A free translation from Portuguese into English of financial statements in accordance with accounting practices adopted in Brazil

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Company Information / Capital Composition

Number of Shares (Units)	Current Quarter 03/31/2012
Paid-up Capital	
Common	98,897,500
Preferred	0
Total	98,897,500
Treasury	
Common	1,407,585
Preferred	0
Total	1,407,585

Individual Financial Statements I Balance Sheet – Assets

(in thousand of reais)

Account Code	Account Line	Current Quarter 03/31/2012	Prior Year 12/31/2011
1	Total Asset	2,762,008	2,675,463
1.01	Current Assets	717,232	657,866
1.01.01	Cash and Cash Equivalents	154,327	78,523
1.01.03	Accounts Receivable	98,803	98,443
1.01.03.01	Clients	32,078	28,572
1.01.03.02	Other Receivables	66,725	69,871
1.01.03.02.01	Advances to Suppliers	16,580	16,210
1.01.03.02.02	Derivative Operations	15,266	15,254
1.01.03.02.03	Notes and Amounts Receivable	14,776	13,180
1.01.03.02.04	Other Receivables	20,103	25,227
1.01.04	Inventories	145,240	278,424
1.01.05	Biological Assets	283,381	165,741
1.01.06	Recoverble Notes	30,095	30,095
1.01.06.01	Recoverable Current Taxes	30,095	30,095
1.01.06.01.01	Recoverable Taxes	30,095	30,095
1.01.07	Prepaid Expenses	5,386	6,640
1.02	Non-current assets	2,044,776	2,017,597
1.02.01	Long-Term Assets	57,075	54,564
1.02.01.05	Biological Assets	14,786	14,925
1.02.01.07	Prepaid Expenses	2,340	2,710
1.02.01.08	Related Parties	6,690	17,370
1.02.01.08.02	Subsidiaries	6,690	17,370
1.02.01.09	Other Non-Current Assets	33,259	19,559
1.02.01.09.03	Recoverable Taxes	3,929	3,673
1.02.01.09.04	Derivative operations	43	894
1.02.01.09.05	Advances for Future Capital Increase	13,826	1,347
1.02.01.09.06	Accounts Receivable	14,776	12,967
1.02.01.09.07	Other Accounts Receivable	685	678
1.02.02	Investments	1,542,074	1,523,784
1.02.02.01	Investments in Subsidiaries	1,542,074	1,523,784
1.02.02.01.02	Investments in Subsidiaries	1,541,923	1,523,663
1.02.02.01.04	Other Investments	151	121
1.02.03	Property, Plant and Equipment	436,117	429,271
1.02.03.01	Property, Plant and Equipment in use	419,378	417,385
1.02.03.03	Property, Plant and Equipment in Progress	16,739	11,886
1.02.04	Intangible Assets	9,510	9,978
1.02.04.01	Intangible Assets	9,510	9,978

Individual Financial Statements I Balance Sheet – Liabilities

(in thousand of reais)

Account Code	Account Line	Current Quarter 03/31/2012	Prior Year 12/31/2011
2	Total Liabilities	2,762,008	2,675,463
2.01	Current Liabilities	408,190	450,274
2.01.01	Social Security and Labor Liabilities	1,799	2,070
2.01.01.01	Social Security Liabilities	1,589	1,943
2.01.01.02	Labor Liabilities	210	127
2.01.02	Trade Accounts Payable	26,470	75,640
2.01.02.01	Trade Accounts Payable – Domestic	26,470	75,640
2.01.03	Taxes Payable	741	2,608
2.01.03.01	Federal Taxes Payable	267	2,250
2.01.03.01.01	Income and Social Contribution Taxes Payable	0	1,005
2.01.03.01.02	Taxes, Fees and Sundry Contributions	267	1,245
2.01.03.02	Fiscal and state obligations	371	259
2.01.03.03	Fiscal and municipal obligations	103	99
2.01.04	Loans and Financing	229,584	235,065
2.01.04.01	Loans and Financing	229,584	235,065
2.01.04.01.01	In local Currency	135,665	133,726
2.01.04.01.02	In Foreign Currency	93,919	101,339
2.01.05	Other Payables	142,227	121,577
2.01.05.01	Related Parties	10,005	8,802
2.01.05.01.02	Subsidiaries	10,005	8,802
2.01.05.02	Other	132,222	112,775
2.01.05.02.02	Mandatory Minimum Dividends Payable	38,654	38,654
2.01.05.02.04	Notes Payable	600	600
2.01.05.02.05	Advances to Clients	72,100	42,174
2.01.05.02.06	Derivative Operations	12,232	23,808
2.01.05.02.07	Other Liabilities	8,636	7,539
2.01.06	Provision	7,369	13,314
2.01.06.01	Provision Pension Tax labor and civil	7,369	13,314
2.01.06.01.01	Tax provisions	160	160
2.01.06.01.02	Unfunded social security and labor	4,644	3,721
2.01.06.01.03	Provisions for employee benefit	1,919	8,773
2.01.06.01.05	Provision for labor contingencies	646	660
2.02	Non-Current Liabilities	383,323	304,953
2.02.01	Loans and Financing	279,354	216,320
2.02.01.01	Loans and Financing	279,354	216,320
2.02.01.01.01	In Local Currency	72,637	70,477
2.02.01.01.02	In Foreign Currency	206,717	145,843
2.02.02	Other Payables	4,336	5,146
2.02.02.02	Others	4,336	5,146
2.02.02.02.04	Derivative Operations	3,788	4,598
2.02.02.02.06	Other Liabilities	548	548

Individual Financial Statements I Balance Sheet – Liabilities

(in thousand of reais)

Account Code	Account Line	Current Quarter 03/31/2012	Prior Year 12/31/2011
2.02.03	Deferred Taxes	99,633	83,487
2.02.03.01	Deferred Income and Social Contribution Taxes	99,633	83,487
2.03	Equity	1,970,495	1,920,236
2.03.01	Paid-up Capital	557,434	557,434
2.03.02	Capital Reserve	174,333	172,954
2.03.02.01	Premium on Issue of Shares	176,534	176,534
2.03.02.04	Options Granted	17,331	15,952
2.03.02.05	Treasury Shares	-19,532	-19,532
2.03.04	Income Reserves	287,295	287,295
2.03.04.01	Legal Reserve	2,851	2,851
2.03.04.05	Profit Retention Reserve	5,628	5,628
2.03.04.10	Expansion Reserve	278,816	278,816
2.03.05	Retained Earnings/Accumulated Losses	37,828	0
2.03.08	Other Comprehensive Income	913,605	902,553

Individual Financial Statements I Income Statement

(in thousand of reais, (in thousand of reais, except per share information)

Account Code	Account Line	Three-month period 01/01/2012 to 03/31/2012	Prior Year 01/01/2011 to 03/31/2011
3.01	Net operating revenue	172,922	123,271
3.02	Cost of Goods Sold and/or Services	-126,027	-70,469
3.03	Gross Profit	46,895	52,802
3.04	Operating Income (Expenses)	-3,906	-3,830
3.04.01	Selling Expenses	-8,431	-5,839
3.04.02	General and Administrative Expenses	-10,785	-10,602
3.04.02.01	General and Administrative	-9,332	-8,985
3.04.02.02	Honorarium Administration	-1,453	-1,617
3.04.04	Other Operating Income	901	0
3.04.05	Other Operating Expenses	0	-988
3.04.06	Equity Pickup	14,409	13,599
3.05	Income Before Financial Income (Expenses)	42,989	48,972
3.06	Financial Income (Expenses)	1,631	-20,198
3.06.01	Financial Income	18,319	15,205
3.06.02	Financial Expenses	-16,688	-35,403
3.07	Income Before Taxes	44,620	28,774
3.08	Income and Social Contribution Taxes	-10,775	-6,623
3.08.02	Deferred taxes	-10,775	-6,623
3.09	Net Income from Continuing Operations	33,845	22,151
3.11	Net Income (Loss) for the Period	33,845	22,151
3.99	Earnings per Share - (Reais)	0	0
3.99.01	Basic Earnings per Share	0	0
3.99.01.01	ON	0.34716	0.22600
3.99.02	Diluted Earnings per Share	0	0
3.99.02.01	ON	0.34592	0.22471

Individual Financial Statements I Comprehensive Income Statement

(in thousand of reais)

		Three-month period	Prior Year
Account Code	**Account Line**	**01/01/2012 to 03/31/2012**	**01/01/2011 to 03/31/2011**
4.01	Net Income for the period	33,845	22,151
4.02	Other comprehensive income	15,035	3,068
4.02.01	Derivatives – cash flow hedge	16,136	3,943
4.02.02	Derivatives – cash flow hedge – subsidiaries	4,385	706
4.02.03	Income and social contribution taxes	-5,486	-1,581
4.03	Comprehensive Income for the Period	48,880	25,219

Individual Financial Statements I Cash Flow Statement – Indirect Method

(in thousand of reais)

Account Code	Account Line	Current Quarter 01/01/2012 to 03/31/2012	Prior Year 01/01/2011 to 03/31/2011
6.01	Net Cash From Operating Activities	45,677	37,053
6.01.01	Cash Flow From Operating Activities	53,284	23,210
6.01.01.01	Net Income (Loss) Before Taxes	44,620	28,774
6.01.01.02	Depreciation	14,289	13,334
6.01.01.03	Permanent Assets Written-off	2,782	1,413
6.01.01.04	Unrealized Gains on Hedge Instruments	757	0
6.01.01.05	Equity Pickup	-14,409	-13,599
6.01.01.06	Interest, Exchange Variation and Monetary Restatement	2,708	5,694
6.01.01.07	Fair Value Adjustments	10,423	6,456
6.01.01.08	Increase (Decrease) in Biological Assets	2,889	-21,520
6.01.01.10	Deferred Taxes	-10,775	2,658
6.01.02	Increase (Decrease) in Assets and Liabilities	-7,607	13,843
6.01.02.01	Trade Accounts Receivable	-3,507	12,177
6.01.02.02	Biological Assets	15,278	-6,308
6.01.02.03	Recoverable Taxes	-257	3,381
6.01.02.04	Related Parties	3,306	-1,367
6.01.02.05	Derivative Operations	839	-788
6.01.02.06	Other Receivables	-2,000	-2,075
6.01.02.07	Supplier	-49,170	-39,388
6.01.02.08	Taxes Payable and Social Security Liabilities	-2,137	-1,290
6.01.02.09	Related Parties	1,203	5,150
6.01.02.10	Derivative Operations	-12,386	-692
6.01.02.11	Financial Applications Bound	0	1,633
6.01.02.12	Advances to Clients	29,926	12,177
6.01.02.13	Other Payables	11,298	31,233
6.02	Net Cash Used in Investing Activities	-26,098	-18,901
6.02.01	In Investments	-30	0
6.02.02	In Property, Plant and Equipment	-25,929	-18,568
6.02.03	In Intangible Assets	-139	-333
6.03	Net Cash from Financing Activities	56,225	36,294
6.03.02	Stock Option Plans	1,379	1,645
6.03.03	Loans and Financing Obtained	94,397	53,593
6.03.04	Repayment of Loans and Financing	-39,551	-18,944
6.05	Increase (Decrease) in Cash and Cash Equivalents	75,804	54,446
6.05.01	Cash and Cash Equivalents – At Beginning of Period	78,523	93,119
6.05.02	Cash and Cash Equivalents – At End of Period	154,327	147,565

Individual Financial Statements I Statement of Changes in Equity from 01/01/2012 to 03/31/2012

(in thousand of reais)

Account Code	Account Line	Paid-up Capital	Capital Reserves, Options Granted and Treasury	Income Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity
5.01	Initial Balances	557,434	172,954	287,295	0	902,553	1,920,236
5.03	Adjusted Initial Balances	557,434	172,954	287,295	0	902,553	1,920,236
5.04	Capital Transactions with Shareholders	0	1,379	0	0	0	1,379
5.04.03	Recognized Options Granted	0	1,379	0	0	0	1,379
5.05	Total Comprehensive Income	0	0	0	37,828	11,052	48,880
5.05.01	Net Income for the Period	0	0	0	33,845	0	33,845
5.05.02	Other Comprehensive Income	0	0	0	3,983	11,052	15,035
5.05.02.01	Adjustments of Financial Instruments	0	0	0	0	16,136	16,136
5.05.02.02	Taxes on Adjustments of Financial Instruments	0	0	0	0	-5,486	-5,486
5.05.02.03	Equity s/ result comprehensive subsidiaries and affiliated companies	0	0	0	0	4,385	4,385
5.05.02.06	Realization of Fair Value Depreciation	0	0	0	1,137	-1,137	0
5.05.02.07	Realization of Fair Value Sales	0	0	0	582	-582	0
5.05.02.08	Realization of Fair Value Subsidiaries	0	0	0	2,264	-2,264	0
5.07	Final Balances	557,434	174,333	287,295	37,828	913,605	1,970,495

Individual Financial Statements I Statement of Changes in Equity from 01/01/2011 to 03/31/2011

(in thousand of reais)

Account Code	Account Line	Paid-up Capital	Capital Reserves, Options Granted and Treasury	Income Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity
5.01	Initial Balances	557,434	174,015	138,672	0	1,004,872	1,874,993
5.03	Adjusted Initial Balances	557,434	174,015	138,672	0	1,004,872	1,874,993
5.04	Capital Transactions with Shareholders	0	3,057	0	0	0	3,057
5.04.03	Recognized Options Granted	0	1,940	0	0	0	1,940
5.04.05	Treasury Shares Sold	0	1,117	0	0	0	1,117
5.05	Total Comprehensive Income	0	0	0	22,626	5,981	28,607
5.05.01	Net Income for the Period	0	0	0	22,151	0	22,151
5.05.02	Other Comprehensive Income	0	0	0	475	5,981	6,456
5.05.02.01	Adjustments of Financial Instruments	0	0	0	0	5,045	5,045
5.05.02.02	Taxes on Adjustments of Financial Instruments	0	0	0	0	1,411	1,411
5.05.02.06	Realization of Fair Value Depreciation	0	0	0	475	-475	0
5.07	Final Balances	557,434	177,072	138,672	22,626	1,010,853	1,906,657

Individual Financial Statements I Value Added Statement

(in thousand of reais)

Account Code	Account Line	Three-month period 01/01/2012 to 03/31/2012	Prior Year 01/01/2011 to 03/31/2011
7.01	Revenues	190,311	136,166
7.01.01	Sales of Products and Services	145,398	108,656
7.01.02	Other Revenues	30,615	19,621
7.01.02.01	Change in Fair Value of Biological Asset	29,083	20,543
7.01.02.02	Other Revenues	1,532	-922
7.01.03	Revenues from Construction of Own Assets	14,298	7,889
7.02	Bought-in Materials and Services	-113,515	-68,386
7.02.01	Cost of Goods Sold and/or Services	-377	-154
7.02.02	Materials, Electricity, Outsourced Services and Other	-42,098	-23,952
7.02.03	Impairment/Recovery of Assets	163	-125
7.02.04	Other	-71,203	-44,155
7.02.04.01	Raw Materials Consumed	-39,232	-22,704
7.02.04.02	Adjustment to Fair Value of Biological Assets	-31,971	-21,451
7.03	Gross Value Added	76,796	67,780
7.04	Retentions	-14,289	-5,670
7.04.01	Depreciation, Amortization and Depletion	-14,289	-5,670
7.05	Net Value Added Produced	62,507	62,110
7.06	Value Added Received in Transfer	36,593	34,089
7.06.01	Equity Pickup	14,409	13,599
7.06.02	Financial Income	22,151	20,463
7.06.03	Other	33	27
7.07	Total Value Added for Distribution	99,100	96,199
7.08	Distribution of Value Added	99,100	96,199
7.08.01	Personnel	18,570	13,051
7.08.01.01	Direct Compensation	9,951	7,478
7.08.01.02	Benefits	7,270	4,984
7.08.01.03	FGTS (Severance Pay Fund)	1,349	589
7.08.02	Taxes, Charges and Contributions	23,008	22,264
7.08.02.01	Federal	20,431	18,551
7.08.02.02	State	2,577	3,697
7.08.02.03	Municipal	0	16
7.08.03	Return on Borrowed Capital	23,677	38,733
7.08.03.01	Interest	16,402	35,239
7.08.03.02	Rental	7,275	3,494
7.08.04	Return on Own Capital	33,845	22,151
7.08.04.03	Retained Earnings/Accumulated Losses for the Period	33,845	22,151

Consolidated Financial Statements I Balance Sheet – Assets

(in thousand of reais)

Account Code	Account Line	Current Quarter 31/03/2012	Prior Year 31/12/2011
1	Total Asset	3,656,587	3,584,453
1.01	Current Assets	1,052,899	987,095
1.01.01	Cash and Cash Equivalents	217,727	130,463
1.01.03	Accounts Receivable	123,538	104,852
1.01.03.01	Clients	68,356	54,335
1.01.03.02	Other Receivables	55,182	50,517
1.01.03.02.01	Advances to Suppliers	20,697	17,774
1.01.03.02.02	Derivative Operations	15,277	15,283
1.01.03.02.03	Notes and Amounts Receivable	14,776	13,180
1.01.03.02.04	Other Receivables	4,432	4,280
1.01.04	Inventories	259,321	410,416
1.01.05	Biological Assets	390,452	264,772
1.01.06	Recoverble Notes	56,027	69,701
1.01.06.01	Recoverable Current Taxes	56,027	69,701
1.01.06.01.01	Recoverable Taxes	56,027	69,701
1.01.07	Prepaid Expenses	5,834	6,891
1.02	Non-current assets	2,603,688	2,597,358
1.02.01	Long-Term Assets	38,356	37,589
1.02.01.05	Biological Assets	14,786	14,925
1.02.01.06	Deferred Taxes	182	143
1.02.01.06.01	Income and Social Contribution Taxes	182	143
1.02.01.07	Prepaid Expenses	2,340	2,710
1.02.01.09	Other Non-Current Assets	21,048	19,811
1.02.01.09.03	Recoverable Taxes	5,197	4,940
1.02.01.09.04	Derivative operations	43	894
1.02.01.09.05	Advances for Future Capital Increase	14,776	12,967
1.02.01.09.06	Accounts Receivable	1,032	1,010
1.02.02	Investments	415	367
1.02.02.01	Investments in Subsidiaries	415	367
1.02.02.01.04	Other Investments	415	367
1.02.03	Property, Plant and Equipment	2,555,326	2,549,337
1.02.03.01	Property, Plant and Equipment in use	2,536,789	2,536,328
1.02.03.03	Property, Plant and Equipment in Progress	18,537	13,009
1.02.04	Intangible Assets	9,591	10,065
1.02.04.01	Intangible Assets	9,591	10,065

Consolidated Financial Statements I Balance Sheet –Liabilities

(in thousand of reais)

