São Martinho

4Q08 Results
2007- 08 Harvest

SÃO MARTINHO POSTS ADJUSTED EBITDA OF R$ 62.6 MILLION IN 4Q08 WITH MARGIN OF 28%

Net Revenue of R$ 712.4 million and Adjusted EBITDA of R$ 133.5 million in 2007-08 Harvest

São Paulo, June 27, 2008 – SÃO MARTINHO S.A. (Bovespa: SMTO3; Reuters SMTO3.SA and Bloomberg: SMTO3 BZ), one of the largest sugar and ethanol producers in Brazil, announces today its results for the fourth quarter of 2008 (4Q08) relative to the 2007-08 harvest. The results are presented on a consolidated basis, in accordance with Brazilian Corporate Law, including the partial consolidation of 41.67% of Usina Santa Luiza and Agropecuária Aquidaban. The results for fiscal year 2007 are presented on a combined basis, since on March 31, 2007, São Martinho S.A. consolidated the results of Usina São Martinho S.A. as of May 1, 2006 (total of 11 months)

FY2008 and 4Q08 Highlights

- On February 25, 2008, we announced through a Material Fact notice the request for the Company's effective termination as a member of Copersucar, the sugar and ethanol producers' cooperative for São Paulo state. The decision will allow us to sell our products in higher value-added markets.

- Net revenue grew by 26% in 4Q08 in relation to 4Q07, driven mainly by the increases in anhydrous and hydrous ethanol sales volumes of 181.9% and 49.4%, respectively.

- Adjusted EBITDA in 4Q08 grew by 11.2% year on year to R$ 62.6 million, with EBITDA margin of 27.9%, compressing by 2.7 percentage points versus 4Q07.

- Sales volume (in TRS equivalent) in fiscal year 2008 grew by 11.8% year on year. This increase was not reflected in the same proportion in "cash COGS" due to our continuous cost-management efforts, with unit "cash COGS" declining by 7.3% versus fiscal year 2007.

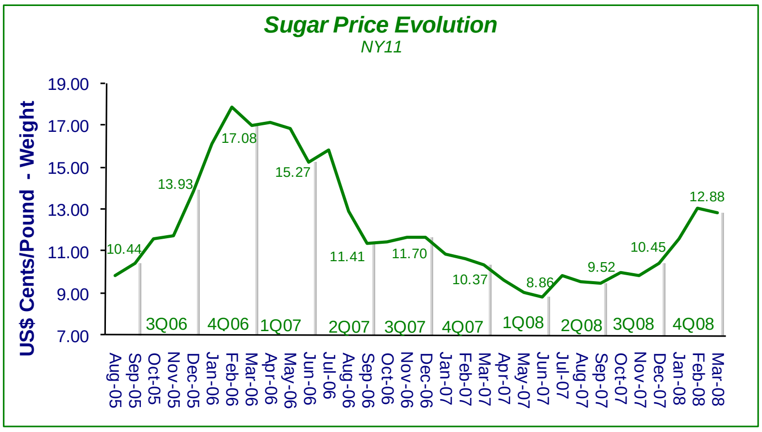
- In fiscal year 2008, investments in the Boa Vista mill Greenfield project totaled R$ 371,3 million. Approximately R$ 200 million will be invested in the 2008-09 harvest, which will advance the Company's project to reach production of 3.4 million tonnes of sugarcane in the 2010-11 harvest.

- In view of the current situation of sugar and ethanol prices, in the 2008-09 harvest the São Martinho Group will produce approximately 631,000 cubic meters (m^3) of ethanol and 578,000 tonnes of sugar. Accordingly, approximately 64% of the sugarcane processed will be destined for ethanol production and 36% for sugar production. This production will come from the crushing of 11.6 million tonnes of sugarcane in the 2008-09 harvest at the Group's mills.

Industry Overview

Sugar

Average Sugar Prices	4Q08	3Q08	4Q07	Chg. 4Q08 x 4Q07	Chg. 4Q08 x 3Q08	12M08	12M07	Chg. 12M08 x 12M07
US$/R$ Exchange rate	1.74	1.79	2.11	-17.6%	-2.8%	1.86	2.15	-13.9%
NY11 US$ cents/pound	12.55	10.11	10.66	17.7%	24.2%	10.38	13.05	-20.4%
NY11 R$ / 50-kilogram sack	24.03	19.90	24.78	-3.0%	20.7%	21.23	30.98	-31.5%
London 5 US$/ton	340.93	286.00	337.46	1.0%	19.2%	311.40	403.42	-22.8%
London 5 R$/50-kilogram sack	29.60	25.53	35.57	-16.8%	15.9%	28.88	43.45	-33.5%
Sugar ESALQ Net R$/50-kilogram sack	21.96	19.74	29.71	-26.1%	11.2%	21.74	34.77	-37.5%



The recovery in sugar prices that began in 3Q08 continued in the first few months of 2008, with the price of the NY11 contract (for May 2008) reaching USD 15.02 cents/pound in early March. However, prices began to fall back significantly starting in April, especially in contracts for the 2008-09 harvest.

This situation was primarily due to the high level of world sugar stocks, which according to forecasts by the United States Department of Agriculture (USDA) will stand at approximately 44.8 million tonnes in September 2008, an increase of 12% in relation to the 2006-07 harvest and of 45% compared with the 2005-06 harvest.

As was the case during the 2007-08 harvest, the price of the NY11 contract has been following news on sugar production volume, especially in Brazil and India, the world's two largest producers. According to LMC International, in the 2007-08 harvest India will produce approximately 28.8 million tonnes, a decline of 6.7% against 2006-07, though still insufficient to sustain a significant increase in sugar prices in the 2008-09 harvest.

In addition, according to forecasts from the sugarcane industry association União da Indústria de Cana-de-Açúcar (UNICA), Brazil's Center-South region is expected to boost its sugar production by 2.4 million tonnes, which could have an adverse affect on sugar prices.

We expect sugar prices to recover more consistently only after September 2008, when India's harvest begins. Given the high production cost (over USD 14 cents/pound), some Indian producers could potentially migrate to other harvests, such as corn and wheat, with sugar production declining as a result. The magnitude of the decline in Indian production over the next few harvests will determine the trend for sugar prices over the medium and long term. According to LMC International, world sugar production will decline by 3.5% to 165 million tonnes in the harvest ending in September 2009. Moreover, the country making the biggest contribution to this decline will be India, which should produce between 22 million and 24 million tonnes in the 2008-09 harvest.

