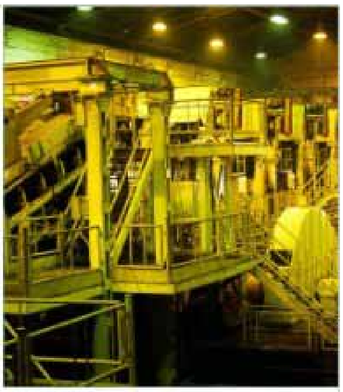


São Martinho

9M07 and 3Q07 Earnings 2006/07 Harvest

SÃO MARTINHO POSTS 9M07 NET INCOME OF R$77.2 MILLION

Net Revenue Grows 22.2% to R$652.6 Million in 9M07

São Paulo, March 15, 2007 – SÃO MARTINHO S.A. (Bovespa: SMTO3; Reuters SMTO3.SA and Bloomberg SMTO3:BZ), one of the largest sugar and ethanol producers in Brazil, announced today its results for the first nine months (9M07) and third quarter (3Q07) of 2007 and its 2006/07 harvest figures. According to Note 24 of the Company's financial statements, all financial and operating data in this report referring to the quarter and to the nine months period ended on January 31, 2007, are consolidated and combined when referring to the quarter and nine months period ended on January 31, 2006.

Caption:
9M07 – nine months ended on January 31, 2007
9M06 – nine months ended on January 31, 2006
3Q07 – quarter ended on January 31, 2007
3Q06 – quarter ended on January 31, 2006

Highlights

- **Quarterly and year-to-date sugar sales rose 16.4%** and 2.5% year-on-year, respectively, to 169,200 and 492,100 tonnes.

- **Hydrous ethanol sales volume grew 19.0%**, closing the quarter at 52,300 m^3. In the first nine months; it increased by 32.9%, to 116,500 m^3. **Anhydrous ethanol sales fell 24.2%** in the quarter, to 37,100 m^3, and 26.0% year-to-date, to 159,900 m^3.

- Consolidated **net revenue grew 6.8%** in the quarter, to R$189.7 million, and 22.2% in the first nine months, to R$652.6 million.

- **São Martinho's EBITDA totaled** R$50.9 million, with EBITDA margin of 26.9%. Year-to-date EBITDA was **R$198.4 million**, up 52%, reflecting higher average product prices across the board, while EBITDA margin soared from 26.0% to 30.4%.

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

- On March 2, 2007, the Company announced the **laying of the foundation stone for the Boa Vista Plant**, its third production unit. Start-up of the R$343 million mill is scheduled for the 2008/09 harvest, when it will have cane crushing capacity of 1.7 million tonnes, rising to 3 million tonnes by 2010/11. Initially, it will produce hydrous ethanol only.

- On January 31, 2007, in order to proceed with the expansion, management made an offer to acquire a medium-sized sugar and ethanol production unit located in the Center-South region of Brazil, in partnership with a subsidiary of one of the Company's controlling shareholders. Negotiations are still in progress.

Industry Overview

Sugar

Average Sugar Prices	3Q07	2Q07	3Q06	Var. 3Qx3Q	Var. 2Qx3Q	9M07	9M06	Var. 9M
US$/R$ Exchange rate	2.15	2.16	2.26	-4.8%	-0.4%	2.17	2.32	-6.7%
NY11 US$ cents/pound	11.45	11.99	13.96	-17.9%	-4.5%	13.16	11.20	17.5%
NY11 R$ / 50-kilogram sack	27.12	28.51	34.73	-21.9%	-4.9%	31.47	28.70	9.6%
London 5 US$/ton	354.83	395.42	338.16	4.9%	-10.3%	404.82	300.64	34.7%
London 5 R$/50-kilogram sack	38.11	42.65	38.16	-0.1%	-10.6%	43.92	34.95	25.7%
Sugar ESALQ Gross R$/50-kilogram sack	36.68	39.90	40.51	-9.5%	-8.1%	42.03	33.23	26.5%

International raw sugar export prices rose to record levels in the first few months of 2006, and have gradually been falling back since mid-2006.

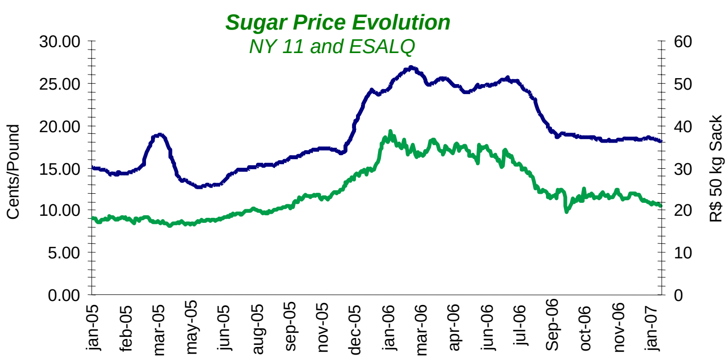
The main reasons for this reversal were forecasts by several sector entities predicting an increase in global supply, especially in Brazil, India, China and Thailand. In Brazil's Center-South region, the main producing region of the market's biggest player, the reduced share of ethanol in the gasoline mix and the excellent cane harvest drove sugar production up by 17.3%, or 3.8 million tonnes. In China, India and Thailand, ideal rainfall and attractive export prices fueled supply growth.

In addition, high international sugar prices led certain major importers, such as the United States, Russia and Pakistan, to take steps to increase output and reduce imports. Russia, for example, will increase its demerara import tariff, which has remained at US$140/tonne since October 2005, to US$270/tonne.

Despite the prospects of a substantial sugar surplus, it is important to stress that this comes after three years of very small surpluses and even occasional deficits, which reduced the global inventories/consumption ratio. Hence, this year's surplus will be used to build up recently depleted stocks.

Global Sugar Balance - Raw Value - '000 tonnes					
Harvest	Consumption[1]	Production	Surplus / (Deficit)	Final Inventories	% Inventories / Consumption
2003/04	142,706	143,430	724	75,249	53%
2004/05	146,095	142,259	(3,836)	71,413	49%
2005/06	150,207	151,984	1,777	73,190	49%
2006/07 [2]	152,149	159,666	7,517	80,707	53%

[1] Includes statistical adjustment to offset unregistered consumption
[2] Projection
Source: LMC International