Account Code	Account Line	Current Quarter 03/31/2012	Prior Year 12/31/2011
2	Total Liabilities	3,656,587	3,584,453
2.01	Current Liabilities	745,505	817,592
2.01.01	Social Security and Labor Liabilities	3,421	3,226
2.01.01.01	Social Security Liabilities	3,082	3,025
2.01.01.02	Labor Liabilities	339	201
2.01.02	Trade Accounts Payable	40,388	117,919
2.01.02.01	Trade Accounts Payable – Domestic	40,388	117,919
2.01.03	Taxes Payable	12,612	21,151
2.01.03.01	Federal Taxes Payable	11,189	20,411
2.01.03.01.01	Income and Social Contribution Taxes Payable	10,667	18,964
2.01.03.01.02	Taxes, Fees and Sundry Contributions	522	1,447
2.01.03.02	Fiscal and state obligations	1,272	599
2.01.03.03	Fiscal and municipal obligations	151	141
2.01.04	Loans and Financing	379,901	384,735
2.01.04.01	Loans and Financing	379,901	384,735
2.01.04.01.01	In local Currency	285,318	277,401
2.01.04.01.02	In Foreign Currency	94,583	107,334
2.01.05	Other Payables	297,822	270,913
2.01.05.02	Other	297,822	270,913
2.01.05.02.02	Mandatory Minimum Dividends Payable	38,645	38,645
2.01.05.02.04	Notes Payable	109,804	113,876
2.01.05.02.05	Advances to Clients	113,841	67,613
2.01.05.02.07	Derivative operations	20,138	37,349
2.01.05.02.09	Other Liabilities	15,385	13,421
2.01.06	Provision	11,361	19,648
2.01.06.01	Provision Pension Tax labor and civil	11,361	19,648
2.01.06.01.01	Tax provisions	160	160
2.01.06.01.02	Unfunded social security and labor	6,919	5,580
2.01.06.01.03	Provisions for employee benefit	2,687	12,570
2.01.06.01.05	Provision for labor contingencies	1,595	1,338
2.02	Non-Current Liabilities	940,587	846,625
2.02.01	Loans and Financing	318,224	255,296
2.02.01.01	Loans and Financing	318,224	255,296
2.02.01.01.01	In Local Currency	111,428	109,349
2.02.01.01.02	In Foreign Currency	206,796	145,947
2.02.02	Other Payables	144,140	134,607
2.02.02.02	Others	144,140	134,607
2.02.02.02.03	Notes Payable	139,804	128,505
2.02.02.02.04	Derivative Operations	3,788	5,554
2.02.02.02.05	Other Liabilities	548	548
2.02.03	Deferred Taxes	478,223	456,722
2.02.03.01	Deferred Income and Social Contribution Taxes	478,223	456,722
2.03	Equity	1,970,495	1,920,236

Consolidated Financial Statements I Balance Sheet –Liabilities

(in thousand of reais)

Account Code	Account Line	Current Quarter 03/31/2012	Prior Year 12/31/2011
2.03.01	Paid-up Capital	557,434	557,434
2.03.02	Capital Reserve	174,333	172,954
2.03.02.01	Premium on Issue of Shares	176,534	176,534
2.03.02.04	Options Granted	17,331	15,952
2.03.02.05	Treasury Shares	-19,532	-19,532
2.03.04	Income Reserves	287,295	287,295
2.03.04.01	Legal Reserve	2,851	2,851
2.03.04.02	Capital Reserve	278,816	278,816
2.03.04.05	Profit Retention Reserve	5,628	5,628
2.03.05	Retained Earnings/Accumulated Losses	37,142	0
2.03.08	Other Comprehensive Income	914,291	902,553

Consolidated Financial Statements I Income Statement

(in thousand of reais,except per share information)

Account Code	Account Line	Three-month period 01/01/2012 to 03/31/2012	Prior Year 01/01/2011 to 03/31/2011
3.01	Net operating revenue	324,814	196,277
3.02	Cost of Goods Sold and/or Services	-220,845	-121,541
3.03	Gross Profit	103,969	74,736
3.04	Operating Income (Expenses)	-28,733	-22,604
3.04.01	Selling Expenses	-15,942	-8,336
3.04.02	General and Administrative Expenses	-13,416	-13,485
3.04.02.01	General and Administrative	-11,963	-11,868
3.04.02.02	Management Fees	-1,453	-1,617
3.04.04	Other Operating Income	625	0
3.04.05	Other Operating Expenses	0	-783
3.05	Income Before Financial Income (Expenses)	75,236	52,132
3.06	Financial Income (Expenses)	-18,340	-17,935
3.06.01	Financial Income	28,370	27,072
3.06.02	Financial Expenses	-46,710	-45,007
3.07	Income Before Taxes	56,896	34,197
3.08	Income and Social Contribution Taxes	-23,736	-11,824
3.08.01	Current	-9,969	-4,841
3.08.02	Deferred taxes	-13,767	-6,983
3.09	Net Income from Continuing Operations	33,160	22,373
3.11	Net Income (Loss) for the Period	33,160	22,373
3.11.01	Attributable to Equity Holders of the Parent	33,160	22,373
3.99	Earnings per Share - (Reais)	0	0
3.99.01	Basic Earnings per Share	0	0
3.99.01.01	ON	0.34014	0.22827
3.99.02	Diluted Earnings per Share	0	0
3.99.02.01	ON	0.34014	0.22696

Consolidated Financial Statements I Comprehensive Income Statement

(in thousand of reais)

Account Code	Account Line	Three-month period	Prior Year
		01/01/2012 to 03/31/2012	01/01/2011 to 03/31/2011
4.01	Consolidated Net Income for the Period	33,160	22,373
4.02	Other comprehensive income	15,720	3,068
4.02.01	Derivatives – cash flow hedge	23,818	4,649
4.02.02	Income and social contribution taxes	-8,098	-1,581
4.03	Consolidated Comprehensive Income for the Period	48,880	25,441
4.03.01	Attributable to Equity Holders of the Parent	48,880	25,441

Consolidated Financial Statements I Cash Flow Statement – Indirect Method

(in thousand of reais)

Account Code	Account Line	Three-month period	Prior Year
		01/01/2012 to 03/31/2012	01/01/2011 to 03/31/2011
6.01	Net Cash From Operating Activities	65,033	47,955
6.01.01	Cash Flow From Operating Activities	74,617	29,002
6.01.01.01	Net Income (Loss) Before Taxes	56,896	34,197
6.01.01.02	Depreciation	21,135	21,109
6.01.01.03	Permanent Assets Written-off	2,381	1,423
6.01.01.04	Unrealized Gains on Hedge Instruments	15,718	6,328
6.01.01.05	Equity Pickup	5,666	9,599
6.01.01.06	Interest, Exchange Variation and Monetary Restatement	-3,443	-41,439
6.01.01.07	Fair Value Adjustments	-9,969	-4,841
6.01.01.08	Increase (Decrease) in Biological Assets	-13,767	2,626
6.01.02	Increase (Decrease) in Assets and Liabilities	-9,584	18,953
6.01.02.01	Trade Accounts Receivable	-14,021	8,510
6.01.02.02	Biological Assets	31,356	1,039
6.01.02.03	Recoverable Taxes	13,417	2,149
6.01.02.05	Derivative Operations	857	-2,754
6.01.02.06	Other Receivables	-4,973	2,439
6.01.02.07	Supplier	-77,531	-67,939
6.01.02.08	Taxes Payable and Social Security Liabilities	-8,345	4,076
6.01.02.09	Related Parties	-18,977	-691
6.01.02.10	Derivative Operations	7,227	-9,657
6.01.02.11	Financial Applications Bound	0	1,633
6.01.02.12	Advances to Clients	46,228	8,510
6.01.02.13	Other Payables	15,178	71,638
6.02	Net Cash Used in Investing Activities	-31,578	-26,309
6.02.01	In Investments	-48	0
6.02.02	In Property, Plant and Equipment	-31,391	-25,978
6.02.03	In Intangible Assets	-139	-331
6.03	Net Cash from Financing Activities	53,809	67,947
6.03.01	Loans and Financing Obtained	96,586	83,785
6.03.02	Repayment of Loans and Financing	-44,156	-18,944
6.03.03	Stock Options Plan	1,379	3,106
6.05	Increase (Decrease) in Cash and Cash Equivalents	87,264	89,593
6.05.01	Cash and Cash Equivalents – At Beginning of Period	130,463	110,219
6.05.02	Cash and Cash Equivalents – At End of Period	217,727	199,812

Consolidated Financial Statements I Statement of Changes in Equity from 01/01/2012 to 03/31/2012

(in thousand of reais)

Account Code	Account Line	Paid-up Capital	Capital Reserves, Options Granted and Treasury	Income Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity	Participation of the non-controlling	Equity Consolitdated
5.01	Initial Balances	557,434	172,954	287,295	0	902,553	1,920,236	0	1,920,236
5.03	Adjusted Initial Balances	557,434	172,954	287,295	0	902,553	1,920,236	0	1,920,236
5.04	Capital Transactions with Shareholders	0	1,379	0	0	0	1,379	0	1,379
5.04.03	Recognized Options Granted	0	1,379	0	0	0	1,379	0	1,379
5.05	Total Comprehensive Income	0	0	0	37,142	11,738	48,880	0	48,880
5.05.01	Net Income for the Period	0	0	0	33,160	0	33,160	0	33,160
5.05.02	Other Comprehensive Income	0	0	0	3,982	11,738	15,720	0	15,720
5.05.02.01	Adjustments of Financial Instruments	0	0	0	0	23,818	23,818	0	23,818
5.05.02.02	Taxes on Adjustments of Financial Instruments	0	0	0	0	-8,098	-8,098	0	-8,098
5.05.02.06	Realization of Fair Value Depreciation	0	0	0	2,269	-2,269	0	0	0
5.05.02.07	Realization of Fair Value Sales	0	0	0	1,713	-1,713	0	0	0
5.07	Final Balances	557,434	174,333	287,295	37,142	914,291	1,970,495	0	1,970,495

Consolidated Financial Statements I Statement of Changes in Equity from 01/01/2011 to 03/31/2011

(in thousand of reais)

Account Code	Account Line	Paid-up Capital	Capital Reserves, Options Granted and Treasury	Income Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity	Participation of the non-controlling	Equity Code Options Granted Consolitdated
5.01	Initial Balances	557,434	174,015	154,253	0	989,291	1,874,993	0	1,874,993
5.03	Adjusted Initial Balances	557,434	174,015	154,253	0	989,291	1,874,993	0	1,874,993
5.04	Capital Transactions with Shareholders	0	3,057	0	0	0	3,057	0	3,057
5.04.03	Recognized Options Granted	0	3,057	0	0	0	3,057	0	3,057
5.05	Total Comprehensive Income	0	0	-94	23,562	5,139	28,607	0	28,607
5.05.01	Net Income for the Period	0	0	0	22,373	0	22,373	0	22,373
5.05.02	Other Comprehensive Income	0	0	-94	1,189	5,139	6,234	0	6,234
5.05.02.01	Adjustments of Financial Instruments	0	0	-94	0	6,328	6,234	0	6,234
5.05.02.06	Realization of Fair Value Depreciation	0	0	0	1,189	-1,189	0	0	0
5.07	Final Balances	557,434	177,072	154,159	23,562	994,430	1,906,657	0	1,906,657

Consolidated Financial Statements I Value Added Statement

(in thousand of reais)

Account Code	Account Line	Three-month period 01/01/2012 to 03/31/2012	Prior Year 01/01/2011 to 03/31/2011
7.01	Revenues	350,969	214,115
7.01.01	Sales of Products and Services	263,114	164,808
7.01.02	Other Revenues	71,912	40,131
7.01.02.01	Change in Fair Value of Biological Asset	2,540	-331
7.01.02.02	Other Revenues	69,372	40,462
7.01.03	Revenues from Construction of Own Assets	15,943	9,176
7.02	Bought-in Materials and Services	-202,846	-117,544
7.02.01	Cost of Goods Sold and/or Services	-1,639	-550
7.02.02	Materials, Electricity, Outsourced Services and Other	-64,095	-29,987
7.02.03	Impairment/Recovery of Assets	166	-2,268
7.02.04	Other	-137,278	-84,739
7.02.04.01	Raw Materials Consumed	-71,349	-41,816
7.02.04.02	Adjustment to Fair Value of Biological Assets	-65,929	-42,923
7.03	Gross Value Added	148,123	96,571
7.04	Retentions	-21,135	-9,465
7.04.01	Depreciation, Amortization and Depletion	-21,135	-9,465
7.05	Net Value Added Produced	126,988	87,106
7.06	Value Added Received in Transfer	32,937	34,105
7.06.02	Financial Income	32,888	34,061
7.06.03	Other	49	44
7.07	Total Value Added for Distribution	159,925	121,211
7.08	Distribution of Value Added	159,925	121,211
7.08.01	Personnel	29,003	17,471
7.08.01.01	Direct Compensation	16,992	10,022
7.08.01.02	Benefits	10,139	6,646
7.08.01.03	FGTS (Severance Pay Fund)	1,872	803
7.08.02	Taxes, Charges and Contributions	46,386	34,761
7.08.02.01	Federal	40,426	29,277
7.08.02.02	State	5,960	5,455
7.08.02.03	Municipal	0	29
7.08.03	Return on Borrowed Capital	51,376	46,606
7.08.03.01	Interest	46,112	44,736
7.08.03.02	Rental	5,264	1,870
7.08.04	Return on Own Capital	33,160	22,373
7.08.04.03	Retained Earnings/Accumulated Losses for the Period	33,160	22,373



Net Income of R$33,160 million in 1Q12, increasing 48.2% against 1Q11

Porto Alegre, May 3, 2012 – SLC AGRÍCOLA S.A. (Bovespa: SLCE3; ADR: SLCJY; Bloomberg: SLCE3BZ; Reuters: S LCE3.SA), one of the largest landowners in Brazil and one of the largest agricultural producers in terms of cotton, soybean and corn planted area, discloses today its earnings for the first quarter of 2012. The following financial and operating information are presented in compliance with the international accounting norms (International Financial Reporting Standards – IFRS). Elaborated on a consolidated basis, the information is presented in thousands of Brazilian reais, except when otherwise stated.

1Q12 Highlights

(R$ thousand)	2010	2011	AH	1Q11	1Q12	AH
Net revenue	**888,713**	**1,005,640**	**13.2%**	**196,277**	**324,814**	**65.5%**
Gross income	**219,704**	**365,788**	**66.5%**	**74,736**	**103,969**	**39.1%**
Gross margin	*24.7%*	*36.4%*	*11.7 p.p*	*38.1%*	*32.0%*	*-6.1p.p*
Operating income	**83,892**	**241,179**	**187.5%**	**34,197**	**56,896**	**66.4%**
Operating margin	*9.4%*	*24.0%*	*14.6 p.p*	*17.4%*	*17.5%*	*0.1p.p*
Net Profit	**58,613**	**159,992**	**173.0%**	**22,373**	**33,160**	**48.2%**
Net Margin	*6.6%*	*15.9%*	*9.3 p.p*	*11.4%*	*10.2%*	*-1.2p.p*
EBITDA	**204,339**	**325,875**	**59.5%**	**61,597**	**96,371**	**56.5%**
EBITDA Margin	***23.0%***	***32.4%***	***9.4 p.p***	**31.4%**	**29.7%**	***-1.7p.p***
Net debt	**339,374**	**509,568**	**50.1%**	**324,221**	**480,398**	**48.2%**

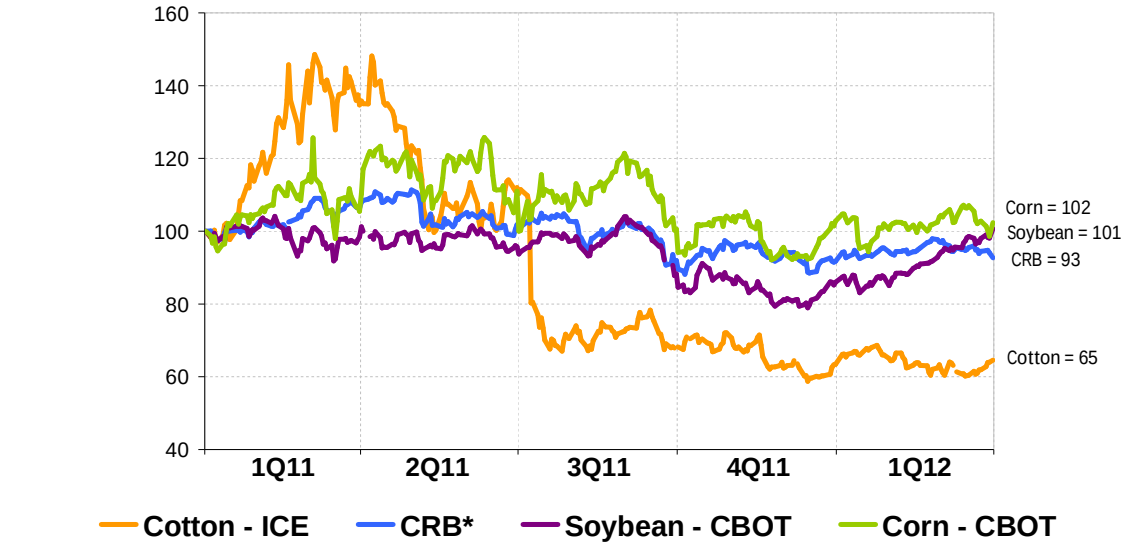
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NOTE: 1Q11 and 1Q12 refer to the three-month cumulative period, from January to March, for years 2011 and 2012, respectively. 2010 and 2011 refer to the twelve-month cumulative period from January to December, for years 2010 and 2011, respectively. AH refers to the horizontal percentage variation between two periods and AV refers to a vertical percentage variation on a given total.

Market Outlook

Commodities Prices Variation

From January 2011 to March 2012 (1st Contract)



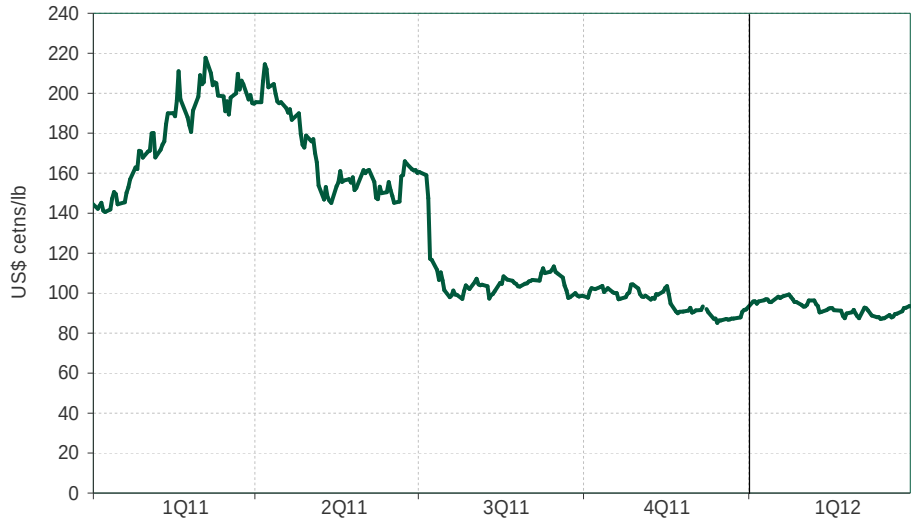
Source: CMA (12/31/2010 = 100)
Up to 03/30/2012.

