



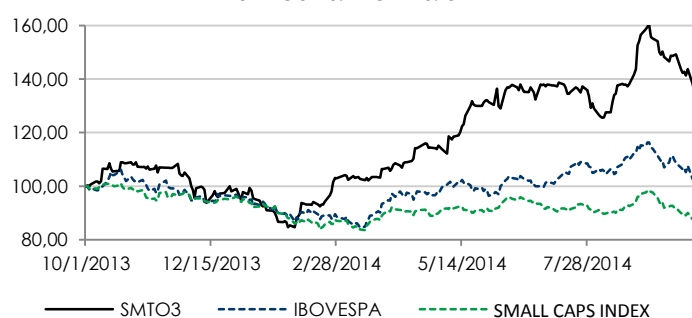
## São Martinho posts Net Income of R\$115.2 million in 2Q15, up 89.2% on 2Q14

São Paulo, November 10<sup>th</sup>, 2014 – SÃO MARTINHO S.A. (BM&FBovespa: SMT03; Reuters SMT03.SA and Bloomberg SMT03:BZ), one of Brazil's largest sugar and ethanol producers, announces today its results for the second quarter of the 2014/15 crop year (2Q15).

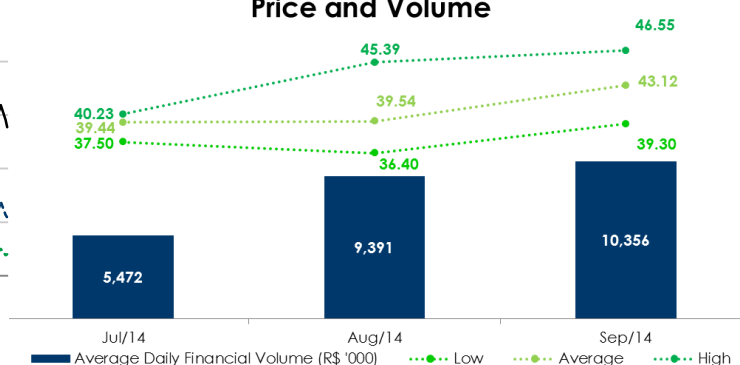
### 2Q15 HIGHLIGHTS

- ✓ **In 2Q15, Adjusted EBITDA amounted to R\$256.9 million (Adjusted EBITDA margin of 48.8%), up 7.6% from 2Q14.** The main driver of EBITDA improvement in the period was the growth in energy cogeneration on the back of both higher volumes and higher prices;
- ✓ **In 2Q15, net income was R\$115.2 million, increasing 89.2% on the year-ago quarter.** The increase is explained by i) EBITDA growth; and ii) the non-recurring revenue from the divestment of Agropecuária Boa Vista, in accordance with the Material Fact notice disclosed in May 2014;
- ✓ **On September 30<sup>th</sup>, 2014, we had sugar prices fixed for the 2014/15 crop year for 574,122 tons at an average price of USD 17.30 cents/pound.** The amount represents 82.6% of our net exposure (total sugar sales through the end of the crop year excluding our natural hedge with Consecana). **In addition to its sugar hedges, the company also held short dollar positions through NDFs of US\$84.6 million (equivalent to 223,000 tons of sugar), with an average BRL/USD parity price of 2.37;**
- ✓ In 2Q15, we started to fix sugar and U.S. dollar prices for the 2015/16 crop year, reaching 136,150 tons of sugar fixed at USD 18.06 cents/pound, with USD 38.9 million in dollar NDFs locked in at an average BRL/USD parity price of R\$/US\$2.54;
- ✓ On October 27<sup>th</sup>, 2014, we released a Material Fact notice announcing the creation of a **consortium with Alphaville Urbanismo S.A. to develop real estate projects in the Limeira region with estimated net present value (NPV) of R\$67 million for São Martinho Group.** In 2Q15 we also launched the real estate project Recanto das Paineiras, for total potential sales of R\$123 million and NPV for the São Martinho Group of R\$44 million;
- ✓ **Sugarcane crushing at São Martinho Group mills to September 2014 grew 30% on the same period last crop year to 15.1 million tons, which corresponds to 77% of our guidance for the 2014/15 crop year.** The higher crushing reflects i) the acquisition of Santa Cruz Mill; ii) the processing of 100% of the sugarcane from São Carlos Mill; and iii) the operating efficiency gains resulting from the drought observed to date in the crop year.

SMT03 vs. IBOV vs. SMLL



Price and Volume





## NEW ACCOUNTING STANDARD – IFRS 11 (CPC 19)

Given the adoption of the new accounting standard IFRS 11 (CPC 19) as of the last fiscal year (13/14), São Martinho S.A. no longer proportionally consolidates the results of its investees. In view of the materiality of the results of Nova Fronteira Bioenergia S.A. (50.95%) and Santa Cruz S.A. (36.09% in July) to the São Martinho Group, **the Company decided to continue to present on a pro-forma basis its balance sheet, income statement and cash flow statement in the set of financial statements following the same consolidation criteria used prior to the adoption of said standard.**

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

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

	QUARTER			
	São Martinho S.A. (consolidated CPC 19)	UBV (50.95%)	USC (July - 36.09%)	São Martinho S.A. (Pro forma)
R\$ '000				
Net Revenue*	416,429	97,506	9,102	526,227
Adjusted EBITDA	190,995	53,516	6,312	256,918
Adjusted EBITDA Margin	45.9%	54.9%	69.4%	48.8%
Adjusted EBIT	97,534	21,660	3,197	128,384
Adjusted EBIT Margin	23.4%	22.2%	35.1%	24.4%
Chg. Biological Assets and Other	55,320	15	467	(51,739)
Equity Income	11,982	1	(30)	100
Financial Result	(28,135)	(9,954)	(1,077)	(40,311)
Net income before taxes	136,701	11,721	2,558	139,912
Taxes	(20,189)	(2,375)	(375)	(23,400)
Non-controlling interest	(1,290)	-	-	(1,290)
Net income	115,222	9,346	2,183	115,222

\* Excludes the Hedge Accounting effect of foreign-denominated debt (R\$18.7 million), as detailed in the Hedge section of this earnings release.

In accordance with accounting standard IFRS 11 (CPC 19), the result of USC for the months of August and September were 100% consolidated in the financial statements. As a result, the above chart highlights the result for July at USC (36.09% interest) that up until then impacted the official financial statements of the Company only through equity income (loss).



YEAR TO DATE				
	São Martinho S.A. (consolidated CPC 19)	UBV (50.95%)	USC (July - 36.09%)	São Martinho S.A. (Pro forma)
R\$ '000				
Net Revenue	800,823	178,919	54,102	1,037,248
Adjusted EBITDA	347,721	99,202	29,761	484,030
Adjusted EBITDA Margin	43.4%	55.4%	55.0%	46.7%
Adjusted EBIT	176,205	35,225	11,024	229,610
Adjusted EBIT Margin	22.0%	19.7%	20.4%	22.1%
Chg. Biological Assets and Other	51,265	1,314	830	48,351
Equity Income	29,294	14	(27)	613
Financial Result	(49,052)	(12,972)	(3,415)	(66,781)
Net income before taxes	207,712	23,580	8,412	211,793
Taxes	(30,474)	(2,694)	(931)	(34,555)
Non-controlling interest	(1,290)	-	-	(1,290)
Net income	175,948	20,886	7,481	175,948
Cash	545,010	119,030	-	665,258
Gross Debt	2,673,185	384,634	-	3,058,061
Net Debt	2,128,175	265,604	-	2,392,803
EBITDA YTD	894,089	156,932	-	1,051,022
Net Debt / EBITDA	2.38 x	1.69 x	-	2.28 x

\* Excludes the Hedge Accounting effect of foreign-denominated debt (R\$25.1 million), as detailed in the Hedge section of this earnings release.

Moreover, in accordance with the minutes of the meeting of the Board of Directors held on June 16<sup>th</sup>, 2014 (and published on the same date), the Board approved the engagement of Ernst & Young Terco Auditores Independentes S.S. ("Ernst & Young") to provide external audit services, replacing PricewaterhouseCoopers Auditores Independentes. Ernst & Young started its activities with the review of the quarterly financial information (ITR) for the second quarter of the 2014/15 crop year (2Q15). The substitution aims to comply with Article 31 of Instruction 308/99 of the Securities and Exchange Commission of Brazil (CVM) and with good market practices.