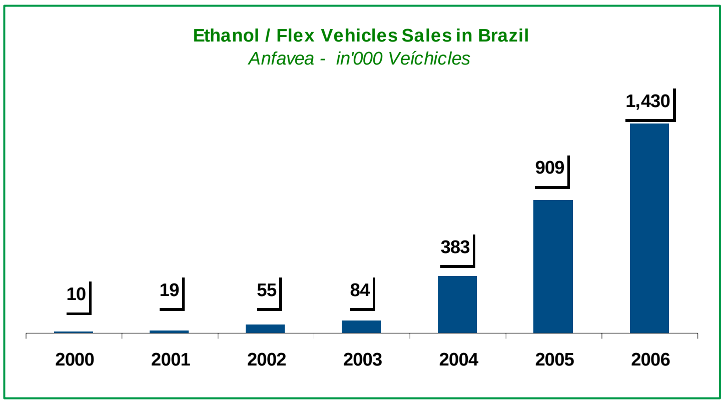


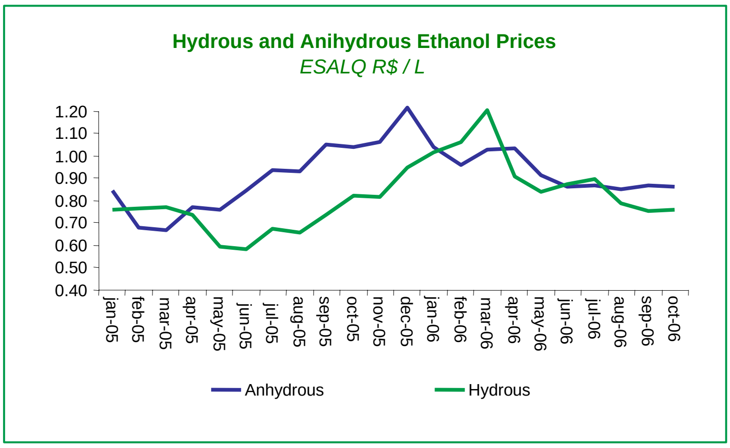
For these reasons, raw sugar prices, measured by the NYBOT no. 11 contract, underwent an adjustment period, and closed January 2006 at US$ 0.1802 / pound, with the average price in the quarter-on-quarter comparison falling some 18%. In the nine-month comparison, however, they still rose 17.5%.

Domestic sugar prices (using the ESALQ 50kg sack figures), which are strongly influenced by their international counterparts, showed the same downward trend cited above, with an average 8.1% year-on-year reduction in the quarter. In addition to these market factors, the average 4.8% depreciation of the dollar against the Real also ate into national producers' profits. Nevertheless, the year-to-date comparison still recorded a 26.5% upturn.

Ethanol

Average Ethanol Prices	3Q07	2Q07	3Q06	Var. 3Qx3Q	Var. 2Qx3Q	9M07	9M06	Var. 9M
Anhydrous ESALQ, Net DM R$ / M3	859.72	900.31	1,007.50	-14.7%	-4.5%	918.47	854.22	7.5%
Hydrous ESALQ, Net DM - R$ / M3	791.67	778.08	927.80	-14.7%	1.7%	812.30	760.89	6.8%
Anhydrous ESALQ EM R$ / M3	993.97	1,025.61	665.18	49.4%	-3.1%	1,018.03	657.43	54.8%
Hydrous ESALQ EM - R$ / M3	901.43	925.80	721.66	24.9%	-2.6%	895.33	663.46	34.9%





Domestic demand for Hydrous Ethanol is exceptionally buoyant at the moment, chiefly propelled by strong growth in flex-fuel car sales in the last four years. According to ANFAVEA (the auto manufacturers' association), 1.43 million such vehicles were sold in 2006. They accounted for 82.7% of all light vehicle sales in January 2007 and the flex-fuel fleet now totals 2.6 million units, according to the same source.

This phenomenon, tied to a more balanced sugar market, has encouraged producers to allocate a larger share of sugarcane to ethanol production, a process that received added momentum from soaring oil prices, which peaked in 2006. Although they began to fall back towards the close, they remain at very high levels.

We note the growing acceptance of ethanol as a gasoline additive, not only in Brazil, where this has been happening for 30 years, but especially in the United States, the largest potential consumption market. This is because ethanol is a renewable fuel, less polluting and produced in countries with greater political stability.

In addition, as ethanol use grows in the United States, more and more countries are expected to adopt it.

Both anhydrous and hydrous prices moved up until mid-2006, before suffering a correction that continued until January 2007.

Domestic Anhydrous Ethanol prices averaged R$859.7/m^3 in 3Q07, 14.7% lower quarter on quarter (R$1,007.5/m^3), mainly due to the downturn in demand triggered by the government's decision to reduce the ethanol ratio in the gasoline mix from 25% to 20%, on March 1, 2006 and to 23% as of November, 20, 2006. In the export market, though, average prices climbed 49.4% to R$993.97 m^3, on growing demand, especially in the United States, which substituted ethanol for MTBE as a gasoline additive. In 9M07, anhydrous domestic and export prices averaged R$918.47/$m^3$ and R$1,018.0/$m^3$, up 7.5% and 54.8%, respectively. The slight recovery in domestic prices mainly reflected the knock-on effect of strong export demand.

Hydrous prices averaged R$791.67/$m^3$ in the third quarter, down 14.7%, reflecting the build-up in inventories, given that the record harvest in Brazil's Center-South region drove production up by 24.4% to 1.7 billion liters, with no corresponding increase in consumption in the period. Export prices increased 24.9%, averaging R$901.43/$m^3$, on higher export demand.

Year to date, hydrous prices increased 6.8% and 34.9%, respectively, in the domestic and export markets, due to the same factors mentioned above.

Operating Performance

Operating Highlights

Operating Performance			
Operating Data	**9M07**	**9M06**	**Change %**
Crushed Sugarcane ('000 tonnes)	9,276	9,739	-4.8%
Own	6,191	6,745	-8.1%
Third Parties	3,085	2,994	3.0%
# of Employees	6,696	6,809	-1.7%
Mechanized Harvest (%)	73.1%	72.5%	
Production			
Sugar ('000 tonnes)	678	597	13.6%
Anhydrous Ethanol ('000 m^3)	212	311	-31.8%
Hydrous Ethanol ('000 m^3)	182	129	41.1%
RNA - Ribonucleic Acid	320	330	-3.0%

