Adjusted EBITDA of R$290.3 million in FY2012, with margin of 29.5%

Porto Alegre, March 13, 2013 – SLC AGRÍCOLA S.A. (Bovespa: SLCE3; ADR: SLCJY; Bloomberg: SLCE3BZ; Reuters: SLCE3.SA), one of Brazil's largest landowners and largest agricultural producers in terms of cotton, soybean and corn planted area, announces today its results for 2012. The following financial and operating information is presented in accordance with International Financial Reporting Standards (IFRS). The information was prepared on a consolidated basis and is presented in thousands of Brazilian real, except when stated otherwise.

2012 Highlights

(R$ Thousand)	2011	2012	AH	4Q11	4Q12	AH
Net revenue	**1,005,640**	**1,118,743**	**11.2%**	**323,577**	**298,893**	**-7.6%**
Gross income	**364,277**	**253,787**	**-30.3%**	**89,186**	**73,214**	**-17.9%**
Gross margin	*36.2%*	*22.7%*	*-13,5p.p*	*27.6%*	*24.5%*	*-3.1p.p*
Operating income	**241,179**	**72,531**	**-69.9%**	**48,226**	**64,550**	**33.8%**
Operating margin	*24.0%*	*6.5%*	*-17.5p.p*	*14.9%*	*21.6%*	*6.7p.p*
Net profit	**159,992**	**38,430**	**-76.0%**	**33,003**	**50,846**	**54.1%**
Net Margin	*15.9%*	*3.4%*	*-12.5p.p*	*10.2%*	*17.0%*	*6.8p.p*
Adjusted EBITDA [(1)]	**291,772**	**290,308**	**-0.5%**	**122,003**	**79,082**	**-35.2%**
Adjusted EBITDA Margin [(2)]	**36.7%**	**29.5%**	***-7.2p.p***	**39.0%**	**28.1%**	***-10.9p.p***
Net debt	**504,741**	**653,614**	**29.5%**	**504,741**	**653,614**	**29.5%**

[(1)] Excluding non-cash effects from biological assets
[(2)] Over net revenue excluding non-cash effects from biological assets

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NOTE: 4Q11 and 4Q12 refer to the cumulative three-month periods from October through December of the years 2011 and 2012, respectively. 2011 and 2012 refer to the cumulative 12-month periods from January through December of the years 2011 and 2012, respectively. HA refers to the horizontal percentage variation between two periods and VA refers to the vertical percentage variation of a given total.

Message from Management

Fiscal year 2012 reflected the 2011/12 crop year, a period during which the Company harvested 247,800 hectares planted primarily with cotton, soybean and corn. The crop year was marked by heavy investments by the Company in cotton cultivation (planting of 95,300 hectares, or 38% of the total), given the favorable conditions at the time when planting decisions were made. Despite the downward trend in cotton prices throughout the year, the crop produced a healthy result per hectare planted (in part due to the Company's hedge policy) that surpassed the results of other grains, which justified the investment. Prices for soybean and corn, on the other hand, reached new historical highs in mid-2012, reflecting the drought in the United States, from which the Company partially benefited through sales in the spot market.

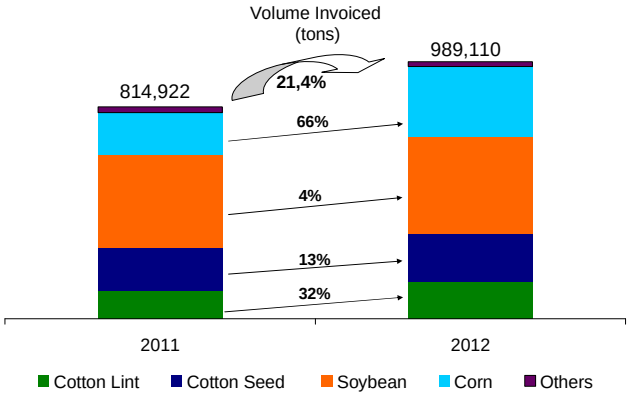
The importance of the geographic distribution of production units was once again validated during the 2011/12 crop year, since it considerably mitigated the poor weather in Brazil's *cerrado* region in 2012 (i.e., the severe drought in Bahia and the heavy rains in Mato Grosso during harvesting). The hedge strategy (future commodity and currency sales) also proved fundamental for reducing price volatility and ensuring profitability, especially in the cotton market, where the locking in of prices guaranteed positive margins, despite the sharp drop in cotton prices.

Net revenue grew 11.2% compared to 2011, mainly due to the higher volumes invoiced, while operating cash flow as measured by EBITDA (Adjusted) was R$290.3 million, relatively stable in relation to 2011. Net income in 2012, however, was heavily impacted by the financial expense (monetary variation), which has no immediate impact on cash, since the Company has debt (related to land acquisitions) pegged to bags of soybean in Brazilian real, with the payments extending through 2017. The marking to market of this debt had a negative impact of R$45.4 million on net income for the year, which came to R$38.4 million.

In 2012, as we do every year, we marked to market our portfolio of owned land properties, which, based on the independent valuation report prepared by Deloitte Touche Tohmatsu in July 2012, was appraised at R$2,316 million, or 18.2% higher than the average price per hectare in the 2011 valuation report, adding value to the Company's assets.

Other important accomplishments during the year merit mention:

1) Higher sales volume: In 2012, SLC Agrícola invoiced 989,110 tons, as shown below:





2) Conclusion of LandCo Project: The Company estimates that the agreement entered into with Valiance will enable the acquisition of 81,000 hectares (total area) and the development of some 52,000 hectares for subsequent planting;

3) Obtainment of ISO 14001, NBR 16001 and OHSAS 18001 certifications at the Planalto Farm: these certifications serve as the foundation for sustainable production and will be extended to the other farms.

The substitution of the Chief Executive Officer in late 2012 was received very calmly by stakeholders. The investiture of Mr. Aurélio Pavinato reflects the strategy of valuing and developing internal talent and brings continuity to the Company's growth plans, which focuses on expanding the planted area based on the positive outlook for agribusiness in the coming years. Under his leadership, Mr. Pavinato, who has been an employee at the Company for over 20 years, will seek sustainable growth and improvements in operational efficiency and will continue to contribute by formulating strategies in alignment with the guidelines of the Board of Directors and of shareholders.

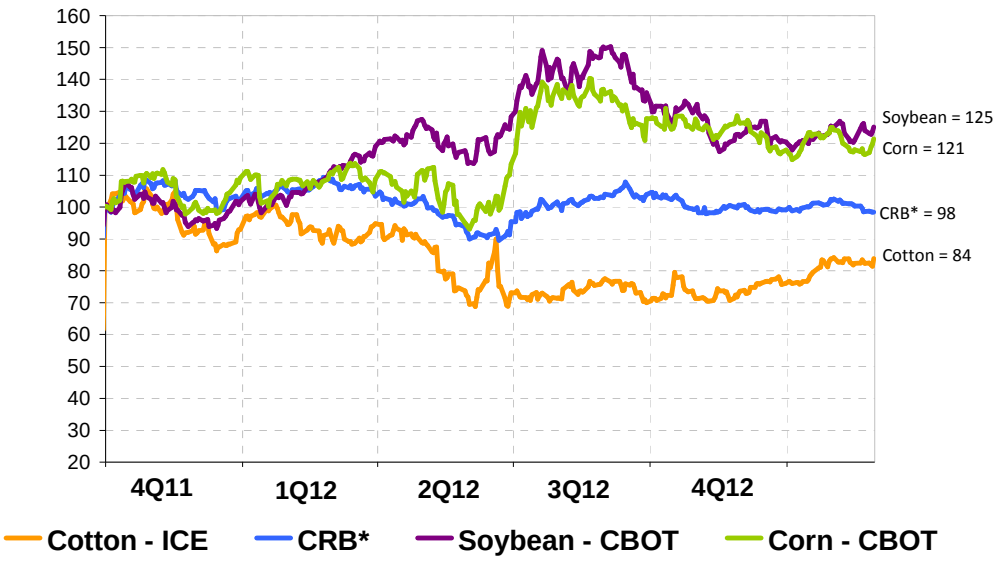
For the 2012/13 crop year, our planted area totals 280,000 hectares (growing some 13% from the prior crop year), with increases particularly in the soybean planted area (to 151,000 hectares), a crop the Company believes currently offers the best risk/return tradeoff. The Company has already signed future sales contracts for more than 60% (as per the hedge position disclosed on page 18) of the production projected for this year, as part of its hedge strategy.

The expected production of soybean and corn 1st crop in the 2012/13 crop year decreased due, once again, to the drought in western Bahia state (the second straight year of drought conditions in this region). Another point of concern at this time is the significant increase in freight prices, as already extensively reported in the media. In this case, it is important to note that part of the Company's sales also have freight costs locked in (or “logistics discount”, since most grain freight is conducted by clients/trading houses), and for the portion of the crop that has not yet been sold, the Company has the option of storing the product in its own silos await a more opportune moment in terms of freight costs.

Market Outlook

Commodities Prices Variation

From OCT/2011 to FEB/2012 (1st Contract)



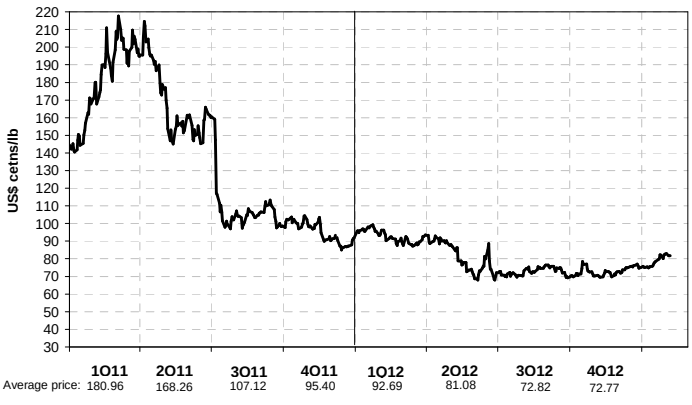
Source: CMA (31/12/2010 = 100)
Up to 02/28/2013.

*Commodity Research Bureau

Cotton

Cotton Prices in the International Market

ICE - (1st Contract)



Source: CBOT/CMA

Quotes for cotton futures traded on ICE Futures U.S. (ICE) averaged US¢/lb 79.6 in 2012, down 42.4% from 2011, when the average quote was US¢/lb 138.1. In 4Q12, quotes for cotton futures averaged US¢/lb 72.77, down 23.7% from 4Q11, when quotes averaged US¢/lb 95.40.

Due to the lower cotton prices in 2012, after two consecutive years of price decreases, global cotton consumption should increase to 107.1 million bales in the 2012/13 crop year, or by 3.8% from the prior year, according to the USDA. The lower cotton prices in 2012 also led to a reduction in cotton planted area and cotton production in the 2012/13 crop year. As a result, production should contract by 3.4% to 119.9 million bales.

Despite the lower production and higher consumption, this will be third straight year in which global production exceeds consumption, leading to an upward revision in the forecast by the USDA for global stocks to 81.7 million bales, a new record that corresponds to 76.3% of global consumption.

World Cotton Supply and Demand

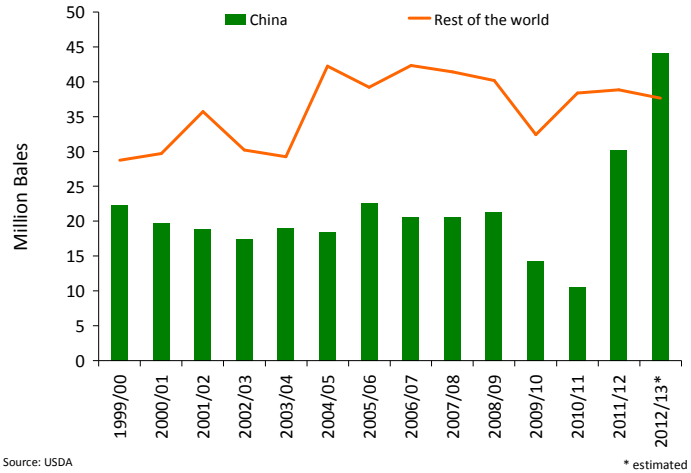
World		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12*	2012/13**
Area (ha)		34,531	32,827	30,568	30,133	33,453	35,522	34,170
Yield (kg/ha)		770	793	764	738	757	761	764
Beginning Stocks	----millions of bales----	61.7	62.9	61.9	61.5	46.7	49.0	69.0
Production		122.2	119.6	107.2	102.2	116.3	124.1	119.9
Import		38.1	39.3	30.5	36.4	35.7	44.7	41.9
Total Supply		222.0	221.8	199.6	200.1	198.7	217.9	230.7
Export		37.5	39.0	30.2	35.6	35.5	46.0	41.9
Consumption		123.9	123.5	110.0	118.6	114.1	103.2	107.1
Ending Stocks		62.9	61.9	61.5	46.7	49.0	69.0	81.7
Stocks/Consumption (%)		50.7%	50.1%	55.9%	39.3%	43.0%	66.8%	76.3%

Source: USDA - Mar/13 **Estimated **Projected*

Despite the record increase in cotton stocks, the market signaled a recovery in late 2012 and early 2013, with prices above US¢/lb 80.00. The main factor in this recovery in prices was the surplus global production of the last three years being absorbed by the Chinese government, whose policy to support prices for local producers and increase regulating stocks led it to aggressively purchase cotton in both the domestic and international markets.

According to data from the USDA, in the last two years China's cotton stocks increased by 33.5 million bales, from 10.6 to 44.1 million bales, while stocks in other countries decreased, from 38.4 to 37.6 million bales.

Cotton Stocks



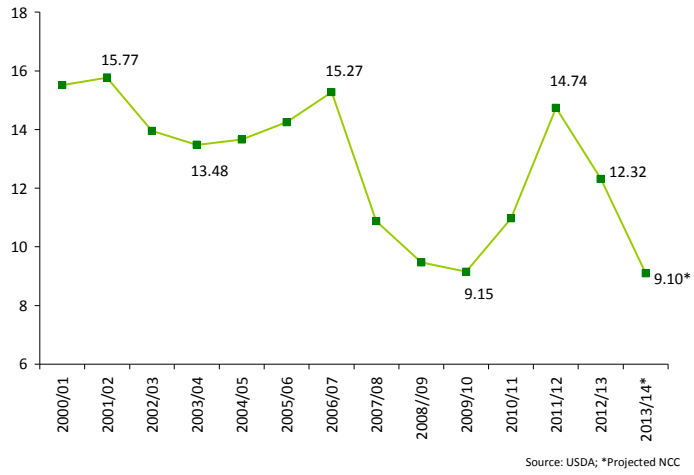
Source: USDA

* estimated

As a result of the Chinese government's policy, 54% of global cotton stocks for the 2012/13 crop year are located in China, most of which controlled by the government, which means it is not readily available to the market.
Therefore, other cotton importing countries, such as Turkey, Pakistan, Bangladesh and Indonesia must resort to producing countries such as Brazil, United States, India and Australia, where stocks are lower, which helped sustain the recovery in cotton prices in late 2012 and early 2013.

In Brazil, according to Companhia Nacional de Abastecimento (CONAB), an agency of Brazil's Ministry of Agriculture, the cotton planted area for the 2012/13 crop year is estimated at 977,700 hectares, down 30.6% from the previous crop year. Still according to CONAB, the main factors for this contraction are the low prices in domestic and international markets, the higher costs and the reduced advantage compared to competing crops such as corn and soybean. CONAB forecasts production of 1,400,000 tons, or 25.4% less than in the 2011/12 crop year.

Cotton planted area in the United Stated (million acres)



The higher prices of competing crops such as soybean and corn should lead to further contraction in the cotton planted area in the Northern Hemisphere in the 2013/14 crop year. In the United States, which is the world's largest cotton exporter, the National Cotton Council of America (NCC) estimates the cotton planted area at 3.7 million hectares (9.1 million acres), down 26.8% from the prior year. If the forecast is confirmed, the cotton planted area in the United States will fall below that in 2009/10 and be the smallest of the last 30 years.

According to ICAC (International Cotton Advisory Committee), global cotton production in 2013/14 should decrease 14% compared to 2012/13, to 22,56 million tons, while consumption should increase 2% to 23,79 million tons, leading world stocks to reduce after increasing for three straight years.

Soybean

Soybean Prices in the International Market

CBOT - (1st Contract)



Source: CBOT/CMA

Quotes for soybean futures traded on the Chicago Board of Trade (CBOT) averaged US$/bu 14.66 in 2012, up 11.3% from 2011, when quotes averaged US$/bu 13.17. In 4Q12, soybean futures quotes averaged US$/bu 14.82, increasing 26.1% from 4Q11, when quotes averaged US$/bu 11.75.

Despite the 2.9% expansion in the soybean planted area in the United States for the 2012/13 crop year, total production decreased 2.5% from the prior year to 82 million tons, reflecting the drought in the country's Midwest during the crop cycle, which led the average yield to decrease by 5.5% from the prior year and by 10% from initial estimates.

With the lower production, the United Stated will have to ration consumption in order to avoid shortages in the domestic market until the next harvest begins, which is only in the second half of 2013. According to the USDA, the higher soybean prices should lead to decreases in the 2012/13 crop year of 3.3% in domestic consumption and of 1.3% in U.S. exports.

United States Soybean Supply and Demand

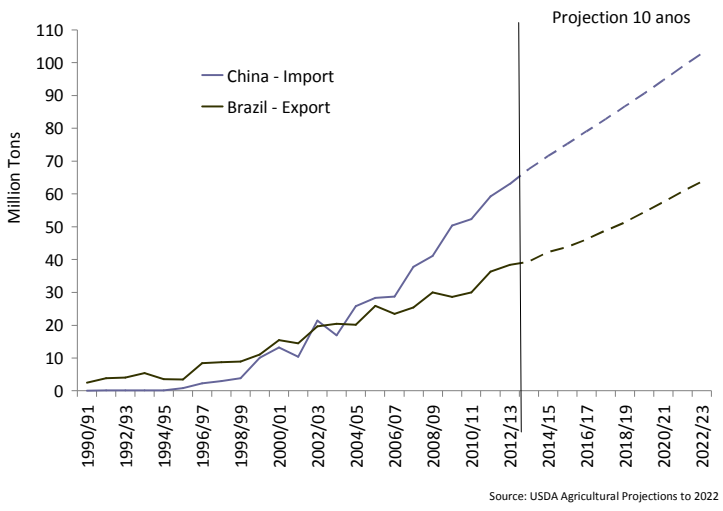
United States		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12*	2012/13**
Area (ha)		30,190	25,959	30,222	30,907	31,003	29,856	30,798
Yield (kg/ha)		2,882	2,807	2,672	2,958	2,922	2,820	2,664
Beginning Stocks	----thousand of tons----	12,229	15,617	5,580	3,761	4,106	5,852	4,610
Production		87,001	72,859	80,749	91,417	90,605	84,192	82,055
Import		246	269	361	397	393	439	544
Total Supply		99,476	88,745	86,690	95,575	95,104	90,483	87,209
Export		30,386	31,538	34,817	40,798	40,849	37,063	36,605
Consumption		53,473	51,627	48,112	50,671	48,403	48,810	47,207
Ending Stocks		15,617	5,580	3,761	4,106	5,852	4,610	3,397
Stocks/Consumption (%)		18.6%	6.7%	4.5%	4.5%	6.6%	5.4%	4.1%

Source: USDA - Mar/13 **Estimated **Projected*

The record-high soybean prices in 2012 served as a strong incentive for expanding the soybean planted areas in Brazil and Argentina in the 2012/13 crop year. According to Argentina's Ministry of Agriculture (MINAGRI), the country's soybean planted area will total 19.3 million hectares in the 2012/13 crop year, increasing 3.6% from the previous year. However, excess rainfall during the planting phase and more recently the lack of rainfall during the development phase are adversely affecting the crop's potential yield. According to estimates from the Buenos Aires Grain Exchange, Argentina should produce 48.5 million tons of soybeans in the 2012/13 crop year.

According to CONAB, the soybean planted area in Brazil is 10.4% larger in the 2012/13 crop year. With a total of 27.6 million hectares planted and estimated yield of 2,968 kg/ha, Brazil should produce 82.1 million tons of soybean, or 23.6% more than in the previous year, becoming the world's largest soybean producer and exporter in the 2012/13 crop year.

Soybean Trade



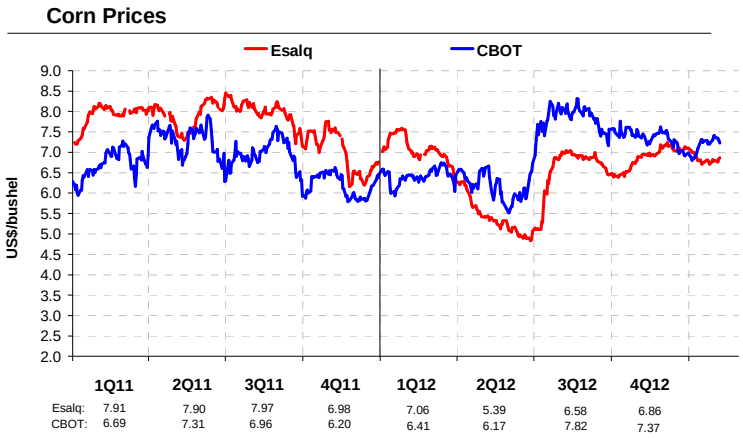
Source: USDA Agricultural Projections to 2022

China remains the main market in world soybean trade and consumption. With growing demand for food and difficulty in expanding production, China's soybean imports have grown substantially in recent years.

According to the USDA's long-term forecasts (USDA Agricultural Projections to 2022), China is expected to further increase its soybean imports. Over the next 10 years, China will account for 90% of the growth in world soybean demand, importing 103 million tons of the product in 2022/23.

Also according to USDA forecasts, due to its capacity to increase its planted area, yields and production, Brazil should be one of the main suppliers of soybeans to China. Brazil's soybean exports are expected to increase from 38.4 million tons in 2012/13 to 63.8 million tons in 2022/23.

Corn



Fonte: CBOT/ Cepea (Esalq)/CMA

Quotes of corn futures on the Chicago Board of Trade (CBOT) increased 12.6% in 2012 from the prior year. The average quote in 2012 was US$/bu 6.97, compared to US$/bu 6.19 in 2011. In the same period, corn prices in the domestic market, as measured by the Esalq Index published by the Luiz de Queiroz Higher Agricultural School (ESALQ), fell by 15.8%, from US$/bu 7.70 to US$/bu 6.48.

In its March supply and demand report, the USDA estimated world corn production in the 2012/13 crop year at 854.1 million tons, down 3.2% from the 879.6 million tons produced in the 2011/12 crop year. The decrease in global production was mainly due to the record shortfall in U.S. production, which impacted world corn markets, including Brazil, where the increased demand for exports drove prices higher, despite the record production in the 2011/12 crop year (72.9 million tons).

Higher prices and need to ration consumption, especially in the United States, led global corn consumption, forecasted by the USDA for the 2012/13 crop year at 867.7 million tons, to decreased 1.3% compared to the 2011/12 crop year. Production being outstripped by consumption should lead to a reduction in global corn stocks for the fourth straight year, driving the inventory/consumption ratio to 13.5% (approximately 49 days of consumption), which is the lowest level since 1973/74.

World Corn Supply and Demand

World		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12*	2012/13**
Area (ha)		149,435	160,572	158,830	158,640	163,897	169,613	174,952
Yields (kg/ha)		4,785	4,948	5,039	5,192	5,078	5,204	4,882
Beginning Stocks	thd of tons	124,534	110,708	131,846	147,724	145,911	128,067	131,159
Production	thd of tons	715,120	794,555	800,382	823,714	832,325	882,705	854,074
Consumption	thd of tons	725,247	773,041	782,516	818,418	851,220	861,628	875,301
Ending Stocks	thd of tons	110,708	131,846	147,724	145,911	127,923	131,159	117,481
Stocks/Consumption (%)		15.3%	17.1%	18.9%	17.8%	15.0%	15.2%	13.4%

Source: USDA Mar/13 **Estimated* ***Projected*

In Brazil, producers responded to higher prices in 2011 and 2012 with record production of 72.9 million tons in the 2011/12 crop year. Producers should also expand the planted area by 1.6% in 2012/13 crop year, with the second crop area expected to grow once again (8.5%) to 8.3 million hectares. Brazil's total corn production in the 2012/13 crop year should be a record 76 million tons (34.7 million tons in the first crop and 41.2 million tons in the second crop).



Operating Performance

2012/13 Crop Year

The fourth quarter of 2012 was marked by the conclusion of planting of first-crop cotton and corn.

Soybean. Of the 150,955 hectares of soybean planted by the Company, 50,064 hectares, or 33%, were allocated to the planting of super-early and early varieties, with the objective of using the same areas to plant second-crop cotton and corn. In general, weather conditions were regular, with average rainfall in most regions where the Company cultivates soybean. However, the states of Bahia and Piauí suffered droughts in December and February, which affected the production potential of certain crops, especially in areas planted for the first year. To date (base date of February 28, 2013), 27.3% of the soybean planted area has been harvested.

Cotton 1st crop. The majority of areas are in the flower and cotton-boll development phase and present excellent vegetative, nutritional and sanitary aspects.

Cotton 2nd crop. Planting of cotton 2nd crop began after the harvest of the super-early soybean varieties in the first week of January 2013, and was concluded in the first week of February.

Corn 1st crop. Planting of corn 1st crop took place in November and December in the states of Maranhão, Bahia, Mato Grosso and Goiás. The crop was impacted by low rainfall in December and February, which affected the production potential of certain areas.

Corn 2nd crop. The planting of corn 2nd crop started in the second half of January 2013, following the harvesting of the super-early and early soybean varieties. We will comment further on the evolution of this crop in the 1Q13 earnings release.

Yields

Yields (kg/ha)	Achieved 2011/12(1)	Initially Estimated 2012/13(2)	Estimated 2012/13(2)	Δ%
Cotton Lint 1st crop	1,515	1,690	1,690	0.0%
Cotton Lint 2nd crop	1,478	1,383	1,383	0.0%
Cotton Seed	1,934	2,125	2,125	0.0%
Soybean	3,141	3,310	3,150	-4.8%
Corn 1st Crop	9,634	10,344	9,600	-7.2%
Corn 2nd Crop	6,811	6,126	6,126	0.0%

(1) Crop finished
(2) Until 02/28/2013

Yields in the 2011/12 crop year were heavily impacted by weather conditions, especially the severe drought in western Bahia and the heavy rains in Mato Grosso and Mato Grosso do Sul. However, the extended rainy season in the states of Mato Grosso and Mato Grosso do Sul, where precipitation persisted through June, led to higher yields for the second crops of cotton and corn.

For the 2012/13 crop year, we once again are experiencing drought conditions in the states of Bahia and Piauí (second straight year of such conditions, which is atypical for the region), with the adjustments in the initial yield forecasts duly adjusted in the above table. To date (base date February 28, 2013), we estimate reductions from the initial forecasts of 4.8% for soybean and of 7.2% for corn 1st crop, with both figures in line with the yields obtained in the previous crop year.

Cotton crop has the potential to reach the yield projected in the initial forecast.

Planted Area

The following table shows the revised forecasts for planted area in the 2012/13 crop year.

Crop Mix	Achieved 2011/12 ha	Initially [1] Estimated 2012/13 ha	Share %	Absolute Δ ha	Percentage Δ %
Cotton	**95,271**	**76,288**	**27.2**	**-18,983**	**-19.9**
Cotton 1st crop	*79,885*	*61,747*	*22.0*	*-18,138*	*-22.7*
Cotton 2nd crop	*15,386*	*14,541*	*5.2*	*-845*	*-5.5*
Soybean	***114,158***	***150,955***	***53.8***	***36,797***	***32.2***
Corn	**35,166**	**47,598**	***17.0***	***12,432***	***35.4***
Corn 1st crop	*12,723*	*14,275*	*5.1*	*1,552*	*12.2*
Corn 2nd crop	*22,443*	*33,323*	*11.9*	*10,880*	*48.5*
Others[1]	**3,239**	**5,594**	***2.0***	***2,355***	***72.7***
Total	**247,834**	**280,435**	**100.0**	**32,601**	***13.2***

Planted Area Mix	ha	ha	%	ha	%
Physical Area under Control	**210,005**	**232,571**	**82.9**	**22,566**	**10.7**
Own Area	*134,147*	*156,699*	*55.9*	*22,552*	*16.8*
Leased Area	*75,858*	*75,871*	*27.1*	*14*	*0.0*
2nd crop area	**37,829**	**47,864**	**17.1**	**10,035**	***26.5***
Total	**247,834**	**280,435**	**100.0**	**32,601**	***13.2***

[1] Planted area may be adjusted by agricultural planning.
[2] Coffee, wheat, corn seed, sunflower and sugar cane.

Property Portfolio

As of December 31, 2012, the portfolio of properties under our management was as follows:

Area 2012/13 (ha)		Own[1]	LandCo[3]	Leased	Under control	Planted [1]
Farm	State	---------- ha ----------				
Pamplona	GO	17,385		3,941	21,325	17,184
Planalto	MS	17,437		1,657	19,094	19,040
Planorte	MT	23,797		367	24,164	26,157
Paiaguás	MT	30,878		2,361	33,239	36,266
Parnaíba	MA	38,418		10,359	48,777	33,056
Planeste	MA		23,325	10,858	34,183	32,120
Panorama	BA		12,983	12,312	25,295	21,801
Piratini	BA		25,356	5,000	30,356	13,327
Palmares	BA	16,948		14,878	31,826	30,369
Parnaguá	PI	23,742		-	23,742	2,673
Pejuçara	MT	3,379		8,711	12,090	17,359
Paineira	PI	12,873		-	12,873	5,620
Parceiro	PI	32,816		5,428	38,244	11,207
Perdizes	MT	28,837		-	28,837	14,256
Total		**246,510**	**61,664**	**75,871**	**384,045**	**280,435**

[1] Planted area may be adjusted by agricultural planning.
[2] Nowadays SLC AGRÍCOLA owns 89.2% of LandCo and Valiance 10.8%.
[3] Own area may change due to georeferencing process.

