(A free translation of the original in Portuguese)

São Martinho S.A.

Quarterly Information
for the Quarter Ended
December 31, 2009 and
Review Report of Independent Accountants

(A free translation of the original in Portuguese)

Review Report of Independent Accountants

To the Management and Stockholders
São Martinho S.A.

1 We have reviewed the accounting information included in the Quarterly Information (ITR) (parent company and consolidated) of São Martinho S.A. and its subsidiaries, for the quarter ended December 31, 2009, comprising the balance sheets and the statements of income, of stockholders' equity and of cash flows, explanatory notes and the performance report. This Quarterly Information is the responsibility of the Company's management.

2 Our review was carried out in accordance with specific standards established by IBRACON - Institute of Independent Auditors of Brazil, in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information; and (b) a review of information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.

3 Based on our limited review, we are not aware of any material modifications that should be made to the accounting information included in the Quarterly Information referred to above in order that it be stated in accordance with the accounting practices adopted in Brazil applicable to the preparation of Quarterly Information, in accordance with the standards issued by the Brazilian Securities Commission (CVM).

4 The statements of operations and of cash flows for the quarter ended December 31, 2008, presented for comparison purposes, were reviewed by other independent auditors who issued a report thereon dated February 5, 2009, without exceptions.

Ribeirão Preto, February 10, 2010

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Maurício Cardoso de Moraes
Contador CRC 1PR035795/O-1 "T" SP

São Martinho S.A. and Subsidiaries

Balance Sheets as of December 31 and September 30, 2009

In thousands of reais

(A free translation of the original in Portuguese)

ASSETS	Note	Parent Company 12/31/2009	Parent Company 9/30/2009	Consolidated 12/31/2009	Consolidated 9/30/2009
CURRET ASSETS					
Cash and cash equivalents	4	65,468	27,041	138,610	119,135
Trade accounts receivable	5	17,014	32,579	62,804	71,970
Derivative financial instruments	25	1,217	2,081	11,446	16,969
Inventories	6	86,500	90,919	447,581	430,430
Taxes recoverable	7	17,609	15,542	74,942	56,883
Other assets	9	3,242	2,519	10,537	11,359
		191,050	170,681	745,920	706,746
NON-CURRENT ASSETS					
Long-term receivables					
Related companies	8	884	14,894	152	294
Property, plant and equipment held for sale		-	-	390	405
Deferred income tax and social contribution on net income	22	42,825	40,093	111,582	116,632
Trade accounts receivable - Copersucar		1,064	1,054	3,985	3,948
Taxes recoverable	7	4,420	7,966	43,108	70,849
Other assets	9	4	4	230	889
Investments:					
In subsidiaries	10	1,176,257	1,158,181	-	-
Other investments		3,430	3,430	3,540	3,540
Property, plant and equipment	11	574,869	580,073	2,429,328	2,443,521
Intangible assets	12	219	232	40,335	40,522
Deferred charges	13	-	-	37,803	38,464
		1,803,972	1,805,927	2,670,453	2,719,064
TOTAL ASSETS		1,995,022	1,976,608	3,416,373	3,425,810

LIABILITIES AND STOCKHOLDERS' EQUITY	Note	Parent Company 12/31/2009	Parent Company 9/30/2009	Consolidated 12/31/2009	Consolidated 9/30/2009
CURRENT LIABILITIES					
Loans and financing	14	116,702	101,288	465,291	464,922
Derivative financial instruments	25	14,594	-	25,727	-
Suppliers	15	21,306	22,178	109,211	104,475
Payables to Copersucar	16	589	589	2,203	2,203
Salaries and social security contributions		7,668	11,247	35,815	46,536
Taxes payable		5,160	3,624	12,364	12,261
Related companies	8	12,001	46,777	140	-
Other liabilities	18	7,657	2,390	20,054	18,878
		185,677	188,093	670,805	649,275
NON-CURRENT LIABILITIES					
Long-term liabilities:					
Loans and financing	14	51,255	36,458	626,325	636,035
Payables to Copersucar	16	51,268	51,354	193,935	193,989
Taxes payable in installments	17	14,351	8,677	46,303	8,677
Deferred income tax and social contribution on net income	22	51,955	55,320	200,908	211,200
Provision for contingencies	24	8,323	9,089	33,646	77,820
Other liabilities	18	1,650	1,841	15,286	3,444
		178,802	162,739	1,116,403	1,131,165
MINORITY INTEREST		-	-	-	21,013
STOCKHOLDERS' EQUITY					
Capital		360,000	360,000	360,000	360,000
Revaluation reserves		1,083,467	1,095,674	1,083,467	1,095,674
Legal reserve		5,079	5,079	5,079	5,079
Capital budget reserve		95,923	95,923	94,422	94,422
Treasury stock		(1,899)	(1,899)	(1,899)	(1,899)
Retained earnings		87,973	70,999	88,096	71,081
	19	1,630,543	1,625,776	1,629,165	1,624,357
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		1,995,022	1,976,608	3,416,373	3,425,810

The accompanying notes are an integral part of these financial statements.

São Martinho S.A. and Subsidiaries

Statements of Income for the Quarters and Nine-month Periods Ended December 31, 2008 and 2009

In thousands of reais, except net income/loss per share (A free translation of the original in Portuguese)

	Note	Parent Company				Consolidated			
		12/31/2009	12/31/2009	12/31/2008	12/31/2008	12/31/2009	12/31/2009	12/31/2008	12/31/2008
		Quarter	(9 months)	Quarter	(9 months)	Quarter	(9 months)	Quarter	(9 months)
GROSS SALES		85,982	225,797	54,266	116,207	353,399	902,816	246,766	567,444
DEDUCTIONS		(6,749)	(18,823)	(6,511)	(14,067)	(29,242)	(74,907)	(25,950)	(60,259)
NET SALES		79,233	206,974	47,755	102,140	324,157	827,909	220,816	507,185
COST OF SALES		(61,195)	(174,047)	(37,476)	(99,031)	(240,779)	(655,454)	(168,642)	(417,236)
GROSS PROFIT (LOSS)		18,038	32,927	10,279	3,109	83,378	172,455	52,174	89,949
Operating (expenses) income:									
Selling		(1,718)	(7,869)	(1,036)	(1,334)	(13,196)	(47,155)	(10,706)	(24,985)
General and administrative		(4,890)	(14,343)	(4,586)	(17,192)	(18,723)	(64,088)	(21,118)	(74,531)
Management fees		(1,030)	(3,071)	(974)	(3,760)	(1,903)	(5,675)	(1,766)	(6,678)
Equity in the earnings (loss) of subsidiaries		30,041	86,973	(39,458)	(87,253)	-	-	-	-
Other revenues (expenses), net		(6,608)	(5,464)	7,644	8,762	3,178	4,522	19,826	19,839
		15,795	56,226	(38,410)	(100,777)	(30,644)	(112,396)	(13,764)	(86,355)
Operating profit (loss) before financial income (expenses)		33,833	89,153	(28,131)	(97,668)	52,734	60,059	38,410	3,594
Financial income (expenses):									
Financial income		6,146	11,800	4,421	13,398	12,111	52,796	13,459	35,455
Financial expenses		(24,400)	(49,306)	(9,077)	(23,401)	(53,325)	(110,020)	(56,776)	(122,700)
Monetary and foreign exchange gains		2,281	19,538	1,968	2,598	16,057	138,743	17,280	25,326
Monetary and foreign exchange losses		(2,247)	(10,521)	(3,440)	(6,343)	(9,579)	(46,159)	(64,756)	(98,725)
	27	(18,220)	(28,489)	(6,128)	(13,748)	(34,736)	35,360	(90,793)	(160,644)
Profit (loss) before taxation		15,613	60,664	(34,259)	(111,416)	17,998	95,419	(52,383)	(157,050)
Income tax and social contribution on net income - current		847	-	-	-	(195)	(8,626)	(954)	(954)
Income tax and social contribution on net income - deferred		6,638	11,508	(2,184)	7,939	5,652	(11,412)	13,191	47,194
	22	7,485	11,508	(2,184)	7,939	5,457	(20,038)	12,237	46,240
Net income (loss) before minority interest		23,098	72,172	(36,443)	(103,477)	23,455	75,381	(40,146)	(110,810)
Minority interest		-	-	-	-	(316)	(3,086)	3,785	5,791
Net income (loss) for the period		23,098	72,172	(36,443)	(103,477)	23,139	72,295	(36,361)	(105,019)
Net income (loss) per share at the end of the period - (in reais)		0.20	0.64	(0.32)	(0.92)				

The accompanying notes are an integral part of these financial statements.

São Martinho S.A.

Statements of Changes in Stockholders' Equity

In thousands of reais, unless otherwise indicated

(A free translation of the original in Portuguese)

			Revaluation reserve		Revenue reserves				
	Note	Capital	Own	Subsidiaries	Legal	Capital budget	Treasury stock	Retained earnings	Total
BALANCES AT MARCH 31, 2008		360,000	378,401	783,445	5,079	97,656		24,384	1,648,965
Realization of revaluation reserve	19(c)		(12,044)	(32,203)				44,247	-
Loss for the year								(70,364)	(70,364)
Offset of losses against revenue reserve						(1,733)		1,733	-
Purchase of own shares	19(b)						(1,899)		(1,899)
BALANCES AT MARCH 31, 2009		360,000	366,357	751,242	5,079	95,923	(1,899)		1,576,702
Realization of revaluation reserve	19(c)		(2,586)	(6,644)				9,230	
Net income for the quarter								28,866	28,866
BALANCES AT JUNE 30, 2009		360,000	363,771	744,598	5,079	95,923	(1,899)	38,096	1,605,568
Realization of revaluation reserve	19(c)		(4,291)	(8,404)				12,695	
Net income for the quarter								20,208	20,208
BALANCES AT SEPTEMBER 30, 2009		360,000	359,480	736,194	5,079	95,923	(1,899)	70,999	1,625,776
Realization of revaluation reserve	19(c)		(4,200)	(8,007)				12,207	
Net income for the quarter								23,098	23,098
Payment of interest on own capital	19(e)							(18,331)	(18,331)
BALANCES AT DECEMBER 31, 2009		360,000	355,280	728,187	5,079	95,923	(1,899)	87,973	1,630,543

The accompanying notes are an integral part of these financial statements.

São Martinho S.A. and Subsidiaries

Statements of Cash Flows for the Quarters and Nine-month Periods Ended December 31, 2009 and 2008

(In thousands of reais - R$) (A free translation of the original in Portuguese)

	Parent Company				Consolidated			
	12/31/2009 (quarter)	12/31/2009 (nine months)	12/31/2008 (quarter)	12/31/2008 (nine months)	12/31/2009 (quarter)	12/31/2009 (nine months)	12/31/2008 (quarter)	12/31/2008 (nine months)
CASH FLOWS FROM OPERATING ACTIVITIES								
Net income (loss) for the period	23,098	72,172	(36,443)	(103,477)	23,139	72,295	(36,361)	(105,019)
Adjustments to reconcile net income (loss) for the period to net cash provided by (used in) operating activities								
Equity in the (earnings) loss of subsidiaries	(30,041)	(86,973)	39,458	87,253	-	-	-	-
Depreciation and amortization	16,943	47,591	12,383	31,075	72,046	192,481	56,369	138,285
Net book value of property, plant and equipment disposals	167	335	189	205	1,326	1,710	362	14,438
Financial charges and foreign exchange variations on long-term balances with related companies, loans and financing, derivative financial instruments and taxes payable	16,164	18,547	8,995	15,122	33,664	(58,906)	123,141	188,016
Recording (reversal) of provision for contingencies	44	733	293	2,422	458	5,006	543	10,184
Recording (reversal) of provision for losses on investments	-	-	-	-	-	(58)	4,684	4,684
Deferred income tax and social contribution on net income	(6,097)	(10,967)	2,184	(7,939)	(5,242)	11,822	(13,191)	(47,194)
Adjustment to present value	686	1,481	607	1,152	1,409	4,292	1,150	3,073
Recording (reversal) of provision for inventory losses	-	-	-	6,984	-	(6,313)	-	6,622
Taxes payable in installments - Law 11941	5,358	5,358			(3,659)	(3,659)		
Minority interest					316	3,086	(3,785)	(5,791)
(Increase) decrease in operating assets:								
Trade accounts receivable	15,551	(7,072)	4,632	27,926	9,047	(17,835)	13,507	58,749
Inventories	5,699	(11,867)	(18,436)	(61,435)	(11,172)	(89,860)	(40,318)	(211,334)
Taxes recoverable	563	(925)	(4,034)	(6,183)	1,887	(5,295)	(40,998)	(50,489)
Related parties	14,010	15,536	(1,964)	(5,506)	142	3,272	(143)	(123)
Assets held for sale					(13)	(105)	-	-
Derivative financial instruments	1,073	(12,064)	1,260	(1,207)	6,815	(2,764)	4,882	438
Other current assets	(723)	(601)	236	1,273	822	363	4,026	6,434
Other non-current assets	(10)	5,371	(6,317)	(6,018)	622	20,231	(22,126)	(27,604)
Increase (decrease) in operating liabilities:								
Suppliers	(872)	4,390	1,000	9,061	4,682	33,007	(9,044)	32,386
Salaries and social security contributions	(3,994)	(47)	(2,589)	1,941	(13,403)	(1,799)	(13,828)	3,348
Taxes payable	1,467	488	(682)	(379)	(237)	1,856	(849)	(1,601)
Taxes in installments	(161)	(820)	(288)	(847)	46	(1,149)	(663)	(1,490)
Related parties	(34,776)	(3,631)	10,154	27,426	140	(3,137)	(113)	(153)
Provision for contingencies	(110)	(908)	(631)	(1,058)	(2,018)	(6,146)	(3,117)	(12,926)
Derivative financial instruments	-	-	(605)	4,172	-	-	(4,625)	8,115
Other current liabilities	5,267	172	(2,894)	1,888	1,176	(5,804)	(8,967)	6,689
Other non-current liabilities	(191)	(510)	(175)	2,333	11,842	11,968	(258)	2,078
Cash provided by operating activities	29,115	35,789	6,333	26,184	133,835	158,559	10,278	19,815
CASH FLOWS FROM INVESTING ACTIVITIES								
Investments	-	-	-	(3,390)	(21,329)	(21,329)	-	(3,380)
Investments - goodwill					(1,131)	(1,131)	-	-
Additions to property, plant and equipment, intangible assets and deferred charges	(12,257)	(33,899)	(11,026)	(30,550)	(55,356)	(185,224)	(43,908)	(298,990)
Interest on capital received	11,965	11,965	-	-				
Cash used in investing activities	(292)	(21,934)	(11,026)	(33,940)	(77,816)	(207,684)	(43,908)	(302,370)
CASH FLOWS FROM FINANCING ACTIVITIES								
Financing obtained - third parties	36,424	113,973	11,596	70,401	295,930	560,178	126,565	751,314
Financing obtained (paid) - Copersucar	(427)	(6,887)	345	(20,580)	(1,369)	(25,088)	202	(76,506)
Payment of financing - third parties	(14,267)	(72,023)	(21,781)	(43,392)	(318,979)	(525,292)	(149,343)	(329,422)
Payment of dividends and interest on capital	(18,331)	(18,331)	-	-	(18,331)	(18,331)	-	-
Treasury stock	-	-	(1,535)	(1,821)	-	-	(1,535)	(1,821)
Minority interest	-	-	-	-	-	-	(3,785)	11,236
Cash provided by financing activities	3,399	16,732	(11,375)	4,608	(42,749)	(8,533)	(27,896)	354,801
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,222	30,587	(16,068)	(3,148)	13,270	(57,658)	(61,526)	72,246
CASH AND CASH EQUIVALENTS								
Opening balance	27,041	28,676	33,477	20,557	119,135	190,063	206,306	72,534
Closing balance	59,263	59,263	17,409	17,409	132,405	132,405	144,780	144,780
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,222	30,587	(16,068)	(3,148)	13,270	(57,658)	(61,526)	72,246
ADDITIONAL INFORMATION								
Interest paid during the period	1,135	7,452	2,127	5,287	18,324	61,239	17,572	13,896
Payables to suppliers for purchases of property, plant and equipment	381	381	2,524	2,524	18,158	18,158	12,483	12,483
Income tax and social contribution on net income paid in the period	1,000	1,299	1,000	1,343	6,194	11,513	6,194	8,935

The accompanying notes are an integral part of these financial statements.

1 OPERATIONS

1.1 Operations

São Martinho S.A. (the "Company") and its subsidiaries are primarily engaged in planting sugarcane and producing and selling sugar, ethanol and other sugarcane products; cogeneration of electricity; cattle breeding and agricultural production; import and export of goods, products and raw materials and investment in other companies.

Approximately 69% (60% - Consolidated) of sugarcane used in the production of products derives from the Company's own plantations, of stockholders, related parties and agricultural partnerships, and the remaining 31% (40% - Consolidated) from third-party suppliers.

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

As part of its strategic objectives, the Company maintains investments in the following subsidiaries - Notes 3 and 10.1:

- Usina São Martinho S.A. ("USM");
- Usina Boa Vista S.A. ("UBV"); and
- Omtek Indústria e Comércio Ltda. ("Omtek).

1.2 Acquisition by USM of the investment held by Mitsubishi Corporation in UBV

On November 24, 2009, USM acquired 24,199,999 common shares of UBV from Mitsubishi Corporation ("MC"), thus increasing its ownership interest in UBV's capital stock to 51.55%, 100% consolidated, for R$ 24,329, of which R$ 7,036 on signing the agreement and R$ 17,293 to be paid over a five-year period, with a total goodwill of R$ 3,000.