*Commodity Research Bureau

Cotton

Cotton Prices in the International Market

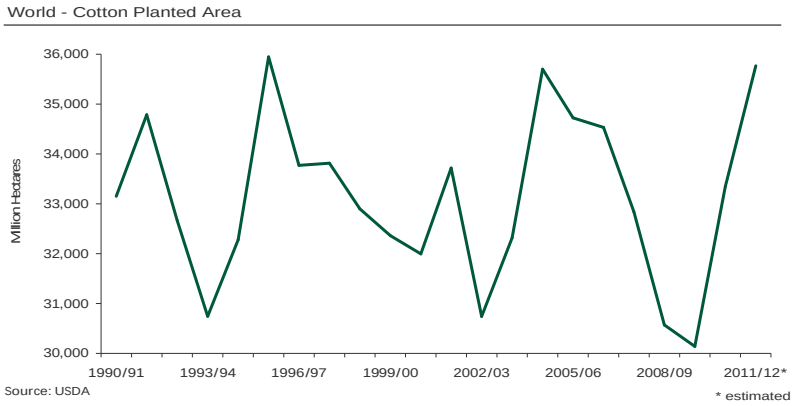
ICE - (1st Contract)



Average price:	180.9	168.3	107.1	95.40	92.69

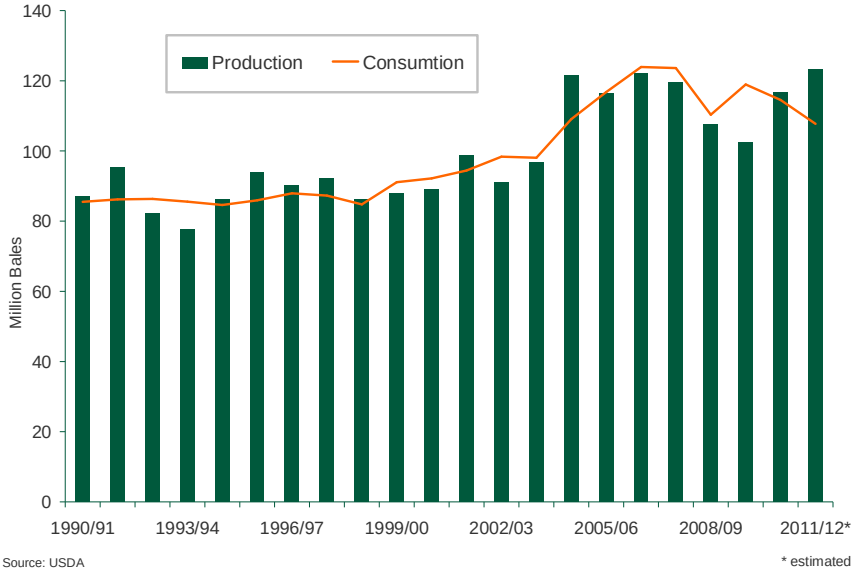
Source: ICE/CMA

Cotton future prices traded on ICE/NYBOT (ICE Futures U.S) presented an average quotation of US¢ 92.7/lb in 1Q12, which represents a 48.8% decrease against 1Q11, when the average price was US¢ 180.9/lb reaching historical peaks, manly due to cotton supply limitations in the 2009/10 and 2010/11 crop years.



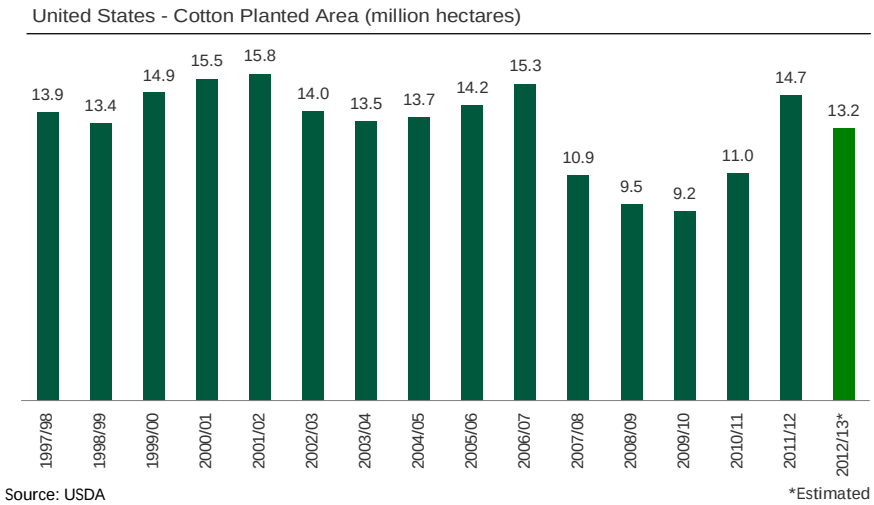
High international cotton prices helped to induce the world acreage to increase in the 2011/2012 crop year. According to the USDA (United States Department of Agriculture), the worldwide crop area should increase by 6.9% in 2011/12, followed by an increase of 10.6% in the last year.

According to the USDA, worldwide production is expected to grow 6% in 2011/12, to 123.1 million bales, 15.4 millions bales more than the estimated consumption, leading to higher ending stocks in 2011/12. According to USDA, ending stocks are expected to go from 50.5 million bales to 66.1 million bales.



For the 2012/13 crop year, the competition between grains and cotton planted areas will continue to be an important factor in defining the cotton planted area around the world. Higher prices of the competing crops, as soybean and corn, may cause a reduction of the cotton planted area.

In this scenario, the first planted area estimation for the 2012/13 crop year of the United States (Prospective Plantings Report – March/2012) shows a 10% reduction on cotton planted area, from 14.7 million acres to 13.2 million acres.



In Brazil, according to the 6th report of the 2011/12 crop year released by CONAB (Companhia Nacional de Abastecimento), the estimated planted area is expected to be stable. CONAB projects an area to be planted with cotton of 1,398.1 thousand hectares and estimates a production to be set at 2,002 thousand tons (a 2.1% increase against the previous year).

Soybeans

Soybean Prices in the International Market
CBOT - (1st Contract)



	1Q11	2Q11	3Q11	4Q11	1Q12
Average price:	13.80	13.60	13.55	11.75	12.71

Source: CBOT/CMA

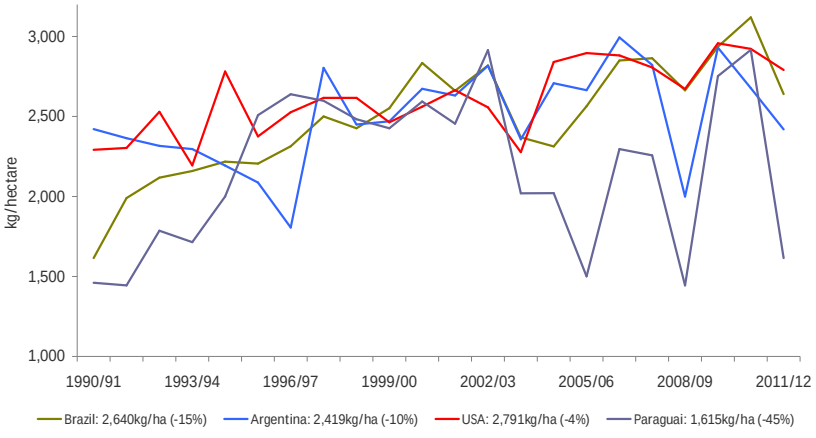
Soybean future prices traded on CBOT (Chicago Board of Trade) presented an average quotation of US$ 12.71/bu in 1Q12, representing a 7.9% reduction against 1Q11, when the average price was US$ 13.80/bu.

The recovery of soybean prices at the end of 1Q12 was mainly due to a reduction of production, caused by climatic problems in the United States, Brazil and Argentina, respectively the world's largest producers of soybean. According to the USDA, world production of soybean in the 2011/12 crop year should reach 240.1 million tons (a 9.1% reduction compared to the previous crop) and consumption 253.3 million tons, leading world consumption 13 million tons above production.

The reduction of production is given due to crop losses that reached South America, especially Southern Brazil, Argentina and Paraguay, where irregularities and declining rainfalls beginning December of 2011 reduced significantly the productivity.

In Brazil, CONAB estimates a 3.7% increase on planted area for the 2011/12 crop year, reaching 25 million hectares in comparison to the 24.1 million hectares of the previous crop year. Despite an increase on planted area, production is estimated at 65.6 million tons, a 12.9% reduction compared to the 2010/11 crop year.

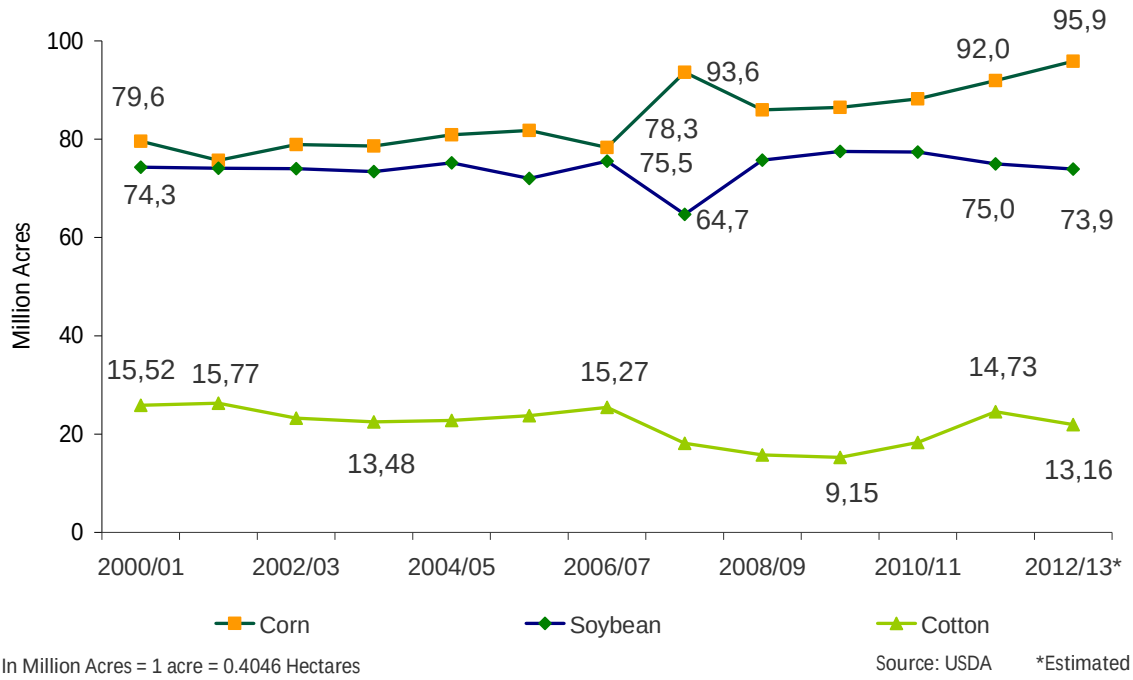
Yields - 2011/12



According to MINAGRI (Ministerio da Agricultura, Ganadeira y Pesca da Argentina), soybean planted area for the 2011/12 crop year was set at 18.6 million hectares, a 1.6% reduction compared to the previous year. The declining rainfalls compromised plantings and the beginning of the vegetative development of the crops at the core zone located at the North region of the country, affecting significantly the productivity of the 2011/12 crop year. Argentina production for the 2011/12 crop year should reach 44 million tons, a 10% reduction compared to the 48.9 millions of the previous crop.

In this scenario, the crop shortfall of the main producer countries induced to lower world stocks in 2011/12, the recomposition of production in the 2012/13 crop will be very important to balance supply and demand.

United States - Planted Area



In Million Acres = 1 acre = 0.4046 Hectares

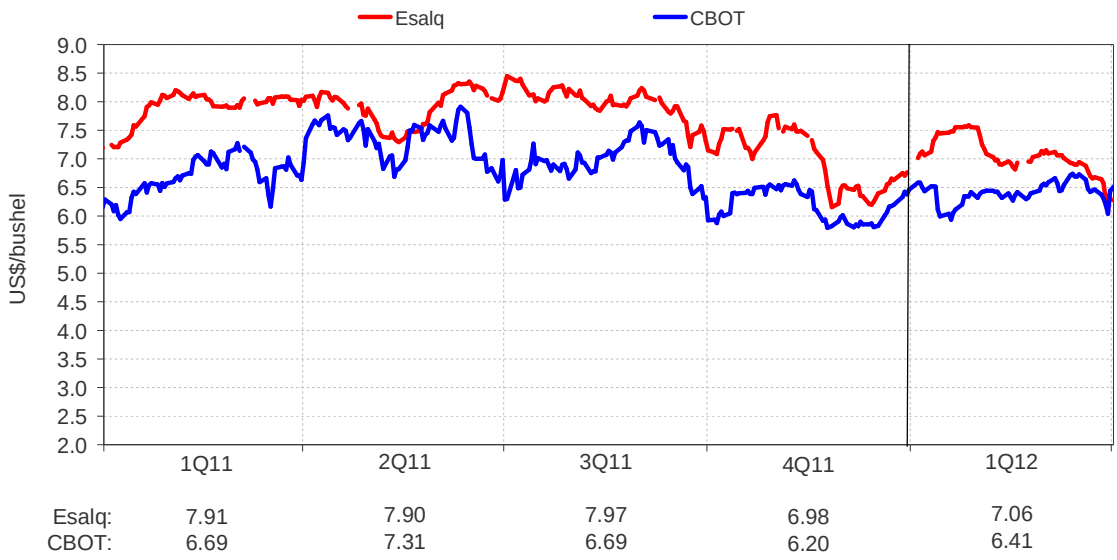
Source: USDA *Estimated

The first planted area estimates of the United States for the 2012/13 crop lead to a reduction of soybean planted area and an increase of corn planted area, according to the Prospective Planting Report of the USDA released on March 2012. The area to be cultivated with soybean in the United States for the 2012/13 crop year is expected to be 73.9 million acres, a 1.5% reduction compared to the 2011/12 crop year, when it reached 75 million acres with soybean in the United States. Furthermore, the USDA expects American producers to migrate planted areas from soybean to corn, motivated by more attractive corn prices during the planting decision period, leading expectations to reach 95.9 million acres, a 4.2% increase. Soybean and Corn both together should reach 169.8 million acres in 2012, and if confirmed is expected to be the largest soybean and corn planted area ever performed in the United States.

With the supply and demand balance fairly adjusted, the soybean crop in the United States has little margin to losses on productivity. Thus, the market may present price volatility, because in addition to lower stocks and planted area competition between commodities, “weather market” is present with crop development in the north hemisphere, and should become very important in the next few months when the crops are in its most critic development phase.

Corn

Corn Price

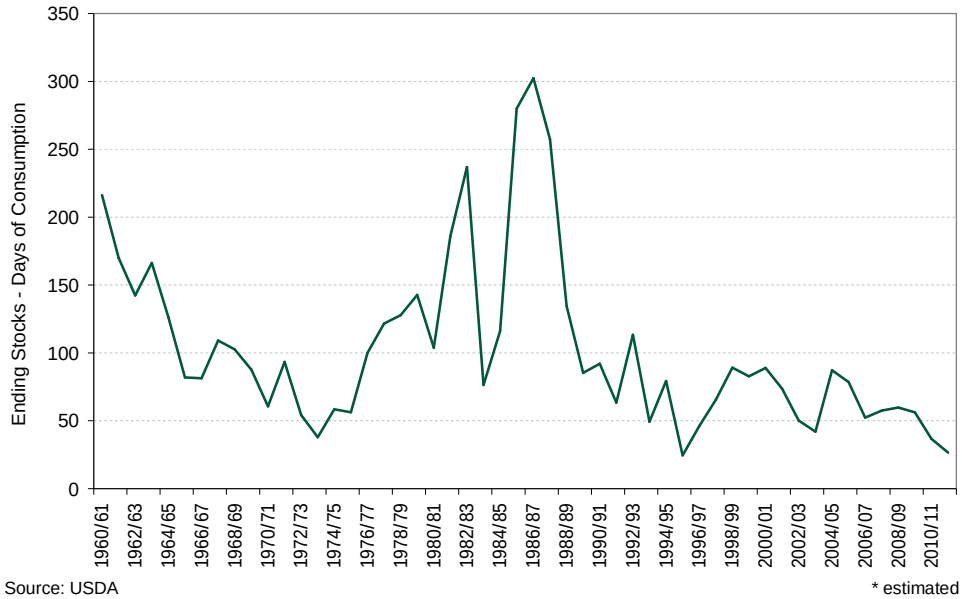


	1Q11	2Q11	3Q11	4Q11	1Q12
Esalq:	7.91	7.90	7.97	6.98	7.06
CBOT:	6.69	7.31	6.69	6.20	6.41

Source: CBOT/ Cepea (Esalq)/CMA

Corn future prices traded on CBOT (Chicago Board of Trade) presented a 4.2% decrease in 1Q12 compared to the same period of the last year. The average corn price in the domestic market, measured by the ESALQ (*Escola Superior de Agricultura Luiz de Queiroz*) index presented a 10.7% decrease, from US$ 7.91/bu to US$ 7.06/bu in the same period.

During 2011, corn prices remained relatively high in both international and domestic market. As global consumption continued to surpass production in recent years, ending stocks were reduced to a level similar to 1972/73, before the green revolution.



Source: USDA

* estimated

In the United States, reduction in inventories is even more pronounced in the 2011/12 crop year. With lower productivity and production and a strong demand in feed and bioenergy sectors, North American ending stocks are expected to be 20.3 million according to the USDA, which represent a 6.3% stock/consumption ratio, or 23 days of consumption.

With the supply and demand balance fairly adjusted and higher prices in 2011, a reallocation on planted area in United States is expected for the 2012/13 crop. The first planted area estimates indicate an increase on corn planted area. According to the Prospective Planting Report of the USDA released on March 2012, planted area should increase 4.2% compared to the previous year, to 95.9 million acres.

United States									
		2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12*
Area (ha)		29,798	30,399	28,586	35,014	31,796	32,169	32,960	33,986
Yield (kg/ha)		10,064	9,285	9,358	9,458	9,660	10,338	9,592	9,237
Beginning Stocks	thousand of tons	24,337	53,697	49,968	33,114	41,255	42,504	43,380	28,644
Production	thousand of tons	299,876	282,263	267,503	331,177	307,142	332,549	316,165	313,918
Import	thousand of tons	275	224	304	509	344	212	703	508
Total Supply (1000t)	thousand of tons	324,488	336,184	317,775	364,800	348,741	375,265	360,248	343,070
Export	thousand of tons	46,181	54,201	53,987	61,913	46,965	50,295	46,599	43,182
Consumption	thousand of tons	224,610	232,015	230,674	261,632	259,272	281,590	285,005	279,540
Ending Stocks	thousand of tons	53,697	49,968	33,114	41,255	42,504	43,380	28,644	20,348
Stocks/(Exp+Cons) (%)		19.8%	17.5%	11.6%	12.8%	13.9%	13.1%	8.6%	6.3%

April 2012 **Estimated*

In Brazil, for the 2011/12 crop year, producers also reacted to higher international prices increasing the planted area.

According to CONAB, the estimated 1st crop corn planted area, reached 8.6 million hectares in 2011/12, an 8.4% increase compared to the 2010/11 1st crop. For 2nd crop corn, the planted area is expected to be 7.1 million hectares, a 20% increase compared to the previous year. The total planted area (1st and 2nd crop) is expected to be of 15.7 million hectares, an increase of 13.4% against the previous crop.

Despite weather conditions and lower productivity within important productive states in Brazil, an expected increase on planted area for the 2011/12 corn crop should compensate the losses, resulting in a production 13.5% higher in 2011/12, estimated by CONAB to reach 65.1 million tons (1st crop: 36.1 million tons; 2nd crop: 29 million tons).

Operating Performance

1Q12 was marked by the ending of 2011/12 crop year planting and beginning of the harvesting of soybean and 1st crop corn. The planting of the 2nd crops went normally in all farms, in both cotton and corn crops, crops that are planted after the harvest of the soybean super-early varieties.

Cotton 1st crop. Most of the crop is in the flowering and blooming phase, showing excellent vegetative, nutritional and phytosanitary aspect. In February and March, declining rainfalls caused drought in the West region of the states of Bahia and Goias, reaching some areas of the Palmares, Piratini and Pamplona farms, reducing potential yield. Due to this events we are lowering our productivity expectations on cotton lint from our initial projection of 1,679 kg/ha to 1,657 kg/ha.

Cotton 2nd crop. Cotton 2nd crop planting started in the first fortnight of January 2012 and was ended in the second fortnight of January 2012. Most crops are in the flowering phase and a small part in the blooming phase, showing a very good vegetative and phytosanitary aspect.

Corn 1st crop.
Corn crop harvest started in the second fortnight of February. Until the closing of 1Q12 we harvested a total area of 2,120 hectares (17%). Our expected average is 10,229 kg/ha.

Corn 2nd crop. Corn 2nd crop planting started in the second fortnight of January 2012 and ended in the first fortnight of March. As January and February had a stable weather condition for the soybean crop harvest, consequently it helped the plantings of the corn 2nd crop. Most of the crops are in the flowering phase and filling of grains, showing a great vegetative development.