Financial Performance

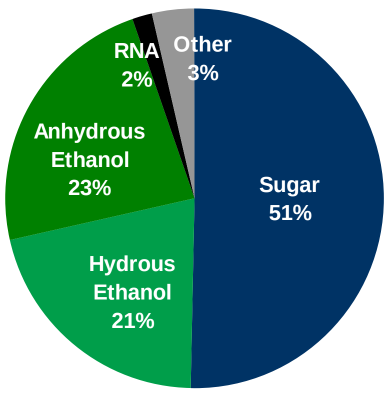
Operating Revenue

Net Revenues Breakdown R$ Thousand	3Q07	3Q06	Var.%	9M07	9M06	Var.%
Domestic Market	**86,342**	**112,181**	**-23.0%**	**286,232**	**306,866**	**-6.7%**
Sugar	26,608	34,470	-22.8%	101,763	86,677	17.4%
Hydrous Ethanol	33,650	31,653	6.3%	99,935	50,941	96.2%
Anhydrous Ethanol	20,476	44,244	-53.7%	64,636	153,439	-57.9%
Other	5,608	1,814	209.2%	19,898	15,809	25.9%
Export Market	**103,334**	**65,388**	**58.0%**	**366,356**	**227,338**	**61.2%**
Sugar	75,463	50,672	48.9%	231,419	163,158	41.8%
Hydrous Ethanol	8,000	6,195	29.1%	27,692	33,610	-17.6%
Anhydrous Ethanol	14,074	3,976	254.0%	94,443	19,445	385.7%
RNA	5,797	4,251	36.4%	12,802	10,588	20.9%
Other	-	294	-100.0%	-	537	-100.0%
Net Revenue	**189,676**	**177,569**	**6.8%**	**652,588**	**534,204**	**22.2%**
Sugar	102,071	85,142	19.9%	333,182	249,835	33.4%
Hydrous Ethanol	41,650	37,848	10.0%	127,627	84,551	50.9%
Anhydrous Ethanol	34,550	48,220	-28.3%	159,079	172,884	-8.0%
RNA	5,797	4,251	36.4%	12,802	10,588	20.9%
Other	5,608	2,108	166.0%	19,898	16,346	21.7%

Accounting Standards – Copersucar

Revenues and expenses from product sales and Copersucar's operations are divvied up for each participant, regardless of the production volume and products withdrawn from their warehouses. Copersucar's revenues and expenses, including inventories to be booked in COGS, are communicated to the participants in specific detailed reports each month.

9M07 Sales Breakdown



Net Revenue

São Martinho's net revenue climbed 6.8% y/y in 3Q07 to R$189.7 million, and 22.2% in 9M07, to R$652.6 million. The quarterly growth was chiefly due to the net effect of the 19.9% increase in sugar sales and 10.0% upturn in hydrous ethanol sales, partially offset by the 28.3% reduction in revenue from anhydrous sales. These effects are broken down as follows:

R$ Thousand	3Q07	3Q06	Var.%	9M07	9M06	Var.%
Domestic Market						
Sugar (tonnes)	45,926	54,372	-15.5%	154,561	162,034	-4.6%
Hydrous Ethanol (m3)	44,366	34,297	29.4%	127,054	64,084	98.3%
Anhydrous Ethanol (m3)	24,602	43,383	-43.3%	72,073	189,972	-62.1%
Export Market						
Sugar (tonnes)	123,255	91,002	35.4%	337,575	318,024	6.1%
Hydrous Ethanol (m3)	7,967	9,670	-17.6%	27,847	52,449	-46.9%
Anhydrous Ethanol (m3)	12,513	5,569	124.7%	87,854	26,221	235.1%
RNA (Kg)	133,900	109,000	22.8%	301,360	265,010	13.7%
Consolidated						
Sugar (tonnes)	169,181	145,373	16.4%	492,136	480,058	2.5%
Hydrous Ethanol (m3)	52,332	43,967	19.0%	154,901	116,533	32.9%
Anhydrous Ethanol (m3)	37,115	48,951	-24.2%	159,927	216,193	-26.0%
RNA (Kg)	133,900	109,000	22.8%	301,360	265,010	13.7%

Average Prices*						
	3Q07	3Q06	Var.%	9M06	9M05	Var.%
Domestic Market						
Sugar (R$/tonnes)	579.37	633.96	-8.6%	658.40	534.93	23.1%
Hydrous Ethanol (R$/m3)	758.46	922.93	-17.8%	786.56	794.90	-1.0%
Anhydrous Ethanol (R$m3)	832.28	1,019.85	-18.4%	896.81	807.69	11.0%
Export Market						
Sugar (R$/tonnes)	558.81	637.25	-12.3%	685.53	549.17	24.8%
Hydrous Ethanol (R$/m3)	1,004.19	640.63	56.8%	994.44	640.82	55.2%
Anhydrous Ethanol (R$m3)	1,124.77	713.98	57.5%	1,075.00	741.59	45.0%
RNA (R$/Kg)	43.29	39.00	11.0%	42.48	39.95	6.3%
Consolidated						
Sugar (R$/tonnes)	564.39	636.02	-11.3%	677.01	544.37	24.4%
Hydrous Ethanol (m3)	860.84	795.87	8.2%	725.55	823.93	-11.9%
Anhydrous Ethanol (m3)	930.89	985.05	-5.5%	994.70	799.68	24.4%
RNA (R$/Kg)	43.29	39.00	11.0%	42.48	39.95	6.3%

Average prices are net of taxes before the impact of revenues (expenses) from export pricing of sugar, as transferred from Copersucar.

Sugar

Net revenue from sugar sales grew 3.3% quarter over quarter (disregarding the impact from for export sugar pricing adjustment from Copersucar) to R$95.5 million in 3Q07 versus R$ 92,5 million in 3Q06, chiefly due to the 35.4% increase in sales volume.

Considering that in 3Q07 average prices fallen 12.3% and 8.6% in the domestic and export markets, when compared to 3Q06 diluting the higher sales volume in the export market.

In the same period, the drop in domestic sales volume was caused by the 15.5% decline in sales volume to 45,900 tonnes and the 8.6% slide in average prices, besides the aforementioned lower average prices. Sales totaled R$333.2 million in the 9M07, 33.4% up year-on-year.

Ethanol

Hydrous Ethanol

Hydrous ethanol net revenue totaled R$41.7 million in 3Q07, up by 10% due to respective increases of 6.3% and 29.1% in domestic and export revenues. Year-to-date revenue climbed 50.9% to R$127.6 million, reflecting sales seasonality.

The quarterly upturn was primarily due to the 29.4% increase in sales volume to 44,400 m^3, partially offset by the 17.8% decline in average prices as a result of higher offer of hydrous ethanol in the period.

The opposite applied to the export market, where the 17.6% reduction in sales volume was more than offset by the 56.8% increase in average prices, to R$1,004.19/$m^3$, mainly due to a better sales scenario, when compared to the domestic market.

Anhydrous Ethanol

Net revenue from anhydrous ethanol was R$34.6 million in 3Q07, 28.3% lower, mainly due to the 53.7% drop in domestic sales revenue to R$20.5 million, partially offset by the 254.0% surge in exports, to R$14.1 million. In 9M07, net revenue fell to R$94.4 million.

The quarterly decrease in domestic net revenue was due to the combination of a 43.3% decline in sales volume to 24,600 m^3 and a 18.4% drop in period prices, which averaged R$832.28/$m^3$, caused by the reduction in the ethanol/gasoline ratio imposed by the Brazilian government from 25% to 20% at the start of the harvest season. As of November 20, 2006 this level had returned to 23%.

The 254.0% increase in export revenue was primarily due to the 57.5% upturn in average prices, to R$1,124.77/$m^3$, and the 124.7% increase in sales volume to 12,500 m^3, thanks to the window of opportunity presented by direct exports to the US, when ethanol prices were extremely attractive and stimulated sales in this market.

