SÃO MARTINHO POSTS NET INCOME GROWTH OF 99.1% IN THE FIRST QUARTER

São Paulo, August 15, 2011 – SÃO MARTINHO S.A. (BM&FBovespa: SMTO3; Reuters SMTO3.SA and Bloomberg SMTO3 BZ), one of the largest sugar and ethanol producers in Brazil, announces today its results for the first quarter of 2012 (1Q12) for the 2011/12 harvest year.

1Q12 HIGHLIGHTS

- The São Martinho Group **recorded Adjusted EBITDA of R$147.1 million in 1Q12 (adjusted EBITDA margin of 44.7%), representing a 5.5% increase from 1Q11**. The growth in this indicator was driven by the higher ethanol and sugar prices in the period, which offset the higher production costs;
- For clarification and comparison purposes, if we do not consider the adoption of the new accounting practices, our Adjusted EBITDA in **1Q12 would have totaled R$119.8 million (Adjusted EBITDA margin of 36.4%)**, virtually in line with the Adjusted EBITDA of R$118.5 million in 1Q11.
- The increase in production sugar and ethanol costs in 1Q12 versus 1Q11 was due to: 1) **the increase of 40.4% in the Consecana price**, which impacted costs with suppliers and land leasing; and 2) **the lower dilution of fixed costs** in 1Q12, reflecting the 30% reduction in the volume of sugarcane crushed;
- In 1Q12, net income came to R$38.0, up 99.1% on the same period last year. The solid growth in net income was due to the combination of EBITDA growth and the lower financial expenses resulting from the reduction in our net debt;
- As a result of the strong cash generation in the last 12 months and the conclusion of the first capital injection by Petrobrás Biocombustível S.A. at Nova Fronteira Bioenergia S.A. (Nova Fronteira), net debt totaled R$496.2 million in June 2011, down 41.2% from June 2010. After the second tranche of the injection by Petrobrás Biocombustível S.A. of R$163 million, which should be concluded by end-2011, the net debt of the São Martinho Group should decline by approximately R$120 million.
- On June 30, 2011, 392,446 metric tons of sugar were hedged through the end of the harvest year at an average price of US$23.54 cents/pound. This amount is equivalent to roughly 56% of the total volume of sugar available for sale in the coming months (approximately 700,000 metric tons).

FINANCIAL HIGHLIGHTS

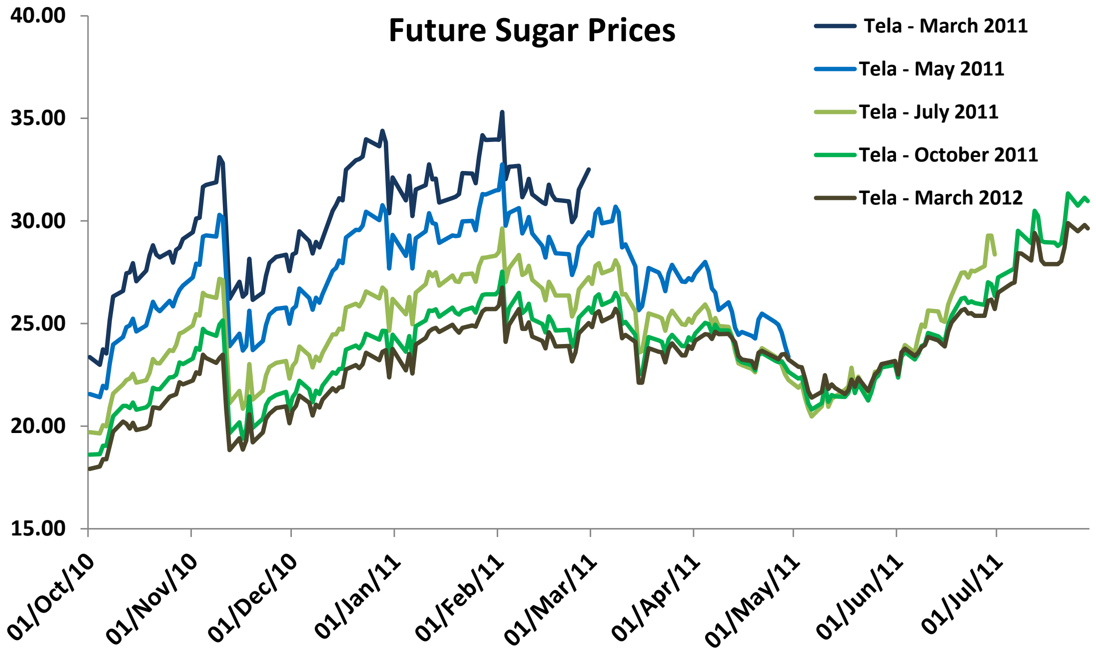
FINANCIAL HIGHLIGHTS (R$ Thousand)	1Q12	1Q11	Chg. (%)
São Martinho - Consolidated			
Gross Revenue	348,470	304,164	14.6%
Net Revenue	328,948	285,451	15.2%
Adjusted EBITDA	147,094	139,490	5.5%
EBITDA Margin	44.7%	48.9%	-4.1 p.p.
Consolidated Balance Sheet Indicators			
Total Assets	4,211,300	4,332,139	-2.8%
Shareholders' Equity	2,004,758	1,925,578	4.1%
EBITDA (LTM)	620,186	527,839	17.5%
Net Debt	496,224	843,220	-41.2%
Net Debt / EBITDA (LTM)	0.80 x	1.60 x	
Net Debt / Shareholders' Equity	25%	44%	

OPERATING DATA	1Q12	1Q11	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	3,648	5,252	-30.5%
Own	2,623	3,911	-32.9%
Third Parties	1,024	1,340	-23.6%
Mechanized Harvest	87.1%	87.3%	0.0 p.p
Production			
Sugar ('000 tons)	213	303	-29.5%
Anhydrous Ethanol ('000 m^3)	69	82	-15.6%
Hydrous Ethanol ('000 m^3)	60	135	-55.5%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	46	68	-32.4%
Energy ('000 MWh)	45	59	-24.0%

The lower sugarcane supply and TRS levels in the 2011/12 harvest year decreased the production volume of sugar and ethanol in relation to the same period of the previous year. The 1Q12 figures reflect the negative impacts from the frost, sugarcane flowering and rainfall, which, according to UNICA, had significant impacts on production in the Center-South region of Brazil.