## OVERVIEW - COMPANY

OPERATING DATA	6M15	6M14	Chg.(%)
<b>São Martinho - Consolidated</b>			
<b>Crushed Sugarcane ('000 tons)</b>	<b>15,158</b>	<b>11,640</b>	<b>30.2%</b>
Own	9,629	7,484	28.7%
Third Parties	5,529	4,156	33.0%
Mechanized Harvest	94.8%	93.9%	0.89 p.p.
Agricultural Yield (ton/ha)	87.56	100.00	-12.4%
Average TRS (kg/ton)	141.04	137.01	2.9%
<b>Production</b>			
Sugar ('000 tons)	987	763	29.4%
Anhydrous Ethanol ('000 m <sup>3</sup> )	369	283	30.3%
Hydrous Ethanol ('000 m <sup>3</sup> )	273	179	52.7%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	239	164	45.6%
Cogeneration ('000 MWh)	507	281	80.4%
<i>TRS Produced</i>	<i>2,138</i>	<i>1,595</i>	<i>34.1%</i>
<i>Mix - Sugar - Ethanol</i>	<i>48% - 52%</i>	<i>50% - 50%</i>	
<i>Mix Anhydrous - Hydrous</i>	<i>59% - 41%</i>	<i>62% - 38%</i>	

Considering the proportional consolidation of 50.95% of Nova Fronteira Bioenergia and of 100% of Santa Cruz Mill, the São Martinho Group processed 15.2 million tons in the first half of the 2014/15 crop year, for growth of 30.2% on the same period of the previous season.

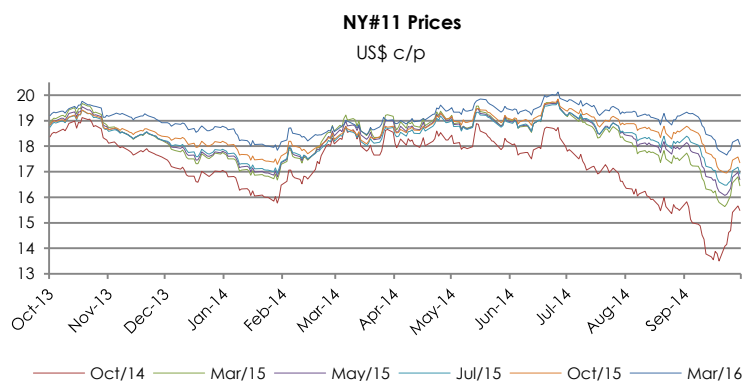
The higher crushing volume reflects: i) the acquisition of Santa Cruz Mill; ii) the crushing of 100% of the sugarcane from São Carlos Mill, which was acquired in December 2012; and iii) the higher operating efficiency resulting from the dry weather observed in the crop year to date.



## INDUSTRY OVERVIEW

### Sugar

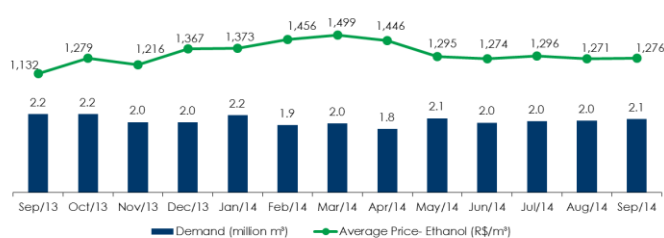
According to data published by the Sugarcane Industry Association (UNICA) on October 23<sup>rd</sup>, 2014, Brazil's Center-South region registered growth of 1.45% in sugarcane crushing, which was primarily due to the dry weather in the period, which enabled mills to operate at maximum processing capacity and capture time gains. However, the drought observed since November 2013 has been adversely affecting sugarcane yields, and, according to UNICA, 22 mills had already concluded their crushing, which is considerably more than the 6 mills that had concluded their activities as of the same period last year. According to UNICA's estimates, the Center-South should process approximately 545 million tons of sugarcane, or 8.5% less than in the previous season.



The combination of i) the accelerated sugar production in Brazil due to the dry weather; ii) the high volume of Thai sugar shipped in August; and iii) the lower sugar demand from China compared to the same period last year pressured sugar prices throughout the season, though always with carrying opportunities emerging, which is the main reason for the build-up in sugar inventories at the São Martinho Group.

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### Ethanol



In the second quarter of the 2014/15 crop year, prices for both anhydrous and hydrous ethanol were higher than a year earlier (+5.6% and +8.8%, respectively), in line with inflation in the period.

AVERAGE PRICES - ETHANOL	2Q15	2Q14	Chg. (%)	6M15	6M14	Chg. (%)
<b>Market Prices</b>						
Anhydrous ESALQ, Net DM R\$ / m <sup>3</sup>	1,345.38	1,273.55	5.6%	1,381.48	1,304.32	5.9%
Hydrous ESALQ, Net DM - R\$ / m <sup>3</sup>	1,215.31	1,116.92	8.8%	1,234.05	1,140.44	8.2%



## FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	2Q15	2Q14	Chg. (%)	6M15	6M14	Chg. (%)
R\$ '000						
<b>Domestic Market</b>	<b>264,368</b>	<b>208,593</b>	<b>26.7%</b>	<b>517,676</b>	<b>411,495</b>	<b>25.8%</b>
Sugar	16,908	19,308	-12.4%	33,583	32,329	3.9%
Hydrous Ethanol	62,238	36,205	71.9%	118,232	90,920	30.0%
Anhydrous Ethanol	87,284	68,448	27.5%	210,884	162,302	29.9%
Energy	61,934	25,504	142.8%	111,207	34,372	223.5%
Others	36,004	59,128	-39.1%	43,770	91,572	-52.2%
<b>Export Market</b>	<b>261,859</b>	<b>405,901</b>	<b>-35.5%</b>	<b>519,569</b>	<b>696,747</b>	<b>-25.4%</b>
Sugar*	232,873	276,754	-15.9%	420,062	492,824	-14.8%
Hydrous Ethanol	18,847	45,301	-58.4%	18,847	48,599	-61.2%
Anhydrous Ethanol	0	77,831	-100.0%	66,765	146,444	-54.4%
Others	10,139	6,015	68.6%	13,895	8,880	56.5%
<b>Total Net Revenue*</b>	<b>526,227</b>	<b>614,494</b>	<b>-14.4%</b>	<b>1,037,248</b>	<b>1,108,242</b>	<b>-6.4%</b>
Sugar*	249,781	296,062	-15.6%	453,645	525,153	-13.6%
Hydrous Ethanol	81,085	81,506	-0.5%	137,079	139,519	-1.7%
Anhydrous Ethanol	87,284	146,279	-40.3%	277,649	308,746	-10.1%
Energy	61,934	25,504	142.8%	111,207	34,372	223.5%
Others	46,143	65,143	-29.2%	57,668	100,452	-42.6%

\* Excludes the Hedge Accounting effect of foreign-denominated debt as detailed in the Hedge section of this earnings release.

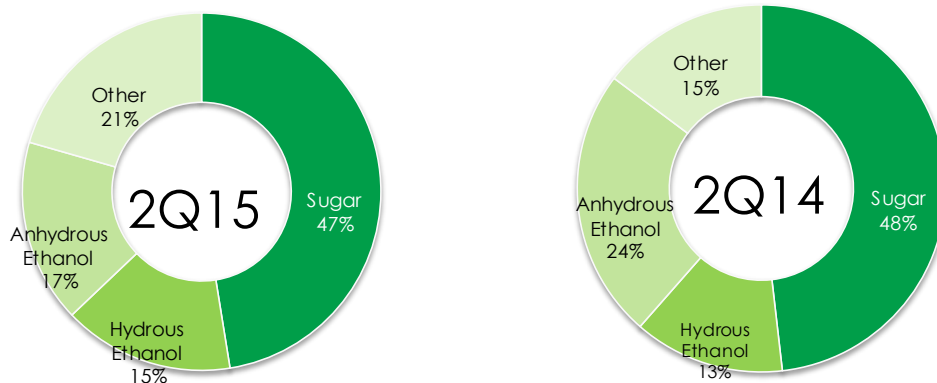
### Net Revenue

In the second quarter of the 2014/15 crop year (2Q15), the Company's net revenue amounted to R\$526.2 million, decreasing 14.4% from the same period of the previous crop year. The reduction reflects the lower sugar and ethanol sales volume in the period, in line with the company's strategy to carry higher inventories of these products, particularly in the case of sugar, given the high spread between the prices for July 2014 and March 2015.