Machinery and Storage Capacity

On December 31, 2012, our machinery and storage capacity was as follows:

Machinery	Quantity
Tractors	**427**
Grain Combiners	**162**
Cotton Pickers	**71**
Planters	**157**
Self-propelled sprayers	**96**

2012/13 Storage Capacity	Grains	Cotton
Tons	478,140	109,981
% Production[1]	59%	88%

[1] Estimate of SLC Agrícola based on planted area and yields estimated for 2012/13 crop year.

Financial Analysis

EBITDA

(R$ thousand)	2011	2012	AH	4Q11	4Q12	AH
Net revenue	**1,005,640**	**1,118,743**	**11.2%**	**323,577**	**298,893**	**-7.6%**
(-) Cost of Goods and/or Services Sold	**(641,363)**	**(864,956)**	**34.9%**	**(234,391)**	**(225,679)**	**-3.7%**
Gross Profit	**364,277**	**253,787**	**-30.3%**	**89,186**	**73,214**	**-17.9%**
(-) Sales Expenses	(46,765)	(67,849)	45.1%	(20,470)	(23,927)	16.9%
(-) General and administrative	(55,174)	(38,124)	-30.9%	(17,797)	(8,131)	-54.3%
(-) Management compensation	(7,362)	(8,067)	9.6%	(1,534)	(3,258)	112.4%
(-) Other operating revenues	1,904	5,374	182.2%	2,000	1,148	-42.6%
(=) Income from Activity	**256,880**	**145,121**	**-43.5%**	**51,385**	**39,046**	**-24.0%**
(+) Depreciation and amortization	68,995	98,066	42.1%	25,551	26,098	2.1%
EBITDA	**325,875**	**243,187**	***-25.4%***	**76,936**	**65,144**	***-15.3%***
(-) Biological Assets on revenue (note 25*)	(209,606)	(134,331)	-35.9%	(10,751)	(17,613)	63.8%
(+) Biological Assets on costs (note 26*)	175,503	181,452	3.4%	55,818	31,551	-43.5%
Adjusted EBITDA [1]	**291,772**	**290,308**	**-0.5%**	**122,003**	**79,082**	**-35.2%**
Adjusted EBITDA Margin [2]	**36.7%**	**29.5%**	***-7.2p.p***	**39.0%**	**28.1%**	***-10.9p.p***

**Explanatory note: Financial Statements*
[1] Excluding non-cash effects from biological assets
[2] Over net revenue excluding non-cash effects from biological assets

In 4Q12, Adjusted EBITDA was R$79,082 thousand, down 35.2% from R$122,003 thousand in 4Q11. The reduction was mainly due to the lower volumes of cotton and soybean invoiced between the periods, which were partially offset by the higher margins for soybean and cotton.

Adjusted EBITDA in 2012 decreased by 0.5% from the prior year, with adjusted EBITDA margin of 29.5%. The main variation between the years that impacted Adjusted EBITDA was the reductions in cotton and corn margins, which were partially offset by the expansion in the soybean margin.

Net Revenue

(R$ thousand)	2011	2012	AH	4Q11	4Q12	AH
Net Revenue	**1,005,640**	**1,118,743**	**11.2%**	**323,577**	**298,893**	**-7.6%**
Cotton lint invoiced	398,694	568,020	42.5%	213,018	222,825	4.6%
Cotton seed invoiced	47,147	58,638	24.4%	20,797	21,618	3.9%
Soybean invoiced	220,558	285,837	29.6%	25,037	20,200	-19.3%
Corn invoiced	64,934	99,792	53.7%	27,169	41,937	54.4%
Coffee invoiced	11,087	4,672	-57.9%	7,743	1,000	-87.1%
Other (invoiced)	10,151	5,981	-41.1%	4,182	2,638	-36.9%
Hedge income	43,463	(38,528)	n.m.	14,880	(28,938)	n.m.
Biological Assets	209,606	134,331	-35.9%	10,751	17,613	63.8%

(Tons)	2011	2012	AH	4Q11	4Q12	AH
Volume Invoiced	**814,922**	**989,110**	**21.4%**	**252,491**	**259,957**	**3.0%**
Cotton lint	109,027	143,615	31.7%	59,065	53,774	-9.0%
Cotton seed	164,164	185,583	13.0%	74,570	63,264	-15.2%
Soybean	356,098	368,739	3.5%	36,937	18,848	-49.0%
Corn	163,921	272,310	66.1%	71,378	116,364	63.0%
Coffee	1,576	819	-48.0%	942	176	-81.3%
Other	20,136	18,044	-10.4%	9,599	7,531	-21.5%

In 4Q12, net revenue decreased 7.6% from 4Q11 (R$323,577 thousand) to end the period at R$298,893 thousand, which was mainly due to the currency hedge result (variation of R$43,818 thousand between the quarters).

In 2012, net revenue was R$1,118,743 thousand, increasing 11.2% from the previous year. Excluding the effect of biological asset on net revenue, net revenue in the year increased by 23.7%, reflecting the 21.4% increase in volume invoiced combined with the higher prices of products invoiced.

(R$ thousand)	2011	2012	AH	4Q11	4Q12	AH
Effect of Biological Asset on Net Revenue	**209,606**	**134,331**	**-35.9%**	**10,751**	**17,613**	**63.8%**
Cotton lint	113,383	17,222	-84.8%	(6,808)	(206)	-97.0%
Cotton seed	25,288	774	-96.9%	(728)	(23)	-96.8%
Soybean	54,900	91,604	66.9%	7,129	19,883	178.9%
Corn	4,019	26,797	566.8%	(2)	-	n.m.
Coffee	11,160	(2,044)	n.m.	11,160	(2,044)	n.m.
Other	856	(22)	n.m.	-	3	n.m.

Biological assets are calculated as follows: market price at time of harvest, net of taxes and selling expenses (freight), less costs incurred.

The value attributed to biological assets decreased by R$75,275 thousand in 2012 versus 2011. The main impact on the calculation of biological assets was the decrease in cotton prices in the period.

Given the Company's price hedging policy, the margins from the effective sales prices will be recognized (see the commercial hedge table) as cotton for the 2011/12 crop year is invoiced over the coming quarters.

Cost of Goods Sold

(R$ thousand)	2011	2012	AH	4Q11	4Q12	AH
Cost of Goods Sold	**(641,363)**	**(864,956)**	**34.9%**	**(234,391)**	**(225,679)**	**-3.7%**
Cotton lint	(220,315)	(353,553)	60.5%	(125,266)	(142,653)	13.9%
Cotton seed	(31,755)	(47,444)	49.4%	(13,764)	(16,603)	20.6%
Soybean	(167,090)	(205,570)	23.0%	(17,480)	(6,955)	-60.2%
Corn	(33,755)	(62,811)	86.1%	(14,038)	(21,073)	50.1%
Coffee	(5,533)	(7,406)	33.9%	(3,561)	(4,938)	38.7%
Other	(7,412)	(6,720)	-9.3%	(4,464)	(1,906)	-57.3%
Biological Assets Allocated at Cost	(175,503)	(181,452)	3.4%	(55,818)	(31,551)	-43.5%

(R$ thousand)	2011	2012	AH	4Q11	4Q12	AH
Biological Assets Allocated at Cost	**(175,503)**	**(181,452)**	**3.4%**	**(55,818)**	**(31,551)**	**-43.5%**
Cotton lint	(100,018)	(66,084)	-33.9%	(49,187)	(6,875)	-86.0%
Cotton seed	(10,981)	(6,154)	-44.0%	(5,182)	(2,159)	-58.3%
Soybean	(59,796)	(80,711)	35.0%	(385)	(5,126)	n.m.
Corn	(2,267)	(27,172)	n.m.	(1,064)	(15,331)	n.m
Coffee	(170)	(1,316)	674.1%	-	(2,075)	n.m.
Other	(2,271)	(15)	-99.3%	-	15	n.m

Cost of goods sold in 4Q12 was 3.7% lower than in 4Q11, mainly due to the reduction in the accounting of biological assets. Excluding this item, COGS would be 8.7% higher in 4Q12, due to the higher unit cost of the crops.

In 2012, cost of goods sold increased 34.9% from 2011, mainly due to the higher volume invoiced (21.4%), combined with the higher unit cost of all crops, reflecting the higher cost of fertilizers, chemicals and seeds, and the lower yields in the 2011/12 crop year compared to the 2010/11 crop year.

Crop Margin Analysis

Cotton Invoiced		2011	2012	AH	4Q11	4Q12	AH
Cotton Lint Invoiced							
Volume Invoiced	Ton	109,027	143,615	31.7%	59,065	53,774	-9.0%
Net Revenue	R$ thousand	398,694	568,020	42.5%	213,018	222,825	4.6%
Unit Price	R$ thd/ Ton	3.66	3.96	8.2%	3.61	4.14	14.7%
Cost Total	R$ thousand	(220,315)	(353,553)	60.5%	(125,266)	(142,653)	13.9%
Unit Cost	R$ thd/ Ton	(2.02)	(2.46)	21.8%	(2.12)	(2.65)	25.1%
Unitary Margin	R$ thd/ Ton	1.64	1.50	-8.6%	1.49	1.49	-0.1%
Volume Invoiced	Ton	164,164	185,583	13.0%	74,570	63,264	-15.2%
Net Revenue	R$ thousand	47,147	58,638	24.4%	20,797	21,618	3.9%
Unit Price	R$ thd/ Ton	0.29	0.32	10.3%	0.28	0.34	21.4%
Cost Total	R$ thousand	(31,755)	(47,444)	49.4%	(13,764)	(16,603)	20.6%
Unit Cost	R$ thd/ Ton	(0.19)	(0.26)	32.2%	(0.18)	(0.26)	42.2%
Unitary Margin	R$ thd/ Ton	0.10	0.06	-33.4%	0.10	0.08	-18.7%

The unit margin of cotton in 4Q12 was stable compared to the same quarter last year, basically due to the higher prices practiced in the quarter compared to 4Q11, since the higher invoiced prices were offset by a proportional increase in the unit costs of invoiced products in the period.

The cotton lint invoiced in 2012 refers to production in both the 2010/11 crop year (47.3%) and 2011/12 crop year (52.7%). The unit margin of cotton lint in the year contracted 8.6% from the prior year, due to the higher cost, which was partially offset by the higher invoice price.



Soybeans Invoiced		2011	2012	AH	4Q11	4Q12	AH
Volume Invoiced	Ton	356,098	368,739	3.5%	36,937	18,848	-49.0%
Net Revenue	R$ thousand	220,558	285,837	29.6%	25,037	20,200	-19.3%
Unit Price	R$ thousand / Ton	0.62	0.78	25.8%	0.68	1.07	57.4%
Cost Total	R$ thousand	(167,090)	(205,570)	23.0%	(17,480)	(6,955)	-60.2%
Unit Cost	R$ thousand / Ton	(0.47)	(0.56)	18.8%	(0.47)	(0.37)	-22.0%
Unitary Margin	R$ thousand / Ton	0.15	0.22	47.6%	0.21	0.70	239.0%

In 4Q12, we concluded the invoicing of soybean produced in the 2011/12 crop year. The unit cost of soybean invoiced in 4Q12 was below the average for the year, since the soybean invoiced was produced at a farm with a lower unit cost.

The soybean invoiced in 2012 is mainly related to production in the 2011/12 crop year, with 3% produced in the previous crop year. The soybean unit margin in the year increased 47.6% as result of the higher invoice price, which was partially offset by the higher unit cost.

Corn Invoiced		2011	2012	AH	4Q11	4Q12	AH
Volume Invoiced	Ton	163,921	272,310	66.1%	71,378	116,364	63.0%
Net Revenue	R$ thousand	64,934	99,792	53.7%	27,169	41,937	54.4%
Unit Price	R$ thd / Ton	0.40	0.37	-7.5%	0.38	0.36	-5.3%
Cost Total	R$ thousand	(33,755)	(62,811)	86.1%	(14,038)	(21,073)	50.1%
Unit Cost	R$ thd / Ton	(0.21)	(0.23)	12.0%	(0.20)	(0.18)	-7.9%
Unitary Margin	R$ thd / Ton	0.19	0.14	-28.2%	0.18	0.18	-2.4%

The unit margin of corn in 4Q12 remained relatively stable compared to 4Q11, since the reduction in unit price was offset by a reduction in unit cost.

The corn invoiced in 2012 was produced in the 2011/12 crop year. The unit margin of corn in the year decreased 28.2%, due to the reduction in the invoiced price combined with an increase in unit cost. The decrease in the unit price in 2012 despite the higher average corn price in the year was due to the future sales (hedge) made prior to the increase in the corn price: 85% of the Company's corn was sold by the end of May 2012, with only a small portion left to be sold when prices rose due to the drought in the United States.

Production Cost

The percentage composition of our total production cost is shown below:

%	Cotton[(1)]	Soybeans[(1)]	Corn[(1)]	Avg. 2012/13 [(1)]	Avg. 2011/12
Variable Costs	**75**	**65**	**76**	**71**	**72**
Seeds	4	7	19	7	5
Fertilizers	21	19	33	22	22
Chemicals	23	21	9	21	19
Air Spraying	2	1	1	1	2
Fuels and lubricants	4	4	3	4	5
Labor	2	1	1	1	1
Benefiting	10	5	6	7	7
Machine Maintenance	4	4	3	4	6
Others	5	3	1	4	5
Fixed Costs	**25**	**35**	**24**	**29**	**28**
Labor	10	11	8	10	9
Depreciations and amortizations	11	18	12	13	12
Leasing	2	3	2	3	2
Other	2	3	2	3	5

Our estimated total production cost per hectare in the 2012/13 crop year is:

Total Production Cost (R$/ha)	Realized 2011/12	Estimated 2012/13	Δ%
Cotton 1st crop	4,923	5,282	7.3
Cotton 2nd crop	3,723	4,049	8.8
Soybeans	1,776	1,889	6.4
Corn 1st crop	2,737	2,868	4.8
Corn 2nd crop	1,312	1,403	6.9

[(1)] Amounts estimated by SLC Agrícola, as of December 31, 2012

According to the revised costs for the 2011/12 crop year, the main reduction was in the cotton crop, where ginning expenses were lower than initially forecast.

For the 2012/13 crop year, we estimate an average increase in total production cost per hectare of approximately 6.8% compared to the 2011/12 crop year, with the main impact from the higher costs with fertilizers, chemicals and seeds.

Gross Income

Gross income in 4Q12 decreased by 17.9% compared to 4Q11. Excluding the effects from biological assets, gross income was mainly impacted by the hedge result, which in 4Q12 was a loss of R$29 million, compared to a gain of R$14.8 million in the same quarter last year.

Gross Income totaled R$253,787 thousand in 2012, a nominal decrease of R$110,490 thousand from 2011. In 2012, gross income was mainly impacted by the lower value of biological assets for cotton, reflecting the lower prices practiced in the market during the harvest period between the years. Excluding the effects of biological assets, gross income in the year was R$300,908 thousand, compared to R$330,174 thousand in 2011, impacted mainly by the variation in the FX hedge results.

Selling Expenses

(R$ thousand)	2011	2012	AH	4Q11	4Q12	AH
Freight	27,661	39,064	41.2%	13,869	14,705	6.0%
Storage	8,184	9,994	22.1%	1,889	2,189	15.9%
Commissions	1,552	2,779	79.1%	165	374	126.7%
Classification of Goods	1,210	1,583	30.8%	733	755	3.0%
Export Expenses	7,713	12,975	68.2%	3,375	5,463	61.9%
Others	445	1,454	226.7%	439	441	0.5%
Total	**46,765**	**67,849**	**45.1%**	**20,470**	**23,927**	**16.9%**
% Net Revenue	**4.7%**	**6.1%**	***1.4p.p***	**6.3%**	**8.0%**	***1.7p.p***

In 4Q12, selling expenses increased by 16.9% compared to 4Q11, due to the higher volume of corn invoiced in the period (for freight costs are our responsibility) and of direct sales of cotton.

Selling expenses in 2012 increased 45.1% from 2011. The increase was mainly due to the higher volume invoiced of cotton (mostly directed to the export market) and corn in the period, for which freight costs are incurred by the Company.

General and Administrative Expenses

(R$ thousand)	2011	2012	AH	4Q11	4Q12	AH
Expenses with personnel	19,716	13,923	-29.4%	5,810	2,637	-54.6%
Provision for profit share program	12,818	3,911	-69.5%	4,855	116	-97.6%
Fees	3,781	4,073	7.7%	904	927	2.5%
Depreciations and amortizations	1,787	2,974	66.4%	704	535	-24.0%
Expenses with travels	2,087	1,567	-24.9%	622	368	-40.8%
Software maintenance	2,144	2,206	2.9%	535	577	7.9%
Marketing/Advertisement	1,113	1,220	9.6%	212	337	59.0%
Expenses with Communications	1,435	1,871	30.4%	486	429	-11.7%
Rentals	425	583	37.2%	112	134	19.6%
Labor Contingencies	3,123	763	-75.6%	2,183	249	-88.6%
Electricity	191	165	-13.6%	5	19	280.0%
Taxes and other fees	897	529	-41.0%	60	(74)	-223.3%
Contributions and donations	1,641	910	-44.5%	242	549	126.9%
Other	4,016	3,429	-14.6%	1,067	1,328	24.5%
Total	**55,174**	**38,124**	-30.9%	**17,797**	**8,131**	-54.3%
% Net Revenue	**5.5%**	**3.4%**	**-2.1p.p**	**5.5%**	**2.7%**	**-2.8p.p**

In 4Q12, general and administrative expenses decreased by 54.3% from 4Q11, mainly due to the lower level of provisioning for profit sharing, which is based on the Company's net income. In 4Q11, part of our expenses with the stock option program were reclassified from Management Compensation to Personnel Expenses (administrative expenses) in the amount of R$1,657 thousand. Moreover, in 4Q12, the recording of amounts related to stock options decreased, according to the Black&Scholes method.

General and administrative expenses decreased by 30.9% in 2012 compared to 2011, mainly due to the reduction in Profit Sharing as a result of the lower net income in 2012.

Financial Income (Expense)

(R$ thousand)	2011	2012	AH	4Q11	4Q12	AH
Revenues (expenses) with derivatives	(5,477)	3,966	n.m.	2,898	1,467	-49.4%
Interest	(16,977)	(32,603)	92.0%	(7,986)	(9,257)	15.9%
Monetary variation	2,743	(45,400)	n.m.	3,893	32,679	739.4%
FX variation	7,060	4,827	-31.6%	(1,026)	994	n.m.
Other financial revenues (expenses)	(3,050)	(3,380)	10.8%	(938)	(379)	-59.6%
Total	**(15,701)**	**(72,590)**	**362.3%**	**(3,159)**	**25,504**	**n.m.**
% Net Revenue	**-1.6%**	**-6.5%**	**-4.9p.p**	**-1.0%**	**8.5%**	**9.5p.p**

In 4Q12, we recorded net financial income of R$25,504 thousand, compared to the net financial expense of R$3,159 thousand in the same quarter last year, which was mainly due to monetary variation, which in the quarter benefitted from the drop in soybean prices, which is the reference used for restating the debt arising from the acquisition of land properties.

In 2012, the financial expense of R$56,889 thousand exceeded the financial expense in 2011, due to the fluctuation in the price of the soybean bag, to which debt arising from land acquisition is pegged, and to the increase in interest expenses resulting from the growth in net debt contracted for investments and working capital to support the 13.4% expansion in planted area, which will be harvested in 2013.

Therefore, the impact from monetary variation losses in the year was R$45,400 thousand. Note that this variation has no cash impact, since it represents the debt arising from land acquisitions that will be repaid through 2017.

Net Income

Net income in 4Q12 was 54.1% higher than in 4Q11, mainly due to the lower financial and administrative expenses, as mentioned above.

The net income of R$38,430 thousand in 2012 represents a nominal decrease of R$121,562 thousand from the R$159,992 thousand in 2011, impacted mainly by the lower gross income and loss from monetary variation.

The effective income tax rate was 47.0% in 2012. The high rate was due to the recognition of the monetary variation loss (financial expense) from the restatement of debt related to land acquisitions pegged to the price of the soybean bag at one of the Company's subsidiaries, which is taxed under the presumed profit methodology. This variation is not included in the calculation of taxes under the presumed profit methodology.

In 2012, net margin was 3.4%, compared to 15.9% in 2011. The main impacts on net margin were monetary variation and lower cotton and corn margins.

Currency and Agricultural Commodity Hedge

The Company's sales revenues are mainly generated by the trading of agricultural commodities such as cotton, soybean and corn, which are quoted in U.S. dollar on international exchanges, such as the Chicago Board of Trade (CBOT) and the Intercontinental Exchange Futures US (ICE). Therefore, we are actively exposed to variations in foreign exchange rates and in the prices of these commodities. To protect from currency variation we use derivative instruments, with the portfolio of these instruments comprised basically of non-deliverable forwards (NDFs) and option contracts.
In line with the Company's Risk Management Policy, whose purpose is to obtain a pre-established EBITDA margin with a combination of factors such as Price, Foreign Exchange and Cost, most of the instruments for protecting against commodity price variation are accomplished through advanced sales directly with our clients (forward contracts). Furthermore, we also use futures and

options contracts negotiated on the exchange and swap and option transactions contracted with financial institutions. The marking to market of future, swap and option transactions are recorded under financial income (expense).

The hedge position on February 28, 2013 for commodities (in relation to the estimated total volume invoiced) and currency (in relation to the total estimated revenue in U.S. dollar) is shown below broken down by commercial hedge and financial hedge:

Commercial (Physical Sales) and Currency Hedge

	FX rate [4]		Soybean		Cotton	
Civil Year	%	R$ / US$	%	US$ / bushel [1] [2] [3]	%	US¢ / lb [1] [2]
2013	54.0	2.0083	62.2	13.75	75.2	87.66
2014	5.9	2.1519	-	-	2	87.77

[1] FOB Port.

[2] Prices in our production units are still influenced by transportation expenses.

[3] The percentage hedged don't include pledges with payments of properties and leasing that correspond to 10.1% of 2012/13 and 12.4% of 2013/14.

[4] The percentage hedged does not include pledges with FX payments that correspond to 24.8% of FX revenue in 2013.

Financial Hedge

	Cotton		Base Price for MTM	Soybean		Base Price for MTM
Civil Year	%	US¢ / lb	02/28/2013	%	US$/bushel	02/28/2013
2013	3.6	84.82	85.43	-	-	-
2014	-	-	-	1	14.00	12.64

NOTE: Unlike FX hedge operations, financial hedge operations for commodities, due to their nature, were not classified under the hedge accounting methodology; therefore, they pass through the income statement even before their due date. The mark-to-market for such operations (which was based on the closing quotation prices of 02/28/2013) is shown under Financial Income, in Gains and Losses with Derivatives. For projections of results related to these operations, it is important to stress that any additional price fluctuation will be recognized under financial income (gain or loss), offset in equal proportion, but in reverse, under net revenue (increase or decrease), that in this case will reflect the physical sale of the product at issue.

Property, Plant and Equipment / Intangible Assets

CAPEX (R$ thousand)	2011	2012	AV
Machinery, implements and equipment	35,889	52,265	33.0%
Land acquisition	283,434	1,950	1.2%
Soil correction	40,498	51,638	32.6%
Buildings and facilities	33,881	16,553	10.4%
Cotton ginning plant	5,500	6,654	4.2%
Grains storage	5,749	6,373	4.0%
Soil cleaning	5,416	13,011	8.2%
Vehicles	4,442	6,758	4.3%
Others	11	3,398	2.1%
Total	**414,820**	**158,600**	**100%**

The main investments in 2012 were:

- Acquisition of 6 tractors, 23 cotton harvesters, 7 grain harvesters and 4 planters for a total amount of R$52,265 thousand;
- Soil correction amounting to R$51,638 thousand at the farms: Parceiro, Planorte, Paiaguás, Perdizes, Parnaíba, Piratini and Palmares.
- Soil clearing on 10,895 hectares at the farms: Parnaíba, Parnaguá, Parceiro and Paineira.

Financial Net Debt

(R$ thousand)	Currency	Annual Average Interest Rate 2012	Annual Average Interest Rate 2011	Consolidated 2012	Consolidated 2011
Applied in Fixed Assets					
Finame – BNDES	Pré, TJLP	**6.31%**	6.42%	**37,026**	48,318
Constitutional Funds [1]	Pré	**7.29%**	7.26%	**90,984**	105,980
Financing Investments	US$, Libor	**5.74%**	-	**21,276**	-
Applied in Working Capital					
Rural Credit	Pré	**6.11%**	6.75%	**174,743**	122,229
Constitutional Funds [1]	Pré	**7.23%**	7.26%	**29,198**	110,693
Working Capital	Pré, CDI	**8.31%**	-	**90,162**	-
External Loans	US$, Libor, Pré	**4.05%**	2.80%	**367,470**	252,811
		5.59%	5.33%	**661,573**	485,732
Total Indebtedness				**810,860**	640,030
(-) Cash				**157,246**	130,463
(=) Net Debt				**653,614**	509,567
Net Debt/ Adjusted EBITDA				**2.26x**	**1.60x**
Net Debt/NAV				**24.4%**	**18.4%**

(1) For calculation of the average cost of Constitutional Funds, we consider a discount of 15% regarding the performance bonus applicable to these operations.

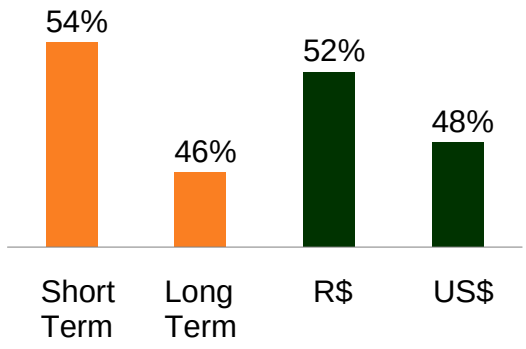
In 4Q12, net debt rose to R$810,860 thousand, from R$640,030 thousand in 4Q11. The increase in net debt was mainly due to the offshore loans operations and the financing for investment contracted in foreign currency. There was also substantial increase in the volume of rural credit, from R$122,229 thousand in 4Q11 to R$174,743 thousand in 2012, due to the increased offering of this line.

There was a decrease in the debtor balance of the constitutional fund lines due to the delay in renewing working capital operations in the Northeast region. Therefore, to meet its cash needs, the Company contracted R$90,162 thousand in short-term working capital loans (Export Credit Notes).

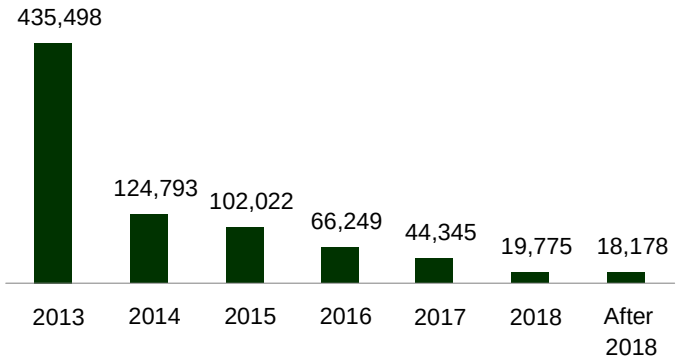
The exchange variation relative to Trade Finance operations was booked in accordance with the hedge accounting methodology.

The net debt/Adjusted EBITDA ratio closed 4Q12 at 2.26x, compared to 1.60x in 4Q11.

4Q12 Debt Profile (%)



4Q12 Long-term Debt Schedule (R$ thousand)



Indicators

The Company believes that the calculation of Return on Equity, Return on Net Assets and Return on Invested Capital should consider, in addition to operating income in the period, also the net annual appreciation (based on the report of an independent auditor prepared every year) in the value of its land.