Despite the impact on production and crushing to date, we have maintained our guidance for sugar and ethanol production announced at the beginning of this harvest year. We expect to crush 12.2 million metric tons of sugarcane (already adjusted for the interest in Nova Fronteira Bioenergia S.A.), which will yield 860,000 metric tons of sugar and 486,000 m^3 of ethanol in the 2011/12 harvest year.

INDUSTRY OVERVIEW - SUGAR



In April 2011, when 1Q12 began, sugar prices were on a downward trend, reaching approximately US$20 cents/pound. However, in May 2011, prices resumed an upward path and at the end of 1Q12 virtually all quotes for the 2011/12 harvest year were above US$25 cents/pound.

The strong recovery since May 2011 mainly reflects the more negative outlook for the Brazilian harvest. In line with the upward trend in prices, in mid-July UNICA revised downwards its crushing and production forecast for the 2011/12 harvest year, which represents a reduction of 2.2 million metric tons of sugarcane in relation to the volume initially estimated (34.6 million metric tons).

Even considering this bleaker scenario for the Brazilian harvest, the expectations continue to point to a surplus in world production in the 2011/12 harvest year, though still insufficient to increase world sugar inventories. This fact tends to pressure the world sugar market, leaving the commodity's price susceptible to any changes in the projections of supply in the next harvest year.

We believe the limited expansion in sugar supply in the coming years in Brazil and India (the world's largest producers) will keep prices above US$20 cents/pound in the coming seasons, especially in 2011/12 and 2012/13.

INDUSTRY OVERVIEW - ETHANOL

AVERAGE PRICES - ETHANOL	1Q12	1Q11	Chg. (%)
Market Prices			
Anhydrous ESALQ, Net DM R$ / m^3	1,704.35	861.56	97.8%
Hydrous ESALQ, Net DM - R$ / m^3	1,188.66	753.39	57.8%

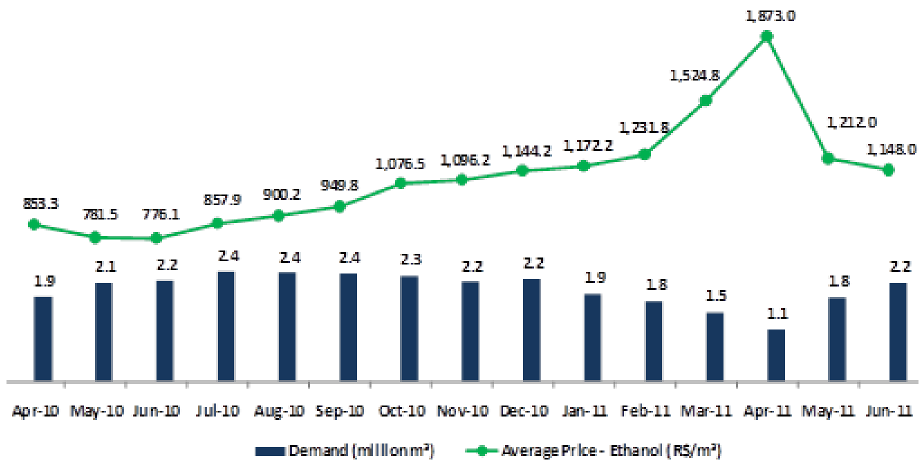
Anhydrous and hydrous ethanol prices increased by 97.8% and 57.8%, respectively, in comparison with 1Q11. The significant appreciation was due to the tight ethanol scenario in the market, especially during April 2011, since crushing began only at the end of that month.

As a result, in line with our expectations, the start of the 2011/12 harvest year was not marked by a sudden drop in ethanol prices, as was the case in the previous years, since the prospect of a better balance between supply and demand has supported ethanol prices, even during the crushing period.

In line with the upward trend in prices, in mid-July 2011 UNICA revised downwards its crushing and production forecast for the 2011/12 harvest, with a reduction of 3 billion liters in relation to the initial projections (25.5 billion liters).

On the demand side, vehicle sales in the year to June were 8.6% higher than in the same period of 2010. It is important to bear in mind that only 50% of all vehicles in Brazil are flex fuel, which allows considerable room for demand growth in the coming years.

In this light, as the following chart shows, although ethanol prices reached R$1,148/m3 in June 2011, up 48% on June 2010, demand remained flat in relation to the same period last year, at roughly 2.2 billion liters/month, which shows that despite the strong increase in ethanol prices in 1Q12, it remains competitive in relation to gasoline.