Ribonucleic Acid (RNA)

RNA is a flavor enhancer and raw material used in the food and pharmaceutical industries and is produced by the Company's wholly-owned subsidiary, Omtek. São Martinho exports all of its output to the Mitsubishi Corporation through a long-term contract. Net revenue grew 36.4% in the quarter, to R$5.8 million. The upturn was due to the 22.8% increase in sales volume and, to a lesser extent, the 11.0% increase in average price as a result of trade negotiations.

In the first nine months, revenue totaled R$12.8 million, up 20.9%.

Other Products

São Martinho also produces a number of by-products of sugar and ethanol production for specific segments, such as yeast (used in animal feed), fusel oil (used as a solvent and in the manufacture of explosives and pure amyl alcohol) and bagasse (the pulp that remains after the juice is extracted from sugarcane, used as an energy source) as by-products of the Company's ethanol and sugar production. Yeast and fusel oil are sold directly to customers in Brazil. Bagasse has its excess sold as a steam and electricity source to several Brazilian customers, primarily citrus juice producers.

Net revenue from these products and services totaled R$5.6 million in 3Q07, up by 166.0%.

In 9M07, this revenue totaled R$19.9 million, up 21.7%, when compared to 9M06.

Cost of Goods Sold

The table below shows the cost of goods sold, excluding depreciation:

Breakdown of Cost of Goods Sold (COGS) - Excluding Depreciation											
R$ Thousand	**3Q07**	**%**	**3Q06**	**%**	**Var.%**	**9M07**	**%**	**9M06**	**%**	**Var.%**
Agricultural Costs	**95,355**	**84%**	**76,859**	**80%**	**24.1%**	**287,804**	**83%**	**245,854**	**78%**	**17.1%**
Partnerships	*10,540*	*9%*	*7,614*	*8%*	*38.4%*	*31,811*	*9%*	*24,355*	*8%*	*30.6%*
Suppliers	*36,326*	*32%*	*25,210*	*26%*	*44.1%*	*109,641*	*32%*	*80,641*	*26%*	*36.0%*
Own Sugarcane	*48,489*	*43%*	*44,035*	*46%*	*10.1%*	*146,352*	*42%*	*140,858*	*45%*	*3.9%*
Industrial	**10,619**	**9%**	**14,372**	**15%**	**-26.1%**	**32,050**	**9%**	**45,974**	**15%**	**-30.3%**
Other Products	**7,788**	**7%**	**5,103**	**5%**	**52.6%**	**27,299**	**8%**	**22,201**	**7%**	**23.0%**
Total COGS	***113,762***	***100%***	***96,334***	***100%***	***18.1%***	***347,153***	***100%***	***314,029***	***100%***	***10.5%***

According to the table above, the increase in production costs for the items “Agricultural Costs – Own Cane” and “Other Products” was chiefly due to the price increase trigged by inflation and the upturn in 3Q07 sales volume, especially in sugar and anhydrous ethanol exports, domestic hydrous ethanol sales and RNA sales.

The main impact on quarterly costs and margins came from the strong increase in COGS in the “Agricultural Costs – Third parties” line, which followed sugarcane prices (in turn tied to sugar and ethanol prices) during the harvest, which negatively impacted inventory and, as a consequence, COGS.

The cost of sugarcane purchased from third parties and payments related to agricultural partnerships and leasing are booked at the average harvest price. As 3Q07 prices were lower than in the first half of 2007, sugarcane costs were higher, pressuring gross operating margin in the quarter. For the first nine months ended January 2007, however, this cost has already been partially diluted.

Its important to note that the Company paid cane suppliers and partners the accumulated period price during the harvest season. Thus, this average cost should decline in the fiscal year if sugar and ethanol prices do not rise significantly until the end of the harvest.

The Consecana table below detailing the monthly variation of the prices paid to São Martinho’s suppliers and partners already shows the decline in the accumulated cost through February 2007.

Average Total Recoverable Sugar (ATR) Price per Kilogram		
Month	**Month**	**Accumulated**
May-06	0.383	0.383
Jun-06	0.3897	0.3865
Jul-06	0.392	0.3881
Aug-06	0.3645	0.382
Sep-06	0.335	0.3733
Oct-06	0.3149	0.3645
Nov-06	0.3124	0.3577
Dec-06	0.3155	0.3531
Jan-07	0.3152	0.3507
Feb-07	**0.3028**	**0.3471**

The above table clearly shows a strong decrease in industrial costs in both the quarterly and nine-month 2007. These lower costs are due to a change in accounting standards. Previously, the company classified maintenance and equipment costs in the interim harvest as expenses, adding it directly to COGS. As of the 06/07 harvest, in accordance with Ibracon (Brazilian Independent Auditors Institute) accounting rule #22, which places a ban on maintenance provisions in the interim harvest, the maintenance of fixed assets that results in replacement of items or extending useful life is booked as fixed assets and depreciated in the following harvest. Regarding total production cost, this standard does not affect these periods; however, there are changes and compensations in cost lines, between industrial costs and depreciation.

Excluding the effects of this new accounting standard, industrial costs fell by approximately 3% year on year. This decline was in line with production output, while 3Q07 industrial cost rose 2% quarter on quarter, mainly due to higher sales in a quarterly basis.

Gross Profit and Gross Margin

Due to these factors, especially the drop in domestic and export sugar prices and domestic ethanol prices, and the aforementioned increase in production costs, gross profit totaled R$46.9 million in 3Q07 and gross margin fell 27.5 percentage points. 9M07 gross profit rocketed 30.3% while margin widened from 31.3% to 33.4%, benefiting from the upturn in the majority of product prices.

Selling Expenses

Salling Expenses Breakdown						
R$ Thousand	**3Q07**	**3Q06**	**Var.%**	**9M07**	**9M06**	**Var.%**
Port Costs	(3,595)	(2,754)	30.5%	(12,295)	(10,752)	14.4%
Packaging	(441)	(377)	17.0%	(1,560)	(1,090)	43.1%
Freight	(6,542)	(4,861)	34.6%	(22,534)	(18,525)	21.6%
Other	(2,354)	491	n.m.	(8,135)	(877)	n.m.
Sales Expenses	**(12,932)**	**(7,501)**	**72.4%**	**(44,524)**	**(31,243)**	**42.5%**
% of Net Revenue	***6.8%***	***4.2%***		***6.8%***	***5.8%***	

Quarterly sales expenses climbed from R$7.5 million in 3Q06 to R$12.9 million in 3Q07, fueled by the increase in freight expenses and port costs, on the back of higher sugar and ethanol exports.

In the 06/07 harvest, Secex (Foreign Trade Secretariat) approved the remittance of agent commission fees for sugar exports. As a result, the São Martinho group began paying commission fees to Copersucar Trading booked as other expenses. These funds will be capitalized at Copersucar Trading to cover part of its cash needs in the process of pricing its final sales.