Soybeans. In February and March, a big part of the west of the state of Bahia presented rainfalls below average, fact that affected the soybean, corn and cotton blooming phase. The farms located at the state of Mato Gross and Mato Grosso do Sul already ended the harvest phase in an area of 40,758 hectares, with an average yield of 3,350 kg/ha, reaching the expected goals. Highlight to Planalto Farm that ended up with an exceptional 3,960 kg/ha average. In the Company, until this moment we had harvested 72,640 hectares (64%), with an average yield of 3,300 kg/ha. Despite the drought in the states of Bahia and Goias, yields are expected to be 3,200 kg/ha.

We are also giving sequence to the process of opening, cleaning and applying soil correction at the 10,492 hectares that should be planted at the next crop year, as highlighted at the release for the 4Q11.

Yields

Yield (kg/ha)	Initially estimated 2011/12	Estimated 2011/12[1]	AH
Cotton lint 1st crop	1,679	1,657	-1.3
Cotton lint 2nd crop	1,361	1,406	3.3
Cotton Seeds	2,158	2,137	-1.0
Soybean	3,297	3,200	-2.9
Corn 1st crop	10,209	10,229	0.2
Corn 2nd crop	5,932	6,060	2.2

(1) 03/31/2012

Planted Area

Following is an updated table with the planted area target for 2011/12 crop year.

Crop Mix	Achieved 2010/11 ha	Estimated[1] 2011/12 ha	Share %	Absolute Δ ha	Percentage Δ %
Cotton	**84,720**	**95,308**	**38.3**	**10,588**	**12.5**
Cotton 1st crop	*72,370*	*79,942*	*32.2*	*7,572*	*10.4*
Cotton 2nd crop	*12,350*	*15,366*	*6.2*	*3,016*	*24.5*
Soybean	***118,134***	***114,151***	***45.9***	***(3,983)***	***-3.4***
Corn	**20,422**	**35,538**	***14.3***	***15,116***	***74.0***
Corn 1st crop	*7,350*	*12,715*	*5.1*	*5,365*	*73.0*
Corn 2nd crop	*13,072*	*22,823*	*9.2*	*9,571*	*74.6*
Others[2]	**3,293**	**3,550**	***1.4***	***257***	***7.8***
Total	**226,569**	**248,547**	**100.0**	**21,978**	***9.7***

Planted Area Mix	ha	ha	%	Ha	%
Physical Area under Control	**199,007**	**208,699**	**84.0**	**9,622**	**4.8**
Own Area	*127,252*	*133,331*	*53.6*	*6,079*	*4.8*
Leased Area	*71,825*	*75,368*	*30.3*	*3,543*	*4.9*
2nd crop area	**27,492**	**39,848**	**16.0**	**12,356**	***44.9***
Total	**226,569**	**248,547**	**100**	**21,978**	***9.7***

(1) The planted area may still be adjusted by the agricultural planning.

(2) Coffee, wheat, corn seed.

Property Portfolio

As of March 31, 2012 our land portfolio under control was as follows:

2011/12 (ha) Areas Farm	State	Own	Leased	Under control	Planted[1]
		---------- ha ----------			
Pamplona	GO	17,384	3,941	21,325	17,834
Planalto	MS	17,437	1,657	19,094	17,416
Planorte	MT	23,796	367	24,163	24,682
Paiaguás	MT	30,878	2,360	33,238	31,634
Parnaíba	MA	39,334	10,346	49,680	35,661
Planeste	MA	22,790	10,858	33,648	32,479
Panorama	BA	12,982	12,312	25,294	21,841
Piratini	BA	25,355	5,000	30,355	12,374
Palmares	BA	16,948	14,878	31,826	28,748
Parnaguá	PI	23,742	-	23,742	-
Pejuçara	MT	3,379	8,711	12,090	16,695
Paineira	PI	12,872	-	12,872	3,691
Parceiro	PI	32,816	5,428	38,244	5,492
Perdizes	MT	28,837	-	28,837	-
Total		**308,550**	**75,858**	**384,408**	**248,547**

(1) Estimate of SLC Agrícola; planted area may still be adjusted by the agricultural planning.

Machinery and Storage Capacity

As of March 31, 2012 we had the following:

Machinery	Quantity
Tractors	424
Grain Combiners	163
Cotton Pickers	71
Planters	155
Self-propelled sprayers	93

2011/12 Storage Capacity	Grains	Cotton
Tons	478,140	107,981
% Production[1]	75%	70%

[1] Estimate of SLC Agrícola based on planted area and yields estimated for 2011/12 crop year.

Financial Analysis

EBITDA

(R$ thousand)	1Q11	1Q12	AH
Net Revenue	**196,277**	**324,814**	**65.5%**
(-) Cost of Goods Sold	**(121,541)**	**(220,845)**	**81.7%**
Gross Profit	**74,736**	**103,969**	**39.1%**
(-) Selling Expenses	(8,336)	(15,942)	91.2%
(-) General and administrative	(11,868)	(11,963)	0.8%
(-) Management fees	(1,617)	(1,453)	-10.1%
(-) Other operating revenues	(783)	625	n.m.
(=) Income from Activity	**52,132**	**75,236**	**44.3%**
(+) Depreciation and amortization	9,465	21,135	123.3%
EBITDA	**61,597**	**96,371**	**56.5%**
EBITDA Margin	**31.4%**	**29.7%**	

EBITDA for 1Q12 was R$96,371 thousand, an increase of 56.5% against the R$61,597 thousand in 1Q11. The main variations which impacted EBITDA were the increase on the gross profit caused by a higher invoiced volume (cotton and soybean), and an increase of unitary margin of soybean.

Net Revenue

(R$ thousand)	1Q11	1Q12	AH
Net Revenue	**196,277**	**324,814**	**65.5%**
Cotton lint invoiced	98,836	153,807	55.6%
Cotton seed invoiced	3,131	7,499	139.5%
Soybean invoiced	31,273	77,451	147.7%
Corn invoiced	7,819	7,086	-9.4%
Coffee invoiced	1,833	1,307	-28.7%
Others (invoiced)	4,957	3,774	-23.9%
Hedge income	6,989	4,518	-35.4%
Biological Assets	41,439	69,372	67.4%

(Tons)	1Q11	1Q12	AH
Volume Invoiced	**110,929**	**204,118**	**84.0%**
Cotton lint	25,460	42,286	66.1%
Cotton seed	6,235	27,039	333.7%
Soybean	52,676	112,123	112.9%
Corn	21,052	16,507	-21.6%
Coffee	228	192	-15.8%
Others	5,278	5,971	13.1%

Our net revenue increased 65.5% in 1Q12 against 1Q11, closing the period at R$324,814 thousand, as compared to R$196,277 thousand of 1Q11, mainly due to increased average prices (except cotton) negotiated by the company and a higher volume invoiced (cotton and soybean).

(R$ thousand)	1Q11	1Q12	AH
Effect of Biological Asset on Net Revenue	**41,439**	**69,372**	**67.4%**
Cotton lint	-	-	n.m
Cotton seed	-	-	n.m
Soybean	39,601	65,167	64.6%
Corn	982	4,205	328.2%
Coffee	-	-	n.m
Others	856	-	n.m

Calculation of biological assets is performed as follows: selling price at the harvest period, net of taxes and marketing expenses (freight), subtracted of cost incurred.

Biological assets allocation value increased 67.4% in 1Q12 against 1Q11, mainly due to the increase on soybean margin at the period.

Cotton Invoiced		1Q11	1Q12	AH
Cotton lint invoiced				
Volume invoiced	Ton	25,460	42,286	66.1%
Net revenue	R$ thousand	98,836	153,807	55.6%
Unit Price	R$ thousand / Ton	3.88	3.64	-6.2%
Cotton Seed Invoiced				
Volume invoiced	Ton	6,235	27,039	333.7%
Net revenue	R$ thousand	3,131	7,499	139.5%
Unit Price	R$ thousand / Ton	0.50	0.28	-44.0%

Cotton lint invoiced in 1Q12 refers to the 2010/11 crop year production. Our net revenue from cotton lint increased 55.6% in 1Q12 against 1Q11, mainly due an increase on volume invoiced.

Soybeans Invoiced		1Q11	1Q12	AH
Volume Invoiced	Ton	52,676	112,123	112.9%
Net revenue	R$ thousand	31,273	77,451	147.7%
Unit Price	R$ thousand / Ton	0.59	0.69	16.9%

Soybeans invoiced in 1Q12 refer to 2011/12 crop year production. Our net revenue from soybeans increased 147.7%, mainly due to an increase of 112.9% volume invoiced and a 16.9% higher unit price.

Corn Invoiced		1Q11	1Q12	AH
Volume Invoiced	Ton	21,052	16,507	-21.6%
Net Revenue	R$ thousand	7,819	7,086	-9.4%
Unit Price	R$ thousand / Ton	0.37	0.43	16.2%

Corn invoiced in 1Q12 refers to 2010/11 and 2011/12 crop year. Our net revenue from corn declined 9.4% in 1Q12, mainly due to lower volume invoiced (-21.6%), partially offset by a 16.2% unit price increase.

Other revenues (excluding the effect of Biological Assets). Our net revenue regarding other revenues declined 30.3% in 1Q12 against 1Q11, to R$9,599 thousand as compared to R$13,779 thousand in 1Q11, manly due to the decrease in the FX hedge results (from R$6,989 thousand in 1Q11 to R$4,518 thousand in 1Q12)

Cost of Goods Sold

(R$ thousand)	1Q11	1Q12	AH
Cost of Goods Sold	**(121,541)**	**(220,845)**	**81.7%**
Cotton lint	(50,137)	(100,172)	99.8%
Cotton seed	(1,792)	(5,735)	220.0%
Soybean	(20,876)	(42,991)	105.9%
Corn	(2,592)	(3,183)	22.8%
Coffee	(1,222)	(726)	-40.6%
Others	(1,999)	(2,108)	5.5%
Biological Assets Allocated at Cost	(42,923)	(65,930)	53.6%

(R$ thousand)	1Q11	1Q12	AH
Biological Assets Allocated at Cost	**(42,923)**	**(65,930)**	**53.6%**
Cotton lint	(28,180)	(38,592)	36.9%
Cotton seed	(816)	(2,505)	207.0%
Soybean	(11,010)	(23,655)	114.9%
Corn	(650)	(1,907)	193.4%
Coffee	(170)	759	n.m.
Others	(2,097)	(30)	-98.6%

In 1Q12, the cost of products sold increased 81.7% as compared to 1Q11. Such variation was mainly due to a higher volume invoiced of cotton and soybean, and increased unitary costs of cotton and corn.

Cotton lint. In 1Q12, cotton lint invoiced was relative to the 2010/11 crop. The cost of cotton lint in 1Q12 showed a 99.8% increment against 1Q11, manly due to a higher (66.1%) volume invoiced combined with an increase in unitary cost of 20.3%.

Soybeans. In 1Q12, the soybean invoiced was relative to the 2011/12 crop. Soybean cost in 1Q12 was 105.9% higher than in 1Q11. The main impact was an increase on volume invoiced (112.9%) partially offset by a 3.3% reduction in the unitary cost.

Corn. In 1Q12 , the corn invoiced was relative to the 2011/12 and 2010/11 crop. Corn cost in 1Q12 was 22.8% higher than recorded in 1Q11. The main impact was a 56.6% increase in the unitary cost. This increment in the unitary cost is due the fact that in 1Q12 the majority of the volume invoiced was 1st crop corn, which has a higher cost than the 2nd crop, the majority in 1Q11.

Other products. Costs in 1Q12 were 12.0% lower than recorded in 1Q11, manly due to a reduction in the coffee volume invoice at the period.

Production Cost

The composition of our total production cost is as follows (%):

	Cotton[(1)]	Soybeans[(1)]	Corn[(1)]	Avg. 2011/12 [(1)]	Avg. 2010/11	Avg. 2009/10
Variable Costs	**73**	**64**	**75**	**71**	**69**	**73**
Seeds	3	6	16	5	4	5
Fertilizers	23	23	34	24	20	24
Defensives	22	16	6	19	19	19
Air Spraying	2	2	1	2	2	2
Fuels and lubricants	4	4	4	4	5	5
Labor	1	1	1	1	2	2
Ginning	8	3	6	6	7	6
Maintenance of machines and instruments	5	5	4	5	6	6
Others	5	4	3	5	4	4
Fixed Costs	**27**	**36**	**25**	**29**	**31**	**27**
Labor	10	10	7	10	10	9
Depreciations and amortizations	10	19	12	13	13	11
Leasings	3	3	3	2	3	3
Others	4	4	3	4	5	4

Our estimated total production cost per hectare in 2011/12 crop year is:

Total Production Cost (R$/ha)	Initially estimated 2011/12	Estimated 2011/12[(1)]	Δ%
Cotton 1st crop	*4,764*	*4,747*	-0.4%
Cotton 2nd crop	*3,432*	*3,438*	0.2%
Soybeans	1,661	1,731	4.2%
Corn 1st crop	*2,585*	*2,700*	4.4%
Corn 2nd crop	*1,349*	*1,376*	2.0%

[(1)] Amounts estimated by SLC Agrícola, as per position as of March 31, 2012, so as to allow previous evaluation of crops.

For 2011/12, we estimate that the Company's total production cost per hectare of soybean and corn (1st and 2nd crop) increased manly due to crop plague incidence, which resulted in additional pesticide application, as well as additional fertilizer application to recovery productivity, impacted by droughts at the states of Bahia and Goiás.

Gross Income

Gross income was R$103,969 in 1Q12, a nominal increase of R$29,223 thousand if compared to 1Q11. Gross income was mainly impacted by an increase on average invoice prices of soybean and corn, and also by a higher volume invoiced.

Selling Expenses

(R$ thousand)	1Q11	1Q12	AH
Freight	3,240	8,006	147.1%
Storage	2,240	2,862	27.8%
Commissions	214	524	144.9%
Classification of Goods	15	374	n.m
Export Expenses	1,404	3,444	145.3%
Others	1,223	732	-40.1%
Total	**8,336**	**15,942**	**91.2%**
% Net Revenue	**4.2%**	**4.9%**	

Our selling expenses in 1Q12 showed an increase of 91.2% against 1Q11. Such variation was mainly due to a rise in the cotton lint volume invoiced (with a good part of it destined to export) at the period, for which freights are our responsibility.

General and Administrative Expenses

(R$ thousand)	1Q11	1Q12	AH
Expenses with personnel	4,943	4,784	-3.2%
Provision for profit share program	2,484	2,730	9.9%
Fees	789	797	1.0%
Depreciations	276	713	158.3%
Expenses with Travels	257	315	22.6%
Software maintenance	261	583	123.4%
Marketing/Advertisement	753	119	-84.2%
Expenses with Communications	283	498	76.0%
Rentals	187	113	-39.6%
Labor Contingencies	147	257	74.8%
Electricity	33	48	45.5%
Taxes and other fees	290	261	-10.0%
Others	1,165	745	-36.1%
Total	**11,868**	**11,963**	**0.8%**
% Net Revenue	**6.0%**	**3.7%**	

Our general and administrative expenses were practically stable in 1Q12 compared to 1Q11

Net Financial Income

(R$ thousand)	1Q11	1Q12	AH
Revenues (expenses) with derivatives	(17,559)	(1,581)	-91.0%
Interest	(4,688)	(6,023)	28.5%
Monetary Variation	1,856	(12,740)	n.m.
FX Variation	1,515	2,965	95.7%
Other financial revenues (expenses)	941	(961)	n.m.
Total	**(17,935)**	**(18,340)**	**2.3%**
% Net Revenue	**-9.1%**	**-5.6%**	

Our net financial income was (R$18,340) thousand in 1Q12, against (R$17,935) thousand at the same period of last year. Such variation was mainly influenced by:

- Gains (losses) with derivatives: In 2011 the company had open financial hedge positions in cotton that required negative mark-to-market, manly due the price at the time, which did not happen in 2012 manly because the spot price was in line with the hedged price;
- Interest: increase in net debit between quarters of RS$ 156,176
- Monetary variation: The debt related to the purchase of land is also linked to the soybean price change in Reais, which in 1Q12 increased 12.6%
- Other revenues (financial expenditure): in 1Q12 there was tax (IOF) over FX derivatives, which did not happen in 1Q11.

Net Income

Our net income of R$33,160 thousand in 1Q12 represented a nominal increase of R$10,787 thousand as compared to R$22,373 thousand recorded in 1Q11, mainly impacted by the increment in gross income and a reduction on financial expenses, partially offset by the increase in operational expenses and taxes upon profits.

The effective tax rate on net income was 41% in 1Q12, manly due to the fact that one of the company's subsidiaries, which is taxed by presumed income, presented a taxable income, but recorded a net operating loss. The net loss was due the recognition of negative monetary variation in financial expenses (which is not included under the base of calculation for the presumed methodology). Such variation came from adjustment of debit related to land acquisition, which is tied to soybean bag price. This fact distorts the effective consolidated aliquot.

In 1Q12 the net margin was 10.2%, against a net margin of 11.4% in 1Q11.

FX and Agricultural Commodities Hedges

Company's sales revenues are mainly generated by the trading of agricultural commodities such as cotton, soybeans and corn; products which are quoted in US Dollar in international stock exchanges as the *Chicago Board of Trade* - CBOT and *Intercontinental Exchange Futures US* – ICE. Therefore, we are actively exposed to FX variation and to the prices of these commodities. For the purpose of protection against FX rate variation, financial derivative instruments are used, the portfolio of which basically comprises Non Deliverable Forward - NDF and Option agreements.

In line with Company's Risk Management Policy – which purpose is to obtain a pre- established EBITDA margin with a combination of factors such as Price, FX and Cost – most of the instruments for protection against commodity price variation are accomplished through advanced sales directly with our clients (forward contracts). Furthermore, futures and options contracts are used, traded within a stock exchange environment, and swap and options financial transactions with financial institutions. Future, swaps and options operations have their mark-to-market registered under financial income.

Following is our position in commodities hedge (in relation to the total sales volume) and FX hedges (in relation to total revenue in US Dollar) –divided into commercial hedge and financial hedge – in March 31, 2012:

Commercial (Physical Sales) and FX Hedge

	FX rate		Soybeans		Cotton	
Civil Year	%	R$ / US$	%	US$ / bushel[1] [2] [3]	%	US¢ / lb[1] [2]
2012	68	1.8262	58	13.7	76	101.8
2013	14	1.9196	14	13.3	10	92.0

[1] FOB Port.
[2] Prices in our production units are still influenced by transportation expenses.
[3] The percentage hedged includes pledges with payments of properties and leasing that correspond to 25% of crop productions of 2011/2012 and 19% of the production of 2012/13.

Commodities Financial Hedge

	Cotton			Soybean		
Civil Year	%	US¢ / lb	Base Price for MTM as of 03/31/2012	%	US$ / bushel	Base Price for MTM as of 03/31/2012
2012	13	108	92.64	8	13.5	12.5
2013	3	99.3	91.62			

NOTE: Unlike FX hedge operations, financial hedge operations for commodities, due to their nature, were not classified in 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 03/31/2012 - 92.64 US¢/lb for cotton and 12.5 US$/bushel for soybean) 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 in financial income (gain or loss), offset in equal proportion, but in reverse, in net revenue (increase or decrease), that in this case will reflect the physical sale of the product at issue.

Property, Plant and Equipment / Intangible

CAPEX (R$ thousand)	1Q12	AV
Machinery, implements and equipment	8,360	26.6%
Land acquisition	199	0.6%
Soil Correction	9,205	29.3%
Buildings and facilities	2,903	9.2%
Cotton ginning plant	3,218	10.3%
Grains Storage	2,213	7.0%
Soil cleaning	1,518	4.8%
Vehicles	2,873	9.2%
Others	903	2.9%
Total	**31,391**	

The main investments in 1Q12 were:

- R$10,723 thousand related to soil correction and cleaning of 10,492 hectares, which are being opened at Piratini, Parnaguá, Parceiro and Paineira Farms.
- R$3,218 thousand related to mill expansions and cotton ginning machine improvements for Pejuçara, Pamplona, Panorama, Planalto, and Paiaguás Farm.
- R$2,873 thousand related to vehicles acquisition at new farms (Perdizes, Parceiro, Parnaguá and Paineira)
- R$8,360 thousand related to tractors and farming implements acquisitions at new farms.