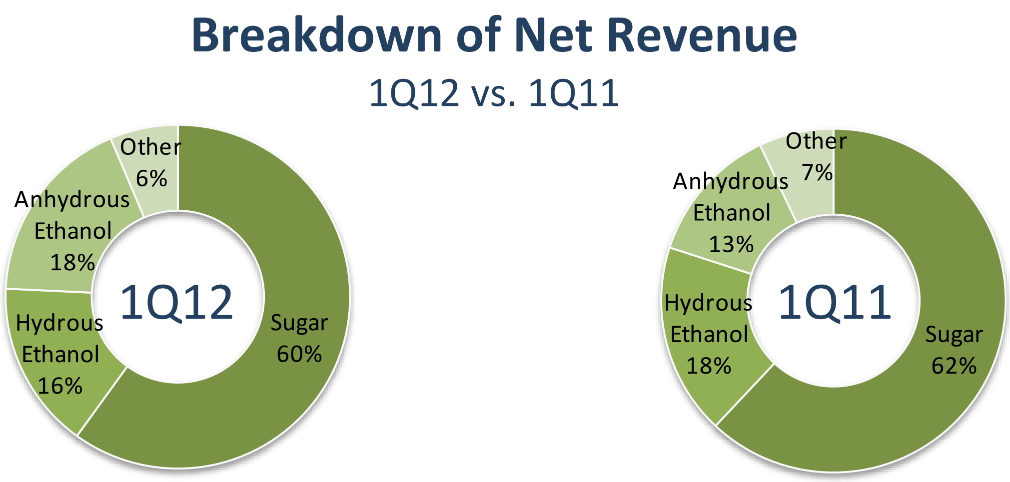


FINANCIAL PERFORMANCE

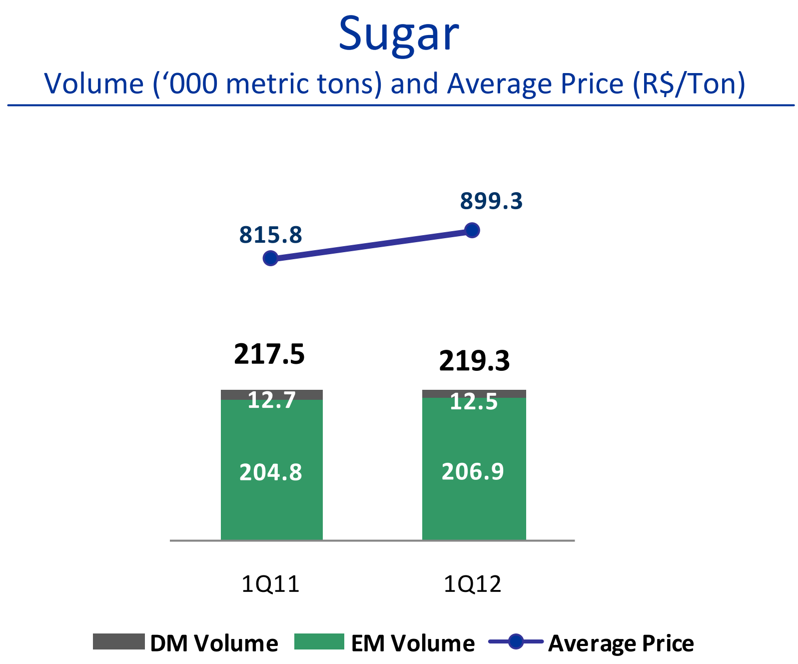
NET REVENUE BREAKDOWN	1Q12	1Q11	Chg. (%)
R$ Thousand			
Domestic Market	**136,348**	**103,609**	**31.6%**
Sugar	11,673	9,753	19.7%
Hydrous Ethanol	50,122	47,618	5.3%
Anhydrous Ethanol	58,827	28,633	105.5%
Energy	4,009	5,719	-29.9%
Other	11,716	11,887	-1.4%
Export Market	**192,599**	**181,842**	**5.9%**
Sugar	185,571	167,694	10.7%
Hydrous Ethanol	1,777	4,560	-61.0%
Anhydrous Ethanol	-	7,169	n.m.
RNA	5,251	2,419	117.1%
Net Revenue	**328,948**	**285,451**	**15.2%**
Sugar	197,244	177,447	11.2%
Hydrous Ethanol	51,899	52,178	-0.5%
Anhydrous Ethanol	58,827	35,802	64.3%
Energy	4,009	5,719	-29.9%
Other	16,968	14,306	18.6%

Net Revenue

The São Martinho Group recorded net revenue growth of 15.2% in 1Q12 in relation to 1Q11, mainly due to the increases of 10.2% and 72.6% in sugar and ethanol prices, respectively. In the case of ethanol, the impact from prices was limited by the reduction of 27% in sales volume.



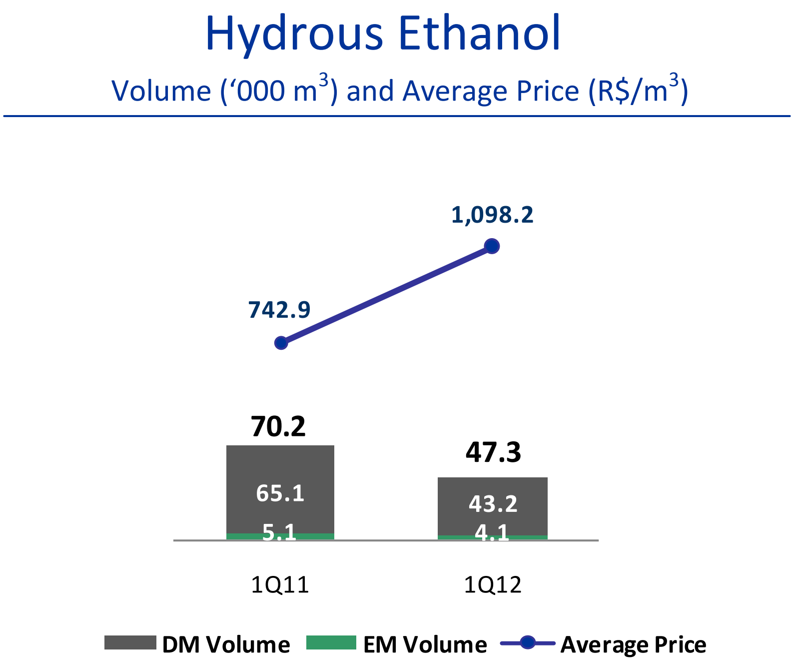
Sugar



Net revenue from sugar sales grew by 11.2% to R$197.2 million in 1Q12, compared with R$177.5 million in 1Q11. This growth mainly reflects the 10.2% increase in prices in the comparison period, considering that sales volume grew by only 0.8%.

The average price of the sugar exported stood at at US$25.55 cents/pound in 1Q12, for an increase of 23.8% from the price of US$20.64 cents/pound in 1Q11.