The balance payable will be restated based on the variation of the U.S. dollar, plus interest of approximately 3% p.a.

The goodwill paid by USM was reduced by R$ 1,823, with a corresponding adjustment to the present value of the balance payable to MC, and the remaining amount was fully attributed to the excess value of the inventory of ethanol at UBV.

1.3 Agreement for the formation of a joint venture with Amyris Biotechnologies

On December 3, 2009, UBV announced a preliminary agreement with Amyris Biotechnologies to form a joint venture to manufacture chemicals and biofuels from sugarcane by using the Amyris technology.

The Agreement provides for the acquisition by the Amyris Group of 40% of all shares of UBV for R$ 140,000, of which R$ 40,000 to be paid upon signature; R$ 50,000 in shares of Amyris Biotechnologies and R$ 50,000 through a promissory note to be settled upon the earliest to occur of (i) December 31, 2012 or (ii) the initial public offering (IPO) of shares of Amyris Biotechnologies.

The completion of the transaction is contingent on the approval of the final agreements by the Board of Directors and the stockholders of São Martinho, and the completion of the due diligence procedures by Amyris Biotechnologies.

1.4 Allicom Consortium agreement

On September 22, 2008, the Company and its subsidiaries USM and UBV, together with USJ Açúcar e Álcool S.A. ("USJ") and SC entered into an agreement for the establishment of the Allicom Consortium, which is engaged in managing the operating aspects of the sale of sugar and ethanol for its members, such as negotiating prices, terms, and volumes of products, carrying out sugar and ethanol hedge transactions under the individual strategic guidance of each member, and seeking to identify business opportunities to sell the members' production, both in the domestic market and abroad. Each member is responsible for the direct management of its sales agreements.

The consortium is managed by an Executive Board consisting of one representative of each consortium member. Costs, expenses and obligations arising from consortium operations are assumed by the members proportionally to their percentage interest in the volume sold through Allicom, which does not have its own assets and liabilities.

2 PREPARATION AND PRESENTATION OF THE QUARTERLY INFORMATION

The Parent Company and consolidated quarterly information does not include all the disclosures required by Brazilian accounting practices for full annual financial statements but has been prepared and presented in conformity with:

(a) Brazilian accounting practices including the amendments introduced by Law 11638/07 and Law 11941/09, which alter, revoke and introduce new provisions to Law 6404/76;

(b) standards established by the Brazilian Securities Commission (CVM);

(c) technical pronouncements and orientations issued by the Brazilian Accounting Pronouncements Committee (CPC); and

(d) "Novo Mercado" (New Market) listing requirements of the São Paulo Stock Exchange (BOVESPA).

Assets and liabilities are recorded as current when expected realization or payment is within the next twelve months. Assets and liabilities expected to be realized and paid in more than twelve months are recorded as non-current. Monetary assets and liabilities denominated in foreign currencies were converted into Brazilian reais at the exchange rate in effect on the balance sheet date. Currency translation differences are recognized in the statement of income.

The preparation of quarterly information in conformity with CVM standards requires the management of the Company and its subsidiaries to use estimates and assumptions to record certain transactions that affect the reported amounts of assets, liabilities, income and expenses, as well as the disclosures included in the financial statements. Significant estimates related to the financial statements refer to measurement of financial instruments, benefits to employees, determination of useful lives of property, plant and equipment, the provision for inventory losses, provision for contingencies, impairment of assets and the realizable value of deferred tax assets. Actual results, upon effective realization in subsequent periods, could differ from those estimates.

3 CONSOLIDATION CRITERIA

The consolidated balance sheets as of December 31 and September 30, 2009, and the related consolidated statements of income for the quarters ended December 31, 2009 and 2008 consider the percentage of ownership interest in subsidiaries on the respective dates and the applicable proportional consolidation criteria, in accordance with the Brazilian Securities Commission (CVM) rules. The consolidated balances include the following subsidiaries:

Company	Main activities
USM - 100% interest	Agricultural activity: sugarcane processing; from own production and production acquired from third parties; production and sale of sugar, ethanol and their by-products; cogeneration of electricity; agricultural production and investment in other companies.
UBV - 48.45% interest (100%	Agricultural activity: sugarcane processing; from own

All amounts in thousands of reais, unless otherwise indicated

Company	Main activities
including the interest of USM after October 2009 and 90% at December 31, 2008).	production and production acquired from third parties; production and sale of ethanol and by-products; cogeneration of electric energy and agricultural production.
Omtek - 99.99% interest (100% including the interest of USM).	Sodium salt processing and sale in the foreign market. The operating cycle is the same as that of the parent company, which is responsible for supplying (under specific conditions) sugarcane molasses, steam and electricity, inputs necessary for the company's production.

The quarterly information of USM is consolidated prior to consolidation with the Company, using accounting practices and consolidation criteria consistent with those used by the Company.

The consolidation of USM includes the following subsidiaries:

- Mogi Agrícola S.A. ("Mogi") - 46.02% interest (proportional consolidation).
- USL - 41.67% interest (proportional consolidation).
- UBV - 51.55% interest (41.55% until October 2009).
- SMBJ Agroindustrial S.A. ("SMBJ") - 99.9% interest.

In addition, the main consolidation procedures adopted were as follows:

a) Elimination of interest in the subsidiaries' stockholders' equity.
b) Elimination of the investments and equity in the earnings (loss) of subsidiaries.
c) Elimination of intercompany balances of assets and liabilities, income and expenses and any unrealized profits on intercompany transactions.
d) Reclassification of negative goodwill in indirect subsidiaries to long-term liabilities - "other" and of goodwill earnings (loss) on indirect subsidiaries to intangible assets and inventories.

All amounts in thousands of reais, unless otherwise indicated

4 CASH AND CASH EQUIVALENTS

		Parent Company	
	Income	12/31/2009	9/30/2009
Cash and banks		65,468	27,041

		Consolidated	
	Income	12/31/2009	9/30/2009
Cash and banks		137,467	117,081
Financial investments:			
. Debentures repurchase agreements	99.44% of the CDI interest rate - weighted average rate	380	
. Interest-bearing account SWEEP	US dollar variation + variable rate from 1.45% to 2.25% p.a.	763	2,054
		138,610	119,135

CDI – Interbank Certificate of Deposit

Cash and bank balances include deposits in current account available for immediate use. These balances present significant amounts resulting from the normal flow of operations of the Company and its subsidiaries.

All financial investments may be redeemed in up to 30 days, with no loss of income.

For purposes of the Statements of cash flows, the balances of cash and cash equivalents at December 31, 2009 (parent company and consolidated) are reduced by R$ 6,205, relating to the overdraft balance that is recorded in the balance sheet in current liabilities, under loans and financing.

5 TRADE ACCOUNTS RECEIVABLE

The balance of trade accounts receivable is as follows:

	Parent Company		Consolidated	
	12/31/2009	9/30/2009	12/31/2009	9/30/2009
Domestic customers	11,013	11,609	44,029	42,160
Foreign customers	6,001	20,970	18,775	29,810
	17,014	32,579	62,804	71,970

All amounts in thousands of reais, unless otherwise indicated

For the quarter ended December 31, 2009, management did not identify the need for recording an allowance for doubtful accounts.

Accounts receivable by maturity are as follows:

	Parent Company		Consolidated	
Past due:	**12/31/2009**	**9/30/2009**	**12/31/2009**	**9/30/2009**
up to 30 days	125	1	4,703	35
from 31 to 60 days		59		59
over 61 days	99		216	170
Not yet due:				
up to 30 days	15,737	31,476	56,662	70,498
from 31 to 60 days	1,053	958	1,065	1,029
over 61 days		85	158	179
	17,014	32,579	62,804	71,970

The average collection period for trade accounts receivable is 7 days (6 days - consolidated). The balance of receivables due in over 60 days refers basically to amounts receivable for plantation services provided to third parties, which will be received during the next sugarcane harvest.

6 INVENTORIES

	Parent Company	
	12/31/2009	**9/30/2009**
Finished products and work in process	55,602	57,164
Sugarcane - crop treatment	18,652	19,733
Advances - purchases of sugarcane	4,350	3,820
Inputs, indirect materials, maintenance materials and other	7,896	10,202
	86,500	90,919

All amounts in thousands of reais, unless otherwise indicated

	Consolidated	
	12/31/2009	9/30/2009
Finished products and work in process	263,724	246,500
Sodium salt - RNA	10,536	10,936
Sugarcane - crop treatment	79,977	84,057
Advances - purchases of sugarcane	52,342	49,715
Inputs, indirect materials, maintenance materials and other	41,105	39,328
Provision for reduction of inventories to realizable value	(103)	(106)
	447,581	430,430

To secure the payment of part of the obligations assumed at the time of the withdrawal from Copersucar on March 31, 2008, the Company pledged in favor of Copersucar 8,908 m³ of fuel alcohol (25,757 m³ - Consolidated).

7 TAXES RECOVERABLE

The balance of taxes recoverable is as follows:

	Parent Company	
	12/31/2009	9/30/2009
COFINS*, including credits on purchases of property, plant and equipment	9,302	11,255
IRPJ*	2,907	3,171
ICMS*, including credits on purchases of property, plant and equipment	5,003	5,814
PIS*, including credits on purchases of property, plant and equipment	1,833	2,273
CSLL*	1,102	909
Other	1,882	86
	22,029	23,508
Current assets	(17,609)	(15,542)
Non-current assets	4,420	7,966

COFINS: Social Contribution on Revenues
IRPJ: Corporate income tax
ICMS: Value-added Tax on Sales and Services
PIS: Social Integration Program
CSLL: Social Contribution on Net Income

All amounts in thousands of reais, unless otherwise indicated

	Consolidated	
	12/31/2009	9/30/2009
COFINS, including credits on purchases of property, plant and equipment	62,961	69,900
ICMS, including credits on purchases of property, plant and equipment	27,815	33,466
IRPJ	6,458	5,371
PIS, including credits on purchases of property, plant and equipment	12,919	14,600
CSLL	2,855	1,402
Other	5,042	2,993
	118,050	127,732
Current assets	(74,942)	(56,883)
Non-current assets	43,108	70,849

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

8 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Parent company and consolidated balances:

	Parent Company			
	12/31/2009		9/30/2009	
	Non-current assets	Current liabilities	Non-current assets	Current liabilities
Subsidiaries:				
USM	353	12,001	391	23,608
Omtek	353		14,335	379
UBV	178		168	22,790
Sub-total	884	12,001	14,894	46,777
Stockholders, arising from purchases of sugarcane - Suppliers		1,394		472
	884	13,395	14,894	47,249

All amounts in thousands of reais, unless otherwise indicated

	Consolidated			
	12/31/2009		9/30/2009	
	Non-current assets	Current liabilities	Non-current assets	Current liabilities
Subsidiaries and related parties:				
Mogi		131		
SC	6	4	40	
Usina da Barra S.A. - Açúcar e Álcool	7	5	53	
Sub-total	13	140	93	
Stockholders, arising from leased land	139		201	
Stockholders, arising from purchases of sugarcane - Suppliers		5,867		2,995
	152	6,007	294	2,995

The balances with subsidiaries at December 31 and September 30, 2009 refer to loan agreements maturing every December 31, extendable for one additional year, subject to charges equivalent to 100% of the CDI interest rate, and other intercompany transactions.

All long-term balances with related parties are expected to be settled in a maximum of 24 months. Sugarcane purchases from stockholders are carried out under market conditions similar to those applicable to third parties.

b) Parent Company transactions in the quarter

	12/31/2009				
	Financial and administrative expenses	Sales revenues	Expenses apportioned by subsidiary	Expenses reimbursed by subsidiaries	Purchases of products and services
USM	494	15	980	524	30
Omtek		2,352		14	
UBV		2		262	
Stockholders					
- rental of properties	18				
- rendering of services	93				
- purchases of sugarcane					826
	605	2,369	980	800	856

All amounts in thousands of reais, unless otherwise indicated

						12/31/2008
	Financial income	Financial and administrative expenses	Sales revenues	Expenses apportioned by subsidiary	Expenses reimbursed by subsidiaries	Purchases of products and services
USM		612		955	773	56
Omtek	59		1,507		18	
UBV					153	
Stockholders						
- rental of properties		18				
- rendering of services		209				
- purchases of sugarcane						1,649
	59	839	1,507	955	944	1,705

Transactions with related parties refer to revenues and expenses for charges on loan agreements, sales of molasses, electricity and steam, purchases and sales of agricultural and industrial inputs and other products, rental of properties, provision of legal services and purchases of sugarcane from a related party, carried out under terms and conditions similar to those with third parties.

The expenses apportioned by subsidiary refer to expenditures incurred by USM with the shared services center. The expenses reimbursed by subsidiaries refer to expenditures of the Board of Directors and the Corporate office. The apportionments are supported by agreements between the parties.

c) Consolidated transactions in the quarter:

	12/31/2009	12/31/2008
Stockholders		
- rental of properties	18	18
- rendering of services	360	408
- purchases of sugarcane	2,316	6,311
	2,694	6,737

All amounts in thousands of reais, unless otherwise indicated

9 OTHER ASSETS

	Parent Company		Consolidated	
	12/31/2009	9/30/2009	12/31/2009	9/30/2009
Advances - purchases of sugarcane	703	645	2,092	2,481
Prepaid expenses	568	744	2,638	4,974
Sundry advances	1,938	1,097	5,769	3,473
Other	37	37	268	1,320
	3,246	2,523	10,767	12,248
Current assets	(3,242)	(2,519)	(10,537)	(11,359)
Non-current assets	4	4	230	889

The advances for sugarcane purchases classified in long-term receivables are realizable as from the 2010/2011 harvest. When transferred to current assets, such advances are classified as Inventories.

10 INVESTMENTS

The Parent Company's investments in subsidiaries are as follows:

10.1 Subsidiaries

				12/31/2009
	USM	UBV	Omtek	Total
In subsidiaries:				
Shares/quotas held (thousands)	23,500	242,000	13,925	
Ownership interest	100%	48.45%	99.99%	
Capital	60,000	242,000	13,925	
Net equity	1,053,180	214,159	19,324	
Net income for the quarter	28,037	4,028	54	
Changes in investments:				
Balances at September 30, 2009	1,037,108	101,803	19,270	1,158,181
Interest on capital received	(11,965)			(11,965)
Equity in the earnings of subsidiaries	28,036	1,951	54	30,041
Balances at December 31, 2009	1,053,179	103,754	19,324	1,176,257

All amounts in thousands of reais, unless otherwise indicated

	9/30/2009			
	USM	**UBV**	**Omtek**	**Total**
In subsidiaries:				
Shares/quotas held (thousands)	23,500	242,000	13,925	
Ownership interest	100%	48.45%	99.99%	
Capital	60,000	242,000	13,925	
Net equity	1,037,108	210,131	19,270	
Net income for the quarter	18,883	10,751	59	
Changes in investments:				
Balances at June 30, 2009	1,018,225	96,595	19,211	1,134,031
Equity in the earnings of subsidiaries	18,883	5,208	59	24,150
Balances at September 30, 2009	1,037,108	101,803	19,270	1,158,181

There are no cross-holdings between the Parent Company and the direct and indirect subsidiaries.

10.2 Goodwill, spin-off and merger of Etanol Participações S.A. ("EP")

On April 12, 2007, EP acquired shares of USL and Agropecuária Aquidaban S.A. ("AA") for R$ 184,080 and R$ 61,360, respectively, recording a total goodwill of R$ 210,117, of which R$ 154,013 refers to the acquisition of USL and R$ 56,104 to the acquisition of AA, based on the financial statements of the acquired companies as of March 31, 2007.

On December 10, 2007, the stockholders of EP announced to the market the discontinuation of the operations of USL and AA. Subsequently, on December 21, 2007, the stockholders of EP resolved to spin-off all EP's assets and liabilities, which were transferred to USL and AA. The ownership interests of EP in USL and AA were eliminated, and the shares previously held by EP in USL and AA were transferred to its stockholders.

Due to these decisions, the allocation of the goodwill paid by EP on the acquisition of these subsidiaries, between revaluation of assets and expected future profitability, has been reviewed and the provisions of CVM Instructions No. 319, of December 3, 1999, and No. 349, of March 6, 2001, were applied in the consolidation of USM.

This review was based on independent experts' appraisal report on the investment's economic value, taking into consideration the absorption of the operations of the subsidiaries by the controlling stockholders and the sale of a significant portion of their property, plant and equipment. The assets held for sale were classified in the consolidated balance sheet in a specific caption of non-current assets, at historical cost plus respective goodwill, which together represent the estimated realizable value determined in a report issued by independent appraisers. The property, plant and equipment items that will not be sold remain classified under a specific caption at historical cost of purchase plus respective goodwill. The remaining goodwill was classified as expected future profitability, net of the related tax benefit, and is supported by an economic appraisal report of the investment under the new operating assumptions established in December 2007.

All amounts in thousands of reais, unless otherwise indicated

Up to March 31, 2009, the goodwill portion attributed to expected future earnings was amortized over a period of up to 10 (ten) years, based on the expected return on investment in accordance with the economic appraisal report, which takes into account the investment's operating characteristics. As established by the Brazilian Accounting Pronouncements Committee (CPC) No. 1 and Brazilian Securities and Exchange Commission (CVM) Instruction 565/08, goodwill arising from expected future earnings should no longer be systematically amortized as from the fiscal year beginning April 1, 2009, but is to be periodically tested for impairment. Analyses made did not indicate the need for recognizing an impairment provision.

The gross amortized amount attributable to USM for the quarter ended December 31, 2008 was R$ 1,822. The goodwill related to the assets held for sale will be amortized on the realization of such assets.