Net Debt

(R$ thousand)	Currency	% p.a.	4Q11	1Q12	AH	AV
Constitutional Funds [1]	R$	7.27%	216,672	221,135	2.1%	31.7%
Rural Credit	R$	6.75%	122,229	125,573	2.7%	18.0%
BNDES	R$	6.45%	47,848	46,752	-2.3%	6.7%
Working Capital	R$	9.02%	-	3,286	n.m.	0.5%
		7.02%	**386,749**	**396,746**	**2.6%**	**56.8%**
IFC/Trade Finance[2]	US$	3.57%	198,347	286,222	44.3%	41.0%
BNDES	ECM[3]	6.70%	471	263	-44.2%	0.04%
ACC[4]	US$	1.93%	54,464	14,894	-72.7%	2.1%
		3.49%	**253,282**	**301,379**	**19.0%**	**43.2%**
Total Indebtedness		**5.50%**	**640,031**	**698,125**	**9.1%**	**100.0%**
(-) Cash			**130,463**	**217,727**	**66.9%**	
(=) Net Debt			**509,568**	**480,398**	**-5.7%**	
Net Debt/EBITDA			**1.6x**	**1.3x**		

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

(2) The average FX rate for the Trade Finance loans was of R$/US$ 1.6712.

(3) Interest from BNDES's FX basket plus spread.

(4) The average FX rate for the ACC loan was of R$/US$ 1.8191.

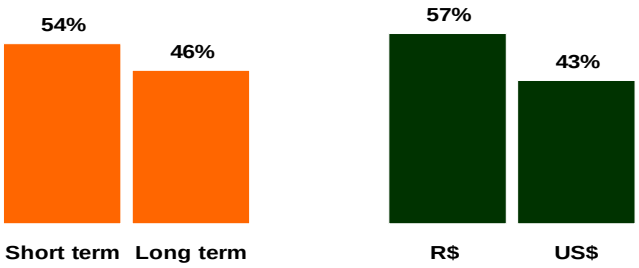
The net debt/EBITDA ratio decreased in the first quarter of 2012, compared to the end of 2011, set at 1.3 times.

Net debt decreased 5.7%, from R$509,568 thousand at the end of the fourth quarter of 2011 to R$480,398 at the end of the first quarter of 2012. This reduction was manly due positive cash generation in the period.

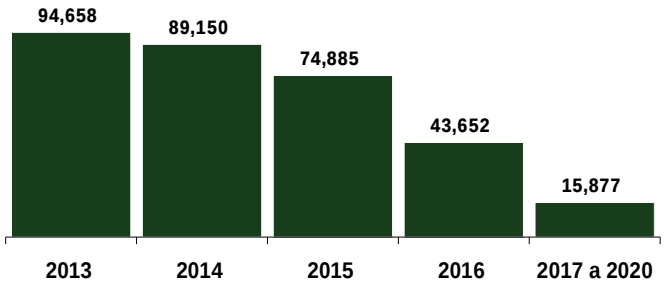
The increase in the Trade Finance lines occurred to give support to extend the maturity of the debt. There was a reduction on ACC operations, once these operations were settled according to export schedule.

The FX variation on Trade Finance operations was booked under the hedged accounting methodology.

1Q12 Debt Profile (%)



1Q12 Long-term Debt Schedule (R$ thousand)



Indicators

Return on Equity (Adjusted)

The Company believes that the calculation of Return on Equity for its business should consider, in addition to the earnings of the period, also net annual appreciation (based on the report of an independent auditor held every year) of the value of the land portfolio.

(R$ thousand)	2010	2011
Net Profit	59	160
Net Land Appreciation[1]	207	237
Subtotal	**266**	**397**
Shareholders' equity[2]	1,878	2,130
Return	**14.2%**	**18.6%**

[1] Considering Deloitte 2010 and 2011 appraisal, and applying the average land appreciation in Brazil according to consultancy Informa Economics FNP for 2011. Values are net of applicable taxes.
[2] Adjusted for land appreciation

Net Asset Value

(R$ million)	1Q12
Land*	1,756
Aquisitions after Deloitte's Appraisal	283
Infrastructure (excl. land)	727
Receivables (excl. derivatives)	108
Inventories (excl. non-cash)	207
Biological Assets (excl. non-cash)	326
Cash	218
Subtotal	**3,626**
Suppliers	40
Gross Debt	698
Outstanding debt related to land acquisitons	250
Subtotal	**988**
Net Asset Value	**2,638**
Net Asset Value per Share	**26.7**

*Deloitte's land appraisal – May 2011

Return on Net Assets (RONA)

(R$ thd)	2010	2011
Net Profit	58,612	159,992
Net Land Appreciation	207,000	237,000
Net Profit plus w/ Land Appreciation	265,612	396,992
Invested Capital	2,603,516	3,053,874
Working Capital	414,861	449,679
Net Assets[1]	2,188,655	2,604,195
Retorn	**10.2%**	**13.0%**

[1] Adjusted for land appreciation

Indicators

Changes in Working Capital

Changes in Working Capital (R$ thd)	1Q11	2Q11	3Q11	4Q11	1Q12
Assets					
Trade accounts receivable	133,660	118,636	120,830	104,852	123,538
Hedge Accounting (non-cash)	*(55,666)*	*(65,647)*	*(22,586)*	*(15,283)*	*(15,277)*
Inventories	135,649	247,081	393,397	410,416	259,321
Biological Assets (non-cash)	*(2,418)*	*(7,734)*	*(34,838)*	*(48,666)*	*(52,768)*
Recoverable Taxes	49,604	50,947	57,340	69,701	56,027
Biological Assets	333,754	338,149	284,812	264,772	390,452
Biological Assets (non-cash)	*(24,070)*	*(41,214)*	*(87,603)*	*(7,129)*	*(64,648)*
Expenses incurred in advance	6,782	12,567	13,918	6,891	5,834
Subtotal	**577,295**	**652,785**	**725,270**	**785,554**	**702,479**
Liabilities					
Suppliers	27,035	43,042	62,307	117,919	40,388
Tax and Social Obligations	17,850	16,211	15,001	24,377	16,033
Others	195,134	140,837	178,376	270,913	297,822
	(43,395)	(57,155)	(61,753)	(113,876)	(109,804)
Hedge Accounting (non-Caixa)	(35,988)	(1,265)	(36,589)	(37,349)	(20,138)
Provisions	2,496	5,048	17,089	19,648	11,361
Subtotal	**163,132**	**146,718**	**174,431**	**281,632**	**235,662**
Total	**414,163**	**506,067**	**550,839**	**503,922**	**466,817**
Change in WC	**18,727**	**91,904**	**44,772**	**-46,917**	**-37,105**

Return on Invested Capital

(R$ thd)	2010	2011
Operating Income	126,042	256,880
Taxes (%)	30.1	33.7
Taxes (nominal)	(37,939)	(86,569)
Adjusted Operating Income	88,103	170,311
Net Land Appreciation	207,000	237,000
Operating Income w/ land appreciation	295,103	407,311
	-	-
Invested Capital	2,217,368	2,639,804
Gross Debt (short and long term)	449,593	640,031
Cash	(110,219)	(130,463)
Net Debt	339,374	509,568
Shareholder's Equity[(1)]	1,877,994	2,130,236
Return on Invested Capital	**13.3%**	**15.4%**

[(1)] Adjusted for Land Appreciation

Location of Production Units

Perdizes Farm[1]
- ✓Mato Grosso
- ✓Owned Area : 28,837 ha
- ✓First crop: 2012/13

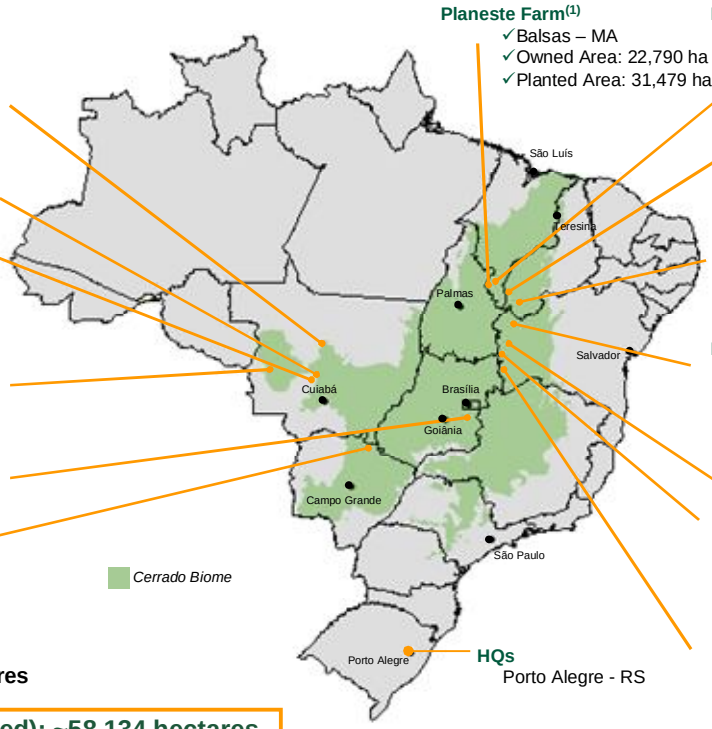
Pejuçara Farm[1]
- ✓Diamantino – MT
- ✓Owned Area: 3,379 ha
- ✓Planted Area: 16,695 ha

Paiaguás Farm[1]
- ✓Diamantino – MT
- ✓Owned Area: 30,878 ha
- ✓Planted Area: 31,634 ha

Planorte Farm[1]
- ✓Sapezal – MT
- ✓Owned Area: 23,796 ha
- ✓Planted Area: 24,682 ha

Pamplona Farm
- ✓Cristalina – GO
- ✓Owned Area: 17,384 ha
- ✓Planted Area : 17,834 ha

Planalto Farm[1]
- ✓Costa Rica – MS
- ✓Owned Area:17,437 ha
- ✓Planted Area: 17,416 ha



Planeste Farm[1]
- ✓Balsas – MA
- ✓Owned Area: 22,790 ha
- ✓Planted Area: 31,479 ha

Parnaíba Farm[1]
- ✓Tasso – MA
- ✓Owned Area: 39,334 ha
- ✓Planted Area: 35,661 ha

Parnaguá Farm
- ✓Santa Filomena – PI
- ✓Owned Area: 23,742 ha
- ✓First crop: 2012/13

Paineira Farm
- ✓Monte Alegre – PI
- ✓Owned Area: 12,872 ha
- ✓Planted Area: 3,691 ha

Parceiro Farm
- ✓Formosa do Rio Preto – BA
- ✓Owned Area: 32,816 ha
- ✓ Planted Area: 5,492

Palmares Farm
- ✓Barreiras – BA
- ✓Owned Area: 16,948 ha
- ✓Planted Area: 28,748 ha

Panorama Farm
- ✓Correntina – BA
- ✓Owned Area: 12,982 ha
- ✓Planted Area: 21,811 ha

Piratini Farm
- ✓Jaborandi – BA
- ✓Owned Area: 25,355 ha
- ✓Planted Area: 12,374 ha

HQs
Porto Alegre - RS

14 Production Units
Owned Area: 308,5k hectares

Land Bank (to be opened): ~58,134 hectares

Adherence to Arbitration Chamber

The Company is bound to arbitration with Arbitration Chamber of New Market, in compliance with arbitration clause in Company's By-laws.

Independent Auditors

Ernst & Young Terco Independent Auditors was hired by the Company to provide services of external auditor related to the examination of the Company's quarter financial reports from January to March, 2012. In compliance with CVM Instruction 381/03, we hereby inform that this auditing company did not proceed, in 2012, services non-related to external auditor for which fees were higher than 5% of the amount paid for the external auditor service.

Contacts

CNPJ no. 89.096.457/0001-55 - NIRE 43.300.047.521
Rua Bernardo Pires,no. 128 - 4th floor
CEP: 90.620 – 010 / Porto Alegre, RS

Ivo Marcon Brum
Chief Financial and Investor Relations Officer

Frederico Logemann
Investor Relations Manager

Mariana Pimentel
IR Department

Rakan Damra
IR Department

Phone: + 55 (51) 3230.7864
www.slcagricola.com.br/ri
ri@slcagricola.com.br

We make forward-looking statements that are subject to risks and uncertainties. Such statements are based on beliefs and assumptions of our Management and on information currently available to the Company. Forward-looking statements include information on our current intentions, beliefs or expectations, as well as those of the Company's Board of Directors and its Officers.
Disclaimers involving 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. They involve risks, uncertainties and assumptions because they refer to future events. Therefore, they depend on circumstances that may or may not occur. Future results and the creation of value for shareholders may differ significantly from the ones 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.

Teleconference 1Q12

Date: Friday, May 4, 2012

> Portuguese
10h00 (Brasília time)
09h00 (New York time)
14h00 (London time)
Phone.: +55 (11) 2188-0155
Code: SLC Agrícola
Replay: +55 (11) 2188-0155
Code: SLC Agrícola

>English
12h00 (Brasília time)
11h00 (New York time)
16h00 (London time)
Phone.: +1 (412) 317-6776
Code: SLC Agrícola
Replay: +1 (412) 317-0088
Code: 10013004

Appendix

Balance Sheet - Assets

(R$ thd)	2011	AV	1Q12	AV	AH
Current Assets	**987,095**	**27.5%**	**1,052,899**	**28.8%**	**6.7%**
Cash and cash equivalents	130,463	3.6%	217,727	6.0%	66.9%
Cash and cash equivalents	130,463	3.6%	217,727	6.0%	66.9%
Trade accounts receivable	104,852	2.9%	123,538	3.4%	17.8%
Clients	54,335	1.5%	68,356	1.9%	25.8%
Other receivable	50,517	1.4%	55,182	1.5%	32.1%
Advances to suppliers	17,774	0.5%	20,697	0.6%	16.4%
Derivative operations	15,283	0.4%	15,277	0.4%	0.0%
Notes and amounts receivable	13,180	0.4%	14,776	0.4%	12.1%
Other receivable	4,280	0.1%	4,432	0.1%	3.6%
Inventories	410,416	11.4%	259,321	7.1%	-36.8%
Biological Assets	264,772	7.4%	390,452	10.7%	47.5%
Cotton Lint	142,603	4.0%	270,565	7.4%	89.7%
Soybean	96,273	2.7%	69,152	1.9%	-28.2%
Corn	20,308	0.6%	44,631	1.2%	119.8%
Coffee	3,221	0.1%	5,083	0.1%	57.8%
Others	2,367	0.1%	1,021	0.0%	-56.9%
Recoverable currents taxes	69,701	1.9%	56,027	1.5%	-19.6%
Prepaid expenses	6,891	0.2%	5,834	0.2%	-15.3%
Non-Current Assets	**2,597,358**	**72.5%**	**2,603,688**	**71.2%**	**0.2%**
Long-term assets	37,589	1.0%	38,356	1.0%	2.0%
Biological Assets	14,925	0.4%	14,786	0.4%	-0.9%
Deferred taxes	143	0.0%	182	0.0%	27.3%
Other receivables	19,811	0.6%	21,048	0.6%	6.2%
Derivative operations	894	0.0%	43	0.0%	-95.2%
Notes and amounts receivable	12,967	0.4%	14,776	0.4%	14.0%
Recoverable non-current taxes	4,940	0.1%	5,197	0.1%	5.2%
Other receivable	1,010	0.0%	1,032	0.0%	2.2%
Prepaid expenses	2,710	0.1%	2,340	0.1%	-13.7%
Investments	367	0.0%	415	0.0%	13.1%
Investments	367	0.0%	415	0.0%	13.1%
Others investments	367	0.0%	415	0.0%	13.1%
Property, plant and equipment	2,549,337	71.1%	2,555,326	69.9%	0.2%
Property, plant and equipment in use	2,536,328	70.8%	2,536,789	69.4%	0.0%
Property, plant and equipment in progress	13,009	0.4%	18,537	0.5%	42.5%
Intangible assets	10,065	0.3%	9,591	0.3%	-4.7%
Intangible assets	10,065	0.3%	9,591	0.3%	-4.7%
Others	10,065	0.3%	9,591	0.3%	-4.7%
Total Assests	**3,584,453**	**100.0%**	**3,656,587**	**100.0%**	**2.0%**

Appendix

Balance Sheet - Liabilities

(R$ thd)	2011	AV	1Q12	AV	AH
Current Liabilities	**817,592**	**22.8%**	**745,505**	**20.4%**	**-8.8%**
Social security and labor liabilities	3,226	0.1%	3,421	0.1%	6.0%
Social security liabilities	3,025	0.1%	3,082	0.1%	1.9%
Labor liabilities	201	0.0%	339	0.0%	68.7%
Trade accounts payable	117,919	3.3%	40,388	1.1%	-65.7%
Trade accounts payable	117,919	3.3%	40,388	1.1%	-65.7%
Taxes payable	21,151	0.6%	12,612	0.3%	-40.4%
Federal taxes payable	20,411	0.6%	11,189	0.3%	-45.2%
Income and social contribution taxes payable	18,964	0.5%	10,667	0.3%	-43.8%
Taxes, fees and sundry contributions	1,447	0.0%	522	0.0%	-63.9%
State tax obligations	599	0.0%	1,272	0.0%	112.4%
Municipal tax obligations	141	0.0%	151	0.0%	7.1%
Loans and financing	384,735	10.7%	379,901	10.4%	-1.3%
Loans and financing	384,735	10.7%	379,901	10.4%	-1.3%
Denominated in Reais	277,401	7.7%	285,318	7.8%	2.9%
Denominated in other currencies	107,334	3.0%	94,583	2.6%	-11.9%
Others payable	270,913	7.6%	297,822	8.1%	9.9%
Others payable	270,913	7.6%	297,822	8.2%	9.9%
Notes payable	113,876	3.2%	109,804	3.0%	-3.6%
Advances from customers	67,613	1.9%	113,841	3.1%	68.4%
Derivative operations	37,349	1.0%	20,138	0.6%	-46.1%
Dividends payable	38,654	1.1%	38,654	1.1%	0.0%
Lease	4,704	0.1%	9,069	0.2%	92.8%
Other liabilities	8,717	0.2%	6,316	0.2%	-27.5%
Provision	19,648	0.5%	11,361	0.3%	-42.2%
Provision pension, tax, labor and civil	19,648	0.5%	11,361	0.3%	-42.2%
Tax proivions	160	0.0%	160	0.0%	0.0%
Unfunded social security and labor	5,580	0.2%	6,919	0.2%	23.1%
Provisions for employee benefit	12,570	0.4%	2,687	0.1%	-78.6%
Provision for labor contingencies	1,338	0.0%	1,595	0.0%	19.2%
Non-Current Liabilities	**846,625**	**23.6%**	**940,587**	**25.7%**	**11.1%**
Loans and financing	255,296	7.1%	318,224	8.7%	24.6%
Loans and financing	255,296	7.1%	318,224	8.7%	24.6%
Denominated in Reais	109,349	3.1%	111,428	3.0%	1.9%
Denominated in other currencies	145,947	4.1%	206,796	5.7%	41.7%
Other liabilities	134,607	3.8%	144,140	3.9%	7.1%
Notes payable	128,505	3.6%	139,804	3.8%	8.8%
Derivative operations	5,554	0.2%	3,788	0.1%	-31.8%
Other liabilities	548	0.0%	548	0.0%	0.0%
Deferred taxes	456,722	12.7%	478,223	13.1%	4.7%
Equity	**1,920,236**	**53.6%**	**1,970,495**	**53.9%**	**2.6%**
Paid-up capital	557,434	15.6%	557,434	15.2%	0.0%
Capital reserves	172,954	4.8%	174,333	4.8%	0.8%
Premium on issue of shares	176,534	4.9%	176,534	4.8%	0.0%
Options granted	15,952	0.4%	17,331	0.5%	8.6%
Treasury shares	-19,532	-0.5%	-19,532	-0.5%	0.0%
Income reserves	287,295	8.0%	287,295	7.9%	0.0%
Legal reserve	2,851	0.1%	2,851	0.1%	0.0%
Profit retention reserve	5,628	0.2%	5,628	0.2%	0.0%
Expansion reserve	278,816	7.8%	278,816	7.6%	0.0%
Retained earnings/accumulated losses	-	0.0%	37,142	1.0%	n.m.
Others comprehensive income	902,553	25.2%	914,291	25.0%	1.3%
Total Liabilities	**3,584,453**	**100.0%**	**3,656,587**	**100.0%**	**2.0%**