Ethanol

Average Ethanol/ Oil Prices	4Q08	3Q08	4Q07	Chg. 4Q08 x 4Q07	Chg. 4Q08 x 3Q08	12M08	12M07	Chg. 12M08 x 12M07
Anhydrous ESALQ, Net DM R$ / M3	806.39	774.48	879.19	-8.3%	4.1%	780.55	932.13	-16.3%
Hydrous ESALQ, Net DM - R$ / M3	721.48	685.89	842.74	-14.4%	5.2%	682.37	837.27	-18.5%
Anhydrous ESALQ EM R$ / M3	749.37	658.83	913.81	-18.0%	13.7%	724.20	1,000.91	-27.6%
Hydrous ESALQ EM - R$ / M3	704.74	642.88	924.28	-23.8%	9.6%	699.91	899.11	-22.2%
Oil NY	97.82	90.50	58.23	68.0%	8.1%	82.03	64.98	26.2%

In 4Q08, domestic anhydrous and hydrous ethanol prices rose by 4.1% and 5.2%, respectively, in relation to the previous quarter. The main driver of the recovery in prices in the period was the strong demand in the domestic market.

However, compared to the same quarter a year ago (4Q07), domestic anhydrous and hydrous ethanol prices fell by 8.3% and 14.4%, respectively, due to the higher ethanol supply in the 2007-08 harvest, with the Center-South region producing approximately 20.3 billion liters of ethanol, 26% more than in the 2006-07 harvest.

As Chart 2 shows, domestic ethanol consumption has been growing at strong rates, driven by the increase in the number of flex-fuel vehicles, which rose to 4.8 million vehicles in March 2008, up 82.4% in relation to March 2007. In addition to the growth in the domestic ethanol market, ethanol exports also registered growth in 2008. The ethanol exports of 1.2 billion liters in the five-month period from January to May this year were 30% higher than in the same period of 2007, chiefly supported by imports by Europe and the United States.

Chart 1

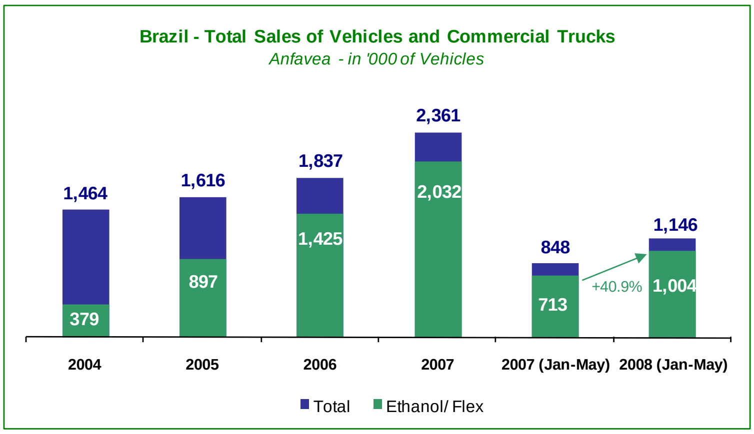
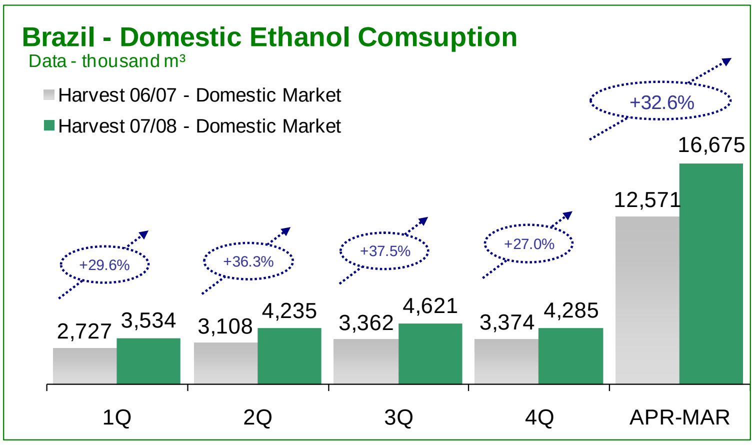


Chart 2



Despite the strong growth, it is important to note that currently only 33% of Brazil's fleet is made up of ethanol-powered or flex-fuel vehicles. In view of the current trend (see Chart 1 above), with flex-fuel vehicles accounting for some 88% of light vehicle sales in Brazil, we expect demand growth to remain robust over the coming years.

Operating Performance

Operating Highlights

Operating Data (*)	12M08	12M07	Chg %
Crushed Sugarcane ('000 tonnes)	10,218	9,276	10.2%
Own	6,673	6,191	7.8%
Third Parties	3,545	3,085	14.9%
Mechanized Harvest (%)	75.0%	73.1%	189.0%
Production			
Sugar ('000 tonnes)	527	678	-22.2%
Anhydrous Ethanol ('000 m^3)	306	212	44.5%
Hydrous Ethanol ('000 m^3)	214	182	17.6%
RNA - Ribonucleic Acid	391	390	0.3%

(*) *Considers Santa Luiza and Aquidaban figures in the proportion of 41.67%.*

Financial Performance

Operating Revenue

Net Revenues Breakdown R$ Thousand	4Q08	4Q07	Chg.% 4Q08 x 4Q07	12M08	12M07	Chg.% 12M08 x 12M07
Domestic Market	**133,649**	**83,736**	**59.6%**	**394,164**	**388,339**	**1.5%**
Sugar	23,330	22,790	2.4%	85,234	129,535	-34.2%
Hydrous Ethanol	34,846	28,099	24.0%	117,349	120,916	-2.9%
Anhydrous Ethanol	72,887	31,643	130.3%	167,610	117,787	42.3%
Other	2,586	1,205	114.6%	23,970	20,100	19.3%
Export Market	**97,851**	**100,030**	**-2.2%**	**318,255**	**438,198**	**-27.4%**
Sugar	51,268	80,230	-36.1%	188,615	293,115	-35.7%
Hydrous Ethanol	8,269	5,193	59.3%	27,679	29,663	-6.7%
Anhydrous Ethanol	34,214	9,650	254.5%	90,375	98,374	-8.1%
RNA	4,099	4,957	-17.3%	11,587	17,046	-32.0%
Other	-	-	n.m.	-	-	n.m.
Net Revenue	**231,500**	**183,765**	**26.0%**	**712,420**	**826,537**	**-13.8%**
Sugar	74,598	103,019	-27.6%	273,849	422,650	-35.2%
Hydrous Ethanol	43,116	33,291	29.5%	145,028	150,579	-3.7%
Anhydrous Ethanol	107,101	41,293	159.4%	257,985	216,162	19.3%
RNA	4,099	4,957	-17.3%	11,587	17,046	-32.0%
Other	2,586	1,205	114.6%	23,970	20,100	19.3%

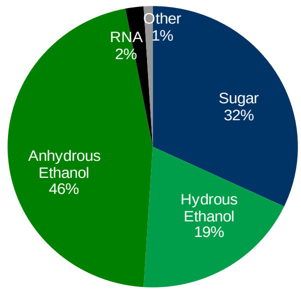
Accounting Criteria - Copersucar

Revenue and expenses from product sales and Copersucar's operations are apportioned among the cooperative members according to the volume provided, irrespective of the volume actually withdrawn from their warehouses. Cooperative members are kept informed of Copersucar's revenues and expenses, including inventories to be booked under COGS, through specific reports that detail each type of event on a monthly basis.