Ethanol



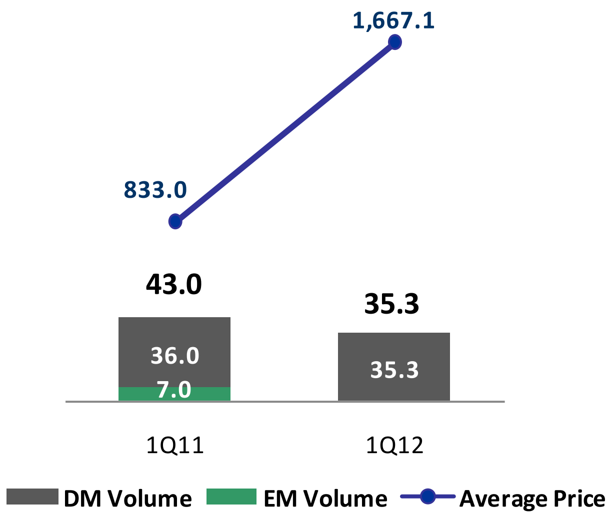
Net revenue from hydrous ethanol sales remained virtually stable (-0.5%) in 1Q12 in comparison with 1Q11, reflecting the 47.8% price increase, which virtually offset the 32.7% drop in sales volume of hydrous ethanol in the same period.

The lower hydrous ethanol sales volume in 1Q12 was mainly due to the Group's strategy to increase the volume of anhydrous ethanol at the expense of hydrous ethanol production. In addition, with the conclusion of the operation with Petrobrás, we began to consolidate 62.89% of the revenue from Usina Boa Vista S.A. (Usina Boa Vista), which led to a drop proportional to 6,800 m³ in the reported volume of hydrous ethanol sales in 1Q12.

It is important to note that the average price for hydrous ethanol measured by Esalq in 1Q12 was 8.2% higher than the average sales price for hydrous ethanol realized in the period. This difference was due solely to the time difference in billing for our sales to distributors. Therefore, we expect a correction in this price during 2Q12.

Anhydrous Ethanol

Volume ('000 m³) and Average Price (R$/m³)



Net revenue from anhydrous ethanol sales in the quarter totaled R$58.8 million, up 64.3% from 1Q11. This was mainly due to the strong increase of 100.1% in the average sales price, which more than offset the 17.9% drop in sales volume in the period.

In view of the partial consolidation of 62.89% in the revenue from Usina Boa Vista S.A., the volume of anhydrous ethanol sales reported in 1Q12 registered a proportional drop of 1,900 m³.

It is important to note that the average price for anhydrous ethanol measured by Esalq in 1Q12 was 2.2% higher than the average sales price for hydrous ethanol realized in the period. This difference was due solely to the time difference in billing for our sales to distributors. Therefore, we expect a correction in this price during 2Q12.

Electricity

In 1Q12, net revenue from electricity sales declined by 29.9% from the same period a year earlier, mainly due to the decrease of 34.5% in sales volume, which ended up being partially offset by the increase of 7.0% in the average sales price.

Despite the reduction in the volume of billed energy in 1Q12 in comparison with 1Q11, which was impacted by both the lower volume of sugarcane crushed and the partial consolidation of Usina Boa Vista (-15,570 MWh), we expect to cogenerate approximately 200,000 MWh in this harvest year (2011/12), which is roughly 23% higher than the total amount cogenerated in the previous harvest year.

Other Products and Services

Net revenue from Other Products and Services came to R$17.0 million in 1Q12, up 18.6% on the same period a year earlier, basically reflecting the increased RNA exports (+146.7%) in relation to 1Q11, due to the difference in the schedule of shipments in the comparison periods.

INVENTORIES / PRODUCT AVALIABILITY

INVENTORIES	1Q12	1Q11	Chg. (%)
Sugar (tons)	52,219	109,499	-52.3%
Hydrous (m^3)	36,365	83,419	-56.4%
Anhydrous (m^3)	50,654	54,751	-7.5%

The reduction in sugar and ethanol inventories in 1Q12 in relation to 1Q11 basically reflects the lower production volume caused by weather conditions and the lower TRS levels, as commented earlier.

In addition, the partial consolidation of Nova Fronteira Bioenergia S.A. led to a reduction in our inventories of hydrous and anhydrous ethanol by 6,000 m^3 and 7,500 m^3, respectively.

Also regarding ethanol, as we noted earlier, the reduction in hydrous ethanol inventories was slightly sharper, given that in this harvest year we will prioritize the production of anhydrous ethanol to meet the demand from the domestic market.

EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 1Q12	SUGAR	ETHANOL	OTHER	TOTAL
R$ Thousand				
Net Revenues	197,244	110,725	20,979	328,948
COGS (Cash)	(86,310)	(43,952)	(16,164)	(146,426)
Gross Profit (Cash)	110,934	66,773	4,815	182,522
Gross Margin (Cash)	56.2%	60.3%	23.0%	55.5%
Sales Expenses	(12,076)	(836)	(494)	(13,406)
G&A Expenses	(12,300)	(7,599)	(2,211)	(22,111)
Other Revenues (Expenses)	-	-	88	88
EBITDA	**86,557**	**58,338**	**2,198**	**147,094**
EBITDA Margin	**43.9%**	**52.7%**	**10.5%**	**44.7%**
EBITDA Cost (*)	**504.7**	**634.7**	**-**	**-**

(*) Sugar in R$/Ton
Ethanol in R$/m³

EBITDA BY PRODUCT - 1Q11	SUGAR	ETHANOL	OTHER	TOTAL
R$ Thousand				
Net Revenues	177,446	87,980	20,025	285,451
COGS (Cash)	(59,108)	(41,171)	(12,719)	(112,998)
Gross Profit (Cash)	118,338	46,809	7,306	172,453
Gross Margin (Cash)	66.7%	53.2%	36.5%	60.4%
Sales Expenses	(11,446)	(2,781)	(81)	(14,308)
G&A Expenses	(9,631)	(8,213)	(1,983)	(19,826)
Other Revenues (Expenses)	-	-	1,171	1,171
EBITDA	**97,262**	**35,816**	**6,414**	**139,490**
EBITDA Margin	**54.8%**	**40.7%**	**32.0%**	**48.9%**
EBITDA Cost (*)	**368.7**	**460.7**	**-**	**-**

(*) Sugar in R$/Ton
Ethanol in R$/m³

In 1Q12, sugar accounted for 59% of the Group's consolidated EBITDA, while ethanol and other products accounted for 40% and 1%, respectively. Sugar EBITDA margin decreased to 43.9% in 1Q12, from 54.8% in 1Q11. This margin contraction is directly related to the 37% increase in the EBITDA costs of the product, which was partially offset by the 10.2% increase in the average sales price in 1Q12 in relation to 1Q11.