General and Administrative Expenses (G&A)

General and Administrative Expenses Breakdown						
In R$ Thousand	**3Q07**	**3Q06**	**Var.%**	**9M07**	**9M06**	**Var.%**
Wages	5,181	4,638	11.7%	20,714	19,534	6.0%
Taxes, Fees and Contributions	3,691	2,798	31.9%	12,430	8,522	45.9%
Provisions for Contingencies	4,043	5,449	-25.8%	5,589	6,460	-13.5%
Depreciation and Amortization	1,322	777	70.1%	3,921	2,145	82.8%
General Expenses and Third-Party Services	5,408	3,500	54.5%	14,138	10,155	39.2%
Copersucar Share	2,498	3,284	-23.9%	8,772	9,135	-4.0%
Total General and Administrative Expenses	**22,143**	**20,446**	8.3%	**65,564**	**55,951**	17.2%

G&A expenses totaled R$22.1 million in 3Q07, up 8.3% quarter over quarter. The main factors behind the increase were: (i) higher general and third-party service expenses, primarily due to the IPO; and (ii) higher depreciation and amortization expenses, reflecting asset revaluation concluded in the previous fiscal year. In 9M07, these expenses totaled R$65.6 million, versus R$56.0 million in 9M06.

EBITDA

EBITDA Reconciliation						
R$ Thousand	**3Q07**	**3Q06**	**Var.%**	**9M07**	**9M06**	**Var.%**
Adjusted EBITDA	**44,379**	**70,600**	**-37.1%**	**198,401**	**141,922**	**39.8%**
Adjusted EBITDA Margin	*24.2%*	*38.2%*	*-14,0 p.p.*	*30.4%*	*26.0%*	*+4,4 p.p*
Pricing adjustment	(6,588)	7,319	n.m.	-	11,493	3.0%
EBITDA	**50,967**	**63,281**	**-19.5%**	**198,401**	**130,429**	**52.1%**
EBITDA Margin	*0.0%*	*0.0%*	*-8,8 p.p*	*0.0%*	*0.0%*	*+6,0 p.p*
(-) depreciation and amortization	(40,880)	(27,679)	47.7%	(95,555)	(54,318)	75.9%
(-) Financial Revenue (Expense), net	(7,556)	(5,770)	31.0%	(13,101)	(19,539)	-32.9%
(-) Extraordinary (Expense) Revenue	13,306	-	-	13,306	-	-
(=) Operating Income	**15,837**	**29,832**	**-46.9%**	**103,051**	**56,572**	**82.2%**

As a result of the slide in average domestic sugar and ethanol prices and the one-off increase in the cost of sugarcane purchased from suppliers, agricultural partnerships and leasing (see explanation for upturn in quarterly costs), EBITDA totaled R$50.9 million in 3Q07, with EBITDA margin of 26.9%, or 24.2% adjusted for the results of sugar pricing in the export market. 9M07 EBITDA was R$198.4 million, up 52% year on year, thanks to higher average prices and dilution of sugarcane costs, while EBITDA margin widened from 26.0% to 30.4%.

The 'pricing adjustment' in the table above regards to exports revenue related to Copersucar's prices for sugar exports regarding operations in the future market, which are transferred to Copersucar's partners as revenue. Thus, Adjusted EBITDA reflects such effects in order to provide better comparison.

Net Financial Result

Net Financial Result Breakdown						
R$ Thousand	**3Q07**	**3Q06**	**Var.%**	**9M07**	**9M06**	**Var.%**
Financial Revenue	10,761	16,386	-34.3%	48,930	30,641	59.7%
Financial Expense	(18,364)	(21,187)	-13.3%	(62,667)	(52,128)	20.2%
Exchange Variation	46	(969)	n.m.	636	1,948	-67.3%
Net Financial Result	**(7,556)**	**(5,770)**	30.9%	**(13,101)**	**(19,539)**	-32.9%

The company posted net financial expenses of R$7.6 million in 3Q07, 31.0% higher than 3Q06 figure, due to a decline in the Company's share in Copersucar's financial revenue, as a result of a positive adjustment in FX hedge operations that favored the 3Q06 financial result. In 9M07, these expenses fell 32.9%, to R$13.1 million.

Non-Recurring Revenue

In the third quarter, São Martinho recorded non-recurring revenue of R$11.0 million resulting from the net proceeds from the sale of industrial equipment, as part of the plant optimization process. These sales were fully paid as of January 31, 2007.

Other Operating Revenue

Other operating revenue was R$ 13.3 million and is related to a credit transfer from Copersucar, which won a legal dispute against the Brazilian Government involving semi-annual PIS tax. As a result, the amounts in question were reverted as an inflow of cash and cash equivalents (R$ 6.5 million) and settlement of a portion of the Company´ liabilities, and of its wholly-owned subsidiary Usina São Martinho with Copersucar (approximately R$ 6.8 million).

Income Tax and Social Contribution

Expenses related to current and deferred income tax and social contribution came to R$8.6 million in the quarter, down 15.0% in a quarterly basis, mainly due to the reduction in taxable income. These expenses totaled R$38.4 million in 9M07, up 93.6% due to higher taxable income.