Net Revenue

Net revenue in 4Q08 grew by 26% against 4Q07, reflecting the increase of 43% year on year in sales volume (in TRS equivalent) and the lower sales price for all of the Company's products. In fiscal year 2008, the Company's net revenue declined by 13.8% versus 2007, due to the lower sugar and ethanol prices in both the domestic and export markets, which was partially offset by the increase of some 12% year on year in sales volume (in TRS equivalent).

4Q08 Sales Breakdown



Sales Performance	4Q08	4Q08 (*)	4Q07	Chg.% 4Q08 x 4Q07	Chg.% 4Q08 (*) x 4Q07
Domestic Market					
Sugar (tonnes)	53,438	49,935	40,262	32.7%	24.0%
Hydrous Ethanol (m3)	49,420	44,830	35,104	40.8%	27.7%
Anhydrous Ethanol (m3)	92,577	87,019	37,427	147.4%	132.5%
Export Market					
Sugar (tonnes)	105,705	100,649	149,911	-29.5%	-32.9%
Hydrous Ethanol (m3)	10,044	9,127	4,702	113.6%	94.1%
Anhydrous Ethanol (m3)	37,210	36,171	8,611	332.1%	320.1%
RNA (Kg)	117,000	117,000	117,000	0.0%	0.0%
Consolidated					
Sugar (tonnes)	159,143	150,584	190,173	-16.3%	-20.8%
Hydrous Ethanol (m3)	59,465	53,957	39,806	49.4%	35.5%
Anhydrous Ethanol (m3)	129,787	123,190	46,038	181.9%	167.6%
RNA (Kg)	117,000	117,000	117,000	0.0%	0.0%

Sales Performance - 12M	12M08	12M08 (*)	12M07	Chg.% 12M08 x 12M07	Chg.% 12M08 (*) x 12M07
Domestic Market					
Sugar (tonnes)	200,201	186,572	196,995	1.6%	-5.3%
Hydrous Ethanol (m3)	179,409	169,203	152,286	17.8%	11.1%
Anhydrous Ethanol (m3)	216,443	200,023	126,937	70.5%	57.6%
Export Market					
Sugar (tonnes)	405,546	379,803	479,347	-15.4%	-20.8%
Hydrous Ethanol (m3)	35,269	33,263	29,602	19.1%	12.4%
Anhydrous Ethanol (m3)	106,726	99,590	91,537	16.6%	8.8%
RNA (Kg)	312,000	312,000	405,360	-23.0%	-23.0%
Consolidated					
Sugar (tonnes)	605,746	566,376	676,343	-10.4%	-16.3%
Hydrous Ethanol (m3)	214,678	202,466	181,888	18.0%	11.3%
Anhydrous Ethanol (m3)	323,169	299,614	218,474	47.9%	37.1%
RNA (Kg)	312,000	312,000	405,360	-23.0%	-23.0%

(*) *Excludes figures from the partial consolidation of Santa Luiza and Aquidaban.*

Average Prices	4Q08	4Q07	Chg.% 4Q08 x 4Q07	12M08	12M07 (**)	Chg.% 12M08 x 12M07
Domestic Market						
Sugar (R$/tonnes)	436,58	566,03	-22,9%	425,74	657,56	-35,3%
Hydrous Ethanol (R$/m^3)	705,09	800,43	-11,9%	654,09	794,00	-17,6%
Anhydrous Ethanol (R$/m^3)	787,31	845,45	-6,9%	774,39	927,92	-16,5%
Export Market						
Sugar (R$/tonnes)	485,01	535,18	-9,4%	465,09	659,08	-29,4%
Hydrous Ethanol (R$/m^3)	705,30	1.104,41	-36,1%	751,19	1.002,08	-25,0%
Anhydrous Ethanol (R$m^3)	750,49	1.120,71	-33,0%	787,87	1.074,70	-26,7%
RNA (R$/Kg)	35,04	42,37	-17,3%	37,14	42,05	-11,7%
Consolidated						
Sugar (R$/tonnes)	468,75	541,71	-13,5%	452,09	658,63	-31,4%
Hydrous Ethanol (m^3)	725,06	836,33	-13,3%	675,56	827,87	-18,4%
Anhydrous Ethanol (m^3)	825,21	896,94	-8,0%	798,30	989,42	-19,3%
RNA (R$/Kg)	35,04	42,37	-17,3%	37,14	42,05	-11,7%

(**) *Considers average prices net of taxes before the impact of the revenue (expenses) from the pricing of sugar and ethanol on the international market passed through by Copersucar.*

Sugar

Net revenue from sugar sales in 4Q08 contracted by 27.6% to R$ 74.6 million, from R$ 103.0 million in 4Q07.

In addition to the declines in sugar prices over the same comparison period of approximately 22.9% and 9.4% in the domestic and international markets, respectively, sugar export volumes also contracted by 29.5%, reflecting the lower production in the 2007-08 harvest due to the Company's strategy of directing a greater part of the production mix to ethanol at the expense of sugar.

In fiscal year 2008, net revenue from sugar sales totaled R$ 273.8 million, down 35.2% year on year, driven mainly by the strong drop in sugar prices in both the domestic and export markets.

Sugar sales volume totaled 605,746 tonnes in fiscal year 2008, 10.4% lower year on year. This reduction was primarily due to the decline of 15.4% year on year in sugar export volume, which was impacted by the lower sugar production mentioned above.

Ethanol

Hydrous

Net revenue from hydrous ethanol totaled R$ 43.1 million in 4Q08, up 29.5% on the R$ 33.3 million recorded in 4Q07. The drop in hydrous ethanol prices against 4Q07 of 11.9% and 36.1% in the domestic and export markets, respectively, was more than offset by the sharp increase in sales volume in both markets in 4Q08.

Hydrous ethanol sales in 4Q08 totaled 59,400 m^3, an increase of 49.4% year on year. The increase in sales was due to the combination of stronger ethanol production in the 2007-08 harvest and the high stocks maintained by the company in 3Q08, which supported higher sales volume in the quarter.

Net revenue in fiscal year 2008 from hydrous ethanol contracted by approximately 3.7%, impacted by the declines in the price of this product of 17.6% in the domestic market and 25.0% in the export market. On the other hand, hydrous ethanol sales volume in both markets grew by 18% year on year, partially mitigating the price declines.