Return on Equity

(R$ million)	2009	2010	2011	2012
Net Profit	9	59	160	38
Net Land Appreciation[1]	163	(36)	179	279
Subtotal	**172**	23	338	318
Shareholder's Equity[2]	1,807	1,839	2,063	2,415
Return-on-equity	**9.5%**	**1.3%**	**16.4%**	**13.2%**

[1] Based on independent land appraisal (Deloitte), net of taxes
[2] Adjusted for land appreciation

Net Asset Value

(R$ million)	4Q12
Land[1]	1,448
LandCo Farms[2]	415
Acquisitions after Deloitte's Appraisal[3]	246
Infrastructure (excl. land)	769
Accounts Receivable (excl. derivatives)	95
Inventories (excl. non-cash)	398
Biological Assets (excl. non-cash)	278
Cash	157
Subtotal	**3,807**
Suppliers	138
Gross Debt	811
Outstanding debt related to land acquisitions	182
Subtotal	**1,131**
	-
Net Asset Value	**2,676**
Net Asset Value per Share	**27.1**

[1] Based on independent land appraisal (Deloitte), net of taxes
[2] Considering negotiated value at LandCo transaction, net of taxes
[3] Acquisition price, net of taxes

Return on Net Assets (RONA)

(R$ million)	2009	2010	2011	2012
Net Profit	9	59	160	38
Net Land Appreciation [1]	163	(36)	179	279
Subtotal	**172**	**23**	**339**	**318**
Invested Capital	2,566	2,599	3,196	3,644
Working Capital	434	395	504	626
Net Assets[2]	2,132	2,203	2,692	3,017
Return	**6.7%**	**0.9%**	**10.6%**	**8.7%**

[1] Based on independent land appraisal (Deloitte), net of taxes
[2] Adjusted for land appreciation

Changes in Working Capital

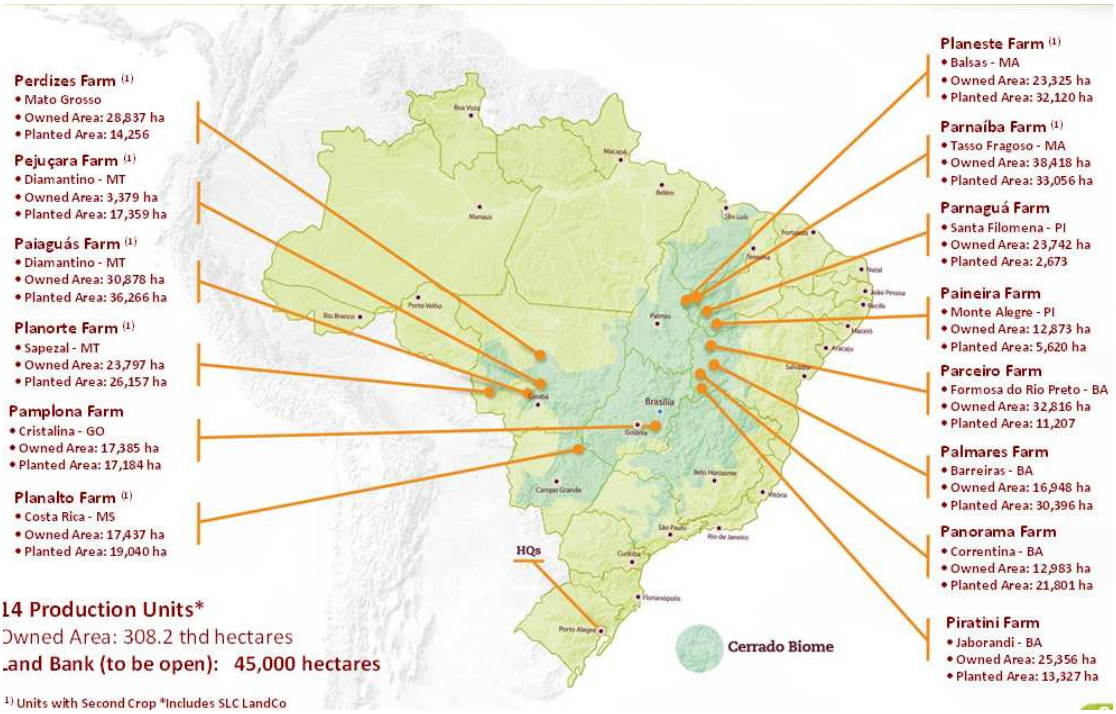
Changes in Working Capital (R$ thd)	1Q12	2Q12	3Q12	4Q12
Assets				
Trade accounts receivable	123,538	91,445	159,792	101,879
Hedge Accounting + Inventory Adjustment (non-cash)	(15,277)	(12,158)	(14,593)	(6,912)
Inventories	259,321	305,073	441,793	407,819
Biological Assets + (non-cash)	(52,768)	(24,789)	(23,363)	(9,950)
Recoverable Taxes	56,027	73,730	83,842	94,188
Biological Assets	390,452	365,041	206,778	303,404
Biological Assets (non-cash)	(64,648)	(4,870)	(10,989)	(24,975)
Expenses incurred in advance	5,834	6,677	4,334	10,405
Subtotal	**702,479**	**800,149**	**847,594**	**875,858**
Liabilities				
Suppliers	40,388	50,376	92,094	137,758
Tax and Social Obligations	16,033	19,538	22,428	38,053
Others	297,822	269,138	259,827	176,773
Land Payables	(109,804)	(127,345)	(133,471)	(95,283)
Hedge Accounting (Non-Cash)	(20,138)	(56,353)	(48,677)	(20,058)
Provisions	11,361	12,672	15,172	12,249
Subtotal	**235,662**	**168,026**	**207,373**	**249,492**
Total	**466,817**	**632,123**	**640,221**	**626,366**
Change in WC	**-37,105**	**165,306**	**8,098**	**-13,855**

Return on Invested Capital

(R$ million)	2009	2010	2011	2012
Operating Income	11	126	257	145
Taxes (%)	20.5%	30.1%	33.7%	49.8%
Taxes (nominal)	(2)	(38)	(87)	(72)
Adjusted Operating Income	9	88	170	73
Net Land Appreciation	163	(36)	179	279
Operating Income w/ land appreciation	**172**	**52**	**349**	**352**
Invested Capital	2,125	2,179	2,572	3,069
Gross Debt (short and long term)	*461*	*450*	*640*	*811*
Cash	*142*	*110*	*131*	*157*
Net Debt	*318*	*339*	*510*	*654*
Shareholder's Equity[(1)]	*1,807*	*1,839*	*2,063*	*2,415*
Return on Invested Capital	**8.1%**	**2.4%**	**13.6%**	**11.5%**

(1) Adjusted for Land Appreciation

Location of Production Units



Adherence to Arbitration Chamber

The Company is subject to arbitration on the Market Arbitration Chamber as per the arbitration clause in its Bylaws.

Independent Auditors

KPMG Independent Auditors was hired by the Company to provide external audit services related to the examination of the Company's financial statement. In compliance with CVM Instruction 381/03, we hereby inform that in 2012, this audit firm did not provide services unrelated to the external audit for which the fees exceeded 5% of the amount received for this service.

Contacts

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We make forward-looking statements that are subject to risks and uncertainties. Such statements are based on the beliefs and assumptions of our Management and on the information currently available to the Company. Forward-looking statements include information on our current plans, beliefs or expectations, as well as those of the Company's Board of Directors and its Officers.
Forward-looking statements include information on potential or assumed operating results as well as statements that are preceded, followed or include the words "believe", "may", "will", "continue", "expect", "project", "intend", "plan", "estimate" or similar expressions.
Forward-looking statements and information provide no guarantee of performance. Because they refer to future events, they involve risks, uncertainties and assumptions and as such depend on circumstances that may or may not occur. The future results and creation of value for shareholders may differ significantly from the figures expressed or suggested in the forward-looking statements. Many factors that will determine these results and values are beyond our capacity to control or predict.

4Q12 Conference Call

Date: Thursday, March 14, 2013

> Portuguese
10:00 a.m. (Brasília)
9:00 a.m. (New York)
1:00 p.m. (London)
Dial-in: +55 (11) 2188-0155
Code: SLC Agrícola
Replay: +55 (11) 2188-0155
Code: SLC Agrícola

> English
12:00 p.m. (Brasília)
11:00 a.m. (New York)
3:00 p.m. (London)
Dial-in: +1 (412) 317-6776
Code: SLC Agrícola
Replay: +1 (412) 317-0088
Code: 10023870

Appendix

Balance Sheet - Assets

(R$ thd)	2011	2012	AV	AH
Current liabilities	**987,095**	**1,074,941**	**28.9%**	**8.9%**
Cash and cash equivalents	127,357	143,888	3.9%	13.0%
Short-term interest earnings bank deposits	3,106	13,358	0.4%	330.1%
Accounts receivable	104,852	101,879	2.7%	-2.8%
Trade accounts receivable	54,335	55,271	1.5%	1.7%
Other accounts receivable	50,517	46,608	1.3%	-7.7%
Advances to suppliers	17,774	25,265	0.7%	42.1%
Operations with derivatives	15,283	6,912	0.2%	-54.8%
Securities and credits receivable	13,180	9,756	0.3%	-26.0%
Other accounts receivable	4,280	4,675	0.1%	9.2%
Inventories	410,416	407,819	11.0%	-0.6%
Biological assets	264,772	303,404	8.2%	14.6%
Cotton Lint	142,603	123,912	3.3%	-13.1%
Soybean	96,273	144,978	3.9%	50.6%
Corn	20,308	29,534	0.8%	45.4%
Coffee	3,221	1,670	0.0%	-48.2%
Others	2,367	3,310	0.1%	39.8%
Current taxes recoverable	69,701	94,188	2.5%	35.1%
Prepaid expenses	6,891	10,405	0.3%	51.0%
Non-current assets	**2,597,358**	**2,640,690**	**71.1%**	**1.7%**
Long term assets	37,956	38,008	1.0%	0.1%
Biological assets	14,925	6,174	0.2%	-58.6%
Deferred taxes	143	2,291	0.1%	n.m.
Other non-current assets	20,178	22,786	0.6%	12.9%
Operations with derivatives	894	311	0.0%	-65.2%
Accounts receivable	12,967	16,073	0.4%	24.0%
Recoverable taxes	4,940	4,919	0.1%	-0.4%
Other accounts receivable	1,377	1,483	0.0%	7.7%
Prepaid expenses	2,710	6,757	0.2%	149.3%
Property, plant and equipment	2,549,337	2,594,571	69.8%	1.8%
Fixed assets in operation	2,536,328	2,577,135	69.4%	1.6%
Constructions in progress	13,009	17,436	0.5%	34.0%
Intangible assets	10,065	8,111	0.2%	-19.4%
Intangible assets	10,065	8,111	0.2%	-19.4%
Others	10,065	8,111	0.2%	-19.4%
Total Assets	**3,584,453**	**3,715,631**	**100.0%**	**3.7%**

Appendix



Balance Sheet - Liabilities

(R$ thd)	2011	2012	AV	AH
Current liabilities	**817,592**	**800,331**	**21.5%**	**-2.1%**
Social and labor obligations	3,226	7,672	0.2%	137.8%
Social charges	3,025	7,358	0.2%	143.2%
Labor obligations	201	314	0.0%	56.2%
Suppliers	117,919	137,758	3.7%	16.8%
Domestic suppliers	117,919	137,758	3.7%	16.8%
Tax liabilities	21,151	30,381	0.8%	43.6%
Federal tax liabilities	20,411	29,795	0.8%	46.0%
Income and social contribution tax payable	18,964	28,301	0.8%	49.2%
Taxes, fees and sundry contributions	1,447	1,494	0.0%	3.2%
State tax liabilities	599	487	0.0%	-18.7%
Municipal tax liabilities	141	99	0.0%	-29.8%
Loans and financing	384,735	435,498	11.7%	13.2%
Loans and financing	384,735	435,498	11.7%	13.2%
In local currency	277,401	340,301	9.2%	22.7%
In foreign currency	107,334	95,197	2.6%	-11.3%
Others	270,913	176,773	4.8%	-34.7%
Others	270,913	176,773	4.8%	-34.7%
Securities payable	113,876	95,283	2.6%	-16.3%
Advances from clients	67,613	39,814	1.1%	-41.1%
Operations with derivatives	37,349	20,058	0.5%	-46.3%
Minimum compulsory dividend payable	38,654	9,526	0.3%	n.m
Lease	4,704	6,828	0.2%	45.2%
Other debits	8,717	264	0.1%	-39.6%
Provisions	19,648	12,249	0.3%	-37.7%
Tax, social security, labor and civil provisions	19,648	12,249	0.3%	-37.7%
Tax provisions	160	160	0.0%	0.0%
Social security and labor provisions	5,580	6,130	0.2%	9.9%
Provisions to employee benefits	12,570	3,858	0.1%	-69.3%
Provision for labor contingencies	1,338	2,101	0.1%	57.0%
Non-current liabilities	**846,625**	**921,675**	**24.8%**	**8.9%**
Loans and financing	255,296	375,362	10.1%	47.0%
Loans and financing	255,296	375,362	10.1%	47.0%
In local currency	109,349	48,499	1.3%	-55.6%
In foreign currency	145,947	326,863	8.8%	124.0%
Other liabilities	134,607	88,174	2.4%	-34.5%
Securities payable	128,505	86,851	2.3%	-32.4%
Operations with derivatives	5,554	775	0.0%	-86.0%
Other debits	548	548	0.0%	0.0%
Deferred income and social contribution taxes	456,722	458,139	12.3%	0.3%
Shareholders' equity	**1,920,236**	**1,993,625**	**53.7%**	**3.8%**
Realized capital	557,434	557,434	15.0%	0.0%
Capital reserves	172,954	190,110	5.1%	9.9%
Goodwill in the issue of shares	176,534	177,585	4.8%	0.6%
Options granted	15,952	20,274	0.5%	27.1%
Profit reserves	(19,532)	(7,749)	-0.2%	-60.3%
Profit reserves	287,295	307,129	8.3%	6.9%
Legal reserve	2,851	2,851	0.1%	0.0%
Profit retention reserve	5,628	5,628	0.2%	0.0%
Statutory reserve	278,816	298,650	8.0%	7.1%
Other comprehensive income	902,553	892,834	24.0%	-1.1%
Interest of non-controlling shareholders	-	46,118	1.2%	n.m
Total Liabilities	**3,584,453**	**3,715,631**	**100.0%**	**3.7%**

Statement of Income



(R$ thd)	4Q11	4Q12	AV	AH	2011	2012	AV	AH
Net Revenue	**323,577**	**298,893**	**100.0%**	**-7.6%**	**1,005,640**	**1,118,743**	**100.0%**	**11.2%**
Cotton lint	213,018	222,825	74.6%	4.6%	398,694	568,020	50.8%	42.5%
Cotton seed	20,797	21,618	7.2%	3.9%	47,147	58,638	5.2%	24.4%
Soybean	25,037	20,200	6.8%	-19.3%	220,558	285,837	25.5%	29.6%
Corn	27,169	41,937	14.0%	54.4%	64,934	99,792	8.9%	53.7%
Coffee	7,743	1,000	0.3%	-87.1%	11,087	4,672	0.4%	-57.9%
Others	4,182	2,638	0.9%	-36.9%	10,151	5,981	0.5%	-41.1%
Hedge revenue	14,880	(28,938)	n.m.	-294.5%	43,463	(38,528)	-3.4%	n.m.
Fair value of biologic assets	10,751	17,613	5.9%	63.8%	209,606	134,331	12.0%	-35.9%
Cost of goods sold	**(234,391)**	**(225,679)**	**-75.5%**	**-3.7%**	**(641,363)**	**(864,956)**	**-77.3%**	**34.9%**
Cotton lint	(125,266)	(142,653)	-47.7%	13.9%	(220,315)	(353,553)	-31.6%	60.5%
Cotton seed	(13,764)	(16,603)	-5.6%	20.6%	(31,755)	(47,444)	-4.2%	49.4%
Soybean	(17,480)	(6,955)	-2.3%	-60.2%	(167,090)	(205,570)	-18.4%	23.0%
Corn	(14,038)	(21,073)	-7.1%	50.1%	(33,755)	(62,811)	-5.6%	86.1%
Coffee	(3,561)	(4,938)	-1.7%	38.7%	(5,533)	(7,406)	-0.7%	33.9%
Others	(4,464)	(1,906)	-0.6%	-57.3%	(7,412)	(6,720)	-0.6%	-9.3%
Biological assets	(55,818)	(31,551)	-10.6%	-43.5%	(175,503)	(181,452)	-16.2%	3.4%
Gross Income	**89,186**	**73,214**	**24.5%**	**-17.9%**	**364,277**	**253,787**	**22.7%**	**-30.3%**
Operating expenses/income	**(37,801)**	**(34,168)**	**-11.4%**	**-9.6%**	**(107,397)**	**(108,666)**	**-9.7%**	**1.2%**
Sales expenses	(20,470)	(23,927)	-8.0%	16.9%	(46,765)	(67,849)	-6.1%	45.1%
General and administrative expenses	(17,797)	(8,131)	-2.7%	-54.3%	(55,174)	(38,124)	-3.4%	-30.9%
Management compensation	(1,534)	(3,258)	-1.1%	112.4%	(7,362)	(8,067)	-0.7%	9.6%
Other operating income	2,000	1,148	0.4%	n.m	1,904	5,374	0.5%	n.m
Income (loss) before financial income (loss) and taxes	**51,385**	**39,046**	**13.1%**	**-24.0%**	**256,880**	**145,121**	**13.0%**	**-43.5%**
Financial income (loss)	**(3,159)**	**25,504**	**8.5%**	**-907.3%**	**(15,701)**	**(72,590)**	**-6.5%**	**362.3%**
Financial income	29,651	54,212	18.1%	82.8%	103,664	148,817	13.3%	43.6%
Financial expenses	(32,810)	(28,708)	-9.6%	-12.5%	(119,365)	(221,407)	-19.8%	85.5%
Income (loss) before income tax	**48,226**	**64,550**	**21.6%**	**33.8%**	**241,179**	**72,531**	**6.5%**	**-69.9%**
Income and social contribution taxes	**(15,223)**	**(13,704)**	**-4.6%**	**-10.0%**	**(81,187)**	**(34,101)**	**-3.0%**	**-58.0%**
Current	(9,238)	(14,019)	-4.7%	51.8%	(20,705)	(30,524)	-2.7%	47.4%
Deferred	(5,985)	315	n.m.	-105.3%	(60,482)	(3,577)	-0.3%	-94.1%
Net Income (loss) for the period	**33,003**	**50,846**	**17.0%**	**54.1%**	**159,992**	**38,430**	**3.4%**	**-76.0%**
Attributed to the Parent company's partners	33,003	50,888	17.0%	n.m.	159,992	38,105	12,7%	n.m
Attributed to non-controlling partners	-	(42)	n.m.	n.m	-	325	0.1%	n.m

Statement of Value Added

(R$ thd)	2011	2012	AH
Revenues	**1,087,748**	**1,305,312**	**20.0%**
Sale of merchandise, products and services	804,752	1,068,684	32.8%
Other income	214,286	146,905	-31.4%
Variation of the fair value of biological assets	209,605	134,331	-35.9%
Other income	4,681	12,574	168.6%
Income from construction of own assets	68,710	89,723	30.6%
Inputs acquired from third parties	**(605,942)**	**(773,500)**	**27.7%**
Cost of goods, merchandise and services sold	(2,497)	(3,364)	34.7%
Materials, Energy, Third(party services and other	(216,597)	(269,911)	24.6%
Loss/recovery of asset values	(203)	(2,869)	n.m.
Others	(386,645)	(497,356)	28.6%
Raw material used	(211,142)	(315,905)	49.6%
Adjustment of fair value of biological assets	(175,503)	(181,451)	3.4%
Gross added value	**481,806**	**531,812**	**10.4%**
Retentions	**(68,995)**	**(98,066)**	**42.1%**
Depreciation, amortization and depletion	(68,995)	(98,066)	42.1%
Net added value produced	**412,811**	**433,746**	**5.1%**
Added value received as transfer	**147,383**	**122,951**	**-16.6%**
Financial income	147,128	122,686	-16.6%
Others	255	265	3.9%
Total added value payable	**560,194**	**556,697**	**-0.6%**
Distribution of added value	**560,194**	**556,697**	**-0.6%**
Personnel	**100,191**	**121,540**	**21.3%**
Direct remuneration	55,993	80,267	43.4%
Benefits	39,376	34,744	-11.8%
F.G.T.S.	4,822	6,529	35.4%
Taxes, rates and contributions	**168,827**	**151,818**	**-10.1%**
Federal	144,495	105,236	-27.2%
State	24,307	46,575	91.6%
Municipal	25	7	-72.0%
Third-party capital remuneration	**131,184**	**244,909**	**86.7%**
Interest	119,154	231,513	94.3%
Rents	12,030	13,396	11.4%
Remuneration of own capital	**159,992**	**38,430**	**-76.0%**
Retained earnings/Loss for the period	98,136	28,579	-70.9%
Dividends	61,856	9,526	-84.6%
Interest of non-controlling shareholders in retained earnings	-	325	n.m

Statement of Cash Flow

(R$ thd)	2011	2012	AH
Net cash from operational activities	**289,905**	**28,665**	**-90.1%**
Cash generated in operations	**346,621**	**247,309**	**-28.7%**
Net income (loss) before income and social contribution taxes	241,179	72,531	-69.9%
Depreciation and amortization	74,669	107,812	44.4%
Depreciation and amortization recorded in the income	68,995	98,066	42.1%
Depreciation and amortization recorded in the inventories and biological assets	5,674	9,746	71.8%
Income from write-off of permanent assets	29,924	8,041	-73.1%
Interest, foreign exchange variation and price-level restatement	63,669	69,799	9.6%
Interest paid	(36,531)	(43,015)	17.7%
Share-based compensation	6,261	4,322	-31.0%
Variation in biological assets	(34,103)	47,119	-238.2%
Provision (reversal) of inventory adjustments and onerous contracts	1,418	3,019	112.9%
Provision (reversal) of profit sharing and labor contingencies	13,462	3,871	-71.2%
Income tax and social contribution paid	(13,327)	(26,190)	96.5%
Changes in assets and liabilities	**(56,716)**	**(218,645)**	**285.5%**
Trade accounts receivable	(8,724)	(936)	-89.3%
Inventories and biological assets	(207,786)	(77,422)	-62.7%
Recoverable taxes	(17,948)	(24,467)	36.3%
Accounts receivable	8,105	10,490	29.4%
Interest earnings bank deposits-pledged	9,697	(10,252)	n.m.
Other accounts receivable	(1,109)	(15,504)	n.m.
Suppliers	22,945	13,642	-40.5%
Taxes and social payables	22,248	9,340	-58.0%
Operations with derivatives	(30,666)	32,987	-207.6%
Securities payable	137,965	(115,821)	n.m.
Advances from clients	56,738	(27,799)	n.m.
Other accounts payable	(48,181)	(12,909)	-73.2%
Net cash used in investment activities	**(415,896)**	**(159,134)**	**-61.7%**
In Fixed assets	(414,878)	(158,600)	-61.8%
In Intangible assets	(1,018)	(534)	-47.5%
Net cash generated/(consumed) in financing activities	**143,129**	**147,001**	**2.7%**
Sale (repurchase) of shares	(7,323)	12,834	-275.3%
Loans and financing obtained	572,469	639,475	11.7%
Loans and financing paid	(406,425)	(503,891)	24.0%
Dividends paid	(15,592)	(61,855)	296.7%
Payment of capital	-	60,438	n.m
Increase (decrease) in cash and cash equivalents	**17,138**	**16,531**	-3.5%
Opening balance of cash and cash equivalents	110,219	127,357	15.5%
Closing balance of cash and cash equivalents	127,357	143,888	13.0%



Agricultural weights and measures

1 ton	1.000 kg
1 kg	2.20462 lb
1 lb	0.45359 kg
1 acre	0.40469 hectares
1 acre	0.1840 bushel
1 hectare (ha)	2.47105 acres
1 hectare (ha)	10.000 m²
1 bushel	5.4363 acres

Soybeans and Wheat

1 bushel of soybean	60 lb	27.2155 kg
1 bag of soybean	60 kg	2.20462 bushels
1 bushel/acre	67.25 kg/ha	
1.00 US$/bushel	2.2046 US$/bag	

Corn

1 bushel of corn	56 lb	25.4012 kg
1 bag of corn	60 kg	2.36210 bushels
1 bushel/acre	62.77 kg/ha	
1.00 US$/bushel	2.3621 US$/bag	

Cotton

1 bale	480 lb	217.72 kg
1 arroba	14.68 kg*	

Coffee

1 bag of coffee	60 kg	132.28 lb
1.00 US¢/lb	1.3228 US$/bag	

* The market and our Company consider 15.00Kg.



SLC Agrícola S.A.

Financial statements
December 31, 2012 and 2011

(A free translation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil and consolidated financial statements in accordance with the IFRS)

KPMG Auditores Independentes
March 2013
KPDS 53764

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Independent auditors' report on the financial statements

To the Shareholders, Board Members and Directors of
SLC Agrícola S.A.
Porto Alegre - RS

We have examined the individual and consolidated financial statements of SLC Agrícola S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the balance sheet as of December 31, 2012 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows, for the year then ended, as well as the summary of the significant accounting practices and other explanatory notes.

Responsibility of management for the financial statements
The Company's management is responsible for the preparation and adequate presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB, and in accordance with the accounting practices adopted in Brazil as well as for the internal controls that it deemed necessary to enable the preparation of these financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

Responsibility of the Independent auditors
Our responsibility is to express an opinion on these financial statements based on our auditing, carried out in accordance with the Brazilian auditing and international accounting standards. These standards require the fulfillment of ethical requirements by the auditors and that the audit be planned and performed for the purpose of obtaining reasonable assurance that the financial statements are free of significant distortions.

An audit involves the carrying out of procedures selected to obtain evidence related to the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of significant distortion in the financial statements, regardless of whether the latter are caused by fraud or error. In this risk assessment, according to auditing standards, the auditor considers relevant internal controls for the preparation and adequate presentation of the financial statements of the Company, to plan the audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the efficacy of these internal controls of the Company. An audit also includes the evaluation of the adequacy of adopted accounting practices and reasonability of accounting estimates made by Management, as well as an assessment of the presentation of financial statements taken as a whole.

We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Opinion on the individual financial statements
In our opinion, the individual and consolidated aforementioned financial statements present fairly, in all material respects, the financial position of SLC Agrícola S.A. as of December 31, 2012, the performance of its operations and its cash flows, for theyear then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements
In our opinion, the individual aforementioned financial statements present fairly, in all material respects, the financial position of SLC Agrícola S.A. as of December 31, 2012, the performance of its operations and its cash flows, consolidated for the year then ended, in conformity with International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

Emphasis of matter
As described in the note 2, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of SLC Agrícola S.A., these practices differ from IFRS, as far as the individual financial statements are concerned, only as regards the valuation of investments in subsidiaries, associated companies, and subsidiaries under the equity method, as, for IFRS purposes, they would be valued at cost or fair value. Our opinion is not qualified in this respect.

Other matters

Examination of the amounts corresponding to the previous year
Amounts corresponding to the year ended December 31, 2011 presented for comparison purposes were previously audited by other independent auditors that issued a report dated March 19, 2012 which has not been changed.

Statements of added value
We have also examined the individual and consolidated statements of value added (DVA) for the year ended December 31, 2012, prepared under responsibility of Company's management, whose presentation is required by Brazilian Corporate Law for publicly-held companies and as supplementary information under IFRS that do not require the presentation of a statement of value added. These statements were submitted to the same audit procedures previously described and, in our opinion, these supplementary statements are adequately presented, in all material respects, in relation to the basic financial statements taken as a whole.

Porto Alegre, March 06, 2013

KPMG Auditores Independentes
CRC SP-014428/F-7
(Original report in Portuguese signed by)
Cristiano Jardim Seguecio
Accountant CRC SP-244525/O-9 T-RS

SLC Agrícola S.A.

Balance sheets at December 31, 2012 and 2011

(In thousands of Reais)

		Parent company		Consolidated	
Assets	**Note**	**2012**	**2011**	**2012**	**2011**
Current assets					
Cash and bank deposits	6	30.799	75.426	143.888	127.357
Short-term interest earnings bank deposits	6	13.358	3.097	13.358	3.106
Trade accounts receivable	7	36.549	28.572	55.271	54.335
Advances to suppliers		21.323	16.210	25.265	17.774
Inventories	8	249.137	278.424	407.819	410.416
Biological assets	9	176.797	165.741	303.404	264.772
Recoverable taxes	10	45.972	30.095	94.188	69.701
Dividends receivable		820	820	-	-
Accounts receivable		9.756	13.180	9.756	13.180
Operations with derivatives	21	6.534	15.254	6.912	15.283
Related party credits	13	11.802	20.339	-	-
Other accounts receivable		4.281	4.068	4.675	4.280
Prepaid expenses		10.010	6.640	10.405	6.891
Total current assets		617.138	657.866	1.074.941	987.095
Non-current assets					
Recoverable taxes	10	3.956	3.673	4.919	4.940
Deferred income and social contribution taxes		-	-	2.291	143
Advances for future capital increase	13	2.162	1.347	-	-
Operations with derivatives	21	311	894	311	894
Related party credits	13	1.784	17.370	-	-
Accounts receivable		16.073	12.967	16.073	12.967
Deferred expenses		6.757	2.710	6.757	2.710
Other receivables		858	799	1.483	1.377
Investments	11	1.702.954	1.523.663	-	-
Biological assets	9	6.019	14.925	6.174	14.925
Property, plant and equipment	12	461.000	429.271	2.594.571	2.549.337
Intangible assets		8.008	9.978	8.111	10.065
Total non-current assets		2.209.882	2.017.597	2.640.690	2.597.358
Total assets		2.827.020	2.675.463	3.715.631	3.584.453

		Parent company		Consolidated	
Liabilities	**Note**	**2012**	**2011**	**2012**	**2011**
Current liabilities					
Suppliers		78.151	75.640	137.758	117.919
Loans and financing	14	290.100	235.065	435.498	384.735
Taxes, rates, and sundry contributions		1.009	2.608	30.381	21.151
Social charges and labor legislation obligations		10.881	14.564	17.660	21.376
Advances from clients		18.868	42.174	39.814	67.613
Debts with related parties	13	18.522	8.802	-	-
Operations with derivatives	21	17.601	23.808	20.058	37.349
Securities payable	17	600	600	95.283	113.876
Provisions for tax, civil and labor risks	15	1.471	820	2.261	1.498
Dividends payable		9.526	38.654	9.526	38.654
Other accounts payable		6.842	7.539	12.092	13.421
Total current liabilities		453.571	450.274	800.331	817.592
Non-current liabilities					
Loans and financing	14	348.619	216.320	375.362	255.296
Deferred income and social contribution taxes	16	76.000	83.487	458.139	456.722
Operations with derivatives	21	775	4.598	775	5.554
Securities payable	17	-	-	86.851	128.505
Other liabilities		548	548	548	548
Total non-current liabilities		425.942	304.953	921.675	846.625
Shareholders' equity attributable to controlling shareholders					
Capital	18.a	557.434	557.434	557.434	557.434
Capital reserve	18.b	197.859	192.486	197.859	192.486
(-) Treasury shares	18.c	(7.749)	(19.532)	(7.749)	(19.532)
Profit reserves	18.d.e.f.g	307.129	287.295	307.129	287.295
Other comprehensive income		892.834	902.553	892.834	902.553
Total shareholders' equity attributable to controlling shareholders		1.947.507	1.920.236	1.947.507	1.920.236
Non-controlling interest		-	-	46.118	-
Shareholders' equity		1.947.507	1.920.236	1.993.625	1.920.236
Total liabilities and shareholders' equity		2.827.020	2.675.463	3.715.631	3.584.453

See the accompanying notes to the financial statements.

SLC Agrícola S.A.