After the above-mentioned events and amortization and write-off of assets sold, goodwill in the consolidated financial statements is as follows:

	Goodwill	Accumulated amortization/ write-off	Net balance 12/31/2009	Net balance 9/30/2009
Expected future profitability - intangible assets (Note 12)	39,688	(5,673)	34,015	34,015
Revaluation surplus of assets held for sale	27,415	(27,313)	102	116
Tax benefit related to the portion of expected future profitability - deferred taxes	20,446	(2,922)	14,571	17,524
	87,549	(35,908)	48,688	51,655

All amounts in thousands of reais, unless otherwise indicated

11 PROPERTY, PLANT AND EQUIPMENT

	Parent Company				
	12/31/2009				9/30/2009
	Cost	Revaluation	Accumulated depreciation	Net	Net
Land	20,844	293,119		313,963	313,963
Buildings and premises	14,592	11,084	(7,522)	18,154	18,584
Industrial equipment and facilities	66,327	88,306	(52,904)	101,729	106,829
Vehicles	11,362	7,961	(10,335)	8,988	10,121
Agricultural machinery and implements	22,992	21,150	(15,492)	28,650	29,597
Sugarcane plantations	158,726		(67,346)	91,380	90,064
Other	27,363		(20,964)	6,399	7,211
Construction in progress	5,606			5,606	3,704
	327,812	421,620	(174,563)	574,869	580,073

	Consolidated				
	12/31/2009				9/30/2009
	Cost	Revaluation	Accumulated depreciation	Net	Net
Land	122,545	889,824		1,012,369	1,012,040
Buildings and premises	146,068	47,077	(26,591)	166,554	168,965
Industrial equipment and facilities	410,845	339,940	(228,757)	522,028	535,382
Vehicles	62,365	29,533	(37,619)	54,279	58,543
Agricultural machinery and implements	117,791	69,771	(60,043)	127,519	133,079
Sugarcane plantations	667,338		(251,958)	415,380	407,596
Other	111,513		(87,453)	24,060	32,525
Construction in progress	107,139			107,139	95,391
	1,745,604	1,376,145	(692,421)	2,429,328	2,443,521

All amounts in thousands of reais, unless otherwise indicated

The changes in property, plant and equipment for the quarter ended December 31 and September 30, 2009 are summarized as follows:

	Parent Company		Consolidated	
	12/31/2009	**9/30/2009**	**12/31/2009**	**9/30/2009**
Opening balance	580,073	593,810	2,443,521	2,481,714
Additions	13,173	9,175	63,090	54,696
Net book value of disposals	(166)	(15)	(1,310)	(118)
Depreciation	(18,211)	(22,897)	(75,973)	(92,771)
Closing balance	574,869	580,073	2,429,328	2,443,521

The Company invested R$ 5,769 in the quarter ended December 31, 2009 (R$ 5,814 in the quarter ended December 31, 2008) in sugarcane plantations, and the consolidated balance is R$ 30,324 (R$ 28,753 in the quarter ended December 31, 2008).

The Parent Company balance of construction in progress at December 31, 2009 refers to refurbishment of the industrial facilities to increase the sugarcane production and other improvements to the plant. The consolidated balance also includes improvements to the USM and UBV plants, refurbishment of the USM industrial facilities to increase the sugarcane production, improvements to the administrative facilities and expansion work at the UBV plant.

Under the terms of certain loan and financing agreements entered into by the Company and its subsidiaries, property, plant and equipment totaling R$ 392,039 at December 31, 2009 were pledged as collateral. These items are mostly represented by industrial equipment and facilities, and agricultural machinery and implements. In addition, the amount of R$ R$ 147,604 (R$ 420,232 - consolidated) in land was pledged as collateral for securitized rural credits, recorded in current and long-term liabilities.

At December 31, 2009, 6,581 ha used for sugarcane plantation by USM and UBV, at the revalued book value of R$ 127,157, is pledged as collateral for lawsuits and loans.

The Company, USM (including its subsidiaries) and Omtek recorded, on March 31, 2007, a revaluation of land, buildings, equipment and industrial facilities based on appraisal reports prepared by independent experts.

All amounts in thousands of reais, unless otherwise indicated

As from March 31, 2007, the revalued assets began to be depreciated over their estimated remaining useful lives specified in the revaluation report, at the following annual weighted average rates, when applicable:

	Weighted average annual depreciation rates	
Property, plant and equipment	Parent Company	Consolidated
Buildings and premises	4.96%	3.69%
Industrial equipment and facilities	10.90%	8.59%
Vehicles	21.30%	14.07%
Agricultural machinery and implement	10.51%	10.49%
Sugarcane plantations	15.87%	17.07%
Other	9.48%	12.07%

Expenditures with maintenance in the between-crops period are allocated to property, plant and equipment and are fully depreciated in the following crop.

The residual revaluation amounts of property, plant and equipment, net of depreciation and gross of deferred taxes, at December 31 and September 30, 2009 were R$ 367,303 and R$ 373,344, respectively (R$ 1,164,786 and R$ 1,187,083 - consolidated).

The depreciation and write-offs of revaluation which impacted the consolidated results of operations for the quarters ended December 31, 2009 and 2008 totaled R$ 18,504 and R$ 14,867, respectively, net of amounts allocated to inventories and gross of taxes.

The Company and its subsidiaries capitalized financial charges of R$ 2,655 in the quarter ended December 31, 2009 (R$ 9,485 in the quarter ended December 31,2008).

All amounts in thousands of reais, unless otherwise indicated

12 INTANGIBLE ASSETS

	Parent Company		Consolidated	
	12/31/2009	**9/30/2009**	**12/31/2009**	**9/30/2009**
Goodwill - expected future profitability			38,826	38,826
Accumulated amortization			(4,811)	(4,811)
Software	2,034	2,034	6,857	6,857
Accumulated amortization	(1,815)	(1,802)	(3,537)	(3,350)
Other			3,000	3,000
	219	232	40,335	40,522

Goodwill attributed to the expected future profitability derived from the spin-off of the USL net assets, and merged by USM, is no longer being amortized as from the fiscal year beginning April 1, 2009, as mentioned in Note 10.2.

13 DEFERRED CHARGES

	Consolidated	
	12/31/2009	**9/30/2009**
Pre-operating expenses	41,659	41,598
Other	52	52
Accumulated amortization	(3,908)	(3,186)
	37,803	38,464

The pre-operating expenses are substantially represented by those incurred by the subsidiary UBV, with amortization calculated as from the plant start-up in July 2008, over a period of ten years, the estimated time period of future benefits, and proportionally to the use of the production capacity expected for the period.

All amounts in thousands of reais, unless otherwise indicated

14 LOANS AND FINANCING

			Parent Company	
Type	**Charges**	**Maturity**	**12/31/2009**	**9/30/2009**
In local currency:				
Securitized rural credits	General Market Price Index (IGP-M) + weighted average interest of 4.11% p.a., paid annually	Annual installments with final maturity between Sep 2018 and Jul 2020	25,296	25,537
Rural credit	Weighted average fixed interest rate of 10.5% p.a. paid on final maturity of the contracts	Single installment with final maturity between Jan and Dec 2010	27,678	1,420
FINAME*/BNDES* Automatic loan	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.88% p.a. paid monthly	Monthly installments with final maturity between Jan 2010 and Apr 2014	18,697	20,743
FINAME*/BNDES Automatic loan	Weighted average fixed rate of 10.26% p.a. paid monthly	Monthly installments with final maturity between Jan 2010 and Oct 2014	3,178	3,922
Other securitized credits	Fixed interest rate of 3% p.a. paid annually	Annual installments with final maturity in Oct 2025	75	78
Working capital	Variation of 130.00 % CDI OVER CETIP (average rate for interbank loans for one day registered with CETIP) paid on final maturities of the contracts	Single installment with final maturity between Mar 2010 and Jun 2010	36,581	35,611
Leasing	Fixed rate of 7.08% p.a. paid monthly	Monthly installments with final maturity in Apr 2013	52	55
In foreign currency:				
ACC (Advances on foreign exchange contracts)	Fixed rate of 4.10% p.a. + USD variation paid on final maturity of the contract	Single installment with final maturity between Jan 2010 and Jul 2010	56,400	50,380
Total			167,957	137,746
Current liabilities			(116,702)	(101,288)
Non-current liabilities			51,255	36,458

FINAME – Government Agency for Machinery and Equipment Financing
BNDES – National Bank for Economic and Social Development

All amounts in thousands of reais, unless otherwise indicated

			Consolidated	
Type	**Charges**	**Maturity**	**12/31/2009**	**9/30/2009**
In local currency:				
Securitized rural credits	General Market Price Index (IGP-M) + weighted average interest of 4.61% p.a., paid annually	Annual installments with final maturity between Sep 2018 and Jul 2020	73,125	72,702
Rural credit	Weighted average fixed interest rate of 9.25% p.a. paid on final maturity of the contracts	Single installment with final maturities between Jan and Dec 2010	36,537	37,535
FINAME/BNDES Automatic loan	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.90% p.a. paid monthly	Monthly installments with maturities between Jan 2010 and Jul 2014	78,371	83,976
FINEM - DIRECT*	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 1.95% p.a. paid monthly	Monthly installments with final maturity between Jan 2010 and Jul 2015	333,388	348,813
FINAME/BNDES Automatic loan	Weighted average fixed rate of 10.08% p.a. paid monthly	Monthly installments with final maturity between Jan 2010 and Nov 2019	24,647	25,329
Other securitized credits	Fixed interest rate of 3% p.a. paid annually	Single installment with maturity in Oct 2025	75	78
Working capital	Variation of 128.48 % CDI OVER CETIP (average rate for interbank loans for one day registered with CETIP) paid on final maturities of the contracts	Single installment with maturity between Jan and Aug 2010	111,319	108,400
Working capital	Weighted average fixed interest rate of 6.75% p.a. paid on final maturity of the contracts	Single installment with maturity in Nov 2010	17,477	
Leasing	Weighted average fixed rate of 7.48% p.a. paid monthly	Monthly installments with final maturity between Jan 2010 and May 2013	750	795
In foreign currency:				
FINAME/BNDES Automatic loan	Currency basket (US Dollar, Euro and Yen) + fixed rate of 7.25% p.a. paid monthly	Monthly installments with final maturity between Oct 2009 and Mar 2012	38	43
FINEM - DIRETO	Currency basket (US Dollar, Euro and Yen) + weighted average fixed rate of 5.64% p.a. paid monthly	Quarterly installments with maturities between Jan 2010 and Jul 2015	39,233	42,261
ACC (Advances on foreign exchange contracts)	Weighted average interest of 3.89% p.a. + USD variation paid on the maturity dates	Monthly installments with maturities between Jan 2010 and Sep 2010	200,989	202,704
Export prepayment - PPE	LIBOR + fixed rate of 1.5% p.a. + US dollar variation paid on the maturity dates.	Semiannual installments with maturities between Feb 2010 and Jun 2015	175,667	178,321
Total			1,091,616	1,100,957
Current liabilities			(465,291)	(464,922)
Non-current liabilities			626,325	636,035

FINEM – DIRECT: Financing for Infrastructure Work

All amounts in thousands of reais, unless otherwise indicated

Loans and financing are guaranteed by mortgages, liens on property, plant and equipment, including land (see Note 11), promissory notes, financial investments, agricultural guarantees and sureties. The land given as collateral for loans and financing refers to sugarcane plantation areas.

Long-term loans (parent company and consolidated) have the following maturities:

	12/31/2009	
	Parent Company	Consolidated
From 1/1/11 to 12/31/11	26,428	123,219
From 1/1/12 to 12/31/12	6,193	139,221
From 1/1/13 to 12/31/13	4,875	134,012
From 1/1/14 to 12/31/14	2,925	123,333
From 1/1/15 to 12/31/15	2,341	78,544
From 1/1/16 to 12/31/26	8,493	27,996
	51,255	626,325

Based on Brazilian Central Bank Resolution No. 2471/98 and other current legal provisions, in 1998, 1999 and 2000 the Company, USM and USL securitized debts with financial institutions, by means of the purchase of CTNs (National Treasury Certificates) in the secondary market, as collateral for the payment of the principal. The securitized financing will be automatically settled on the maturity dates upon the redemption of the CTNs, which are under the custody of the creditor financial institutions. These certificates are not negotiable and are exclusively intended for paying this debt. The companies' disbursement during the 20 years in which this securitization is effective is limited to the annual payment of amounts equivalent to variable percentages between 3.9% and 4.96% per year on the securitized amount, monetarily adjusted based on the General Market Price Index (IGP-M), limited to 9.5% per year through the annual payment date. This obligation was recorded in the financial statements at December 31 and September 30, 2009, based on the amount of future disbursements discounted to present value.

15 SUPPLIERS

	Parent Company		Consolidated	
	12/31/2009	9/30/2009	12/31/2009	9/30/2009
Sugarcane	12,018	10,628	72,876	60,372
Materials, services and other	9,288	11,550	36,335	44,103
	21,306	22,178	109,211	104,475

All amounts in thousands of reais, unless otherwise indicated

The sugarcane harvest period, between April and December of each year on average, has a direct impact on the balance payable to sugarcane suppliers and providers of harvesting, loading and transportation services.

16 PAYABLES TO COPERSUCAR (Cooperative)

Copersucar provided funds to the companies during their period as cooperative members through bills of exchange for the purpose of financing their operations. The Cooperative's funds come from amounts obtained by the Cooperative in the market and transferred to the cooperative members for short-term settlement, from temporary cash surpluses and funds arising from injunctions in lawsuits claiming the suspension of liabilities. These cash surpluses are subject to provisions for contingencies recorded by the Cooperative in long-term liabilities. However, in case of unfavorable outcomes in lawsuits in which the Cooperative obtained an injunction, the Company may be required to reimburse, within 120 days, the amount that was transferred to it. The main amounts included in these liabilities arise from the Excise Tax (IPI) whose constitutionality and legality is challenged in court by the Cooperative, of R$ 14,766 and R$ 14,641 as of December 31 and September 30 , 2009, respectively (R$ 58,772 and R$ 58,275 - Consolidated, respectively).

The Company's payables to Copersucar are as follows:

	Parent Company	
	12/31/2009	9/30/2009
Bill of Exchange - Updated based on the SELIC*	34,339	33,988
Bill of Exchange - Onlending not subject to charges	11,410	11,410
Bill of Exchange - Updated based on the TJLP	4,294	4,555
Bill of Exchange - Updated based on USD variation + interest of 4.17% p.a.	1,814	1,990
Total	51,857	51,943
Current liabilities	(589)	(589)
Non-current liabilities	51,268	51,354

SELIC – Special System for Settlement and Custody
TJLP – Long-term Interest Rate

All amounts in thousands of reais, unless otherwise indicated

	Consolidated	
	12/31/2009	9/30/2009
Bill of Exchange - Updated based on the SELIC*	133,259	131,933
Bill of Exchange - Onlending not subject to charges	43,935	43,935
Bill of Exchange - Updated based on the TJLP	12,580	13,345
Bill of Exchange - Updated based on USD variation + interest of 4.17% p.a.	6,364	6,979
Total	196,138	196,192
Current liabilities	(2,203)	(2,203)
Non-current liabilities	193,935	193,989

All obligations of the Company and its subsidiaries with Copersucar are guaranteed by directors' sureties.

In accordance with the terms of the withdrawal from Copersucar, as from the date thereof, the Company, USM and USL will remain liable for the obligations recorded under "Payables to Copersucar" in long-term liabilities, without any change in maturity dates, until the matters that gave rise to these obligations and are under judicial dispute handled by the Cooperative's legal counsel are finally and definitively judged by the courts. Such obligations continue to be collateralized by bank guarantees in the amount of R$ 42,963 (R$ 155,100 - consolidated).

17 TAXES PAYABLE IN INSTALLMENTS

	Parent Company		Consolidated	
	12/31/2009	9/30/2009	12/31/2009	9/30/2009
ICMS	9,763	9,919	9,763	9,919
REFIS installment program - Law 11941	6,269		40,503	
	16,032	9,919	50,266	9,919
Current liabilities (taxes payable)	(1,681)	(1,242)	(3,963)	(1,242)
Non-current liabilities	14,351	8,677	46,303	8,677

In October and November 2009, the Company and its subsidiaries USM, Omtek and USL, applied for the Tax Recovery Program (REFIS), established by Law 11941/09, with benefits of reduction of interest, fines and legal charges.

The total amount of the debts net of discounts, related to this installments payment program was R$ 8,027 (R$ 42,039 consolidated), of which R$ 1,803 was paid in cash and R$ 6,224 (R$ 40,236 consolidated) is payable in 180 installments.

All amounts in thousands of reais, unless otherwise indicated

Most of the lawsuits included in the installment payment program was being challenged in court, and according to the Company's legal advisors' advice, had a related provision for contingencies. As a consequence of the enrollment in the REFIS, the Company must pay the installments overdue for less than three months, as well as waive its legal claims and any plea of rights on which these lawsuits are based, subject to immediate rescission of the installment program and, consequently, loss of the benefits (discounts and payment terms).

