in the state of São Paulo.

**9 Taxes recoverable**

The breakdown of taxes recoverable is as follows:

	Controladora		Consolidado	
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014
Current taxes				
PIS / COFINS	27,804	24,214	27,808	24,214
ICMS	38,440	29,532	39,011	29,994
Reintegra	8,195	-	8,195	-
Tax on Financial Transactions (IOF) on derivatives	6,240	5,841	6,240	5,841
Other	5,570	4,318	5,570	4,318
	<u>86,249</u>	<u>63,905</u>	<u>86,824</u>	<u>64,367</u>
Noncurrent				
PIS and COFINS	78,142	48,117	78,142	48,117
ICMS	29,060	19,825	29,236	20,084
	<u>107,202</u>	<u>67,942</u>	<u>107,378</u>	<u>68,201</u>
	<u>193,451</u>	<u>131,847</u>	<u>194,202</u>	<u>132,568</u>

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

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

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



## Notes to quarterly information at December 31, 2014

In thousands of reais, unless otherwise stated

Periods ended December 31:	Company	Consolidated
2016	39,184	39,252
2017	32,804	32,872
2018	21,507	21,547
2019	5,307	5,307
2020	4,300	4,300
2021 onwards	4,100	4,100
	<u>107,202</u>	<u>107,378</u>

## 10 Transactions with related parties

### a) Company and consolidated balances:

Company	December 31, 2014				March 31, 2014		
	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Current assets	Noncurrent assets	Current liabilities
From investees and related parties:							
Vale do Mogi Empreend. Imobiliários S.A.	4	-	30,209	-	5	-	2,440
Usina Boa Vista S.A.	2,118	-	-	-	3,569	-	116
Usina Santa Luiza S.A.	51	-	32	-	56	1,925	19
Companhia Bioenergética Santa Cruz 1			35,239				
SMBJ Agroindustrial S.A.	4	-	-	-	5	-	-
Santa Cruz S.A. Açúcar e Álcool	-	-	-	-	4,398	-	525
Luiz Ometto Participações S.A. (Note 35)	-	-	-	84,990	-	-	-
SMA Industria Química S.A.	-	-	-	-	52	-	-
São Martinho - Energia S.A.	-	1	27,924	-	5	1	14,500
Vale do Piracicaba S.A.	-	1,245	-	-	-	-	-
Agro Pecuaria Boa Vista S.A.	-	-	-	-	5	-	-
Other	85	34	685	-	72	-	-
Subtotal	<u>2,262</u>	<u>1,280</u>	<u>94,089</u>	<u>84,990</u>	<u>8,167</u>	<u>1,926</u>	<u>17,600</u>
From shareholders - procurement of sugar cane							
	<u>2,299</u>	<u>-</u>	<u>4,485</u>	<u>-</u>	<u>2,577</u>	<u>-</u>	<u>1,876</u>
	<u>4,561</u>	<u>1,280</u>	<u>98,574</u>	<u>84,990</u>	<u>10,744</u>	<u>1,926</u>	<u>19,476</u>



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

Consolidated	December 31, 2014				March 31, 2014		
	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Current assets	Noncurrent assets	Current liabilities
From investees and related parties:							
Usina Boa Vista S.A.	2,118	-	-	-	3,569	-	116
Santa Cruz S.A. Açúcar e Álcool	-	-	-	-	4,398	-	525
Luiz Ometto Participações S.A. (Note 35)	-	-	-	84,990	-	-	-
Usina Santa Luiza S.A.	51	-	32	-	56	1,925	19
SMA Industria Química S.A.	-	-	-	-	52	-	-
SMBJ Agroindustrial S.A.	4	-	-	-	5	-	-
Agro Pecuaria Boa Vista S.A.	-	-	-	-	5	-	-
Other	77	34	152	-	72	-	-
Subtotal	2,250	34	184	84,990	8,157	1,925	660
From shareholders - acquisition of sugar cane	2,299	-	4,485	-	2,577	-	1,876
	4,549	34	4,669	84,990	10,734	1,925	2,536

At December 31 and March 31, 2014, the balances in current assets and liabilities (classified as trade receivables and payables in the balance sheet) refer to sales and purchases of goods and services between the Company, its investees and related parties. The balances in noncurrent assets are future capital contributions, and in noncurrent liabilities, they refer to acquisition and disposal of equity investment.

**b) Company transactions in the period:**

	December 31, 2014			
	Administrative expenses	Revenue from sales	Reimbursed expenses	Procurement of goods and services
Vale do Mogi Empreend. Imobiliários S.A.	-	-	14	43,297
Usina Boa Vista S.A.	-	-	9,795	-
Usina Santa Luiza S.A.	-	-	305	-
SMA Industria Química S.A.	-	84	191	-
Santa Cruz S.A. Açúcar e Álcool	-	-	4,047	-
São Martinho - Energia S.A.	-	4,549	139	-
Other	-	868	467	645
Shareholders and related parties				
- Rent of properties	352	-	-	-
- Rendering of services	1,803	-	-	-
- Procurement of sugar cane	-	-	-	9,924
	2,155	5,501	14,958	53,866

**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

	December 31, 2013			
	Administrative expenses	Revenue from sales	Reimbursed expenses	Procurement of goods and services
Vale do Mogi Empreend. Imobiliários S.A.	-	-	16	36,073
Usina Boa Vista S.A.	-	-	8,598	-
Usina Santa Luiza S.A.	-	-	276	433
SMA Industria Química S.A.	-	85	182	-
Santa Cruz S.A. Açúcar e Álcool	-	-	7,479	-
Other	-	-	495	-
Shareholders and related parties				
- Rent of properties	249	-	-	-
- Rendering of services	1,308	-	-	-
- Procurement of sugar cane	-	-	-	10,312
	<u>1,557</u>	<u>85</u>	<u>17,046</u>	<u>46,818</u>

The transactions with related parties are carried out under specific conditions as established by the parties and refer to revenues and expenses with respect to the rental of properties, provision of legal services and purchases of sugar cane.

The expenses reimbursed by investees refer to the costs of the shared services center of the Board of Directors and the Corporate Office. The apportionments are supported by agreements between the parties.

**c) Consolidated transactions in the period:**

	December 31, 2014			
	Administrative expenses	Revenue from sales	Expenses reimbursed by subsidiaries	Procurement of products and services
Usina Boa Vista S.A.	-	-	9,795	-
Usina Santa Luiza S.A.	-	-	305	-
SMA Industria Química S.A.	-	84	191	-
Santa Cruz S.A. Açúcar e Álcool	-	-	4,047	-
Other	-	-	333	113
Shareholders and related parties				
- Rent of properties	352	-	-	-
- Rendering of services	1,803	-	-	-
- Procurement of sugar cane	-	-	-	9,924
	<u>2,155</u>	<u>84</u>	<u>14,671</u>	<u>10,037</u>



## Notes to quarterly information at

**December 31, 2014**

In thousands of reais, unless otherwise stated

	December 31, 2013			
	Administrative expenses	Revenue from sales	Reimbursed expenses	Procurement of products and services
Usina Boa Vista S.A.	-	-	8,598	-
Usina Santa Luiza S.A.	-	-	276	433
SMA Industria Química S.A.	-	85	182	-
Santa Cruz S.A. Açúcar e Álcool	-	-	7,479	-
Other	-	-	360	-
Shareholders and related parties				
- Rent of properties	249	-	-	-
- Rendering of services	1,308	-	-	-
- Procurement of sugar cane	-	-	-	10,312
	<u>1,557</u>	<u>85</u>	<u>16,895</u>	<u>10,745</u>

**d) Key management personnel compensation:**

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

Company and consolidated	December 31, 2014	December 31, 2013
Fees and bonus	11,086	9,884
Social security contributions and social charges	2,288	977
Other	609	488
	<u>13,983</u>	<u>11,349</u>



## Notes to quarterly information at

**December 31, 2014**

In thousands of reais, unless otherwise stated

### 11 Other assets

	Company		Consolidated	
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014
Prepaid expenses	8,068	1,835	8,068	1,835
Advances to suppliers	6,511	3,553	6,511	3,553
Advances to employees	2,118	1,068	2,118	1,068
Deposits paid	111	111	111	111
Assets pledged in guarantee	1,224	-	1,224	-
Disposal of interest - ABV	939	-	939	-
Agrarian Debt Bonds (TDA)	7	-	7	-
Amounts receivable for guarantees offered	-	267	-	267
Other investments	407	10	407	10
Other receivables	218	417	219	421
	<u>19,603</u>	<u>7,261</u>	<u>19,604</u>	<u>7,265</u>
Current assets	<u>19,085</u>	<u>7,141</u>	<u>19,086</u>	<u>7,145</u>
Noncurrent assets	<u>518</u>	<u>120</u>	<u>518</u>	<u>120</u>

**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

**12 Investments**
**12.1 Subsidiaries, jointly controlled subsidiaries and associates**

The Company's investments in other companies are as follows:

	December 31, 2014												
	Vale do Mogi	SME	Vale do Piracicaba	SM Log	NF	BIO	SC	SMA	USL	CTC	ABV	Others	Total
In subsidiaries, jointly controlled subsidiaries and associates:													
Shares/units of interest held (thousands)	23,500	12,678	10,246	3,100	426,635	29,971		50	11,898	-	-		-
Percentage ownership interest	100.00%	100.00%	100.00%	100.00%	50.95%	100.00%		50.00%	66.67%	-	-		-
Capital	102,984	5,243	10,246	3,100	858,845	29,971		100	19,161	-	-		-
Equity (net capital deficiency)	1,192,887	58,131	17,378	3,030	817,627	110,225		(3,694)	(13,496)	-	-		-
Net income (loss) for the period	62,916	52,025	7,132	(70)	62,850	67,596		(194)	(2,291)	-	-		-
Changes in investments:													
Balances at March 31, 2014	826,249	7,814	1	-	384,572	-	81,648	-	-	9,747	61,795		1,371,826
Acquisition of ownership interest - Note 12.4	-	-	-	-	-	-	331,207	-	-	-	-		331,207
Capital payment and contributions	320,922	-	10,245	3,100	-	-	-	-	1,925	(10,245)	-		325,947
Partial split-off in SC - Note 12.7	-	-	-	-	-	-	(51,878)	-	-	-	51,878		-
Contra-effect of gain - hedge accounting	-	-	-	-	-	-	(28,874)	-	-	-	-		(28,874)
Equity pickup	45,663	52,025	7,132	(70)	32,023	10,090	32,810	(97)	(1,275)	498	2,507	(1)	181,305
Equity pickup - Adjusted by PPA	-	-	-	-	-	(2,071)	(1,276)	-	-	-	-		(3,347)
Additional dividend - ABV - Contra-effect of the split-off - Note 12.7	-	-	-	-	-	-	(212)	-	-	-	-		(212)
Distributed dividends	(17,200)	(1,707)	-	-	-	-	-	-	-	-	-		(18,907)
Disposal of interest- Note 12.8	-	-	-	-	-	-	-	-	-	-	(116,180)		(116,180)
Reclassificação para o intangível	-	-	-	-	-	-	(300,215)	-	-	-	-		(300,215)
Merger of SC (Note 1.2)	-	-	-	-	-	156,582	(41,716)	-	-	-	-	1,850	116,716
Merger of SC (Note 1.2) - PPA (increment in assets and liabilities)	-	-	-	-	-	-	(21,494)	-	-	-	-		(21,494)
Reclassification to liabilities - provision for investment losses	-	-	-	-	-	-	-	97	(650)	-	-		(553)
Balances at December 31, 2014	<b>1,175,634</b>	<b>58,132</b>	<b>17,378</b>	<b>3,030</b>	<b>416,595</b>	<b>164,601</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,849</b>	<b>1,837,219</b>
Represented by:													
Equity investment in the investee	1,175,634	58,132	17,378	3,030	416,595	110,225	-	-	-	-	-	-	1,780,994
Increment in assets and liabilities	-	-	-	-	-	54,376	-	-	-	-	-	-	54,376