Statements of operations

Years ended December 31, 2012 and 2011

(In thousands of Reais, except net income per share)

		Parent company		Consolidated	
	Note	**2012**	**2011**	**2012**	**2011**
Income	26	628.436	657.097	1.118.743	1.005.640
Cost of goods sold		(556.935)	(413.618)	(864.956)	(641.363)
Gross income		71.501	243.479	253.787	364.277
Operating income (expenses)					
Sales expenses		(42.248)	(31.189)	(67.849)	(46.765)
Administrative and general expenses		(31.632)	(43.716)	(38.124)	(55.174)
Management compensation	13.c	(7.348)	(6.963)	(8.067)	(7.362)
Equity in income of subsidiaries	11	53.721	57.270	-	-
Other operating income (expenses)		4.756	(182)	5.374	1.904
Operating income		48.750	218.699	145.121	256.880
Financial income	19	71.342	65.385	148.817	103.664
Financial expenses	19	(83.475)	(75.806)	(221.407)	(119.365)
Loss before income and social contribution taxes		36.617	208.278	72.531	241.179
Deferred income and social contribution taxes	16	1.488	(53.661)	(34.101)	(81.187)
Income for the year		38.105	154.617	38.430	159.992
Attributable to:					
Interest of controlling shareholders		38.105	154.617	38.105	159.992
Interest of non-controlling shareholders		-	-	325	-
		38.105	154.617	38.430	159.992
Earnings (loss) per share (expressed in Reais per share):					
Net earnings per share - basic - R$	18.h	0,3875	1,5860	0,3875	1,6411
Net earnings per share - diluted (in R$)	18.h	0,3852	1,5737	0,3852	1,6285

See the accompanying notes to the financial statements.

SLC Agrícola S.A.

Statements of comprehensive income

Years ended December 31, 2012 and 2011

(In thousands of Reais)

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Income (loss) for the year	38.105	154.617	38.430	159.992
Comprehensive income				
Derivatives - Cash flow hedge	(17.645)	(81.456)	(7.761)	(113.687)
Derivatives - Cash flow hedge - Reflex of the subsidiaries	6.523	27.695	-	-
Income and social contribution taxes	6.000	(15.315)	2.639	38.654
Total comprehensive income	32.983	85.541	33.308	84.959
Comprehensive income attributable to:				
Controlling shareholders	32.983	85.541	32.983	84.959
Non-controlling shareholders	-	-	325	-
Total comprehensive income	32.983	85.541	33.308	84.959

See the accompanying notes to the financial statements.

SLC Agrícola S.A.

Statements of changes in shareholders' equity

Years ended December 31, 2012 and 2011

(In thousands of Reais)

		Capital reserves			Profit reserves								
	Capital	Goodwill in the issue of shares	Recognized options granted	Treasury shares	Legal reserve	Expansion reserve	Profit retention reserve	Additional dividend proposed	Other comprehensive income	Retained earnings	Total interest of controlling shareholders	Interest of non-controlling shareholders	Total shareholders' equity
Balances at December 31, 2010	557.434	176.103	9.691	(11.778)	2.851	145.774	5.628	-	989.291	-	1.874.994	-	1.874.994
Share-based compensation recognized in the year	-	-	6.261	-	-	-	-	-	-	-	6.261	-	6.261
Share-based compensation exercised in the year	-	431	-	2.286	-	-	-	-	-	-	2.717	-	2.717
Acquisition of treasury stock	-	-	-	(10.040)	-	-	-	-	-	-	(10.040)	-	(10.040)
Unrealized gains (losses) with hedge instruments, net of tax effects	-	-	-	-	-	-	-	-	(75.034)	-	(75.034)	-	(75.034)
Realization of depreciation of the deemed cost of the property, plant and equipment	-	-	-	-	-	-	-	-	(10.836)	10.836	-	-	-
Realization of deemed cost per sale	-	-	-	-	-	-	-	-	(868)	868	-	-	-
Net income for the year	-	-	-	-	-	-	-	-	-	159.992	159.992	-	159.992
Proposed allocation:													
Expansion reserve	-	-	-	-	-	94.388	-	-	-	(94.388)	-	-	-
Proposed dividends	-	-	-	-	-	-	-	38.654	-	(77.308)	(38.654)	-	(38.654)
Balances at December 31, 2011	**557.434**	**176.534**	**15.952**	**(19.532)**	**2.851**	**240.162**	**5.628**	**38.654**	**902.553**	**-**	**1.920.236**	**-**	**1.920.236**
Interest on own Capital	-	-	-	-	-	-	-	-	-	-	-	43.488	43.488
Goodwill on Sale of Shares	-	1.051	-	-	-	-	-	-	-	-	1.051	12.971	14.022
Share-based compensation recognized in the year	-	-	4.322	-	-	-	-	-	-	-	4.322	-	4.322
Share-based compensation exercized in the year	-	-	-	11.783	-	-	-	-	-	-	11.783	-	11.783
Unrealized gains (losses) with hedge instruments, net of tax effects	-	-	-	-	-	-	-	-	(11.645)	-	(11.645)	-	(11.645)
Unrealized gains (losses) with hedge instruments, net of tax effects for subsidiaries	-	-	-	-	-	-	-	-	6.523	-	6.523	-	6.523
Realization of depreciation of the deemed cost of the property, plant and equipment	-	-	-	-	-	-	-	-	(10.931)	10.931	-	-	-
Realization of deemed cost per sale	-	-	-	-	-	-	-	-	(3.526)	3.526	-	-	-
Reduction Reflex Evaluation Adjustment due to Interest Variation	-	-	-	-	-	-	-	-	(806)	-	(806)	-	(806)
Gain in the variation of interest	-	-	-	-	-	-	-	-	10.666	-	10.666	(10.666)	-
Net income for the year	-	-	-	-	-	-	-	-	-	38.105	38.105	325	38.430
Proposed allocation:													
Expansion reserve	-	-	-	-	-	43.036	-	-	-	(43.036)	-	-	-
Proposed dividends	-	-	-	-	-	15.452	-	(38.654)	-	(9.526)	(32.728)	-	(32.728)
Balances at December 31, 2012	**557.434**	**177.585**	**20.274**	**(7.749)**	**2.851**	**298.650**	**5.628**	**-**	**892.834**	**-**	**1.947.507**	**46.118**	**1.993.625**

See the accompanying notes to the financial statements.

SLC Agrícola S.A.

Statements of cash flows

Years ended December 31, 2012 and 2011

(In thousands of Reais)

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Cash flow from operating activities				
Income (loss) for the year	36.617	208.278	72.531	241.179
Adjustments to reconcile income to cash and cash equivalents generated by (used in) operational activities:				
Depreciation (Note 10)	75.064	48.482	107.812	74.669
Depreciation and amortization - in income (loss) (DVA basis)	67.949	45.513	98.066	68.995
Depreciation and amortization - in the inventory	7.115	2.969	9.746	5.674
Income from write-off of property, plant and equipment	19.917	32.925	8.041	29.924
Capital investment gain (loss)	744	238	-	-
Equity in net income of subsidiaries	(53.721)	(57.270)	-	-
Interest and price-level restatement on loans	4.938	2.049	69.799	63.669
Interest on loans paid	(31.324)	(20.215)	(43.015)	(36.531)
Share-based compensation	4.322	6.261	4.322	6.261
Variation of biological assets	49.628	(26.245)	47.119	(34.103)
Provision (reversal) to inventory adjustments and onerous contracts	3.165	1.120	3.019	1.418
Provision (reversal) of profit sharing and labor contingencies	3.952	8.734	3.871	13.462
Income and social contribution taxes paid	(4)	-	(26.190)	(13.327)
	113.298	204.357	247.309	346.621
Changes in assets and liabilities:				
(Increase) in trade accounts receivable	(7.977)	(43)	(936)	(8.724)
(Increase) in inventories and biological assets	(25.656)	(148.413)	(77.422)	(207.786)
(Increase) in recoverable taxes	(16.161)	(1.438)	(24.467)	(17.948)
Decrease of receivables	10.490	8.105	10.490	8.105
(Increase) decrease in interest earning bank deposits	(10.261)	9.706	(10.252)	9.697
(Increase) in other accounts receivable	(12.772)	(37.131)	(15.504)	(1.109)
Increase in suppliers	2.512	17.234	13.642	22.945
Increase in taxes and social payables	302	6.183	9.340	22.248
Increase (decrease) in obligations with subsidiaries	33.028	(28.581)	-	-
Increase (decrease) in operations with derivatives	35.450	19.174	32.987	(30.666)
Increase (decrease) in securities payable	-	(4.743)	(115.821)	137.965
Increase (decrease) in advances from clients	(23.306)	34.648	(27.799)	56.738
Increase (decrease) in other accounts payable balance	(9.589)	17.134	(12.903)	(48.181)
	(23.940)	(108.165)	(218.645)	(56.716)
Net cash provided by operational activities	89.358	96.192	28.664	289.905
Cash flow from investment activities				
In investments	(109.914)	(114.953)	-	-
In property, plant and equipment	(124.247)	(103.829)	(158.600)	(414.878)
In intangible assets	(493)	(961)	(534)	(1.018)
Cash flow from investment activities	(234.654)	(219.743)	(159.134)	(415.896)
Cash flow from financing activities				
Paid-up capital	-	-	60.438	-
Disposal of shares	12.834	2.717	12.834	2.717
Repurchase of shares	-	(10.040)	-	(10.040)
Payment of dividends	(61.855)	(15.592)	(61.855)	(15.592)
Loans and financing obtained	512.991	404.973	639.475	572.469
Payments of loans and financing	(363.301)	(276.200)	(503.891)	(406.425)
Net cash provided by financing activities	100.669	105.858	147.001	143.129
Net (decrease) increase in cash and cash equivalents	(44.627)	(17.693)	16.531	17.138
Cash and cash equivalents at January 1	75.426	93.119	127.357	110.219
Cash and cash equivalents at December 31	30.799	75.426	143.888	127.357
Net (decrease) increase in cash and cash equivalents	(44.627)	(17.693)	16.531	17.138

See the accompanying notes to the financial statements.

SLC Agrícola S.A.

Statements of added value

Years ended December 31, 2012 and 2011

(In thousands of Reais)

	Parent company				Consolidated			
	2012		**2011**		**2012**		**2011**	
Revenues	761.532		719.275		1.305.312		1.087.748	
Sale of merchandise, products and services	656.087		534.916		1.068.684		804.752	
Other income	8.423		1.552		12.574		4.681	
Income from the construction of own assets	73.524		53.910		89.723		68.710	
Change in fair value of biological assets	23.498		128.897		134.331		209.605	
Inputs acquired from third parties	(467.438)		(387.872)		(773.500)		(605.942)	
Raw materials used	(200.416)		(125.837)		(315.905)		(211.142)	
Cost of goods and services sold	(5.018)		(1.523)		(3.364)		(2.497)	
Materials, energy, outsourced services and other	(185.950)		(157.309)		(269.911)		(216.597)	
Loss/recovery of asset values	(2.928)		(550)		(2.869)		(203)	
Adjustment of fair value of biological assets	(73.126)		(102.653)		(181.451)		(175.503)	
Gross added value	294.094		331.403		531.812		481.806	
Depreciation and amortization	(67.949)		(45.513)		(98.066)		(68.995)	
Net value added produced by the Company	226.145		285.890		433.746		412.811	
Added value received as transfer	102.467		153.438		122.951		147.383	
Equity in income of subsidiaries and associated companies	53.722		57.270		-		-	
Financial income	48.569		95.993		122.686		147.128	
Others	176		175		265		255	
Total added value payable	328.612		439.328		556.697		560.194	
Distribution of added value	328.612	100%	439.328	100%	556.697	100%	560.194	100%
Personnel	87.118	27%	70.806	16%	121.540	22%	100.191	18%
Direct remuneration	56.467		38.564		80.267		55.993	
Benefits	25.956		28.874		34.744		39.376	
FGTS	4.695		3.368		6.529		4.822	
Taxes, rates and contributions	79.519	24%	114.495	26%	151.818	27%	168.827	30%
Federal	43.857		96.126		105.236		144.495	
State	35.662		18.359		46.575		24.307	
Municipal	-		10		7		25	
Third-party capital remuneration	123.870	38%	99.410	23%	244.909	44%	131.184	23%
Interest	84.272		75.428		231.513		119.154	
Rents	39.598		23.982		13.396		12.030	
Remuneration of own capital	38.105	12%	154.617	35%	38.430	7%	159.992	29%
Dividends	9.526		61.856		9.526		61.856	
Retained earnings	28.579		92.761		28.579		98.136	
Interest of non-controlling shareholders in retained earnings	-		-		325		-	

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of Reais, unless otherwise indicated)

1 Operations

SLC Agrícola S.A., founded in 1977, hereinafter denominated as "parent company", "SLC" or the "Company", and its subsidiaries (jointly referred to as the "Group") is engaged in agricultural activities; production and sales of seeds and saplings; processing and trading of its products, and is permitted to export and import assets for its own use and consumption; supply of primary agricultural assets and products and goods in general; provision of reception, cleaning, drying and storage services for third party cereals; provision to third parties of services using agricultural machinery and equipment; trade, import and export of agricultural products; industrial activities of sugarcane processing, alcohol and its byproducts; and investments in other companies.

The Company is headquartered at Rua Bernardo Pires, 128, Porto Alegre, Rio Grande do Sul.

On September 1, 2012, the Company started the cultivation of the 2012/2013 crop, operating with 14 production units, with a total planted area of 280.4 thousand hectares, including company-owned areas and areas leased from third parties, located in six Brazilian states: Mato Grosso, Mato Grosso do Sul, Goiás, Bahia, Piauí and Maranhão.

2 Accounting policies

a. Preparation basis and presentation of the individual and consolidated financial statements

These financial statements include:

- The consolidated financial statements are prepared according to the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil (BR GAAP); and

- The individual financial statements of the subsidiary are prepared according to the BR GAAP.

The individual financial statements of the Parent Company were prepared in accordance with BR GAAP, and, in the case of the Group, these practices differ from the IFRS applicable to separate financial statements due to the fact that investments in subsidiaries, associated companies and joint ventures are valued under the equity method in BR GAAP, whereas, for IFRS purposes, these investments would be carried at cost or fair value.

However, there is no difference between the shareholders' equity and consolidated result presented by the Group and the shareholders' equity and result of the Parent company in the individual financial statements. Accordingly, the consolidated financial statements of the Group and the Parent Company's individual financial statements are being presented side by side in a single set of financial statements.

The issue of individual and consolidated financial statements was authorized by the Executive Board on February 06, 2013.

b. Measuring basis

The individual and consolidated financial statements were prepared based on the historical cost, except for the following material items recognized in the balance sheets:

- Derivative financial instruments measured at fair value;
- Biological assets measured at fair value less sales expenses.

c. Functional currency and presentation currency

These individual and consolidated financial statements are being presented in Reais, functional currency of the Company. All financial information presented in Brazilian Reais has been rounded to the nearest value, except otherwise indicated.

3 Accounting policies

The accounting policies described in detail below have been consistently applied to all the years presented in these individual and consolidated financial statements.

a. Foreign currency translation

Transactions in foreign currency are initially recorded at the exchange rate of the functional currency in force on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are reconverted at the foreign exchange rate of the functional currency in force on the balance sheet date. Exchange gains and losses resulting from the settlement of those transactions and from the conversion at yearend exchange rates referring to monetary assets and liabilities in foreign currencies, are recognized in the statement of income as financial income or expense except when deferred in equity as qualified cash flow hedge operations.

b. Transactions eliminated in the consolidation

Intragroup balances and transactions, and any unrealized income or expenses derived from intragroup transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized gains originating from transactions with investee recorded using the equity method, are eliminated against the investment in the proportion of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to impairment.

c. Revenue recognition

Revenue is recognized to the extent it is likely that economic benefits will be generated for the Company and when it can be measured reliably. The revenue is measured based on the fair value of the consideration received, excluding discounts, rebates, taxes or charges over sales. The Company assesses revenue transactions according to the specific criteria to determine whether it is acting as agent or principal and, at the end, concluded that it is acting as principal in all its revenue contracts. The following specific criteria should also be met before recognizing revenues:

Sale of goods

The operating income from sales of products in the normal course of business is measured by the fair value of the installment received or receivable. Operating income is recognized when there is convincing evidence that the risks and rewards inherent to the ownership of the assets have been transferred to the purchaser, it is probable that the financial economic benefits will flow to the Company, the related costs and potential return of goods can be reliably estimated,

there is no continued involvement with the goods sold, and the amount of operating income can be reliably measured. In the event that it is probable that discounts will be granted and their amounts can be reliably measured, discounts are recognized as a reduction to sales.

Transfer of risks and rewards varies depending on the individual conditions of the sales agreement.

d. Inventories

Agricultural products from biological assets are measured at fair value less selling expenses at the point of harvest, when they are transferred from the group of biological assets to the group of inventories and measured at the weighted average of harvest fair values.

Inventories of seeds, composts, fertilizers, pesticides, fuels, lubricants, packaging material, replacement parts and other inventories were evaluated at average acquisition cost.

Provisions for slow-moving or obsolete inventories are formed when considered necessary by Management.

The provision for adjustment of agricultural products inventories to market value is recognized when fair value recorded in inventory is higher than realization value. Realization value is the estimated sales price on normal course of business less estimated costs necessary to sell them.

e. Biological assets

Biological assets correspond basically to the cultivation and planting of soybean, corn, cotton, wheat and coffee, whose agricultural products are sold to third parties. Biological assets are measured at fair value, less estimated cost of sales at harvest time. While there is only a small biological transformation and the impact of the transformation is not expected to be material, the cost incurred is deemed to be the fair value of biological assets.

The gain or loss in the variation of the fair value of the biological assets is recognized in income (loss) for the period in which they occur, as described in note 26, named "change in fair value of the biological assets".

The biological assets - soybean, corn, cotton and wheat - are maintained by the expenses incurred with the formation of crops up to the pre-harvest when they are evaluated at fair value, less estimated cost of sales. The Company believes that at this time there is a significant biological change and the impact of the transformation of biological assets on the price is material.
Biological asset “coffee plantation” is measured at fair value less costs necessary to prepare assets for sale. Since it is a permanent culture, the same is classified in the group of non-current assets.

The evaluation of biological assets at their fair value considers certain estimates, such as: price, necessary costs for sale condition, discount rate, plan to harvest crops and production volume, which are subject to uncertainties, leading to possible effects in future results due to its variations.

The following assumptions to recognize the fair value of biological assets are used:

i. Valuation:

- Soybean, corn, cotton and wheat crops are maintained at historic cost up to pre-harvest date, and then they are evaluated at fair value, which reflects the asset's sales price less costs necessary to prepare the product for sale.

- Coffee plantations - are valued at fair value based on its productivity forecast and price changes.

ii. Methodology used:

- Soy bean, corn, cotton and wheat crops – Evaluation of each crop area on pre-harvest dates based on the area to be harvested and on expected productivity.

- Coffee crops – projection of future cash flows according to projected productivity cycle, taking into consideration price variations and growth of these biological assets.

iii. The discount rate used in the cash flows corresponds to the Weighted Average Cost of Capital (WACC) of about 8,03% p.a., which is periodically reviewed by the Management. Future prices were estimated based on future quotation (*Nybot*) and costs were estimated based on the Company's business plan. The average lifespan of the coffee plants considered in the study is 15 years.

iv. Prices of biological assets are obtained through market price surveys disclosed by specialist companies, in addition to prices practiced by the Company in sales to third parties.

v. The expenses with planting refer to the costs of formation of biological assets.

f. Investments (parent company)

Investments in subsidiaries are determined by the equity method of accounting, as CPC18 (IAS28), for the purpose of the parent company's financial statements.

Once the equity method is used for the purpose of the parent company's financial statements, the Company determines whether it is necessary to recognize additional impairment on the Company's investment in each one of its subsidiaries. The Company determines, at each balance sheet closing date, if there is objective evidence that investment in the subsidiaries suffered impairment loss. If so, the Company calculates the amount of impairment loss as the difference between the recoverable amount of the subsidiary and the book value and recognizes the amount in the parent company's statement of income.

g. Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment items are stated at historical acquisition or construction cost, net of accumulated depreciation and impairment losses.

The cost includes expenditures that are directly attributable to the acquisition of assets. The cost of assets constructed by the Company itself include:

- The cost of materials and direct labor;

- Any other costs to bringing the assets to the location and condition required for them to operate in the manner intended by management;
- The costs for dismantling and restoration of the site where these assets are located;
- Borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of a piece of equipment is capitalized as part of that equipment.

When parts of a property, plant and equipment item have different useful lives, they are accounted for as separate items (major components) of PP&E.

Gains and losses on disposal of a property, plant and equipment item (determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment) are recognized in Other operating income (expenses) in profit or loss.

ii. Subsequent costs

Subsequent expenditures are capitalized in accordance with the probability that associated future benefits may be earned by the Group. Maintenance expenses and recurring repairs are recorded in the income.

iii. Depreciation

Fixed assets items are depreciated using the straight-line method in the income for the year based on the estimated economic useful life of each component. Leased assets are depreciated over the shorter of the estimated useful life of the asset and the contractual term, unless it is certain that the Company will become the owner of the asset at the end of the lease. Land and land plots are not depreciated.

Items of property, plant and equipment are depreciated from the date they are installed and are available for use, or, in the case of assets constructed by the Company, as of the date the construction is concluded and the asset is available for use.

Estimated useful lives for current and comparative years are as follows:

Soil correction and development	5 years
Buildings and improvements	34.4 years
Furniture and fixtures	10 years
Equipment and facilities of the office	7.5 years
Agricultural equipment and industrial facilities	15 years
Vehicles	11 years
Permanent crops	11.1 years

A property, plant and equipment item is written off when it is sold or when no future economic benefit was expected from its use or sale. Possible gain or loss resulting from asset write-off (calculated as the difference between net sales value and book value) is included in the statement of income for the year in which the asset was written off.

During the periods ended December 31, 2012 and December 31, 2011, the Company did not verify the existence of indicators that the value of certain property, plant and equipment items could be higher than recoverable value and, accordingly, no provision for impairment is necessary.

Assets' residual values and useful lives and depreciation methods are reviewed at yearend, and are adjusted on a prospective basis, if applicable.

h. Intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. After the initial recognition, the intangible assets are stated at cost, less accumulated amortization and impairment losses. Internally generated intangible assets, except capitalized development costs, are not capitalized and the expense is reflected in the statement of income for the year in which it was incurred.

Estimated useful life for the current and comparative period of software is five years.

Intangible assets with defined lives are amortized throughout their economic useful lives and evaluated in relation to impairment losses whenever there is any indication that the asset lost economic value. Amortization method and period of an intangible asset with defined life are reviewed at least at the end of each year. Changes in these assets' estimated useful lives or in expected consumption of future economic benefits are accounted for through changes in amortization method or period, as applicable, and are addressed as changes in bookkeeping. The amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Amortization of intangible assets with defined lives is recognized in the statement of income under expenses, consistent with intangible asset use.

On December 31, 2012 and December 31, 2011, the Company did not have intangible assets with an undefined useful life, as well as intangible assets generated internally.

i. Impairment

i. Financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is assessed at each reporting date for objective evidence of impairment loss. An asset is impaired when there is objective evidence that a loss event has occurred after the initial recognition of the asset, and that such loss event had a negative effect on the projected future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of the amount due to the Group on terms that the Group would not consider otherwise, indication that the debtor or issuer will file for bankruptcy, or disappearance of an active market for a security. In addition, for an equity instrument, a significant or prolonged decrease in the fair value of the asset, below its cost, is objective evidence of impairment.

Financial assets measured by the amortized cost

The Group considers as evidence of impairment of assets measured by amortized cost both individually and on an aggregate basis. Individually significant receivables are assessed for impairment. All the receivables and investment securities held to maturity which are material on an individual basis, identified as non-impaired on an individual basis are collectively assessed for any impairment loss not yet identified. Individually significant assets are assessed on an aggregate basis in relation to impairment by grouping the notes with similar risk characteristics.

When assessing impairment on an aggregate basis the Group makes use of historical trends of probability of default, the recovery term and the amounts of losses incurred, adjusted to reflect the management's judgment in relation to the assumptions, if the current economic and credit conditions are such that the actual losses will probably be higher or lower than those suggested by historical trends.

An impairment of a financial asset measured at amortized cost is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The losses are recognized in an allowance in the income statement against receivables or assets held to maturity. Interest on the impaired asset continues to be recognized. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii. Non-financial assets

The carrying amounts of the non-financial assets of the Group, except for biological assets, investment properties, inventories and deferred income and social contribution taxes are reviewed at each reporting date for indication of impairment. If such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset or CGU (cash generating unit or CGU) exceeds its recoverable value.

The recoverable value of an asset or cash-generating unit is the greater of its value in use and its fair value less selling expenses. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions as to the recoverability period of capital and the risks specific to the asset or CGU. For the purpose of impairment testing, the assets that cannot be individually tested are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash flows of other assets or group of assets.

Impairment losses are recognized in profit or loss. Losses recognized for CGUs are initially allocated to reduce other assets within the CGU (or group of CGUs) on a pro-rata basis.

Regarding other assets, impairment losses are reversed only with the condition that the book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the value loss had not been recognized.

On balance sheet dates, no indications of the need for recognizing a provision for impairment were identified.

j. Government subsidies

Government subsidies are recognized whenever there is reasonable certainty that the benefit will be received and all corresponding conditions will be met. When the benefit is related to an expense item it is recognized as revenue for the period the benefit was granted, on a systematic basis in relation to the costs offset by such benefit.

The governments of the states of Mato Grosso do Sul through Decree n° 9,542/99 and of Mato Grosso, through Decree ° 1261/00, granted incentives for deferral of ICMS debts through the adhesion of Fazenda Planalto to the Fundersul (Fund for Development of the Road System of Mato Grosso do Sul State) program and of Fazenda Planorte and Fazenda Paiaguás to the FETHAB (Transportation and Housing Fund) program.

The governments of the states of Mato Grosso do Sul through Decree 9716/99, and of Goiás through State Law 13506/99, granted deemed ICMS credit incentives in the operations with cotton fiber, with reduction in the amount of ICMS payable from 50% to 75% through adhesion by Fazenda Planalto to the PDAGRO program (Mato Grosso do Sul), and by Fazenda Pamplona to the PROALGO program (Goiás). Deemed credits are recorded in income under taxes on sales, as a contra entry to recoverable taxes.

Until December 2011, the state of Mato Grosso, through Decree 1589/97, granted deemed ICMS credit incentive in operations with cotton fiber, with a 75% reduction in the amount of ICMS payable through the adhesion of Fazenda Planorte and Fazenda Paiaguás to the PROALMAT program. Deemed credits were recorded in income under taxes on sales, as a contra entry to recoverable taxes. As from January 2012, in compliance with Decree 899/11, the farms can no longer enjoy this incentive.
The Superintendency for the Development of the Amazon Region - SUDAM (current Agency for Development of the Amazon Region - ADA), through Declaratory Act DCI/DAI/SUDAM no. 025/2000, granted IRPJ tax incentive of IRPJ to Parnaíba and Planorte farms, with reduction

of IRPJ and nonreturnable additional sums of 75% on income from the exploration of operations with cotton and cottonseed, up to the production of limit stipulated in the Declaratory Act. Amounts calculated as incentives are recorded under Corporate Income Tax Payable, as a contra entry to caption current income tax in income.

The Superintendency for the Development of the Amazon Region - SUDAM (current Agency for Development of the Amazon Region - ADA), through Declaratory Act DCI/DAI/SUDAM no. 025/2000, granted IRPJ tax incentive of IRPJ to Parnaíba and Planorte farms, with reduction of IRPJ and nonreturnable additional sums of 75% on income from the exploration of operations with cotton and cottonseed, up to the production of limit stipulated in the Declaratory Act. Amounts calculated as incentives are recorded under Corporate Income Tax Payable, as a contra entry to caption current income tax in income.

k. Taxes

Income and social contribution taxes

Current and deferred Income Tax and Social Contribution are calculated as 15%, with surtax of 10% on taxable income exceeding R$240 p.a. for income tax, and 9% on taxable income for social contribution on net income, and take into consideration tax losses offset. For rural activities, reaches up to 100% of annual taxable income and, for other activities, it is limited to 30% of annual taxable income.

The income and social contribution tax expense comprises current and deferred taxes on income. Current taxes and deferred taxes are recognized in profit or loss unless they are related to the business combination, or items directly recognized in shareholders' equity or other comprehensive income.

Current taxes are the taxes payable or receivable on the taxable income or loss for the year, at tax rates enacted or substantively enacted on the reporting date, and any adjustments to taxes payable in relation to prior years.

Deferred taxes are recognized in relation to the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the related amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences:

- Initial recognition of assets and liabilities in a transaction that is not a business combination, and not affecting the accounts nor taxable profit or loss.

- Differences related to investments in subsidiaries, branches and associated companies and interest in joint ventures when they are not likely to change direction in the foreseeable future.

- Deferred taxes are not recognized for taxable temporary differences arising from the initial recognition of goodwill.

Deferred taxes are measured at tax rates expected to be applied to temporary differences when they are reversed, based on laws enacted or substantively decreed up to the reporting date of the financial statements.

To determine current and deferred income tax, the Company takes into consideration the impact of uncertainties on positions taken on taxes and if the additional income tax and interest payment has to be made. The Company believes that the provision for income tax recorded in liabilities is adequate for all outstanding tax periods, based on its evaluation of several factors, including interpretations of tax laws and past experience. This evaluation is based on estimates and assumptions that may involve several judgments on future events. New information may be provided, making the Company change its judgment on the existing provision adequacy; such changes will impact income tax expenses for the year in which they are made, if applicable.

A deferred income tax and social contribution asset is recognized for tax loss carryforwards, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the tax loss carryforwards and credits can be utilized.

A deferred asset for income and social contribution taxes is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized.

Deferred income and social contribution tax assets are reviewed at each reporting date and reduced when their realization is no longer probable.

Sales tax

Income and assets not recognized, net of taxes levied on sales, except for:

- When taxes on sales for the purchase of assets or services are not recoverable from tax authorities, in which case, tax on sales is recognized as part of the acquisition cost of the asset or expense item, as applicable
- When amounts receivable and payable are presented together with the value of taxes on sales
- Net value of taxes on sales, recoverable or payable, is included as a component of amounts receivable or payable in the balance sheet.