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

## Net Revenue Breakdown

2Q15 x 2Q14

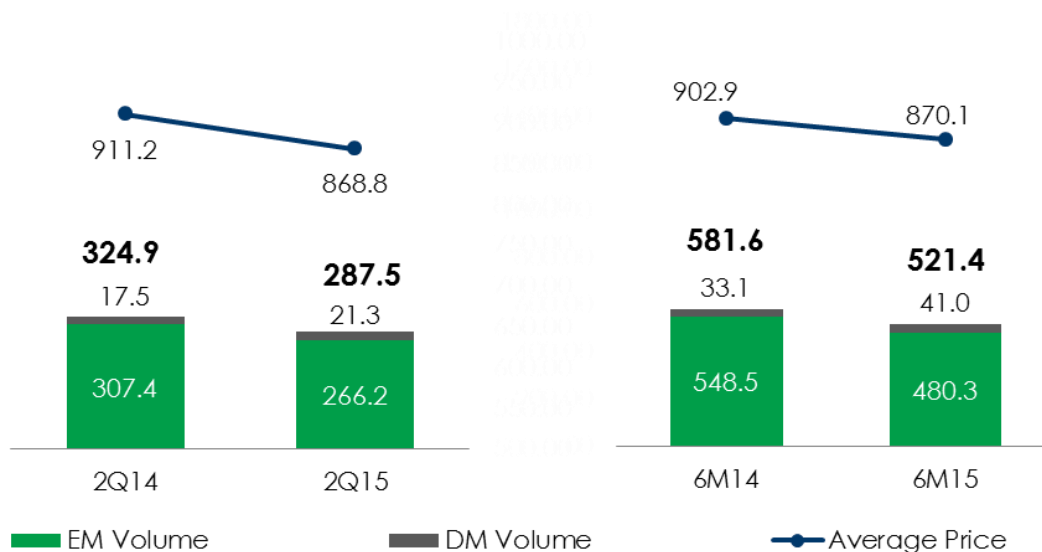




## Sugar

## Sugar

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



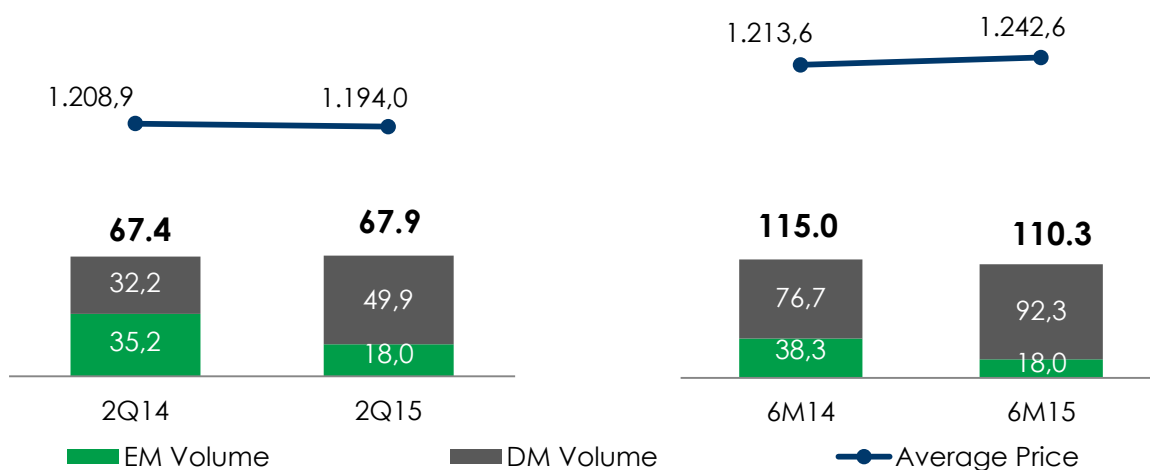
Net revenue from sugar sales amounted to R\$249.8 million in 2Q15, down 15.6% from the same period of the previous crop year. In the first six months of the crop year, net revenue from sugar sales amounted to R\$453.6 million, down 13.6% compared to 6M14. The decline was driven by: i) the lower sales volume resulting from the Company's strategy to postpone sugar sales to future quarters; and ii) the lower average sales prices due to the decline in international prices.



## Ethanol

### Hydrous Ethanol

Volume ('000 m<sup>3</sup>) and Average Price (R\$/m<sup>3</sup>)



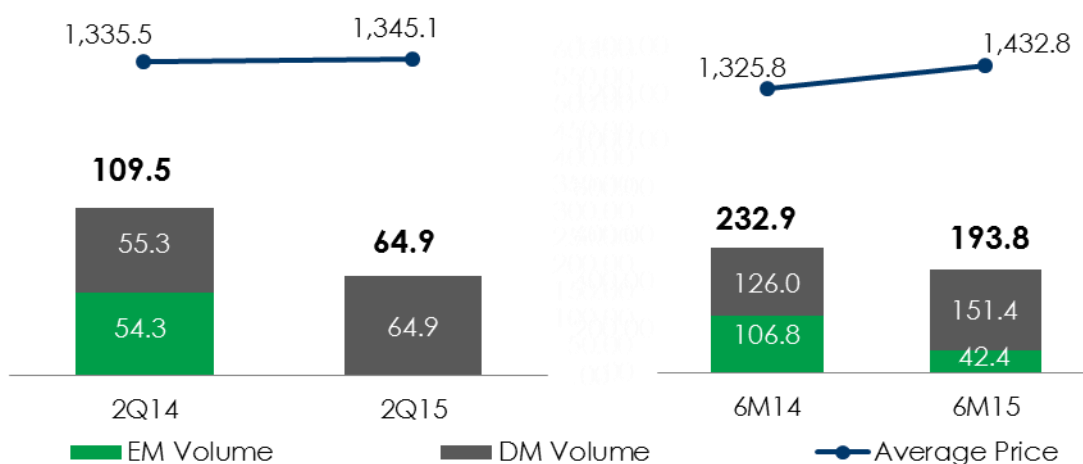
Net revenue from hydrous ethanol sales amounted to R\$81.1 million in 2Q15, in line with the same period of the previous crop year. In the first six months of the season, net revenue from hydrous ethanol sales fell by 1.7% compared to 6M14.





## Anhydrous Ethanol

Volume ('000 m<sup>3</sup>) and Average Price (R\$/m<sup>3</sup>)



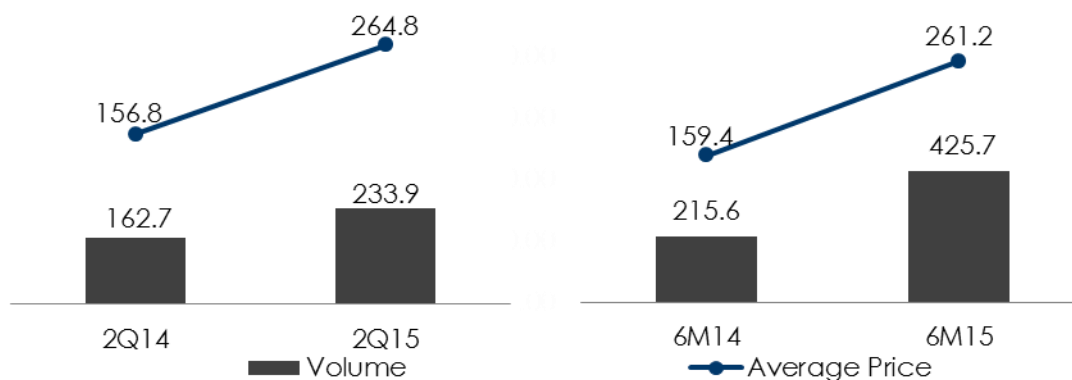
In 2Q15, net revenue from anhydrous ethanol sales decreased 40.3% from 2Q14 to R\$87.3 million. In the first six months of the crop year, net revenue from anhydrous ethanol sales decreased 10.1%, to R\$277.6 million. The reduction was driven by lower export volumes, given the fewer export opportunities in the 2014/15 crop year compared to the previous season.



## Cogen

### Cogeneration

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



Net revenue from cogeneration sales in 2Q15 amounted to R\$61.9 million, increasing 142.8% from the same period of the previous crop year. The increase was due to: i) the higher cogeneration sales volumes compared to 2Q14 driven by the higher cogeneration at Usina São Martinho and the full consolidation of Usina Santa Cruz; and ii) the higher sale prices practiced as a result of the higher energy prices on the spot market.



### Real Estate Development

As announced in the Material Fact notice dated October 27<sup>th</sup>, 2014, we formed a consortium with Alphaville Urbanismo S.A. to develop real estate projects in the Limeira region, with the launch of the first phase scheduled for 2016. Furthermore, in 2Q15 we launched the real estate projects Residencial Recanto das Paineiras and Residencial Park Empresarial de Iracemópolis, which combined have potential sales of R\$123 million.