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

	March 31, 2014									
	Vale do Mogi	SME	NF	SC	ABV	SMA	USL	Mirtilo	Others	Total
In subsidiaries, jointly controlled subsidiaries and associates:										
Shares/units of interest held (thousands)	23,500	12,678	426,635	1,643	1,146	50	11,898	-	-	-
Percentage ownership interest	100.00%	100.00%	50.95%	32.19%	17.97%	50.00%	41.67%	-	-	-
Capital	84,637	5,243	858,845	63,083	208,560	100	14,541	-	-	-
Equity (net capital deficiency)	826,249	7,814	754,778	133,963	221,348	(3,500)	(15,824)	-	-	-
Net income (loss) for the quarter	46,556	17,061	(12,908)	(21,280)	5,437	(1,234)	(2,500)	-	-	-
Changes in investments:										
Balances at March 31, 2013	793,862	12,843	391,149	101,266	64,537	-	-	196,500	10,193	1,570,350
Capital payment and contributions	46,550	2,565	-	-	-	-	1,500	-	11,564	62,179
Acquisition of investment	-	-	-	-	-	-	-	-	1	1
Contra-effect of loss - hedge accounting	-	-	-	(8,191)	-	-	-	-	-	(8,191)
Equity pickup	46,556	17,061	(6,577)	(6,851)	977	(617)	(1,042)	-	(446)	49,061
Equity pickup - Adjusted by PPA	-	-	-	(1,886)	-	-	-	-	-	(1,886)
Merger of net assets	-	-	-	-	-	-	-	(44,767)	-	(44,767)
Reclassification of goodwill to intangible assets	-	-	-	-	-	-	-	(151,733)	-	(151,733)
Disposal of investment	-	-	-	-	-	-	-	-	(11,564)	(11,564)
Dividends paid	(63,257)	(14,655)	-	-	(1,210)	-	-	-	-	(79,122)
Capital reduction	-	(10,000)	-	-	-	-	-	-	-	(10,000)
Contra effect of deferred taxes	2,538	-	-	(2,690)	(2,509)	-	-	-	-	(2,661)
Reclassification to liabilities - provision for investment losses	-	-	-	-	-	617	(458)	-	-	159
Balances at March 31, 2014	<u>826,249</u>	<u>7,814</u>	<u>384,572</u>	<u>81,648</u>	<u>61,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,748</u>	<u>1,371,826</u>
Representado por:										
Equity investment in the investee	826,249	7,814	384,572	43,127	39,768	-	-	-	9,748	1,311,278
Increment in assets and liabilities	-	-	-	38,521	22,027	-	-	-	-	60,548

The equity in investee SC is adjusted by the fair value of the assets and liabilities (*PPA - purchase pricing allocation*).

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



## Notes to quarterly information at December 31, 2014

In thousands of reais, unless otherwise stated

### 12.2 Investments (consolidated)

	December 31, 2014	March 31, 2014
Company investments		
Nova Fronteira Bioenergia S.A.	416,595	384,572
Centro de Tecnologia Canavieira S.A. (i)	18,622	9,749
Agro Pecuária Caieira do Norte S.A.	1,827	-
Agropecuária do Cachimbo S.A.	23	-
Santa Cruz S.A. Açúcar e Álcool (Note 2.3 (a))	-	81,648
Agro Pecuária Boa Vista S.A.	-	61,795
	<u>437,067</u>	<u>537,764</u>

(i) The investment in CTC at December 31, 2014 was recorded in subsidiary Vale do Piracicaba.

These investees are not consolidated and the investments are recorded by the equity method with the changes shown in Note 12.1 above.

### 12.3 Changes in corporate structure during the prior year

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

These transactions are described in detail in Note 12 of the financial statements for the year ended March 31, 2014 in the following notes:

- Merger of Mirtilo Investimentos e Participações S.A.
- Capital payment in Vale do Mogi Empreendimentos Imobiliários S.A.
- Acquisition of investment in Vale do Piracicaba S.A.
- Payment of capital and sale of Cerrado Açúcar e Álcool S.A.
- Capital decrease in São Martinho Energia S.A.
- Capital payment and contribution in subsidiary and jointly controlled subsidiary (Usina Santa Luiza S.A. and São Martinho – Energia S.A.)



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

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**12.4 Acquisition of additional investment and merger of  
Santa Cruz S.A. Açúcar e Álcool (“SC”)**

The Board of Directors’ meeting held on February 17, 2014 approved the acquisition of a further 3.90% interest in the capital of SC. The consideration involved amounts to R\$ 15,345, to be paid in three annual installments of R\$ 5,115. The acquisition completion occurred on April 1, 2014, with the payment of the first installment and transfer of shares, increasing the Company’s investment in the equity of SC from 32.18% to 36.09%. The balance payable related to this transaction is detailed in Note 35.

In addition, on August 8, 2014, the Company concluded a transaction with Luiz Ometto Participações S.A. (“LOP”) and other individual controlling shareholders of SC for the acquisition of 56.05%, thereby increasing investment in SC from 36.09% to 92.14%. The consideration involved amounts to R\$ 315,862. The details of the transaction are stated in Note 35.

**12.5 Capital increase in Vale do Piracicaba S.A. (“Vale do Piracicaba”)**

At the Board of Directors' meeting held on June 16, 2014, a capital increase in subsidiary Vale do Piracicaba was approved, through the transfer of the investment held by the Company in Centro de Tecnologia Canavieira S.A. (“CTC”) of R\$ 10,245. The transaction was based on a book value valuation report as of May 31, 2014 issued by independent appraisers.

**12.6 Capital payment and increase in São Martinho  
Logística e Participações S.A. (“SM Log”)**

At the Board of Directors' meeting held on March 31, 2014, the establishment of SM Log was approved. The share capital was subscribed as R\$ 1 with the issue of one thousand shares, which were attributed to the shareholders as follows: 99% by the Company and 1% by Vale do Mogi. The main purpose of SM Log is to perform services related to warehouse storage and to invest in other companies. The fiscal year of SM Log ends on March 31 of each year.



## Notes to quarterly information at December 31, 2014

In thousands of reais, unless otherwise stated

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In addition, the Board of Directors' meeting held on June 16, 2014 approved a capital increase in SM Log amounting to R\$ 3,099 through the issue of 3,099,000 (three million, ninety-nine thousand) new shares.

### 12.7 Partial split off of SC assets

At the Special General Meeting of SC held on April 30, 2014, the shareholders approved the split off of the investment previously held by SC in Agro Pecuária Boa Vista S.A. ("ABV") based on a book value valuation report as of March 31, 2014 issued by independent appraisers.

The shares held by SC were transferred to ABV shareholders, according to their respective equity interests in SC. The Company, as a shareholder of ABV, received an additional investment of 16.32%, then becoming the holder of 34.29% of the ABV shares.

### 12.8 Disposal of Agro Pecuária Boa Vista S.A. ("ABV")

On August 8, 2014, the Company concluded a transaction to sell all shares in ABV to LOP. The transaction was approved by the Board of Directors on May 5, 2014.

In all 1,146 thousand shares, representing 34.29% of the capital in ABV at the amount of R\$ 195,900, were sold. This amount will be received in annual installments restated at the CDI rate over a ten-year period. The transaction resulted in a gain amounting to R\$ 79,717 and is recorded under the "Other income, net" group of accounts (Note 31).

## 13 Biological assets

At December 31, 2014, the Company had sugar cane plantations in the State of São Paulo to provide raw materials for its industrial process. The cultivation of sugar cane is treated as a perennial activity that begins with the planting of seedlings in own or third party land. The first cut occurs after a period of 12 to 18 months from planting, when the sugar cane is harvested and the root ("stubble") remains in the ground. The properly treated stubble grows again and its production is considered, on average, economically feasible from six to seven crops.



## Notes to quarterly information at December 31, 2014

In thousands of reais, unless otherwise stated

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The land owned by the Company on which crops are planted is classified as property, plant and equipment, and is not included in the fair value of the biological assets.

Significant assumptions used in the measurement of fair value are as below:

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

- (a) Cash inflows obtained from the multiplication of (i) the estimated production, measured in kilograms of Total Sugar Recoverable (ATR); and (ii) the future market price of sugar cane, which is estimated based on public data and estimates of the future prices of sugar and ethanol; and
- (b) Cash outflows represented by estimates of (i) costs necessary for the biological transformation of the sugar cane (cultivation) up to the harvest; (ii) costs with harvesting/cutting, loading and transport; (iii) capital costs (land and machinery and equipment); (iv) costs of leases and agricultural partnerships; and (v) taxes on positive cash flows.