Anhydrous

Net revenue from anhydrous ethanol was R$ 107.1 million in the quarter, 159.4% higher than in 4Q07. This revenue growth was achieved despite the price drops of 6.9% in the domestic market and 33.0% in the export market, driven primarily by the higher sales volume.

A total of 129,787 m^3 of anhydrous ethanol was sold in 4Q08, up 181.9% from the 46,038 m^3 sold in 4Q07.

This strong growth was driven by the combination of higher ethanol production in the 2007-08 harvest and the high stocks maintained by the company in 3Q08, which supported higher sales volume in 4Q08.

In fiscal year 2008, anhydrous ethanol revenue grew by 19.3%, mainly driven by the growth of 70.5% in domestic sales volume. The main factor was the higher production of anhydrous ethanol in fiscal year 2008 than in the previous fiscal year.

Ribonucleic Acid (RNA) Sodium Salt

Net revenue in the quarter from this product was R$ 4.1 million, down 17.3% in relation to 4Q07, chiefly owing to the drop in prices due to the devaluation in the U.S. dollar of 17.6% in the period.

In fiscal year 2008 this revenue fell by 32% year on year, drive by the combined effect of the contraction of 23% in sales volume and the drop of 11.7% in the price of the product.

The contraction in sales volume was due to the delay of shipments that will occur in 1Q09, while the price drop was primarily due to the devaluation in the U.S. dollar of 13.9% between fiscal years 2008 and 2007.

Other Products and Services

Net revenue from the "Other Products and Services" line totaled R$ 2.6 million in the quarter and R$ 23.9 million in the fiscal year, representing year-on-year increases of 114.6% and 19.3%, respectively. Excluding the impact from Santa Luiza and Aquidaban, the increase in revenue from this line in the fiscal year was 10.6% year on year.

The main item contributing to this increase of 10.6% was the higher volume of sales of inputs to sugarcane suppliers. São Martinho Group occasionally purchases high volumes of inputs and resells them to suppliers, since it obtains better prices due to economies of scale.

This policy seeks to lower the costs of our sugarcane suppliers while increasing their loyalty.

Inventories

Inventories	3Q08 (*)	4Q08 (*)	4Q07	Chg 4Q08 x 4Q07
Sugar (Tonnes)	164,083	4,860	77,450	-93.7%
Hydrous Ethanol (m^3)	58,760	-	-	n.m.
Anhydrous Ethanol (m^3)	135,180	4,643	20,280	-77.1%

(*) Includes inventories of Santa Luiza e Aquidaban in the proportion of 41.67%

As a result of the decision to terminate its membership at Copersucar, the sugar and ethanol producers' cooperative for São Paulo state, the companies "Usina São Martinho" and "São Martinho S.A." sold their entire inventories to the cooperative. Accordingly, as mentioned above, the level of stocks in 4Q08 reflects our portion (41.67%) of the stocks at "Usina Santa Luiza".

Cost of Goods Sold

The table below provides a breakdown of COGS, excluding depreciation (cash cost):

Breakdown of Cost of Goods Sold (COGS) - Excluding Depreciation						
R$ Thousand	4Q08	4Q07	Chg.%	12M08	12M07	Chg.%
Agricultural Costs	**100,844**	**85,873**	**17.4%**	**333,699**	**361,978**	**-7.8%**
Suppliers	*46,101*	*35,096*	*31.4%*	*144,211*	*165,188*	*-12.7%*
Partnerships	*7,088*	*7,425*	*-4.5%*	*28,648*	*38,718*	*-26.0%*
Own Sugarcane	*47,655*	*43,352*	*9.9%*	*160,840*	*158,072*	*1.8%*
Industrial	**13,620**	**9,882**	**37.8%**	**52,256**	**43,104**	**21.2%**
Other Products	**6,942**	**6,154**	**12.8%**	**29,701**	**31,501**	**-5.7%**
Total COGS (*)	***121,406***	***101,909***	***19.1%***	***415,656***	***436,584***	***-4.8%***
Santa Luiza e Aquidaban reconciliation	***8,353***	**-**	**-**	***33,948***	**-**	**-**
Total COGS	***129,759***	***101,909***	***27.3%***	***449,603***	***436,584***	***3.0%***
TRS Sold (000 Tonnes)	*497*	*348*	*42.7%*	*1,569*	*1,403*	*11.8%*

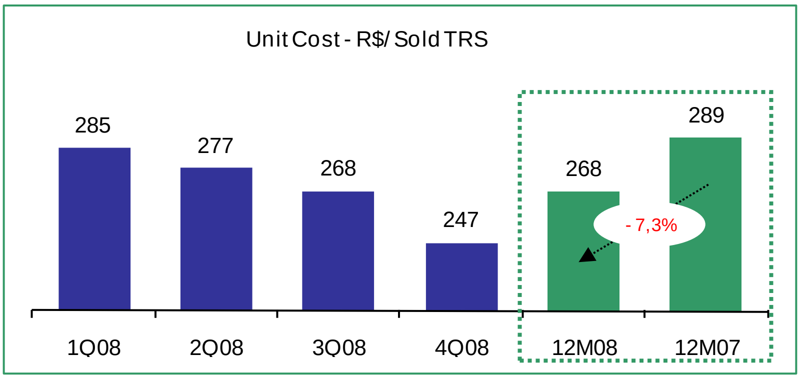
(*) *Excludes partial consolidation of Santa Luiza and Aquidaban.*

As mentioned above, COGS in fiscal year 2008 were 3% higher year on year, with the most important impact coming from the industrial costs component, which rose by 21.2%. This increase was partially due to the increase of 11.8% in sales volume in the period (in TRS equivalent) and the extension of the harvest through December 2007 at Usina Iracema due to weather factors.

COGS in fiscal year 2008 were positively impacted by the costs with suppliers and partners, which were accompanied by the declines in sugar and ethanol prices in the year. Note that in the 2007-08 harvest the São Martinho Group increased the volume of sugarcane acquired from third parties by 15% year on year, contributing to the lower decline in costs with suppliers in relation to the variation in sugar and ethanol prices in the period.

In 4Q08, COGS rose by 27% year on year, driven primarily by the higher sales volume (in TRS equivalent) of roughly 43%. This growth in COGS lagging the growth in sales volume was due to the dilution of fixed costs that typically occurs in the last two quarters of the fiscal year, with the conclusion of sugarcane crushing.

As we explained in our earnings release for the first quarter of 2008, the COGS (cash cost) reported was adversely affected by the delay of the start of sugarcane crushing in the 2007-08 harvest, with upcoming quarter expected to register reductions, thereby offsetting the increase in 1Q08. This reduction became clearer in the 4Q08 figures. The chart below shows the dynamics of costs in the quarters and fiscal year:



Gross Income and Gross Margin

As a result of the above factors, São Martinho's gross income in the quarter was R$ 46.2 million, down 4.2% in relation to 4Q07. In fiscal year, gross income was R$ 88.8 million, declining by 65.2% in relation to fiscal year 2007.