The impact on the results of operations is recorded in the caption Other operating income (expenses), as follows:

	Parent Company	Consolidated
Total debts included in the tax in installment program	(10,457)	(60,001)
Reversal of the provision for contingencies	867	43,895
Discounts obtained in the program	2,429	17,962
Total impact	(7,161)	1,856

18 OTHER LIABILITIES

	Parent Company		Consolidated	
	12/31/2009	9/30/2009	12/31/2009	9/30/2009
Unbilled sales	3,878	746	7,186	8,612
Advances from customers	2,541	318	3,898	5,610
Deferred revenues	2,333	2,508	2,333	2,508
Social security contributions payable in installments			937	1,008
Mitsubishi Corporation			15,597	
Other	555	659	5,389	4,584
	9,307	4,231	35,340	22,322
Current liabilities	(7,657)	(2,390)	(20,054)	(18,878)
Non-current liabilities	1,650	1,841	15,286	3,444

The outstanding balance with Mitsubishi Corporation arises from the acquisition of the investment in UBV, as mentioned in Note 1.2.

19 STOCKHOLDERS' EQUITY

(a) Capital

At December 31 and September 30, 2009, the capital stock is divided into 113,000,000 registered common shares, without par value.

(b) Treasury stock

On September 22, 2008, the Board of Directors approved the common share repurchase program, such shares to be held in treasury for subsequent sale or cancellation, without reducing capital, pursuant to the Company's bylaws, CVM Instructions CVM No. 10/80 and 268/97 and other statutory provisions. The share repurchases were carried out up to September 22, 2009, on the BM&FBOVESPA - Stock, Commodities and Futures Exchange, at market prices, with the intermediation of brokerage firms.

The Company repurchased 139,000 common shares, for R$ 1,899, at a minimum price per share of R$ 9.30 and a maximum price of R$ 19.20, resulting in an average price of R$ 13.65. At December 31, 2009, the market price of these shares was R$ 2,364.

The purpose of this program is to maximize the creation of stockholder value, by investing part of the available funds.

(c) Revaluation reserves

These correspond to the revaluation balances of land, buildings and premises, equipment and industrial facilities, vehicles and machinery, and also agricultural implements, as described in Note 11. These reserves are recorded net of tax effects (except that of land). Their realization is based on the depreciation, write-off or sale of the related revalued assets, and the realized amounts are transferred to retained earnings/(accumulated losses).

(d) Legal and capital budget reserves

The legal reserve is recorded annually through the allocation of 5% of net income for the year, not exceeding 20% of the capital. The purpose of the legal reserve is to guarantee the integrity of capital and it may be used only for loss offset and capital increase.

The capital budget reserve considers the remaining balance of retained earnings to be invested in increasing the production capacity and in several projects intended for improving the processes planned for future years, based on estimated and approved budgets.

All amounts in thousands of reais, unless otherwise indicated

(e) Interest on Own Capital and Dividends

Stockholders are entitled to receive a minimum dividend of 25% on net income for the year, after the recognition of the legal reserve.

As permitted by Law 9.249/95, in December 2009 the subsidiary USM calculated and distributed interest on own capital to the Company based on the Long-term Interest Rate (TJLP) effective in the period, in the gross amount of R$ 11,965. In the same period, the Company calculated and distributed interest on own capital based on the Long-term Interest Rate (TJLP) effective in the period, in the gross amount of R$ 18,331.

The interest on own capital received from the subsidiary USM was recorded in the tax records as financial income, and the interest on own capital paid by the Company to the stockholders as financial expenses, as required by tax legislation. Subsequently, the interest on own capital received was credited to the investment account and the interest on own capital paid was charged to retained earnings, in compliance with CVM Deliberation 247/96.

The interest on own capital may be included in the calculation of the mandatory minimum dividend.

(f) Retained earnings

The following is a summary of changes in retained earnings and total stockholders' equity for the quarter ended December 31, 2009:

	Retained earnings	Stockholders' equity
At September 30, 2009:	70,999	1,625,776
Realization of revaluation reserve	12,207	
Interest on own capital distributed	(18,331)	(18,331)
Net income for the quarter	23,098	23,098
At December 31, 2009:	87,973	1,630,543

All amounts in thousands of reais, unless otherwise indicated

(g) Reconciliation of net income for the quarter and stockholders' equity of the Parent Company with the Consolidated information

	12/31/2009
Stockholders' equity	
Parent company stockholders' equity	1,630,543
Interest on loan agreement allocated to UBV's deferred charges	(1,378)
Consolidated stockholders' equity	1,629,165
Income for the quarter	
Parent company net income	23,098
Interest on loan agreement allocated to UBV's deferred charges	41
Consolidated net income	23,139

(h) Stock Option Plan

The Extraordinary General Meeting of Stockholders held on March 26, 2009 approved the Company's Stock Option Plan, which is intended to foster the Company's growth, the achievement and exceeding of corporate goals, to promote the Company's good performance, and retain its professionals. The Plan is managed by the Board of Directors, which may grant stock options to the Company's executives, officers and employees.

The total number of common shares for which options may be granted cannot exceed 2% of the total common shares of the Company's capital stock. The Company's Stock Option Plan is available at the CVM.

Currently, the Regulations and Adhesion Agreements are being prepared by the Board of Directors, to be implemented by the Company; the Board of Directors will also define the eligible beneficiaries.

20 EMPLOYEE AND MANAGEMENT BENEFITS PLAN

In September 2008, the Company and its subsidiaries contracted a supplementary pension plan for all their employees and officers, of the PGBL (annuity pension plan) type, which is a defined contribution pension plan.

All employees are entitled to participate, but the participation is optional. The Company and its subsidiaries' contributions are limited to 1% of the nominal salaries of their employees, up to the limit of the plan reference unit and up to 6% of the amount of the nominal salaries that exceed such limit. Participants are entitled to contribute more than the percentage limits above, however without a corresponding increase of the Company and its subsidiaries' contributions.

All amounts in thousands of reais, unless otherwise indicated

The contributions at December 31, 2009 and 2008, recorded as operating costs or expenses in the consolidated results of operations for the quarter then ended, amounted to R$ 390 and R$ 375, respectively.

21 PROFIT SHARING PROGRAM

In conformity with the collective Bargaining Agreements with the employee labor unions, the Company and its subsidiaries introduced a profit sharing program based on operating and financial targets previously agreed upon with the employees.

The profit sharing as of December 31, 2009 and 2008, recorded as operating costs or expenses in the consolidated statement of operations for the quarter, was R$ 5,136 and R$ 3,019 respectively.

22 INCOME TAX AND SOCIAL CONTRIBUTION ON NET INCOME

a) The deferred income tax and social contribution are as follows:

	Parent Company		Consolidated	
Assets	**12/31/2009**	**9/30/2009**	**12/31/2009**	**9/30/2009**
Income tax loss carryforwards	22,185	21,826	48,671	47,604
Social contribution loss carryforwards	8,060	8,472	18,378	19,312
Provision for contingencies	3,951	4,180	16,645	23,809
Securitized financing				283
Tax benefit on merged goodwill			14,871	17,524
Derivative financial instruments	7,465	4,410	9,678	4,024
Other	1,164	1,205	3,339	4,076
	42,825	40,093	111,582	116,632
Liabilities				
Revaluation of assets	(17,579)	(19,743)	(93,991)	(100,282)
Accelerated depreciation with incentives	(22,092)	(23,084)	(88,338)	(85,803)
Securitized financing	(8,872)	(8,847)	(8,878)	(9,029)
Adjustments to present value	(3,390)	(3,624)	(9,561)	(10,066)
Derivative financial instruments			(118)	(1,432)
Other	(22)	(22)	(22)	(4,588)
	(51,955)	(55,320)	(200,908)	(211,200)

All amounts in thousands of reais, unless otherwise indicated

Income tax and social contribution losses can be carried forward indefinitely without monetary adjustment or interest but their offset is limited to 30% of annual taxable income. Deferred tax credits arising from tax loss carryforwards are recognized based on projections of taxable income of the Company and its subsidiaries, which support the recovery of the tax credits in accordance with applicable accounting practices. On a conservative basis, the Company classifies all deferred tax credits in long-term receivables.

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

	Estimated realization	
Years ended March 31:	**Parent Company**	**Consolidated**
2010	1,573	5,738
2011	13,336	29,271
2012	5,382	11,339
2013	6,371	12,171
2014	6,880	12,976
2015 and thereafter	9,283	40,087
	42,825	111,582

The deferred income tax and social contribution liabilities are realized principally through the depreciation and disposal of the property, plant and equipment items that gave rise to them. The realization of this liability is estimated at the average rate of 15% per year, according to the depreciation rates of the respective property, plant and equipment items. In addition, the period for settlement of securitized loans with maturity through 2021 impacts the period for recovery of the deferred income and social contribution tax assets.

b) Reconciliation of income tax and social contribution - Income tax and social contribution (charge) benefit are reconciled to the effective rates as shown below:

	12/31/2009 - quarter		12/31/2008 - quarter	
Parent Company:	**Income tax**	**Social contribution**	**Income tax**	**Social contribution**
Profit (loss) before income tax (IR) and social contribution (CS)	15,613	15,613	(34,259)	(34,259)
Standard rates - %	25%	9%	25%	9%
	(3,903)	(1,405)	8,565	3,083

All amounts in thousands of reais, unless otherwise indicated

	12/31/2009 - quarter		12/31/2008 - quarter	
Parent Company:	**Income tax**	**Social contribution**	**Income tax**	**Social contribution**
Reconciliation to the effective rate:				
Permanent differences				
Provision for non-realization of deferred IR and CS on derivative financial instrument losses			(268)	(96)
Equity in the earnings (loss) of subsidiaries	7,510	2,704	(9,864)	(3,551)
Interest on own capital	1,591	573		
Tax benefits - Law 11941	607	219		
Other permanent differences	(297)	(107)	(39)	(14)
Workers' Meal Program (PAT)	(7)			
Income tax and social contribution (charge) benefit	5,501	1,984	(1,606)	(578)
Income tax and social contribution (charge) benefit	7,485		(2,184)	

	12/31/2009 - quarter		12/31/2008 - quarter	
Consolidated:	**Income tax**	**Social contribution**	**Income tax**	**Social contribution**
Profit (loss) before income tax (IR) and social contribution (CS)	17,998	17,998	(52,383)	(52,383)
Standard rates - %	25%	9%	25%	9%
	(4,500)	(1,620)	13,096	4,714
Reconciliation to the effective rate:				
Permanent differences				
Provision for non-realization of deferred IR and CS on derivative financial instrument losses			(3,855)	(1,355)
Tax incentives - Non-taxable ICMS	1,288	464		
Deferred IR and CS assets, not recorded	(172)	(62)	91	33
Interest on own capital	4,583	1,650		
Tax benefits - Law 11941	4,490	1,617		
Write-off of deferred tax in subsidiary - USL	(1,118)	(348)		
Other permanent differences	(773)	(278)	(400)	(142)
PAT	236		55	
Income tax and social contribution benefit	4,034	1,423	8,987	3,250
Income tax and social contribution benefit	5,457		12,237	

All amounts in thousands of reais, unless otherwise indicated

23 INVESTMENT SUBSIDIES

UBV has a state tax incentive program in the State of Goiás consisting of the deferral of the payment of Value-added Tax on Sales and Services (ICMS), denominated "Program for the Industrial Development of Goiás - Produzir", with a partial reduction of ICMS. To use this benefit, UBV has to be in compliance with all the obligations defined in the program, the conditions of which refer to events under the control of UBV.

The benefit related to the tax reduction is calculated on the liability determined in each taxable period, through the application of the discount percentage granted by the benefit.

The investment subsidy obtained in the period was recorded in the statement of income under "Deductions from gross revenue", as a reduction of the account "ICMS payable". As it is not possible to distribute these amounts as dividends, a Reserve for Tax Incentives in the amount of the investment grant is recorded, as an appropriation from Retained earnings (Accumulated deficit).

The incentive amount credited to operations for the quarter ended December 31, 2009 was R$ 5,154.

24 PROVISION FOR CONTINGENCIES

The Company and its subsidiaries, based on legal counsel's assessment of probable losses, maintain the following provisions for contingencies (amounts monetarily restated):

					Parent Company
	9/30/2009	Additions	Uses/ reversals	Monetary adjustment	12/31/2009
Tax	4,015		(867)	15	3,163
Civil	4,517			33	4,550
Labor	5,846	115	(115)	147	5,993
	14,378	115	(982)	195	13,706
(-) Judicial deposits	(5,289)	(202)	136	(28)	(5,383)
	9,089	(87)	(846)	167	8,323

All amounts in thousands of reais, unless otherwise indicated

	Consolidated				
	9/30/2009	Additions	Uses/ reversals	Monetary adjustment	12/31/2009
Tax	47,760	484	(43,895)	225	4,574
Civil	6,325			130	6,455
Labor	55,174	2,636	(6,146)	1,227	52,891
	109,259	3,120	(50,041)	1,582	63,920
(-) Judicial deposits	(31,439)	(1,373)	2,837	(299)	(30,274)
	77,820	1,747	(47,204)	1,283	33,646

The nature of the main lawsuits included in the above provisions at December 31, 2009 is as follows (Parent Company and Consolidated):

I) <u>Tax lawsuits:</u>

These refer to: (i) taxes that are being challenged in court by the Company and its subsidiaries in which the amounts challenged have been deposited in court; (ii) contracts with success fees payable to different legal advisors for defenses in tax lawsuits.

The amounts of use and tax reversals arise from the application to the REFIS program, enacted by Law 11941, of May 27, 2009, and reported in Note 17.

II) <u>Civil lawsuits:</u>

These refer to: (i) compensation for damages and pain and suffering; (ii) public civil actions to stop the burning of sugarcane straw and formation of a legal reserve; and (iii) environmental lawsuits.

III) <u>Labor lawsuits:</u>

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

The Company and its subsidiaries are parties to several cases involving tax and civil matters that were assessed by their legal counsel as possible losses. No provision has been recorded for these cases. The nature and the amount of these lawsuits are as follows:

All amounts in thousands of reais, unless otherwise indicated

IV) Tax lawsuits:

Consolidated

Subject		Number of proceedings	Stage: Adminis-trative	Trial court	Lower court	Higher court	Total
(i)	Social security contribution	19	57,578	11,653			69,231
(ii)	Negative balance of IRPJ	7	3,755	709	797	1,350	6,611
(iii)	Offset of credits - PIS	2	3,429		1,578		5,007
(iv)	Offset of federal taxes	4	1,189	729	1,326		3,244
(v)	Other tax cases	47	9,452	205	1,386	526	11,569
		79	75,403	13,296	5,087	1,876	95,662

In addition, in accordance with the terms of the withdrawal from Copersucar, the Company, USM and USL remain liable for the payment of any obligations, proportionate to their interest in Copersucar in each harvest, which result from tax assessments that may arise or that relate to periods in which the Company and its subsidiaries were cooperative members. The State Finance authorities have issued tax assessments against Copersucar, with respect to Value-added Tax on Sales and Services (ICMS) on fuel and industrial alcohol sales made by Copersucar up to December 31, 2008, as principal taxpayer or substitute taxpayer of the distribution companies. The adjusted amount calculated proportionately to the Company's and its subsidiaries' interest in the Cooperative amounts to R$ 36,063. The legal counsel assesses these proceedings as a possible loss.

Copersucar believes it has strong arguments to successfully defend the fines imposed by the State Finance Departments during tax audits.

V) Civil lawsuits:

Consolidated

Subject	Number of proceedings	Stage: Adminis-trative	Trial court	Lower court	Higher court	Total
Environmental	111	1,240	5,747	964	3,170	11,121
Civil						
Indemnities	33		2,841	336		3,177
Review of contracts	12			28		28
Rectification of area and real estate registration	1					
Permits for obtaining Mining Research License	6					
	163	1,240	8,588	1,328	3,170	14,326

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

All amounts in thousands of reais, unless otherwise indicated

25 FINANCIAL INSTRUMENTS

25.1 General considerations of risk management

The Company and its subsidiaries have policies and procedures to manage, through the use of financial instruments, the market risks related to foreign exchange variations and the volatility of the sugar price in the international commodities market, which are inherent to their business. These policies are monitored by management and approved by the Board of Directors and include: (a) management and continuous monitoring procedures on the exposure levels in terms of sales volumes contracted; (b) estimates of the value of each risk based on the established limits of foreign exchange exposure and sales prices of sugar; and (c) estimates of future cash flows and definition of approval limits to enter into derivative instruments designed to protect product prices and hedge sales performance against foreign exchange rate fluctuations and volatility in sugar prices.

In accordance with such policies, the derivative financial instruments are only contracted for the purpose of pricing and hedging the companies' sugar export transactions against foreign exchange risks and sugar price fluctuations in the international market. The contracted transactions do not exceed sales values and volumes to be delivered to customers and the purpose of the transaction entered into is to ensure minimum profitability levels on the future sales. No transactions with financial instruments are carried out for speculative purposes or to hedge financial assets or liabilities.

The Company and its subsidiaries actively manage the contracted positions, so that adjustments may be made in response to market conditions, operating mainly in the futures and options market of the New York Intercontinental Exchange (ICE Futures US).

The changes in fair value of contracted derivative financial instruments were recorded in the results of operations of the quarter ended December 31, 2009 and 2008.

The balances of assets and liabilities at December 31 and September 30, 2009 relating to transactions involving derivative financial instruments are as follows:

	Parent Company		Consolidado	
	12/31/2009	9/30/2009	12/31/2009	9/30/2009
Margin deposits	7,868	8,154	10,261	12,966
Potential results - options and futures - sugar	(8,439)	(6,875)	(9,487)	(9,759)
Potential results - forward contracts - foreign exchange	1,217	802	9,933	13,762
Potential results - forward contracts - sugar	(14,023)		(24,988)	
	(13,377)	2,081	(14,281)	16,969
Assets - current assets	1,217	2,081	11,446	16,969
Liabilities - current liabilities	(14,594)		(25,727)	
	(13,377)	2,081	(14,281)	16,969

All amounts in thousands of reais, unless otherwise indicated

Margin deposit balances refer to funds maintained in current accounts with the brokers to cover the initial margins established by the Commodities Exchange in which contracts are entered into, to collateralize outstanding contracts, and net remittances related to daily adjustments resulting from fluctuations in contract prices in the futures and options market.