The following assumptions were used to test fair value:

<b>Company and Consolidated</b>	<b>December 31, 2014</b>	<b>March 31, 2014</b>
Total estimated harvest area (ha)	161,383	105,227
Expected productivity (metric ton/ha)	84.71	83.50
Amount of ATR per metric ton of sugar cane (kg)	134.75	133.73
Estimated average price per ATR (R\$)	0.4480	0.4646

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

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



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

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

	Company	
	December 31, 2014	December 31, 2013
Biological assets at March 31	596,309	506,368
Increases due to planting	72,234	66,677
Increases due to treatment	150,744	100,391
Changes in fair value	865	47
Merger of Mirtilo	-	37,799
Merger of SC	270,606	-
Decreases resulting from harvesting	(249,886)	(190,977)
Biological assets at the end of the quarter	<u>840,872</u>	<u>520,305</u>

	Consolidated	
	December 31, 2014	December 31, 2013
Biological assets at March 31	596,309	544,167
Increases due to planting	87,018	66,677
Increases due to treatment	172,722	100,391
Acquisition of control of SC	252,309	-
Changes in fair value	(2,602)	47
Decreases resulting from harvesting	(264,884)	(190,977)
Biological assets at the end of the quarter	<u>840,872</u>	<u>520,305</u>

**(a) Agricultural partnerships and lease agreements**

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

The amounts to be disbursed in respect of these agreements are determined at the end of each crop by the price of a metric ton of sugar cane established in the model defined by the Council of Sugar Cane, Sugar and Alcohol Producers of the State of São Paulo (CONSECANA). At December 31 and March 31, 2014, the total estimated payments (nominal value) are as follows:



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

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<b>Company and Consolidated</b>	<b>December 31, 2014</b>	<b>March 31, 2014</b>
Less than 1 year	174,694	92,368
From 1 to 5 years	484,497	231,707
More than 5 years	623,635	126,976
	<u>1,282,826</u>	<u>451,051</u>

**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

**14 Property, plant and equipment**

Company	Land	Buildings and ancillary constructions	Industrial equipment and facilities	Vehicles	Agricultural machinery and implements	Leasehold improvements	Other property, plant and equipment	Construction in progress	Total
Balances at March 31, 2013	602,806	83,504	442,725	62,622	133,703	-	14,226	143,446	1,483,032
Purchases	-	-	70,837	34,479	35,722	-	599	107,231	248,868
Cost of sales	(164)	-	(8)	(432)	(2,951)	-	(1)	-	(3,556)
Payment of capital - Vale Mogi	(69,164)	-	-	-	-	-	-	-	(69,164)
Transfers between accounts	-	21,459	139,353	2,902	3,462	-	2,692	(169,868)	-
Depreciation	-	(3,090)	(99,057)	(6,108)	(20,044)	-	(2,784)	-	(131,083)
Balances at March 31, 2014	533,478	101,873	553,850	93,463	149,892	-	14,732	80,809	1,528,097
Total cost	533,478	117,129	695,664	116,084	202,569	-	45,515	80,809	1,791,248
Accumulated depreciation	-	(15,256)	(141,814)	(22,621)	(52,677)	-	(30,783)	-	(263,151)
Net book value	533,478	101,873	553,850	93,463	149,892	-	14,732	80,809	1,528,097
Purchases	-	10	46,138	5,713	12,224	-	933	61,803	126,821
Cost of sales	-	-	(1)	(321)	(1,828)	-	-	-	(2,150)
Transfer to subsidiary Vale do Mogi	(476,795)	-	-	-	-	-	-	-	(476,795)
Merger of SC	30,988	45,446	225,403	28,756	35,600	-	966	13,924	381,083
PPA	30,139	11,358	6,318	14,097	31,890	-	-	-	93,802
Transfers between accounts	-	8,481	79,074	880	365	-	627	(89,427)	-
Depreciation	-	(3,356)	(111,809)	(7,126)	(19,368)	-	(2,208)	-	(143,867)
Balances at December 31, 2014	117,810	163,812	798,973	135,462	208,775	-	15,050	67,109	1,506,991
Total cost	117,810	190,547	1,090,867	200,694	314,465	686	49,009	67,109	2,031,187
Accumulated depreciation	-	(26,735)	(291,894)	(65,232)	(105,690)	(686)	(33,959)	-	(524,196)
Net book value	117,810	163,812	798,973	135,462	208,775	-	15,050	67,109	1,506,991
Net book values:									
Historical cost	1,521	105,043	481,724	109,996	154,561	-	15,050	67,109	935,004
Revaluation increment	116,289	58,769	317,249	25,466	54,214	-	-	-	571,987
Average annual depreciation rates	-	2.95%	5.75%	7.64%	10.29%	-	12.25%	-	-



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

Consolidated	Land	Buildings and ancillary constructions	Industrial equipment and facilities	Vehicles	Agricultural machinery and implements	Leasehold improvements	Other property, plant and equipment	Construction in progress	Total
Balances at March 31, 2013	1,712,990	91,041	442,725	62,622	133,703	-	14,226	169,174	2,626,481
Purchases	-	-	71,018	34,479	35,722	-	599	107,895	249,713
Cost of sales	(13,396)	-	(8)	(432)	(2,951)	-	(1)	-	(16,788)
Transfers of inventories to sales	(9,339)	-	-	-	-	-	-	-	(9,339)
Transfers between accounts	-	21,459	165,745	2,902	3,462	-	2,692	(196,260)	-
Depreciation	-	(3,613)	(99,727)	(6,108)	(20,044)	-	(2,784)	-	(132,276)
Balances at March 31, 2014	1,690,255	108,887	579,753	93,463	149,892	-	14,732	80,809	2,717,791
Total cost	1,690,255	127,279	722,237	116,084	202,569	-	45,515	80,809	2,984,748
Accumulated depreciation	-	(18,392)	(142,484)	(22,621)	(52,677)	-	(30,783)	-	(266,957)
Net book value	1,690,255	108,887	579,753	93,463	149,892	-	14,732	80,809	2,717,791
Purchases	-	3,193	46,351	6,205	14,147	-	946	67,479	138,321
Cost of sales	(639)	-	(1)	(479)	(1,828)	-	-	-	(2,947)
Transfer to subsidiary Limeira	(4,257)	-	-	-	-	-	-	-	(4,257)
Acquisition of control of SC (Note 12.4)	30,988	43,945	276,754	29,330	35,972	-	712	18,374	436,075
Increment in assets - PPA - Merger of SC	30,139	11,358	6,318	14,097	31,890	-	-	-	93,802
Transfers between accounts	-	10,535	86,618	1,088	365	-	917	(99,523)	-
Depreciation	-	(4,225)	(131,921)	(8,242)	(21,663)	-	(2,257)	-	(168,308)
Balances at December 31 de dezembro de 2014	1,746,486	173,693	863,872	135,462	208,775	-	15,050	67,139	3,210,477
Total cost	1,746,486	204,096	1,169,368	200,694	314,465	686	49,009	67,139	3,751,943
Accumulated depreciation	-	(30,403)	(305,496)	(65,232)	(105,690)	(686)	(33,959)	-	(541,466)
Net book value	1,746,486	173,693	863,872	135,462	208,775	-	15,050	67,139	3,210,477
Net book values:									
Historical cost	104,578	109,091	532,843	109,996	154,561	-	15,050	67,139	1,093,258
Revaluation increment	1,641,908	64,602	331,029	25,466	54,214	-	-	-	2,117,219
Annual average depreciation rates	-	3.09%	5.59%	7.64%	10.29%	-	12.25%	-	-



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

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The Company balance of construction in progress at December 31, 2014 refers to the refurbishment of its three industrial facilities to increase sugar and ethanol production and the construction of sugar storage facilities.

During the same period, 13,717 ha of land of the Company and its subsidiary Vale do Mogi were pledged in guarantee for the financial transactions of Usina Boa Vista S.A.

Under the terms of certain borrowing agreements of the Group, property, plant and equipment totaling R\$ 507,652 at December 31, 2014 (consolidated) were pledged as collateral. These assets are mainly represented by industrial equipment and facilities, as well as agricultural machinery and implements. In addition, land totaling R\$ 722,630 was pledged as collateral for securitized rural credits, recorded in current and long-term liabilities.

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

The Group capitalized finance charges of R\$ 1,075 in the quarter ended December 31, 2014 (December 31, 2014 - R\$ 488). At December 31, 2014, the Company property, plant and equipment includes assets under finance lease agreements of R\$ 2,101.

According to CPC 27 and supported by a specialized company, the Company reviews the useful lives of its property, plant and in equipment (machinery and agricultural vehicles, industrial equipment and buildings) annually, adjusting the useful lives of the related assets, which results in changes to their depreciation rates.

In the quarter ended December 31, 2014, the Company transferred land to its subsidiary Vale do Mogi, in the amount of R\$ 476,795, to wit, R\$ 18,347 as historical cost and R\$ 458,448 referring to revaluation increment.

**Notes to quarterly information at  
December 31, 2014**

 In thousands of reais, unless otherwise stated
 

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**15 Intangible assets**

	Company		Consolidated	
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014
Goodwill based on future profitability (i)	384,031	167,335	384,030	167,335
Software	19,280	15,320	19,280	15,320
Accumulated amortization	(10,798)	(7,270)	(10,798)	(7,270)
Rights on sugar cane contracts (ii)	12,400	16,598	12,400	16,598
Rights on electricity agreements (iii)	-	-	82,389	-
Other assets	74	74	934	934
	<u>404,987</u>	<u>192,057</u>	<u>488,235</u>	<u>192,917</u>

- (i) Goodwill generated through the merger of Mirtilo, SC and of the net assets of USL, whose operations were assumed by the Company.
- (ii) Refers to the acquisition of rights on agreements for agricultural partnership and sugar cane supply (2,281 hectares with an exploration period from 2013 to 2017).
- (iii) Refers to the preliminary fair value allocated under Bio's agreements for electricity supply, effective up to 2025, deriving from acquisition of control of SC.

**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

**16 Borrowings**

Type	Charges	Guarantees	Due date	Company	
				December 31, 2014	March 31, 2014
In local currency:					
Securitized rural credits	General Market Price Index (IGP-M) + weighted average interest of 4.58% p.a. paid annually	(a)	Annual installments with maturities between Sep/18 and Jul/20	55,704	64,807
Rural credit	Weighted average fixed interest of 6.27% p.a. paid at contract maturity		Single installments with maturities in Jan/15 and Nov/15	66,329	32,915
Finame/BNDES Automatic loans	3M Long-term Interest Rate (TJLP) + weighted average interest of 2.70% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Apr/22	194,615	4,581
Finame/BNDES Automatic loans	Weighted average fixed interest of 3.90% p.a. paid monthly	(c)	Monthly installments with maturities between Jan/15 and Nov/24	114,248	97,727
Fund for Financing of Studies and Projects (FINEP)	Fixed interest of 4.00% p.a. paid monthly		Monthly installments with maturities between Jan/15 and May/24	10,602	-
Other securitized credits	Fixed interest of 3% p.a. paid annually	(d)	Annual installments with final maturity in Oct/25	57	61
Export Credit Note (NCE)	100.51% variation in CDI OVER CETIP (average rate for interbank loans for one day registered with CETIP) paid at contract maturity dates		Single installments with maturities in Jun/15, May/17 and May/20	661,406	328,880
Lease	Fixed interest of 9.75% p.a. paid monthly	(e)	Monthly installments with maturities between Jan/15 and Dec/15	1,106	1,867
FINEM INDIRECT	3M TJLP + weighted average interest of 2.91% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Apr/23	67,685	46,290
FINEM INDIRECT	Fixed interest of 4.34% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Jan/23	185,216	139,304
FINEM DIRECT	3M TJLP + weighted average interest of 1.40% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Mar/21	11,727	13,130
PRORENOVA	3M TJLP + weighted average interest of 2.90% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Out/18	40,796	48,492
PRORENOVA	Fixed interest of 5.50% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Nov/19	61,549	61,518
Bank Credit Note (BNDES PASS)	Fixed interest of 7.70% p.a. paid at maturity		Single installment in Apr/14	-	15,264
In foreign currency:					
Advances on foreign exchange contracts (ACCs)	Fixed rate of 1.4861% p.a. + U.S. dollar adjustment paid at contract maturity		Single installments with maturities in Jan/15 and Mar/15	106,815	93,403
Export Credit Note	Fixed rate of 5.50% p.a. + U.S. dollar variation paid at contract maturity	(g)	Payments of semiannual interest (Jun and Dec) and principal in Jun/17	265,701	229,445
Pre-Export Financing (PPE)	(6M LIBOR + fixed rate) = 3.0512% p.a. + U.S. dollar adjustment paid at contract maturity	(f)	Semiannual installments with maturities in Mar/15, Jun/15, Aug/15, Dec/15, Jan/16, Sept/16, Mar/18, Apr/18, Jun/18 and Oct/19	892,077	387,846
FINEM INDIRECT	Currency basket (U.S. dollar, Euro and Yen) + weighted average fixed interest rate of 6.7353% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Apr/23	14,893	3,453
Export Credit Bill	Fixed rate of 2.2536% p.a. + U.S. dollar adjustment paid at contract maturity		Monthly installments with maturities between Jan/15 and Jul/18	69,534	-
Total				2,820,060	1,568,983
Current liabilities				(901,591)	(436,671)
Noncurrent liabilities				1,918,469	1,132,312