In the case of ethanol, EBITDA margin stood at 52.7% in 1Q12, exceeding the sugar EBITDA margin, which reflects the higher profitability of the product, whose prices increased 72% from 1Q11, as explained earlier. As a result, ethanol EBITDA margin increased in relation to the same period last year, despite the 38% increase in ethanol EBITDA costs in 1Q12.

The increases in EBITDA Costs for both sugar and ethanol in 1Q12 versus 1Q11 was due to: 1) **the increase of 40.4% in the Consecana price**, which impacted costs with suppliers and land leasing; and 2) **the lower dilution of fixed costs** in 1Q12, reflecting the 30% reduction in the volume of sugarcane crushed;

With the adoption of the new accounting practices, the costs associated with "Crop Treatments" were reclassified from EBITDA costs to CAPEX. For a better comparison with the financial statements disclosed in the recent fiscal years, if we consider the costs with crop treatment, our EBITDA costs for sugar and ethanol production in 1Q12 would have stood at R$586/ton and R$751/m³, respectively.

COST OF GOODS SOLD (COGS)

BREAKDOWN OF COGS - CASH	1Q12	1Q11	Chg. (%)
R$ Thousand			
Agricultural Costs	109,110	87,390	24.9%
Suppliers	54,561	37,933	43.8%
Partnerships	19,017	14,414	31.9%
Own Sugarcane	35,532	35,044	1.4%
Industrial	17,941	14,802	21.2%
Other Products	19,375	10,806	79.3%
Total COGS	**146,426**	**112,998**	**29.6%**
TRS Sold (000 Tons)	372	423	-11.9%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	341	242	41.2%

As the table above shows, Cash COGS in 1Q12 increased 29.6% from 1Q11, despite the decrease in sales volume (in TRS equivalent). The company recorded increases in all COGS lines, which reflects primarily the lower dilution of fixed costs, given the lower production volume, which, as already explained, was due to the lower sugarcane supply and the low TRS levels in the quarter.

The increase of over 40% in the CONSECANA price through June 2011 contributed to an increase of 24.9% in agricultural costs, in particular the costs with suppliers and partners, given that in 1Q12 approximately 28% of the total sugarcane crushed was purchased from third parties.

SELLING EXPENSES

SELLING EXPENSES	1Q12	1Q11	Chg. (%)
R$ Thousand			
Port Costs	1,421	814	74.7%
Freight	11,366	12,954	-12.3%
Sales Commission	619	540	14.7%
Selling Expenses	**13,406**	**14,308**	**-6.3%**
TRS Sold ('000 Tonnes)	372	423	-11.9%
% of Net Revenues	4.1%	5.0%	-0.9 p.p.

Selling expenses fell 6.3% in 1Q12 from 1Q11, primarily reflecting the lower ethanol exports (-8,000 m3), since sugar exports grew slightly by 1%.

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH)	1Q12	1Q11	Chg. (%)
R$ Thousand			
Personnel	9,433	7,740	21.9%
Taxes, Fees and Contributions	952	1,163	-18.1%
Provisions for Contingencies	3,737	3,901	-4.2%
General Expenses and Third-Party Services	5,769	5,215	10.6%
Management Fee	2,219	1,807	22.8%
Total General and Administrative Expenses	**22,111**	**19,826**	**11.5%**

In 1Q12, general and administrative expenses grew 11.5%, or R$ 2.3 million, from 1Q11, basically reflecting the increase of R$1.7 million in personnel expenses due to the wage increases under collective bargaining and the higher number of employees in the comparison period.

OTHER OPERATIONAL REVENUE (EXPENSES)

OTHER OPERATING REVENUE (EXPENSES)	1Q12	1Q11	Chg. (%)
In R$ Thousand			
Fixed Asset Result	(893)	(1,190)	-25.0%
REFIS Installments – Law 11.941	84	(176)	n.m.
Other	(79)	(1,160)	-93.2%
Other Operating Revenue (Expenses), Net	**(888)**	**(2,527)**	**-64.9%**

EBITDA

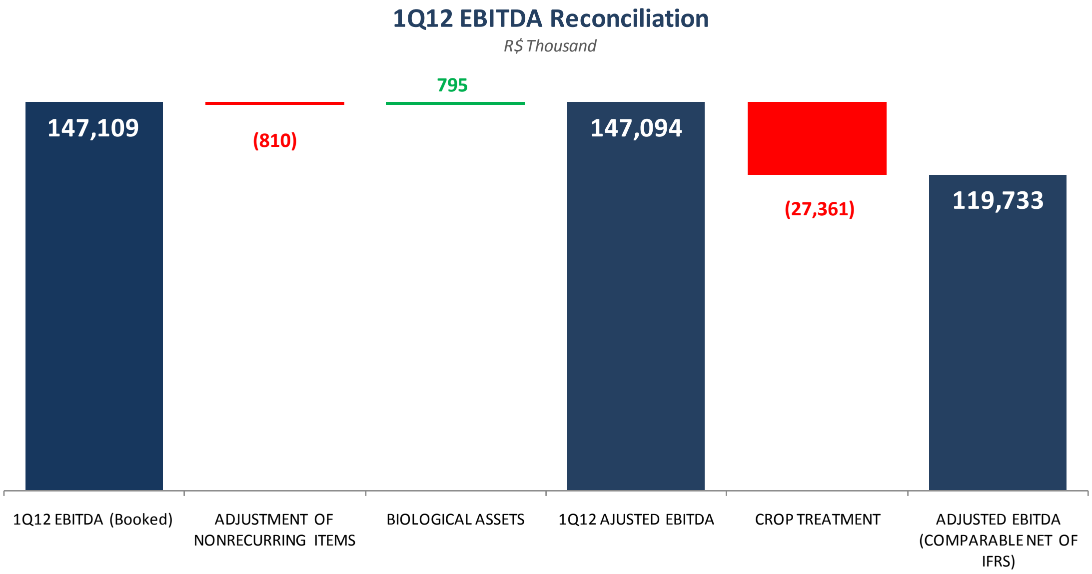
EBITDA RECONCILIATION	1Q12	1Q11	Chg. (%)
R$ Thousand			
Adjusted EBITDA	**147,094**	**139,490**	**5.5%**
Adjusted EBITDA Margin	44.7%	48.9%	-4.1 p.p.
Non Recurring Operating Revenues (Expenses)	(810)	(1,370)	-40.9%
Biological Assets	795	7,972	n.m.
Non Cash Items Launched in the COGS	-	5,447	n.m.
EBITDA	**147,109**	**127,441**	**15.4%**
EBITDA Margin	44.7%	44.6%	0.1 p.p.
(-) Depreciation and Amortization	(86,269)	(81,212)	6.2%
(-) Financial Revenue (Expense), net	(9,140)	(18,957)	-51.8%
(=) Operating Income (Loss)	51,700	27,271	89.6%