Sugar future and option contract balances refer to the cumulative negative difference between the fair value and notional amounts of derivative financial instruments, under future and option contracts.

Forward contract balances payable - foreign exchange - refer to the cumulative positive difference between the fair value and the notional amounts of derivative financial instruments, under forward foreign exchange contracts.

Sugar forward contract balances receivable refer to the cumulative negative difference between the fair value and the notional amounts of derivative financial instruments, under commodity future contracts.

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

The results of operations involving derivative financial instruments that affected the statement of income in the quarters ended December 31, 2009 and 2008, were:

	12/31/2009		12/31/2008	
Contracts tied to product:	**Parent Company**	**Consolidated**	**Parent Company**	**Consolidated**
Futures contracts	(2,147)	(3,395)	(1,842)	546
Options	448	886	4,813	6,338
Forward contracts	(14,090)	(25,055)		
Commissions and brokerage fees	(52)	(82)	(5)	(61)
Foreign exchange variations	(34)	(80)	171	1,804
	(15,875)	(27,726)	3,137	8,627
Contracts tied to currency:				
Forward contracts	1,671	3,915	(4,048)	(20,357)
Net effect	(14,204)	(23,811)	(911)	(11,730)
Effect on the statement of income captions:				
Financial income	5,987	11,094	3,848	7,978
Financial expenses	(20,157)	(34,825)	(4,925)	(21,451)
Monetary and exchange variation gains			190	1,823
Monetary and foreign exchange variation losses	(34)	(80)	(19)	(19)
General and administrative expenses			(5)	(61)
	(14,204)	(23,811)	(911)	(11,730)

All amounts in thousands of reais, unless otherwise indicated

The analysis of the derivative financial instruments, by nature of the risk covered, at December 31 and September 30, 2009, is as follows:

25.1.a) Futures and options contracts:

Parent Company	12/31/2009					9/30/2009				
Instruments	Volume (Metric Ton)	Average strike price (¢/lb)	Notional amount	Fair value	Payable/ receivable	Volume (Metric Ton)	Average strike price (¢/lb)	Notional amount	Fair value	Payable/ receivable
Options Contracts:										
Selling position - holder										
Call purchase maturing in March 2010	50,800	22.25	4,807	10,160	5,353	25,400	19.50	3,605	6,482	2,877
Written position - sale										
Call sale maturing in March 2010	86,157	22.89	4,834	15,504	(10,670)	60,757	21.80	3,602	12,359	(8,757)
Futures Contracts:										
Purchase position maturing in Oct 2010	80,010	22.53	69,190	78,773	9,583	25,400	22.90	22,802	25,282	2,480
Selling position maturing in Oct 2010	119,583	22.09	101,416	114,121	(12,705)	25,400	21.90	21,807	25,282	(3,475)
Total potential gain / (loss)					(8,439)					(6,875)

Consolidated	12/31/2009					9/30/2009				
Instrumentos	Volume (Metric Ton)	Average strike price (¢/lb)	Notional amount	Fair value	Payable/ receivable	Volume (Metric Ton)	Average strike price (¢/lb)	Notional amount	Fair value	Payable/ receivable
Options contracts:										
Selling position - holder:										
Put purchase maturing in March 2010	2,540	18.50	183	4	(179)	2,540	18.50	187	46	(141)
Purchase position - holder:										
Call purchase maturing in March 2010	65,024	21.66	6,023	14,227	8,204	39,624	19.52	4,846	10,090	5,244
Written position - purchase:										
Put sale maturing in March 2010	16,764	16.73	428	11	417	16,764	16.73	437	156	281
Writtent position - sale:										
Call sale maturing between March and May 2010	102,921	22.77	5,876	18,752	(12,876)	77,521	21.88	4,666	15,473	(10,807)
Futures Contracts:										
Purchase position maturing between March and October 2010	80,010	22.53	69,190	78,773	9,583	25,400	22.90	22,802	25,282	2,480
Selling position maturing between March and October 2010	138,633	22.05	117,337	131,973	(14,636)	40,640	21.11	33,635	40,451	(6,816)
Total potential loss					(9,487)					(9,759)

The operations listed above are of the following types:

a) Put purchase options - purchase of put options that grant the Company the right, but not the obligation, to sell at a previously established price.

b) Call purchase options - purchase of call options that grant the Company the right, but not the obligation, to purchase at a previously established price.

c) Call sales options - sale of call options under which the Company has the obligation to sell at the agreed price at the buyer’s discretion.

d) Put sales options - sale of put options under which the Company has the obligation to sell at the agreed price at the buyer’s discretion.

All amounts in thousands of reais, unless otherwise indicated

25.1.b) Foreign currency forward contracts (NDF counter – Clearing House for the Custody and Financial Settlement of Securities - CETIP):

Parent Company - 12/31/2009

Maturity	Position	US$ thousand	Average fixed rate - R$/US$ 1	Notional amount - R$ thousand	Fair value - R$ thousand	Accumulated effect R$ thousand
Mar-10	Sold	1,500	2.0910	3,137	2,671	466
Jun-10	Sold	6,847	1.8204	12,465	12,316	149
Jul-10	Sold	4,057	1.8308	7,427	7,346	81
Aug-10	Sold	10,537	1.8448	19,439	19,221	218
Sep-10	Sold	5,977	1.8535	11,078	10,982	96
Oct-10	Sold	9,925	1.8582	18,443	18,359	84
Nov-10	Sold	18,300	1.8691	34,205	34,082	123
		57,143				1,217

Consolidated - 12/31/2009

Maturity	Position	US$ thousand	Average fixed rate - R$/US$ 1	Notional amount - R$ thousand	Fair value - R$ thousand	Accumulated effect R$ thousand
Jan-10	Sold	6,700	2.2927	15,361	11,740	3,621
Feb-10	Sold	7,675	1.9878	15,257	13,523	1,734
Mar-10	Sold	8000	2.2178	17744	14242	3,502
Apr-10	Sold	2,750	1.8390	5,057	4,885	172
Jun-10	Sold	8,767	1.8212	15,967	15,770	197
Jul-10	Sold	7,063	1.8292	12,919	12,788	131
Aug-10	Sold	20,714	1.8392	38,098	37,779	319
Sep-10	Sold	8,777	1.8518	16,253	16,126	127
Oct-10	Sold	21,982	1.8529	40,730	40,654	76
Nov-10	Sold	28,639	1.8669	53,468	53,332	136
Jan-11	Sold	13,241	1.8823	24,924	25,006	(82)
		134,308				9,933

Parent Company - 9/30/2009

Maturity	Position	US$ thousand	Average fixed rate - R$/US$ 1	Notional amount - R$ thousand	Fair value - R$ thousand	Accumulated effect R$ thousand
Oct-09	Sold	2,050	1.9840	4,067	3,645	422
Mar-10	Sold	1,500	2.0910	3,137	2,757	380
		3,550				802

All amounts in thousands of reais, unless otherwise indicated

					Consolidated -	9/30/2009
Maturity	Position	US$ thousand	Average fixed rate - R$/US$ 1	Notional amount - R$ thousand	Fair value - R$ thousand	Accumulated effect R$ thousand
Oct-09	Sold	8,139	2.2433	18,259	14,495	3,764
Nov-09	Sold	4,900	2.2837	11,190	8,783	2,407
Dec-09	Sold	389	2.1340	829	699	130
Jan-10	Sold	6700	2.2927	15,361	12,182	3,179
Feb-10	Sold	5,000	2.0775	10,388	9,125	1,263
Mar-10	Sold	8,000	2.2178	17,742	14,723	3,019
		33,128				13,762

The counterparties of the forward contracts are the financial institutions: Bradesco, Citibank, HSBC Bank Brasil , Santander, Rabobank and Itaú BBA.

25.1.c) Sugar forward contracts "sugar 11" (NDF counter – Clearing House for the Custody and Financial Settlement of Securities - CETIP):

					Parent Company -	12/31/2009
Maturity	Position	Lots	Average fixed price (¢/lb)	Notional amount - R$ thousand	Fair value - R$ thousand	Accumulated effect R$ thousand
Mar-10	Sold	80	22.90	3,573	4,204	(631)
May-10	Sold	540	21.81	22,965	26,558	(3,593)
Jul-10	Sold	1,213	20.59	48,707	54,417	(5,710)
Oct-10	Sold	960	19.71	36,898	40,847	(3,949)
Mar-11	Sold	100	20.30	3,960	4,100	(140)
		2,893				(14,023)

					Consolidated -	12/31/2009
Maturity	Position	Lots	Average fixed price (¢/lb)	Notional amount - R$ thousand	Fair value - R$ thousand	Accumulated effect R$ thousand
Mar-10	Sold	130	23.23	5,889	6,831	(942)
May-10	Sold	765	21.84	32,584	37,624	(5,040)
Jul-10	Sold	2,214	20.52	88,582	99,320	(10,738)
Oct-10	Sold	2,146	19.88	83,191	91,318	(8,127)
Mar-11	Sold	100	20.30	3,959	4,100	(141)
		5,355				(24,988)

The counterparties of the forward contracts are the financial institutions: Citibank, Rabobank and Itaú BBA.

25.2 Fair value measurement

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

25.3 Margin deposits

In order to comply with the guarantees required by derivative exchanges for certain derivative transactions, the Company and its subsidiaries maintained a margin of R$ 10,261 as guarantee.

25.4 Future price risk

At December 31, 2009, 216,103 metric tons of sugar were hedged by sales contracts for future delivery scheduled for the period between March 2010 and March 2011, priced at an average of 19.83 ¢/lb (cents per pound weight) with the New York - ICE Futures US Exchange.

25.5 Financial investments

Financial investments consist principally of repurchase agreements backed by government securities and fixed-income funds, indexed to the Interbank Deposit Certificates (CDI) interest rate, with high liquidity and trading on the market, entered into with financial institutions that meet the Company's and subsidiaries' risk assessment criteria.

25.6 Assets and liabilities subject to foreign exchange variation

The table below summarizes foreign currency-denominated assets and liabilities (in US dollars - US$), recorded in the consolidated balance sheet at December 31, 2009:

All amounts in thousands of reais, unless otherwise indicated

	Consolidated - 12/31/2009	
Current assets	**R$ thousand**	**Thousands of US$ equivalents**
Cash and banks	77,614	44,595
Financial investments	763	438
Trade accounts receivable	18,775	10,788
Derivative financial instruments	11,446	6,577
Total assets	108,598	62,398
Liabilities		
Current:		
Loans and financing	(209,814)	(120,500)
Derivative financial instruments	(25,727)	(14,775)
Other liabilities	(3,119)	(1,791)
Non-current:		
Loans and financing	(206,113)	(118,374)
Other liabilities	(12,477)	(7,166)
Total liabilities	(457,250)	(262,606)
Net exposure - liabilities	(348,652)	(200,208)

These assets and liabilities were adjusted and recorded in the financial statements at December 31, 2009 at the exchange rate in effect on that date, of R$ 1.7404 per US$ 1.00 for assets and R$ 1,7412 per US$ 1.00 for liabilities.

The balance of short-term loans and financing, totaling R$ 209,814, refers basically to Advances on Foreign Exchange Contracts (ACC), maturing in January and September 2010, tied to product exports. The balance of long-term loans and financing, of R$ 206,113, refers to a US dollar-denominated export prepayment loans, raised by USM with international financial institutions, maturing in five (5) years.

As the above agreements will be settled through product exports, the Company’s management believes that these transactions represent a natural hedge and thus the foreign exchange variations will only have a timing effect on the statements of income, without a corresponding effect on the companies’ cash flows.

Considering the strategy mentioned in the above paragraph and the net liability exposure detailed in the table of this explanatory note and the buying exchange rate of R$ 1,8542 per US dollar and the selling rate of R$ 1,8550 per US dollar at February 9, 2010, the exchange rate restatement expense that will affect the Company’s results of operations from January 1 to February 9, 2010 will be approximately R$ 15,037, consolidated, net of tax effects.

All amounts in thousands of reais, unless otherwise indicated

25.7 Sensitivity analysis

In accordance with CVM Instruction No. 475, the sensitivity analysis below has been prepared by the Company showing the effects of changes in the fair values of financial instruments relating to pricing and hedging against foreign exchange rate fluctuations and of other financial assets and liabilities in foreign currency at December 31, 2009, considered by management as the major risk to which the Company is exposed. This analysis considers management expectations with respect to the future scenario projected. For this reason, this analysis has not been reviewed by the independent auditors.

Parent Company:		Probable scenario		Possible scenarios	
Transaction	Risk	Average rate/ price	Effect on the statement of income and cash flows	Deterioration 25%	Deterioration 50%
Cash and banks	US$ devaluation	R$ 1,75	195	(8,713)	(17,622)
Trade accounts receivable	US$ devaluation	R$ 1,75	33	(1,475)	(2,984)
Short and long-term loans and financing	US$ appreciation	R$ 1,75	(254)	(12,866)	(25,478)
Forward contracts - foreign currency - NDF	US$ appreciation	R$ 1,75	6,193	(18,807)	(43,807)
Forward contracts - sugar - NDF	Increase in the commodity price	24,12 ¢/lb	(5,819)	(39,819)	(73,819)
Futures market - purchase	Decrease in the commodity price	22,53 ¢/lb	6,316	3,812	(17,063)
Futures market - sale	Increase in the commodity price	21,09 ¢/lb	(7,513)	(37,923)	(68,333)
"Call" sale	Increase in the commodity price	22,89 ¢/lb	(6,012)	(11,391)	(16,770)
"Call" purchase	Decrease in the commodity price	22,25 ¢/lb	3,725	254	(3,218)

All amounts in thousands of reais, unless otherwise indicated

Consolidated:		Probable scenario		Possible scenarios	
Operation	**Risk**	**Average rate/ price**	**Effect on the statement of income and cash flows**	**Deterioration 25%**	**Deterioration 50%**
Cash and banks	US$ devaluation	R$ 1,75	394	(17,557)	(35,508)
Financial investments	US$ devaluation	R$ 1,75	4	(188)	(380)
Trade accounts receivable	US$ devaluation	R$ 1,75	104	(4,616)	(9,336)
Short and long-term loans and financing	US$ appreciation	R$ 1,95	(49,244)	(163,985)	(278,727)
Accounts payable	US$ appreciation	R$ 2,00	(2,298)	(6,772)	(11,245)
Forward contracts - foreign currency - NDF	US$ appreciation	R$ 1,75	20,736	(38,023)	(96,783)
Forward contracts - sugar - NDF	Increase in the commodity price	23,83 ¢/lb	(9,426)	(71,607)	(133,789)
Futures market - purchase	Decrease in the commodity price	22,53 ¢/lb	6,316	3,812	(17,063)
Futures market - sale	Increase in the commodity price	22,05 ¢/lb	(8,459)	(43,569)	(78,678)
"Call" sale	Increase in the commodity price	22,77 ¢/lb	(7,347)	(13,872)	(20,396)
"Call" purchase	Decrease in the commodity price	21,66 ¢/lb	4,985	182	(4,621)
"Put" sale	Increase in the commodity price	16,73 ¢/lb	5	3	2
"Put" purchase	Decrease in the commodity price	18,50 ¢/lb	(3)	(3)	(3)

26 OTHER INCOME (EXPENSES), NET

In the quarter and nine-month period ended December 31, 2009, the caption Other income (expenses), net, is impacted by the effects of the application to the REFIS program enacted by Law 11941/09, as mentioned in Note 17.

For the quarter ended December 31, 2008, the caption Other income (expenses), net, is impacted by income of R$ 6,349 in the parent company and R$ 23,037 consolidated, transferred by Copersucar, relating to the amount attributable to the Company, USM and USL in the reversal of the provisions for PIS and COFINS contributions charged on financial income that was recorded at the time in which they were cooperative members, due to the favorable outcome of the related lawsuit. This amount, which has been restated by the SELIC rate, had as contra entry non-current assets, for future offset against liabilities due to the Cooperative, duly recorded in the Quarterly Information.

All amounts in thousands of reais, unless otherwise indicated

27 FINANCIAL INCOME (EXPENSES)

	Parent Company		Consolidated	
Financial income	**12/31/2009**	**12/31/2008**	**12/31/2009**	**12/31/2008**
Interest income	138	493	737	5,186
Gains on derivatives	5,987	3,848	11,094	7,978
Other income	21	80	280	295
	6,146	4,421	12,111	13,459
Financial expenses				
Interest expense	(3,698)	(3,985)	(16,292)	(34,648)
Losses on derivatives	(20,157)	(4,925)	(34,825)	(21,451)
Other expenses	(545)	(167)	(2,208)	(677)
	(24,400)	(9,077)	(53,325)	(56,776)
Monetary and foreign exchange variations				
Gains	2,281	1,968	16,057	17,280
Losses	(2,247)	(3,440)	(9,579)	(64,756)
	34	(1,472)	6,478	(47,476)
Net financial results	(18,220)	(6,128)	(34,736)	(90,793)

* * *

São Martinho

3Q10

Results

2009/2010 Harvest Year

SÃO MARTINHO POSTS NET INCOME OF R$ 23.1 MM IN 3Q10

São Paulo, February 10, 2010 – 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 third quarter of 2010 (3Q10) in the 2009/10 harvest year.