Real Estate Development in progress	Total project area	Potential sales Project Total	NPV for Vale do Mogi	Revenue Recognized in the Quarter 2Q15
	In m <sup>2</sup>	R\$ '000		R\$ '000
<b>Property sales</b>	<b>41,600</b>	-	-	<b>4,534</b>
<b>Projects launched</b>	<b>556,866</b>	<b>123,000</b>	<b>43,959</b>	<b>13,210</b>
Recanto das Paineiras	376,566	90,000	31,055	12,327
Park Empresarial de Iracemópolis	180,300	33,000	12,904	883
<b>Future projects</b>	<b>1,240,928</b>	<b>277,000</b>	<b>67,000</b>	-
Alphaville	1,240,928	277,000	67,000	-

In 2Q15, we recorded revenue from real estate development of approximately R\$17.7 million. Of this amount, R\$13.2 million is related to projects already launched, as detailed in the above chart. Sales revenue and land costs related to the projects are apportioned in accordance with the percentage of completion of infrastructure works.

### Other Products and Services

Net revenue from the line "Other Products and Services" (excluding real estate projects) was R\$28.4 million in 2Q15, decreasing 41.3% from the same quarter of the previous crop year. This decrease is explained basically by the end of the partial sale to Biosev of sugarcane from Usina São Carlos, which occurred only in the 2013/14 crop year.

As mentioned in previous quarters, since the beginning of the 2014/15 crop year, the Company has been crushing at its mills 100% of the fields of São Carlos.



## INVENTORIES

INVENTORIES	2Q15	2Q14	Chg. (%)
Sugar (tons)	357,737	195,881	82.6%
Hydrous (m <sup>3</sup> )	165,397	68,764	140.5%
Anhydrous (m <sup>3</sup> )	155,107	71,054	118.3%

## EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 2Q14	SUGAR	ETHANOL	OTHER	TOTAL
R\$ '000				
Net Revenue	296,061	227,783	90,650	614,494
COGS (Cash)	(131,195)	(112,582)	(64,247)	(308,024)
Gross Profit (Cash)	164,866	115,201	26,403	306,470
Gross Margin (Cash)	55.7%	50.6%	29.1%	49.9%
Selling Expenses	(21,129)	(11,173)	(923)	(33,225)
G&A Expenses (Cash)	(18,465)	(16,505)	(3,886)	(38,856)
Other Revenues (Expenses)	0	0	4,280	4,280
<b>Adjusted EBITDA</b>	<b>125,272</b>	<b>87,522</b>	<b>25,874</b>	<b>238,669</b>
<b>Adjusted EBITDA Margin</b>	<b>42.3%</b>	<b>38.4%</b>	<b>28.5%</b>	<b>38.8%</b>
<b>EBITDA Cost (*)</b>	<b>(525.7)</b>	<b>(792.6)</b>	-	-

(\*) Sugar in R\$/Ton  
Ethanol in R\$/m<sup>3</sup>

EBITDA BY PRODUCT - 2Q15	SUGAR	ETHANOL	OTHER	TOTAL
R\$ '000				
Net Revenue	249,781	168,370	108,076	526,227
COGS (Cash)	(110,316)	(81,956)	(23,860)	(216,132)
Gross Profit (Cash)	139,465	86,414	84,216	310,095
Gross Margin (Cash)	55.8%	51.3%	77.9%	58.9%
Selling Expenses	(18,812)	(2,897)	(1,494)	(23,203)
G&A Expenses (Cash)	(17,328)	(13,067)	(3,377)	(33,772)
Other Revenues (Expenses)	-	-	3,797	3,797
<b>Adjusted EBITDA</b>	<b>103,325</b>	<b>70,451</b>	<b>83,142</b>	<b>256,918</b>
<b>Adjusted EBITDA Margin</b>	<b>41.4%</b>	<b>41.8%</b>	<b>76.9%</b>	<b>48.8%</b>
<b>EBITDA Cost (*)</b>	<b>(509.4)</b>	<b>(737.4)</b>	-	-

(\*) Sugar in R\$/Ton  
Ethanol in R\$/m<sup>3</sup>

\*\* Excludes the Hedge Accounting effect of foreign-denominated debt (R\$18.7 million), as detailed in the Hedge section of this earnings release.



EBITDA BY PRODUCT - 6M14	SUGAR	ETHANOL	OTHER	TOTAL
R\$ '000				
Net Revenue	525,151	448,266	134,825	1,108,242
COGS (Cash)	(228,357)	(213,688)	(95,431)	(537,476)
Gross Profit (Cash)	296,794	234,578	39,394	570,766
Gross Margin (Cash)	56.5%	52.3%	29.2%	51.5%
Selling Expenses	(36,472)	(17,788)	(1,847)	(56,107)
G&A Expenses (Cash)	(31,393)	(30,876)	(6,919)	(69,188)
Other Revenues (Expenses)	-	-	4,572	4,572
<b>Adjusted EBITDA</b>	<b>228,929</b>	<b>185,913</b>	<b>35,201</b>	<b>450,043</b>
<b>Adjusted EBITDA Margin</b>	<b>43.6%</b>	<b>41.5%</b>	<b>26.1%</b>	<b>40.6%</b>
<b>EBITDA Cost (*)</b>	<b>(509.3)</b>	<b>(754.2)</b>	-	-

(\*) Sugar in R\$/Ton

Ethanol in R\$/m<sup>3</sup>

EBITDA BY PRODUCT - 6M15	SUGAR	ETHANOL	OTHER	TOTAL
R\$ '000				
Net Revenue	453,644	414,727	168,877	1,037,248
COGS (Cash)	(214,201)	(199,416)	(35,263)	(448,880)
Gross Profit (Cash)	239,443	215,311	133,614	588,368
Gross Margin (Cash)	52.8%	51.9%	79.1%	56.7%
Selling Expenses	(32,596)	(7,656)	(2,721)	(42,973)
G&A Expenses (Cash)	(34,219)	(25,804)	(6,669)	(66,692)
Other Revenues (Expenses)	-	-	5,327	5,327
<b>Adjusted EBITDA</b>	<b>172,627</b>	<b>181,851</b>	<b>129,551</b>	<b>484,030</b>
<b>Adjusted EBITDA Margin</b>	<b>38.1%</b>	<b>43.8%</b>	<b>76.7%</b>	<b>46.7%</b>
<b>EBITDA Cost (*)</b>	<b>(539.0)</b>	<b>(765.8)</b>	-	-

(\*) Sugar in R\$/Ton

Ethanol in R\$/m<sup>3</sup>

\*\* Excludes the Hedge Accounting effect of foreign-denominated debt (R\$25.1 million), as detailed in the Hedge section of this earnings release.

In the second quarter, sugar accounted for 40.2% of the Group's consolidated Adjusted EBITDA, while ethanol and other products accounted for 27.4% and 32.4%, respectively. Sugar EBITDA margin contracted 0.9 p.p. from 2Q14, which primarily reflects the lower sales price, which was partially offset by the lower production costs.

In the case of ethanol, Adjusted EBITDA margin in the second quarter of the crop year increased by 3.4 p.p. from 2Q14, due to lower production costs and higher sales prices.

AVERAGE CASH COST PER UNIT	2Q15	2Q14	Chg.%	6M15	6M14	Chg.%
R\$ '000						
<b>COGS</b>	<b>(216,132)</b>	<b>(308,024)</b>	<b>-29.8%</b>	<b>(448,879)</b>	<b>(537,476)</b>	<b>-16.5%</b>
Sugar	(110,316)	(131,195)	-15.9%	(214,201)	(228,357)	-6.2%
Ethanol	(81,956)	(112,582)	-27.2%	(199,416)	(213,688)	-6.7%
Other Products	(23,860)	(64,247)	-62.9%	(35,262)	(95,431)	-63.0%
<b>Average Cash Cost Per Unit (*)</b>						
Sugar Cash Cost	(383.7)	(403.8)	-5.0%	(410.9)	(392.6)	4.6%
Ethanol Cash Cost	(617.2)	(636.2)	-3.0%	(655.8)	(614.3)	6.7%

(\*) Sugar in R\$/Ton

Ethanol in R\$/m<sup>3</sup>



## COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	2Q15	2Q14	Chg.%	6M15	6M14	Chg.%
R\$ '000						
<b>Agricultural Costs</b>	<b>162,249</b>	<b>200,565</b>	<b>-19.1%</b>	<b>347,876</b>	<b>354,955</b>	<b>-2.0%</b>
Suppliers	99,249	133,854	-25.9%	196,754	197,917	-0.6%
Partnerships	21,906	25,164	-12.9%	64,967	59,766	8.7%
Own Sugarcane	41,094	41,547	-1.1%	86,156	97,272	-11.4%
Industrial	24,864	29,891	-16.8%	53,863	65,514	-17.8%
Other Products	29,019	77,568	-62.6%	47,142	117,007	-59.7%
<b>Total COGS</b>	<b>216,132</b>	<b>308,024</b>	<b>-29.8%</b>	<b>448,880</b>	<b>537,476</b>	<b>-16.5%</b>
TRS Sold ('000 Tons)	529	646	-18.0%	1,071	1,211	-11.5%
Unit Cost (Sugar and Ethanol COGS/TRS)	354	357	-0.9%	375	347	8.0%

In 2Q15, cash COGS was R\$216.1 million, decreasing 29.8% in relation to 2Q14. The main impact on this reduction in cost was the line "Other Products," given the end of sugarcane sales to Biosev as of this crop year. Considering only agricultural and industrial costs, the 18.8% reduction is in line with the volume of TRS sold in the period.