Sales revenues are subject to the following taxes and contributions, and the following basic rates:

	Rates
	from 0% to
ICMS - Value-Added Tax on Sales and Services	17.00%
COFINS – Contribution for social security funding	7.60%
PIS - Social Integration Program	1.65%
Rural Worker Assistance – Funrural	2.85%

In the statement of income, revenues are presented net of these taxes.

l. Financial instruments

i. Non-derivative financial assets

The Group recognizes loans and receivables initially at the date of the transaction that originated them. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the date of the negotiation under which the Group becomes a party to the contractual provisions of the instrument.

The Group writes-off a financial asset when the contractual rights to the cash flow of the asset expire, or when the Group transfers the rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and benefits of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right of the Group to set off and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets in the following categories: financial assets recorded at fair value through profit or loss and loans and receivables, and cash and cash equivalents.

Financial assets recorded at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is designated as held for trading when initially recognized. Financial assets are stated at fair value through profit or loss if the Group manages these investments and makes decisions on investment and redemption based on fair value according to the risk management and strategy of investment documented by the Group. The transaction costs are recognized in income (loss) as incurred. Financial assets recorded at fair value through profit or loss are measured at fair value and changes in the fair value of such assets, which consider any gain with dividends, are recognized in profit or loss for the year.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, but not quoted on any active market. Such assets are initially recognized at fair value plus any transaction costs directly assignable. After their initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, reduced by any impairment losses.

Loans and receivables comprise cash and cash equivalents and other credits.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and financial investments with the original maturity of three months or less as from the contracting date. Items classified as cash and cash equivalents are subject to an insignificant risk of change in value and are used to manage short-term obligations.

ii. Non-derivative financial liabilities

The Group recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the negotiation date on which the Group becomes a party to the contractual provisions of the instrument. The Group writes-off a financial liability when its contractual obligations are discharged or canceled or expire.

The Group classifies non-derivative financial liabilities in the category of other financial liabilities. Such financial liabilities are initially recognized at fair value plus any transaction costs directly assignable. After their initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

The Group has the following non-derivative financial liabilities: Loans and financing, suppliers, loan agreements and related party leases, securities payable and others accounts payable.

iii. Capital

Common shares

Common shares are classified as shareholders' equity. Additional costs directly attributable to the issue of shares and share options are recognized as a deduction from shareholders' equity, net of any tax effects.

Dividends

The Company's bylaws and corporate law establish that a minimum of 25% of the adjusted annual net income must be distributed as dividends. Accordingly, the Company records, at the end of each year, a provision equivalent to the minimum mandatory dividend that has not been distributed yet.

Repurchase of shares (treasury shares)

When the capital recognized as shareholders' equity is repurchased, the amount of the remuneration paid, which includes directly attributable costs, net of any tax effects, is recorded as a deduction from shareholders' equity. The repurchased shares are classified as treasury stock and presented as a deduction from total shareholders' equity.

When treasury stock is sold or reissued subsequently, the amount received is recognized as an increase in shareholders' equity, and the resulting surplus or deficit is transferred to/from retained earnings.

iv. Derivative financial instruments, including hedge accounting

The Company uses derivative financial instruments, such as non-deliverable forwards, forward commodities contracts and interest rate swaps, to provide protection against the risk of variation of the foreign exchange rates, of the price of commodities and of the interest rates, respectively. Embedded derivatives are separated from their main contracts and recorded individually if the economic characteristics and risks of the main contract and the embedded derivative are not intrinsically related; or an individual instrument in the same conditions of the embedded derivative meets the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.
Upon initial designation of the hedge, the Group formally documents the relationship between the hedge instruments and the hedgeable instruments, including the risk management goals and

the strategy in the execution of the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedge relationship. The Group evaluates the hedge relationship, initially and then continuously, to conclude if hedge instruments are expected to be "highly effective" in the offset of variations in fair value or cash flows of items subject to hedge during the year for which hedge is assigned whether the actual results of each hedge are within the range of 80–125%. For a cash flows hedge of a planned transaction, the transaction should have its occurrence as highly probable and should present exposure to variations in the cash flows that at the end could affect the reported net income.

Derivatives derivatives are initially recognized at fair value; attributable transaction costs are recognized in profit or loss as incurred. After the initial recognition, derivatives are measured at fair value and changes in fair value are accounted for as follows:

Cash flow hedge
When a derivative is designated as a hedge instrument for cash flow variability attributed to a specific risk associated with a recognized asset or liability or a highly probable foreseen transaction that could affect the net income, the effective portion of variation in the derivative's fair value is recognized in "other comprehensive income" and is presented under "equity valuation reserve" in shareholders' equity. Any non-effective portion of the variations in the fair value of the derivative is recognized immediately in net income.

When the item to be hedged is a non-financial asset, the amount recognized in "other comprehensive income" is transferred to the asset's book value when the asset is realized. The value recognized in other comprehensive income is reclassified to income in the same year in which the hedged cash flows affect income on the same line in the statement of income as a hedged item. If there are no more expectations regarding the occurrence of the planned transaction, then the balance in other comprehensive income is recognized immediately in the income (loss). In other cases, the amount recognized in other comprehensive income is transferred to the result, in the same year in which the hedgeable item affects the result.

If the hedge instrument no longer satisfies the hedge accounting criteria, expires oris sold, wound up, exercised or has its designation revoked, then the hedge accounting is discontinued prospectively. The accumulated results previously recognized in other comprehensive income and presented in the asset valuation reserve in shareholders' equity, remain there until the planned transaction affects the result.

For the periods ended December 31, 2012 and December 31, 2011, the Company and its subsidiaries only had transactions classified as cash flow hedging.

m. Leases

i. Lease payments

Payments for operating leasing are charged to income on the straight-line basis over the lease period. Lease incentives received are recognized as an integral part of total lease expenses, over the lease agreement period.

Minimum lease payments made under financial leasing are apportioned between financial expenses and reduction of the outstanding liability. Financial expenses are allocated in each period over the lease period in order to produce a continuous and periodic compounding interest rate over the remaining liability balance.

ii. Determining whether an agreement contains a lease

At the inception of an agreement, the Group defines whether the agreement is for or contains a lease. This is the case if the two conditions below are met:

a. Meeting the agreement depends on the use of said specified asset

b. The agreement has a right of use of the asset.

At the inception of an agreement or at the time of a possible revaluation thereof, the Group separates payments and other considerations required by said agreement between those for leasing and those for other components, taking as a basis their relative fair values. Should the Group conclude that, for a given financial lease, a reliable separation of the payments is impracticable, one asset and one liability are recognized for an amount equal to the fair value of the underlying asset. Subsequently, the minimum lease payments made under financial leases are apportioned between financial expense (based on the Group's incremental interest rate) and reduction of the outstanding liability.

n. Provisions

A provision is set up when the Group has a legal or constructive obligation as a result of a past event, which can be reliably estimated, and it is probable that an outflow of funds will be required to settle the obligation. Provisions are calculated by discounting the expected future cash flows at a pre-tax rate which reflects the current market evaluations as to the value of the cash over time and the specific risks of the liability. The financial costs incurred are recorded in the statements of income.

Provisions for tax, civil and labor risks

Provisions are recognized for all disputes referring to lawsuits for which a disbursement to settle the dispute/obligation is probable, and this disbursement may be reliably estimated. Determination of the likelihood of loss includes determination of evidences available, hierarchy of laws, jurisprudence available, more recent court decisions and relevance thereof in legal system, as well as evaluation of external attorneys. Provisions are revised and adjusted to take into account changes in circumstances, such as statute of limitations applicable, tax inspection conclusions or additional exposures identified based on new matters or court decisions.

o. Share-based payment

The Company has a Stock Option Plan for the officers and managers that is administrated by a management committee created by the Board of Directors. In the years ended December 31, 2012 and December 31, 2011, the Company measured and recognized these benefits as expenses, in accordance with CPC 10 (IFRS 2). Company's program details are described in Note 23.

The fair value of share-based payment awards is recognized at the grant date, as personnel expenses, with a corresponding increase in shareholders' equity, over the period when employees become unconditionally entitled to the benefits. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are expected to be met, so that the amount ultimately recognized as an expense is based on the actual number of awards meeting these conditions at vesting date. For share-based payment awards with a non-market vesting condition, the fair value at grant date is measured to reflect such conditions and there is no change for differences between expected and actual benefits.

p. Financial income and expenses

Financial income include interest revenues, variations in financial assets' fair value measured at fair value through profit or loss, gains on hedge instruments that are recognized in income and reclassifications of gains previously recognized in other comprehensive income. Interest income is recognized in income (loss) under the effective interest method.

Financial expenses include loan, variations in fair value of financial assets measured at fair value by means of income, losses arising from a reduction in the recoverable value (impairment) recognized in financial assets, and losses in hedge instruments that are recognized in income. Borrowing costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are accounted for in profit or loss using the effective interest rate method.

q. Earnings per share

Profit per share is basically calculated by dividing net income for the year attributed to holders of the parent company’s common shares by the weighted average number of common shares available during the year, in accordance with technical pronouncement CPC 41 (IAS 33). The calculation of diluted earnings per share is performed by dividing adjusted net income for the year by any dividends or other items related to dilutive potential common shares which have been deducted in determining income or loss attributable to ordinary shareholders of the Company, any interest recognized in the period related to dilutive potential common shares, and any other changes in income or expenses that would result from the translation of dilutive potential common shares by the weighted average number of common shares that would be issued on conversion of all dilutive potential common shares into common shares. (Note 18.h)

r. Employee benefits

Benefits granted to employees and directors of the Company include, in addition to fixed pay (salaries and social security contributions (INSS), vacation pay, 13th month salary), variable pay such as profit sharing and stock option plan for officers and managers. These benefits are recorded as incurred in income for the year when the Company has an obligation based on the accrual regime.

s. Segment information

The Company's activities focus on production and trading of agricultural products (soybean, corn, wheat, cotton and coffee) and on acquisition and development of land for agriculture; accordingly, it is organized in two business segments: agricultural production and land. The operating results are frequently reviewed by the main manager of the Company for decisions regarding the resources to be allocated to the segment to be taken and to assess their performance.

The Company's products are not controlled and managed by Management as independent segments, and the Company's results are followed, monitored and evaluated on an integrated basis. There is no aggregation of operating segments.

t. Statements of added value

The Group prepared individual and consolidated statements of added value in accordance with the rules of technical pronouncement CPC 09 - Statement of Added Value, which are presented as an integral part of the financial statements under BRGAAP applicable to publicly-held companies, whereas under IFRS they represent additional financial information.

u. New standards and interpretations not yet adopted

Several news Standards, amendments to standards and interpretations are effective for the years started after January 1, 2013, and have not been adopted to the preparation of these consolidated financial statements. Those that may be relevant to the Group are listed below. The Group does not plan to adopt these standards in advance.

IFRS 9 *Financial Instruments* (2010), IFRS 9 *Financial Instruments* (2009)

IFRS 9 (2009) introduces a new requirement for classification and measurement of financial assets. Under IFRS 9 (2009) financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions in relation to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment loss of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) is effective for periods beginning on or after January 1, 2015. The Company does not expect that this change will have relevant impacts on its consolidated financial statements.

The Accounting Pronouncements Committee has not yet issued any accounting pronouncement or amendments in current pronouncements corresponding to this standard.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities
IFRS 10 / CPC 36(R2) introduces a single control model to determine whether an investment should be consolidated. The Company does not expect that this change will have an impact on its consolidated financial statements.

According to IFRS 11 / CPC 19 (R2), the structure of a joint arrangement, although it is still an important consideration, is no longer the main factor in determining the type of joint arrangement, and hence the subsequent accounting.

- The Group's interest in a joint arrangement, that is an agreement in which the parties have rights to the assets and obligations on the liabilities, will be recorded based on the Group's interest on these assets and liabilities.

- The Group's interest in a joint venture, that is an agreement in which the parties have rights to net assets, will be recorded under the equity method.

IFRS 12 / CPC 45 consolidates all disclosure requirements on the interest of an entity in subsidiaries, joint arrangements, associates and unconsolidated structured entities into a single standard. IFRS 12 / CPC 45 requires disclosure of information on the nature, risks and financial effects of such interest.

Such standards are effective for annual periods started as of or after January 1, 2013.

IFRS 13 Fair Value Measurement
IFRS 13/ CPC 46 contains a single source of guidance on how the fair value is measured, and replaces the guidance for measurement of fair value that is currently provided for in other IFRS. Subject to limited exceptions, IFRS 13 /CPC 46 applies when measurement or disclosures of fair value are required or permitted by other IFRS. The Group is currently reviewing its methodology for determining fair value (see Note 4). IFRS 13 / CPC 46 is effective for annual periods started as of or after January 1, 2013.

4 Significant judgments, estimates and assumptions

a. Judgments

The preparation of Company's financial statements requires Management to make judgments and estimates and adopt assumptions that affect the amounts presented for revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities, in the base date of the financial statements. However, uncertainty on these assumptions and estimates could lead to results that require that assets' or liabilities' book values be significantly adjusted in future periods.

b. Estimates and assumptions

The main assumptions regarding sources of uncertainties in estimates for the future and other significant uncertainties related to the estimates in the balance sheet date, involving the risk of requiring significant adjustments in the book value of assets and liabilities in the next fiscal year are as follows.

i. Transactions with stock-based payments

The Group measures the cost of transactions settled with employees' shares based on the fair value of equity instruments at the date of their respective granting. Estimates of share-based payments' fair values require the most adequate evaluation method for the granting of equity instruments, which depends on grant terms and conditions. This also requires determining the most appropriate data for evaluation model, including the expected life of the option, volatility and dividend income yield and related assumptions. Assumptions and models used in fair value estimates of share-based payments are explained in note 23.

ii. Taxes

There are uncertainties in relation to the interpretation of complex tax regulations and the amount and timing of future taxable income. Considering the many issues involved in business relationships, as well as the long-term nature and the complexity of existing contractual instruments, differences between actual income and the adopted assumptions, or future changes in those assumptions, may lead to the necessity of future adjustments in already recorded tax expenses and income.

The deferred tax asset is recognized for all tax loss carryforwards not utilized to the extent that it is probable that there will be future taxable income against which they can be offset. Substantial judgment from Management is required to determine the amount of the deferred income tax and social contribution asset that can be recognized, based on the probable term and amount of future taxable income, along with future tax planning strategies.

iii. Fair value of financial instruments

When the fair value of the financial assets and liabilities presented in the balance sheet cannot be obtained from active markets, it is determined by using valuation techniques, including the discounted cash flow method. The data for these methods are based on those adopted by the market, when possible. However, when such data are not available, a certain level of judgment is required to establish the fair value. Judgment includes considerations on the data utilized, such as liquidity risk, credit risk and volatility. Changes in the assumptions related to these factors can affect the fair value presented for the financial instruments.

iv. Definition and review of useful life of fixed and intangible assets

Useful lives of property, plant and equipment items and intangible assets are established based on assumptions that take into consideration the history of assets and intangible assets that have already been depreciated or amortized and on future projections that are based on estimates that may not be realized as foreseen, and may significantly differ from the originally estimated amount.

i. Impairment loss for non-financial assets (note 3.i.i)

ii. Fair value of biological assets (note 3.e)

iii. Provisions for tax, civil and labor risks (note 3.n).

c. Changes in accounting policies

Presentation of the net income for the year between the parent company and consolidated

At December 31, 2011, there are differences between the parent company's net income and consolidated net income refer to unrealized gains or losses in hedging transactions contracted by the parent company and/or subsidiaries for the purpose of hedging consolidated transactions that are not necessarily of the Company that contracted the instrument.

The Company has been maintaining this difference between net income of parent company and consolidated due to the fact that the documentation and analysis of effectiveness for application of hedge accounting model is prepared only at the consolidated level.

On December 31, 2012 the Company changed this policy and eliminated any difference between net income of parent company and consolidated since it understands that this form of presentation improves the financial statements of the parent company, based on the fact that the effects of hedge instruments and hedged items are recognized in full in the financial statements of the parent company, whether directly or by applying the equity method, which is essentially a simplified form of consolidation.

Thus, the Company changed its accounting policy regarding the presentation of net income for the year, understanding that for the purposes of individual financial statements, the Company is subject to the same exposure in the consolidated financial statements, considering also that the subsidiaries whose risks are controlled are wholly-owned subsidiaries.

The change in such accounting policy has had an immaterial impact on comparative financial statements.

5 Consolidated financial statements

Consolidated financial statements include operations of the Company and the following subsidiaries, whose equity interest as of the balance sheet date is as follows:

Companies	Direct subsidiaries %	Indirect subsidiaries %	Main activity	Location
Fazenda Planorte Empreendimentos Agrícolas Ltda.	100	-	Culture of cotton, soybean and corn.	Mato Grosso - MT
Fazenda Paiaguás Empreendimentos Agrícolas Ltda.	100	-	Culture of cotton, soybean and corn.	Mato Grosso - MT
Fazenda Parnaíba Empreendimentos Agrícolas Ltda.	100	-	Culture of cotton, soybean and corn.	Maranhão – MA
Fazenda Perdizes Empreendimentos Agrícolas Ltda.	100	-	Culture of cotton, soybean and corn.	Mato Grosso - MA
SLC Empreendimentos e Agricultura Ltda.	85.15	14.85	Leasing of crop land.	Rio Grande do Sul - RS
SLC Agrícola Pejuçara Ltda.	86.93	13.07	Culture of cotton, soybean and corn.	Mato Grosso - MT
SLC LandCo Empreendimentos Agrícolas Ltda.	-	89.23	Purchasing and sale, lease, construction and managing of real estate.	Rio Grande do Sul - RS
Fazenda Planeste	-	89.23	Purchasing and sale, lease,	Rio Grande do Sul -

Companies	Direct subsidiaries %	Indirect subsidiaries %	Main activity	Location
Empreendimentos Agrícolas Ltda.			construction and managing of real estate.	RS
Fazenda Piratini Empreendimentos Agrícolas Ltda	-	89.23	Purchasing and sale, lease, construction and managing of real estate.	Rio Grande do Sul - RS
Fazenda Panorama Empreendimentos Agrícolas Ltda.	-	89.23	Purchasing and sale, lease, construction and managing of real estate.	Rio Grande do Sul - RS
Fazenda Parceiro Empreendimentos Agrícolas Ltda.	-	100	Purchasing and sale, lease, construction and managing of real estate.	Rio Grande do Sul - RS
Fazenda Paineira Empreendimentos Agrícolas Ltda.	-	100	Purchasing and sale, lease, construction and managing of real estate.	Rio Grande do Sul - RS

Subsidiaries' annual information period included in consolidation is the same of the parent company, and accounting policies were applied uniformly in consolidated companies and are consistent with those used in prior year.

6 Cash and cash equivalents and short-term interest earnings bank deposits

		Parent company		Consolidated	
Description	Earnings	**2012**	**2011**	**2012**	**2011**
Cash and cash equivalents	-	**511**	23,110	**199**	46,314
CDB-DI	100.5% do CDI*	**28,273**	20,092	**82,930**	39,819
Repurchase and resale commitments	99.11% of CDI*	**14,590**	34,072	**73,196**	42,952
CP Investment Fund	99.7% of CDI*	**485**	969	**485**	969
Other investments	-	**298**	280	**436**	409
		44,157	78,523	**157,246**	130,463
Cash and cash equivalents		**30,799**	75,426	**143,888**	127,357
CP Financial Investments		**13,358**	3,097	**13,358**	3,106

(*) Average yield as of December 31, 2012.

Financial investments are represented by investment in bank deposit certificates, repurchase and resale agreements (debentures) and short-term Investment Funds at market prices and rates, adjusted at earnings through December 31, 2012, not exceeding negotiation value.

Short-term investments are comprised of repurchase and resale commitments valid for more than 90 days and with redemption grace period until December 2012, capitalization bonds and CDB's with redemption period lower than 365 days and linked to the reciprocity of maintaining balances in exchange for the release of loans.

The Group's exposure to interest rate risks and a sensitivity analysis of financial assets and liabilities are disclosed in Note 21.

7 Trade accounts receivable

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Domestic market	**10,360**	7,561	**12,437**	15,246
Foreign market	**26,189**	21,011	**42,834**	39,089
Total	**36,549**	28,572	**55,271**	54,335

On December 31, 2012 and December 31, 2011, the Company and its subsidiaries did not have securities whose performance is uncertain and, overdue, therefore, did not recognize an allowance for doubtful accounts.

The group's exposure to credit and currency risk related to trade accounts receivable is disclosed in note 21.

8 Inventories

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Agricultural products	**103,604**	119,533	**166,531**	173,895
Agricultural products – formation costs	**106,150**	88,025	**156,581**	125,229
Agricultural products – Adjustment at fair value for biological assets	**(2,546)**	31,508	**9,950**	48,666
Seeds, composts, fertilizers and pesticides	**129,038**	138,195	**200,182**	200,671
Packages and containerization material	**5,227**	3,441	**7,199**	5,861
Spare parts	**2,950**	4,056	**4,225**	5,349
Advances to suppliers	**9,851**	11,015	**29,217**	22,361
Other inventories	**2,752**	3,304	**4,902**	3,697
Provisions for inventory adjustment	**(4,285)**	(801)	**(4,437)**	(804)
Inventory losses	**-**	(319)	**-**	(614)
	249,137	278,424	**407,819**	410,416

On December 31, 2012, the Company recorded a provision for adjustment to market value and reversed a provision for inventory losses. Changes are as follows:

Provision for adjustment to market value:

	Parent company	Consolidated
Balance at December 31, 2011	(801)	(804)
Formation of provision	(43,286)	(52,294)
(-) Reversal of provision	39,802	48,661
Balance at December 31, 2012	(4,285)	(4,437)

Inventory losses:

	Parent company	Consolidated
Balance at December 31, 2011	(319)	(614)
Formation of provision	-	-
(-) Reversal of provision	319	614
Balance at December 31, 2012	-	-

9 Biological assets

Parent company

	Current						Non-current
	Soybean	Cotton	Corn	Coffee	Other crops	Total	Coffee
Balances at December 31, 2011	44,849	96,984	18,198	3,270	2,440	165,741	14,925
Expenditures with planting	130,762	304,467	50,302	5,371	6,506	497,408	-
Variation of the fair value	27,360	(13,685)	11,531	-	(22)	25,184	(2,044)
Agricultural product harvest	(133,002)	(308,856)	(57,290)	(6,931)	(5,457)	(511,536)	(6,862)
Balances at December 31, 2012	**69,969**	**78,910**	**22,741**	**1,710**	**3,467**	**176,797**	**6,019**
Agricultural products – formation costs	67,659	80,206	22,741	1,710	3,467	175,783	
Biological Assets – Adjustment at fair value	2,310	(1,296)	-	-	-	1,014	

Consolidated

	Current						Non-current
	Soybean	Cotton	Corn	Coffee	Other crops	Total	Coffee
Balances at December 31, 2011	96,273	142,603	20,308	3,221	2,367	264,772	14,925
Expenditures with planting	224,717	436,225	75,042	5,380	6,421	747,785	-
Variation of the fair value	82,304	17,637	26,794	-	(22)	126,713	(2,044)
Agricultural product harvest	(258,316)	(472,553)	(92,610)	(6,931)	(5,456)	(835,866)	(6,707)
Balances at December 31, 2012	**144,978**	**123,912**	**29,534**	**1,670**	**3,310**	**303,404**	**6,174**
Agricultural products – formation costs	125,096	118,819	29,534	1,670	3,310	278,429	
Biological Assets – Adjustment at fair value	19,882	5,093	-	-	-	24,975	

The balances of crops under formation are mostly represented by expenses incurred for the formation of the crops such as: seeds, fertilizers, pesticides, depreciations and labor applied in the plantations.

Soybean, corn and cotton crops normally occur in the following periods:

		Crops		
Unit	**Location**		**Cotton**	**Corn**
Fazenda Planalto	Costa Rica-M S	September 20 to March 25	December 5 to August 15	January 25 to July 10
Fazenda Paiaguás	Diamantino-M T	September 20 to March 15	December 10 to August 8	January 25 to July 10
Fazenda Pejuçara	Diamantino-MT	September 20 to March 15	December 10 to August 8	January 25 to July 10
Fazenda Planorte	Sapezal-MT	September 20 to March 10	December 15 to August 15	January 25 to July 10
Fazenda Pamplona	Cristalina-GO	October 15 to April 15	November 5 to August 15	October 15 to July 15
Fazenda Parnaíba	Tasso Fragoso-MA	October 15 to April 15	December 15 to August 10	October 15 to July 15
Fazenda Planeste	Balsas-MA	September 20 to April 15	December 20 to August 15	September 20 to July 15
Fazenda Panorana	Correntina-BA	October 15 to April 30	December 20 to October 5	October 15 to July 15
Fazenda Piratini	Jaborandi-BA	October 15 to April 30	November 20 to August 10	October 15 to July 15
Fazenda Palmares	Barreiras-BA	October 15 to April 30	November 20 to August 10	October 15 to July 15
Fazenda Parceiro	Formosa do Rio Preto -BA	October 15 to April 30	November 20 to August 15	October 15 to July 15
Fazenda Paineira	Monte Alegre do Piauí -PI	October 15 to April 15	Does not sow	October 15 to July 15
Fazenda Perdizes	Porto dos Gaúchos - MT	September 20 to March 15	Does not sow	January 25 to July 10
Fazenda Parnaguá	Santa Filomena-PI	October 15 to April 15	Does not sow	October 15 to July 15

The areas held in the crop year 2011/12 are as follows:

	Soybean	**Cotton**	**Corn**	**Other crops[2]**	**Total**
Area in hectares	114,158	95,271	35,166	3,239	247,834

Areas planned[1] for plantation for crop year 2012/13:

	Soybean	**Cotton**	**Corn**	**Other crops[2]**	**Total**
Area in hectares	150,955	76,288	47,598	5,594	280,435

(1) By the end of the planting, the area of agricultural planning can change the planting plan due to stormy weather.

(2) The other crops include the crops of coffee, wheat, corn (seed) and sugarcane.

10 Recoverable taxes

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Income tax	**2,034**	7,310	**15,102**	21,725
Social contribution	**31**	19	**8,057**	6,913
ICMS	**29,918**	21,007	**37,908**	27,990
COFINS	**13,229**	2,765	**28,832**	12,612
PIS	**2,873**	601	**6,606**	3,085
IRRF recoverable	**1,432**	1,655	**2,114**	1,839
Other	**411**	411	**488**	477
	49,928	33,768	**99,107**	74,641
(-) Portion classified in current assets	**(45,972)**	(30,095)	**(94,188)**	(69,701)
Portion classified in non-current assets	**3,956**	3,673	**4,919**	4,940

Income and social contribution taxes
Corresponding to the income tax and social contribution, which will be realized upon compensation with taxes and federal contributions.

ICMS, PIS and COFINS to offset/recover
These items refer to credits generated in the regular operations of the Company and its subsidiaries, and may be offset with taxes of the same nature. The Company's management estimates that the existing balances as of December 31, 2012 are realized in the normal course of its operations, without losses.

IRRF recoverable
Corresponds to the income tax withheld on cash investments. These credits are realizable through offset against federal taxes and contributions.

11 Investments

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Interest in subsidiaries	**1,702,954**	1,523,663	**-**	**-**
	1,702,954	1,523,663	**-**	-

Relevant investments in subsidiaries, evaluated at the equity method, are as follows:

	Fazenda Parnaíba Emp. Agr. Ltda.	Fazenda Planorte Emp. Agr. Ltda.	Fazenda Paiaguás Emp. Agr. Ltda.	SLC Agrícola Pejuçara Ltda. (2)	Fazenda Perdizes Emp. Agr. Ltda.	SLC Empreend. e Agric Ltda (1) and (2)	2012	2011
Current assets	106,454	99,843	144,566	71,978	17,716	62,771		
Non-current assets	293,938	275,969	227,000	15,494	7,791	1,492,426		
Current liabilities	81,548	74,921	115,909	32,591	11,795	86,709		
Non-current liabilities	90,153	82,301	33,511	5,485	2,180	287,198		
Income	157,669	137,736	172,332	58,811	1,477	76,764		
Expenses	(136,018)	(125,749)	(148,505)	(47,201)	(1,444)	(92,828)		
Capital	45,650	57,050	40,010	26,456	11,498	373,285		
Shareholders' equity	228,690	218,591	222,146	49,395	11,532	1,111,136		
Net income (loss) for the period	21,651	11,987	23,827	11,610	33	(16,064)		
Quantity of shares/quotas of the capital								
Common shares (thousand)	5,353	11,506	44,517	46,542	100	-		
Percentage of interest (%)	100%	100%	100%	89.25%	100%	88.01%		
Opening balances	206,706	205,460	212,178	27,290	.	872,029	**1,523,663**	1,364,105
Paid-up capital	-	-	-	5,709	11,499	92,677	**109,885**	115,027
Fair value attributed	-	-	1,278	-	-	9,388	**10,666**	-
Unrealized gains (Loss) with hedge instruments	333	1,144	4,435	609	-	-	**6,521**	(12,501)
Capital investment gain (loss)	-	-	(19,572)	115	-	17,955	**(1,502)**	(238)
Equity in income of subsidiaries and associated companies	21,651	11,987	23,827	10,362	33	(14,139)	**53,721**	57,270
Closing balances	228,690	218,591	222,146	44,085	11,532	977,910	**1,702,954**	1,523,663

(1) Shareholders' equity was adjusted by R$24,037 and net income by R$10,251, referring to unrealized results between the Company, net of tax effects.

(2) The Company controls 100% of SLC Empreendimentos e Agricultura Ltda. and SLC Agrícola Pejuçara Ltda through its subsidiary Fazenda Paiaguás Empreendimentos Agrícolas S.A.

On May 1, 2012, a Contract for Subscription of Shares and Other Covenants was entered into with investment fund Valiance Asset Management Limited (Valiance) for the creation of a long-term partnership for investment in and development of arable land in Brazil. Raised funds will be used for acquisition, construction of infrastructure and transformation of soil usage. The Company will lease areas available for planting at terms normally practiced in the region where SLC Landco lands are located (Note 13.c).