Income Statement

(R$ thd)	1Q11	1Q12	AV	AH
Net Revenue	**196,277**	**324,814**	**100.0%**	**65.5%**
Cotton lint	98,836	153,807	47.4%	55.6%
Cotton seed	3,131	7,499	2.3%	139.5%
Soybean	31,273	77,451	23.8%	147.7%
Corn	7,819	7,086	2.2%	-9.4%
Coffee	1,833	1,307	0.4%	-28.7%
Others	4,957	3,774	1.2%	-23.9%
FX Hedge	6,989	4,518	1.4%	-35.4%
Fair value of biological assets	41,439	69,372	21.4%	67.4%
Cost of good solds	**(121,541)**	**(220,845)**	**-68.0%**	**81.7%**
Cotton lint	(50,137)	(100,172)	-30.8%	99.8%
Cotton seed	(1,792)	(5,735)	-1.8%	220.0%
Soybean	(20,876)	(42,991)	-13.2%	105.9%
Corn	(2,592)	(3,183)	-1.0%	22.8%
Coffee	(1,222)	(726)	-0.2%	-40.6%
Others	(1,999)	(2,108)	-0.6%	5.5%
Biological Assets	(42,923)	(65,930)	-20.3%	53.6%
Gross Income	**74,736**	**103,969**	**32.0%**	**39.1%**
Operating income (expenses)	**(22,604)**	**(28,733)**	**-8.8%**	**27.1%**
Selling expenses	(8,336)	(15,942)	-4.9%	91.2%
General and administrative expenses	(11,868)	(11,963)	-3.7%	0.8%
Honorarium Administration	(1,617)	(1,453)	-0.4%	-10.1%
Others operating revenues	-	625	0.2%	n.m
Others operating expenses	(783)	-	0.0%	n.m
Result before the financial result and taxes	**52,132**	**75,236**	**23.2%**	**44.3%**
Financial result	**(17,935)**	**(18,340)**	**-5.6%**	**2.3%**
Financial revenue	27,072	28,370	8.7%	4.8%
Financial expenses	(45,007)	(46,710)	-14.4%	3.8%
Result before of taxes on profits	**34,197**	**56,896**	**17.5%**	**66.4%**
Income Taxes and social contribution on the profit	**(11,824)**	**(23,736)**	**-7.3%**	**100.7%**
Current	(4,841)	(9,969)	-3.1%	105.9%
Deffered	(6,983)	(13,767)	-4.2%	97.2%
Profit / loss consolidated period	**22,373**	**33,160**	**10.2%**	**48.2%**

Added-Value Statement

(R$ thd)	1Q11	1Q12	AH
Revenues	**214,115**	**350,969**	**63.9%**
Sale of goods, products and services	164,808	263,114	59.6%
Others revenues	49,307	87,855	78.2%
Revenues related to construction of own assets	9,176	15,943	73.7%
Fair value of biological assets	40,462	69,372	71.4%
Others revenues	(331)	2,540	n.m.
Inputs purchased from third parties	(117,544)	(202,846)	**72.6%**
Cost of goods and services sold	(550)	(1,639)	198.0%
Materiais, energy, outsourced services and other	(29,987)	(64,095)	113.7%
Loss/ recovery of asset values	(2,268)	166	n.m.
Others	(84,739)	(137,278)	62.0%
Raw materiais consumed	(41,816)	(71,349)	70.6%
Biological Assets	(42,923)	(65,929)	53.6%
Gross value added	96,571	148,123	**53.4%**
Retentions	(9,465)	(21,135)	**123.3%**
Depreciation and amortization	(9,465)	(21,135)	**123.3%**
Reduced net added value	87,106	126,988	**45.8%**
Value added received in transfer	34,105	32,937	**-3.4%**
Financial Revenue	34,061	32,888	**-3.4%**
Others	44	49	**11.4%**
Total value added to be distributed	121,211	159,925	**31.9%**
Value added distribution	121,211	159,925	**31.9%**
Personnel	17,471	29,003	**66.0%**
Direct remuneration	10,022	16,992	**69.5%**
Benefits	6,646	10,139	**52.6%**
F.G.T.S.	803	1,872	**133.1%**
Taxes, charges and compulsory contributions	34,761	46,386	**33.4%**
Federal	29,277	40,426	**38.1%**
State	5,455	5,960	**9.3%**
Municipal	29	-	**n.m.**
Remuneration of third party capital	46,606	51,376	**10.2%**
Interest	44,736	46,112	**3.1%**
Rental	1,870	5,264	**181.5%**
Remuneration of own capital	22,373	33,160	**48.2%**
Retained earnings/accumulated losses	22,373	33,160	**48.2%**

Cash Flow Statement

(R$ thd)	1Q11	1Q12	AH
Net Cash from operating activies	**47,955**	**65,033**	**35.61%**
Cash from operations	**29,002**	**74,617**	**157.28%**
Net income (loss)before IRPJ/CSLL	34,197	56,896	66.38%
Depreciation and amortizartion	21,109	21,135	0.12%
Result from permanent assets disposed of	1,423	2,381	67.32%
Capital gains (loss) on investments	-	-	-
Interest on exchange movement and monetary adjustment on loans	9,599	5,666	-40.97%
Equity valuation adjustment	6,328	15,718	148.39%
Variation on Biological Assets	(41,439)	(3,443)	-91.69%
Provision for current IRPJ and CSLL	(4,841)	(9,969)	105.93%
Deferred taxes	2,626	(13,767)	n.m
Changes in assets and liabilities	**18,953**	**9,584**	**-150.57%**
Clients	8,510	(14,021)	n.m
Inventories and Biological Assets	1,039	31,356	n.m
Recoverable currents taxes	2,149	13,417	524.34%
Derivative operations	(2,754)	857	n.m
Others receivable	2,439	(4,973)	n.m
Suppliers	(67,939)	(77,531)	14.12%
Fiscal and social obligations	4,076	(8,345)	n.m
Derivative operations	(691)	(18,977)	n.m
Notes payables	(9,657)	7,227	n.m
Short-term investments	1,633	-	n.m
Advances from customers	8,510	46,228	443.22%
Other liabilities	71,638	15,178	-78.81%
Net cash from investing activies	**(26,309)**	**(31,578)**	**20.03%**
In investments	-	(48)	n.m
In fixed assets	(25,978)	(31,391)	20.84%
In intangibles	(331)	(139)	-58.01%
Net cash fron financing activies	**67,947**	**53,809**	**-20.81%**
Share option plan	3,106	1,379	-55.60%
Loans and financing	83,785	96,586	15.28%
Repayments of loans and financing	(18,944)	(44,156)	133.09%
FX variation over cash equivalents	**-**	**-**	-
Increase (decrease) in cash and cash equivalents	**89,593**	**87,264**	-2.60%
Opening balance of cash and cash equivalents	**110,219**	**130,463**	18.37%
Closing balance of cash and cash equivalents	**199,812**	**217,727**	8.97%

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$/bushel	2.2046 US$/saca	

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.

1. Operations

The corporate objective of SLC Agrícola S.A., founded in 1977 (hereinafter referred to as “parent company”, “SLC”, or the “Company”) and its subsidiaries involves agriculture and livestock activities; the production and sale of seeds and seedlings; the processing and sale of their products, also importing and exporting goods for their own use; the supply of primary agricultural and livestock commodities and products in general; the provision of services involving handling, cleaning, drying and storing third party’s cereal grains; the supply of services involving agricultural machinery and tools to third parties; the sale, import and export of agricultural products; agribusiness activities involving the processing of sugar cane, ethanol and its by-products; equity interest in other companies.

Company is headquartered in the city of Porto Alegre, state of Rio Grande do Sul.

On September 1, 2011, the Company started growing its 2011/2012 harvest, operating with twelve production units over a total planted area of 250.2 thousand, among its own and leased areas located in six Brazilian states: Mato Grosso, Mato Grosso do Sul, Goiás, Bahia, Piaui and Maranhão.

2. Summary of significant accounting practices

2.1 Basis of preparation and presentation of the financial statements

The individual and consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil and the standards of the Brazilian Securities and Exchange Commission (CVM), in light of accounting pronouncements, constructions and guidelines issued by the Brazilian FASB (CPC).

The consolidated financial statements were also prepared according to the IFRS, issued by the International Accounting Standards Board IASB.

The authorization for preparation of these financial statements was granted on the Board of Directors’ meeting held on April 23, 2012.

2.2 Practices

The practices and calculation methods applied to this quarterly information are the same as for the preparation of the financial statements for the year ended December 31, 2011, as described notes 2.2 to 2.26 to those financial statements. There are no changes in the Company’s operations, unusual items, changes in estimates, change in Company’s shareholding or other event that would require special disclosure.

3. Significant judgments, estimates and assumptions

3.1 Judgments

Preparation of these financial statements requires Company management to make judgments and estimates, as well as adopt assumptions that affect the amounts of revenues, expenses, assets and liabilities, as well as the contingent liabilities at financial statements base date. However, the uncertainty related to these assumptions and estimates may lead to results requiring material adjustments to the book value of assets or liabilities affected in future periods.

3.2 Estimates and assumptions

The main assumptions related to sources of uncertainties in future estimates and other significant sources of uncertainties in estimates at balance sheet date, which may lead to material adjustments to assets and liabilities book value in the next fiscal year are presented below.

(i) Share-based payment transactions

The Company measures the cost of transactions with employees – settled with shares – based on fair value of the equity instruments on the date they are granted. To estimate the fair value of share-based payments, it is necessary to determine the most adequate valuation model for granting equity instruments, which depends on the granting terms and conditions. It is also necessary to determine the most adequate data for the valuation model, including the estimate life of the stock option plans, volatility and profitability of dividends and corresponding assumptions. The assumptions and models used to estimate the fair value of share-based payments are presented in Note 22.

(ii) Taxation

There are uncertainties in relation to the construction of complex tax rules, as well as to the amount and time of future taxable profits. Given the comprehensive aspect of the international business relations, as well as the long-term nature and complexity of the existing contracts, differences between actual P&L and assumptions adopted or future changes in these assumptions, would require future adjustments in tax gains and losses already recorded. Company has set up provisions based on the applicable estimates for possible auditing consequences caused by tax authorities from the respective jurisdictions in which they operate. The amount of these provisions is based on various factors, such as previous fiscal audits and different constructions of the tax legislation by the taxable entity and by the responsible tax authority. These different constructions may arise from a wide range of subjects, depending on the effective conditions at the Company's and its subsidiaries' domicile.

3. Significant judgments, estimates and assumptions (Continued)

3.2 Estimates and assumptions (Continued)

(ii) Taxation - continued

Deferred tax assets are recognized for all unused tax losses to the extent it is probable that there is taxable profit enabling the use of these losses. A significant judgment by Company management is necessary to determine the deferred tax assets which can be recognized based on probable term and level of future taxable profits, together with future strategies of tax planning.

(iii) Fair value of financial instruments

When the fair value of financial assets and liabilities presented in the balance sheets cannot be obtained from active markets, it is determined by means of valuation techniques, including the discounted cash flow method. The data used for these methods is based on market conditions, whenever possible. However, in case it is not viable, a certain judgment level is required to determine the fair value. Judgment comprises considerations on the liquidity risk, credit and volatility risks, etc., of the data used. Changes in the assumptions related to these factors would affect the fair value of the financial instruments.

(iv) Definition and review of useful live of fixed assets and intangible.

The useful life of fixed assets and intangible are established based in assumptions considering historical and forecast depreciation and amortization, with may differ significantly from the original amount estimated.

(v) Loss by impairment of non-financial assets;

(vi) Fair value of biological assets;

(vii) Provision for tax, civil and labor risks.

4. Consolidated financial statements

The consolidated financial statements include the operations of the Company and the following subsidiaries, whose percentage share at balance sheet date is as follows:

Companies	Direct subsidiaries %	Indirect subsidiaries %	Core activities	Locations
Fazenda Planorte Empreendimentos Agrícolas Ltda.	100	-	Cotton, soybean and corn.	Mato Grosso – MT
Fazenda Paiaguás Empreendimentos Agrícolas Ltda	100	-	Cotton, soybean and corn.	Mato Grosso – MT
Fazenda Parnaíba Empreendimentos Agrícolas Ltda.	100	-	Cotton, soybean and corn.	Maranhão – MA
SLC Empreendimentos e Agricultura Ltda.	85.04	14.96	Lease of plantation fields.	Rio Grande do Sul – RS
SLC Agrícola Pejuçara Ltda.	86.93	13.07	Cotton, soybean and corn.	Mato Grosso – MT
SLC LandCo Empreendimentos Agrícolas Ltda.	-	100	Purchase and sale, lease, construction and administration of properties.	Rio Grande do Sul – RS
Fazenda Planeste Empreendimentos Agrícolas Ltda.	-	100	Purchase and sale, lease, construction and administration of properties.	Rio Grande do Sul – RS
Fazenda Piratini Empreendimentos Agrícolas Ltda	-	100	Purchase and sale, lease, construction and administration of properties.	Rio Grande do Sul – RS
Fazenda Panorama Empreendimentos Agrícolas Ltda.	-	100	Purchase and sale, lease, construction and administration of properties.	Rio Grande do Sul – RS

The subsidiaries' fiscal year coincide with the Company's fiscal year and the accounting practices were uniformly applied to the consolidated companies and are consistent with those used in the previous year.

Main consolidation procedures:

- Balances elimination on assets and liabilities accounts between consolidated companies;
- Elimination of investment in capital, reserves and retained earnings of consolidated companies;
- Balances elimination in revenues and expenses, and unrealized profits arising from intercompany transactions;
- Determination of taxes over unrealized profits, presented as deferred taxes at consolidated balance sheet.

4. Consolidated financial statements (Continued)

Net income reconciliation between company and consolidated is summarized below:

	03/31/12	03/31/11
Net income – Company	33,845	22,151
Gains (losses) unrealized with hedge instruments, net of tax effect	(685)	222
Net income - Consolidated	33,160	22,373

Transactions that generate differences between company and consolidated net proft refers to gains or losses unrealized with hedge operations contracted by company and subsidiaries, in order to protect the consolidated operations, and not necessarily the company that hired the instrument.
In this situation, the ineffectiveness result is released against the exercise result on the contracting company. However, when analyzed on a consolidated basis the operation is configured as hedge accounting, and their effects recorded in "Equity Adjustments" over net equity consolidated.
NDF's (Non Deliverable Forwards) are the hired instruments, qualified as "Cash Flow Hedge" in order to protect future sales. These operations are hired based on future projections of consolidated sales that are effective between 80% -125%.

5. Cash and cash equivalents

		Company		Consolidated	
Type	Remuneration	03/31/12	12/31/11	03/31/12	12/31/11
Cash and cash equivalents	-	**126**	23,110	**207**	46,314
Interbank deposits (CDB-DI)	100.21% of CDI*	**80,303**	20,092	**111,584**	39,819
Bank Deposit Certificates	102.35% of CDI*	**73,603**	34,072	**105,510**	42,952
Short-term Funds	98.83% of CDI*	**10**	969	**10**	969
Other investments	-	**285**	280	**416**	409
		154,327	78,523	**217,727**	130,463

* Average remuneration on march 31, 2012.

Short-term investments are represented by Bank Deposit Certificates (CDB), repurchase and resale agreements (debentures) and short-term funds at market prices and rates, restated at interest earned through March 31, 2012, not exceeding trading value.

6. Trade accounts receivable

	Company		Consolidated	
	03/31/12	12/31/11	**03/31/12**	12/31/11
Domestic market	**16,133**	7,561	**31,153**	15,246
Foreign market	**15,945**	21,011	**37,203**	39,089
Total	**32,078**	28,572	**68,356**	54,335

At March 31, 2012 and December 31, 2011, the Company and its subsidiaries had no overdue notes receivables which payment was considered uncertain and therefore did not record any doubtful account.

7. Inventories

	Company		Consolidated	
	03/31/12	**12/31/11**	**03/31/12**	**12/31/11**
Agricultural products	**78,390**	119,533	**160,016**	173,895
Agricultural products – Crop expenses	**55,806**	88,025	**107,248**	125,229
Agricultural products – biological asset adjustment	**22,584**	31,508	**52,768**	48,666
Seeds, manure, fertilizers and pesticides	**55,321**	138,195	**81,599**	200,671
Advances to suppliers	**2,611**	11,015	**4,300**	22,361
Other inventories	**9,556**	10,801	**14,044**	14,907
Provision for inventories adjustment	**(638)**	(801)	**(638)**	(804)
Inventories losses	**-**	(319)	**-**	(614)
	145,240	278,424	**259,321**	410,416

On March 31, 2012, the Company recorded a provision for adjustment to market value of R$ 638 (Company and Consolidated) and reversed the provision to inventories losses of R$319 (R$614 consolidated), as follows:

Provision to Market Value Adjustment:

	Company	Consolidated
Balance on December 31, 2011	(801)	(804)
Provision Constitution	(2,161)	(2,161)
(-) Provision Reversal	2,324	2,327
Balance on March 31, 2012	(638)	(638)

7. **Inventories** (Continued)

Inventories Losses:

	Company	Consolidated
Balance on December 31, 2011	(319)	(614)
Provision Constitution	-	-
(-) Provision Reversal	319	614
Balance on March 31, 2012	-	-

8. Biological assets

	COMPANY						
	Current						Non-current
	Soybean	Cotton	Corn	Coffee	Other	Total	Coffee
Balances on December 31, 2011	44,849	96,984	18,198	3,270	2,440	165,741	14,925
Crop expenses	31,473	121,409	16,671	1,139	436	171,128	-
Fair value variation	22,689	(1,564)	3,237	-	-	24,362	-
Harvest	(50,995)	(20,364)	(5,525)	760	(1,726)	(77,850)	(139)
Balances on March 31, 2012	**48,016**	**196,465**	**32,581**	**5,169**	**1,150**	**283,381**	**14,786**

	CONSOLIDATED						
	Current						Non-current
	Soybean	Cotton	Corn	Coffee	Other	Total	Coffee
Balances on December 31, 2011	96,273	142,603	20,308	3,221	2,367	264,772	14,925
Crop expenses	58,171	177,900	26,756	1,102	380	264,309	-
Fair value variation	62,975	(1,564)	3,237	-	-	64,648	-
Harvest	(148,267)	(48,374)	(5,670)	760	(1,726)	(203,277)	(139)
Balances on March 31, 2012	**69,152**	**270,565**	**44,631**	**5,083**	**1,021**	**390,452**	**14,786**

Crop expenses are substantially represented by expenses with: seeds, fertilizers, pesticides, depreciation and labor.