**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

Type	Charges	Guaran-tees	Due date	Consolidated	
				December 31, 2014	March 31, 2014
In local currency:					
Securitized rural credits	General Market Price Index (IGP-M) + weighted average interest of 4.58% p.a. paid annually	(a)	Annual installments with maturities between Sep/18 and Jul/20	55,704	64,807
Rural credit	Weighted average fixed interest of 6.27% p.a. paid at contract maturity		Single installments with maturities in Jan/15 and Nov/15	66,329	32,915
Finame/BNDES Automatic loans	3M TJLP + weighted average interest of 2.70% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Apr/22	194,615	4,581
Finame/BNDES Automatic loans	Weighted average fixed interest of 3.90% p.a. paid monthly	(c)	Monthly installments with maturities between Jan/15 and Nov/24	114,248	97,727
Fund for Financing of Studies and Projects (FINEP)	Fixed interest of 4.00% p.a. paid monthly		Monthly installments with maturities between Jan/15 and May/24	10,602	-
Other securitized credits	Fixed interest of 3% p.a. paid annually	(d)	Annual installments with final maturity in Oct/25	57	61
Export Credit Note (NCE)	100.51 % variation in CDI OVER CETIP paid at contract maturity dates		Single installments with maturities in Jun/15, May/17 and May/20	661,406	328,880
Lease	Fixed interest of 9.75% p.a. paid monthly	(e)	Monthly installments with maturities between Jan/15 and Dec/15	1,106	1,867
FINEM INDIRECT	3M TJLP + weighted average interest of 2.88% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Apr/23	76,858	50,732
FINEM INDIRECT	Fixed interest of 4.43% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Jan/23	200,333	156,700
FINEM DIRECT	3M TJLP + weighted average interest of 1.40% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Mar/21	11,727	13,130
PRORENOVA	3M TJLP + weighted average interest of 2.90% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Oct/18	40,796	48,492
PRORENOVA	Fixed interest of 5.50% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Nov/19	61,549	61,518
Bank Credit Note (BNDES PASS)	Fixed interest of 7.70% p.a. paid at contract maturity		Single installment in Apr/14	-	15,264
In foreign currency:					
ACC	Fixed rate of 1.4861% p.a. + U.S. dollar adjustment paid at contract maturity		Single installments with maturities in Jan/15 and Mar/15	106,815	93,403
Export Credit Note	Fixed rate of 5.50% p.a. + U.S. dollar variation paid at contract maturity	(g)	Payments of semiannual interest (Jun and Dec) and principal in Jun/17	265,701	229,445
Pre-Export Financing (PPE)	(6M LIBOR + fixed rate) = 3.0512% p.a. + U.S. dollar adjustment paid at contract maturity	(f)	Semiannual installments with maturities in Mar/15, Jun/15, Aug/15, Dec/15, Jan/16, Sept/16, Mar/18, Apr/18, Jun/18 and Oct/19	892,077	387,846
FINEM INDIRECT	Currency basket (U.S. dollar, Euro and Yen) + weighted average fixed interest rate of 6.7353% p.a. paid monthly	(b)	Monthly installments with maturities between Jan/15 and Apr/23	14,893	3,453
Export Credit Bill	Fixed rate of 2.2536% p.a. + U.S. dollar adjustment paid at contract maturity		Monthly installments with maturities between Jan/15 and Jul/18	69,534	-
Total				2,844,350	1,590,821
Current liabilities				(905,135)	(439,644)
Noncurrent liabilities				1,939,215	1,151,177

**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

At December 31, 2014, borrowings were guaranteed by the following additional guarantees (referenced to the tables above):

Description of the guarantees for borrowings	Book value or contractual
(a) Mortgage – 11,292 ha of land	377,381
(b) Statutory lien of industrial equipment	49,043
Statutory lien of agricultural equipment	6,395
Promissory note	3,013
Bank surety	11,754
(c) Statutory lien of industrial equipment	164,989
Statutory lien of agricultural equipment	168,477
Promissory note	1,664
(d) Mortgage - 69 ha of land	2,701
(e) Promissory note	3,020
(f) Mortgage – 13,758 ha of land	318,702
Promissory note	1,620,083
(g) Mortgage – 1,029 ha of land	23,845

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

Noncurrent borrowings have the following maturities dates:

	December 31, 2014	
	Company	Consolidated
From 01/01/2016 to 12/31/2016	347,423	350,902
From 01/01/2017 to 12/31/2017	496,972	500,451
From 01/01/2018 to 12/31/2018	433,127	436,606
From 01/01/2019 to 12/31/2019	384,288	387,767
From 01/01/2020 to 12/31/2020	164,321	167,800
From 01/01/2021 to 10/31/2025	92,338	95,689
	<u>1,918,469</u>	<u>1,939,215</u>

The book value and the fair value of borrowings are similar.

**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

Based on Central Bank of Brazil Resolution No. 2471/98 and other pertinent legal provisions, in 1998, 1999 and 2000, the Company, ABV and USL securitized debts with financial institutions by means of the purchase of National Treasury Notes (CTN) in the secondary market, as collateral for the payment of the principal. This securitized financing, recorded as "Securitized agricultural credits", will be automatically settled at the maturity dates through redemption of the CTNs, which are in the custody of the creditor financial institutions. These are non-negotiable certificates, exclusively intended for paying this debt. The companies' disbursements during the 20 years in which this securitization is effective are limited to the annual payment of amounts equivalent to the application of variable percentages of between 3.8% and 4.96% per annum of the securitized amount, monetarily adjusted based on the General Market Price Index (IGP-M), limited to 9.5% per annum up to the annual payment date. This obligation is recorded in the financial statements based on the amount of future disbursements adjusted to present value.

**17 Trade accounts payable**

	Company		Consolidated	
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014
Sugar cane	93,163	25,904	83,317	25,904
Materials, services and other	48,757	40,958	48,624	38,525
	<u>141,920</u>	<u>66,862</u>	<u>131,941</u>	<u>64,429</u>

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

**18 Payables to Copersucar**

These refer to temporary cash surpluses arising from injunctions in lawsuits claiming the suspension of liabilities. These cash surpluses are related to provisions for contingencies recorded by the Cooperative under noncurrent liabilities. However, in the event of unfavorable outcomes in lawsuits in which the Cooperative obtained an injunction, the Company could be required to reimburse, within 120 days, the amount that was transferred to it. The main amounts included in these liabilities arose from Federal VAT (IPI), whose



## Notes to quarterly information at

**December 31, 2014**

In thousands of reais, unless otherwise stated

constitutionality and legality had been challenged in court by the Cooperative, and from tax liabilities included in the Tax Recovery Program (REFIS) of Copersucar, as shown below.

Company and Consolidated	December 31, 2014	March 31, 2014
REFIS - Copersucar - Restated based on the SELIC interest rate	108,677	84,415
Bill of Exchange - Restated based on the SELIC interest rate	78,983	69,316
Bill of Exchange - Onlending of funds not subject to charges	50,587	42,682
Provision for expenses with tax proceedings	41,442	11,641
Total	279,689	208,054
Current liabilities	(2,040)	(2,040)
Noncurrent liabilities	277,649	206,014

All the Company's obligations with Copersucar are guaranteed by bank sureties.

In addition, in accordance with the terms negotiated for the withdrawal from Copersucar, the Company, SC and USL remain liable for the payment of obligations, proportionate to their investment in Copersucar in previous harvests, which result from tax assessments that may arise and that relate to periods in which the Company, SC and USL were cooperative members.

The State Finance authorities have issued tax assessments against Copersucar with respect to State VAT (ICMS) on fuel and industrial ethanol sales made by Copersucar up to December 31, 2008, as principal taxpayer or substitute taxpayer of the distribution companies. The adjusted amount, calculated proportionately to the investment of the Company in the Cooperative, amounts to R\$ 208,595. The Copersucar legal counsel assesses the outcome in these lawsuits as a risk of possible loss. Copersucar believes that it has strong arguments to successfully defend the fines imposed by the State Tax Authorities over these delinquency notices. These notices involve court fees and legal fees for the Group at an amount estimated by management of R\$ 25,715. Management is currently discussing/reviewing with Copersucar the final amount to be indemnified for these expenses, but it does not expect a material difference in relation to the amount provisioned.



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

**19 Tax payments in installments**

Company and Consolidated	December 31, 2014	March 31, 2014
State VAT (ICMS)	843	1,188
REFIS installments - Law No. 11941	17,887	50,349
	18,730	51,537
Current liabilities	(2,071)	(5,219)
Noncurrent liabilities	16,659	46,318

In the quarter ended December 31, 2014, under Law No. 12996 of June 18, 2014, the Company settled a REFIS installment arrangement totaling R\$ 32,080. This total amount comprises cash payment of R\$ 13,943, and tax loss carryforwards amounting to R\$ 18,137, namely, R\$ 11,040 recorded by the Company and R\$ 7,097 by its related party USL.

**20 Other liabilities**

	Company		Consolidated	
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014
Sales for future delivery	3,401	2,353	3,401	2,353
Provision for spending on systems	1,509	-	1,509	-
Equity in investees	10,845	8,343	10,845	8,343
Mitsubishi Corporation	-	4,440	-	4,440
Employee Cooperative	2,157	1,225	2,166	1,225
Freight and transport	1,565	67	1,565	67
Other payables	630	867	1,202	1,298
	20,107	17,295	20,688	17,726
Current liabilities	20,107	17,289	20,204	17,290
Noncurrent liabilities	-	6	484	436

The outstanding balance at March 31, 2014 due to Mitsubishi Corporation arose from the acquisition of the investment in Usina Boa Vista S.A. in November 2009 with final payment in November 2014.



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

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**21 Equity**

**(a) Capital**

At December 31, 2014, capital amounted to R\$ 812,992 (R\$ 737,200 at March 31, 2014) and was divided into 113,329,207 (113,000,000 at March 31, 2014) registered common shares, without par value.

At the Special General Meeting held on July 31, 2014, the shareholders approved a capital increase of R\$ 71,650 with capital investment reserve, without issue of new shares.

At the Special General Meeting held on October 31, 2014, the shareholders approved a capital increase of R\$ 4,142 through issue of 329,207 new shares.