Selling Expenses

Salling Expenses Breakdown R$ Thousand	4Q08	4Q07	Chg.%	12M08	12M07	Chg.%
Port Costs	2,828	2,713	4.2%	11,818	14,819	-20.3%
Packaging	306	358	-14.3%	1,506	1,804	-16.5%
Freight	7,837	7,294	7.4%	25,928	29,908	-13.3%
Other	-	2,602	-100.0%	698	8,318	-91.6%
Salling Expenses (*)	**10,971**	**12,968**	**-15.4%**	**39,950**	**54,849**	**-27.2%**
TRS Sold ('000 Tonnes)	*467*	*348*	34.1%	*1,466*	*1,403*	4.5%
Santa Luiza e Aquidaban reconciliation	511	-	n.m.	2,674	-	n.m.
Selling Expenses	**11,482**	**12,968**	**-11.5%**	**42,624**	**54,849**	**-22.3%**
TRS Sold ('000 Tonnes)	*497*	*348*	42.7%	*1,569*	*1,403*	11.8%
% of Net Revenues	*5.0%*	*7.1%*	*-2.1 p.p.*	*6.0%*	*6.6%*	*-0.7 p.p.*

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

Selling expenses in 4Q08 contracted by 11.5% year on year, with port costs remaining practically stable, since the lower volume of exports was offset by the increase in anhydrous and hydrous ethanol exports.

In fiscal year 2008, selling expenses were down by 22.3% year on year, as a result of the decline of 73,801 tonnes in sugar export volumes. Meanwhile, the volume of anhydrous and hydrous ethanol exports grew by 15,189 m^3 and 5,667 m^3, respectively, in relation to the previous fiscal year.

General and Administrative Expenses

General and Administrative Expenses Breakdown In R$ Thousand	4Q08	4Q07	Chg.%	12M08	12M07	Chg.%
Personnel	4,947	4,218	17.3%	21,886	20,761	5.4%
Taxes, Fees and Contributions	1,806	1,333	35.5%	8,017	7,977	0.5%
Provisions for Contingencies	3,775	3,274	15.3%	11,523	14,213	-18.9%
General Expenses and Third-Party Services	3,625	2,817	28.7%	13,334	14,659	-9.0%
Copersucar Share	1,821	1,890	-3.7%	10,911	12,056	-9.5%
Management fee	1,795	1,902	-5.6%	8,172	7,675	6.5%
Total General and Administrative Expenses (*)	**17,769**	**15,434**	15.1%	**73,844**	**77,341**	-4.5%
Santa Luiza e Aquidaban reconciliation	4,783	**-**	n.m.	12,056	**-**	n.m.
Total General and Administrative Expenses	**22,551**	**15,434**	46.1%	**85,899**	**77,341**	11.1%

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

G&A expenses totaled R$ 22.5 million in 4Q08, up 46.1% or R$ 7.1 million year over year. Excluding the effects of the reconciliation of Santa Luiza and Aquidaban, G&A expenses in the quarter rose by 15.1% or R$ 2.3 million. The highest variation was in the line General Expenses and Third-Party Services, which was impacted by higher expenses with consulting services in 4Q08 in relation to the same quarter of 2007.

Of the R$ 4.8 million related to the reconciliation of Usina Santa Luiza and Aquidaban in 4Q08, approximately R$ 2.2 million refers to expenses associated with the termination of operations announced in December 2007. In fiscal year 2008 these nonrecurring expenses totaled R$ 4.7 million.

General and administrative expenses totaled R$ 85.9 million in the fiscal year, an increase of 11.1% year on year. Excluding the effects of Santa Luiza and Aquidaban, G&A expenses declined by 4.5%. The main factors contributing to the reduction in G&A expenses were the drop of 18.9% in Provisions for Contingencies and of 9% in General Expenses and Third Party Services.

The variation in third-party expenses was due to expenses with the Company's IPO issue, which had an impact on the previous fiscal year, while the reduction in contingencies reflects an effort by the Group to reduce tax and labor liabilities.

Note that after the termination of operations at Usina Santa Luiza in fiscal year 2009, we expect a reduction of roughly R$ 6.4 million in administrative expenses, which, combined with the other gains from synergies, will result in annual cost reductions of R$ 15 million at São Martinho S.A.

Other Operational Revenue (Expenses)

Other Operating Revenues (Expenses) Reconciliation In R$ Thousand	4Q08	4Q07	Chg.%	12M08	12M07	Chg.%
Provision Reversal (Copersucar)	-	-	n.m.	7,389	-	n.m.
Sale of Real State (Copersucar)	-	-	n.m.	1,813	-	n.m.
Tax Lawsuit Gain (Copersucar)	-	-	n.m.	-	13,305	n.m.
ICMS Installment	-	-	n.m.	(17,607)	-	n.m.
IPO Expenses	-	(14,471)	n.m.	(207)	(16,029)	-98.7%
Goodwill Amortization	(1,555)	-	n.m.	(2,608)	-	n.m.
Others	181	247	-26.8%	1,281	1,197	7.0%
Other Operating Revenues (Expenses)	**(1,374)**	**(14,224)**	**-90.3%**	**(9,938)**	**(1,527)**	**550.8%**

The main impact on the "Other Operating Expenses" line in 4Q08 versus 4Q07 was the expenses with the IPO issue recorded in 4Q07. In fiscal year 2008, the main impact on this line was the R$ 17.6 million related to the repayment in installments of the ICMS state value-added tax booked in 2Q08.

A positive impact on this line in the fiscal year were the gains from the sale of properties and the reversal of Tax Provisions transferred by Copersucar in the amount of R$ 9.2 million.

EBITDA

EBITDA Reconciliation R$ Thousand	4Q08	4Q07	Chg.%	12M08	12M07	Chg.%
Adjusted EBITDA	**62,611**	**56,302**	**11.2%**	**133,473**	**290,089**	**-54.0%**
Adjusted EBITDA Margin	*27.9%*	*30.6%*	*-2.7 p.p.*	*18.9%*	*34.2%*	*-15.2 p.p.*
Pricing Adjustment Net Revenue	(7,473)	0	n.m.	(7,473)	22,811	n.m.
Pricing adjustment Sales Expenses	-	2,602	n.m.	698	8,318	-91.6%
Other Operational Revenue (Expense) - Non recurring	-	*14,471*	n.m.	8,611	*2,723*	216.2%
Administrative expenses - non recurring	*2,195*	-	n.m.	4,674	-	n.m.
EBITDA	**67,889**	**39,228**	**73.1%**	**126,962**	**256,236**	**-50.5%**
EBITDA Margin	*29.3%*	*21.3%*	*8.0 p.p.*	*17.8%*	*31.0%*	*-13.2 p.p.*
(-) Depreciation and Amortization	(58,833)	(35,173)	67.3%	(190,082)	(140,091)	35.7%
(-) Financial Revenue (Expense), net	(5,416)	(4,899)	10.6%	(6,077)	(26,109)	-76.7%
(=) Operating Income	**3,640**	**-843**	**n.m.**	**(69,197)**	**90,036**	**n.m.**

Adjusted EBITDA in 4Q08 was R$ 62.6 million, 11.2% higher year on year, mainly impacted by the higher sales volume in the quarter, which boosted revenue despite the drop in product prices between the two quarters. Adjusted EBITDA margin in the quarter was 27.9%, down 2.7 percentage points versus 4Q07.