Adjusted EBITDA

In 1Q12, the São Martinho Group recorded adjusted EBITDA of R$147.1 million, up 5.5% from 1Q11. Note that the higher prices, especially for ethanol, more than offset the impact on costs from the lower yield at the beginning of the harvest, resulting in strong cash generation, considering that we are still in the first quarter of the fiscal year.

Reconciliation of EBITDA to Adjusted EBITDA

Breakdown of Adjustments – 1Q12



The main adjustments impacting the calculation of EBITDA in 1Q12 are detailed below:

1) **Adjustments from nonrecurring items of R$810 thousand including:** The main impact is related to the reversal of gains from the sale of assets in 1Q12, which we opted to exclude from the calculation of adjusted EBITDA.

2) **Adjustments to Biological Assets of R$795 thousand:** The Company's biological assets are now measured at fair value using the discounted cash flow method. This evaluation had a negative impact of R$0.8 million in 1Q12. Considering that this is an accounting adjustment and therefore does not impact our cash flow, we opted to exclude it to provide a better measure of our adjusted EBITDA.

HEDGE

U.S. Dollar

On June 30, 2011, the São Martinho Group held a US$178.4 million short position in USD currency futures through non-deliverable forwards (NDFs) at an average price of R$1.6760/US$, with maturities through May 2012.

Sugar

On June 30, 2011, the São Martinho Group held positions in derivatives and prices fixed with clients and in the futures market in the following amounts:

2011/12 Harvest Year – 392,446 metric tons of sugar hedged at an average price of US$23.54 cents/pound, corresponding to approximately 56% of the sugar volume available for sale from the 2011/12 harvest (699,640 metric tons).

Hedge Accounting - As of March 10, inclusive, the Company and its subsidiaries began adopting hedge accounting for these derivatives, with their potential results recorded under the specific balance sheet line ("Adjustments to book value"), net of deferred income tax and social contribution tax (potential loss of R$1.9 million in June 2011).

NET FINANCIAL RESULT

FINANCIAL RESULT R$ Thousand	1Q12	1Q11	Chg. (%)
Financial Revenues	8,052	2,792	188.4%
Financial Expenses	(11,581)	(17,430)	-33.6%
Exchange Variation	1,570	(2,753)	n.m.
Copersucar Monetary Variation	(3,084)	(1,393)	121.5%
Net Financial Result (excluding hedge result)	**(5,044)**	**(18,783)**	-73.1%
Hedge Result	(4,096)	(174)	2248.3%
Net Financial Result	**(9,140)**	**(18,957)**	-51.8%

The net financial result in 1Q12 was an expense of R$9.1 million, which represents improvement of 51.8% or R$9.8 million from the financial expense of R$19.0 million registered in 1Q11.

The main drivers of the improvement in our financial result are: i) the reduction in the line foreign exchange variation, representing a gain of R$1.6 million, which compares with a loss of R$2.8 million in 1Q11; ii) the reduction of 33.6% in financial expenses, as a result of the lower debt and lower funding rates; iii) the 188.4% increase in the line Financial Income, in line with the balance of cash and cash equivalents and the increase in the CDI rate in the period.

OPERATING WORKING CAPITAL

OPERATING WORKING CAPITAL	1Q11	4Q11	1Q12	1Q12 x 4Q11	1Q12 x 1Q11
R$ Thousand					
ASSETS	**366,794**	**232,299**	**302,226**	**(69,927)**	**64,568**
Accounts receivable	59,459	59,673	55,309	4,364	4,150
Inventories	238,112	139,106	216,392	(77,286)	21,720
Tax receivable	69,223	33,520	30,525	2,995	38,698
LIABILITIES	**165,927**	**125,439**	**179,760**	**54,321**	**13,833**
Suppliers	96,947	61,096	104,130	43,034	7,183
Payroll and social contribution	54,233	44,000	63,086	19,086	8,853
Tax payable	14,747	20,343	12,544	(7,799)	(2,203)
WORKING CAPITAL	**200,867**	**106,860**	**122,466**	**(15,606)**	**78,401**

As shown above, in 1Q12, the São Martinho Group invested working capital of R$122.5 million in its operations, which represents a reduction of R$78.4 million from 1Q11, basically due to the reduction in inventories of finished products between the two quarters. In relation to 4Q11, the working capital invested increased by R$15.6 million, which is common at the start of the harvest year.

NET INCOME

In 1Q12, net income came to R$38.0 million, for growth of 99.1% from the same period last year. Net income was positively impacted by the higher cash generation and the better financial result in 1Q12 in relation to the same period last year.

DEBT WITH COPERSUCAR

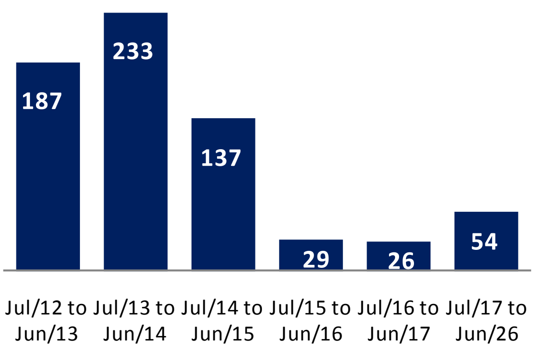
On June 30, 2011, the São Martinho Group recognized on its balance sheet debt of R$207.5 million with Copersucar. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under "Obligations – Copersucar" all liabilities related to the contingencies 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$175.2 million on a consolidated basis.