In the first six months of the crop year, cash cost came to R\$448.9 million, down 16.5% on the same period of the previous crop year. The main driver of the cost reduction, as already mentioned, was the line "Other Products," due to the end of sugarcane sales to Biosev.



## SELLING EXPENSES

SELLING EXPENSES	2Q15	2Q14	Chg.%	6M15	6M14	Chg.%
R\$ '000						
Port / Freight Costs	21,347	32,516	-34.4%	40,199	54,625	-26.4%
Sales Commission	-	38	n.m.	-	78	-100.0%
Other - non-recurring	1,856	671	176.7%	2,774	1,404	97.5%
<b>Selling Expenses</b>	<b>23,203</b>	<b>33,225</b>	<b>-30.2%</b>	<b>42,973</b>	<b>56,107</b>	<b>-23.4%</b>
TRS Sold ('000 Tons)	529	646	-18.0%	1,071	1,211	-11.5%
% of Net Revenue	4.6%	5.4%	-0.9 p.p.	4.2%	5.1%	-0.7 p.p.

In 2Q15, selling expenses amounted to R\$23.2 million, down 30.2% from 2Q14. In 6M15, selling expenses amounted to R\$42.9 million, decreasing 23.4% from the same period of the previous crop year. The reduction was mainly due to the lower volumes of sugar and anhydrous ethanol exported in the period.

## GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH)	2Q15	2Q14	Chg.%	6M15	6M14	Chg.%
R\$ '000						
Payroll and Related Charges	22,632	19,660	15.1%	43,288	37,977	14.0%
Taxes, Fees, Contributions and Contingencies	2,138	11,552	-81.5%	7,519	17,882	-58.0%
General Expenses and Third-Party Services	8,292	7,115	16.6%	14,466	12,271	17.9%
Stock Options Expenses	710	529	34.2%	1,420	1,058	34.2%
<b>Total General and Administrative Expenses</b>	<b>33,772</b>	<b>38,856</b>	<b>-13.1%</b>	<b>66,692</b>	<b>69,188</b>	<b>-3.6%</b>

G&A expenses were R\$33.8 million in 2Q15, decreasing 13.1% from the same quarter of the previous crop year, mainly due to the positive impact from the reversal of provisions for contingencies.



## EBITDA

EBITDA RECONCILIATION	Pro-Forma					
	2Q15	2Q14	Chg.%	6M15	6M14	Chg.%
R\$ '000						
<b>Adjusted EBITDA</b>	<b>256,918</b>	<b>238,669</b>	<b>7.6%</b>	<b>484,030</b>	<b>450,043</b>	<b>7.6%</b>
Adjusted EBITDA Margin	48.8%	38.8%	10.0 p.p.	46.7%	40.6%	6.1 p.p.
Adjustment to Maturity of Hedge Accounting Debt	18,720	-	n.m.	25,107	-	n.m.
Equity Income	(100)	(654)	-84.7%	(613)	425	n.m.
Non Recurring Operating Income (Expenses)	(72,187)	(2,423)	n.m.	(71,973)	(2,336)	n.m.
Biological Assets	1,728	3,249	-46.8%	(1,485)	1,385	n.m.
<b>Book EBITDA</b>	<b>308,757</b>	<b>238,496</b>	<b>29.5%</b>	<b>532,994</b>	<b>450,897</b>	<b>18.2%</b>
EBITDA Margin	60.8%	38.8%	22.0 p.p.	52.7%	40.7%	12.0 p.p.
(-) Depreciation and Amortization	(128,534)	(123,210)	4.3%	(254,420)	(269,796)	-5.7%
(-) Financial Expense, net	(40,311)	(27,650)	45.8%	(66,781)	(44,397)	50.4%
(=) Operating Income (Loss)	139,912	87,636	59.7%	211,793	136,704	54.9%

### Adjusted EBITDA

In 2Q15, the São Martinho Group recorded adjusted EBITDA of R\$256.9 million (Adjusted EBITDA Margin of 48.8%), which represents an increase of 7.6% from 2Q14. EBITDA growth in the period was mainly driven by the result of energy cogeneration due to the higher sales volume and higher average sales price.

A breakdown by business line of Adjusted EBITDA follows:

2Q15						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Other	Consolidated - ex other
R\$ '000						
Net Revenue	526,227	418,151	61,934	17,744	28,398	497,829
Adjusted EBITDA	256,918	173,776	57,139	15,276	10,727	246,191
<b>Adjusted EBITDA Margin</b>	<b>48.8%</b>	<b>41.6%</b>	<b>92.3%</b>	<b>86.1%</b>	<b>37.8%</b>	<b>49.5%</b>

\* Excludes the Hedge Accounting effect of foreign-denominated debt (R\$18.7 million), as detailed in the Hedge section of this earnings release.

2Q14						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Other	Consolidated - ex other
R\$ '000						
Net Revenue	614,494	523,844	25,504	16,778	48,368	566,126
Adjusted EBITDA	238,669	212,794	23,082	3,546	(755)	239,423
<b>Adjusted EBITDA Margin</b>	<b>38.8%</b>	<b>40.6%</b>	<b>90.5%</b>	<b>21.1%</b>	<b>-1.6%</b>	<b>42.3%</b>

6M15						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Other	Consolidated - ex other
R\$ '000						
Net Revenue	1,037,248	868,371	111,207	17,701	39,969	997,279
Adjusted EBITDA	484,030	354,479	102,274	15,234	12,043	471,987
<b>Adjusted EBITDA Margin</b>	<b>46.7%</b>	<b>40.8%</b>	<b>92.0%</b>	<b>86.1%</b>	<b>30.1%</b>	<b>47.3%</b>

\* Excludes the Hedge Accounting effect of foreign-denominated debt (R\$25.1 million), as detailed in the Hedge section of this earnings release.





6M14						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Other	Consolidated - ex other
R\$ '000						
Net Revenue	1,108,242	973,417	34,372	16,778	83,675	1,024,567
Adjusted EBITDA	450,043	414,843	30,705	3,546	950	449,094
<b>Adjusted EBITDA Margin</b>	<b>40.6%</b>	<b>42.6%</b>	<b>89.3%</b>	<b>21.1%</b>	<b>1.1%</b>	<b>43.8%</b>

EBITDA RECONCILIATION	CPC 19					
	2Q15	2Q14	Chg.%	6M15	6M14	Chg.%
R\$ '000						
<b>Book EBITDA</b>	<b>258,297</b>	<b>183,334</b>	<b>40.9%</b>	<b>428,280</b>	<b>339,719</b>	<b>26.1%</b>
EBITDA Margin	64.9%	36.4%	28.6 p.p.	55.2%	37.7%	17.5 p.p.
(-) Depreciation and Amortization	(93,461)	(82,866)	12.8%	(171,516)	(184,658)	-7.1%
(-) Net Financial Expense	(28,135)	(16,496)	70.6%	(49,052)	(18,283)	168.3%
(=) Operating Income (Loss)	136,701	83,972	62.8%	207,712	136,778	51.9%

*Includes the impacts from Nova Fronteira (50.95%) and Santa Cruz (36.09% in July) only through Equity Income\**

Given the adoption of the new accounting standard IFRS 11 (CPC 19) as of the last fiscal year (13/14), São Martinho S.A. no longer proportionally consolidates the results of its investees. Adjusted by IFRS 11, the table above includes only the EBITDA of São Martinho S.A., excluding the proportional consolidations of Nova Fronteira Bioenergia S.A. (50.95%) and Santa Cruz S.A. (36.09% in July).



## HEDGING

A summary of our sugar and U.S. dollar hedge positions on September 30<sup>th</sup>, 2014 follows.

### Sugar

	Volume Hedged ('000 tons)	Avg. Price (US\$ c/p)	Percentage of Own Sugarcane
<b>Sugar</b>			
Oct/14 (V14)	335,604	16.94	100.0%
Mar/15 (H15)	238,518	17.81	66.4%
<b>2014/2015 crop year</b>	<b>574,122</b>	<b>17.30</b>	<b>82.6%</b>
May/15 (K15)	31,497	17.59	12.6%
Jul/15 (N15)	99,573	18.21	48.8%
Oct/15 (V15)	5,080	17.95	2.2%
Mar/16 (H16)	-	-	-
<b>2015/2016 crop year</b>	<b>136,150</b>	<b>18.06</b>	<b>14.4%</b>

On September 30<sup>th</sup>, 2014, sugar prices for the 2014/15 crop year were fixed at an average price of USD 17.30 cents/pound for 574,122 tons, with this volume representing 82.6% of our net exposure (i.e., total sugar production through the end of the crop year excluding our natural hedge with Consecana).