In fiscal year 2008, adjusted EBITDA was R$ 133.5 million, declining by 54% in relation to the R$ 290.1 million registered in 4Q07. EBITDA margin also suffered a negative impact in fiscal year 2008, declining by 15.2 percentage points to 18.9%.

Due to the shutdown of operations at Usina Santa Luiza and Agropecuária Aquidaban, nonrecurring expenses in 4Q08 and FY2008 totaled R$ 2.2 million and R$ 4.7 million, respectively. Since these expenses are nonrecurring, we opted to exclude them from our Adjusted EBITDA calculation.

Net Financial Result

Net Financial Result Breakdown						
R$ Thousand	**4Q08**	**4Q07**	**Chg.%**	**12M08**	**12M07**	**Chg.%**
Financial Revenue	15,022	15,978	-6.0%	73,596	68,447	7.5%
Financial Expense	(20,241)	(20,288)	-0.2%	(79,164)	(91,114)	-13.1%
Exchange Variation	154	(589)	n.m.	459	(3,442)	n.m.
Net Financial Result (*)	**(5,066)**	**(4,899)**	**3.4%**	**(5,109)**	**(26,109)**	**-80.4%**
Santa Luiza e Aquidaban reconciliation	(350)	-	n.m.	(968)	-	n.m.
Net Financial Result	**(5,416)**	**(4,901)**	**10.6%**	**(6,077)**	**(26,109)**	**-76.7%**

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

São Martinho posted a net financial expense of R$ 5.4 million in 4Q08, 10.6% higher than the net financial result of R$ 4.9 million in 4Q07. In the annual comparison, the net financial result improved from a net expense of R$ 26.1 million in fiscal year 2007 to a net expense of R$ 6.1 million in fiscal year 2008.

In the quarterly comparison, the increase in the net financial expense was caused by the higher net debt, especially the debt contracted with the Brazilian Development Bank (BNDES) to finance construction of the Boa Vista Mill. In the annual comparison, the improvement in the net financial result was due to the combination of the higher cash position and the positive results from the currency hedge operations.

Derivatives

Up until the 2007-08 harvest, all setting of sugar prices for the São Martinho Group was carried out by Copersucar. Starting with the 2008-09 harvest, the Company began to exercise this activity as of April 2008. Therefore, on June 2008, the São Martinho Group fixed an average price of USD 11.68 cents/pound for the 2008-09 harvest for 208,000 tonnes of VHP sugar linked to the NY11 contract.

Income Tax and Social Contribution Tax

In 4Q08, São Martinho recorded a tax expense (income and social contribution taxes) of R$ 1.3 million, versus a tax expense of R$ 0.7 million in 4Q07. In fiscal year 2008, the Company recorded a deferred tax credit of R$21.5 million, compared to an expense of R$ 36.3 million in fiscal year 2007. The generation of deferred tax credits in fiscal year 2008 is due to the tax losses recorded as a result of the sharp declines in sugar and ethanol prices.

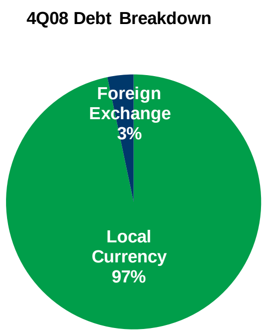
Net Income (Loss)

São Martinho recorded net income of R$ 2.3 million in 4Q08, compared with a net loss of R$ 0.6 million in 4Q07. In fiscal year 2008, the Company posted a net loss of R$ 47 million, versus net income of R$ 64.5 million in the previous fiscal year.

The results in the fiscal year were affected primarily by the decline in sugar and ethanol prices in the period. Another negative impact was the appreciation in the Brazilian real against the U.S. dollar, since approximately 45% of São Martinho's net revenue comes from export sales.

Debt

Debt R$ Thousand	Mar/08	Mar/07	Chg;%.
PESA	119,764	120,618	-0.7%
Rural Credit	62,174	42,981	44.7%
Finame / BNDES Automatic	371,925	126,394	194.3%
Working Capital	36,361	22,402	62.3%
FRN (Commercial Paper)	-	10,408	n.m.
Others	1,120	-	n.m.
Total Gross Debt (Market)	**591,344**	**322,803**	83.2%
Other Financial Liabilities - Copersucar			
Copersucar's Financial Liabilities	84,169	28,036	200.2%
Total Copersucar's Debt	**84,169**	**28,036**	200.2%
Gross Debt	**675,513**	**350,839**	**92.5%**
Cash and Cash Equivalents	72,534	366,964	-80.2%
Net Debt	**602,979**	**(16,125)**	**n.m.**
Net Debt ex. PESA	**483,215**	**(136,743)**	**n.m.**



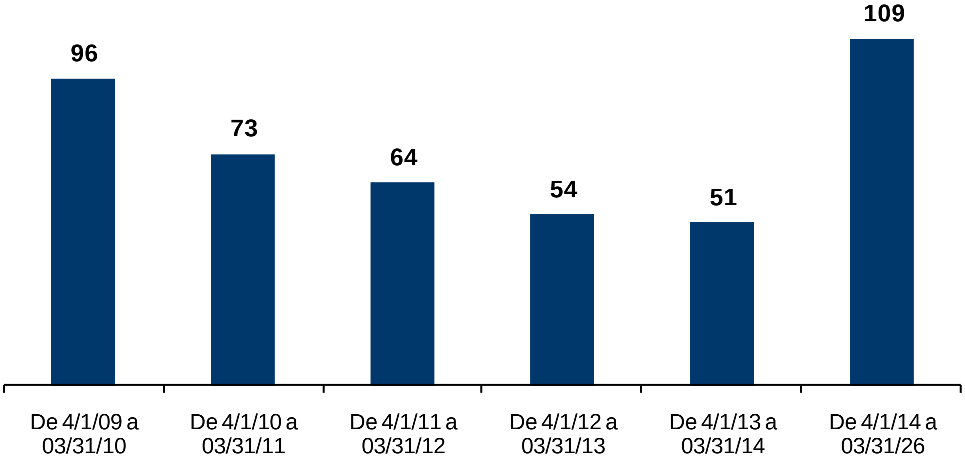
On March 31, 2008, São Martinho's consolidated gross debt totaled R$ 675.5 million, up 92.5% in relation to March 31, 2007.