**(b) Treasury shares**

On December 13, 2011, the Board of Directors approved the second common share repurchase program, such shares to be held in treasury for subsequent sale, cancellation or utilization for the stock option plan (item (f) below), without reducing capital, pursuant to the Company's bylaws, CVM Rulings No. 10/80 and No. 268/97 and other statutory provisions. The share repurchases of this second program were carried out on the BM&FBovespa S.A. - São Paulo Commodities, Futures and Securities Exchange, at market prices, with the intermediation of brokerage firms.

In the quarter ended December 31, 2014, there was no repurchase of shares, only the sale of 162,031 treasury shares due to share purchase options exercised by directors of the Company (item (f) below), there remaining 495,609 treasury shares.

At December 31, 2014, the market value of these shares was R\$ 17,966 (December 31, 2013 - R\$ 21,020 - 732,396 shares).



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

	Number	Average price of acquisition*	Total
Treasury shares at December 31, 2014	657,640	18.00	11,839
Exercise of stock options	(162,031)	18.00	(2,917)
Treasury shares at December 31, 2014	<u>495,609</u>	<u>18.00</u>	<u>8,922</u>

\* including additional acquisition costs - in Reais

**(c) Equity adjustments**

See Note 23(c) to the financial statements for the year ended March 31, 2014.

**(d) Legal and capital investment reserves**

No changes were made to the calculation method utilized during the period ended December 31, 2014. See Note 23(d) to the financial statements for the year ended March 31, 2014.

At the Annual General Meeting held on July 31, 2014, the shareholders approved an additional allocation of R\$ 118,353 to the capital investment reserve and a capital increase amounting to R\$ 71,650.

**(e) Dividends and interest on equity**

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

At the Annual General Meeting held on July 31, 2014, the shareholders approved an additional dividend distribution of R\$ 8,342 (R\$ 0.0742 per share), totaling a dividend distribution of R\$ 40,405 (R\$ 0.3595 per share) of the profit for the year ended March 31, 2014, which was paid on August 15, 2014.

**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

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**(f) Stock option plan**

The Stock Option Plan offered to the Company's officers is detailed in Note 23(f) to the financial statements for the year ended March 31, 2014.

On December 15, 2014, certain executives were granted purchase options on 338,088 Company shares, at an exercise price of R\$ 36.11 per share. The options will vest and become exercisable at three different moments, namely: i) for 33.3% after the second year from the date of grant; ii) for 33.3% after the third year from the date of grant; and iii) for 33.3% after the fourth year from the date of grant. The maximum exercise period is 2021. The fair value of each option at the date of grant was R\$ 11.39 for the batch of stock options vesting after the second year from the date of grant, R\$ 12.01 for the batch of stock options vesting after the third year from the date of grant and R\$ 12.59 for the batch of stock options vesting after the fourth year from the date of grant.

In the quarter ended December 31, 2014, 162,031 stock options were exercised in the amount of R\$ 3,099.

Additionally, the Company recognized in the same period a stock option expense of R\$ 2,839 (at December 31, 2013 - R\$ 2,116).

**22 Employee and management benefits plan – Private Pension plan**

No changes were made in the model and assumptions used for the plan during the period ended December 31, 2014, and, accordingly, the disclosures described in Note 24 to the financial statements for the year ended March 31, 2014 are still applicable.

The corresponding amounts for the periods ended December 31, 2014 and 2013 recorded as operating costs or expenses in the income statement, amounted to R\$ 1,383 (Company) and R\$ 1,517 (consolidated).

**23 Profit sharing program**

No changes were made to the assumptions used during the period ended December 31, 2014. See Note 25 to the financial statements for the year ended March 31, 2014.



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

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The amount of profit sharing for the period ended December 31, 2014, recorded as operating costs or expenses in the income statement, amounted to R\$ 26,302 (December 31, 2013 – R\$ 20,990), in the consolidated.

**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

**24 Income and social contribution taxes**
**(a) The income tax and social contribution balances are as follows:**

Company	December 31, 2014	March 31, 2014
Current assets - Prepayments		
. Income and social contribution taxes to be offset	61,281	33,473
Deferred income and social contribution taxes:		
Deferred tax assets		
. Income tax losses	20,507	11,683
. Social contribution tax losses	7,382	4,279
Taxes on temporary differences		
. Provision for contingencies	14,499	13,803
. Derivative financial instruments	93,478	54,077
. Profit sharing and bonus	8,878	1,018
. Provision for other obligations	14,090	3,958
. Other	4,457	1,411
	163,291	90,229
Deferred tax liabilities		
Taxes on temporary differences		
. Deemed cost increment of property plant and equipment	(148,552)	(262,165)
. Accelerated tax-incentive depreciation	(189,699)	(182,609)
. Foreign exchange variation	(79,096)	(41,289)
. Securitized financing	(17,226)	(17,414)
. Tax benefit on goodwill	(29,104)	(17,523)
. Present value adjustment	(3,488)	(4,561)
. Biological assets and rural produce (fair value variation)	(800)	(3,684)
. Derivative financial instruments	16,633	(352)
. Increment in assets - Merger of USC	(34,188)	-
. Disposal of investment with deferred taxation	(27,104)	-
. Other	(760)	(1,349)
	(513,384)	(530,946)
Noncurrent liabilities	(350,093)	(440,717)

**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

Consolidated	December 31, 2014	March 31, 2014
Current assets - Prepayments		
. Income and social contribution taxes to be offset	61,434	34,237
Current liabilities - Taxes payable		
. Income and social contribution taxes payable	2,615	611
Deferred income and social contribution taxes:		
Deferred tax assets		
. Income tax loss	20,507	11,683
. Social contribution tax loss	7,382	4,279
Taxes on temporary differences		
. Derivative financial instruments	93,478	54,077
. Provision for contingencies	14,499	13,803
. Profit sharing and bonus	8,878	1,018
. Provision for other obligations	14,090	3,958
. Gain on inventories	(266)	-
. Other	4,457	1,411
	163,025	90,229
Deferred tax liabilities		
Taxes on temporary differences		
. Deemed cost increment of property, plant and equipment	(675,738)	(629,327)
. Accelerated depreciation tax incentive	(189,699)	(182,609)
. Securitized financing	(17,226)	(17,414)
. Tax benefit on goodwill	(29,104)	(17,523)
. Present value adjustment	(3,488)	(4,561)
. Derivative financial instruments	16,633	(352)
. Biological assets and rural produce (fair value variation)	(800)	(3,684)
. Foreign exchange variation	(79,096)	(41,289)
. Increment in assets - Merger of USC	(62,199)	-
. Disposal of investment with deferred taxation	(27,104)	-
. Other	(760)	(1,350)
	(1,068,581)	(898,109)
Noncurrent liabilities	(905,556)	(807,880)



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

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

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

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

<b>Consolidated Periods ended December 31</b>	<b>Estimated realizable value</b>
2015	54,298
2016	16,217
2017	31,737
2018	46,622
2019	9,317
2020 onwards	4,834
	<u>163,025</u>

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



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

**(b) Reconciliation of income and social contribution tax expenses**

	Company			
	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Pretax income	42,802	247,340	39,796	178,848
Current income and social contribution taxes at statutory rates (34%)	(14,553)	(84,096)	(13,531)	(60,808)
Adjustments for calculation of effective rate:				
. Equity pickup	23,156	60,506	8,908	15,059
. Permanent exclusions (additions), net	2,090	5,546	(2,260)	(4,509)
. Unaccrued deferred taxes	146	146	-	-
. Other	2	20	-	-
. Tax incentives	(103)	26	45	(17)
Income and social contribution tax expenses	10,738	(17,852)	(6,838)	(50,275)
Deferred income and social contribution taxes	9,383	(17,852)	(18,985)	(47,453)
Current income and social contribution taxes	1,355	-	12,147	(2,822)
Effective rate of income and social contribution taxes	-25.1%	7.2%	17.2%	28.1%

	Consolidated			
	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Pretax income	45,033	252,745	40,944	177,722
Current income and social contribution taxes at statutory rates (34%)	(15,311)	(85,933)	(13,921)	(60,425)
Adjustments for calculation of effective rate:				
. Equity pickup	3,454	13,414	2,264	(3,585)
. Permanent exclusions (additions), net	5,566	8,402	(2,261)	(4,852)
. Unaccrued deferred taxes	(1,342)	(746)	-	-
. Calculation adjustment - subsidiary under the "deemed profit" method (i.e., its taxable profit computed as a percentage of gross revenue)	19,820	46,711	6,831	21,702
. Gain on inventories	(315)	(315)	(977)	(2,370)
. Other	(2,235)	(2,198)	-	29
. Tax incentives	(161)	(333)	78	352
Income and social contribution tax expenses	9,476	(20,998)	(7,986)	(49,149)
Deferred income and social contribution taxes	11,855	(14,319)	(19,458)	(43,602)
Current income and social contribution taxes	(2,379)	(6,679)	11,472	(5,547)
Effective rate of income and social contribution taxes	-21.0%	8.3%	19.5%	27.7%

**Notes to quarterly information at**
**December 31, 2014**

 In thousands of reais, unless otherwise stated
 

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**25 Commitments**

The Group assumes various commitments in the ordinary course of its business. See detail on commitments in Note 28 to the financial statements for the year ended March 31, 2014.

**26 Provision for contingencies**
**26.1 Probable losses**

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

	Company						
	March 31, 2014	Merger of SC	Additions	Reversals	Uses	Restatements	December 31, 2014
Tax	3,914	-	5,297	-	(97)	59	9,173
Civil and environmental	16,025	1,621	2,541	(6,370)	(10,476)	578	3,919
Labor	36,710	4,190	13,771	(8,071)	(14,586)	5,179	37,193
<b>Total</b>	<b>56,649</b>	<b>5,811</b>	<b>21,609</b>	<b>(14,441)</b>	<b>(25,159)</b>	<b>5,816</b>	<b>50,285</b>
Judicial deposits	31,969	1,651	8,954	-	(15,397)	1,929	29,106

	Consolidated						
	March 31, 2014	Merger of SC	Additions	Reversals	Uses	Restatements	December 31, 2014
Tax	3,914		6,356	-	(97)	59	10,232
Civil and environmental	16,025	650	2,750	(6,370)	(10,685)	1,549	3,919
Labor	36,710	3,829	14,333	(8,126)	(14,868)	5,315	37,193
<b>Total</b>	<b>56,649</b>	<b>4,479</b>	<b>23,439</b>	<b>(14,496)</b>	<b>(25,650)</b>	<b>6,923</b>	<b>51,344</b>
Judicial deposits	31,969	1,434	10,355		(15,531)	2,052	30,279

The nature of the main lawsuits at December 31, 2014 included in the above provisions is as follows (Company and Consolidated):

**Tax proceedings**

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

**Notes to quarterly information at  
December 31, 2014**

 In thousands of reais, unless otherwise stated
 

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**Civil and environmental proceedings**

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

**Labor claims**

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

**26.2 Possible losses (contingent liabilities)**

The Group is a party to various litigations involving tax, environmental and civil matters that were assessed by legal counsel as involving possible losses (contingent liabilities). The nature and the amounts thereof are as follows:

**Tax proceedings:**

Consolidated		Stage			
Nature	No. of proceedings	Adminis- trative	Trial court	Higher court	Total
(i) Social security contributions	14	120,137	-	13,990	134,127
(ii) Calculation of IRPJ/CSLL	10	129,922	1,762	-	131,684
(iii) IRPJ losses	6	1,033	-	-	1,033
CSLL losses	6	818	141	-	959
Offset of credits - PIS	4	72	-	2,351	2,423
Offset of Federal taxes	7	55,104	-	-	55,104
(iv) Other tax proceedings	22	3,550	1,920	437	5,907
	69	310,636	3,823	16,778	331,237

**Notes to quarterly information at  
December 31, 2014**

 In thousands of reais, unless otherwise stated
 

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

**Civil, environmental and labor proceedings:**

Consolidated		Stage				
Nature	No. of proceedings	Adminis- trative	Trial court	Lower court	Higher court	Total
Environmental	13	515	1,790	250	-	2,555
Civil						
Indemnities	23	-	8,564	113	31	8,708
Review of contracts	11	-	227	-	-	227
Rectification of area and land registry	2	-	-	-	-	-
Permits for obtaining mineral research licenses	5	-	-	-	-	-
Other civil proceedings	5	-	103	-	-	103
Labor						
Tax delinquency notice	13	42	-	-	-	42
Labor claim/Annulment of delinquency notice	5	-	5,041	1,644	-	6,685
	<u>77</u>	<u>557</u>	<u>15,725</u>	<u>2,007</u>	<u>31</u>	<u>18,320</u>

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

**27 Derivative financial instruments**

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

The Company opted for hedge accounting to recognize part of its derivative financial instruments. The instruments elected were sugar, ethanol and foreign currency (US dollar) derivatives, which cover sales of the 2014/2015 and 2015/2016 crops, and were designated as cash flow hedges of highly probable forecast transactions (future sales).

Derivatives designated for hedge accounting are recognized at fair value in the balance sheet. The effective portion of changes in fair value of designated derivatives, which qualify for hedge accounting, is classified as "Equity adjustments", in equity (as shown in the "Statement of comprehensive income"), net of deferred taxes, and transferred to "Net sales revenue" in the income statement when the revenue of the related hedged sale is recognized, which occurs in the month in which the goods are shipped. The ineffective portion of such changes is recorded as financial income or expenses in the same period in which it occurs.

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

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

**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

Related to the sugar hedges, the derivatives were designated as a cash flow hedge in respect of future sales of sugar. These transactions are carried out on the New York Intercontinental Exchange (ICE Futures US) and with leading financial institutions through over-the-counter contracts.

The balances of assets and liabilities at December 31, 2014 and March 31, 2014 relating to transactions with derivative financial instruments and their maturities were as follows:

Company and Consolidated	December 31, 2014				
	Due date	Amount/ contracted volume	Price/ average rate	Notional amount - R\$	Fair value - R\$
<b><u>In current assets - Gain / (loss)</u></b>					
Margin deposit					27,477
Merchandise futures contracts - Sugar #11 - Commodities Exchange		Ton	Cts USD/lb		
. Sales commitments		775,244	16.91	767,806	73,848
February-15		270,777	16.83	266,847	32,965
April-15		90,377	16.69	88,355	9,321
June-15		145,498	17.09	145,629	15,695
September-15		162,923	16.82	160,494	10,992
February-16		105,669	17.21	106,481	4,875
. Purchase commitments		247,864	15.65	227,178	(14,883)
February-15		215,910	15.57	196,865	(13,282)
April-15		12,243	16.08	11,529	(801)
June-15		10,262	15.95	9,586	(422)
September-15		6,045	16.46	5,826	(278)
February-16		3,404	16.92	3,372	(100)
Merchandise options contracts - Sugar #11 - Commodities Exchange		Ton	Cts USD/lb		
. Bidding position in call options		251,980	19.10	281,761	1,687
February-15		180,095	19.38	204,368	86
April-15		3,810	17.00	3,793	33
June-15		9,652	21.00	11,870	23
September-15		43,182	18.24	46,112	885
February-16		15,241	17.50	15,618	660
. Bidding position in put options		174,252	16.99	173,305	20,510
February-15		68,583	16.85	67,680	8,302
April-15		10,160	16.50	9,817	1,065
June-15		34,546	17.31	35,008	4,719
September-15		45,722	17.13	45,851	5,237
February-16		15,241	16.75	14,949	1,187

**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

Company and Consolidated	December 31, 2014				
	Due date	Amount/ contracted volume	Price/ average rate	Notional amount - R\$	Fair value - R\$
<b><u>In current assets - Gain / (loss) - continued</u></b>					
. Written position in call options		514,120	19.28	580,468	(3,825)
	February-15	253,758	19.63	291,742	(183)
	April-15	24,131	18.16	25,659	(107)
	June-15	66,043	19.32	74,716	(436)
	September-15	124,466	19.02	138,595	(1,742)
	February-16	45,722	18.58	49,756	(1,357)
. Written position in put options		25,401	16.50	24,543	(1,203)
	February-15	25,401	16.50	24,543	(1,203)
<b>TOTAL CURRENT ASSETS</b>					<b>103,611</b>
<b><u>In current liabilities - (Gain) / loss</u></b>					
Flexible currency option contracts - Dollar		USD (.000)	R\$/USD		
. Bidding position in put options		8,270	2.6095	21,581	(273)
	March-15	4,870	2.5377	12,359	(62)
	October-15	3,400	2.7124	9,222	(211)
. Written position in call options		8,270	2.7849	23,031	733
	March-15	4,870	2.6332	12,824	471
	October-15	3,400	3.0021	10,207	262
NDF - US Dollar - Over the Counter		USD (.000)	R\$/USD		
. Sales commitments		283,884	2.6616	755,580	31,111
	January-15	45,251	2.5942	117,391	2,806
	February-15	21,834	2.7043	59,046	(781)
	March-15	2,054	2.5973	5,335	181
	April-15	234	2.4505	573	59
	May-15	35,120	2.6270	92,260	3,503
	July-15	65,239	2.5952	169,309	10,059
	August-15	14,880	2.2955	34,157	7,038
	October-15	66,110	2.7448	181,459	6,365
	March-16	32,830	2.8986	95,161	1,782
	June-16	332	2.6765	889	99
. Purchase commitments		28,350	2.6441	74,960	(343)
	January-15	28,350	2.6441	74,960	(343)
Merchandise futures contract - Ethanol - Commodities exchange		m <sup>3</sup>	R\$/m <sup>3</sup>		
. Sales commitments		110,760	1,259.75	139,530	127
	December-14	300	1,265.00	380	(1)
	January-15	13,650	1,257.60	17,166	(68)
	February-15	57,690	1,266.24	73,049	-
	March-15	39,120	1,250.90	48,935	196
. Purchase commitments		4,800	1,254.69	6,023	-
	February-15	4,800	1,254.69	6,023	-

**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

Company and Consolidated	December 31, 2014				
	Due date	Amount/ contracted volume	Price/ average rate	Notional amount - R\$	Fair value - R\$
<b>In current liabilities - (Gain) / loss - Continued</b>					
Swap contracts - Interest - Over the Counter		USD (.000)	Assets	Liabilities	58,416
	March-15	91,280	Libor 6M + 3%	3.9% do CDI	71
	June-15	137,355	Libor 6M + 1,5%	2.4% do CDI	83
	September-15	34,444	LBUSD Interpol	USD + 0,870%	1,209
	September-15	26,739	LBUSD 6M	USD + 1,430%	48,846
	December-15	36,258	LBUSD 6M	USD + 1,350%	212
	September-16	183,140	Libor 6M + 2,5%	3.6% do CDI	125
	September-16	22,224	LBUSD 6M	USD + 1,000%	383
	September-16	11,611	LBUSD 6M	USD + 1,355%	61
	May-17	20,422	CDI + 1,5%	USD + 5,5%	120
	May-17	165,736	CDI	USD + 5%	(162)
	January-18	29,146	LBUSD Interpol	USD + 1,135%	87
	March-18	40,584	LBUSD 6M	USD + 1,060%	127
	April-18	24,787	LBUSD Interpol	USD + 1,625%	137
	April-18	23,225	LBUSD Interpol	USD + 1,170%	58
	April-18	14,045	LBUSD Interpol	USD + 1,570%	214
	June-18	20,249	LBUSD 6M	USD + 1,370%	25
	July-18	69,674	LBUSD 1M	USD + 0,930%	6,820
<b>TOTAL CURRENT LIABILITIES</b>					<b>89,771</b>

Company and Consolidated	March 31, 2014				
	Due date	Amount/ contracted volume	Price/ average rate	Notional amount - R\$	Fair value - R\$
<b>In current assets - Gain / (losses)</b>					
Margin deposit					28,673
Merchandise forward contracts - Sugar #11 - Commodities Exchange		Ton	Cts USD/lb		
. Sale commitments		2,540	18.70	2,370	65
	June-14	2,540	18.70	2,370	65
Flexible currency option contracts - Dollar		USD (.000)	R\$/USD		
. Bidding position in call options		3,704	2.3586	8,736	9
	June-14	3,704	2.3586	8,736	9
. Bidding position in put options		52,086	2.4586	128,058	6,009
	June-14	7,210	2.4541	17,694	905
	July-14	19,610	2.4133	47,324	1,886
	August-14	13,216	2.4875	32,875	1,671
	October-14	1,680	2.4723	4,153	171
	November-14	5,500	2.4599	13,529	605
	March-15	4,870	2.5633	12,483	771



**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

Company and Consolidated	March 31, 2014				
	Due date	Amount/ contracted volume	Price/ average rate	Notional amount - R\$	Fair value - R\$
<b><u>In current assets - Gain / (losses) - Continued</u></b>					
. Written position in call options		50,580	2.4607	128,058	(1,203)
	June-14	5,704	2.4657	17,694	(20)
	July-14	19,610	2.4150	47,324	(308)
	August-14	13,216	2.4875	32,875	(191)
	October-14	1,680	2.4723	4,153	(51)
	November-14	5,500	2.4599	13,529	(283)
	March-15	4,870	2.5633	12,483	(350)
					<b>33,553</b>
<b><u>TOTAL CURRENT ASSETS</u></b>					
<b><u>Current liabilities- (Gain) / Loss</u></b>					
Merchandise futures contracts - Sugar #11 - Commodities Exchange					
		Ton	Cts USD/lb		
. Sale commitments		416,611	17.37	361,067	15,115
	April-14	130,607	17.41	113,463	1,841
	June-14	188,976	17.29	163,028	7,298
	September-14	72,898	17.39	63,255	4,218
	February-15	24,130	17.71	21,321	1,758
. Purchase commitments		6,350	16.73	5,298	(345)
	April-14	5,842	16.74	4,880	(299)
	June-14	254	16.29	206	(23)
	September-14	254	16.75	212	(23)
Merchandise options contracts - Sugar #11 - Commodities Exchange					
		Ton	Cts USD/lb		
. Bidding position in call options		27,940	19.18	26,739	(1,363)
	April-14	10,160	18.00	9,124	(456)
	June-14	7,620	21.00	7,984	(76)
	February-15	10,160	19.00	9,631	(831)
. Bidding position in put options		120,904	17.25	104,056	(3,328)
	April-14	10,160	17.63	8,934	(150)
	June-14	52,324	17.59	45,920	(1,640)
	September-14	48,260	16.91	40,711	(1,274)
	February-15	10,160	16.75	8,491	(264)
. Written position in call options		178,308	19.07	169,609	8,437
	April-14	20,320	18.63	18,882	271
	June-14	69,088	19.53	67,308	1,613
	September-14	43,180	18.19	39,191	3,109
	February-15	45,720	19.39	44,228	3,444
. Written position in put options		29,210	16.83	24,522	623
	June-14	13,970	17.18	11,976	319
	September-14	15,240	16.50	12,546	304
Merchandise futures contract - Ethanol - Commodities exchange					
		m <sup>3</sup>	R\$/m <sup>3</sup>		
. Sale commitments		9,000	1,150.08	10,351	15
	May-14	2,700	1,151.94	3,110	28
	June-14	3,600	1,150.00	4,140	7
	July-14	2,700	1,148.33	3,101	(20)