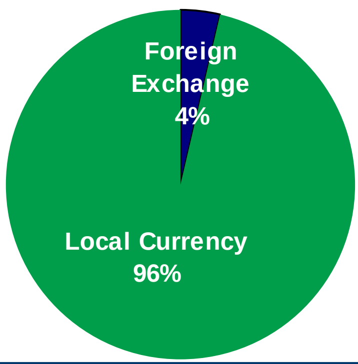
Debt

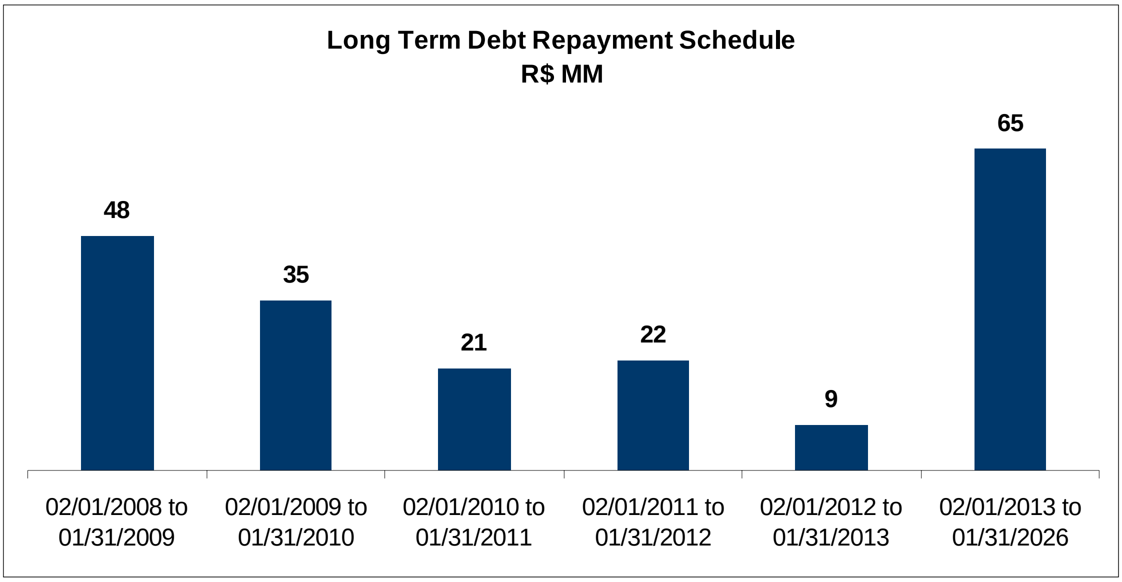
Debt R$ Thousand	Jan/07	Oct/06	Var%.
PESA	119,880	118,827	0.9%
Rural Credit	39,441	39,527	-0.2%
Finame / BNDES Automatic	107,590	101,880	5.6%
Working Capital	21,863	21,051	3.9%
FRN (Commercial Paper)	10,624	10,957	-3.0%
Prepaiment	-	3,932	n.m.
Total Gross Debt (Market)	**299,398**	**296,174**	1.1%
Other Financial Liabilities - Copersucar			
Copersucar's Working Capital	19,186	15,784	21.6%
Total Copersucar's Debt	**19,186**	**15,784**	21.6%
Gross Debt	**318,584**	**311,958**	**2.1%**
Cash and Cash Equivalents	63,993	70,357	-9.0%
Debt with Copersucar	**254,591**	**241,601**	**5.4%**

On January 31, 2007, São Martinho's gross debt totaled R$318.6 million, up 2.1% versus the 2Q07. Cash and cash equivalents were R$64.0 million in the quarter, R$6.4 million less than in the previous three months, chiefly due to investments in construction of Boa Vista Mill.

São Martinho's net debt amounted to R$ 254.4 million (Net Debt/EBITDA LTM ratio of 0.9x), up 5.3%, compared to 2Q07. Virtually all of the Company's debt is denominated in Reais, as shown in the adjacent chart. In terms of maturity, 62.5% of the debt was long term and average maturity in January 2007 was 5.6 years.

3Q07 Debt Breakdown





The chart above includes bank loans in the PESA mode, booked in accordance with its future outflows.

Debt with Copersucar

On January 31, 2007, the Company had recorded in its balance sheet the amount of R$ 193.7 million as a debt with Copersucar. This figure is related to long-term contingencies, and is currently under review being discussed in court and is transferred to Copersucar participants. The portion related to Copersucar's indebtedness debt is booked as "Copersucar's Working Capital" and thus is thus included in the Company's gross debt.

CAPEX

CAPEX Breakdown						
In R$ Thousand	**3Q07**	**3Q06**	**Var.%**	**9M07**	**9M06**	**Var.%**
Sugarcane Planting	17,141	14,337	19.6%	38,963	34,483	13.0%
Industrial / Agricultural	37,429	5,188	621.5%	48,851	26,234	86.2%
Sub Total	**54,570**	**19,525**	**179.5%**	**87,814**	**60,716**	**44.6%**
Upgrading, Mechanization and Expansion						
Industrial / Agricultural	16,730	2,425	n.m.	27,179	12,589	115.9%
Sub Total	**16,730**	**2,425**	n.m.	**27,179**	**12,589**	**115.9%**
Boa Vista Mill (Greenfield)						
Sugarcane Planting	7,206	187	n.m.	13,066	187	n.m.
Industriai	19,073	-	n.m.	25,976	-	n.m.
Agricultural	4,224	2,450	72.4%	17,799	2,450	n.m.
Sub Total	**30,503**	**2,637**	**n.m.**	**56,841**	**2,637**	**n.m.**
Total	**101,803**	**24,588**	**314.0%**	**171,835**	**75,942**	**126.3%**

As shown in the above table, CAPEX increased 44.6% in 9M07, due to accounting changes, whereby machinery maintenance expenses in the interim harvest period were booked under fixed assets (see comments under COGS).

As for investments in "Upgrading, Mechanization and Expansion" of the operational units, the main expenditures are related to the industrial upgrading of the Iracema Mill, which now operates with a single optimized crushing facility with the same processing capacity per harvest as the previous units. This was achieved by extending the crushing period, thereby improving operating performance and reducing costs, especially maintenance costs. In the agricultural area, we implemented the processes of adapting the harvest period to the new pattern of industrial demand and stepping up harvest mechanization and altering the varietal profile of the sugarcane and improving pest control in order to increase yield.

The increase in investments in the Boa Vista Mill was aimed at keeping the project on schedule (in both physical and financial terms) so that crushing can begin in the 2008/09 harvest.

Boa Vista Mill

The Boa Vista Mill is being built in Quirinópolis (GO) and is scheduled for completion in 2008. It should begin operations in the 2008/09 harvest with initial annual crushing capacity of one million tonnes of sugarcane in this harvest, climbing to 3 million in subsequent years. At first, Boa Vista will only produce ethanol, for transport to the Southeast by road or by barge via the Paranaíba, Paraná and Tietê rivers, or via the ethanol pipeline projected by Petrobras, which may give the mill a competitive edge in terms of freight and logistics costs.

Sugarcane nurseries are already under development and around 3,000 hectares were planted in 2006 with a further 10,000 in 2007 in partnership with local landowners.

The Company will invest R$94.2 million of its own funds, accompanied by financing of R$248.8 million. Work began in the second half of 2006, after the environmental license was granted. Since the surrounding area is flat, sugarcane planting and harvesting will be mechanized, in line with the Company's strategy of maximizing mechanized operations in order to boost margins and add value for shareholders.

Subsequent Events

On February 2, 2007, the Company signed a R$ 248.8 million loan agreement with the BNDES (Brazilian National Development Bank), to finance construction of the Boa Vista Mill. The amount is divided in eight variable installments (ranging from R$ 0.7 million to R$ 132.2 million), with 90% of the total loan bearing interest of the TJLP long-term interest rate +2.15% and the remaining 10% bearing interest according to a currency basket + 1.65% due in 8 years.

Completion of the IPO: On February 28, 2007, the Company completed its IPO and 21.2 million shares were issued, 13.0 million of which in the primary offering and around 8.1 million in the secondary offering, raising a total of R$423.6 million, representing 18.75% of the Company's total capital.

The over-allotment option, corresponding to over 2.7 million shares, was fully exercised at R$20.00 per share. Following financial market trends in the past months, foreign investors acquired most (53.43%) of the shares.

Retail investors acquired 8.26%, with 24,400 individuals taking part, the second highest number ever in a Brazilian IPO. The remaining shares were acquired by investment clubs, investment funds, private pension funds and other financial institutions and companies.