On August 02, 2012, indirect subsidiary SLC Landco Empreendimentos Agrícolas S.A. held an Extraordinary Shareholders' Meeting for the issuance of 16,813,619 preferred shares as capital contribution to Valiance. With this contribution, (indirect) interest of the Company in SLC LandCo became 89.23%. Contribution portion expected to be made in December 31, 2012, according to a communication published to the market in August 02, 2012, was postponed, with the agreement of contracting parties, due to land market conditions in Brazil, which made it impossible to acquire new areas until December 31, 2012.

12 Property, plant and equipment

Parent company

Cost of the gross fixed assets	Balance in 2011	Acquisitions	Write-offs	Transfers	**Balance in 2012**
Crop lands	6,069	-	-	-	**6,069**
Soil correction and development	181,319	54,744	(8,975)	(3)	**227,085**
Buildings and improvements	68,465	1,238	(1,264)	9,452	**77,891**
Agricultural equipment and industrial facilities	320,528	48,794	(20,580)	3,254	**351,996**
Vehicles	16,347	3,830	(1,206)	(513)	**18,458**
Furniture and fixtures	7,437	1,065	(36)	69	**8,535**
Equipment and facilities of the office	3,625	792	(80)	-	**4,337**
Permanent crops	142	630	(64)	539	**1,247**
Advances to suppliers	13,113	-	(4,852)	-	**8,261**
Works in progress	11,886	18,008	(1,543)	(12,798)	**15,553**
Total	628,931	129,101	(38,600)	-	**719,432**

Depreciation	Balance in 2011	Depreciation	Write-offs	Transfers	**Balance in 2012**
Soil correction and development	90,012	36,803	(3,568)	-	**123,247**
Buildings and improvements	4,965	2,370	(28)	-	**7,307**
Agricultural equipment and industrial facilities	93,508	30,558	(9,266)	-	**114,800**
Vehicles	7,598	1,775	(877)	-	**8,496**
Furniture and fixtures	1,378	656	(15)	-	**2,019**
Equipment and facilities of the office	2,199	439	(75)	-	**2,563**
Total	199,660	72,601	(13,829)	-	**258,432**

Net residual value	**2011**	**2012**
Crop lands	6,069	**6,069**
Soil correction and development	91,307	**103,838**
Buildings and improvements	63,500	**70,587**
Agricultural equipment and industrial facilities	227,020	**237,195**
Vehicles	8,749	**9,961**
Furniture and fixtures	6,059	**6,516**
Equipment and facilities of the office	1,426	**1,773**
Permanent crops	142	**1,247**
Advances to suppliers	13,113	**8,261**
Works in progress	11,886	**15,553**
Total	429,271	**461,000**

Consolidated

Cost of the gross fixed assets	Balance in 2011	Acquisitions	Write-offs	Transfers	**Balance in 2012**
Crop lands	1,828,195	1,950	(4,274)	2	**1,825,873**
Soil correction and development	271,616	64,650	(219)	(2)	**336,045**
Buildings and improvements	186,470	2,248	(22)	12,607	**201,303**
Agricultural equipment and industrial facilities	535,841	61,866	(20,830)	3,498	**580,375**
Vehicles	25,708	6,758	(1,515)	(342)	**30,609**
Furniture and fixtures	8,992	1,583	(61)	93	**10,607**
Equipment and facilities of the office	8,658	1,220	(87)	-	**9,791**
Permanent crops	4,347	682	(485)	541	**5,085**
Advances to suppliers	15,191	104	(5,633)	-	**9,662**
Works in progress	13,009	23,172	(2,348)	(16,397)	**17,436**
Total	2,898,027	164,233	(35,474)	-	**3,026,786**

Depreciation	Balance in 2011	Depreciation	Write-offs	Transfers	**Balance in 2012**
Soil correction and development	143,071	50,945	(4,132)	-	**189,884**
Buildings and improvements	30,341	5,333	(28)	-	**35,646**
Agricultural equipment and industrial facilities	158,510	44,557	(16,372)	-	**186,695**
Vehicles	11,720	2,651	(1,160)	-	**13,211**
Furniture and fixtures	2,032	804	(24)	-	**2,812**
Equipment and facilities of the office	3,016	840	(83)	-	**3,773**
Permanent crops	-	194	-	-	**194**
Total	348,690	105,324	(21,799)	-	**432,215**

Net residual value	2011	**2012**
Crop lands	1,828,195	**1,825,873**
Soil correction and development	128,545	**146,161**
Buildings and improvements	156,129	**165,660**
Agricultural equipment and industrial facilities	377,331	**393,678**
Vehicles	13,988	**17,399**
Furniture and fixtures	6,960	**7,795**
Equipment and facilities of the office	5,642	**6,016**
Permanent crops	4,347	**4,891**
Advances to suppliers	15,191	**9,662**
Works in progress	13,009	**17,436**
Total	2,549,337	**2,594,571**

On December 31, 2012, construction in progress was substantially represented by the construction of storage units in farms Parnaíba, Planeste, Paiaguás and Panorama, in the amount of R$6,702, improvements in cotton buildings of Planeste, Paiaguás, Pejuçara, Planalto, Panorama, Pamplona and Palmares farms, in the amount of R$1,053, and infrastructure construction work (lodging, improvements, roads, warehouses, etc.), in the amount of R$8,465. Interest contributed to construction in progress in the period of December 31, 2012 was R$1,073 (R$2,022 as of December 31, 2011). The capitalization rate used to determine the capitalizable loan costs was 2.8% p.a.

At December 31, 2012, there were collateralized fixed assets for bank loans in the amount of R$ 340,039 (R$ 413,422 on December 31, 2011).

13 Balances and transactions with related parties

On December 31, 2012 and 2011, the related party balances and transactions are comprised as follow:

a. Related party balances

Balances receivable with related parties

	Other accounts receivable		Loans receivable		Advances for future capital increase		Total accounts receivable	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Direct subsidiaries								
Fazenda Planorte Emprendimentos Agrícolas Ltda	-	-	3	-	-	-	3	-
Fazenda Parnaíba Empreendimentos Agrícolas Ltda	345	3,610	739	17,289	-	-	1,084	20,899
Fazenda Paiaguás Emprendimentos Agrícolas Ltda	2,153	142	31	5	-	-	2,184	147
SLC Agrícola Pejuçara Ltda	1,691	186	1,011	-	-	-	2,702	186
SLC Agrícola Perdizes Ltda	616	-	-	-	-	-	616	-
SLC Empreendimentos e Agricultura Ltda	6,989	16,399	-	-	2,162	1,347	9,151	17,746
Indirect subsidiaries								
SLC LandCo Emp reendimentos Agrícolas Ltda	4	-	-	75	-	-	4	75
Fazenda Panorama Empreendimentos Agrícolas Ltda	-	-	-	1	-	-	-	1
Parent company								
SLC Participações S.A.	4	2	-	-	-	-	4	2
Total	**11,802**	20,339	**1,784**	17,370	**2,162**	1,347	**15,748**	39,056

Balances payable with related parties

	Leases payable		Other accounts payable		Loans payable		Total payable	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Direct subsidiaries								
Fazenda Planorte Emprendimentos Agrícolas Ltda	-	-	228	-	-	2,728	228	2,728
SLC Agrícola Pejuçara Ltda	-	-	-	-	-	4	-	4
Indirect subsidiaries								
SLC Empreendimentos e Agricultura Ltda	7,415	-	-	-	-	-	7,415	-
Fazenda Panorama Empreendimentos Agrícolas Ltda	3,502	2,267	-	-	-	-	3,502	2,267
Fazenda Planeste Empreendimentos Agrícolas Ltda	4,456	3,195	-	-	-	-	4,456	3,195
Fazenda Piratini Empreendimentos Agrícolas Ltda	1,446	467	-	-	-	-	1,446	467
Fazenda Parceiro Empreendimentos Agrícolas Ltda.	751	-	-	-	-	-	751	-
Fazenda Paineira Empreendimentos Agrícolas Ltda.	585	-	-	-	-	-	5.85	-
Other related parties	-	-	139	141	-	-	1.39	141
Total	**18,155**	5,929	**367**	141	-	2,732	**18,522**	8,802

The Company and its subsidiaries maintain loans for consumption with one another, represented by checking account, whose index is equivalent to 99% of the nominal variation of the CDI-OVER rate, maturing in indefinite periods.

SLC Participações S.A. is the Company's final controlling shareholder. There are no significant transactions with the final controlling shareholder, except for the payment of dividends.

b. Related party transactions

	Sale of products/goods on fixed assets	Lease costs	Purchases of goods/ products	Financial income -Interest and monetary variation	Financial expenses -Interest and monetary variation
Fazenda Planorte Emprendimentos Agrícolas Ltda					
Balance at 12/31/2012	-	-	15	42	-
Balance at 12/31/2011	-	-	-	13	-
Fazenda Parnaíba Emprendimentos Agrícolas Ltda					
Balance at 12/31/2012	907		468	276	
Balance at 12/31/2011	-	-	-	-	20
Fazenda Paiaguás Emprendimentos Agrícolas Ltda					
Balance at 12/31/2012	1,027	-	208	67	2
Balance at 12/31/2011	-	-	-	-	126
SLC Agrícola Pejuçara Ltda					
Balance at 12/31/2012	15	-	12	3	-
SLC Empreendimentos e Agricultura Ltda					
Balance at 12/31/2012	-	29,819	-	26	332
Balance at 12/31/2011	-	21,485	-	-	-
SLC LandCo Empreendimentos Agrícolas Ltda					
Balance at 12/31/2012	-	-	-	4	-
Fazenda Panorama Empreendimentos Agrícolas Ltda					
Balance at 12/31/2012	-	6,490	-	-	1,365
Fazenda Planeste Empreendimentos Agrícolas Ltda					
Balance at 12/31/2012	-	8,679	-	-	1,969
Fazenda Piratini Empreendimentos Agrícolas Ltda					
Balance at 12/31/2012	5,846	2,917	-	-	685
Fazenda Parceiro Empreendimentos Agrícolas Ltda.					
Balance at 12/31/2012	-	793	-	-	-
Fazenda Paineira Empreendimentos Agrícolas Ltda.					
Balance at 12/31/2012	-	726	-	-	-
Total					
Balance at 12/31/2012	**7,795**	**49,424**	**703**	**418**	**4,353**
Balance at 12/31/2011	-	21,485	-	13	146

c. Lease contract

The object of the rural lease contract is the delivery of pieces of land, facilities and other assets by the lessor to the lessee, so that the latter explores agricultural activities such as planting of cotton, soybean, corn, sorghum, coffee, beans and peas in exchange for an amount considered as lease price.

Beginning as of January 2, 2011, a rural lease contract entered into with subsidiary SLC Empreendimentos e Agricultura Ltda and its subsidiaries became effective for an indefinite period, and may be reviewed at any time in case market changes hinder its equilibrium and excessively burden one of the parties.

Beginning as of September 01, 2012, the rural lease contract entered into with the (indirect) subsidiary SLC Landco Empreendimentos Agrícolas S.A. and its subsidiaries for a minimum period of 20 years became effective.

On December 31, 2012, (annual) lease price of the 2012/13 crop can be shown as follows:

Revenue Service	Amount
Fazenda Planalto	R$ 7,795
Fazenda Pamplona	R$ 6,522
Fazenda Planeste	R$ 9,821
Fazenda Panorama	R$ 7,989
Fazenda Piratini	R$ 3,466
Fazenda Palmares	R$ 7,902
Fazenda Paiaguás	R$ 9,251
Fazenda Pejuçara	R$ 1,287
Fazenda Paineira	R$ 2,533
Fazenda Parceiro	R$ 2,962
Fazenda Perdizes	R$ 5,276
	R$ 64,804

Lease price is paid on an annual basis in Brazilian Reais or translated at over–the-counter quotation of soybean sack in each region on payment day, according to contract clause. Soybean sack price must be established by the lessor at least 15 days in advance, without provision for re-agreement.

d. Management compensation

The Company considers as key management personnel non-remunerated Board members, remunerated Independent Board members and Officers (statutory and non-statutory).

Officers are remunerated through management fees and salaries paid in payroll. Total management remuneration, including bonuses and other benefits, is presented in a specific caption of the statement of income, as follows:

	Parent company		Consolidated	
	2012	2011	2012	2011
Directors fee	3,387	2,741	3,387	3,032
Bonuses	808	716	808	716
Charges	1,088	700	1,088	784
Stock option plan	1,765	2,802	1,765	2,802
Other benefits	16	4	16	28
Board of Directors, Statutory Executive Board and Fiscal Council	7,064	6,963	7,064	7,362
Directors fee	209	-	628	-
Bonuses	-	-	143	-
Charges	42	-	196	-
Stock option plan	33	-	33	-
Other benefits	-	-	3	-
Non Statutory Executive Board	284	-	1,003	-
Total	7,348	6,963	8,067	7,362

The Company does not offer post-employment benefits, benefits on termination of employment contract or other long-term benefits to its managers.

14 Loans and financing

		Average annual interest rates (%)		Parent company		Consolidated	
	Index	2012	2011	2012	2011	2012	2011
Used in the Property, plant and equipment							
Finame - BNDES	Fixed and long-term interest rate*	**6.31%**	6.42%	**25,499**	32,115	**37,026**	48,318
Constitutional Funds**	-	**7.29%**	6.75%	**57,916**	66,301	**90,984**	105,980
Investment financing	US$ and Libor***	**5.74%**	0.00%	**21,276**	-	**21,276**	-
				104,691	98,416	**149,286**	154,298
Applied to Working Capital							
Rural credit	-	**6.11%**	6.75%	**86,406**	18,259	**174,743**	122,229
Constitutional Funds**	-	**7.23%**	6.75%	-	87,527	**29,198**	110,693
Working Capital	-	**8.31%**	0.00%	**80,151**	-	**90,162**	-
Foreign investments	US$, Libor + Pre	**4.05%**	2.80%	**367,471**	247,183	**367,471**	252,811
				534,028	352,969	**661,574**	485,733
				638,719	451,385	**810,860**	640,031
Portion classified in current assets				**290,100**	235,065	**435,498**	384,735
Installment classified in non-current				**348,619**	216,320	**375,362**	255,296

(*) Long-term interest rate (TJLP)

** To calculate the average cost of the Constitutional Funds we considered a 15% discount relating to the compliance bonus levied on these operations.

(***) Libor (London Interbank Offer Rate): Interest rate charged by London banks used as reference for most loans of the international financial system.

Finame – BNDES - National Bank for Social and Economic Development - BNDES
Guaranteed by financed assets and collateral signatures of the Company or SLC Participações S.A. Amortizations are performed on a monthly, quarterly, semiannual or annual basis, and will occur between the periods of 01/15/2013 to 11/15/2022.

Constitutional Funds – Investimento and working capital facility of the Northeast Fund (FNE) and Center-West Fund (FCO). Guaranteed by collateral signatures of the Company or SLC Participações S.A., and, in some transactions, by land pledge and mortgages. The periodicity of

their amortizations is annual or semiannual, with maturities between 01/01/2013 and 02/01/2018.

Investment Financing - Investment line intended for machinery and equipment, where the periodicity of the amortizations is semiannual with final maturity on 4/15/2017. Guaranteed by collateral signatures of SLC Participações S.A. and by financed machines.

Rural Credit – Funds intended to cover crop costs and trading, whose rules, purposes and conditions are established in the Rural Credit Guide (MCR) prepared by the Brazilian Central Bank. Guaranteed by collateral signatures of the Company or SLC Participações S.A., and, in some transactions, by the crop. The periodicity of their amortizations is annual, with maturities between 03/28/2013 and 10/30/2013.

Working Capital – very short-term credit facility intended to supply cash needs, with final maturity on November 16, 2012. Guarantees not required.

External Loans – Financing of long-term exports: NCE (Export Credit Note) and PPE (Export prepayment), the periodicity of their amortizations is annual or six-month period, final maturity on 04/09/2019. Guaranteed by collateral signatures of the Company or SLC Participações S.A. with land mortgage or "*clean"*. These contracts provide for compliance with certain commitments *(covenants*) approved by SLC Agrícola (Current Liquidity, Third parties' Interest, Net Financial Debt over Ebitda and Cash Liquidity).

Years of maturity	Parent company		Consolidated	
	2011	**2011**	**2011**	**2011**
2012	**-**	235,065	**-**	384,735
2013	**290,100**	77,184	**435,498**	94,244
2014	**109,633**	74,482	**124,793**	88,344
2015	**94,085**	45,181	**102,022**	52,050
2016	**64,112**	18,270	**66,249**	19,453
2017	**43,679**	247	**44,345**	247
2018	**19,109**	956	**19,775**	958
After 2018	**18,001**	-	**18,178**	-
	638,719	451,385	**810,860**	640,031

The group's exposure to liquidity risk is disclosed in Note 21.

On December 31, 2012, the amount of loans guaranteed by pledge of the crop was R$ 45,960 (2011: none) and R$ 69,132 in the consolidated (2011: R$ 20,739).

The Company is compliant with agreement clauses.

Financial covenants

Contracts classified as "External Loans", previously described, provide for compliance with financial obligations (covenants) at yearend base dates. They are described as follows:

i. Current Liquidity Index (AC/PC): current assets divided by consolidated current liabilities, equal to or higher than 1.2 times

ii. Total Consolidated liabilities/tangible Shareholders' equity: total liabilities divided by shareholders' equity less consolidated intangible assets, equal to or lower than 1.5 times.

iii. Net Leverage (Total Net Financial Debt/EBITDA): total loans and financing, less cash, bank and "cash equivalents" position, less short-term investments, divided by operating income before interest, income tax, depreciation and amortization of prior 12 months, equal to or lower than 4.0 times.

iv. Consolidated cash liquidity: cash, banks, and "cash equivalents" position plus short-term investments, equal to or higher than R$75,000,000.00.

15 Provision for tax, civil and labor risks

On December 31, 2012, the Company recorded a provision for labor contingencies of R$1,311 (R$2,101 in consolidated), R$660 as of December 31, 2011 (R$1,338 consolidated), that refers to lawsuits filed by former employees and whose likelihood of loss was considered as probable by our legal advisors. The provision for contingencies is recorded in caption labor and social security provisions in current liabilities. The Company has R$1,760 (R$3,137 in consolidated) referring to labor lawsuits whose loss was considered as possible by legal advisors and, accordingly, no provision for these lawsuits was recorded.

The Company also identifies the existence of environmental lawsuits whose likelihood of loss is possible, according to legal advisors, for the approximate amount of R$8,131 in the parent company and R$8,447 in consolidated (R$8,131 as of December 31, 2011 in the parent company and R$8,447 in consolidated), for which no provision was recognized. These refer to lawsuits filed by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) and the Environmental Military Police of Cassilândia, Mato Grosso do Sul State (MS).

We present below the movement of provisions:

	Parent company		
	Tax	**Labor**	**Total**
Balance at December 31, 2010	160	602	762
New lawsuits/ supplements and inflation adjustments	-	445	445
(-) Reversals	-	(387)	(387)
Balance at December 31, 2011	160	660	820
New lawsuits/ supplements and inflation adjustments	-	709	709
(-) Reversals	-	(58)	(58)
Balance at December 31, 2012	160	1,311	1,471

	Consolidated		
	Tax	**Labor**	**Total**
Balance at December 31, 2010	160	694	854
New lawsuits/ supplements and inflation adjustments	-	1030	1030
(-) Reversals	-	(386)	(386)
Balance at December 31, 2011	160	1,338	1,498
New lawsuits/ supplements and inflation adjustments	-	1,658	1,658
(-) Reversals	-	(895)	(895)
Balance at December 31, 2012	160	2,101	2,261

As of December 31, 2009, the Company recorded a reserve for tax contingencies in the amount of R$160 (parent company and consolidated), as defeated party's fees, referring to a lawsuit against the Union to declare the right of considering BTNF value adjusted at IPC variation over 1990, for the adjustment its financial statements for inflation in 1990, whose likelihood of loss is probable, according to legal advisors. Tax value was deposited in escrow.

The Company respects and tries to comply with all environmental matters, legal or otherwise, being environment, employees and other stakeholders one of the key commitments of its work, which combines the use of state of the art agricultural techniques with the adoption of sustainability practices. These actions are greater than mere compliance with law and are strengthened by the current process of implementing an Integrated Management System (SGI) supported by standards ISO 14001:2004 (Environmental Management), OHSAS 18001:2007 (Occupational Health and Safety) and NBR 16001:2004 (Social Responsibility Management).

In accordance with law in force in Brazil, federal, state and municipal taxes and payroll charges are subject to review by respective authorities over periods that vary from 5 to 30 years.

16 Deferred income and social contribution taxes

Deferred income tax and social contribution of the following nature were established:

	Parent company					
	2012			**2011**		
Description	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Assets:						
Temporary differences:						
Taxes on non-benefitted activities	**138**	**-**	**138**	138	-	138
Provision for inventory adjustment	**1,071**	**386**	**1,457**	200	72	272
Provision for PPR	**721**	**260**	**981**	2,193	790	2,983
Provision for tax losses	**500**	**180**	**680**	500	180	680
Operations with derivatives	**9,333**	**3,359**	**12,692**	16,817	6,054	22,871
Others	**1,798**	**647**	**2,445**	635	228	863
Tax losses and negative basis	**15,829**	**5,896**	**21,725**	13,200	4,950	18,150
	29,390	**10,728**	**40,118**	33,683	12,274	45,957

Liabilities:						
Incentivized depreciation from rural activity*	**51,423**	**18,512**	**69,935**	45,391	16,342	61,733
Bargain gain on acquisition of equity interest	**5,539**	**1,994**	**7,533**	5,539	1,994	7,533
Deemed cost from property, plant and equipment	**26,172**	**9,421**	**35,593**	28,823	10,376	39,199
Fair value of biological assets	**1,122**	**404**	**1,526**	11,889	4,280	16,169
Capitalization of interest on borrowings	**1,126**	**405**	**1,531**	898	324	1,222
Operations with derivatives	**-**	**-**	**-**	2,639	949	3,588
	85,382	**30,736**	**116,118**	95,179	34,265	129,444
Net total	**(55,992)**	**(20,008)**	**(76,000)**	(61,496)	(21,991)	(83,487)
Classified in the non-current liabilities	**(55,992)**	**(20,008)**	**(76,000)**	(61,496)	(21,991)	(83,487)

	Consolidated					
	2012			**2011**		
Description	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Assets:						
Temporary differences:						
Taxes on non-benefitted activities	**138**	**-**	**138**	138	-	138
Provision for inventory adjustment	**1,109**	**400**	**1,509**	201	72	273
Provision for PPR	**963**	**347**	**1,310**	3,142	1,133	4,275
Provision to tax losses	**500**	**180**	**680**	500	180	680
Provision for transaction cost share issuance	**1,549**	**557**	**2,106**	-	-	-
Operations with derivatives	**16,430**	**5,914**	**22,344**	26,993	9,717	36,710
Others	**2,595**	**934**	**3,529**	3,359	376	3,735
Tax losses and negative basis	**17,979**	**6,670**	**24,649**	13,305	4,988	18,293
	41,263	**15,002**	**56,265**	47,638	16,466	64,104
Liabilities:						
Incentivized depreciation from rural activity*	**80,841**	**28,985**	**109,826**	72,161	25,845	98,006
Bargain gain on acquisition of equity interest	**5,647**	**2,033**	**7,680**	5,647	2,033	7,680
Deemed cost from property, plant and equipment	**277,300**	**100,568**	**377,868**	279,618	101,517	381,135
Fair value of biological assets	**10,237**	**3,686**	**13,923**	20,376	7,335	27,711
Capitalization of interest on borrowings	**1,674**	**602**	**2,276**	1,406	507	1,913
Operations with derivatives	**-**	**-**	**-**	478	172	650
Others	**397**	**143**	**540**	2,639	949	3,588
	376,096	**136,017**	**512,113**	382,325	138,358	520,683
Net total	**(334,833)**	**(121,015)**	**(455,848)**	(334,687)	(121,892)	(456,579)
Classified in non-current assets	**1,684**	**607**	**2,291**	105	38	143
Classified in the non-current liabilities	**(336,517)**	**(121,622)**	**(458,139)**	(334,792)	(121,930)	(456,722)

(*) According to tax law, agricultural companies may benefit from early depreciation of its investments in agriculture.

The Company and its subsidiaries, based on their expectations of generating future taxable income, based on a technical study prepared by the Management, recognized tax credits on tax losses, negative basis of social contribution and temporary differences, for which there is no statutory limitation period. The book value of deferred assets is reviewed annually by the Company, and the adjustments have not been significant as initially estimated by Management.

The technical study considers investments and income tax reduction incentives of up 75% on income from exploration of farms located in benefited regions.

Based on the technical study regarding estimated generation of future taxable income, the Company foresees the recovery of tax credits in the following years:

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
2012	**-**	33,615	**-**	49,054
2013	**37,449**	12,342	**49,984**	15,050
2014	**978**	-	**3,545**	-
2015	**1,691**	-	**2,736**	-
	40,118	45,957	**56,265**	64,104

The expected recoverability of the tax credits is based on the projections of future taxable income taking into consideration various business and financial assumptions. Accordingly, these estimates may differ from the effective taxable income in the future due to the inherent uncertainties involving these estimates.

Reconciliation of tax expenses with official rates

Income tax and social contribution calculated based on nominal rates of these taxes are reconciled for the amount recorded as income tax and social contribution expenses, as follows:

Reconcilement of the parent company's actual rate:

	Parent company			
	2012		**2011**	
	IRPJ	**CSLL**	**IRPJ**	**CSLL**
Income before tax on profit	**36,617**	**36,617**	208,278	208,278
Income and social contribution taxes at the nominal rate from 25% to 9%, respectively	**(9,154)**	**(3,296)**	(52,070)	(18,745)
Adjustments for calculation of effective rate				
Equity income (loss)	**13,430**	**4,835**	14,318	5,154
Permanent additions	**(1,542)**	**(555)**	(1,932)	(695)
Other	**(1,640)**	**(590)**	240	69
Value recorded in the income	**1,094**	**394**	(39,444)	(14,217)
Total income and social contribution taxes		**1,488**		(53,661)
Deferred taxes		**1,488**		(52,656)
Current taxes		**-**		(1,005)
Effective rate		**4.1%**		-25.8%

Reconciliation of the Consolidated actual rate:

	Consolidated			
	2012		2011	
	IRPJ	CSLL	IRPJ	CSLL
Income before tax on profit	**72,531**	**72,531**	241,179	241,179
Income and social contribution taxes at the nominal rate of 25% and 9%, respectively	**(18,133)**	**(6,528)**	(60,295)	(21,706)
Adjustments for calculation of effective rate				
Permanent exclusions	**120**	**43**	414	149
Permanent additions	**(4,619)**	**(1,663)**	(2,112)	(761)
Tax incentives of subsidiaries	**3,152**	**-**	2,839	-
Income and social contribution taxes in companies taxed by the deemed profit system	**(351)**	**(140)**	770	277
Elimination Unrealized profit	**(2,876)**	**(1,036)**	(627)	(225)
Other	**(1,479)**	**(591)**	107	(17)
Value recorded in the income	**(24,186)**	**(9,915)**	(58,904)	(22,283)
Total income and social contribution taxes		**(34,101)**		(81,187)
Deferred taxes		**(3,577)**		(60,482)
Current taxes		**(30,524)**		(20,705)
Effective rate		**47.0%**		33.7%

Reconciliation of deferred income tax and social contribution variation

Changes to income tax and social contribution recorded in asset and liability accounts, in consolidated, are as follows:

	Parent company			Consolidated		
	2011	2012	Variation	2011	2012	Variation
Deferred assets	-	-	-	143	2,291	2,148
Deferred liabilities	(83,487)	(76,000)	7,487	(456,722)	(458,139)	(1,417)
			7,487			731
Effects in the shareholders' equity						
Operations with derivatives			6,000			2,639
Deemed cost from property, plant and equipment			3,606			3,267
			9,606			5,906
Effects in the income						
Operations with derivatives			(12,591)			(16,355)
Tax loss/negative calculation basis			3,575			6,356
Incentivized accelerated depreciation			(8,202)			(11,820)
Fair value of biological assets			14,643			13,788
Other			456			2,856
			(2,119)			(5,175)

17 Securities payable – Consolidated

The Company, through its subsidiaries, has contracts referring to the purchase of land to be used and explored by it. These acquisitions are normally indexed at soybean sack quotation in the region in which the property was acquired. Accordingly, future minimum amounts will be normally estimated in numbers of soybean sacks on each balance sheet date.

Changes to this caption are as follows:

	Indexed at dollar	Indexed at Soybean sacks	Fixed price	Total
Balance at December 31, 2011	1,351	149,027	92,003	242,381
Additions for acquisitions of areas	-	-		-
Payments	(1,407)	(57,953)	(52,639)	(111,999)
Monetary or exchange variation	56	51,696	-	51,752
Balance at December 31, 2012	**-**	**142,770**	**39,364**	**182,134**
(-) Portion classified in current assets	**-**	**(55,919)**	**(39,364)**	**(95,283)**
Installment classified in non-current	**-**	**86,851**	**-**	**86,851**

Accounts payable future minimum payments are summarized as follows:

	Consolidated
Fixed price payment	39,364
Payments within one year	39,364
Payments indexed to the bag of soybeans	142,770
Payments within one year	55,919
Payments in more than one year and up to 2 years	56,693
Payments in more than two years and up to 3 years	12,152
Payments in more than three years and up to 4 years	12,152
Payments in more than 4 years	5,854
	182,134

Commitments in soybean sacks are as follows:

	Consolidated
Payments within one year	1,023,202
Payments in more than one year and up to 2 years	1,030,484
Payments in more than two years and up to 3 years	212,009
Payments in more than three years and up to 4 years	212,009
Payments in more than 4 years	102,130
	2,579,834

18 Shareholders' equity

a. Capital

On December 31, 2012, the subscribed capital, in the amount of R$ 557,434 is represented by 98,897,500 nominative common shares, with no par value.