HIGHLIGHTS

- The São Martinho Group posted net revenue growth of 46.8% in 3Q10 versus 3Q09, reflecting better sugar and ethanol prices combined with the higher sales of both products. As a result, the group's Adjusted EBITDA in 3Q10 was R$ 122.8 million (for adjusted EBITDA margin of 37.9%), an increase of 90.6% from 3Q09;

- In fiscal 9M10, adjusted EBITDA was R$ 243.5 million (with adjusted EBITDA margin of 29.4%), an increase of 115.9% from 9M09. In the same period, our sugar and U.S. dollar pricing strategy, which boosted our net income by R$ 20.9 million, increased our EBITDA after hedge effects (EBITDA hedge) to R$ 264.4 million;

- We crushed a total of 12.9 million tons of sugarcane in the 2009/10 harvest year, for an increase of 7.7% on the previous season. The three units combined allocated approximately 42% of their mix to sugar production and 58% to ethanol production;

- Net Income in 3Q10 was R$ 23.1 million, which represents significant improvement from the loss of R$ 36.3 million in 3Q09. Note that Net Income in 3Q10 was negatively impacted by nonrecurring financial expenses of R$ 21.1 million related to the marking to market of our sugar and U.S. dollar hedge positions;

- On Dec. 31, 2009, the São Martinho Group had sugar price hedges for 546,760 metric tons, of which 168,097 were related to sugar already produced in the 2009/10 harvest year and 378,663 tons to sugar that will be produced in the 2010/11 harvest year. Based on our expectations of producing approximately 840,000 tons of sugar in the 2010/11 harvest year, at the close of 3Q10 we had already hedged roughly 45% of the harvest;

- On Dec. 3, 2009, we announced a preliminary agreement for the creation of a joint venture with Amyris Biotecnologies Inc to build a specialty chemicals plant at the Boa Vista Mill. As part of the same transaction, Amyris pledged to acquire 40% of the Boa Vista Mill for R$ 140 million and to secure 40% of this unit's debt. The signing of the final agreement is expected within the next few months.

3Q10 Earnings Conference Call

Portuguese
February 12, 2010
2:00 pm (Brasília)
11:00 am (U.S. EST)
Phone: +55 (11) 2188-0188
Code: São Martinho
Replay: +55 (11) 2188-0188
Webcast with Slides:
www.saomartinho.ind.br/ri

English
February 12, 2010
3:30 pm (Brasília)
12:30 pm (U.S. EST)
Phone: +1 (973) 935-8893
Code: 55211999
Replay: +1 (706) 645-9291
Webcast with Slides:
www.saomartinho.ind.br/ir

Investor Relations

João Carvalho do Val
CFO and IRO

Felipe Vicchiato
IR Manager

Alexandre Gorla
IR Analyst

Phone: + 55 (11) 2105-4100
E-mail: ri@saomartinho.ind.br
IR Website: www.saomartinho.ind.br/ir

SMTO3 NOVO MERCADO BM&FBOVESPA

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R$ Thousand)	3Q10	3Q09	Chg. (%)	9M10	9M09	Chg. (%)
São Martinho - Consolidated						
Gross Revenue	353,399	246,766	43.2%	902,816	567,444	59.1%
Net Revenue	324,157	220,816	46.8%	827,909	507,185	63.2%
Adjusted EBITDA	122,787	64,412	90.6%	243,484	112,768	115.9%
EBITDA Margin	37.9%	29.2%	8.7 p.p.	29.4%	22.2%	7.2 p.p.
Hedge Result	(21,065)	n.m.	n.m.	20,924	n.m.	n.m.
Hedge EBITDA	101,722	n.m.	n.m.	264,408	n.m.	n.m.
Hedge EBITDA Margin	31.4%	n.m.	n.m.	31.9%	n.m.	n.m.
Consolidated Balance Sheet Indicators						
Total Assets	3,416,373	3,389,827	0.8%	3,416,373	3,389,827	0.8%
Shareholders' Equity	1,629,165	1,542,125	5.6%	1,629,165	1,542,125	5.6%
EBITDA (LTM)	320,507	175,379	82.8%	320,507	175,379	82.8%
Net Debt	953,006	998,543	-4.6%	953,006	998,543	-4.6%
Net Debt / EBITDA (LTM)	2.97 x	5.69 x		2.97 x	5.69 x	
Net Debt / Shareholders' Equity	58%	65%		58%	65%	

OPERATING DATA	9M10	9M09	Chg. (%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	12,923	12,001	7.7%
Own	7,584	7,212	5.2%
Third Parties	5,339	4,789	11.5%
Mechanized Harvest	84.4%	81.4%	3.0 p.p
Production			
Sugar ('000 tons)	702	555	26.5%
Anhydrous Ethanol ('000 m^3)	226	287	-21.2%
Hydrous Ethanol ('000 m^3)	367	387	-5.1%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	231	161	43.4%
Energy ('000 MWh)	159	89	77.7%

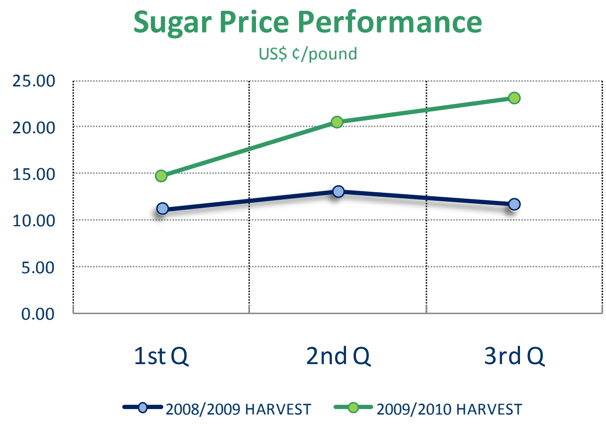
Despite unfavorable weather conditions, the São Martinho Group was able to crush 12.9 million metric tons of sugarcane in the 2009/10 harvest year, 7.7% more than in the previous season. This volume of sugarcane represented 59% of its total supply, with the remainder acquired from third parties (suppliers).

We opted to allocate our mix to boost sugar production, ending the harvest year with sugar production of 702,000 metric tons, which represents an increase of 26.5% from the previous harvest year. Ethanol production, on the other hand, contracted by 81,000 m^3 from the 2008/09 harvest year, primarily reflecting the lower TRS resulting from the unfavorable weather.

INDUSTRY OVERVIEW – SUGAR

AVERAGE PRICES - SUGAR	3Q10	3Q09	Chg. (%)	9M10	9M09	Chg. (%)
Market Prices						
Dollar	1.74	2.28	-23.6%	1.89	1.87	1.2%
NY11 Cents / Pound	23.11	11.61	99.1%	19.48	11.96	62.9%
NY11 R$ / Ton	886.00	582.62	52.1%	812.60	492.74	64.9%
Sugar ESALQ Net R$ / Sack	48.08	26.13	84.0%	41.70	24.35	71.2%

During 3Q10, the NY11 international sugar price set new records in the historical data series, especially as of the second half of December 2009, with the average sugar price increasing 99.1% from 3Q09 to US$ 23.11 cents/pound. The 23.6% appreciation in the Brazilian real against the U.S. dollar in the same comparison period adversely affected gains for Brazilian producers, which nevertheless still saw sugar prices climb by 52.1% in BRL terms from a year earlier.



In the comparison of 9M10 vs. 9M09, the exchange rate remained virtually stable, with the BRL strengthening a slight 1.2% against the USD. This led sugar prices in BRL to increase by 64.9% for local producers, reflecting the sharp hike of 62.9% in sugar prices in USD terms from the previous season.

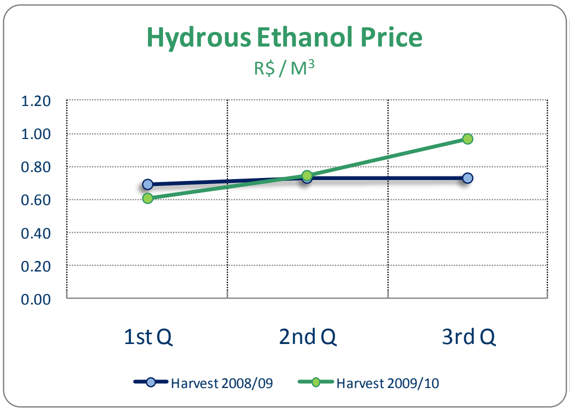
This robust recovery in sugar prices was supported by the second straight year of shortfalls in the world sugar market, basically due to the combination of: 1) Indian sugar production some 30% below the country's consumption of the commodity; and 2) the lower-than-expected growth in Brazilian sugar production caused by the heavy rains in the Center-South region.

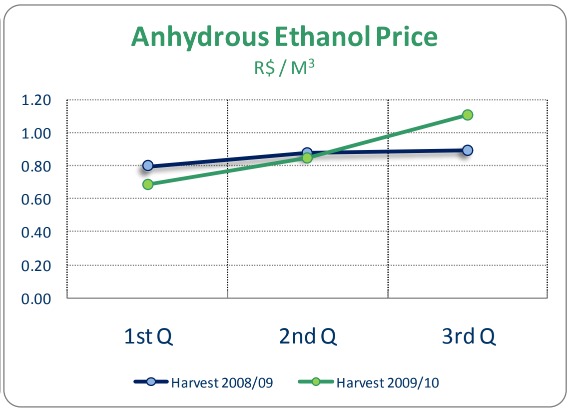
At the start of the 2009/10 harvest year, the Center-South region was expected to produce 31.2 million metric tons of sugar, which would represent growth of over 4 million tons from the previous season. However, due to the unfavorable weather, actual production growth was only 1.7 million metric tons.

We believe Brazil's Center-South region could increase its sugar output by approximately 4 million metric tons in the 2010/11 harvest year. The main drivers of this sharp increase should be higher sugarcane crushing volume and improvement in TRS. Moreover, India's sugar production is expected to rebound to 20 million metric tons, thereby reducing its sugar import needs. These expectations are partially reflected in sugar futures contracts, with discounts of up to 800 points in shorter-dated (Mar/10 and May/10) contracts compared with longer-dated (Oct/10 and Mar/11) contracts.

INDUSTRY OVERVIEW - ETHANOL

AVERAGE PRICES - ETHANOL	3Q10	3Q09	Chg. (%)	9M10	9M09	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R$ / m^3	1,107.49	895.50	23.7%	886.18	857.71	3.3%
Hydrous ESALQ, Net DM - R$ / m^3	966.66	733.08	31.9%	775.54	717.29	8.1%





In 3Q10, hydrous and anhydrous ethanol prices increased by 31.9% and 23.7% from 3Q09, respectively, reflecting the lower production volume in Brazil's Center-South region. In 9M10, prices increased by only 3.3% for anhydrous ethanol and 8.1% for hydrous ethanol, with the average of these two prices following the path of inflation very closely.

The sharp increase in ethanol prices as of 3Q10 was due to the higher demand for hydrous ethanol at the start of the harvest year, combined with the lower supply of the product, which is basically explained by the atypical rainfall in the Center-South region after July 2009.

The unfavorable weather conditions had a significant adverse affect on the quality of the sugarcane and the quantity of cane processed, with a direct impact on the volume of ethanol produced. As a result, the Center-South ended the 2009/10 harvest year with ethanol output of approximately 22.9 billion liters, down 7.54% from the previous season.

In addition, due to the strong rally in sugar prices since the start of the harvest year, mills with flexible operations opted to prioritize sugar production at the expense of ethanol production.

Meanwhile, the robust growth in ethanol demand was supported by: 1) the higher sales of flex-fuel vehicles in 2009, with more than 2 million of these vehicles added to the fleet in the period; and 2) the strong growth in hydrous ethanol consumption in the first few months of 2009, as a result of the lower prices of this product at the pump.

For the coming harvest, we expect Brazil's Center-South region to expand its ethanol production by approximately 3.0 billion liters, reestablishing a balance in the market. The main drivers of this substantial increase should be higher sugarcane crushing volume and improvement in TRS.

FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	3Q10	3Q09	Chg. (%)	9M10	9M09	Chg. (%)
R$ Thousand						
Domestic Market	**184,238**	**133,551**	**38.0%**	**408,749**	**333,803**	**22.5%**
Sugar	11,847	6,941	70.7%	33,833	15,421	119.4%
Hydrous Ethanol	95,506	58,648	62.8%	202,467	155,417	30.3%
Anhydrous Ethanol	59,770	53,022	12.7%	119,533	123,109	-2.9%
Energy	7,862	7,017	12.0%	22,301	15,552	43.4%
Other	9,253	7,921	16.8%	30,615	24,303	26.0%
Export Market	**139,920**	**87,265**	**60.3%**	**419,160**	**173,381**	**141.8%**
Sugar	129,007	74,777	72.5%	349,152	124,991	179.3%
Hydrous Ethanol	4,642	4,517	2.8%	36,675	8,621	325.4%
Anhydrous Ethanol	1,699	2,691	-36.9%	21,423	29,098	-26.4%
RNA	4,571	5,279	-13.4%	11,910	10,672	11.6%
Net Revenue	**324,157**	**220,816**	**46.8%**	**827,909**	**507,185**	**63.2%**
Sugar	140,854	81,719	72.4%	382,985	140,412	172.8%
Hydrous Ethanol	100,148	63,165	58.5%	239,141	164,038	45.8%
Anhydrous Ethanol	61,469	55,714	10.3%	140,957	152,207	-7.4%
RNA	4,571	5,279	-13.4%	11,910	10,672	11.6%
Energy	7,862	7,017	12.0%	22,301	15,552	43.4%
Other	9,253	7,921	16.8%	30,615	24,303	26.0%

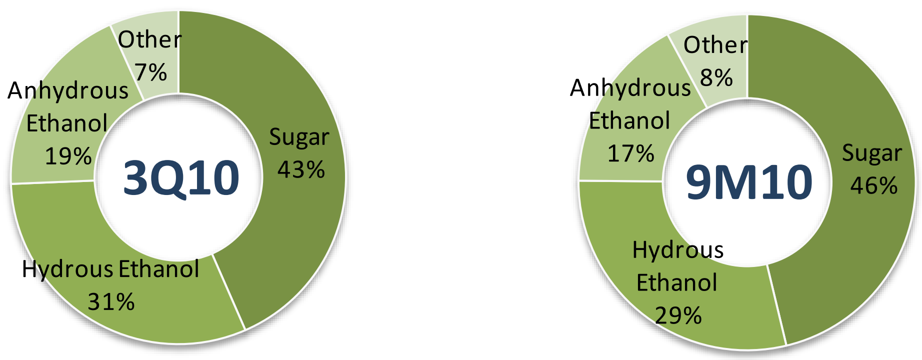
Net Revenue

The São Martinho Group posted Net Revenue growth of 46.8% in 3Q10 from 3Q09, reflecting the increases in sugar and ethanol sales volumes of 38.6% and 12% combined with the improvement in sugar and ethanol prices of 24.4% and 21.3%, respectively.

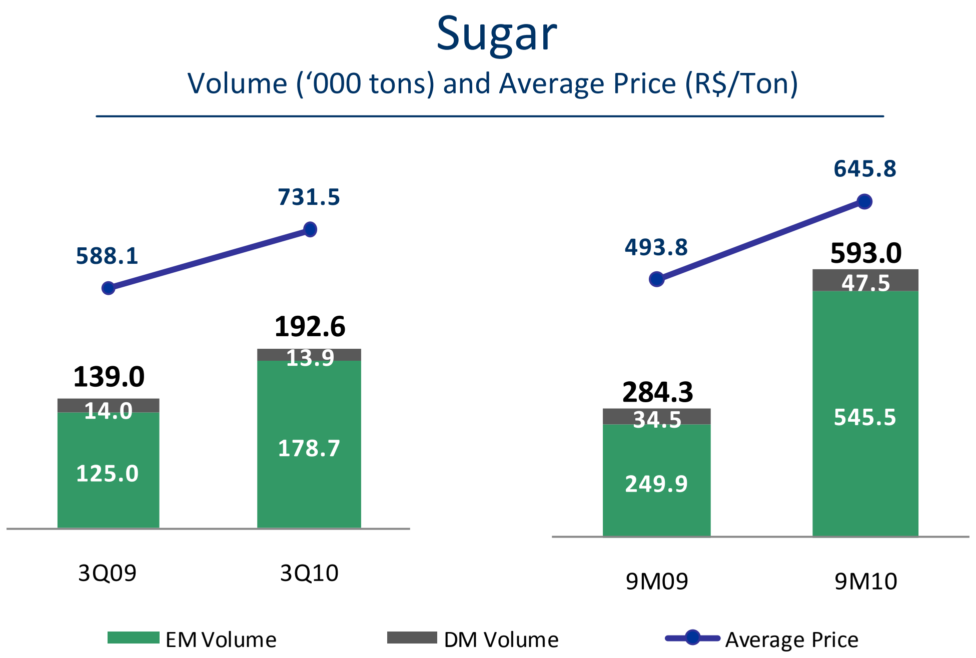
Year to date, net revenue increased by 63.2% in relation to 9M09, driven primarily by the increases in sugar sales prices and volume of 30.8% and 108.6%, respectively.

Breakdown – Net Revenue

3Q10 x 9M10



Sugar



Net revenue from sugar sales was R$ 140.8 million in 3Q10, an increase of 72.4% from R$ 81.7 million in 3Q09. The increase of 38.6% in sales volume and the higher prices in both the domestic and international markets were the key drivers of the strong net revenue growth.