On the same date, cash and cash equivalents amounted to R$ 72.5 million, down 80.2% on the R$ 366.9 million recorded at the close of 4Q07. The main reasons for this increase of R$ 619.1 million in net debt were: 1) the total investments in the Boa Vista Mill in fiscal year 2008 of R$ 371,3 million; 2) the acquisition of a portion of the capital stock of the companies "Usina Santa Luiza" and "Agropecuária Aquidaban" in April 2007 for R$ 100 million; and 3) the higher investments in working capital through the line "accounts receivable from Copersucar" in the amount of R$ 71.5 million.

Note that this increase in accounts receivable was nonrecurring, with the full amount already received from Copersucar already in April 2008.

In addition, we closed fiscal year 2008 with Net Debt (excluding loans restructured under the PESA program)/EBITDA ratio of 3.53 times, a comfortable level given that the fiscal year was marked by the high volume of investments in the Boa Vista Mill greenfield project and sugar and ethanol prices at historical lows.

Long Term Debt Repayment Schedule - R$ MN



Debt with Copersucar.

On March 31, 2008, the Company recognized debt of R$ 225.3 million with Copersucar. The portion related to financial debt contracted through Copersucar is booked under "Financial Debt with Copersucar" and included in the Company's gross debt, as mentioned above.

In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book in the line "Obligations – Copersucar" under long-term liabilities all matters currently being resolved judicially. These obligations continue to be secured by bank guarantees in the amount of R$ 140 million on a consolidated basis.

Capital Expenditure

In R$ Thousand						
CAPEX Maintenance				**12M08**	**12M07**	**Chg.%**
Sugarcane Planting	23,654	24,728	-4.3%	61,317	65,671	-6.6%
Industrial / Agricultural	45,758	34,778	31.6%	91,493	76,673	19.3%
Sub Total	**69,411**	**59,507**	**16.6%**	**152,810**	**142,345**	**7.4%**
Upgrading, Mechanization and Expansion						
Industrial / Agricultural	9,673	14,895	-35.1%	20,463	54,871	-62.7%
Other	251	-	n.m.	5,502	13,850	-60.3%
Sub Total	**9,924**	**14,895**	**-33.4%**	**25,965**	**68,721**	**-62.2%**
Boa Vista Mill (Greenfield)						
Sugarcane Planting	18,913	16,792	12.6%	64,355	27,444	134.5%
Industrial / Agricultural	74,271	24,290	205.8%	279,372	58,437	378.1%
Deferred Expenses	9,759	5,970	63.5%	27,559	5,970	361.6%
Sub Total	**102,942**	**47,052**	**118.8%**	**371,286**	**91,851**	**304.2%**
Total	**182,277**	**121,454**	**50.1%**	**550,061**	**302,917**	**81.6%**

Investments in maintenance totaled R$ 69.4 million in 4Q08 and R$ 152.8 million in fiscal year 2008. These expenses were related to the planting of sugarcane, inter-harvest maintenance and the replacement of agricultural and industrial equipment.

The investments in expansion were allocated to the continued construction of the Boa Vista Mill, with a total of R$ 371,3 million invested in fiscal year 2008.

Approximately R$ 200 million will be invested in the Boa Vista Mill in fiscal year 2009, advancing the project to achieve sugarcane production of 3.4 million tonnes by fiscal year 2010-11.

Recent Events

Termination of agreement with Copersucar: On February 25, 2008, we announced through a Material Fact notice the request for the Company’s effective termination as a cooperative member at Copersucar, the sugar and ethanol producers’ cooperative for São Paulo state. The decision will allow us to sell our products in higher value-added markets.

Uniduto Investment: On June 16, 2008, we announced the paying in of capital at the company Uniduto Logística S.A in the amount of R$ 3,389,359 (three million, three hundred and eighty-nine thousand, three hundred and fifty-nine reais), representing 3,389,359 shares or 5.65% of the share capital of UNIDUTO, to be paid within two years. Uniduto’s core activities involve the development, construction and operation of an ethanol pipeline system that links the port terminal on the coast of São Paulo state with the city of Paulínia, with branches also serving the cities of Conchas and Ribeirão Preto.

Upcoming Events

4Q08 Earnings Conference Call	
Portuguese	**English**
Date: 6/30/2008	Date: 6/30/2008
Time: 2:00 pm (Brasília Time) / 1:00 pm (U.S. ET)	Time: 3:30 pm (Brasília Time) / 2:30 pm (U.S. ET)
Phone: +55 (11) 2188-0188	Phone: +1 (973) 935-8893
Code: São Martinho	Code: 37771043
Replay: +55 (11) 2188-0188	Replay: +1 (973) 341-3080
Webcast with slides: www.saomartinho.ind.br/ri	Webcast with slides: www.saomartinho.ind.br/ir

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Disclaimer

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

About São Martinho

São Martinho S.A. is one of Brazil's largest sugar and ethanol producers, with current annual sugarcane crushing capacity of 12.5 million tonnes. The Group produces sugar and ethanol at three mills: Iracema, São Martinho and the Boa Vista Mill. www.saomartinho.ind.br/ri