Nominative common shares are distributed among shareholders as follows:

Shareholder	Quantity of shares 2012	2011
SLC Participações S.A.	**50,469,371**	28,948,584
Evaux Participações S.A.[1]	**-**	21,520,787
Management	**5**	5
Treasury shares	**558,785**	1,407,585
Other	**47,869,339**	47,020,539
Total shares of paid-in capital	**98,897,500**	98,897,500
(-) Treasury shares	**(558,785)**	(1,407,585)
Total shares - ex-treasury	**98,338,715**	97,489,915

(1) On November 8, 2012, shareholders Evaux Participações S.A. was merged by SLC Participações S.A.; thus, SLC Participações S.A. became the controlling shareholder of the Company.

b. Capital reserve – goodwill in the issue of shares

Represented by goodwill received in public share offerings occurred in June 2007 and June 2008 and by goodwill on sale of treasury shares conducted in connection with stock option plans, less costs on issuance of these shares (commissions, fees and other expenses), net of tax effects and in conformity with CPC 10 (IFRS 2).

c. Treasury shares

The Company acquired shares of its own issuance to maintain them in treasury and to be later used in the Stock Option Plan (note 23), as decided by the Board of Directors in a meeting held on October 29, 2008.

The balance of treasury shares on December 31, 2012 is R$7,749 and is comprised of 558,785 shares (R$19,532 as of December 31, 2011, comprised of 1,407,585 shares).

Net goodwill in the realization of treasury shares for the year ended December 31, 2012 was R$ 1,051 (R$ 431 at December 31, 2011). The market value of treasury shares, calculated based on the last closing price on the stock market, prior to the closing date for the year was R$ 10,924 (R$ 19.55 per share) at December 31, 2012 and R$ 21,086 (R$ 14.98 per share) at December 31, 2011.

d. Legal reserve

The reserve was recorded at the rate of 5% of the net profit for the year, up to the limit of 20% of the capital. The reserve was recorded at the rate of 5% of the net profit for the year, up to the limit of 20% of the capital. As provided for in Article 35, item a, of the Bylaws, in the year when legal reserve balance plus the value of capital reserve, addressed by Paragraph 1 of Article 182 of the Brazilian Corporate Law, exceeds 30% of capital, it will not be mandatory to assign a portion of net income for the year to the legal reserve. Thus, the Company did not form legal reserve for the year ended December 31, 2012.

e. Expansion reserve

In accordance with the provision of Article 194 of Law 6404/76 and Article 35 of the Company's Bylaws, a Reserve for Expansion, based on income remaining after legal and statutory deductions, will be formed to be invested in operating assets, and this reserve may not exceed capital value.

On April 30, 2012, the Annual General Meeting approved the assignment of R$125,421 to the Expansion Reserve.

f. Profit retention reserve

As of December 31, 2012, this balance refers to remaining accumulated income in 2007, which was retained as earnings retention reserve for new investments, provided for in capital budget, in conformity with Article 196 of the Brazilian Corporate Law.

g. Dividends

Pursuant to the Company's bylaws, the minimum compulsory dividend is calculated on 25% of remaining net income for the year after the recording of the reserves provided for by law.

On April 30, 2012, the Annual Shareholders Meeting approved the distribution of dividends for the year ended December 31, 2011, in the total amount of R$61,855, equivalent to 40% of adjusted net income and corresponding to R$0.634390 per each common share, based on total number of shares (98,897,500) less total number of treasury shares (1,393,309), which were paid on May 15, 2012.

Dividends were calculated as follows:

	2012	**2011**
Net income for the year	**38,105**	154,617
Appropriation of legal reserve	**-**	-
Calculation base for the dividends proposed	**38,105**	154,617
Minimum compulsory dividend	**9,526**	38,654
Additional dividend proposed	**-**	38,654
Proposed dividends	**9,526**	77,308
Decrease of approved and proposed dividends	**-**	(15,452)
% on the basis	**25%**	40%

h. Net earning per share

In accordance with IAS 33/CPC 31 - "Earnings per share", reconciliation of net income for the year of Consolidated and Parent Company with amounts used to calculate basic and diluted net earnings per share, is as follows:

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Numerator				
Net income for the year (a)	38,105	154,617	38,105	159,992
Denominator				
Weighted average of common shares (b)	98,338,715	97,489,915	98,338,715	97,489,915
Weighted average of common shares considering dilutive effects (c)	**98,911,626**	98,247,760	**98,911,626**	98,247,760
Basic income (loss) per common share (a/b)	**0.38749**	1.58598	**0.38749**	1.64111
Diluted income (loss) per common share (a/c)	**0.38524**	1.57375	**0.38524**	1.62845

19 Financial income (loss)

	Parent company		Consolidated	
	2012	2011	**2012**	2011
Financial expenses:				
Interest paid	**(32,741)**	(21,967)	**(45,881)**	(33,431)
Foreign exchange	**(18,460)**	(13,419)	**(25,607)**	(17,438)
Monetary variation	**(15,137)**	(5,168)	**(130,969)**	(29,169)
Losses with derivative operations	**(14,667)**	(33,594)	**(15,141)**	(35,689)
Others	**(2,470)**	(1,658)	**(3,809)**	(3,638)
	(83,475)	(75,806)	**(221,407)**	(119,365)
Financial income:				
Income from interest-earning bank deposits	**7,305**	12,497	**13,278**	16,454
Foreign exchange	**19,722**	20,860	**30,434**	24,498
Monetary variation	**25,310**	1,392	**85,569**	31,912
Gains with derivative operations	**18,704**	30,508	**19,107**	30,212
Others	**301**	128	**429**	588
	71,342	65,385	**148,817**	103,664
Financial income (loss)	**(12,133)**	(10,421)	**(72,590)**	(15,701)

20 Commitments

20.1 Non-deliverable forward contracts

The parent company and its subsidiaries have sales contracts for future delivery with some clients, as follows:

		Company			
Product	**Delivery Date**	**Quantity**	**Agreements**	**Unit**	**Price**
2011/2012 crop					
Cotton fiber	Jan-Apr/2013	48,859	26	ton	$1,999.02
Corn	Jan-Apr/2013	680	2	ton	$ 29.00
2012/2013 crop					
Cotton fiber	Aug-Dec/2013	10,400	3	ton	$1,944.01
Cotton fiber	Aug-Dec/2013	12,880	2	ton	To be fixed
Soybean	Jan-May/2013	2,234,000	27	sc	$24.96
Soybean	Feb-May/2013	385,000	5	sc	To be fixed
Corn	Mar-Dec/2013	87,000	11	ton	$24.85

		Consolidated			
Product	**Delivery Date**	**Quantity**	**Agreements**	**Unit**	**Price**
11/12 crop					
Cotton fiber	Jan-Apr/2013	71,692	46	ton	$ 2,003.15
Corn	Jan-Apr/2013	2,680	3	ton	$ 21.12
12/13 crop					
Cotton fiber	Aug-Dec/2013	26,400	7	ton	$1,944.01
Cotton fiber	Aug-Dec/2013	23,000	3	ton	To be fixed
Soybean	Jan-May/2013	4,467,000	43	sc	$24.39
Soybean	Feb-May/2013	585,000	8	sc	To be fixed
Corn	Mar-Dec/2013	117,000	15	ton	$22.71

20.2 Leases of third parties

On December 31, 2012, the Company and its subsidiaries have contracted 75,820 hectares for leasing from third parties, distributed as follows:

Unit	Location	Leased area (in ha)	Maturities of the contracts	Value (in bags of soybeans/ha/year)	Type of Lease
Pamplona	Cristalina-GO	3,942	2012–2014	6–12	Operational
Planalto	Costa Rica-MS	1,603	2013*	15.51	Operational
Planeste	Balsas-MA	10,858	2012–2023	4–8.9	Operational
Panorama	Correntina-BA	12,313	2015	6.8	Operational
Piratini	Jaborandi-BA	5,000	2021	2.7	Operational
Palmares	Barreiras-BA	14,878	2015	9–10.1	Operational
Parnaíba	Tasso Fragoso-MA	10,360	2023	3–5	Operational
Planorte	Sapezal-MT	367	2013	8	Operational
Paiaguás	Diamantino-MT	2,360	2011 and 2020	8.5	Operational
Pejuçara	Diamantino-MT	8,711	2020	9–9.5	Operational
Parceiro	Formosa do Rio Preto – BA	5,428	2020	2–7	Operational
Total		75,820			

(*) Annual renewal. The Company leases this area since 1999.

Future commitments related to these contracts are fixed in bags of soybeans according to the average price, in the region of each unit, on the date of their respective payment.
In addition to the lease of crop land, the Company contracted the operating lease of a cotton processing unit in Fazenda Palmares (in Barreiras, Bahia State (BA) for R$1,500 per annum until 2015) and in Fazenda Planorte (in Campos de Júlio, Mato Grosso State, (MT) for 10,416 bags of soybeans per annum until 2013).

The Company's minimum future payments for operating leases and rents (in Reais) are summarized as follows:

	Parent company	Consolidated
Payments within one year	16,263	24,098
Payments in more than one year and up to 5 years	45,118	84,061
Payments in more than 5 years	14,297	46,190
Total future minimum payments of leases	**75,678**	**154,349**

Note that the Company's lease contracts with third parties are indexed at soybean sack quotation in each production unit region. For this reason, future minimum values will normally be estimated in numbers of soybean sacks, translated into Brazilian Reais at soybean quotation in each region, on balance sheet dates. Minimum payment values shown above may suffer significant variation up to payment time due to changes in soybean market value.

As regards lease contracts with third parties, we also inform that: (i) they have no contingent payment clauses; (ii) there are no renewal or purchase option clauses, except for the contract of Fazenda Planalto, referring to 1,657 ha, which is renewed on an annual basis; (iii) our contracts are indexed at soy bag price variation, as disclosed above, and there is no other adjustment clause; (iv) there are no enforced restrictions, such as those related to dividends and interest on capital, additional debt or any other requiring additional disclosure.

21 Management of risks and financial instruments

Sales revenues of the Company and its subsidiaries are generated mainly by the trading of agricultural commodities like soybean, cotton, corn, all the products that are quoted in dollars on international exchanges, Chicago Board of Trade - CBOT and Intercontinental Exchange Futures US - ICE. Accordingly, volatility of the commodity international price and of foreign exchange rate are market risks to which the Company and its subsidiaries are exposed to.

In addition, the Company and its subsidiaries contract financing transactions in the financial market at fixed or floating rates. Therefore, the Company is exposed to interest rate variation risk in debts contracted at floating interest rates.

Fair values are determined based on market price quotations, when available or, in the absence of these values, on present values of expected cash flows. Fair values of cash and cash equivalents, trade accounts receivable, short-term debt and trade accounts payable are equivalent to book values. Fair values of other long-term assets and liabilities do not significantly differ from their carrying amounts.

On December 31, 2012, estimated fair value of the Parent company and consolidated long-term loans were, respectively, R$384,639 and R$412,967, calculated at prevailing market rates, considering nature, period and risks similar to those of recorded contracts, and may be compared to book values of R$348,619 and R$375,362 (Note 14).

	Parent company			
	Book value		Fair value	
	2012	2011	2012	2011
Assets				
Loans and receivables				
Cash and cash equivalents	30,799	75,426	30,799	75,426
CP Financial Investments	13,358	3,097	13,358	3,097
Trade accounts receivable	36,549	28,572	36,549	28,572
Loans and leases	15,748	39,056	15,748	39,056
Securities and credits receivable	25,829	26,147	23,941	21,232
Subtotal	**122,283**	**172,298**	**120,395**	**167,383**
Fair value of hedge instruments				
Operations with Derivatives	6,845	16,148	6,845	16,148
Subtotal	**6,845**	**16,148**	**6,845**	**16,148**
Total assets	**129,128**	**188,446**	**127,240**	**183,531**
Liabilities				
Liabilities at the amortized cost				
Loans and financing	638,719	451,385	674,738	451,385
Suppliers	78,151	75,640	78,151	75,640
Related party transactions	18,522	8,802	18,522	8,802
Other payable	35,784	88,915	35,784	88,915
Securities payable	600	600	600	600
Subtotal	**771,776**	**625,342**	**807,795**	**625,342**
Fair value of hedge instruments				
Derivatives payable	18,376	28,406	18,376	28,406
Subtotal	**18,376**	**28,406**	**18,376**	**28,406**
Total liabilities	**790,152**	**653,748**	**826,171**	**653,748**

	Consolidated			
	Book value		Fair value	
	2012	2011	2012	2011
Assets				
Loans and receivables				
Cash and cash equivalents	143,888	127,357	143,888	127,357
CP Financial Investments	13,358	3,106	13,358	3,106
Trade accounts receivable	55,271	54,335	55,271	54,335
Securities and credits receivable	25,829	26,147	23,941	21,232
Subtotal	**238,346**	**210,945**	**236,458**	**206,030**
Fair value of hedge instruments				
Operations with Derivatives	7,223	16,177	7,223	16,177
Subtotal	**7,223**	**16,177**	**7,223**	**16,177**
Total assets	**245,569**	**227,122**	**243,681**	**222,207**
Liabilities				
Liabilities at the amortized cost				
Loans and financing	810,860	640,031	848,465	640,031
Suppliers	137,758	117,919	137,758	117,919
Other payable	61,980	120,236	61,980	120,236
Securities payable	182,134	242,381	156,914	251,345
Subtotal	**1,192,732**	**1,120,567**	**1,205,117**	**1,129,531**
Fair value of hedge instruments				
Derivatives payable	20,833	42,903	20,833	42,903
Subtotal	**20,833**	**42,903**	**20,833**	**42,903**
Total liabilities	**1,213,565**	**1,163,470**	**1,225,950**	**1,172,434**

Hierarchy of financial assets and liabilities' fair values recorded at fair value on a recurring basis used the following criterion:

- Level 1 – Prices quoted (not adjusted) in active markets for identical assets and liabilities
- Level 2 – Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices)
- Level 3 – Assumptions, for assets or liabilities, which are not based on observable market data (non-observable inputs).

Chart below presents the hierarchy of financial assets and liabilities' fair values recorded at fair value on a recurring basis.

	Parent company					
	2012			2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Operations with derivatives	-	6,845	-	-	16,148	-
Total assets	**-**	**6,845**	**-**	**-**	**16,148**	**-**
Liabilities						
Derivatives payable	-	18,376	-	-	28,406	-
Total liabilities	**-**	**18,376**	**-**	**-**	**28,406**	**-**

	Consolidated					
	2012			2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Operations with derivatives	-	7,223	-	-	16,177	-
Total assets	**-**	**7,223**	**-**	**-**	**16,177**	**-**
Liabilities						
Derivatives payable	-	20,833	-	-	42,903	-
Total liabilities	**-**	**20,833**	**-**	**-**	**42,903**	**-**

a. Policy of use, objectives and strategies

The purpose of the Company and its subsidiaries using financial derivative instruments is to hedge operating margins (EBITDA). The Company created a Risk Management Executive Committee in July 2008 and approved the Risk Management Policy in the Board of Directors meeting held on October 29, 2008. Risk Management Executive Committee is the body that links the Company's Board of Directors and Executive Board. Its mission is to daily support Executive Board's decisions, monitor compliance with established risk limits and, when applicable, analyze and evaluate adjustment proposals or risk policies or limits reformulation, which will be then submitted to the Board of Directors' decision.

Financial derivative transactions are performed with prime financial institutions - domestic institutions rated "A" in at least one of the three main international risk classifying agencies, namely: Mood's, S&P and/or Fitch), respecting limits and exposure to foreign exchange, commodities and interest risks of its counterparties, on a regular basis.

b. Gains (losses) in financial instruments in the parent company and consolidated shareholders' equity

Forward contract transactions (NDF) and Trade Finance transactions (PPE / NCE / Res. 2770) are fixed to hedge exposure in future sales in dollar. These transactions are documented to be recorded using the hedge accounting methodology, in conformity with CPC 38. The Company records, in a shareholders' equity specific account, unrealized effects of these instruments contracted for own transactions or contracted in the consolidated sphere to cover future sales. Financial transactions with commodities, although also being hedge instruments, are not recorded as hedge accounting and, therefore, their effects are recognized in income for the year under financial revenues or expenses.

c. Exchange risk

With the objective of protecting the sales revenues of the Company and its subsidiaries, which are subject to the volatility of the exchange rate quote, the Company uses financial derivative instruments with a portfolio that basically consists of non-deliverable forward (NDF) and options contracts.

These transactions are directly conducted with financial institutions, over the counter, where there are no margin calls. The impact on the cash flow of the Company and its subsidiaries only occurs on the settlement date of the contracts. However, it should be considered that the settlement of these financial operations is associated with the receipt of sales, which are also associated with exchange variation, hence offsetting any gains or losses in the hedging derivative instruments due to variations in the foreign exchange.

The Business Plan is updated constantly for analysis of exposure to the exchange rate risk, considering the following assumptions: (I) projection of planted area; (II) expected productivity; (III) commodities' prices quoted in dollar, considering weighted average per sales prices volume and market prices of volume to be sold; and (IV) sales distribution in analyzed periods. After the definition of the Business Plan and the measurement of the items presented previously, we arrive at the total foreign exchange exposure.

Based on the cost already formed with the advance purchase of the main inputs (fertilizers, agrochemicals and seeds) and estimate of fixed costs, the expected operating margin is obtained. Accordingly, the risk management committee will perform parameters described in the risk management policy in order to reduce standard deviation of the operating margin defined as the goal.

In the chart below we show the positions of the Company and its subsidiaries, with the nominal and fair values of each instrument contracted, to wit:

	Reference value (notional)		Fair value (MTM)		Value in curve (Accrual)	
Description	**Currency**	**2012**	**Currency**	**2012**	**Currency**	**2012**
With maturity in 2013						
Forward Contracts (NDF):						
Short position						
Foreign currency	**USD**	203,626	**R$**	(9,390)	**R$**	(6,629)
Subtotal - Maturities in 2013	**USD**	**203,626**	**R$**	**(9,390)**	**R$**	**(6,629)**
With maturity in 2014						
Forward Contracts (NDF):						
Short position						
Foreign currency	**USD**	13,818	**R$**	265	**R$**	326
Subtotal - Maturities in 2014	**USD**	**13,818**	**R$**	**265**	**R$**	**326**
TOTAL	**USD**	**217,444**	**R$**	**(9,125)**	**R$**	**(6,303)**

Detailed foreign currency (US dollar) debt is as follows:

Counterparty	Type		Contracting rate	Notional US$	Fair Value 2012	Fair Value 2011	Foreign exchange variation [1]	Book value
Banco Itaú BBA S/A	NCE	R$	1.7800	**50,000**	**102,415**	-	**13,415**	**104,049**
Banco Itaú BBA S/A	NCE	R$	1.9418	**50,000**	**102,415**	-	**5,325**	**103,074**
Banco Itaú BBA S/A	NCE	R$	1.5611	**35,000**	**71,691**	75,032	**16,576**	**72,873**
Banco Bradesco S/A	PPE	R$	1.5713	**18,750**	**38,406**	46,895	**8,854**	**38,399**
Citibank S/A	NCE	R$	1.5611	**18,000**	**36,869**	56,274	**8,326**	**36,808**
Banco John Deere	Res 2770	R$	2.0588	**10,286**	**21,068**	-	**(168)**	**21,276**
HSBC Bank Brasil S/A	PPE	R$	1.8210	**6,000**	**12,290**	18,758	**1,334**	**12,268**
J.P. Morgan	ACC	R$	1.8120	**-**	**-**	15,006	**-**	**-**
Banco Itaú BBA S/A	ACC	R$	1.8567	**-**	**-**	2,814	**-**	**-**
Total				**188,036**	**385,153**	**214,779**	**53,662**	**388,747**

(1) Deferred value in shareholders' equity ("hedge accounting") as a contra entry to accounts of loans and financing group.

Detailed maturities schedule of derivative transactions and deferred foreign exchange variation classified in hedge accounting methodology is as follows:

Maturity	Currency	Forward Contracts (NDF):	Export prepayments (PPE)*	Export Credit Notes (NCE)*	Res 2770	Total
Up to 03/31/2013	USD	(6,216)	-	-	-	(6,216)
Up to 06/30/2013	USD	(1,284)	-	-	-	(1,284)
Up to 09/30/2013	USD	(945)	-	-	-	(945)
Up to 12/31/2013	USD	(944)	-	-	-	(944)
Up to 03/31/2014	USD	27	-	-	-	27
Up to 06/30/2014	USD	238	-	8,326	-	8,564
Up to 12/31/2014	USD	-	1,334	-	-	1,334
Up to 12/31/2015	USD	-	8,854	-	-	8,854
Up to 03/31/2016	USD	-	-	16,576	-	16,576
Up to 03/31/2017	USD	-	-	13,415	-	13,415
Up to 06/30/2017	USD	-	-	-	(168)	(168)
Up to 06/30/2019	USD	-	-	5,325	-	5,325
TOTAL	**USD**	**(9,125)**	**10,188**	**43,642**	**(168)**	**44,537**

(*) Amounts referring to foreign exchange variation classified as hedge accounting. Reference (Notional) value maturity is presented in note 14.

In the chart below we present the opening of foreign exchange derivatives by counterparty (of the Company and its subsidiaries):

Description	Reference value (notional)			Fair value		
	Currency	2012	2011	Currency	2012	2011
Banco Itaú BBA S/A	**USD**	15,600	53,078	**R$**	(551)	(8,391)
Citibank S/A	**USD**	27,923	48,709	**R$**	95	(4,340)
Deutsche Bank Suiss S/A	**USD**	23,620	16,210	**R$**	431	(3,175)
HSBC Bank Brasil S/A	**USD**	16,614	51,267	**R$**	(2,535)	(7,254)
Banco Bradesco S/A	**USD**	28,059	51,773	**R$**	(1,218)	(6,168)
Votorantim S/A	**USD**	29,113	46,931	**R$**	(1,027)	(750)
Morgan Stanley S/A	**USD**	10,750	24,360	**R$**	(1,637)	(4,188)
BofA Merrill Lynch S/A	**USD**	35,100	-	**R$**	(1,392)	-
Banco J.P. Morgan S/A	**USD**	6,903	-	**R$**	18	-
Santander Brasil S/A	**USD**	23,763	5,650	**R$**	(1,309)	(1,161)
Total	**USD**	**217,444**	297,978	**R$**	**(9,125)**	(35,427)

The following criteria were used for determination of the fair value of operations:

- Forward Contracts (NDF) - the future curve of the dollar published by BM&F (www.bmf.com.br), upon the closing of each was considered for each period. Based on this information, the adjustment projected in the maturity of each operation is discounted by the interest curve between the yearly closing Ptax and the future quotation upon maturity of the derivative published by BM&F.

Foreign exchange rate variation risks

The Company projected possible impact of transactions intended to hedge foreign exchange and indebtedness in dollars in 5 different scenarios for 2013 and 2014, as follows:

- Probable scenario: Based on FOCUS (BACEN) report disclosed on December 31, 2012, we defined the probable scenario with dollar quotation of R$2.0900.

- 25% decrease in foreign exchange rate: in this scenario, transactions would be settled at quotation of
R$ 1.5675, which is 25% higher than Probable Scenario Quotation.

- 50% decrease in foreign exchange rate: in this scenario, transactions would be settled at quotation of
R$ 1.0450, which is 50% higher than Probable Scenario Quotation.

- 25% increase in foreign exchange rate: in this scenario, transactions would be settled at quotation of R$ 2.6125, which is 25% higher than Probable Scenario Quotation.

- 50% increase in foreign exchange rate: in this scenario, transactions would be settled at quotation of R$ 3.1350, which is 50% higher than Probable Scenario Quotation.

The summary of impacts on each consolidated scenario is as follows:

Description	Risk	Remote scenario *Quotation R$ 1.0450*	Possible scenario *Quotation R$ 1.5675*	Probable scenario *Quotation R$ 2.0900*	Possible scenario *Quotation R$ 2.6125*	Remote scenario *Quotation R$ 3.1350*
Year 2013						
Sales revenues (hedge object)*	US dollar variation (export)	(210,482)	(105,241)	-	105,241	210,482
Forward Contracts (NDF):	US dollar variation (export)	212,789	106,395	-	(106,395)	(212,789)
Year 2014						
Sales revenues (hedge object)*	US dollar variation (export)	(15,971)	(7,986)	-	7,986	15,971
Forward Contracts (NDF):	US dollar variation (export)	14,440	7,220	-	(7,220)	(14,440)
Indebtedness in U.S. dollar						
Sales revenues (hedge object)*	US dollar variation (export)	(8,360)	(4,180)	-	4,180	8,360
Trade Finance (Indebtedness in Dollars)	US dollar variation	8,360	4,180	-	(4,180)	(8,360)
Total		**777**	**388**	**-**	**(388)**	**(777)**

Net foreign exchange exposure is as follows:

	Parent company			
	2012		2011	
	Amount in Reais (R$)	Amount in USD	Amount in Reais (R$)	Amount in USD
Trade accounts receivable (Note 7)	26,189	12,820	21,011	11,205
Trade Finance (Indebtedness in Dollars)	(388,747)	(190,236)	(247,183)	(131,775)
Net exposure of the shareholders' equity	**(362,558)**	**(177,416)**	**(226,172)**	**(120,569)**
Estimated exports	685,243	332,100	515,542	274,839
Forward Contracts (NDF):	(371,937)	(177,960)	(402,074)	(214,348)
Net exposure for exports	**313,306**	**154,140**	**113,468**	**60,491**
Net exposure	**(49,252)**	**(23,277)**	**(112,704)**	**(60,079)**

	Consolidated			
	2012		2011	
	Amount in Reais (R$)	Amount in USD	Amount in Reais (R$)	Amount in USD
Trade accounts receivable (Note 7)	42,834	20,967	39,089	20,846
Trade Finance (Indebtedness in Dollars)	(388,747)	(190,236)	(252,811)	(134,775)
Net exposure of the shareholders' equity	**(345,913)**	**(169,269)**	**(213,722)**	**(113,929)**
Estimated exports	831,576	406,937	853,309	454,904
Forward Contracts (NDF):	(444,347)	(217,444)	(558,947)	(297,978)
Net exposure for exports	**387,228**	**189,493**	**294,362**	**156,926**
Net exposure	**41,315**	**20,224**	**80,640**	**42,997**

d. Price risk

Most of the protection against the variation of commodity prices is performed through advanced sales directly with our forward contract clients. In addition, futures and options contracts are also used, traded in stock exchange environment, as well as financial transactions with swap and options contracts with financial institutions in the over-the-counter market. These operations are negotiated with reference in prices of commodities quoted in the futures market. All the operations are related to the net exposure of the production of the Company and its subsidiaries, so that every operation is guaranteed by a physical product. Transactions conducted in stock exchange environment need to have initial margins available and adjustments are made on a daily basis. While transactions conducted with financial institutions do not need initial margins, as these transactions are backed by a credit limit pre-approved by financial institutions.

Financial transactions with commodities, although also being hedge instruments, are not recorded as hedge accounting and, therefore, their effects are recognized in income for the year under financial revenues or expenses.

We show, in the chart below, derivative financial instruments contracted to hedge against commodities prices variation:

	Reference value (notional)			Fair value			Accumulated effect (current period)		
Description	**Currency**	**2012**	**2011**	**Currency**	**2012**	**2011**	**Currency**	**Amount receivable/ (received)**	**Amounts payable/(paid)**
With maturity in 2013									
Financial operations									
Commodities - Cotton	**USD**	16,658	53,474	**R$**	2,530	10,481	**R$**	3,647	(1,116)
Commodities - Soybean	**USD**	50,512	-	**R$**	(4,911)	-	**R$**	899	(5,811)
Subtotal – Maturities in 2013	**USD**	**67,170**	53,474	**R$**	**(2,381)**	10,481	**R$**	**4,546**	**(6,927)**
With maturity in 2014									
Financial operations									
Commodities - Cotton	**USD**	-	5,803	**R$**	-	880	**R$**	-	**-**
Commodities - Soybean	**USD**	12,536	-	**R$**	(348)	-	**R$**	-	(348)
Subtotal - Maturities in 2014	**USD**	**12,536**	5,803	**R$**	**(348)**	880	**R$**	**-**	**(348)**
Overall total	**USD**	**79,706**	59,277	**R$**	**(2,729)**	11,361	**R$**	**4,546**	**(7,275)**

All the transactions with agricultural commodities were carried out in an exchange or over-the-counter environment with the following counterparties: Cargill Financial Service International Inc, Deutsche Bank, Morgan Stanley, Macquarie Group Limited, Barclays Capital and J.P. Morgan. The fair value of these operations was provided by the institution.

Variation risks for the commodities' price

The Company projected the impact of transactions intended to hedge commodities prices in 4 different scenarios for 2013 and 2014, in dollars per pound (USD/pound) cotton and in dollars per bushel (USD/Bushel) soy, as in the chart below:

Description	Risk	Remote scenario - 50%	Possible scenario - 25%	Current Scenario	Possible scenario +25%	Remote scenario +50%
Agreements						
CTH3 (Cotton - March/13)*	Price variation	37.57	56.36	75.14	93.93	112.71
CTK3 (Cotton - May/13)*	Price variation	37.93	56.90	75.86	94.83	113.79
CTN3 (Cotton - July/13)*	Price variation	38.44	57.65	76.87	96.09	115.31
SYK3 (Cotton - May/13)**	Price variation	7.61	11.41	15.22	19.02	22.82
SYK4 (Soy - May/14)**	Price variation	6.59	9.89	13.18	16.48	19.77

*Values in USD/Pound sterling
**Values in USD/Bushel

Impacts on each projected scenario, in Brazilian Reais per Pound (R$/Libra), is summarized as follows:

Description	Risk	Remote scenario - 50%	Possible scenario - 25%	Probable scenario	Possible scenario +25%	Remote scenario +50%
Year 2012						
Cotton - Financial operations	Price variation	15,618	8,981	2,344	(4,293)	(10,929)
Soybean - Financial operations	Price variation	(7,619)	(4,917)	(3,830)	(3,565)	(3,300)
Year 2013						
Cotton - Financial operations	Price variation	-	-	-	-	-
Soybean - Financial operations	Price variation	4,264	4,079	1,420	(4,179)	(18,367)
Total		**12,263**	**8,143**	**(65)**	**(12,036)**	**(32,596)**

(*) Current contracts provide for a minimum fixed remuneration that is higher than estimated price for remote scenario on balance sheet date.

e. Interest rate risk

A portion of the Company's indebtedness is linked to floating interest rates. Floating interest rates on our indebtedness are TJLP (long-term interest rate), present in BNDES financing transactions, and LIBOR (*London Interbank Offered Rate*), which is the interest rate used for international loans.