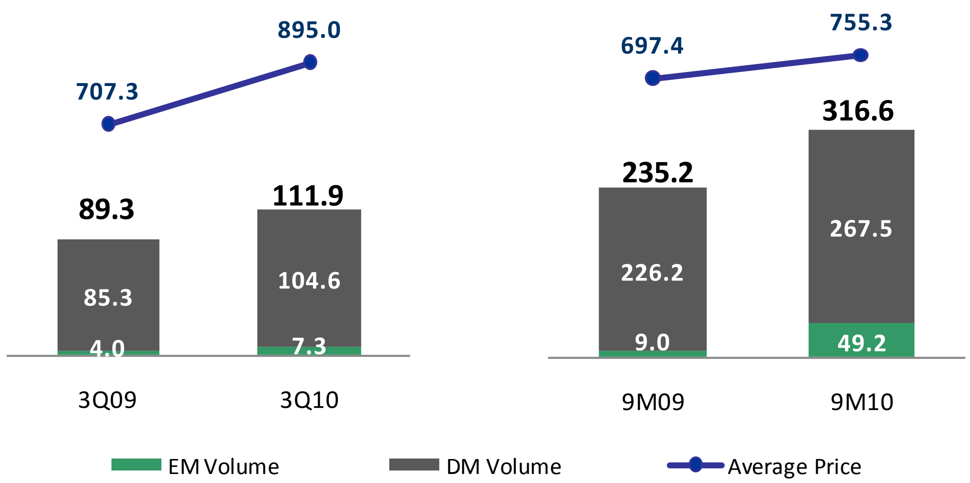
The average international sugar price stood at US$ 18.8 cents/pound in 3Q10, an increase of 58.0% in relation to 3Q09.

Remember that the sugar sales volume in 3Q10 was hedged mainly at prices quoted for October 2009, for which the average price was US$ 15.30 cents/pound. Consequently, the São Martinho Group was able to outperform market prices by approximately 23% for these contracts.

Ethanol

Hydrous Ethanol

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



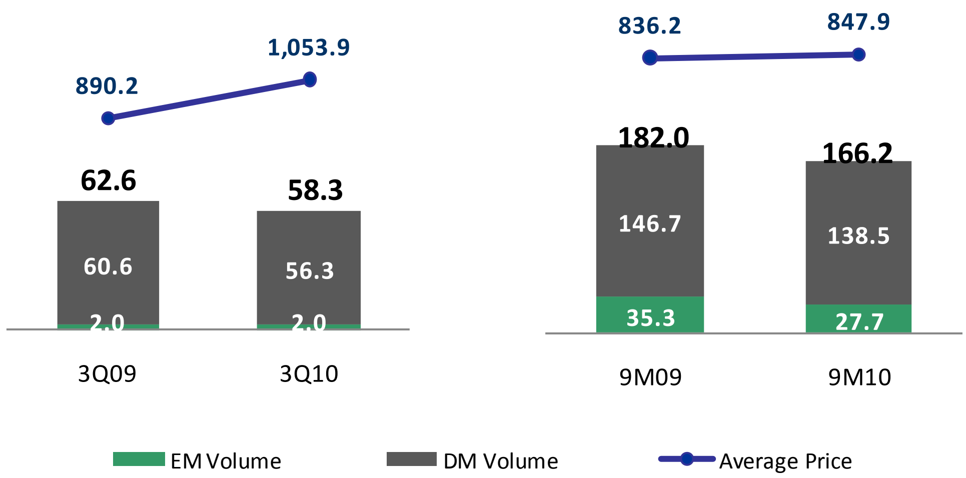
Net revenue from hydrous ethanol sales was R$ 100.1 million in 3Q10, increasing by 58.5% from 3Q09, driven by the higher sales volume (+25.3%) and price (+26.5%) in relation to 3Q09.

In 9M10, net revenue from hydrous ethanol sales increased by 45.8% to R$ 239.1 million. The improvement reflects the increases in sales volume and average price of 34.6% and 8.8%, respectively, from 9M09.

The increase in hydrous ethanol sales volume is directly related to the growth of more than 80% in crushing at the Boa Vista Mill in the 2009/10 harvest year in relation to the previous season. Since the unit's production capacity is exclusively aimed at hydrous ethanol production, the São Martinho Group was able to expand the availability of this product.

Anhydrous Ethanol

Volume ('000 m^3) and Average Price (R$/$m^3$)



Net revenue from anhydrous ethanol sales in the quarter totaled R$ 61.4 million in 3Q10, an increase of 10.3% in relation to 3Q09. The reduction of 6.8% in sales volume was offset by the increase of 18.4% in prices in the period.

In 9M10, net revenue from hydrous ethanol sales declined by 7.4% from 9M09, reflecting the lower sales volume (-8.7%) and the slight increase in sales price (+1.4%).

The lower sales volume was mainly due to the lower yields (lower sugarcane TRS) caused by the heavy rains that adversely affected the 2009/10 crop in the Center-South region.

Ribonucleic Acid (RNA) Sodium Salt

Net revenue from RNA sales was R$ 4.5 million in 3Q10, down 13.4% from 3Q09.

The result reflects both the 6.8% reduction in export volume and the 10% decrease in sales price, which ended up impacted by the local currency appreciation of 23.6% in the period.

Electric Power

In 3Q10, net revenue from electricity sales grew 12.0% from 3Q09, basically due to the higher volume co-generated and sold in the period, which reached 56,981 MWh, up 13.0% from 3Q09.

In 9M10, net revenue from electricity sales increased by 43.4% on a year earlier to R$ 22.3 million. Sales volume increased by 81.6%, reflecting the longer co-generation period at the Boa Vista Mill in the 2009/10 harvest year.

The price of electricity sales fell by 21.0%, impacted basically by the sales made in the energy spot market.

Other Products and Services

Net revenue from the "Other Products and Services" line totaled R$ 9.2 million in 3Q10 and R$ 30.6 million in 9M10, an increase of 16.8% and 26.0%, respectively, from the same periods a year earlier. The main impact was from the higher sales volume of inputs to sugarcane suppliers. In line with its policy of maintaining long-term relationships with its suppliers, the São Martinho Group occasionally buys high quantities of inputs and resells them to suppliers at cost.

INVENTORIES

Inventories	3Q10	3Q09	Chg. (%)
Sugar (tons)	250,102	275,888	-9.3%
Hydrous (m^3)	82,472	151,106	-45.4%
Anhydrous (m^3)	80,040	109,902	-27.2%

The decrease in ethanol inventories in 3Q10 from 3Q09 is directly related to the 12% decrease in ethanol production volume in the 2009/10 harvest year in relation to the 2008/09 harvest year.

The decrease in ethanol production was due to the prioritization of sugar production at our units with flexibility, combined with the lower sugarcane yield (lower TRS/ton) caused by the heavy rains in the Center-South region.

The decrease in sugar inventories is directly related to the strong sales volume in 9M10, which surpassed 590,000 metric tons, for an increase of 108.6% versus 9M09.

EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 3Q10	SUGAR	ETHANOL	OTHER	TOTAL
R$ Thousand				
Net Revenues	140,854	161,617	21,686	324,157
COGS (Cash)	(63,482)	(93,657)	(15,011)	(172,150)
Gross Profit (Cash)	77,372	67,960	6,675	152,007
Gross Margin (Cash)	54.9%	42.1%	30.8%	46.9%
Sales Expenses	(10,421)	(2,646)	(130)	(13,196)
G&A Expenses	(6,663)	(9,634)	(1,811)	(18,107)
Other Revenues (Expenses)	-	-	2,084	2,084
EBITDA	**60,288**	**55,681**	**6,818**	**122,787**
EBITDA Margin	**42.8%**	**34.5%**	**31.4%**	**37.9%**
EBITDA Cost (*)	**418.4**	**622.3**	**-**	**-**

(*) Sugar in R$/Ton
Ethanol in R$/$m^3$

EBITDA BY PRODUCT - 9M10	SUGAR	ETHANOL	OTHER	TOTAL
R$ Thousand				
Net Revenues	382,986	380,098	64,825	827,909
COGS (Cash)	(189,674)	(242,150)	(47,170)	(478,994)
Gross Profit (Cash)	193,312	137,948	17,655	348,915
Gross Margin (Cash)	50.5%	36.3%	27.2%	42.1%
Sales Expenses	(33,720)	(13,174)	(261)	(47,155)
G&A Expenses	(23,560)	(31,380)	(6,105)	(61,045)
Other Revenues (Expenses)	-	-	2,769	2,769
EBITDA	**136,032**	**93,394**	**14,059**	**243,484**
EBITDA Margin	**35.5%**	**24.6%**	**21.7%**	**29.4%**
EBITDA Cost (*)	**416.4**	**593.8**	**-**	**-**

(*) Sugar in R$/Ton
Ethanol in R$/$m^3$

In 3Q10, sugar accounted for 49% of the group's consolidated EBITDA, while ethanol and other products accounted for 45% and 6%, respectively. Sugar EBITDA margin was 42.8% in 3Q10, registering strong expansion from 2Q10 (31.8%). This margin expansion was directly related to the better sales price obtained in 3Q10, which reflects the hedging of positions at higher prices.

Ethanol EBITDA margin improved considerably to 34.5% in 3Q10 (21.7% in 2Q10), mainly driven by the 27% increase in average sales prices between 3Q10 and 2Q10. Ethanol EBITDA cost reached R$ 622.3/m3, increasing by 6.1% from 2Q10 (R$ 586.3/m^3). The higher ethanol EBITDA cost is mainly related to the lower production volume, which had a negative impact on the dilution of fixed product costs. In 9M10, sugar accounted for 56% of the group's consolidated EBITDA, while ethanol and other products accounted for 38% and 6%, respectively. The higher contribution from sugar is directly related to the product's higher profitability in all quarters reported.

COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	3Q10	3Q09	Chg. (%)	9M10	9M09	Chg. (%)
R$ Thousand						
Agricultural Costs	141,820	99,145	43.0%	387,186	230,502	68.0%
Suppliers	71,427	39,706	79.9%	179,472	94,209	90.5%
Partnerships	14,209	9,056	56.9%	37,964	19,513	94.6%
Own Sugarcane	56,183	50,383	11.5%	169,750	116,780	45.4%
Industrial	16,929	15,537	9.0%	50,267	36,545	37.5%
Other Products	13,401	12,955	3.4%	41,541	37,544	10.6%
Total COGS	**172,150**	**127,638**	**34.9%**	**478,994**	**304,591**	**57.3%**
TRS Sold (000 Tons)	494	407	21.3%	1,451	1,017	42.6%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	321	282	14.1%	301	262	14.8%

As shown above, Cash COGS in 3Q10 increased by 34.9% or R$ 44.5 million from 3Q09. The main factors were: 1) the increase of 21.3% in sales volume (in TRS equivalent); 2) the higher costs with sugarcane suppliers and the leasing/partnership of land, due to the 23.1% increase in the CONSECANA price in the period; and 3) the lower dilution of production fixed costs due to interruptions in crushing operations in 3Q10 due to the excessive rainfall.

SELLING EXPENSES

SELLING EXPENSES	3Q10	3Q09	Chg. (%)	9M10	9M09	Chg. (%)
R$ Thousand						
Port Costs	1,170	1,463	-20.0%	6,054	2,948	105.4%
Freight	10,933	8,610	27.0%	38,587	20,462	88.6%
Sales Commission	1,093	633	72.6%	2,514	1,576	59.5%
Selling Expenses	**13,196**	**10,706**	**23.3%**	**47,155**	**24,985**	**88.7%**
TRS Sold ('000 Tons)	494	407	21.3%	1,451	1,017	42.6%
% of Net Revenues	4.1%	4.8%	-0.8 p.p.	5.7%	4.9%	0.8 p.p.

The increase in selling expenses in 3Q10 from 3Q09 is explained exclusively by the growth in sugar export volumes of 43%.

Exports accounted for 43% of the São Martinho Group's net revenue in the quarter, compared with 40% in 3Q09. Since selling expenses are directly related to export volume, the Selling Expenses/Net Revenue ratio registered improvement between 3Q10 and 3Q09.

As was also the case in 3Q10, the strong increase in selling expenses in 9M10 from 9M09 is related to the increase of 118% in sugar export volume.

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH*)	3Q10	3Q09	Chg. (%)	9M10	9M09	Chg. (%)
R$ Thousand						
Personnel	7,510	6,090	23.3%	21,259	21,393	-0.6%
Taxes, Fees and Contributions	2,872	3,241	-11.4%	9,929	9,804	1.3%
Provisions for Contingencies	10	2,043	-99.5%	8,967	13,386	-33.0%
General and Third-Party Expenses	5,812	5,730	1.4%	15,215	17,057	-10.8%
Management Compensation	1,903	1,766	7.8%	5,675	6,678	-15.0%
Total General and Administrative Expenses	**18,107**	**18,870**	**-4.0%**	**61,045**	**68,318**	**-10.6%**

** Excluding Depreciation and Amortization.*

G&A expenses totaled R$ 18.1 million in 3Q10, down 4.0% from 3Q09, basically reflecting the decrease in the line Provision for Contingencies (- R$ 2.0 million).

In 9M10, there were reductions in almost all G&A expenses lines, as follows: Contingencies (- R$ 4.4 million), General and Third-Party Expenses (- R$ 1.8 million) and Management Compensation (- R$ 1.0 million). The decrease in G&A expenses is the result of the measures adopted at the start of the harvest year to improve our margins.

EBITDA

EBITDA RECONCILIATION	3Q10	3Q09	Chg. (%)	9M10	9M09	Chg. (%)
R$ Thousand						
Adjusted EBITDA	**122,787**	**64,412**	**90.6%**	**243,484**	**112,768**	**115.9%**
Adjusted EBITDA Margin	37.9%	29.2%	8.7 p.p.	29.4%	22.2%	7.2 p.p.
Non Recurring Operating Revenues (Expenses)	(1,993)	(25,564)	-92.2%	(2,743)	(30,928)	-91.1%
Non Cash Items Launched in the COGS	-	(4,804)	-100.0%	(6,313)	1,817	n.m.
EBITDA	**124,780**	**94,779**	**31.7%**	**252,540**	**141,879**	**78.0%**
EBITDA Margin	38.5%	42.9%	-4.4 p.p.	30.5%	28.0%	2.5 p.p.
(-) Depreciation and Amortization	(72,046)	(56,369)	27.8%	(192,481)	(138,285)	39.2%
(-) Financial Revenue (Expense), net	(34,736)	(90,793)	-61.7%	35,360	(160,644)	n.m.
(=) Operating Income	17,998	(52,383)	n.m.	95,419	(157,050)	n.m.

Adjusted EBITDA

The São Martinho Group recorded adjusted EBITDA in 3Q10 of R$ 122.8 million, up 90.6% from 3Q09. The main positive impacts came from sugar and ethanol, both of which registered increases in prices and sales volume, as detailed in the section "Net Revenue".

In 9M10, sugar sales remained the main product, representing 56% of consolidated Adjusted EBITDA, compared with only 38% for ethanol. This difference in the year-to-date result was primarily due to the low ethanol prices in 1Q10 and 2Q10.

EBITDA (Adjustment for Non-Cash Items)

The main adjustments made to EBITDA in 3Q10 are detailed below:

3Q10: Negative adjustment to EBITDA:

1) "Operating Revenue (Expenses) – non-cash: - R$ 1.9 million related to the reversal of a provision for tax contingencies given the São Martinho Group's participation in the renegotiation of tax liabilities in installments under the REFIS program - Law 11,491.

EBITDA HEDGE

The São Martinho Group hedged approximately US$ 254 million at an average exchange rate of R$ 1.97/US$ for its sugar and ethanol exports in the 2009/10 and 2010/11 harvest year through non-deliverable forwards (NDFs) and short-term debt (ACCs). On December 31, 2009, the marking to market of these transactions generated gains of R$ 69.2 million (in 9M10) and R$ 6.5 million (in 3Q10), which were recognized as financial income and foreign exchange gains.

On the same date, the marking to market of our sugar prices set through derivative instruments (see details in the "Sugar" section below) generated accounting expenses of R$ 48.3 million (in 9M10) and R$ 27.6 million (in 3Q10), which were recognized as financial expenses.

The table below details the composition of our EBITDA excluding the impacts of these positions at market value on December 31, 2009:

EBITDA HEDGE	1Q10	2Q10	3Q10	9M10
R$ Thousand				
Hedge EBITDA	67,880	94,806	101,722	264,408
Hedge EBITDA Margin	*31.2%*	*33.1%*	*31.4%*	*31.9%*
Hedge Result - Sugar	(6,683)	(14,011)	(27,645)	(48,340)
Hedge Result - Currency	30,368	32,315	6,580	69,263
Adjusted EBITDA	44,195	76,502	122,787	243,484
Adjusted EBITDA Margin	*20.3%*	*26.7%*	*37.9%*	*29.4%*

U.S. Dollar

On December 31, 2009, the São Martinho Group held a US$ 134.3 million short position in USD currency futures through non-deliverable forwards (NDFs) at an average price of R$ 1.9044/US$, with maturities through January 2011.