Income Statement

São Martinho S.A. - Income Statement In R$ Thousand	4Q08 Jan/08 - Mar/08	4Q07 Jan/07 - Mar/07	Chg %	12M08 Apr/07 a Mar/08	12M07 Apr/06 a Mar/07	Chg %
Gross Revenue	**257,236**	**201,433**	**27.7%**	**787,424**	**906,825**	**-13.2%**
Deductions from Gross Revenue	(25,736)	(17,668)	45.7%	(75,004)	(80,288)	-6.6%
Net Revenue	**231,500**	**183,765**	**26.0%**	**712,420**	**826,537**	**-13.8%**
Cost of Goods Sold (COGS)	(185,314)	(135,539)	36.7%	(623,583)	(571,429)	9.1%
Gross Profit	**46,186**	**48,226**	**-4.2%**	**88,837**	**255,108**	**-65.2%**
Gross Margin (%)	*20.0%*	*26.2%*	-6.3 p.p	*12.5%*	*30.9%*	-18.4 p.p
Operating Expenses	**(37,130)**	**(44,170)**	**-15.9%**	**(151,957)**	**(138,963)**	**9.4%**
Sales Expenses	(11,482)	(12,968)	-11.5%	(42,624)	(54,849)	-22.3%
General and Administrative Expenses	(22,479)	(15,076)	49.1%	(91,223)	(74,912)	21.8%
Management Fees	(1,795)	(1,902)	-5.6%	(8,172)	(7,675)	6.5%
Other Operating Expenses, Net	(1,374)	(14,224)	-90.3%	(9,938)	(1,527)	550.8%
Operating Profit, before financial effects	9,056	4,056	123.3%	(63,120)	116,145	n.m.
Financial Result, Net	**(5,416)**	**(4,899)**	**10.6%**	**(6,077)**	**(26,109)**	**-76.7%**
Financial Revenue	16,279	15,977	1.9%	78,677	68,447	14.9%
Financial Expenses	(21,848)	(20,288)	7.7%	(85,213)	(91,114)	-6.5%
Monetary and Exchange Variation - Assets	1,214	1,869	-35.0%	9,374	18,127	-48.3%
Monetary and Exchange Variation - Liabilitties	(1,061)	(2,457)	-56.8%	(8,915)	(21,569)	-58.7%
Operating Result	**3,640**	**(843)**	**n.m.**	**(69,197)**	**90,036**	**n.m.**
Non-operating Result	(5)	927	n.m.	797	11,063	-92.8%
Income Before Income and Social Contribution Taxes	**3,635**	**84**	**4227.4%**	**(68,400)**	**101,099**	**n.m.**
Income Tax and Social Contribution	(913)	(4,882)	-81.3%	(2,601)	(35,745)	-92.7%
Deferred Income Tax and Social Contribution	(402)	4,180	n.m.	24,102	(552)	n.m.
Net income from split assets	-	(1)	n.m.	-	(277)	n.m.
Net Income	**2,320**	**(619)**	**n.m.**	**(46,899)**	**64,525**	**n.m.**
Net Margin (%)	*1.0%*	*-0.3%*	*n.m.*	*-6.6%*	*7.8%*	*n.m.*
Net Income per Share (in R$)	**0.02**	**(0.01)**	**n.m.**	**(0.42)**	**0.57**	**n.m.**

Balance Sheet (Assets)

São Martinho S.A. - Consolidated Balance Sheet - ASSETS R$ thousand		
ASSETS	**Mar-08**	**Mar-07**
SHORT-TERM ASSETS		
Cash and Cash Equivalents	14,320	70,557
Short Term Investments	58,214	296,407
Accounts Receivable - Copersucar	94,225	22,708
Inventories	173,625	168,890
Tax receivable	42,006	21,219
Other Assets	15,350	21,650
TOTAL SHORT-TERM ASSETS	**397,740**	**601,431**
LONG-TERM ASSETS		
Related Parties	208	18
Fixed Assets for Sale	31,649	-
Deferred Income Tax and Social Contribution	95,397	83,488
Other assets	25,162	11,280
Property Plant and Equipment		
Investments	38,858	142
Fixed assets	2,292,442	1,938,917
Deferred	35,167	7,650
TOTAL LONG-TERM ASSETS	**2,518,883**	**2,041,495**
TOTAL ASSETS	**2,916,623**	**2,642,926**

Balance Sheet (Liabilities)

São Martinho S.A. - Consolidated Balance Sheet - LIABILITIES		
R$ Thousand		
LIABILITIES	**Mar-08**	**Mar-07**
SHORT TERM		
Loans and Financing	144,761	110,148
Suppliers	55,705	55,468
Accounts Payable - Copersucar	77,446	2,233
Payroll and social contribution	23,158	20,064
Tax payable	9,970	6,883
Associated Companies	153	46
Dividends Payable	-	20,000
Other Liabilities	1,620	3,014
TOTAL	**312,813**	**217,856**
LONG TERM LIABILITIES		
Loans and Financing	446,583	212,655
Accounts Payable - Copersucar	232,056	220,894
Tax Installments	9,136	-
Income Tax and Social Contribution	212,121	238,562
Provision for Contingencies	70,165	72,160
Other Liabilities	1,557	1,708
TOTAL	**971,618**	**745,979**
MINORITY SHAREHOLDERS	**7,611**	**7,611**
SHAREHOLDERS' EQUITY		
Capital Stock	360,000	360,000
Capital Reserve	1,161,846	1,210,974
Legal Reserve	5,079	5,079
Capital Budget Reserve	97,656	95,427
TOTAL	**1,624,581**	**1,671,480**
TOTAL LIABILITIES	**2,916,623**	**2,642,926**

Cash Flows

São Martinho S.A. - Statement of Cash Flows (2006 Combined)		
In R$ Thousand	**4Q08**	**12M08**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income in the period	**2,320**	**(46,899)**
Adjustments to reconcile net income to the cash generated		
on operating activities:		
Depreciation and amortization	59,965	191,214
Residual cost of fixed assets - write off	1,667	3,995
Financial expenses and exchange variation - related parties, loans and financing and tax payable	16,557	46,914
Provision for contingencies	3,204	6,114
Write-off (provision) for deferred income tax and social contribution	(6,183)	(24,102)
(Increase) decrease in operating assets:		
Accounts receivable - Copersucar	(67,323)	(71,517)
Inventories	90,226	(12,266)
Tax receivable	2,493	(13,781)
Other short term assets	12,422	6,300
Other non-current assets	(8,998)	(14,088)
Increase (decrease) in operating liabilities:		
Suppliers	(2,910)	237
Wages and social contribution	2,084	3,094
Tax payable	3,447	3,087
Tax Installments	6	9,136
Related parties	50	107
Other short term liabilities	52	(1,394)
Provision for contingencies	(2,941)	(9,775)
Other liabilities	(81)	(151)
Cash flows from operating activities	**106,057**	**76,225**
CASH FLOWS FROM INVESTMENT ACTIVIITES		
Investments	-	(24)
Goodwill attributed to the future profitability from the acquisition of Usina Santa Luiza S.A and Agropecuária Aquidanan S.A	27,204	(60,134)
Fixed Assets and deferred acquisition	(230,720)	(595,822)
Addition of Fixed Assets and Deferred Charges from acquisition of investment	25,000	-
Cash flows from investment activities	**(178,516)**	**(655,980)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing for the acquisition of investments	-	18,402
Financing for the acquisition of investments - Copersucar	-	10,304
Financing - third parties	53,678	400,027
Accounts payable - Copersucar	(12,465)	63,814
Loans payable	(44,915)	(187,222)
Dividends Payment	(1)	(20,000)
Cash flows from financing activities	**(3,703)**	**285,325**
INCREASE IN CASH AND CASH EQUIVALENTS BALANCE	**(76,162)**	**(294,430)**
CASH AND CASH EQUIVALENTS		
Initial balance	148,696	366,964
Final balance	72,534	72,534
INCREASE IN CASH AND CASH EQUIVALENTS BALANCE	**(76,162)**	**(294,430)**
ADDITIONAL INFORMATION		
Interest paid during the quarter	(11,130)	(40,433)
Suppliers paybable related to fixed assets acquisition	17,285	17,285