To protect against variation in these interest rates, the Company conducts hedge transactions through interest rate swap transactions with prime financial institutions. These transactions consist in exchanging floating interest rates by fixed interest rates, therefore, the Company has long position on floating interest rates (TJLP or Libor) and, simultaneously, short position on fixed interest rate. Principal (notional) value and maturities of swap transactions are identical to debt flow, which is the object of hedge. Accordingly, debt floating interest rate fluctuation risk is eliminated.
Detailed swap transaction for interest rates and debts indexed to Libor rate is as follows:

Counterparty	Hedge instrument	Hedged object	Swap Balance (Contract Curve)		Swap balance (MTM)		Adjustment
			Asset	Liability	Asset	Liability	Financial income (loss)
Santander	Swap of USD29,333 (Long Libor 6 months +2% p.a. / Short 4.68% p.a.)	Debt of USD35,000 at interest of Libor 6 months + 2,8% p.a.	61,528	63,085	61,528	63,085	**(1,557)**
Total			**61,528**	**63,085**	**61,528**	**63,085**	**(1,557)**

Variation risks of Interest rate

For the purpose of verifying sensitivity of indices for the Company's debts, based on position at December 31, 2012, five different scenarios were defined. Based on FOCUS (Bacen) report of December 31, 2012, we defined indices for CDI and foreign exchange, while for Libor rate, we considered BM&F also on December 31, 2012, and for TJLP, rate valid on yearend was considered. Based on this information, we defined Probable Scenario for analysis and, based on it, variations of 25% and 50% were calculated.

For each scenario the Company considered the financial expense or gross financial expense, not taking into account the taxes levied and the flow of maturities of debts and redemptions for interest earning bank deposits scheduled to 2012. The portfolio's base date was December 31, 2012 , projecting indices for one year and verifying their sensitivity in each scenario.

We show the summary of the next 12 months of each scenario:

	Interest rate *	Balance in 2012	Decrease of 50%	Decrease of 25%	Probable scenario	Increase of 25%	Increase of 50%
Debt in Reais - Prefixed rate							
Rural credit	6.11%	174,743	N/A	N/A	N/A	N/A	N/A
Constitutional Funds	7.28%	120,182	N/A	N/A	N/A	N/A	N/A
BNDES	5.96%	31,468	N/A	N/A	N/A	N/A	N/A
Working Capital	8.32%	90,162	N/A	N/A	N/A	N/A	N/A
Debt in Reais – Post-fixed rate							
BNDES	TJLP + 2.64%	5,444	(305)	(380)	(455)	(530)	(605)
Debt in Dollars							
NCE	Libor 6M + 2.48 p.a. (average)	316,803	(12,173)	(12,494)	(12,697)	(13,322)	(13,737)
PPE	Libor 6M + 2.87% p.a. (average)	50,667	(1,673)	(1,624)	(1,687)	(1,749)	(1,812)
Contract Res. 2770 John Deere Bank	Libor 6M + 5% p.a.	21,276	(1,119)	(1,146)	(1,174)	(1,201)	(1,229)
BNDES	Basket of currencies + 2.73%	114	(6)	(7)	(8)	(9)	(10)
Swap Libor x Pre**	Assets: Libor + 2% Liabilities: 4.68%	59,928	(934)	(861)	(788)	(715)	(642)
Interest earnings bank deposits							
CDB and Debentures	99.54% w/CDI	157,047	5,685	8,527	11,370	14,212	17,055

(*) Average annual rates

(**) The amount of R$59,928 refers to the translation of USD29,333 (Loan balance whose fluctuation on Libor rate is being covered) by dollar quotation on May 31, 2012 – R$2.0430

f. Credit risk

A substantial portion of the Company and its subsidiaries sales is made to selected and highly qualified clients: trading companies and weaving companies, among others that regularly

acquire large volumes to guarantee local and international negotiation. The credit risk is managed by specific customer acceptance rules, credit analysis and setting of limits of exposure by the client. Historically, the Company and its subsidiaries have not recorded significant losses in trade accounts receivable.

As a result of above-mentioned factors, assumed credit risk is not relevant. However, book balances below are exposed to this risk:

	Parent company			Consolidated		
	Currency	**2012**	**2011**	**Currency**	**2012**	**2011**
Assets						
Cash and cash equivalents	**R$**	30,799	75,426	**R$**	143,888	127,357
CP Financial Investments	**R$**	13,358	3,097	**R$**	13,358	3,106
Trade accounts receivable	**R$**	36,549	28,572	**R$**	55,271	54,335
Related party transactions	**R$**	15,748	17,370	**R$**	-	
Derivatives receivable	**R$**	6,845	16,148	**R$**	7,223	16,177
Total	**R$**	**103,299**	**140,613**	**R$**	**219,740**	**200,975**

g. Liquidity risk

Gross outgoing flows disclosed in the table below represent undiscounted contract cash flows related to derivative and non-derivative financial liabilities held to hedge against risks and that are normally not closed before contract maturity. This chart presents net cash flows for cash derived settled by net exposure and gross outbound cash flows for cash derived with gross simultaneous settlement.

	Parent company							
December 31, 2012	**Book value**	**Contractual cash flow**	**up to 1 year**	**1–2 years**	**2–3 years**	**3–4 years**	**4–5 years**	**over 5 years**
Financial liabilities								
Non-derivative								
Loans and financing	638,719	674,738	290,100	69,724	78,729	78,729	78,729	78,729
Suppliers	78,151	78,151	78,151	-	-	-	-	-
Securities payable	600	600	600	-	-	-	-	-
	717,470	753,489	368,851	69,724	78,729	78,729	78,729	78,729
Derivatives								
Operations with Derivatives	11,531	11,531	11,066	465	-	-	-	-
	11,531	11,531	11,066	465	-	-	-	-
	729,001	765,020	379,917	70,189	78,729	78,729	78,729	78,729

December 31, 2012	Consolidated							
	Book value	Contractual cash flow	up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	over 5 years
Financial liabilities								
Non-derivative								
Loans and financing	810,860	848,465	435,498	75,072	84,474	84,474	84,474	84,474
Suppliers	137,758	137,758	137,758	-	-	-	-	-
Securities payable	182,134	182,134	95,283	56,693	12,152	12,152	5,854	
Derivatives								
	1,130,752	1,168,357	668,539	131,765	96,626	96,626	90,328	84,474
Operations with Derivatives	13,610	13,610	13,146	464	-	-	-	-
	13,610	13,610	13,146	464	-	-	-	-
	1,144,362	1,181,967	681,685	132,229	96,626	96,626	90,328	84,474

December 31, 2011	Parent company							
	Book value	Contractual cash flow	up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	over 5 years
Financial liabilities								
Non-derivative								
Loans and financing	451,385	698,048	396,729	76,924	82,047	74,691	53,945	13,712
Suppliers	75,640	75,640	75,640	-	-	-	-	-
Securities payable	600	600	600	-	-	-	-	-
	527,625	774,288	472,969	76,924	82,047	74,691	53,945	13,712
Derivatives								
Operations with Derivatives	30,969	30,969	28,337	2,632	-	-	-	-
	30,969	30,969	28,337	2,632	-	-	-	-
	558,594	805,257	501,306	79,556	82,047	74,691	53,945	13,712

December 31, 2011	Consolidated							
	Book value	Contractual cash flow	up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	over 5 years
Financial liabilities								
Non-derivative								
Loans and financing	640,031	698,048	396,729	76,924	82,047	74,691	53,945	13,712
Suppliers	117,919	117,919	117,919	-	-	-	-	-
Securities payable	242,381	242,381	113,876	52,503	51,827	9,222	9,222	5,731
	1,000,331	1,058,348	628,524	129,427	133,874	83,913	63,167	19,443
Derivatives								
Operations with Derivatives	26,726	26,726	24,454	2,272	-	-	-	-
	26,726	26,726	24,454	2,272	-	-	-	-
	1,027,057	1,085,074	652,978	131,699	133,874	83,913	63,167	19,443

h. Summary of the derivative transactions outstanding

We present, below, the derivative financial instruments of the Company consolidated and that are reflected in assets and liabilities:

Description	Reference value (notional)			Fair value recorded in assets			Fair value recorded in liabilities		
	Currency	2012	2011	Currency	2012	2011	Currency	2012	2011
Foreign exchange hedge operations									
Non Deliverable Forwards - 21.c	**USD**	217,444	297,978	**R$**	2,677	4,816	**R$**	11,802	40,243
Trade Finance Contracts[1] - 21.c	**USD**	188,036	134,000	**R$**	168	-	**R$**	53,830	31,021
Subtotal	**USD**	**405,480**	**431,978**	**R$**	**2,845**	**4,816**	**R$**	**65,632**	**71,264**
Hedge operations for products									
Cotton - Financial operations - 21.d	**USD**	16,658	59,277	**R$**	3,647	11,361	**R$**	1,116	**-**
Soybean - Financial operations - 21.d	**USD**	63,048	-	**R$**	899	-	**R$**	6,158	**-**
Subtotal	**USD**	**79,706**	**59,277**	**R$**	**4,546**	**11,361**	**R$**	**7,274**	**-**
Hedge operations for inputs									
Swap MAP	**USD**	1,750	-	**R$**	-	-	**R$**	200	-
Subtotal	**USD**	**1,750**	**-**	**R$**	**-**	**-**	**R$**	**200**	**-**
Interest Hedge Transactions									
Swap Libor x Pre - 21.e	**USD**	29,333	34,667	**R$**	-	-	**R$**	1,557	2,660
Subtotal	**USD**	**29,333**	**34,667**	**R$**	**-**	**-**	**R$**	**1,557**	**2,660**
Total	**USD**	**516,269**	**525,922**	**R$**	**7,391**	**16,177**	**R$**	**74,663**	**73,924**
(-) Portion classified in current assets				**R$**	(6,912)	(15,283)	**R$**	(20,058)	(37,349)
Portion in noncurrent liabilities				**R$**	**479**	**894**	**R$**	**54,605**	**36,575**

(1) Deferred value in shareholders' equity ("hedge accounting") as a contra entry to accounts of loans group

i. Financial income with derivative operations

We present, at their fair value, the consolidated gains and losses in the period, grouped by the main risk categories;

Description	Currency	Gains and Losses recorded in the income				Gains and Losses recorded in Shareholders' equity	
		Allocated in the gross income at		Allocated in the financial income at			
		2012	2011	2012	2011	2012	2011
Foreign exchange hedge operations							
Non Deliverable Forwards	**R$**	(28,353)	43,463	(233)	(2,580)	(20,262)	(35,443)
Trade Finance Contracts	**R$**	(10,175)	-	-	-	(53,663)	(31,021)
Sub-total	**R$**	**(38,528)**	43,463	**(233)**	(2,580)	**(73,925)**	(66,464)
Hedge operations for commodities							
Agricultural commodities swap							
Cotton	**R$**	-	-	9,141	(7,998)	-	-
Soybean	**R$**	-	-	(4,753)	6,161	-	-
Swap of fertilizers							
Other	**R$**	-	-	**-**	**-**	(200)	-
	R$	**-**	**-**	**4,388**	(1,837)	**(200)**	**-**
Interest Hedge Transactions							
Swap Libor x Pre	**R$**	-	-	(189)	(1,059)	-	-
Sub-total	**R$**	-	-	**(189)**	**(1,059)**	**-**	**-**
TOTAL	**R$**	**(38,528)**	43,463	**3,966**	(5,476)	**(74,125)**	(66,464)

j. Market values

On December 31, 2012, the market values of cash and cash equivalents, interest earning bank deposits, accounts receivable and payable, loans and financings are close to the book values due to their short-term nature or because they are subject to variable interest rates, respectively.

k. Capital management

Main purpose of capital management is to ensure continuity of the company's business by maintaining a low leverage level policy, thus hedging its capital against government economic policy fluctuations, and maximizing value for shareholder.

The Company administrates capital structure and adjusts it considering changes in economic conditions of the country. To maintain or adjust the capital structure, the Company may adjust the policy for payment of dividends to shareholders.

There was no change in the Company's dividends policy, objectives, policies or capital management processes in the years ended December 31, 2012 and 2011.

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Short and long-term loans and financing	**638,719**	451,385	**810,860**	640,031
(-) Cash and cash equivalents and short-term interest earnings bank deposits	**(44,157)**	(78,523)	**(157,246)**	(130,463)
Net debt	**594,562**	372,862	**653,614**	509,568
Shareholders' equity	**1,947,507**	1,920,236	**1,993,625**	1,920,236
Financial leverage index	**30.5%**	19.4%	**32.8%**	26.5%

22 Gain-sharing program

In conformity with Collective Work Agreements entered into with employee's categories, the Company and its subsidiaries have a profit sharing plan for all its employees.

The amount to be distributed as profit sharing is calculated based on the Company's consolidated net income; part of the amount is freely distributed to beneficiaries, and the other part is linked to goals established for each production unit.

Interest is calculated by applying 9% to consolidated net income. Of this amount, 60% will be distributed to beneficiaries and 40% will depend on compliance with goals established for each production unit. Goal value is limited to 2 nominal salaries for each employee that is beneficiary of the plan.

The value provision in the income for the period in the administrative expenses' group is as follows:

	Parent company		Consolidated	
	2012	**2011**	**2012**	2011
Profit sharing	**3,056**	8,676	**3,911**	12,818
Total	**3,056**	8,676	**3,911**	12,818

23 Stock option plan

In the Special Shareholders' Meeting held on May 23, 2007, the Company's shareholders approved a stock option plan that will be effective beginning as of June 15, 2007, for the Company's officers and managers. The plan is managed by the Management Committee, created by the Board of Directors on May 23, 2007.

The stock option plan is limited to a maximum of options that result in dilution of 3% of the Company's capital on creation date of each Annual Program. Dilution is the percentage represented by the number of shares underlying the options by the total number of shares issued by the Company.

Stock Option Plan beneficiaries may exercise their options within 5 years counted as of respective grant. Grace period (Vesting) will be up to 3 years, with releases of 20% counted as of the first birthday, 40% counted as of the second birthday and 100% counted as of the third birthday. The Company has a 30-day period to issue shares, counted as of date of delivery of the Stock Option Plan Exercise Term.

In Board of Directors meetings held on October 31, 2007, December 16, 2008, November 11, 2009, November 10, 2010 and November 9, 2011, Annual Programs for 2007, 2008, 2009, 2010 and 2011 were approved, with granting of 640,000, 720,000, 488,000, 805,000 and 899,000 options for purchase of shares, respectively.

Movement of shares granted in the Annual Program for 2007, 2008, 2009, 2010 and 2011 and respective exercise prices, in Reais, are as follows:

		Quantity of shares				
Grant year	**Strike price - R$**	**Balance in 2011**	**Granted**	**Canceled**	**Exercised**	**Balance in 2012**
2007	RS 14.00	71,200	-	-	(71,200)	-
2008	RS 14.80	466,000	-	(6,000)	(460,000)	-
2009	RS 15.00	384,600	-	(12,000)	(169,000)	203,600
2010	RS 16.87	785,000	-	(107,000)	(128,600)	549,400
2011	RS 16.24	899,000	-	(101,600)	(20,000)	777,400
2012	RS 17.09	-	809,000	-	-	809,000
		2,605,800	809,000	(226,600)	(848,800)	2,339,400

Exercise price of the Annual Program for 2007 is fixed as R$14.00 per share, equivalent to distribution price per share fixed upon initial public offering of the Company's shares. Exercise price of Annual Programs for 2008 and 2009 were defined based on average of 90 quotations of the Company's share at Bovespa, prior to plan approval, with discounts of 19.97% and 7.98%, respectively.

Exercise price of Annual Programs for 2010 and 2011 were also defined based on average of 90 quotations of the Company's shares at Bovespa, prior to plan approval, but without discounts.

Grace periods counted as of grant date are as follows:

Grace periods beginning as of grant date	% of options released to be exercised	Maximum quantity of shares
As from - 11/08/2012	7%	159,800
As from - 11/09/2012	9%	201,200
As from - 11/12/2012	23%	534,800
As from - 11/08/2013	29%	689,200
As from - 11/11/2013	46%	1,067,200
As from - 11/13/2013	53%	1,229,000
As from - 11/10/2014	72%	1,692,200
As from - 11/13/2014	79%	1,854,000
As from - 11/13/2015	100%	2,339,400

The Company recognizes stock option plan costs based on fair value of granted shares, considering their fair value on grant date. Model used to measure options fair values is the Black-Scholes method. Weighted average fair value, considered premiums and economic assumptions used to calculate using the model are as follows:

	Grant					
	2007	**2008**	**2009**	**2010**	**2011**	**2012**
Weighted average fair value	R$ 21.25	R$ 23.90	R$ 21.39	R$ 28.73	R$ 21.75	R$ 23.66
Awards	R$ 7.25	R$ 9.10	R$ 6.39	R$ 11.86	R$ 5.51	R$ 6.57
Dividends	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Volatility of share price	32.03%	76.05%	67.59%	60.40%	39.90%	36.56%
Risk-free rate of return						
1st maturity	11.65%	13.70%	9.91%	11.40%	9.98%	7.31%
2nd maturity	11.65%	13.87%	11.41%	11.92%	10.16%	7.90%
3rd maturity	11.64%	14.01%	12.13%	11.88%	10.46%	8.38%
Period expected up to the maturity						
1st maturity	1,097	1,096	365	365	365	365
2nd maturity	1,279	1,278	730	730	730	730
3rd maturity	1,462	1,461	1,097	1,097	1,097	1,095

In compliance with CPC 10, based on presented grace periods, stock option plan amounts were recognized the amount of R$4,322 (expenses) in income, considering the elapsing of vesting period, with contra entry in a specific capital reserve account in shareholders' equity, on December 31, 2012 (R$6,261 as of December 31, 2011).

Reconciliation of share options outstanding
The number and weighted average of exercise prices of stock options that are under the stock option program are the following:

	Weighted average of the exercize	Number of options	Weighted average of the exercize	Number of options
	2012	**2012**	**2011**	**2011**
Outstanding at January 1	R$ 15.93	2,605,800	R$ 11.68	1,975,700
Granted during the period	R$ 17.09	809,000	R$ 16.24	899,000
Exercized during the period	R$ 15.12	(848,800)	R$ 14.18	(191,700)
Canceled during the period	R$ 16.43	(226,600)	R$ 15.40	(77,200)
Outstanding at December 31	R$ 16.57	2,339,400	R$ 15.93	2,605,800
Exercisable on December 31	R$ 15.97	534,800	R$ 15.12	838,000

The options outstanding at 31 December 2012 have an exercise price in the range of R$ 14.00 to R$ 17.09 (2011: R$ 14.00 to R$ 16.24) and weighted average contractual life of 3.9 years (2011: 2.4 years).

The weighted average price of shares on the exercise date for purchase options of shares exercised in 2012 was R$ 15.12 (2011: R$ 14.18).

24 Government subsidy and assistance

a. Deferral and deemed credit ICMS

The Company receives incentives for the deferral of ICMS debts in soybean, corn and cotton seed transactions through adhesion of Fazenda Planalto to Fundersul program (Mato Grosso do Sul State Road System Development Fund) and Fazenda Planorte and Fazenda Paiaguás to program FETHAB (Transportation and Housing Fund). To enjoy deferral incentive, the Company must make a request to State Departments, waive ICMS credits on entries to which it would be entitled and pay Fundersul to Mato Grosso do Sul State and FETHAB to Mato Grosso State.

Governments of Mato Grosso do Sul and Goiás States granted ICMS deemed credit incentives in transactions with cotton fiber, a reduction 50% to 75% in ICMS payable through the adhesion of Fazenda Planalto to PDAGRO (Mato Grosso do Sul State) program and of Fazenda Pamplona to PROALGO (Goiás State) program.

In order to be entitled to participate in these incentives, the Company must forward an option term to State Departments, waive ICMS credits to which it would be entitled on entries, provide accessory information on this tax waive and pay PDAgro to Mato Grosso do Sul State and Fialgo to Goiás State.

Deemed credits are credited to income in caption taxes on sales, as a contra entry to caption taxes payable. In the year ended December 31, 2012, the amount of R$1,128 of ICMS deemed credit was recognized in the parent company and consolidated.

Until December 2011, the state of Mato Grosso, through Decree 1589/97, granted deemed ICMS credit incentive in operations with cotton fiber, with a 75% reduction in the amount of

ICMS payable through the adhesion of Fazenda Planorte and Fazenda Paiaguás to the PROALMAT program. As from January 2012, in compliance with Decree 899/11, the farms can no longer enjoy this incentive.

b. Incentive of Corporate Income Tax (IRPJ) reduction

The Company receives incentives for subsidiaries Fazenda Parnaíba and Fazenda Planorte, located in Maranhão and Mato Grosso States, respectively, which enjoy IRPJ tax incentives granted by SUDAM (Amazon Development Authority). The incentive comprises of the decrease of 75% of IRPJ and nonrefundable additional amounts:

Fazenda Planorte enjoys this incentive up to production and trading limit of 13,478 tons of cotton fiber and 18,533 tons of cotton seed per year. This incentive expires in 2015. Fazenda Parnaíba enjoys this incentive up to production and trading limit of 5,528 tons of cotton fiber and 8,292 tons of cotton seed per year. This incentive expires in 2013.

IRPJ reduction incentive amounts are charged to IRPJ Payable in current liabilities, and credited to current taxes in income for the year. IRPJ reduction incentive amount may not be distributed to shareholders as dividends and, for this reason, the annual incentive amount is transferred from caption accumulated income to capital reserve, in Shareholders' Equity This reserve may only be used to be incorporated to capital or to absorb losses.

In the period ended December 31, 2012, subsidiary Fazenda Parnaíba had gains from IRPJ reduction incentive amounting to R$2,448. In this period, Fazenda Planorte had tax losses.

25 Insurance coverage

The detailing of the insurances contracted and the coverage are as follows:

Policy	Nature	Maturity	Coverage
13368302	Veículos da SLC Agrícola	10/10/2012–10/10/2013	Against third parties - 100% FIPE
13343105	Veículos da SLC Agrícola	10/10/2012–10/10/2013	Against third parties - 100% FIPE
13442631	Vehicles of Fazenda Parnaíba	10/10/2012–10/10/2013	Against third parties - 100% FIPE
13441777	Vehicles of Fazenda Planorte	10/10/2012–10/10/2013	Against third parties - 100% FIPE
13343053	Vehicles of Fazenda Paiaguás	10/10/2012–10/10/2013	Against third parties - 100% FIPE
13343064	Vehicles of Fazenda Pejuçara	10/10/2012–10/10/2013	Against third parties - 100% FIPE
13343068	Vehicles of Fazenda Perdizes	10/10/2012–10/10/2013	Against third parties - 100% FIPE
2309186115	Machinery and equipment	10/08/2012–10/08/2013	R$ 200,175,314.65
03.30.32818	Improvements - Fazendas	11/10/2011–01/10/2013	R$ 20,000,000.00
03.18.0631893	Administration	11/10/2012–11/10/2013	R$ 750,000.00
10351000466	General liability	12/02/2012–12/02/2013	R$ 1,000,000.00
20.96.000011.00	Grain and Cotton Inventories - including in open air	03/24/2012–03/24/2013	R$ 60,000,000.00

Our auditor's scope does not include an opinion on the sufficiency of the insurance coverage, which was determined by the Company's management, which considers it to be sufficient to cover possible events.

26 Net sales

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Gross operating income	**654,699**	694,481	**1,164,419**	1,057,887
Sale of goods	**656,134**	534,974	**1,068,616**	804,818
Change in fair value of the biological assets	**23,498**	128,898	**134,331**	209,606
Income (loss) from hedge operations	**(24,933)**	30,609	**(38,528)**	43,463
Deductions, taxes and contributions	**(26,263)**	(37,384)	**(45,676)**	(52,247)
Net operating income	**628,436**	657,097	**1,118,743**	1,005,640

27 Expenses per type

	Parent company		Consolidated	
	2012	**2011**	**2012**	**2011**
Expenses according to the role				
Cost of goods sold	**556,935**	413,618	**864,956**	641,363
Sales expenses	**42,248**	31,189	**67,849**	46,765
General and administrative expenses	**38,980**	50,679	**46,191**	62,536
Other operating expenses	**2,786**	1,851	**5,691**	2,963
	640,949	497,337	**984,687**	753,627
Expenses per type				
Depreciation and amortization	**67,949**	45,513	**98,066**	68,995
Personnel expenses	**84,090**	69,661	**118,398**	108,109
Raw material and material	**386,137**	231,668	**544,339**	336,434
CPV biological asset variation	**73,126**	102,653	**181,452**	175,503
Freight	**24,630**	19,718	**39,064**	27,661
Other expenses	**5,017**	28,124	**3,368**	36,925
	640,949	497,337	**984,687**	753,627

28 Segment information

Two (2) reportable segments are the Company's strategic business units. Strategic business units offer different products and services. For each strategic business unit, Management analyses internal reports at least once in the quarter. The Group's reportable segment operations can be detailed as follows:

- Agricultural production segment: plantation of cotton, soybean, corn, wheat and coffee.

- Land portfolio segment: acquisition and development of land for agriculture.

Information referring to each reportable segment results are included below. Performance is evaluated based on segment results before income tax and social contribution, and is included in internal reports analyzed by the Group's management. The segment income is used to evaluate performance, as management believes that this information is the most relevant for evaluating segments' results.

Information on reportable segments

	Agricultural Production		Land		Eliminations		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Net revenue	1,118,743	1,005,640	54,052	25,035	(54,052)	(25,035)	1,118,743	1,005,640
Products Costs	(861,476)	(635,976)	(3,480)	(5,387)	-	-	(864,956)	(641,363)
Gross income	257,267	369,664	50,572	19,648	(54,052)	(25,035)	253,787	364,277
Operating expenses/income	(107,958)	(107,052)	(708)	(345)	-	-	(108,666)	(107,397)
Sales expenses	(67,849)	(46,765)	-	-	-	-	(67,849)	(46,765)
General and administrative expenses	(37,626)	(54,829)	(498)	(345)	-	-	(38,124)	(55,174)
Management compensation	(8,067)	(7,362)	-	-	-	-	(8,067)	(7,362)
Other operating income (expenses)	5,584	1,904	(210)	-	-	-	5,374	1,904
Income (loss) before financial income (loss) and taxes	**149,309**	**262,612**	**49,864**	**19,303**	**(54,052)**	**(25,035)**	**145,121**	**256,880**
Net financial income (loss)	(30,064)	(16,074)	(42,526)	373	-	-	(72,590)	(15,701)
Income (loss) before income tax	**119,245**	**246,538**	**7,338**	**19,676**	**(54,052)**	**(25,035)**	**72,531**	**241,179**
Income tax and social contribution	(28,430)	(75,706)	(5,671)	(5,481)	-	-	(34,101)	(81,187)
Consolidated Income / Loss for the Period	**90,815**	**170,832**	**1,667**	**14,195**	**(54,052)**	**(25,035)**	**38,430**	**159,992**

	Agricultural Production		Land		Eliminations		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Total assets								
Land	-	-	1,825,873	1,828,195	-	-	1,825,873	1,828,195
Adjustment to Fair Value - Land*	-	-	499,960	192,978	(499,960)	(192,978)	**-**	**-**
Other assets	2,056,758	1,659,309	(167,000)	96,949	-	-	1,889,758	1,756,258
Total assets	**2,056,758**	**1,659,309**	**2,158,833**	**2,118,122**	**(499,960)**	**(192,978)**	**3,715,631**	**3,584,453**
Total liabilities	1,999,558	1,836,377	1,716,073	1,748,076	-	-	3,715,631	3,584,453
Tax effects on Fair Value - Land	-	-	329,974	127,365	(329,974)	(127,365)	-	**-**
Total liabilities	**1,999,558**	**1,836,377**	**2,046,047**	**1,875,441**	**(329,974)**	**(127,365)**	**3,715,631**	**3,584,453**

* The Company evaluates, on an annual basis, those pieces of land it owns. Therefore, amounts referring to adjustment of land to fair value were realized based on this evaluation, only for disclosure purposes.

The Group trades its goods in the domestic and foreign market. Sales to foreign markets are considered direct sales having with the Group as operator, and indirectly, sales to commercial exporters based in Brazil.

The sales consolidated in the domestic and foreign market are represented as follow:

	2012	2011
Domestic market	**402,318**	599,632
Sale of goods	**306,515**	346,563
Change in fair value of the biological assets	**134,331**	209,606
Income (loss) from hedge operations	**(38,528)**	43,463
Foreign market	**762,101**	458,255
Sale of goods - indirect export	**242,790**	183,705
Sale of goods - direct export	**519,311**	274,550
Gross operating income	**1,164,419**	**1,057,887**

Information on gross sales of products by geographic segment were prepared based on the country of origin of revenue and can be presented as follows:

	2012	2011
Asia	511,046	269,076
Latin America	4,276	1,521
Europe	2,431	2,578
Central America	1,219	-
Africa	339	1,375
	519,311	274,550

The Company has Cargill Agricola S.A. as the client accounting for more than 10% of net revenue. The amount of revenue from client Cargill Agricola S.A. is R$ 250,614 thousand, representing sales of soybeans and cotton.

29 Subsequent event

The Company started the cultivation of sugarcane at Fazenda Planalto and intends to reach a total area of 470 hectares. The initial crop area covers 80.9 hectares in 2012/13 crop. The sale of 61 thousand tons of sugarcane in 2014 will have a signed sales agreement with Odebrecht Agroindustrial.

Aiming to expand the crop area, the Company will celebrate a non-binding Memorandum of Understanding with Soares Penido Obras, Construções e Investimentos S.A. (“Dois Vales”), with the intention to form a joint venture to jointly develop production and commercialization activities of agricultural commodities in the State of Mato Grosso. The transaction will be submitted to CADE - Administrative Council for Economic Defense, through an analysis procedure. The completion of the transaction is subject to technical, legal and financial studies, satisfactory negotiation of definitive documents and compliance with applicable legal and regulatory requirements.