**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

Company and Consolidated	March 31, 2014				
	Due date	Amount/ contracted volume	Price/ average rate	Notional amount - R\$	Fair value - R\$
<b>Current liabilities- (Gain) / Loss - Continued</b>					
NDF - US Dollar - Over the Counter		USD (.000)	R\$/USD		
. Sale commitments		150,531	2.3245	349,908	3,763
	April-14	20,079	2.2722	45,623	(184)
	May-14	15,000	2.2313	33,469	798
	June-14	18,434	2.3630	43,559	(1,081)
	July-14	13,024	2.3156	30,158	66
	August-14	30,946	2.2890	70,835	1,580
	September-14	16,757	2.3069	38,657	858
	October-14	8,965	2.5024	22,434	(1,047)
	November-14	9,956	2.4755	24,646	(708)
	December-14	234	2.3895	559	6
	January-15	234	2.4045	563	7
	February-15	234	2.4210	567	8
	March-15	1,554	2.6434	4,108	(238)
	April-15	234	2.4505	573	10
	August-15	14,880	2.2955	34,157	3,688
. Purchase commitments		17,972	2.3699	42,592	1,921
	April-14	17,972	2.3699	42,592	1,921
Swap contracts - Interest - Over the Counter		USD (.000)	Assets	Liabilities	31,560
	November-14	49,914	USD + 1,2%	95.5% do CDI	2,974
	December-14	47,920	USD + 1,3%	95.7% do CDI	3,033
	March-15	91,280	Libor 6M + 3%	3.85%	331
	June-15	137,355	Libor 6M + 1,5%	2.36%	412
	September-16	183,140	Libor 6M + 2,5%	3.60%	1,531
	May-17	165,736	100% CDI	USD + 5%	23,279
<b>TOTAL CURRENT LIABILITIES</b>					<b>56,398</b>

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

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



## Notes to quarterly information at

**December 31, 2014**

In thousands of reais, unless otherwise stated

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

### **28 Segment information (consolidated)**

Management has determined the Group's operating segments based on the reports used for strategic decisions, which are reviewed by the main decision-makers, namely: the Executive Board, the CEO and the Board of Directors.

The analyses are made by segmenting the business based on the products sold by the Group, into five segments:

- (i) Sugar;
- (ii) Ethanol;
- (iii) Electricity;
- (iv) Real estate ventures; and
- (v) Other products

Segment (v), "Other products", includes operations related to production and sale of ribonucleic acid (sodium salt) and other products or byproducts of lesser importance.

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

The operating assets related to these segments are located in Brazil only.

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



## Notes to quarterly information at

**December 31, 2014**

In thousands of reais, unless otherwise stated

### Consolidated P&L by segment

December 31, 2014							
	Sugar	Ethanol	Electrical energy	Real estate venture	Other products	Not by segment	Total
Net revenue	686,736	387,903	119,241	24,420	54,532	-	1,272,832
Cost of goods sold	(506,900)	(300,639)	(16,521)	(4,331)	(44,696)	-	(873,087)
Mark to market of sugar cane plantation	-	-	-	-	-	(2,608)	(2,608)
Gross profit	179,836	87,264	102,720	20,089	9,836	(2,608)	397,137
Gross margin	26.19%	22.50%	86.14%	82.26%	18.04%	-	31.20%
Selling expenses	(50,652)	(6,982)	(958)	-	(205)	-	(58,797)
Other operating expenses	-	-	-	-	-	22,615	22,615
Operating income (loss)	129,184	80,282	101,762	20,089	9,631	20,007	360,955
Operating margin	18.81%	20.70%	85.34%	82.26%	17.66%	-	28.36%
Financial expenses, net	-	-	-	-	-	(101,985)	(101,985)
Foreign exchange variation, net	-	-	-	-	-	(21,983)	(21,983)
Derivatives	-	-	-	-	-	15,758	15,758
Income (loss) before taxes	-	-	-	-	-	(88,203)	252,745
Income and social contribution taxes	-	-	-	-	-	(20,998)	(20,998)
Net income (loss) for the period	-	-	-	-	-	(109,201)	231,747

December 31, 2013							
	Sugar	Ethanol	Electrical energy	Real estate venture	Other products	Not by segment	Total
Net revenue	638,739	411,589	34,789	15,869	112,341	-	1,213,327
Cost of goods sold	(418,824)	(299,848)	(10,382)	(13,201)	(113,812)	-	(856,067)
Mark to market of sugar cane plantation	-	-	-	-	-	46	46
Gross profit	219,915	111,741	24,407	2,668	(1,471)	46	357,306
Gross margin	34.43%	27.15%	70.16%	-	-1.31%	-	29.45%
Selling expenses	(43,746)	(18,189)	(80)	-	(193)	-	(62,208)
Other operating expenses	-	-	-	-	-	(87,745)	(87,745)
Operating income (loss)	176,169	93,552	24,327	2,668	(1,664)	(87,699)	207,353
Operating margin	27.58%	22.73%	69.93%	-	-1.48%	-	17.09%
Financial expenses, net	-	-	-	-	-	(58,379)	(58,379)
Foreign exchange variation, net	-	-	-	-	-	31,406	31,406
Derivatives	-	-	-	-	-	(2,658)	(2,658)
Income (loss) before taxes	-	-	-	-	-	(117,330)	177,722
Income and social contribution taxes	-	-	-	-	-	(49,149)	(49,149)
Net income (loss) for the period	-	-	-	-	-	(166,479)	128,573



**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

**Consolidated operating assets by segment**

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

December 31, 2014						
	Sugar	Ethanol	Electrical energy	Real estate venture	Outros produtos	Total
Trade accounts receivable	96,141	29,972	40,062	18,690	17,461	202,326
Inventory items	283,362	343,684	-	9,765	13,793	650,604
Biological assets	494,106	346,766	-	-	-	840,872
Property, plant and equipment	1,813,827	1,270,764	114,727	-	11,159	3,210,477
Intangible assets	238,480	167,366	82,389	-	-	488,235
Total assets allocated	2,925,916	2,158,552	237,178	28,455	42,413	5,392,514
Other unallocated assets	-	-	-	-	-	1,386,981
Total	2,925,916	2,158,552	237,178	28,455	42,413	6,779,495

March 31, 2014						
	Açúcar	Sugar	Ethanol	Electrical energy	Other products	Total
Trade accounts receivable	16,753	27,193	523	11,793	17,436	73,698
Inventory items	57,160	49,934	-	-	18,354	125,448
Biological assets	359,807	236,502	-	-	-	596,309
Property, plant and equipment	1,590,914	1,045,707	67,800	-	13,370	2,717,791
Intangible assets	116,404	76,513	-	-	-	192,917
Total assets allocated	2,141,038	1,435,849	68,323	11,793	49,160	3,706,163
Other unallocated assets	-	-	-	-	-	1,332,233
Total	2,141,038	1,435,849	68,323	11,793	49,160	5,038,396

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

**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

**29 Revenues**

	Company			
	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Gross revenue from sales				
Domestic market	171,084	420,390	131,122	388,524
Foreign market	267,462	699,396	175,542	789,464
Gains (losses) on derivatives	2,702	(7,890)	2,934	31,175
	<u>441,248</u>	<u>1,111,896</u>	<u>309,598</u>	<u>1,209,163</u>
Sales taxes, contributions and deductions	(11,271)	(31,100)	(10,245)	(30,948)
	<u>429,977</u>	<u>1,080,796</u>	<u>299,353</u>	<u>1,178,215</u>

	Consolidated			
	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Gross revenue from sales				
Domestic market	239,473	573,252	145,404	426,074
Foreign market	273,162	755,329	175,542	789,462
Gains (losses) on derivatives	1,934	(12,929)	2,934	31,175
	<u>514,569</u>	<u>1,315,652</u>	<u>323,880</u>	<u>1,246,711</u>
Sales taxes, contributions and	(17,453)	(42,820)	(11,052)	(33,384)
	<u>497,116</u>	<u>1,272,832</u>	<u>312,828</u>	<u>1,213,327</u>

**30 Costs and expenses by nature**

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

**Notes to quarterly information at  
December 31, 2014**

In thousands of reais, unless otherwise stated

Costs and expenses by nature:	Company			
	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Raw material and material for use and consumption	129,061	374,647	95,785	374,701
Personnel expenses	56,875	146,380	45,426	142,276
Depreciation and amortization (including harvested biological assets)	134,088	289,509	66,505	250,602
Spare parts and maintenance services	13,750	28,898	9,716	33,022
Third-party services	33,263	79,821	24,843	93,015
Litigation	9,341	7,168	1,568	13,435
Change in fair value of biological assets	1,297	(865)	1,234	(47)
Materials for resale (i)	4,996	11,237	18,461	70,041
Other expenses	24,095	53,554	12,322	43,301
	<u>406,766</u>	<u>990,349</u>	<u>275,860</u>	<u>1,020,346</u>

Costs and expenses by nature:	Consolidated			
	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Raw material and material for use and consumption	123,392	370,837	89,501	346,387
Personnel expenses	59,856	156,116	45,489	142,399
Depreciation and amortization (including harvested biological assets)	138,866	310,382	67,006	251,663
Spare parts and maintenance services	14,543	31,883	9,716	33,022
Third-party services	33,565	85,720	24,865	93,062
Litigation	4,214	2,684	1,568	13,435
Change in fair value of biological assets	1,303	2,602	1,234	(47)
Materials for resale (i)	8,379	14,706	-	13,396
Sales of land	1,864	4,331	18,541	73,648
Other expenses	20,798	53,442	11,566	37,837
	<u>406,780</u>	<u>1,032,703</u>	<u>269,486</u>	<u>1,004,802</u>

(i) At December 31, 2013, mainly sugar cane sold.