For the 2015/16 crop year, on September 30<sup>th</sup>, we had 136,150 tons of sugar fixed at USD 18.06 cents/pound, which represents 14.4% of our net exposure, based on the assumption of flat sugar production in relation to the current crop year.

### U.S. Dollar

On September 30<sup>th</sup>, 2014, the São Martinho Group held open positions through non-deliverable forwards (NDFs), which are used to hedge its exports, with maturities through the 2015/16 crop year as follows:

Maturity	TOTAL		SUGAR		OTHERS	
	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)
2014/2015 Crop Year	85,561	2.37	84,625	2.37	936	2.42
2015/2016 Crop Year	53,810	2.47	38,930	2.54	14,880	2.30



## Hedge Accounting

### Effect on Shareholders' Equity

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

The quarterly results are recorded in shareholders' equity ("Adjustments to Book Value"), net of deferred income and social contribution taxes. In the period between March 2014 and September 2014, we recorded a gain in shareholders' equity of R\$11.9 million, mainly related to the appreciation in the Brazilian real against the U.S. dollar.

### Impact on Income Statement

As mentioned in the 4Q14 Earnings Release, in the coming crop years, certain foreign-denominated debts that had been designated as Hedge Accounting will mature.

In 2Q15, a total of US\$68.4 million in debt matured, with the exchange rate of R\$1.91/US\$1.00 adopted for the translation of net revenue. Considering that the rate considered for the purposes of cash flow in the period was R\$2.19/US\$ 1.00, we adjusted the amount of R\$18.7 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation.

The following table provides an updated maturity schedule for debt designated as Hedge Accounting:

	US\$ '000	Average Price (R\$/US\$)
1Q15	18,468	1.88
2Q15	68,440	1.91
3Q15	25,715	1.86
4Q15	20,309	1.93
<b>12M15</b>	<b>132,932</b>	<b>1.90</b>



## NET FINANCIAL RESULT

FINANCIAL RESULT	2Q15	2Q14	Chg.%	6M15	6M14	Chg.%
R\$ '000						
Financial Income	26,972	9,030	198.7%	43,091	18,612	131.5%
Financial Expenses	(58,399)	(37,839)	54.3%	(97,708)	(72,674)	34.4%
Hedge Result	(13,252)	209	n.m.	(11,784)	(16,335)	-27.9%
Exchange Variation	4,368	951	359.4%	(380)	26,000	n.m.
<b>Net Financial Income (Loss)</b>	<b>(40,311)</b>	<b>(27,650)</b>	<b>45.8%</b>	<b>(66,781)</b>	<b>(44,397)</b>	<b>50.4%</b>

The São Martinho Group registered a net financial expense of R\$40.3 million in 2Q15, which represents an increase in the financial expense of 45.8% from 2Q14. The main driver of the higher net expense was the line "Hedge Result," due to the market-to-market adjustments of positions in USD, which were partially offset by the effects of exchange variation on our cash and accounts receivable in foreign currencies.

## NET INCOME

In 2Q15, net income was R\$115.2 million, increasing 89.2% on the year-ago quarter. The increase is explained by i) EBITDA growth; and ii) the non-recurring revenue from the divestment of Agropecuária Boa Vista, in accordance with the Material Fact notice disclosed in May 2014.

## DEBT WITH COPERSUCAR

On September 30<sup>th</sup>, 2014, the São Martinho Group recognized under Liabilities on its Balance Sheet R\$285.6 million in obligations with Copersucar. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under "Obligations – Copersucar" all liabilities related to the contingencies currently being resolved judicially that were filed by legal counsel at Copersucar. These obligations continue to be secured by suretyships in the amount of R\$203.6 million on a consolidated basis.



## INDEBTEDNESS

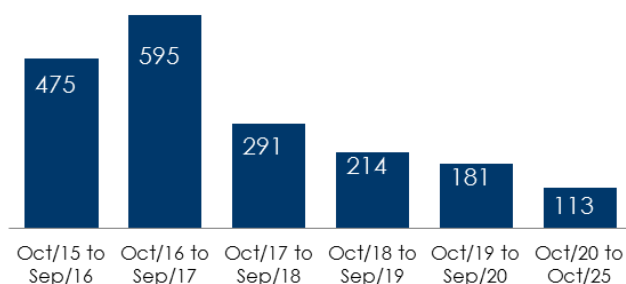
DEBT	Sep/14	Mar/14	Chg. (%)
R\$ '000			
PESA	55,435	70,616	-21.5%
Rural Credit	209,872	164,073	27.9%
BNDES / FINAME	822,166	697,593	17.9%
Working Capital	422,472	151,931	178.1%
ACC (Advances on Foreign Exchange Contracts)	163,600	97,070	68.5%
PPE (Export prepayment)	622,270	514,689	20.9%
NCE (Export Credit Note)	652,700	511,219	27.7%
Others	1,478	2,031	-27.2%
Obligations from Acquisitions - LOP	86,252	-	n.m.
Obligations from Acquisitions - Other	21,816	10,725	103.4%
<b>Gross Debt</b>	<b>3,058,061</b>	<b>2,219,947</b>	<b>37.8%</b>
Cash and Cash Equivalents	665,258	679,928	-2.2%
<b>Consolidated Net Debt</b>	<b>2,392,803</b>	<b>1,540,019</b>	<b>55.4%</b>
<b>Net Debt / YTD EBITDA</b>	2.28 x	2.03 x	

In 2Q15, the net debt of the São Martinho Group increased 55.4% from March 2014 to end the period at R\$2.4 billion, which represents a Net Debt/EBITDA ratio of 2.28 times. The main reasons for the increase in net debt were: i) the acquisition of Santa Cruz concluded in August 2014 for R\$550 million, which is divided into debt assumption and payments to the former controlling shareholder; and ii) the higher working capital in the period due to the strategy to carry sugar and ethanol inventories for sale in future quarters.

The Company also received, in the first week of October 2014, a disbursement of US\$150 million from an Export Prepayment Transaction maturing in 2018 and 2019. These funds will be used over the next six months to settle the foreign-denominated debt of Santa Cruz, which effectively lengthens the maturity profile of the debt and reduces its cost.

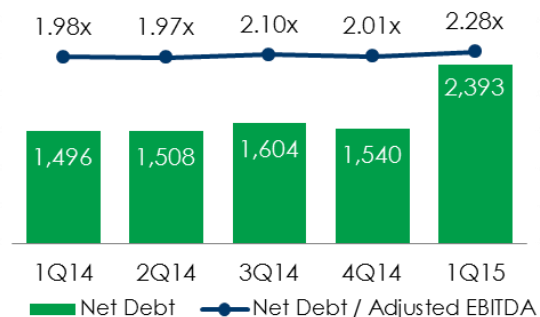
### Amortization Schedule – Long-term Debt

R\$ million



### Net Debt / EBITDA LTM

Evolution





## CAPITAL EXPENDITURE

(Maintenance)	2Q15	2Q14	Chg.(%)	6M15	6M14	Chg.(%)
R\$ million						
Sugarcane Planting	37,991	31,006	22.5%	70,016	58,426	19.8%
Off-Season Maintenance / Industrial / Agricultural	-	-	n.m.	3,310	351	
Crop Treatment	74,244	51,504	44.2%	128,917	98,129	31.4%
<b>Total</b>	<b>112,235</b>	<b>82,510</b>	<b>36.0%</b>	<b>202,244</b>	<b>156,905</b>	<b>28.9%</b>

(Operational Improvements)	2Q15	2Q14	Chg.(%)	6M15	6M14	Chg.(%)
R\$ million						
Equipment/Projects/Replacements	12,302	7,353	67.3%	18,403	10,041	83.3%
<b>Total</b>	<b>12,302</b>	<b>7,353</b>	<b>67.3%</b>	<b>18,403</b>	<b>10,041</b>	<b>83.3%</b>

(Upgrading/Expansion)	2Q15	2Q14	Chg.(%)	6M15	6M14	Chg.(%)
R\$ million						
Sugarcane Planting	-	1,648	n.m.	-	7,455	n.m.
Industrial / Agricultural	24,034	27,245	-11.8%	47,108	58,584	-19.6%
Crop Treatment	-	937	n.m.	-	2,121	n.m.
<b>TOTAL</b>	<b>24,034</b>	<b>29,830</b>	<b>-19.4%</b>	<b>47,108</b>	<b>68,160</b>	<b>-30.9%</b>

The maintenance CAPEX of the São Martinho Group amounted to R\$112.2 million in 2Q15, increasing 36.0% from the year-ago period. The increased investment is related to the larger planting area and corresponding crop treatments, as a result of the 100% consolidation of Santa Cruz as of August 2014.