8. Biological assets (Continued)

Soybean, corn and cotton crops usually take place during the following periods:

Unit	Location	Crop		
		Soybean	Cotton	Corn
Planalto farm	Costa Rica-MS	10/01 to 03/20	12/05 to 08/15	01/25 to 07/10
Paiaguás farm	Diamantino-MT	09/20 to 03/15	12/10 to 08/15	01/25 to 07/10
Pejuçara farm	Diamantino-MT	09/20 to 03/15	12/10 to 08/15	01/25 to 07/10
Planorte farm	Sapezal-MT	09/20 to 03/10	12/15 to 08/15	01/25 to 07/10
Pamplona farm	Cristalina-GO	10/25 to 04/15	11/05 to 08/15	10/20 to 04/30
Parnaíba farm	Tasso Fragoso-MA	10/25 to 04/05	12/15 to 08/10	12/01 to 05/15
Planeste farm	Balsas-MA	10/15 to 03/30	12/20 to 08/15	12/10 to 07/10
Panorama farm	Correntina-BA	11/01 to 04/25	No plantation	No plantation
Piratini farm	Jaborandi-BA	11/01 to 04/25	11/20 to 08/10	No plantation
Palmares farm	Barreiras-BA	11/01 to 04/25	11/20 to 08/10	No plantation
Parceiro farm	Coaceral – BA	11/01 to 04/25	No plantation	No plantation
Paineira Farm	Monte Alegre do Piaui-PI	11/01 to 03/30	No plantation	No plantation
Perdizes Farm*	Porto dos Gaúchos - MT	09/20 to 03/15	No plantation	01/25 to 07/10

* First crop: 2012/13

9. Recoverable taxes

	Company		Consolidated	
	03/31/12	12/31/11	31/03/12	12/31/11
Income tax	**4,550**	7,310	**8,282**	21,725
Social contribution tax	**4**	19	**3,377**	6,913
ICMS	**23,156**	21,007	**29,855**	27,990
COFINS	**4,347**	2,765	**14,785**	12,612
PIS	**944**	601	**3,556**	3,085
Withholding income tax (IRRF)	**612**	1,655	**859**	1,839
Other	**411**	411	**510**	477
	34,024	33,768	**61,224**	74,641
(-) Current assets	**(30,095)**	(30,095)	**(56,027)**	(69,701)
Non-current assets	**3,929**	3,673	**5,197**	4,940

Income and social contribution taxes

These refer to income and social contribution tax prepayments that are realized through offset against federal taxes and contributions due.

ICMS, PIS and COFINS to be offset / recovered

These refer to credits generated in the normal course of operations of the Company and its subsidiaries, which may be offset against taxes of the same nature. The Company's management expects that the balances as of March 31, 2012 will be realized in their normal course of business with no significant losses.

Recoverable IRRF

This refers to withholding income tax on short-term investments. These credits are realizable through offset against federal taxes and mandatory contributions due.

10. Investments

	Company		Consolidated	
	03/31/12	12/31/11	**03/31/12**	12/31/11
Investments in subsidiaries	**1,541,923**	1,523,663	**-**	-
Other investments	**151**	121	**415**	367
	1,542,074	1,523,784	**415**	367

Significant investments in subsidiaries, valued by the equity accounting method, are shown in the table below:

	Fazenda Parnaíba Emp.Agri Ltda.	**Fazenda Planorte Emp.Agri. Ltda.**	**Fazenda Paiaguás Emp.Agri Ltda.**	**SLC Agrícola Pejuçara Ltda.**	**SLC Empreendimentos e Agri. Ltda. (1) e (2)**	**03/31/12**	**12/31/12**
Capital	45,650	57,050	40,010	26,456	373,285		
Equity	224,649	204,441	217,251	36,122	1,016,205		
Net income (losses) for the year	17,098	(1,760)	2,361	4,721	(8,694)		
Number of shares/units of interest							
Common shares (thousand)	5,353	11,506	44,517	46,542	-		
Participation Percentage (%)	100%	100%	100%	86.93%	85.04%		
Opening balances	206,706	205,460	212,178	27,290	872,029	**1,523,663**	1,364,105
Capital Internalization	-	-	-	-	-	**-**	115,027
Fair Value	-	-	33	-	190	**223**	-
Gains (losses) with unrealized hedge instruments	845	741	2,792	7	-	**4,385**	(12,501)
Gains (losses) on invested capital	-	-	(113)	-	(644)	**(757)**	(238)
Equity pickup	17,098	(1,760)	2,361	4,104	(7,394)	**14,409**	57,270
Ending balances	224,649	204,441	217,251	31,401	864,181	**1,541,923**	1,523,663

(1) The equity were adjusted on the value of R$16,569 and net income on the value of R$2,822 referring to unrealized results between companies, net of tax effects.

(2) The company controls 100% of SLC Empreendimentos e Agricultura Ltda. through the subsidiary Fazenda Paiaguás Empreendimentos Agrícolas S.A.

(3) The company controls 100% of SLC Agrícola Pejuçara Ltda. through the subsidiary Fazenda Paiaguás Empreendimentos Agrícolas S.A.

11. Property, plant and equipment

Company

Property, plant and equipment cost	Balance at 12/31/2011	Acquisitions	Disposals	Transfers	**Balance at 03/31/2012**
Arable land	6,070	-	-	-	**6,070**
Soil development	181,316	9,159	-	(3)	**190,472**
Buildings and improvements	68,465	254	-	11	**68,730**
Agricultural equipment and industrial facilities	320,528	9,390	(3,419)	(3)	**326,496**
Vehicles	16,347	1,644	(319)	(512)	**17,160**
Furniture and Fixtures	7,438	252	(10)	-	**7,680**
Office equipment and facilities	3,625	151	(12)	-	**3,764**
Permanent crops	142	12	(8)	539	**685**
Advances to suppliers	13,113	182	-	-	**13,295**
Work in progress	11,886	4,885	-	(32)	**16,739**
Total	628,930	25,929	(3,768)	-	**651,091**

Depreciation	Balance at 12/31/2011	Acquisitions	Disposals	Transfers	**Balance at 03/31/2012**
Soil development	90,012	8,787	-	-	**98,799**
Buildings and improvements	4,965	545	-	-	**5,510**
Agricultural equipment and industrial facilities	93,508	6,399	(630)	-	**99,277**
Vehicles	7,598	320	(335)	-	**7,583**
Furniture and Fixtures	1,378	152	(2)	-	**1,528**
Office equipment and facilities	2,198	98	(19)	-	**2,277**
Total	199,659	16,301	(986)	-	**214,974**

Net residual value	Balance at 12/31/2011	**Balance at 03/31/2012**
Arable land	6,070	**6,070**
Soil development	91,304	**91,673**
Buildings and improvements	63,500	**63,220**
Agricultural equipment and industrial facilities	227,020	**227,219**
Vehicles	8,749	**9,577**
Furniture and Fixtures	6,060	**6,152**
Office equipment and facilities	1,427	**1,487**
Permanent crops	142	**685**
Advances to suppliers	13,113	**13,295**
Work in progress	11,886	**16,739**
Total	429,271	**436,117**

11. **Property, plant and equipment** (Continued)

Consolidated

Property, plant and equipment cost	Balance at 12/31/2011	Acquisitions	Disposals	Transfers	**Balance at 03/31/2012**
Arable land	1,828,195	199	-	2	**1,828,396**
Soil development	271,616	10,724	-	(2)	**282,338**
Buildings and improvements	186,470	503	-	47	**187,020**
Agricultural equipment and industrial facilities	535,841	10,594	(2,754)	(335)	**543,346**
Vehicles	25,708	2,872	(462)	(209)	**27,909**
Furniture and Fixtures	8,992	383	(21)	24	**9,378**
Office equipment and facilities	8,658	202	(12)	-	**8,848**
Permanent crops	4,347	15	(14)	541	**4,889**
Advances to suppliers	15,191	303	-	-	**15,494**
Work in progress	13,009	5,596	-	(68)	**18,537**
Total	2,898,027	31,391	(3,263)	**-**	**2,926,155**

Depreciation	Balance at 12/31/2011	Acquisitions	Disposals	Transfers	**Balance at 03/31/2012**
Soil development	143,071	12,175	-	-	**155,246**
Buildings and improvements	30,341	1,260	-	-	**31,601**
Agricultural equipment and industrial facilities	158,510	8,712	(550)	-	**166,672**
Vehicles	11,720	421	(306)	-	**11,835**
Furniture and Fixtures	2,032	180	(7)	-	**2,205**
Office equipment and facilities	3,016	190	(19)	-	**3,187**
Permanent crop	-	83	-	-	**83**
Total	348,690	23,021	(882)	**-**	**370,829**

Net residual value	Balance at 12/31/2011	**Balance at 03/31/2012**
Arable land	1,828,195	**1,828,396**
Soil development	128,545	**127,092**
Buildings and improvements	156,129	**155,419**
Agricultural equipment and industrial facilities	377,331	**376,674**
Vehicles	13,988	**16,074**
Furniture and Fixtures	6,960	**7,173**
Office equipment and facilities	5,642	**5,661**
Permanent crops	4,347	**4,806**
Advances to suppliers	15,191	**15,494**
Work in progress	13,009	**18,537**
Total	2,549,337	**2,555,326**

At March 31, 2012, work and fixed assets in progress were substantially represented by construction and refurbishment of storage units on Planeste and Panorama costing R$ 9,836, infrastructure works (improvements, roads, warehouses, etc.) costing R$ 2,398, improvements on cotton warehouse on Pejuçara, Palmares and Panorama on the amount of R$ 1,046 and grains benefiting unit on Panorama on the amount of R$ 857. The cost of capitalized loans for the first quarter of 2012 totaled R$225 (R$ 379 on March 31, 2011).

12. Transactions with related parties

a) Balances of transactions with related parties

	Assets			Liabilities		
	Current	Non-current		Current		
	Receivables from related(1)	Loans to receive	Advances for future capital increase	Lease transaction payable	Other accounts payable	Loans payable
Fazenda Planorte Emprendimentos Agrícolas Ltda						
Balance on 03/31/2012	-	1,084	-	-	-	1,412
Balance on 12/31/2011	-	-	-	-	-	2,728
Fazenda Parnaíba Emprendimentos Agrícolas Ltda						
Balance on 03/31/2012	1,962	3,588	-	-	-	-
Balance on 12/31/2011	3,610	17,289	-	-	-	-
Fazenda Paiaguás Emprendimentos Agrícolas Ltda						
Balance on 03/31/2012	-	1	-	-	-	48
Balance on 12/31/2011	142	5	-	-	-	-
SLC Agrícola Pejuçara Ltda	330	-	-	-	-	5
Balance on 03/31/2012	186	-	-	-	-	4
Balance on 12/31/2011						
SLC Empreendimentos e Agricultura Ltda						
Balance on 03/31/2012	12,890	1,940	13,826	-	-	-
Balance on 12/31/2011	16,399	-	1,347	-	-	-
SLC LandCo Empreendimentos Agrícolas Ltda						
Balance on 03/31/2012	-	76	-	-	-	-
Balance on 12/31/2011	-	75	-	-	-	-
Fazenda Panorama Empreendimentos Agrícolas Ltda						
Balance on 03/31/2012	-	1	-	3,085	-	-
Balance on 12/31/2011	-	1	-	2,267	-	-
Fazenda Planeste Empreendimentos Agrícolas Ltda						
Balance on 03/31/2012	-	-	-	4,428	-	-
Balance on 12/31/2011	-	-	-	3,195	-	-
Fazenda Piratini Empreendimentos Agrícolas Ltda						
Balance on 03/31/2012	-	-	-	826	-	-
Balance on 12/31/2011	-	-	-	467	-	-
Others related parties						
Balance on 03/31/2012	54	-	-	-	201	-
Balance on 12/31/2011	2	-	-	-	141	-
Total						
Balance on 03/31/2012	**15,236**	**6,690**	**13,826**	**8,339**	**201**	**1,465**
Balance on 12/31/2011	20,339	17,370	1,347	5,929	141	2,732

12. Transactions with related parties (Continued)

a) Balances of transactions with related parties (Continued)

The Company and its subsidiaries have loan agreements represented by current accounts, indexed to 99% of the CDI-OVER rate nominal variation, maturing in indeterminate periods.

SLC Participações S.A. is the parent of the Company. There is no transaction held with the parent, except for payment of dividends.

Below we show the transactions value between related parties.

	Commodities sales/ Products/ Fixed Assets	Leasing Cost	Goods Purchase/ Products	Financial Income – Interest	Financial Expenses - Interest
Fazenda Planorte Emprendimentos Agrícolas Ltda					
Balance on 03/31/2012	1,203	-	-	1	-
Balance on 03/31/2011	-	-	-	13	-
Fazenda Parnaíba Emprendimentos Agrícolas Ltda					
Balance on 03/31/2012	141	-	153	229	-
Balance on 03/31/2011	-	-	-	-	20
Fazenda Paiaguás Emprendimentos Agrícolas Ltda					
Balance on 03/31/2012	340	-	-	-	-
Balance on 03/31/2011	-	-	-	-	126
SLC Agrícola Pejuçara Ltda.					
Balance on 03/31/2012	121	-	-	-	-
Balance on 03/31/2011	-	-	-	-	-
SLC Empreendimentos e Agricultura Ltda					
Balance on 03/31/2012	-	3,569	-	12	-
Balance on 03/31/2011	-	2,358	-	-	-
SLC LandCo Empreendimentos Agrícolas Ltda					
Balance on 03/31/2012	-	-	-	2	-
Balance on 03/31/2011	-	-	-	-	-
Fazenda Panorama Empreendimentos Agrícolas Ltda					
Balance on 03/31/2012	-	461	-	-	-
Balance on 03/31/2011	-	-	-	-	-
Fazenda Planeste Empreendimentos Agrícolas Ltda					
Balance on 03/31/2012	-	670	-	-	-
Balance on 03/31/2011	-	-	-	-	-
Fazenda Piratini Empreendimentos Agrícolas Ltda					
Balance on 03/31/2012	-	230	-	-	-
Balance on 03/31/2011	-	-	-	-	-
Total					
Balance on 03/31/2012	**1,805**	**4,930**	**153**	**244**	**-**
Balance on 03/31/2011	-	2,358	-	13	146

12. Transactions with related parties (Continued)

b) Lease agreement

The Company has a rural lease agreement entered into on January 1, 2007, with subsidiary SLC Empreendimentos e Agricultura Ltda. and its subsidiaries, effective for a period of 10 years maturing on December 31, 2016, which may be reviewed at any time in the event market changes take place that render it unfeasible to achieve balance and encumber excessively any of the parties thereto.

This agreement provides for the delivery of land, facilities and other assets by the lessor that allows the lessee to perform its agricultural activities by planting cotton, soybean, corn, beans, pea, sorghum, wheat and coffee in consideration for an amount in the form of lease payments.

At March 31, 2012 the lease amount is as follows:

	Total hectares leased	Annual leasing amount (a)	Soybean sack quotation in the region (b)	Amount
Fazenda Planalto	12,991.56	8.0	R$ 43.91	R$ 4,564
Fazenda Pamplona	12,423.32	7.0	R$ 46.00	R$ 4,000
Fazenda Planeste	13,305.57	7.0	R$ 42.25	R$ 3,935
Fazenda Panorama	9,675.55	9.0	R$ 44.71	R$ 3,893
Fazenda Piratini	7,473.00	4.9	R$ 45.00	R$ 1,648
Fazenda Palmares	13,348.00	8.0	R$ 43.97	R$ 4,695
Fazenda Paiaguás	21,267.70	6.0	R$ 44.50	R$ 5,678
Fazenda Pejuçara	2,957.67	6.0	R$ 44.50	R$ 790
				29,203

(a) Equivalent in soybean sacks per arable hectare per crop year.
(b) Average price per soybean sack prevailing in the region of each farm, obtained as of March 31, 2012, in Reais.

The leasing price will be paid annually based on the over-the-counter (OTC) price of the soybean sack for each region on the payment date, to be established by the lesser at least 15 days before maturity, with no provision for agreement resetting.

12. Transactions with related parties (Continued)

c) Management fees

The Company considers that senior management comprises non-remunerated board members, remunerated independent board members and executive board members (whether statutory or non-statutory).

Management members receive compensation in the form of fees and salaries through payroll. Total management compensation, including bonus and other benefits, is stated in a specific statement of operations account, and summarized as follows:

	Company and consolidated	
	03/31/12	**03/31/11**
Fees	**515**	754
Bonus	**330**	-
Stock option plan	**608**	863
	1,453	1,617

The Company does not offer post-employment, labor contract termination or other long-term benefits to its management.

13. Loans and financing

		Average annual interest rates (%)		Company		Consolidated	
	Index	**03/31/12**	**12/31/11**	**03/31/12**	**12/31/11**	**03/31/12**	**12/31/11**
Used in property, plant and equipment							
Finame – BNDES	Prefixed and TJLP*	**6.45%**	6.42%	**31,437**	32,115	**47,015**	48,318
Constitutional funds**	-	**7.27%**	6.75%	**67,644**	66,301	**108,143**	105,98
Used in working capital							
Rural credit	-	**6.75%**	6.75%	**19,878**	18,259	**125,573**	122,229
Constitutional funds**	-	**7.27%**	6.75%	**89,343**	87,527	**112,992**	110,693
Working capital – NCE	CDI	**9.02%**	-	**1,097**	-	**3,286**	-
		3.49%	2.80%				
Foreign loans	US$, Libor+Prefixed			**299,539**	247,183	**301,116**	252,811
				508,938	451,385	**698,125**	640,031
(-) Current liabilities				**(229,584)**	(235,065)	**(379,901)**	(384,735)
Non-current liabilities				**279,354**	216,32	**318,224**	255,296

* Long-term interest rate (TJLP)
** Calculation of Constitutional Funds average cost considers a 15% discount relating to non-default bonus.
*** Libor (London interbank Offer Rate): Interest charged by London Banks, it's a reverence for mostly loans on international financial market.

13. Loans and financing (Continued)

Finame BNDES – Investment line at National Development Bank (BNDES). Guaranteed by a statutory lien and pledges on financed assets by the Company or SLC Participações S.A. Amounts are amortized on a monthly, quarterly, semiannual or annual basis, with maturity dates between April 01, 2012 and November 15, 2021.

Constitutional Funds – Investment line and working capital from Northeast Fund (FNE) and Midwest Fund (FCO). Guaranteed by sureties by the Company or SLC Participações S.A. and, in some operations, by pledge and mortgage on land. Amounts are amortized annually or semiannually, with maturities between April 1, 2012 and July 01, 2016.

Rural Credit – Resources allocated to crop costing and commercialization, which rules, purposes and conditions are set out Rural Credit Manual (MCR) made by Brazil Central Bank. Guaranteed by sureties by the Company or SLC Participações S.A., and, in some transactions, by pledge on the crops. Amortization takes place on a annual basis, with maturities between May 18, 2012 and October 31, 2012.

Foreign Loans - Long term export loan: NCE (Credit Export Note) and PPE (Export pre payment), amortization takes place on a annual or semester basis, with final maturities on January 15, 2016. Guaranteed by sureties by the Company or SLC Participações S.A. by mortgage on land or "clean" (there are installments payable with no guarantees needed). These contracts foresee some compliance *("covenants"*) approved by SLC Agrícola (Current Liquidity, Third parties capital, Net Financial Debt over Ebitda e Cash Liquidity), being the Company in compliance with all contract covenants at the end of this financial statements. Short term export loan: ACC (Advances on Exchange Contracts), by sureties by SLC Participações S.A., with monthly amortization. The final maturity has been extended to April 30, 2012.

Working Capital – *NCE* – Funds taken out through national banks intended to working capital issued in national currency.
The aging list of long-term loans and financing is as follows:

	Company		Consolidated	
Maturity	**03/31/12**	**12/31/12**	**03/31/12**	**12/31/11**
2012	**229,584**	235,065	**379,901**	384,735
2013	**77,498**	77,184	**94,658**	94,244
2014	**75,156**	74,482	**89,152**	88,344
2015	**68,544**	45,181	**74,885**	52,050
2016	**42,278**	18,270	**43,652**	19,453
2017	**14,909**	247	**14,909**	247
After 2017	**969**	956	**968**	958
	508,938	451,385	**698,125**	640,031

13. Loans and financing (Continued)

14. Provision for contingencies

On March 31, 2012, the Company recorded a provision for labor contingencies in the amount of R$ 646 (R$ 1,595 – consolidated), R$ 660 on December 31,2011 (R$ 1,338 consolidated), referring to legal claims filed by former employees, with respect to which an unfavorable outcome has been assessed as probable by the Company's legal advisors. The provision for contingencies is recorded under labor liabilities account in current liabilities. The Company recorded the amount of R$ 2,335 (R$ 2,745 – consolidated) relating to labor claims whose likelihood of an unfavorable outcome was rated as possible by its legal advisors and, as a result, no provision was recorded for such claims.