Sugar

On December 31, 2009, the São Martinho Group held positions in derivatives and prices fixed with clients and in the futures market in the following volumes:

OPTIONS/PRICING	Maturity	Tons	Average Price	Position on 01/26/2010 (*)
Type				
Purchase of "PUT"	**Mar/10**	**2,540**	**18.50**	"Out-of-the-money"
Sale of "PUT"	**Mar/10**	**16,764**	**16.73**	"Out-of-the-money"
Purchase of "CALL"	**Mar/10**	**4,267**	**19.68**	"In-the-money"
Sale of "CALL"	**Mar/10 to May/10**	**42,164**	**24.17**	"In-the-money"
Future Contracts - Sold	**Mar/10 to Oct/10**	**58,623**	**21.55**	
	Harvest 09/10	17,221	22.99	
	Harvest 10/11	41,402	20.96	
Hedging directly with clients (no margin call)	**Harvest 09/10 and 10/11**	**216,103**	**19.83**	
	Harvest 09/10	150,876	19.47	
	Harvest 10/11	65,227	20.68	
Forward Sales (no margin call)	**Mar/10 to Mar/11**	**272,034**	**20.51**	
	Harvest 10/11	272,034	20.51	
Subtotal I	**Harvest 2009/10**	**168,097**	**19.83**	
Subtotal II	**Harvest 2010/11**	**378,663**	**20.59**	

(*) "Out-of-the-money" – Based on the current price of the futures contract, the option will not be exercised
"In-the-money" – Based on the current price of the futures contract, the option will be exercised

2009/10 Harvest Year – 168,097 metric tons of sugar hedged at an average price of US$ 19.83 cents/pound, corresponding to approximately 67% of the sugar volume available in inventory in 3Q10.

We also had 42,164 metric tons of sugar committed through the sale of call options at prices quoted for Mar/10 and May/10 at an average price of US$ 24.17 cents/pound.

2010/11 Harvest Year – 378,663 metric tons of sugar hedged at an average price of US$ 20.59 cents/pound, corresponding to approximately 45% of the sugar production volume estimated for the entire harvest year (840,000 metric tons).

NET FINANCIAL RESULT

FINANCIAL RESULT	3Q10	3Q09	Chg. (%)	9M10	9M09	Chg. (%)
R$ Thousand						
Financial Revenues	994	5,354	-81.4%	4,709	10,991	-57.2%
Financial Expenses	(17,089)	(32,569)	-47.5%	(43,865)	(75,196)	-41.7%
Hedge Result - Sugar	(27,645)	6,884	n.m.	(48,339)	10,964	n.m.
Exchange Variation	10,387	(67,833)	n.m.	127,471	(99,706)	n.m.
Copersucar Monetary Variation	(1,383)	(2,629)	-47.4%	(4,615)	(7,697)	-40.0%
Net Financial Result	**(34,736)**	**(90,793)**	**-61.7%**	**35,360**	**(160,644)**	**n.m.**

The net financial result was heavily impacted in 3Q10 by the sugar hedge losses of R$ 27.6 million due to the sharp hike in international sugar prices observed primarily in December 2009.

On the positive side, there was financial income from foreign exchange gains of R$ 10.4 million, reflecting the gains from our USD-denominated debt (38%) and short positions in NDFs.

OPERATING WORKING CAPITAL

OPERATING WORKING CAPITAL	3Q09	2Q10	3Q10	3Q10 x 2Q10	3Q10 x 3Q09
R$ Thousand					
ASSETS	**552,405**	**559,283**	**585,327**	**(26,044)**	**(32,922)**
Accounts Receivable	35,476	71,970	62,804	9,166	(27,328)
Inventories	467,776	430,430	447,581	(17,151)	20,195
Tax receivable	49,153	56,883	74,942	(18,059)	(25,789)
LIABILITIES	**123,950**	**163,272**	**157,390**	**(5,882)**	**33,440**
Suppliers	88,341	104,475	109,211	4,736	20,870
Payroll and social contribution	26,506	46,536	35,815	(10,721)	9,309
Tax payable	9,103	12,261	12,364	103	3,261
WORKING CAPITAL	**428,455**	**396,011**	**427,937**	**(31,926)**	**518**

As shown above, in 3Q10, the São Martinho Group had R$ 427.9 million in working capital invested in its operations, an amount practically unchanged from 3Q09, despite the increase of 7.7% in sugarcane processing volume in the 2009/10 harvest year in relation to the previous season.

We believe that in the next quarter the current situation of ethanol and sugar prices should support even further reductions in the amount of working capital invested.

NET INCOME (LOSS)

The São Martinho Group recorded net income of R$ 23.1 million in 3Q10, which compares with the net loss of R$ 36.3 million in 3Q09. The main reasons for this improvement were: 1) the robust increase in sugar sales volume, which was supported by the higher production volume in the current harvest year; 2) the increase of 24.4% in average sugar prices in BRL; and 3) the increase of 21.3% in average ethanol prices in relation to 3Q09.

DEBT WITH COPERSUCAR

On December 31, 2009, the São Martinho Group recognized on its balance sheet debt of R$ 196.1 million with Copersucar. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under long-term liabilities in the line "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$ 155.1 million on a consolidated basis.

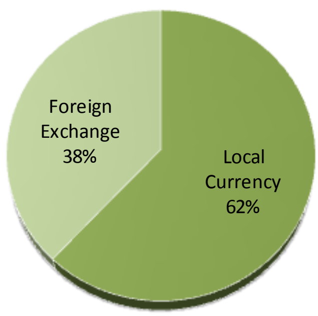
INDEBTEDNESS

DEBT	Dec/09	Dec/08	Chg. (%)
R$ Thousand			
PESA	73,200	80,376	-8.9%
Rural Credit	36,537	48,019	-23.9%
BNDES / FINAME	475,677	520,007	-8.5%
Working Capital	128,796	51,927	148.0%
ACC (Advances on Foreign Exchange Contracts)	200,989	204,899	-1.9%
PPE (Export prepayment)	175,667	237,174	-25.9%
Others	750	921	-18.6%
Gross Debt	**1,091,616**	**1,143,323**	**-4.5%**
Cash and Cash Equivalents	138,610	144,780	-4.3%
Net Debt	**953,006**	**998,543**	**-4.6%**
Net Debt ex. PESA	879,806	918,167	-4.2%

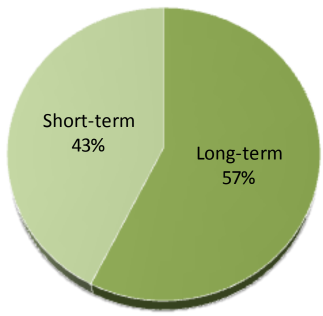
On December 31, 2009, the São Martinho Group's consolidated net debt stood at R$ 953.0 million, a decrease of R$ 45.5 million from a year earlier. The main factors impacting the debt position were: 1) the continued expansion of the Boa Vista Mill, with investments of R$ 119.9 million in the last 12 months; and 2) the positive effects from foreign currency variation on our debt denominated in USD of R$ 125.5 million, which contributed to lowering net debt in the period.

Debt Breakdown

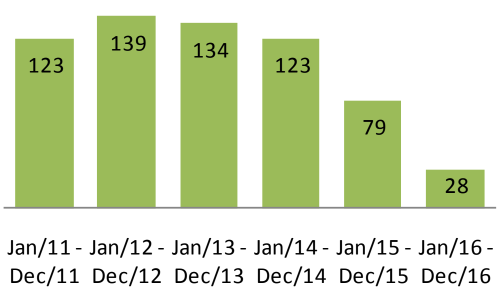
Currency



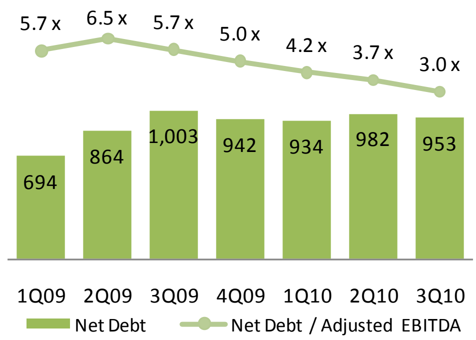
Term



Amortization Schedule
R$ - Million



Net Debt / EBITDA LTM
Performance



CAPEX

R$ Thousand	3Q10	3Q09	Chg. (%)	9M10	9M09	Chg. (%)
Capex (maintenance)						
Sugarcane Planting	19,577	16,398	19.4%	62,840	51,620	21.7%
Industrial / Agricultural	16,481	18,311	-10.0%	35,573	39,076	-9.0%
Sub Total	**36,058**	**34,710**	**3.9%**	**98,413**	**90,696**	**8.5%**
Upgrading, Mechanization and Expansion						
Industrial / Agricultural	2,079	-	n.m.	2,575	3,374	-23.7%
Other	-	5,580	n.m.	306	10,997	-97.2%
Sub Total	**2,079**	**5,580**	**-62.7%**	**2,882**	**14,372**	**-79.9%**
Boa Vista Mill (Greenfield)						
Sugarcane Planting	10,341	12,478	-17.1%	44,610	50,059	-10.9%
Industrial / Agricultural	4,163	30,556	-86.4%	33,696	167,069	-79.8%
Sub Total	**14,503**	**43,034**	**-66.3%**	**78,306**	**217,128**	**-63.9%**
Total	**52,640**	**83,324**	**-36.8%**	**179,601**	**322,196**	**-44.3%**

The highlight in capital expenditure in 3Q10 compared with 3Q09 was the reduction in expenses with the Boa Vista Mill. In the third quarter of fiscal year 2010, disbursements for this mill went to expanding our own sugarcane farms and acquiring agricultural equipment, in particular for harvesting.

DISCLAIMER

This presentation 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 notice.

ABOUT THE SÃO MARTINHO GROUP

São Martinho S.A. is one of the largest sugar and ethanol producers in Brazil. In the 2010/11 harvest year, the Group's annual crushing capacity should reach 14.0 million metric tons as a result of the investments made during the 2009/10 season. São Martinho produces sugar and ethanol at three mills: Iracema, São Martinho and Boa Vista. www.saomartinho.ind.br/ir

INCOME STATEMENT

SÃO MARTINHO S.A. - CONSOLIDATED	3Q10	3Q09	Chg. (%)	9M10	9M09	Chg. (%)
R$ Thousand						
Gross Revenue	353,399	246,766	43.2%	902,816	567,444	59.1%
Deductions from Gross Revenue	(29,242)	(25,950)	12.7%	(74,907)	(60,259)	24.3%
Net Revenue	**324,157**	**220,816**	**46.8%**	**827,909**	**507,185**	**63.2%**
Cost of Goods Sold (COGS)	(240,779)	(168,642)	42.8%	(655,454)	(417,236)	57.1%
Gross Profit	**83,378**	**52,174**	**59.8%**	**172,455**	**89,949**	**91.7%**
Gross Margin (%)	*25.7%*	*23.6%*	2.1 p.p	*20.8%*	*17.7%*	3.1 p.p
Operating Expenses	**(30,644)**	**(13,764)**	**122.6%**	**(112,396)**	**(86,355)**	**30.2%**
Sales Expenses	(13,196)	(10,706)	23.3%	(47,155)	(24,985)	88.7%
General and Administrative Expenses	(18,723)	(21,118)	-11.3%	(64,088)	(74,531)	-14.0%
Management Fees	(1,903)	(1,766)	7.8%	(5,675)	(6,678)	-15.0%
Other Operating Expenses, Net	3,178	19,826	-84.0%	4,522	19,839	-77.2%
Operating Profit, before financial effects	**52,734**	**38,410**	**37.3%**	**60,059**	**3,594**	**n.m.**
Financial Result, Net	**(34,736)**	**(90,793)**	**-61.7%**	**35,360**	**(160,644)**	**n.m.**
Financial Revenues	12,111	13,459	-10.0%	52,796	35,455	48.9%
Financial Expenses	(53,325)	(56,776)	-6.1%	(110,020)	(122,700)	-10.3%
Monetary and Exchange Variation - Assets	16,057	17,280	-7.1%	138,743	25,326	447.8%
Monetary and Exchange Variation - Liabilities	(9,579)	(64,756)	-85.2%	(46,159)	(98,725)	-53.2%
Income (Loss) Before Income and Social Contribution Taxes	**17,998**	**(52,383)**	**n.m.**	**95,419**	**(157,050)**	**n.m.**
Income Tax and Social Contribution - Current	(195)	(954)	-79.6%	(8,626)	(954)	804.2%
Income Tax and Social Contribution - Deferred	5,652	13,191	-57.2%	(11,412)	47,194	n.m.
Net Income (Loss) Before Minority Interest	**23,455**	**(40,146)**	**n.m.**	**75,381**	**(110,810)**	**n.m.**
Minority Interest	(316)	3,785	n.m.	(3,086)	5,791	n.m.
Net Income	**23,139**	**(36,361)**	**n.m.**	**72,295**	**(105,019)**	**n.m.**
Net Margin (%)	*7.1%*	*-16.5%*	n.m.	*8.7%*	*-20.7%*	n.m.
Net Income (Loss) per Share (in R$)	0.21	-0.32	n.m.	0.64	-0.93	n.m.

BALANCE STATEMENT (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED- ASSETS

R$ Thousand

ASSETS	Dec/09	Sep/09
SHORT-TERM ASSETS		
Cash and Cash Equivalents	138,610	119,135
Accounts Receivable	62,804	71,970
Derivatives Financial Instruments	11,446	16,969
Inventories	447,581	430,430
Recoverable Taxes	74,942	56,883
Other Assets	10,537	11,359
TOTAL SHORT-TERM ASSETS	**745,920**	**706,746**
LONG-TERM ASSETS		
Long-term Receivables		
Related Parties	152	294
Fixed Assets Destined for Sale	390	405
Deferred Income Tax and Social Contribution	111,582	116,632
Accounts Receivable - Copersucar	3,985	3,948
Recoverable Taxes	43,108	70,849
Other Assets	230	889
	159,447	**193,017**
Investments	3,540	3,540
Fixed Assets	2,429,328	2,443,521
Intangible	40,335	40,522
Deferred	37,803	38,464
TOTAL LONG-TERM ASSETS	**2,670,453**	**2,719,064**
TOTAL ASSETS	**3,416,373**	**3,425,810**

BALANCE STATEMENT (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES

R$ Thousand

LIABILITIES AND SHAREHOLDERS' EQUITY	Dec/09	Sep/09
SHORT-TERM LIABILITIES		
Loans and Financing	465,291	464,922
Derivatives Financial Instruments	25,727	-
Suppliers	109,211	104,475
Accounts Payable - Copersucar	2,203	2,203
Payroll and Social Contribution	35,815	46,536
Tax Payable	12,364	12,261
Related Companies	140	-
Other Liabilities	20,054	18,878
TOTAL SHORT-TERM LIABILITIES	**670,805**	**649,275**
LONG-TERM LIABILITIES		
Loans and Financing	626,325	636,035
Accounts Payable - Copersucar	193,935	193,989
Tax Installments	46,303	8,677
Deferred Income Tax and Social Contribution	200,908	211,200
Provision for Contingencies	33,646	77,820
Other Liabilities	15,286	3,444
TOTAL LONG-TERM LIABILITIES	**1,116,403**	**1,131,165**
MINORITY SHAREHOLDERS	**-**	**21,013**
SHAREHOLDERS' EQUITY		
Capital Stock	360,000	360,000
Capital Reserve	1,083,467	1,095,674
Legal Reserve	5,079	5,079
Capital Budget Reserve	94,422	94,422
Treasury Shares	(1,899)	(1,899)
Accumulated Profit	88,096	71,081
TOTAL SHAREHOLDERS' EQUITY	**1,629,165**	**1,624,357**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,416,373**	**3,425,810**

CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	3Q10	9M10
R$ Thousand		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income in the period	**23,139**	**72,295**
Adjustments to reconcile net income to the cash generated on operating		
Depreciation and amortization	72,046	192,481
Residual cost of fixed assets - write off	1,326	1,710
Financial expenses and exchange variation - related parties, loans and financing and tax payable	33,664	(58,906)
Provision for contingencies	458	5,006
Reversion of the provision for investment losses	-	(58)
Write-off (provision) for deferred income tax and social contribution	(5,242)	11,822
Adjustment to Present Value	1,409	4,292
Reversion of the for losses from the realization of inventories	-	(6,313)
Installments - Law 11941	(3,659)	(3,659)
Minority Interest	316	3,086
(Increase) decrease in operating assets:		
Accounts receivable	9,047	(17,835)
Inventories	(11,172)	(89,860)
Recoverable taxes	1,887	(5,295)
Related parties	142	3,272
Goods for sale	(13)	(105)
Derivative Financial Instrument	6,815	(2,764)
Other short-term assets	822	363
Other long-term assets	622	20,231
Increase (decrease) in operating liabilities:		
Suppliers	4,682	33,007
Wages and social contribution	(13,403)	(1,799)
Tax payable	(237)	1,856
Tax installments	46	(1,149)
Related parties	140	(3,137)
Provision for contingencies	(2,018)	(6,146)
Derivative financial instruments	-	-
Other short-term liabilities	1,176	(5,804)
Other long-term liabilities	11,842	11,968
Cash flows from operating activities	**133,835**	**158,559**
CASH FLOWS FROM INVESTMENT ACTIVIITES		
Investments	(21,329)	(21,329)
Investments - goodwill	(1,131)	(1,131)
Fixed Assets and deferred acquisition	(55,356)	(185,224)
Cash flows from investment activities	**(77,816)**	**(207,684)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing - third parties	295,930	560,178
Financing (payments) - Copersucar	(1,369)	(25,088)
Financing (payments) - third parties	(318,979)	(525,292)
Payment of dividends and interest on equity	(18,331)	(18,331)
Cash flows from financing activities	**(42,749)**	**(8,533)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BALANCE	**13,270**	**(57,658)**
CASH AND CASH EQUIVALENTS (including financial applications)		
Initial balance	119,135	190,063
Final balance	132,405	132,405
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BALANCE	**13,270**	**(57,658)**
ADDITIONAL INFORMATION		
Interest paid during the quarter	18,324	61,239
Suppliers payable related to fixed assets acquisition	18,158	18,158
Income Tax and Social Contribution paid during the quarter	6,194	11,513