Operational improvement capex (investments in replacing agricultural and industrial equipment to boost yields) amounted to R\$12.3 million in 2Q15, increasing 67.3% from 2Q14. The increase is mainly related to investments in agricultural automation and to the 100% consolidation of Santa Cruz as of August this year.

Investments in modernization and expansion (R\$47 million in 6M15) are related to projects aimed at reducing production costs by vertically orienting the sugarcane transportation and vinasse concentration operations.

For this crop year, we estimate total CAPEX of around R\$730 million, of which R\$560 million will be allocated to maintenance.



## DISCLAIMER

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

## ABOUT SÃO MARTINHO GROUP

The São Martinho Group is one of the largest sugar and ethanol groups in Brazil, with annual sugarcane processing capacity of 20 million metric tons. It currently operates four mills: São Martinho in Pradópolis (in the Ribeirão Preto region of São Paulo state), Iracema in Iracemápolis (in the Limeira region of São Paulo), Santa Cruz in Américo Brasiliense (in the Ribeirão Preto region) and Boa Vista (in Quirinópolis, Goiás). For more information please go to [www.saomartinho.com.br](http://www.saomartinho.com.br).



## INCOME STATEMENT

### Quarter

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	2Q15	2Q14	Var %	2Q15	2Q14	Var %
R\$ '000						
Gross Revenue	412,398	515,529	-20.0%	529,856	631,759	-16.1%
Deductions from Gross Revenue	(14,689)	(11,272)	30.3%	(22,349)	(17,265)	29.4%
<b>Net Revenue</b>	<b>397,709</b>	<b>504,257</b>	<b>-21.1%</b>	<b>507,507</b>	<b>614,494</b>	<b>-17.4%</b>
Cost of Goods Sold (COGS)	(269,227)	(343,597)	-21.6%	(344,691)	(432,900)	-20.4%
<b>Gross Profit</b>	<b>128,482</b>	<b>160,660</b>	<b>-20.0%</b>	<b>162,816</b>	<b>181,594</b>	<b>-10.3%</b>
Gross Margin (%)	32.3%	31.9%	0.4 p.p	32.1%	29.6%	2.5 p.p
<b>Operating Expenses</b>	<b>36,354</b>	<b>(60,192)</b>	<b>-160.4%</b>	<b>17,407</b>	<b>(66,308)</b>	<b>n.m.</b>
Selling Expenses	(20,451)	(27,543)	-25.7%	(23,203)	(33,225)	-30.2%
General and Administrative Expenses	(32,213)	(33,723)	-4.5%	(35,475)	(40,420)	-12.2%
Equity Income	11,982	(5,434)	n.m.	100	654	-12.2%
Other Operating Expenses, Net	77,036	6,508	1083.7%	75,985	6,683	1037.0%
<b>Operating Profit, Before Financial Effects</b>	<b>164,836</b>	<b>100,468</b>	<b>64.1%</b>	<b>180,223</b>	<b>115,286</b>	<b>56.3%</b>
<b>Financial Result, Net</b>	<b>(28,135)</b>	<b>(16,496)</b>	<b>70.6%</b>	<b>(40,311)</b>	<b>(27,650)</b>	<b>45.8%</b>
Financial Income	23,536	6,902	241.0%	26,972	9,024	198.9%
Financial Expenses	(62,446)	(28,113)	122.1%	(73,722)	(39,803)	85.2%
Monetary and Exchange Variations - Net	(1,894)	2,670	n.m.	(6,125)	2,306	n.m.
Derivative Income (Loss)	12,669	2,045	519.5%	12,564	823	1426.6%
<b>Income (Loss) Before Income and Social Contribution Taxes</b>	<b>136,701</b>	<b>83,972</b>	<b>62.8%</b>	<b>139,912</b>	<b>87,636</b>	<b>59.7%</b>
Income Tax and Social Contribution - Current	11,974	(14,720)	n.m.	9,732	(14,657)	n.m.
Income Tax and Social Contribution - Deferred	(32,163)	(8,365)	-166.4%	(33,132)	(12,092)	-166.4%
<b>Net Income (Loss) Before Minority Interest</b>	<b>116,512</b>	<b>60,887</b>	<b>91.4%</b>	<b>116,512</b>	<b>60,887</b>	<b>91.4%</b>
Noncontrolling Interest	(1,290)	-	n.m.	(1,290)	-	n.m.
<b>Net Income</b>	<b>115,222</b>	<b>60,887</b>	<b>89.2%</b>	<b>115,222</b>	<b>60,887</b>	<b>89.2%</b>
Net Margin (%)	29.0%	12.1%	16.9 p.p	22.7%	9.9%	12.8 p.p





### Year to date

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	6M15	6M14	Var %	6M15	6M14	Chg. (%)
R\$ '000						
Gross Revenue	801,082	922,831	-13.2%	1,052,349	1,143,523	-8.0%
Deductions from Gross Revenue	(25,366)	(22,332)	13.6%	(40,208)	(35,281)	14.0%
<b>Net Revenue</b>	<b>775,716</b>	<b>900,499</b>	<b>-13.9%</b>	<b>1,012,141</b>	<b>1,108,242</b>	<b>-8.7%</b>
Cost of Goods Sold (COGS)	(528,349)	(626,816)	-15.7%	(697,582)	(804,629)	-13.3%
<b>Gross Profit</b>	<b>247,367</b>	<b>273,683</b>	<b>-9.6%</b>	<b>314,559</b>	<b>303,613</b>	<b>3.6%</b>
Gross Margin (%)	31.9%	30.4%	1.5 p.p	31.1%	27.4%	3.7 p.p
<b>Operating Expenses</b>	<b>9,397</b>	<b>(118,622)</b>	<b>n.m.</b>	<b>(35,985)</b>	<b>(122,512)</b>	<b>-70.6%</b>
Selling Expenses	(37,327)	(47,396)	-21.2%	(42,973)	(56,107)	-23.4%
General and Administrative Expenses	(60,247)	(61,104)	-1.4%	(70,925)	(72,842)	-2.6%
Equity Income	29,294	(17,203)	n.m.	613	(425)	n.m.
Other Operating Expenses, Net	77,677	7,081	997.0%	77,300	6,862	1026.5%
<b>Operating Profit, Before Financial Effects</b>	<b>256,764</b>	<b>155,061</b>	<b>65.6%</b>	<b>278,574</b>	<b>181,101</b>	<b>53.8%</b>
<b>Financial Result, Net</b>	<b>(49,052)</b>	<b>(18,283)</b>	<b>168.3%</b>	<b>(66,781)</b>	<b>(44,397)</b>	<b>50.4%</b>
Financial Income	36,713	14,502	153.2%	43,099	18,608	131.6%
Financial Expenses	(91,746)	(53,518)	71.4%	(115,362)	(76,622)	50.6%
Monetary and Exchange Variations - Net	(879)	24,415	n.m.	(4,248)	18,684	n.m.
Derivative Income (Loss)	6,860	(3,682)	n.m.	9,730	(5,067)	n.m.
<b>Income (Loss) Before Income and Social Contribution Taxes</b>	<b>207,712</b>	<b>136,778</b>	<b>51.9%</b>	<b>211,793</b>	<b>136,704</b>	<b>54.9%</b>
Income Tax and Social Contribution - Current	(4,300)	(17,019)	-74.7%	(6,679)	(17,397)	-61.6%
Income Tax and Social Contribution - Deferred	(26,174)	(24,144)	8.4%	(27,876)	(23,692)	17.7%
<b>Net Income (Loss) Before Minority Interest</b>	<b>177,238</b>	<b>95,615</b>	<b>85.4%</b>	<b>177,238</b>	<b>95,615</b>	<b>85.4%</b>
Noncontrolling Interest	(1,290)	-	n.m.	(1,290)	-	n.m.
<b>Net Income</b>	<b>175,948</b>	<b>95,615</b>	<b>84.0%</b>	<b>175,948</b>	<b>95,615</b>	<b>84.0%</b>
Net Margin (%)	22.7%	10.6%	12.1 p.p	17.4%	8.6%	8.8 p.p