Laying of the Boa Vista Mill's foundation stone: On March 2, the Company announced the laying of the foundation stone for the Boa Vista Plant, its third production unit. Start-up of the R$343 million mill is scheduled for the 2008/09 harvest, rising to 3 million tonnes by 2010/11. Construction of the Boa Vista Mill was financed with IPO proceeds and financing from the BNDES (Brazilian National Development Bank).

Financial Outlook

As of May 1, 2006, Copersucar and its associates decided to change the end of the harvest year from April 30 to March 31 in order to better reflect production in Brazil's Center-South region.

As a result, the 2006/07 harvest year will have 11 months. For comparative purposes, São Martinho will publish its 2006/07 harvest pro-forma results, considering the 12-month period from April/06 to March/07.

The table below shows the Company's estimates for the 07/08 harvest:

07/08 Harvest Forecast				
Indicators	**Unit**	**São Martinho**	**Iracema**	**Consolidated**
Harvest	MM tonne	6.8	2.7	9.5
Production Mix (Ethanol x Sugar)	%	50%	50%	50%
Sugar Production	Th. sk.	9.1	3.6	12.7
Anhydrous Ethanol Production	Th. m^3	205.7	81.6	287.3
Hydrous Ethanol Production	Th. m^3	88.2	35.5	123.7
% proprietary mechanized harvest	%	89%	78%	86%
% total mechanized harvest	%	83%	60%	76%
% mechanized plating	%	46%	10%	33%

Upcoming Events

3Q07 Earnings Conference Call	
Portuguese	**English**
Date: 3/16/2007	Date: 3/16/2007
Time: 2:00 pm (Brazil) / 1:00 pm (US ET)	Time: 3:30 pm (Brazil) / 2:30 pm (US ET)
Phone: (+55 11) 4688-6301	Phone: (+1 973) 935-8893
Code: São Martinho	Code: 8526497
Replay: (+55 11) 4688-6225 (code 147)	Replay: (+1 973) 341-3080
Webcast: www.saomartinho.ind.br/ri	Webcast: www.saomartinho.ind.br/ir

Investor Relations Contacts

João Carvalho do Val
CFO and IRO

Denise Araújo Francisco
Financial and IR Manager

Felipe Vicchiato
Investor Relations Coordinator

Phone: +55 11 2105-4100

E-mail: ri@saomartinho.ind.br

IR Website: www.saomartinho.ind.br/ir

Forward-Looking Statement

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

About São Martinho

São Martinho is one of the largest producers of sugar and ethanol in Brazil. We purchase, cultivate, harvest and crush sugarcane – the main raw material used in our sugar and ethanol operations. The Company currently conducts its sugar and ethanol operations through its two mills, Iracema and São Martinho, located in the state of São Paulo, approximately 163 kilometers and 320 kilometers, respectively, from the city of São Paulo, and 235 kilometers and 392 kilometers, respectively, from the port of Santos.

The São Martinho Mill has average daily production capacity of 3,000 tonnes of sugar (assuming sugar and ethanol take up 60% and 40% of production capacity, respectively) and 2,000 m^3 of ethanol.

The Company has also begun construction of a third mill, Boa Vista, in the municipality of Quirinópolis in the state of Goiás, which is scheduled to come on-stream for the 2008/09 harvest with an initial estimated annual sugarcane crushing capacity of 1.7 million tonnes and annual ethanol production capacity of 94,600 m^3.

The Company intends to increase these capacities to 3.0 million tonnes and 286,900 m^3, respectively, by the 2010/11 harvest and may introduce further capacity increases thereafter. Initially, the mill will produce hydrous ethanol only, which is used primarily as a fuel for exclusively ethanol-powered vehicles, or for flex-fuel vehicles, which can operate using gasoline or ethanol (or any mixture of both), and for industrial purposes. For further information please visit the Company's website www.saomartinho.ind.br/ir.

Income Statement

São Martinho S.A. - Income Statement (2007 Consolidated and 2006 Combined)						
In R$ Thousand	3Q07 Nov/06 - Jan/07	3Q06 Nov/05 - Jan/06	Var %	9M07 May/06 - Jan/07	9M06 May/05 - Jan/06	Var %
Gross Revenue	**206,875**	**198,588**	**4.2%**	**712,203**	**586,061**	**21.5%**
Deductions from Gross Revenue	(17,199)	(21,019)	-18.2%	(59,615)	(51,857)	15.0%
Net Revenue	**189,676**	**177,569**	**6.8%**	**652,588**	**534,204**	**22.2%**
Cost of Goods Sold (COGS)	(142,768)	(112,884)	26.5%	(434,711)	(366,967)	18.5%
Gross Profit	**46,908**	**64,685**	**-27.5%**	**217,877**	**167,237**	**30.3%**
Gross Martin (%)	*24.7%*	*36.4%*	-32.1%	*33.4%*	*31.3%*	6.6%
Operating Expenses	**(23,515)**	**(29,083)**	**-19.1%**	**(101,725)**	**(91,126)**	**11.6%**
Sales Expenses	(12,932)	(7,501)	72.4%	(44,524)	(31,243)	42.5%
General and Administrative Expenses	(22,143)	(20,446)	8.3%	(65,564)	(55,951)	17.2%
Management Fees	(1,849)	(1,582)	16.9%	(5,864)	(4,788)	22.5%
Other Operating Expenses, Net	13,409	446	n.m.	14,227	856	n.m.
Financial Result, Net	**(7,556)**	**(5,770)**	**31.0%**	**(13,101)**	**(19,539)**	**-32.9%**
Financial Revenue	10,761	16,386	-34.3%	48,930	30,641	59.7%
Financial Expenses	(18,364)	(21,187)	-13.3%	(62,667)	(52,128)	20.2%
Monetary and Exchange Variation - Assets	1,571	4,661	-66.3%	15,240	11,324	34.6%
Monetary and Exchange Variation - Liabilitties	(1,524)	(5,630)	-72.9%	(14,604)	(9,376)	55.8%
Operating Result	**15,837**	**29,832**	**-46.9%**	**103,051**	**56,572**	**82.2%**
Non-operating Result	11,329	1,166	n.m.	12,588	1,806	n.m.
Income Before IT and SC	**27,166**	**30,998**	**-12.4%**	**115,639**	**58,378**	**98.1%**
Income Tax and Social Contribution	(5,890)	(4,608)	27.8%	(34,299)	(13,083)	162.2%
Deferred Income Tax and Social Contribution	(2,685)	(5,485)	-51.0%	(4,113)	(6,754)	-39.1%
Net income from split assets	-	(273)	-100.0%	-	6,545	-100.0%
Net Income	**18,591**	**20,632**	**-9.9%**	**77,227**	**45,086**	**71.3%**
Net Margin (%)	*9.8%*	*11.6%*	*-15.6%*	*11.8%*	*8.4%*	*40.2%*
Net Income per Share (in R$)	**0.19**	**0.61**	**-69.3%**	**0.77**	**1.32**	**-41.6%**