## Notes to quarterly information at December 31, 2014

In thousands of reais, unless otherwise stated

Classified as:	Company			
	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Cost of goods sold	345,031	841,505	235,747	872,042
Selling expenses	20,635	53,096	14,812	62,208
General and administrative expenses	41,100	95,748	25,301	86,096
	<u>406,766</u>	<u>990,349</u>	<u>275,860</u>	<u>1,020,346</u>

Classified as:	Consolidated			
	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Cost of goods sold	347,346	875,695	229,205	856,021
Selling expenses	21,470	58,797	14,812	62,208
General and administrative expenses	43,164	103,411	25,469	86,573
	<u>411,980</u>	<u>1,037,903</u>	<u>269,486</u>	<u>1,004,802</u>

### 31 Other operating income, net

Classified as:	Company			
	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Tax loss of subsidiary used in REFIS	7,097	7,097	-	-
Penalty for termination of service agreement	(500)	(1,280)	-	-
Review of tax credits	(16)	(98)	-	-
Gain (loss) on disposal of property, plant and equipment	167	(166)	1,906	2,819
Gain (loss) on sale of scrap	435	1,446	204	763
Lease agreements	175	860	59	(240)
Gain on acquisition of rural debt bonds	453	453	-	340
Indemnities of agricultural partnership agreements	85	553	-	4,636
Divestiture- ABV (Note 12.8)	-	79,717	-	-
Nonrecurring expenses - Acquisition of SC (Note 35)	-	(9,394)	-	-
Expenses with Copersucar ICMS proceeding	-	(2,566)	-	-
In-court reorganizations	-	331	-	-
Assignment of right for soil exploration	-	-	1,313	1,313
Gain on sale of clay	-	-	283	965
Payroll contract	-	-	-	68
Other	387	323	(717)	(1,119)
	<u>8,283</u>	<u>77,276</u>	<u>3,048</u>	<u>9,545</u>





## Notes to quarterly information at

**December 31, 2014**

In thousands of reais, unless otherwise stated

	Consolidated			
	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Tax loss of subsidiary used in REFIS	7,097	7,097	-	-
Penalty for termination of service agreement	(500)	(1,280)	-	-
Review of tax credits	(9)	(574)	-	-
Gain (loss) on disposal of property, plant and equipment	217	(89)	1,906	2,819
Divestiture- ABV (Note 12.8)	-	79,717	-	-
Gain due to change in interest regarding CTC	-	7,055	-	-
Nonrecurring expenses - Acquisition of SC (Note 35)	-	(9,394)	-	-
Expenses with Copersucar ICMS proceeding	-	(2,566)	-	-
Recoveries with agricultural partnership agreements	-	181	-	-
Setting up of unnamed private pension fund	-	239	-	-
In-cout reorganizations	-	331	-	-
Gain on acquisition of rural debt bonds	453	453	-	340
Indemnities of agricultural partnership agreements	85	553	-	4,636
Assignment of right for soil exploration	-	-	1,313	1,313
Gain on sale of clay	-	-	283	965
Right-of-way revenue - power grid	-	-	-	604
Payroll contract	-	-	-	68
Revenue from agricultural services – prior years' crops	-	804	-	-
Gain (loss) on sale of scrap	469	1,588	204	763
Lease agreements	763	1,827	59	(240)
Other	320	630	(716)	(1,138)
	<u>8,895</u>	<u>86,572</u>	<u>3,049</u>	<u>10,130</u>

**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

**32 Financial income (expenses)**

	Company			
	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Financial income				
Interest received and accrued	18,135	47,325	6,380	17,041
Bank surety commission	931	2,409	827	2,364
Other revenues	103	493	45	381
	<u>19,169</u>	<u>50,227</u>	<u>7,252</u>	<u>19,786</u>
Financial expenses				
Present value adjustment	(691)	(3,417)	(1,761)	(7,718)
Interest on Borrowings	(43,317)	(93,874)	(19,337)	(54,056)
Interest on Borrowings - Copersucar	(2,621)	(7,098)	(2,075)	(5,754)
Interest paid and accrued	(9,292)	(16,523)	(1,818)	(4,445)
Bank surety commission	(7,111)	(19,196)	(150)	(1,348)
Monetary restatement of contingencies	(2,028)	(5,816)	(1,919)	(4,568)
Other expenses	(3,430)	(4,186)	(395)	(2,745)
	<u>(68,490)</u>	<u>(150,110)</u>	<u>(27,455)</u>	<u>(80,634)</u>
Monetary and foreign exchange variation, net				
Cash and cash equivalents	15,344	23,707	7,790	28,993
Customers and suppliers	5,210	9,483	(313)	7,158
Borrowings	(38,997)	(50,872)	(485)	(4,744)
	<u>(18,443)</u>	<u>(17,682)</u>	<u>6,992</u>	<u>31,407</u>
Derivatives - not designated for hedge accounting				
Gain (loss) on sugar transactions	(3,396)	3,731	918	619
Gain (loss) on ethanol transactions	245	260	(671)	(1,280)
Gain (loss) on foreign exchange transactions	8,418	8,161	(346)	(6,147)
Gains (loss) on Swaps	2,837	3,809	(889)	353
Costs of Commodities Exchange operations	(376)	(823)	(66)	(465)
Net foreign exchange variation	3,237	4,086	2,078	4,262
	<u>10,965</u>	<u>19,224</u>	<u>1,024</u>	<u>(2,658)</u>
Financial income (loss)	<u>(56,799)</u>	<u>(98,341)</u>	<u>(12,187)</u>	<u>(32,099)</u>

**Notes to quarterly information at**
**December 31, 2014**

In thousands of reais, unless otherwise stated

	Consolidated			
	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Financial income				
Interest received and accrued	21,654	56,424	7,548	20,176
Bank surety commission	931	2,409	827	2,364
Other revenues	104	569	47	384
	<u>22,689</u>	<u>59,402</u>	<u>8,422</u>	<u>22,924</u>
Financial expenses				
Present value adjustment	(691)	(3,417)	(1,761)	(7,718)
Interest on Borrowings	(44,048)	(101,789)	(19,666)	(54,721)
Interest on Borrowings - Copersucar	(2,793)	(7,654)	(2,075)	(5,754)
Interest paid and accrued	(9,300)	(16,542)	(1,818)	(4,445)
Bank surety commission	(7,211)	(20,589)	(150)	(1,348)
Monetary restatement of contingencies	(2,082)	(6,923)	(1,919)	(4,568)
Other expenses	(3,516)	(4,473)	(396)	(2,749)
	<u>(69,641)</u>	<u>(161,387)</u>	<u>(27,785)</u>	<u>(81,303)</u>
Monetary and foreign exchange variation, net				
Cash and cash equivalents	15,161	27,595	7,790	28,993
Customers and suppliers	5,329	10,459	(313)	7,158
Borrowings	(41,594)	(60,037)	(486)	(4,745)
	<u>(21,104)</u>	<u>(21,983)</u>	<u>6,991</u>	<u>31,406</u>
Derivatives - not designated for hedge accounting				
Gain (loss) on sugar transactions	(3,437)	3,481	918	619
Gain (loss) on ethanol transactions	245	260	(671)	(1,280)
Gain (loss) on foreign exchange transactions	8,418	8,161	(346)	(6,147)
Gains (loss) on Swaps	614	15	(889)	353
Costs of Commodities Exchange operations	(396)	(921)	(66)	(465)
Net foreign exchange variation	3,454	4,762	2,078	4,262
	<u>8,898</u>	<u>15,758</u>	<u>1,024</u>	<u>(2,658)</u>
Financial income (loss)	<u>(59,158)</u>	<u>(108,210)</u>	<u>(11,348)</u>	<u>(29,631)</u>

### 33 Earnings per share

#### (a) Basic

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



## Notes to quarterly information at

**December 31, 2014**

In thousands of reais, unless otherwise stated

	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Income for the quarter attributable to the shareholders of the Company	53,540	229,488	32,958	128,573
Weighted average number of common shares for the year - in thousands	112,635	112,461	112,230	112,230
Basic earnings per share (in reais)	0.4753	2.0406	0.2937	1.1456

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive common shares. The Company holds options to purchase dilutive potential common shares.

	December 31, 2014		December 31, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Income for the quarter used to determine diluted earnings per share	53,540	229,488	32,958	128,573
Weighted average number of common shares for diluted earnings - in thousands	113,106	112,953	112,452	112,452
Diluted earnings per share (in reais)	0.4734	2.0317	0.2931	1.1434

### 34 Insurance coverage

The Group maintains a standard safety, training and quality program in its units, which aims, among other things, to also reduce the risk of accidents. Furthermore, it maintains insurance contracts at amounts considered sufficient to cover possible significant losses on its assets and liabilities. The amounts covered by the current insurance policies at December 31, 2014 were as follows:

Risks covered	Maximum coverage (*)	
	Company	Consolidated
Civil liability	2,106,145	3,004,734
Fire, lightning and explosion of any nature	1,316,909	1,764,849
Theft or robbery	170,679	171,579
Other coverage	127,952	150,571
Electrical damages	45,662	52,662
Natural phenomena, impact of vehicles or aircraft, etc.	144,000	192,000

**Notes to quarterly information at  
December 31, 2014**

 In thousands of reais, unless otherwise stated
 

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(\*) Corresponds to the maximum cover amount for the various assets and locations insured. The vehicle cover, mainly civil liability, is also included above, except for property damage, which has as reference, on average, 100% of the Economic Research Institute (FIPE) table.

**35 Acquisition and disposal of investment – Amounts payable and receivable**

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

<b>Amounts payable</b>	<b>Mirtilo</b>	<b>Santa Cruz 3.9%</b>	<b>Santa Cruz 56.05%</b>	<b>Total</b>
Total consideration	196,500	15,346	315,861	527,707
Payment on March 14, 2013	(176,850)	-	-	(176,850)
Payment on March 31, 2014	(9,825)	-	-	(9,825)
Payment on April 1, 2014	-	(5,115)	-	(5,115)
Payment made on August 8, 2014	-	-	(34,973)	(34,973)
Monetary restatement	1,780	475	1,350	3,605
	<u>11,605</u>	<u>10,706</u>	<u>282,238</u>	<u>304,549</u>

<b>Amounts receivable</b>	<b>Agro Pecuária Boa Vista</b>
Total payment	195,900
Monetary restatement	939
	<u>196,839</u>

<b>Net balance</b>	<b>107,710</b>
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<b>Classified under:</b>	
Other assets	939
Current liabilities	(18,306)
Noncurrent liabilities	(90,343)

The Company paid 90% of the consideration payable upon the acquisition of Mirtilo. The remainder was partially settled in March 2014 and will be fully settled in March 2015. This amount is monetarily updated.



## Notes to quarterly information at

**December 31, 2014**

In thousands of reais, unless otherwise stated

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The consideration for the acquisition of a further 3.9% interest in the capital of SC is R\$ 15,346, payable in three annual installments of R\$ 5,115, the first one on signature of the transaction and the other two in the subsequent years, restated by the savings account interest rate.

The consideration for the acquisition of a further 56.05% interest in the capital of SC is R\$ 315,861, and disposal of all shares in ABV to LOP amounts to R\$ 195,900. As such, the final amount to be disbursed by the Company will correspond to R\$ 119,961, payable over ten years, restated by the CDI rate.

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