## BALANCE SHEET (ASSETS)

São Martinho S.A. - ASSETS	CPC 19		Pro-forma	
R\$ '000				
ASSETS	Sep/14	Mar/14	Sep/14	Mar/14
<b>SHORT-TERM ASSETS</b>				
Cash and Cash Equivalents	539,068	551,359	651,463	670,741
Trade Receivables	137,496	72,106	170,078	95,051
Derivative Financial Instruments	25,247	33,553	25,247	37,467
Inventories	667,313	99,658	740,684	145,028
Taxes Recoverable	92,278	64,367	107,206	79,339
Income and Social Contribution Taxes	53,635	34,237	56,335	37,349
Dividends receivable	-	232	-	420
Other Assets	25,951	7,145	27,573	10,919
<b>TOTAL SHORT-TERM ASSETS</b>	<b>1,540,988</b>	<b>862,657</b>	<b>1,778,586</b>	<b>1,076,314</b>
<b>LONG-TERM ASSETS</b>				
<b>Long-term Receivables</b>				
Marketable Securities	5,942	-	13,795	9,187
Inventories	29,622	25,790	55,660	50,235
Related Parties	34	1,925	34	11
Deferred Income and Social Contribution Taxes	-	-	48,449	48,867
Trade Receivables	4,117	1,592	4,117	1,592
Trade Receivables from Copersucar	1,669	1,361	1,784	1,546
Taxes Recoverable	85,375	68,201	96,656	94,808
Judicial Deposits	31,989	31,969	33,476	34,479
Other Assets	533	120	535	321
	<b>159,281</b>	<b>130,958</b>	<b>254,506</b>	<b>241,046</b>
<b>Investments</b>	425,954	537,764	20,790	10,589
<b>Biological Assets</b>	804,211	596,309	969,708	863,368
<b>Property, plant and equipment</b>	3,095,693	2,717,791	3,478,812	3,432,148
<b>Intangible Assets</b>	528,318	192,917	510,964	202,486
<b>TOTAL LONG-TERM ASSETS</b>	<b>5,013,457</b>	<b>4,175,739</b>	<b>5,234,780</b>	<b>4,749,637</b>
<b>TOTAL ASSETS</b>	<b>6,554,445</b>	<b>5,038,396</b>	<b>7,013,366</b>	<b>5,825,951</b>



## BALANCE SHEET (LIABILITIES)

São Martinho S.A. - LIABILITIES	CPC 19		Pro-forma	
R\$ '000				
LIABILITIES AND SHAREHOLDERS' EQUITY	Sep/14	Mar/14	Sep/14	Mar/14
<b>SHORT-TERM ASSETS</b>				
Borrowings	994,279	439,644	1,080,757	592,294
Derivative Financial Instruments	64,061	56,398	66,628	63,814
Trade Payables	194,242	64,429	223,256	90,602
Payables to Copersucar	2,040	2,040	2,300	2,234
Payroll and Social Contributions	97,923	58,847	111,548	75,720
Taxes Payable	17,193	11,040	19,383	13,749
Income and Social Contribution Taxes	1,773	611	1,783	891
Dividends Payable	-	32,063	-	32,483
Advances from Customers	2,112	883	5,135	3,143
Acquisition of Investment	17,817	10,725	17,817	10,725
Other Liabilities	33,070	17,290	26,886	15,676
<b>TOTAL SHORT-TERM LIABILITIES</b>	<b>1,424,510</b>	<b>693,970</b>	<b>1,555,493</b>	<b>901,331</b>
<b>LONG-TERM ASSETS</b>				
Borrowings	1,570,838	1,151,177	1,869,236	1,616,928
Payables to Copersucar	270,647	206,014	283,273	230,254
Taxes Payable in Installments	45,432	46,318	45,432	53,452
Deferred Income and Social Contribution Taxes	869,884	807,880	852,622	854,330
Provision for Contingencies	44,700	56,649	47,531	62,048
Acquisition of Investment	90,251	-	90,251	-
Advances for future capital increase	-	-	31,347	31,220
Other Liabilities	522	436	522	436
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>2,892,274</b>	<b>2,268,474</b>	<b>3,220,214</b>	<b>2,848,668</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital	808,850	737,200	808,850	737,200
Adjustments to Book Value	1,093,975	1,116,709	1,093,975	1,116,709
Profits Reserves	150,285	230,277	150,283	230,277
Treasury Shares	(10,715)	(11,839)	(10,715)	(11,839)
Stock options granted	4,715	3,605	4,715	3,605
Retained Earnings	187,180	-	187,180	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,234,290</b>	<b>2,075,952</b>	<b>2,234,288</b>	<b>2,075,952</b>
<b>Non-controlling interest</b>	<b>3,371</b>	<b>-</b>	<b>3,371</b>	<b>-</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6,554,445</b>	<b>5,038,396</b>	<b>7,013,366</b>	<b>5,825,951</b>



## CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	CPC 19		Pro Forma	
	6M15	6M14	6M15	6M14
R\$ '000				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Net Income in the period</b>	<b>175,948</b>	<b>95,615</b>	<b>175,948</b>	<b>95,615</b>
<b>Adjustments</b>				
Depreciation and amortization	63,336	70,690	87,323	95,966
Harvested biological assets (depreciation)	108,180	113,968	167,099	173,830
Variation in fair value of biological assets	1,305	(1,281)	(1,486)	1,385
Amortization of intangible assets	1,120	-	1,586	1,464
Equity income	(29,294)	17,203	(613)	425
Capital gain from the change in equity interest	(7,055)	-	(7,055)	-
Result of investment and property, plant and equipment disposals	(4,054)	(1,731)	(4,560)	(1,783)
Interest, monetary and foreign exchange variations, net	72,761	33,539	94,127	64,889
Derivative financial instruments	81,139	32,816	84,399	37,311
Accrual of provision for contingencies, net	(965)	11,844	(383)	12,431
Deferred income tax and social contribution taxes	26,175	24,144	27,876	23,692
Adjustments to present value and others	3,739	5,553	3,516	6,261
Income (loss) from ownership divestment	(79,717)	-	(79,717)	-
	<b>412,618</b>	<b>402,360</b>	<b>548,060</b>	<b>511,486</b>
<b>Changes in assets and liabilities</b>				
Trade receivables	(45,242)	(77,687)	(52,614)	(90,066)
Inventories	(289,261)	(111,920)	(337,409)	(171,150)
Taxes recoverable	(30,015)	(20,008)	(28,857)	(22,390)
Marketable securities	(434)	-	(371)	(817)
Other assets	2,194	2,599	(5,437)	(837)
Trade payables	84,980	92,419	100,876	116,049
Salaries and social charges	15,496	15,740	20,007	18,679
Taxes payable	2,733	13,021	2,483	13,561
Payables to Copersucar	10,852	(3,936)	11,504	(4,597)
Taxes payable in installments	(952)	(2,663)	(924)	(3,026)
Provision for contingencies - settlements	(20,303)	(17,383)	(22,369)	(19,023)
Other liabilities	5,682	12,717	5,326	9,231
	<b>148,348</b>	<b>305,259</b>	<b>240,275</b>	<b>357,100</b>
<b>Cash provided by operations</b>	<b>148,348</b>	<b>305,259</b>	<b>240,275</b>	<b>357,100</b>
Interest paid	(50,780)	(37,935)	(73,278)	(59,267)
Income tax and social contribution paid	(47)	(1,144)	(99)	(1,211)
<b>Net cash provided by operating activities</b>	<b>97,521</b>	<b>266,180</b>	<b>166,898</b>	<b>296,622</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Financial resources used in investments	(44,354)	-	(44,354)	-
Increase due to acquisition of ownership	44,860	-	25,273	-
Additions to property, plant and equipments and intangible assets	(60,580)	(83,252)	(75,299)	(95,535)
Additions to biological assets (planting and crop treatment)	(144,312)	(107,340)	(198,934)	(166,131)
Proceeds from sale of property, plant and equipment	6,210	8,083	6,854	8,383
Cash and cash equivalents acquired from subsidiary	-	1	-	1
Advance for future capital increase	-	(976)	(32)	-
Dividends and interest on equity received	3,127	1,330	443	-
<b>Net cash used in investing activities</b>	<b>(195,049)</b>	<b>(182,154)</b>	<b>(286,049)</b>	<b>(253,282)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
New borrowings - third parties	396,818	83,225	482,291	160,271
Repayment of borrowings - third parties	(270,946)	(177,694)	(345,011)	(229,143)
Advance for future capital increase	-	-	544	166
Change in noncontrolling interest	1,290	-	1,290	-
Payment of dividends and interest on equity	(43,089)	(30,000)	(40,405)	(30,000)
Purchase of treasury shares	1,164	-	1,164	-
<b>Net cash provided by (used in) financing activities</b>	<b>85,237</b>	<b>(124,469)</b>	<b>99,873</b>	<b>(98,706)</b>
<b>Increase (decrease) in cash and cash equivalents, net</b>	<b>(12,291)</b>	<b>(40,443)</b>	<b>(19,278)</b>	<b>(55,366)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>551,359</b>	<b>531,141</b>	<b>670,741</b>	<b>634,290</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>539,068</b>	<b>490,698</b>	<b>651,463</b>	<b>578,924</b>