Balance Sheet (Assets)

São Martinho S.A. - Consolidated Balance Sheet - ASSETS					
R$ thousand					
ASSETS	**3Q07**	**2Q07**	**4Q06**	**4Q05**	**4Q04**
CURRENT					
Cash and Cash Equivalents	28,417	43,576	2,206	19,085	32,966
Current Investments	35,576	26,781	101,312	34,342	16,869
Accounts Receivable - Copersucar	42,671	54,017	45,050	36,188	54,156
Inventories	251,108	355,165	142,698	149,807	116,495
Tax receivable	19,562	18,352	13,060	8,426	14,245
Land sales receivables	18	-	-	-	-
Other Assets	16,125	13,138	22,084	14,586	26,622
TOTAL	**393,477**	**511,029**	**326,410**	**262,434**	**261,353**
LONG-TERM ASSETS					
Deferred Income Tax and Social Contribution	72,084	72,986	77,043	92,174	106,250
Land sales receivables	95	-	-	-	-
Other assets	5,606	4,731	3,692	7,611	11,902
TOTAL					
PROPERTY PLANT AND EQUIPMENT					
Investments	142	144	142	142	142
Fixed assets	1,297,836	1,214,303	1,237,866	1,203,792	1,210,573
Deferred	4,616	2,452	903	52	37
TOTAL	**1,380,379**	**1,294,616**	**1,319,646**	**1,303,771**	**1,328,904**
SPLIT ASSETS	-	-	-	36,247	35,917
TOTAL ASSETS	**1,773,856**	**1,805,645**	**1,646,056**	**1,602,452**	**1,626,174**

Balance Sheet (Liabilities)

São Martinho S.A. - Consolidated Balance Sheet - LIABILITIES					
R$ Thousand					
LIABILITIES	3Q07	2Q07	4Q06	4Q05	4Q04
CURRENT					
Loans and Financing	100,120	102,059	55,302	37,124	47,706
Suppliers	47,635	69,131	45,271	49,009	25,833
Accounts Payable - Copersucar	2,238	2,243	1,776	17,521	75,386
Payroll and social contribution	16,213	31,543	19,651	15,755	14,457
Tax payable	5,047	5,971	3,353	4,717	3,732
Related parties	-	-	-	3,706	3,141
Dividends Payable	-	14,893	4,616	2,038	-
Payments in advance	-	11,100	-	-	-
Other Liabilities	965	802	2,065	2,954	2,650
TOTAL	**172,218**	**237,742**	**132,034**	**132,824**	**172,905**
LONG TERM LIABILITIES					
Loans and Financing	199,278	194,115	186,010	186,779	210,300
Accounts Payable - Copersucar	210,659	206,402	203,921	195,825	180,501
Income Tax and Social Contribution	118,853	117,070	119,699	117,937	119,823
Provision for Contingencies	71,577	67,223	65,133	53,553	51,358
Other Liabilities	1,749	2,161	3,308	5,362	7,572
TOTAL	**602,116**	**586,971**	**578,071**	**559,456**	**569,554**
SHARE HOLDERS EQUITY					
Capital Stock	100,000	100,000	17,731	54,197	54,197
Capital Reserve	-	-	116	116	116
Legal Reserve	1,729	1,729	5,965	3,303	1,514
Revaluation Reserve	773,865	779,659	785,500	806,372	825,398
Accumulated Profits	123,928	99,544	126,639	43,863	(87)
TOTAL	**999,522**	**980,932**	**935,951**	**907,851**	**881,138**
SPLIT LIABILITIES	-	-	-	2,321	2,577
TOTAL LIABILITIES	**1,773,856**	**1,805,645**	**1,646,056**	**1,602,452**	**1,626,174**

Statement of Cash Flows

São Martinho S.A. - Statement of Cash Flows (2007 Consolidated and 2006 Combined)				
In R$ Thousand	**3Q07**	**3Q06**	**9M07**	**9M06**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income in the period	**18,591**	**20,632**	**77,227**	**45,086**
Adjustments to reconcile net income to the cash generated on operating activities				
Deferred income tax and social contribution	2,685	5,472	4,113	6,740
Depreciation and amortization	15,032	16,773	122,687	115,204
Provision for contingencies	4,354	5,627	6,444	9,010
Residual cost of fixed assets - write off	2,782	270	2,981	486
Financial expenses and exchange variation - related parties, loans and financing and tax payable	8,799	6,880	26,172	18,059
(Increase) reduction in operating assets:				
Accounts receivable - Copersucar	11,346	(12,669)	2,379	(7,976)
Inventories	104,057	43,925	(108,410)	(92,827)
Tax receivable	(1,210)	788	(6,502)	(2,543)
Other current assets	(3,005)	(2,121)	5,941	(9,228)
Other non-current assets	(970)	(500)	(2,009)	3,178
Increase (decrease) in operating liabilities:				
Suppliers	(21,496)	(14,180)	2,364	(7,249)
Wages and social contribution	(15,330)	(12,090)	(3,438)	130
Tax payable	(924)	(892)	1,694	769
Related parties	-	-	-	(3,706)
Prepaid expenses	(11,100)	-	-	-
Other current assets	163	(202)	(1,100)	(893)
Other long term assets	(410)	(98)	(1,559)	(2,017)
Cash flows from operating activities	**113,364**	**57,615**	**128,984**	**72,223**
CASH FLOWS FROM INVESTMENT ACTIVIITES				
Increase in property, plant and equipment and deferred	(103,509)	(50,628)	(189,351)	(98,480)
Cash flows from investment activities	**(103,509)**	**(50,628)**	**(189,351)**	**(98,480)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing - third parties	25,964	9,803	106,606	103,219
Accounts payable - Copersucar	1,961	(7,355)	(659)	(20,377)
Loans payable	(29,250)	(46,991)	(66,833)	(76,791)
Dividends and interest on equity payable	(14,894)	(5,550)	(18,272)	(6,150)
Cash flows from financing activities	(16,219)	(50,093)	20,842	(99)
Split assets and liabilities variation	-	(290)	-	(4,696)
REDUCTION IN CASH AND CASH EQUIVALENTS BALANCE	**(6,364)**	**(43,396)**	**(39,525)**	**(31,052)**
CASH AND CASH EQUIVALENTS				
Beginning balance	70,357	65,771	103,518	53,427
Final balance	63,993	22,375	63,993	22,375
REDUCTION IN CASH AND CASH EQUIVALENTS BALANCE	**(6,364)**	**(43,396)**	**(39,525)**	**(31,052)**
ADITIONAL INFORMATION				
Interest paid in the period	5,778	8,654	25,600	27,621
Accounts payable to suppliers regarding the acquisition of fixed assets	7,720	2,233	7,720	2,233