INDEBTEDNESS

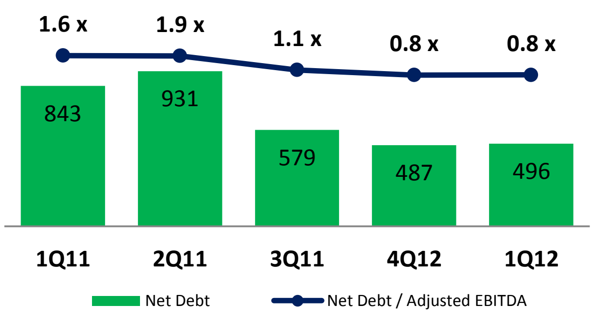
DEBT	Jun/11	Jun/10	Chg. (%)
R$ Thousand			
PESA	73,581	74,514	-1.3%
Rural Credit	30,226	57,170	-47.1%
BNDES / FINAME	379,412	441,774	-14.1%
Working Capital	101,031	27,031	273.8%
ACC (Advances on Foreign Exchange Contracts)	-	181,187	n.m.
PPE (Export prepayment)	235,427	271,613	-13.3%
Others	431	654	-34.1%
Gross Debt	**820,108**	**1,053,943**	**-22.2%**
Cash and Cash Equivalents	323,884	210,723	53.7%
Net Debt	**496,224**	**843,220**	**-41.2%**
Net Debt / Acum. EBITDA	0.8 x	1.6 x	

As a result of the strong cash generation in the last 12 months and the conclusion of the first capital injection by Petrobrás Biocombustível at Nova Fronteira Bioenergia S.A. (Nova Fronteira), net debt totaled R$496.2 million in June 2011, down 41.2% from June 2010. After the second tranche of the injection by Petrobrás Biocombustível S.A. in the amount of R$163 million, which should be concluded by end-2011, the net debt of the São Martinho group should decline by approximately R$120 million, as shown in item Pro-Forma Indebtedness.

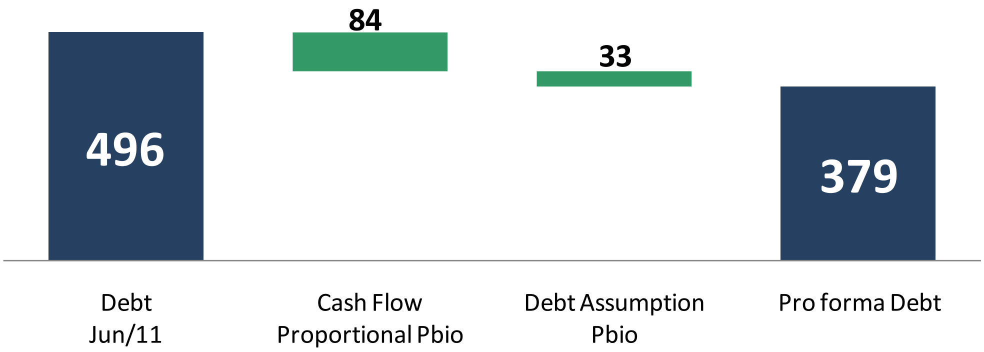
Amortization Schedule
R$ - Million



Net Debt / EBITDA LTM
Trends



Pro-Forma Indebtedness



CAPEX

SÃO MARTINHO - CONSOLIDATED	1Q12	1Q11	Chg. (%)
Capex (maintenance)			
Sugarcane Planting	17,269	13,881	24.4%
Industrial / Agricultural	14,065	5,256	167.6%
Crop Treatment	30,909	26,541	16.5%
Sub Total	**62,242**	**45,678**	**36.3%**
Upgrading, Mechanization and Expansion			
Industrial / Agricultural	25,738	5,323	383.5%
Other	-	-	n.m.
Sub Total	**25,738**	**5,323**	**383.5%**
Boa Vista Mill (Greenfield)			
Sugarcane Planting	14,028	10,178	37.8%
Industrial / Agricultural	7,690	8,384	-8.3%
Sub Total	**21,718**	**18,562**	**17.0%**
Total	**109,698**	**69,563**	**57.7%**

Capital expenditure increased 57.7% in relation to 1Q11, mainly impacted by the investments in maintenance (+R$16.5 million), which reflected the extension of the off-season period due to the late start of the crushing period in the 2011/12 harvest year, and by the investments in modernization/expansion (+R$20.4 million), due to the project for the installation of the cogeneration unit and the modernization of the São Martinho Mill located in Pradópolis.

For the 2011/12 harvest year, we estimate maintenance Capex of approximately **R$280 million** and expansion Capex of **R$180 million**. Expenses with expansion works include: 1) the expansion of the Boa Vista Mill; 2) the investments in cogeneration at the São Martinho Mill; and 3) the expansion of our sugar distribution terminal.

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

The São Martinho Group is one of the largest groups in Brazil's sugar and ethanol sector, with three mills in operation: São Martinho, in Pradópolis (around the Ribeirão Preto region in São Paulo), Iracema in Iracemápolis (in the Limeira region of São Paulo state) and Boa Vista in Quirinópolis (300 km from Goiânia in Goiás state). For more information please go to the website www.saomartinho.ind.br.

INCOME STATEMENT

SÃO MARTINHO S.A. - CONSOLIDATED	1Q12	1Q10	Chg. (%)
R$ Thousand			
Gross Revenue	348,470	304,164	14.6%
Deductions from Gross Revenue	(19,522)	(18,713)	4.3%
Net Revenue	**328,948**	**285,451**	**15.2%**
Cost of Goods Sold (COGS)	(232,009)	(206,017)	12.6%
Gross Profit	**96,939**	**79,434**	**22.0%**
Gross Margin (%)	*29.5%*	*27.8%*	1.6 p.p
Operating Expenses	**(36,099)**	**(33,206)**	**8.7%**
Selling Expenses	(13,406)	(14,308)	-6.3%
General and Administrative Expenses	(23,581)	(21,425)	10.1%
Other Operating Expenses, Net	888	2,527	-64.9%
Operating Profit, Before Financial Effects	**60,840**	**46,228**	**31.6%**
Financial Result, Net	**(9,140)**	**(18,957)**	**-51.8%**
Financial Revenues	13,350	3,672	263.6%
Financial Expenses	(24,064)	(19,842)	21.3%
Monetary and Exchange Variations - Net	1,574	(2,787)	n.m.
Income (Loss) Before Income and Social Contribution Taxes	**51,700**	**27,271**	**89.6%**
Income Tax and Social Contribution - Current	(11,972)	(12,574)	-4.8%
Income Tax and Social Contribution - Deferred	(1,764)	4,375	-140.3%
Net Income (Loss) Before Minority Interest	**37,964**	**19,072**	**99.1%**
Net Income	**37,964**	**19,072**	**99.1%**
Net Margin (%)	*11.5%*	*6.7%*	4.9 p.p

BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS		
R$ Thousand		
ASSETS	**Jun-11**	**Mar-11**
SHORT-TERM ASSETS		
Cash and Cash Equivalents	323,884	225,067
Accounts Receivable	55,309	59,673
Derivatives Financial Instruments	15,191	5,967
Inventories	216,392	139,106
Recoverable Taxes	30,525	33,520
Income Tax and Social Contribution	5,710	5,037
Other Assets	16,870	5,692
TOTAL SHORT-TERM ASSETS	**663,881**	**474,062**
LONG-TERM ASSETS		
Long-term Receivables		
Related Parties	777	33
Deferred Income Tax and Social Contribution	121,405	132,676
Accounts Receivable - Copersucar	6,056	9,939
Recoverable Taxes	37,859	37,220
Judicial Deposits	33,531	32,367
Other Assets	7,686	7,101
	207,314	**219,336**
Biological Assets	445,066	435,532
Fixed Assets	2,858,492	2,864,761
Intangible	36,547	36,726
TOTAL LONG-TERM ASSETS	**3,547,419**	**3,556,355**
TOTAL ASSETS	**4,211,300**	**4,030,417**

BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES		
R$ Thousand		
LIABILITIES AND SHAREHOLDERS' EQUITY	**Jun-11**	**Mar-11**
SHORT-TERM LIABILITIES		
Loans and Financing	153,826	140,982
Derivatives Financial Instruments	15,467	25,910
Suppliers	104,130	61,096
Accounts Payable - Copersucar	2,203	2,203
Payroll and Social Contribution	63,086	44,000
Tax Payable	12,544	20,343
Income Tax and Social Contribution	1,672	829
Related Companies	1,594	705
Dividends Payable	9,180	9,180
Advances from Customers	5,269	14,475
Other Liabilities	15,024	21,137
TOTAL SHORT-TERM LIABILITIES	**383,995**	**340,860**
LONG-TERM LIABILITIES		
Loans and Financing	666,282	570,711
Accounts Payable - Copersucar	205,294	207,645
Tax Installments	55,666	55,833
Deferred Income Tax and Social Contribution	814,816	817,127
Provision for Contingencies	70,919	74,284
Other Liabilities	9,570	10,471
TOTAL LONG-TERM LIABILITIES	**1,822,547**	**1,736,071**
SHAREHOLDERS' EQUITY		
Capital Stock	455,900	455,900
Adjustments to Book Value	1,307,822	1,304,969
Capital Budget Reserve	194,516	194,516
Treasury Shares	(1,899)	(1,899)
Accumlated Profit	48,419	-
TOTAL SHAREHOLDERS' EQUITY	**2,004,758**	**1,953,486**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,211,300**	**4,030,417**

CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	1Q12	1Q11
R$ Thousand		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income in the period	**37,964**	**19,072**
Adjustments		
Depreciation and amortization	39,018	8,009
Biological assets harvested (depreciation)	47,251	73,203
Variation in fair value of biological assets	795	7,972
Residual cost of fixed assets - write off	664	715
Interest, monetary and foreign exchange variations, net	7,821	24,369
Constitution of provision for contingencies, net	2,232	2,249
Deferred income tax and social contribution on net income	1,764	(4,375)
Constitution (reversal) of provision for inventory losses	(3,804)	6,043
Adjustments to present value and others	98	(474)
	133,803	**136,783**
Changes in assets and liabilities		
Trade accounts receivable	(1,179)	(17,870)
Inventories	(49,463)	(88,456)
Taxes recoverable	4,562	6,088
Related parties	971	(301)
Other assets	(12,576)	(5,524)
Suppliers	36,738	2,322
Salaries and social charges	19,087	12,687
Taxes payable	2,181	(235)
Taxes payable in installments	(829)	(717)
Provision for contingencies	(7,435)	(4,215)
Other liabilities	(12,304)	(12)
Cash provided by (used in) operations	**113,556**	**40,550**
Interest paid	(8,715)	(14,783)
Income tax and social contribution on net income paid	(10,967)	(1,985)
Net cash provided by (used in) operating activities	**93,874**	**23,782**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Additions to property, plant and equipments, intangible assets and deferred charges	(45,472)	(3,821)
Additions to biological assets (planting and treatment)	(62,206)	(48,845)
Advance on future capital increase	(846)	-
Net cash used in investing activities	**(108,524)**	**(52,666)**
CASH FLOW FROM FINANCING ACTIVITIES		
Derivatives Financial Instruments	(2,823)	17,392
Financing - third parties	157,444	234,268
Repayment of financing - Copersucar	(1,136)	(1,478)
Repayment of financing - third parties	(40,018)	(141,234)
Reception (payment) of funds from (to) related parties – intercompany loans	-	(3)
Advance on future capital increase	-	28
Net cash provided by (used in) financing activities	**113,467**	**108,973**
Increase (decrease) in cash and cash equivalents	**98,817**	**80,089**
Cash and cash equivalents at the beginning of the period	**225,067**	**130,634**
Cash and cash equivalents at the end of the period	**323,884**	**210,723**