The Company also identifies environmental claims whose likelihood of an unfavorable outcome was rated as possible by its legal advisors in the amount of R$ 8,131 (R$ 8,447 consolidated), for these no provision was recorded. Such proceedings relate to claims filed by The Brazilian Institute of the Environment and Natural Renewable Resources (IBAMA) and by Environment Military Police, Cassilândia City, Mato Grosso do Sul State (MS).

Company

	Tax	Labor	Total
Balance on December 31, 2011	160	660	820
New proceedings/complements and monetary restatements	-	-	-
(-) Reversals	-	(14)	(14)
Balance on March 31, 2012	160	646	806

Consolidaded

	Tax	Labor	Total
Balance on December 31, 2011	160	1,338	1,498
New proceedings/complements and monetary restatements	-	272	272
(-) Reversals	-	(15)	(15)
Balance on March 31, 2012	160	1,595	1,755

14. Provision for contingencies (Continued)

At December 31, 2009, the Company set up a tax contingency in the amount of R$ 160 (Company and consolidated), for burden of defeat purposes, relating to proceedings against the Federal Government requesting the right to consider the Tax National Treasury Bill (BTNF) adjusted in accordance with the Consumer Price Index (CPI) variation throughout 1990, for purposes of monetary restatement of its financial statements as of 1990, whose likelihood of an unfavorable outcome was rated as probable by its legal advisors. The tax amount is judicially deposited.

The Company respects and seeks to comply with all environmental matters, whether statutory or not, and makes respect for the environment, employees and other stakeholders one of the key commitments to the Company's work, combining the use of cutting-edge agricultural techniques with the adoption of sustainability-oriented practices. The proportion of such actions is greater than simply complying with legislation, and reinforced by the current implementation process of an Integrated Management System (SGI), pursuant to standards ISO 14001:2004 (Environmental Management), OHSAS 18001:2007 (Occupational Safety and Health Management) and NBR 16001:2004 (Social Responsibility Management).

In accordance with applicable legislation in Brazil, the federal, state and local taxes as well as social security contributions are subject to review by tax authorities for periods varying from 5 to 30 years.

15. Deferred income and social contribution taxes

Were established income tax and social contribution presented the following nature:

Company

	03/31/12			12/31/11		
Description	**Income tax**	**Social contribution tax**	Total	**Income tax**	**Social contribution tax**	Total
Assets:						
Temporary differences:						
Taxes on activities not entitled	**138**	**-**	**138**	138	-	138
Provision for inventory adjustment	**159**	**57**	**216**	200	72	272
Provision for PPR	**479**	**173**	**652**	2,193	790	2,983
Provision for tax losses	**500**	**180**	**680**	500	180	680
Derivative operations	**13,602**	**4,897**	**18,499**	16,817	6,054	22,871
Other	**782**	**281**	**1,063**	635	228	863
Fiscal losses and negative base	**5,644**	**2,229**	**7,873**	13,200	4,950	18,150
	21,304	**7,817**	**29,121**	33,683	12,274	45,957
Liabilities:						
Incentive depreciation for rural activities*	**46,428**	**16,714**	**63,142**	45,391	16,342	61,733
Barter gains on acquisition of equity interest	**5,539**	**1,994**	**7,533**	5,539	1,994	7,533
Deemed cost of fixed assets	**28,312**	**10,192**	**38,504**	28,823	10,376	39,199
Fair value of biological assets	**11,167**	**4,020**	**15,187**	11,889	4,280	16,169
Capitalization of interest on loans	**948**	**341**	**1,289**	898	324	1,222
Derivative operations	**2,279**	**820**	**3,099**	2,639	949	3,588
	94,673	**34,081**	**128,754**	95,179	34,265	129,444
Net Total	**(73,369)**	**(26,264)**	**(99,633)**	(61,496)	(21,991)	(83,487)
Classified on non-current liability	**(73,369)**	**(26,264)**	**(99,633)**	(61,496)	(21,991)	(83,487)

15. Deferred income and social contribution taxes (Continued)

Consolidated

	03/31/12			12/31/12		
Description	Income tax	Social contribution tax	Total	Income tax	Social contribution tax	Total
Assets:						
Temporary differences:						
Taxes on activities not entitled	**138**	**-**	**138**	138	-	138
Provision for inventory adjustment	**159**	**57**	**216**	201	72	273
Provision for PPR	**671**	**243**	**914**	3,142	1,133	4,275
Provision for tax losses	**500**	**180**	**680**	500	180	680
Derivative operations	**22,140**	**7,970**	**30,110**	26,993	9,717	36,710
Other	**3,212**	**429**	**3,641**	3,359	376	3,735
Fiscal losses and negative base	**5,984**	**2,351**	**8,335**	13,305	4,988	18,293
	32,804	**11,230**	**44,034**	47,638	16,466	64,104
Liabilities:						
Incentive depreciation for rural activities*	**73,329**	**26,269**	**99,598**	72,161	25,845	98,006
Barter gains on acquisition of equity interest	**5,647**	**2,033**	**7,680**	5,647	2,033	7,680
Deemed cost of fixed assets	**278,713**	**101,188**	**379,901**	279,618	101,517	381,135
Fair value of biological assets	**21,237**	**7,644**	**28,881**	20,376	7,335	27,711
Capitalization of interest on loans	**1,463**	**527**	**1,990**	1,406	507	1,913
Derivative operations	**680**	**246**	**926**	478	172	650
Others	**2,279**	**820**	**3,099**	2,639	949	3,588
	383,348	**138,727**	**522,075**	382,325	138,358	520,683
Net Total	**(350,544)**	**(127,497)**	**(478,041)**	(334,687)	(121,892)	(456,579)
Classified on non-current asset	**134**	**48**	**182**	105	38	143
Classified on non-current liability	**(350,678)**	**(127,545)**	**(478,223)**	(334,792)	(121,930)	(456,722)

* According tax legislation, agricultural companies can use the accelerated depreciation benefit on its agricultural activity investments.

15. Deferred income and social contribution taxes (Continued)

The Company and its subsidiaries, based on expected generation of future taxable profits, determined in a technical study approved by management, recognized tax credits on income and social contribution tax losses and temporary differences, which may be carried indefinitely. The book value of deferred tax assets is reviewed annually by the Company and the resulting adjustments have not been significant in relation to the initial management forecast. The technical study takes into consideration investments and the 75% income tax reduction incentive on profit from tax incentive operations of the farms located in regions benefitting from the incentives.

Based on expected generation of future taxable income, Company estimates recover tax credits as follows:

	Company		Consolidated	
	2012	**2011**	**2012**	**2011**
2012	**14,427**	33,615	**21,221**	49,054
2013	**10,122**	12,342	**16,279**	15,050
2014	**4,572**	-	**6,534**	-
	29,121	45,957	**44,034**	64,104

Tax credit recovery estimates were based on projected taxable profits taking into consideration several financial and business assumptions. Consequently, these estimates may not materialize in the future due to uncertainty involved in these forecasts.

Reconciliation of tax expenses at official rates

Income tax and social contribution, calculated at nominal rate of these taxes are reconciled to the amount recorded as an expense for income tax and social contribution as follows:

Reconciliation of effective rate of the company:

	03/31/12		31/03/11	
	IRPJ	**CSLL**	**IRPJ**	**CSLL**
Income before taxes	**44,620**	**44,620**	28,774	28,774
Income and social contribution taxes at nominal rate of 25% and 9%, respectively	**(11,155)**	**(4,016)**	(7,193)	(2,589)
Adjustments to derive the effective rate				
Equity pickup	**3,602**	**1,297**	3,399	1,223
Permanent additions	**(451)**	**(162)**	(1,076)	(387)
Others	**81**	**29**	-	-
Amount recorded in P&L	**(7,923)**	**(2,852)**	(4,870)	(1,753)
Total income and social contribution taxes		**(10,775)**		(6,623)
Deferred taxes		**(10,775)**		(6,623)
Current taxes		**-**		-

15. Deferred income and social contribution taxes (Continued)

Reconciliation of tax expenses at official rates – Consolidated:

	03/31/12		31/03/11	
	IRPJ	**CSLL**	**IRPJ**	**CSLL**
Income before taxes	**56,896**	**56,896**	34,197	34,197
Income and social contribution taxes at nominal rate of 25% and 9%, respectively	**(14,224)**	**(5,121)**	(8,549)	(3,077)
Adjustments to derive the effective rate				
Permanent exclusions	**129**	**47**	1,158	417
Permanent additions	**(946)**	**(342)**	(1,076)	(387)
Subsidiaries' tax incentives	**848**	**-**	-	-
Income and social contribution taxes upon companies under Presumed profit system	**(2,235)**	**(804)**	(269)	(97)
Others	**(749)**	**(339)**	41	15
Amount recorded in P&L	**(17,177)**	**(6,559)**	(8,695)	(3,129)
Total income and social contribution taxes		**(23,736)**		(11,824)
Deferred taxes		**(13,767)**		(6,983)
Current taxes		**(9,969)**		(4,841)

Reconciliation of income and social contribution taxes deferred variation

Income and social contribution taxes recorded in the consolidated financial statements as assets and liabilities are reconciled as follows:

	12/31/11	03/31/12	Variation
Deferred Asset	143	182	39
Deferred Liability	(456,722)	(478,223)	(21,501)
			(21,462)
Fair value over hedge instruments recorded in equity			6,269
Unrealized income – inventories			(403)
Prepayment cover operations recorded on equity			1,829
Deferred taxes recorded in net income for the year			(13,767)

16. Notes payable - Consolidated

The company, through its subsidiaries, has land acquisition contracts, to explore and use. These acquisitions usually are indexed to soybean bag price from the State where the property was bought. Therefore, future minimum value will be usually estimated by number of soybean bags, at balance sheet date.

The following shows this item changes:

	Dolar Indexed	Soybeans bags Indexed	Total
Balance on December 31, 2011	1,351	241,030	242,381
Acquisitions	-	-	-
Payments	(363)	(9,185)	(9,548)
Monetary and Exchange variation	(32)	16,807	16,775
Balance on March 31, 2012	**956**	**248,652**	**249,608**
(-) Installment recorded on current	**(956)**	**(108,848)**	**(109,804)**
Installment recorded on non-current	**-**	**139,804**	**139,804**

The minimum future payments of notes payable, are summarized below:

	Consolidated
Payments until 1 year	109,804
Payments after 1 year until 5 years	138,785
Payments after 5 years	1,019
	249,608

The commitments, in soybean bags, are represented below:

	Consolidated
Payments until 1 year	1,153,667
Payments after 1 year until 5 years	2,607,486
Payments after 5 years	22,800
	3,783,953

17. Equity

a) Capital

On March 31, 2012, subscribed capital, in the amount of R$557,434, comprises 98,897,500 registered common shares with no par value, held as follows:

	Number of Shares	
Shareholder	**03/31/12**	**31/12/11**
SLC Participações S.A.	28,948,584	28,948,584
Evaux Participações S.A.	21,520,787	21,520,787
Board of Directors	5	5
Treasury shares	1,407,585	1,407,585
Other	47,020,539	47,020,539
Total paid-up shares	98,897,500	98,897,500
(-) Treasury shares	(1,407,585)	(1,407,585)
Total outstanding shares	97,489,915	97,489,915

b) Capital reserve – premium on issue of shares

Corresponds to premium received in public share offerings in June 2007 and June 2008, as well as premium on sale of treasury shares, fulfilled connected to stock option program, less share issue costs (commissions, fees and other expenses), net of tax effects, in conformity with CPC 10.

c) Treasury shares

The Company bought back its shares to keep them in treasury, aiming a later stock option plan (Note 22), according to decision made in the Board of Directors' meeting held on October 29, 2008.

The balance of treasury shares on March 31, 2012, totaling R$ 19,532 comprises 1,407,585 shares (same as on December 31, 2011).

d) Legal reserve

The legal reserve is set based on 5% of net income for the year up to 20% of share capital. According to article 35, line a, of the Company's articles of incorporation, when the amount derived from sum of the legal reserve plus capital reserves, as defined in paragraph 1, article 182, of Brazil's Corporation Law, exceeds share capital by 30% (thirty percent), no part of the net income for the year must be allocated to the legal reserve.

17. **Equity** (Continued)

e) Expansion reserve

In accordance with the provisions of article 194 of Law No. 6404/76 and of article 35 of the Company's articles of incorporation, an expansion reserve will be set up based on the remaining net income for the year after the deductions set forth by relevant legal requirements and articles of incorporation. This reserve is intended to be used for investments in operating assets, and cannot exceed share capital.

On December 31, 2011, the amount of R$ 148,623 was allocated to the expansion reserve (December 31,2010: R$ 49,299).

f) Profit retention reserve

The remaining balance at March 31,2012 refers to accumulated earnings for year 2007, has been retained and recorded under profit retention reserve, to be applied for new investments established in capital budget, according to article 196 of the Brazilian Corporation Law.

g) Dividends

According to the Company's articles of incorporation, mandatory dividends are established based on 25% of remaining net income for the year, after recognition of statutory reserves.

18. Financial income (expenses)

	Company		Consolidated	
	03/31/12	03/31/11	**03/31/12**	03/31/11
Financial expenses				
Interest payable	**(6,541)**	(5,694)	**(9,786)**	(9,536)
Foreign exchange variation	**(3,673)**	(1,703)	**(5,490)**	(2,059)
Monetary restatement	**-**	(2,426)	**(25,838)**	(7,326)
Loss on derivative transactions	**(5,889)**	(25,398)	**(4,619)**	(25,439)
Other	**(585)**	(182)	**(977)**	(647)
	(16,688)	(35,403)	**(46,710)**	(45,007)
Financial income				
Short-term investments income	**2,994**	2,970	**3,763**	4,848
Foreign exchange variation	**5,449**	3,216	**8,455**	3,574
Monetary variation	**4,066**	150	**13,098**	9,182
Gain on derivative transactions	**5,801**	7,834	**3,038**	7,880
Other	**9**	1,035	**16**	1,588
	18,319	15,205	**28,370**	27,072
Financial income (expenses)	**1,631**	(20,198)	**(18,340)**	(17,935)

19. Commitments

19.1 Non-deliverable forward contracts

The Company and its subsidiaries have entered into NDF contracts with some customers, as follows:

Company

Commodity	Delivery date	Volume	No. of contracts	Unit	Unit price – US$
2010/2011 crop					
Cotton lint	April/12 to June/12	3,379	10	ton	2,446.88
Soybean	April/12	83,333	01	sack	46.50
2011/2012 crop					
Soybean	April/12 – June/12	923,076	18	Sack	24.88
Cotton lint	July/12 – December/12	32,102	14	Ton	2,313.73
Cotton lint	July/12 – December/12	13,076	05	Ton	To be defined
Corn	April/12 – June/12	293,333	03	Sack	28.62

Consolidated

Commodity	Delivery date	Volume	No. of Contracts	Unit	Unit price – in US$
2010/2011 crop					
Cotton lint	April/12 to June/12	6,034	18	Ton	2,446.88
Soybean	April/12	46,898	01	Sack	46.50
2011/2012 crop					
Soybean	January/12 – March/12	1,761,800	26	Sack	25.04
Cotton lint	September/12 – April/13	57,325	25	Ton	2,313.73
Cotton lint	September/12 – April/13	23,350	09	Ton	To be defined
Corn	April/12 – August/12	793,333	11	Sack	20.91

19. Commitments (Continued)

19.2 Third parties leasing contracts

On March 31, 2012, the Company and its subsidiaries have 84,468 hectares of leased land, distributed as follows:

Farm/Unit	Location	Total hectares leased	Maturity	Amount (in soybean sacks/hectare/year)	Type of lease
Pamplona	Cristalina-GO	3,942	2011 to 2013	5 to 12	Operating
Planalto	Costa Rica-MS	1,654	2012*	12	Operating
Planeste	Balsas-MA	10,860	2011 to 2023	3 to 8.9	Operating
Panorama	Correntina-BA	12,138	2015	8.1	Operating
Piratini	Jaborandi-BA	5,000	2021	1.71	Operating
Palmares	Barreiras-BA	14,878	2015	9 to 10.1	Operating
Parnaíba	Tasso Fragoso-MA	7,456	2023	3 to 4	Operating
Planorte	Sapezal-MT	367	2013	8	Operating
Paiaguás	Diamantino-MT	2,360	2011 and 2020	8.5	Operating
Pejuçara	Diamantino-MT	20,385	2020	8 to 8.5	Operating
Parceiro	Formoza do Rio Preto - BA	5,428	2020	2 to 7	Operating
		84,468			

* Annual renewal. The company leases this area since 1999.

Future compromises related to these contracts are indexed by soybean bags according the average price, on each unit region, at payment date.

In addition to plantation land leasing, the Company has operating leasing of cotton processing unit located at Palmares farm, in the city of Barreiras, state of Bahia, for R$ 1,500 per year, up to 2015.

Minimum future payments of the Company's operating lease contracts are as follows:

	Company	Consolidated
Payments with 1 year	**12,262**	**18,303**
Payments from 1 to 5 years	**43,992**	**73,699**
Payments over 5 years	**14,861**	**39,961**
Total minimum future lease payments	**71,115**	**131,963**

The Company's lease agreements with third parties are indexed by soybean sack prices in the region of each production unit. For this reason, minimum future amounts will be usually estimated considering the quantity of soybean sacks, translated into Reais using the soybean price of each region, at the balance sheet date. The above minimum payments are subject to significant variation until the moment of payment due to changes in soybean market value.

As for lease agreements with third parties it should also be noted that: (i) they do not contain contingent payment clauses; (ii) they do not have renewal or purchase option terms, except the agreement involving 1,657ha in Fazenda Planalto, which has annual renewal; (iii) our agreements are indexed to soybean sack variation, as referred to above, and there are no other escalation clauses; (iv) there are no restrictions imposed, such as those related to dividends and interest on equity capital, additional debt or any other requiring additional disclosure.

20 Risk management and financial instruments

Revenue from sales of the Company and its subsidiaries is mainly generated by sale of agricultural commodities such as cotton, soybean and corn, and by sale of products that are quoted in US dollars on the Chicago Board of Trade (CBOT) and the Intercontinental Exchange Futures US (ICE). As such, volatility in international commodity price and exchange rates are market risks to which the Company and its subsidiaries are exposed.

In addition, the Company and its subsidiaries contract financing operations in the financial market at fixed or variable interest rates. Therefore, the Company is subject to the risk of variation in interest rates on interest bearing loans at variable rates.

a) Utilization policy, purposes and strategies

The objective of the Company and its subsidiaries in using derivative financial instruments is to provide operating margin (EBITDA) hedge. The Company created an Executive Risk Management Committee in July 2008 and approved the Risk Management Policy in the Board of Directors' Meeting held on October 29, 2008. The Executive Risk Management Committee is the body linking the Company's Board of Directors and Executive Board. Its mission involves providing support for routine Executive Board decisions, monitoring compliance with risk limits established, and the preliminary analysis and evaluation of proposed adjustments or review of risk policies or limits for subsequently submitting it to the Board of Directors.

Derivative operations are carried out with highly rated financial institutions (national institutions assigned with a minimum "A" rating by at least one of the three major international rating agencies, to wit Moody's, S&P and/or Fitch), observing limits and exposures to the exchange rate, commodities and interest rate risks of counterparties on a regular basis.

b) Gains (losses) on non-derivative financial instruments in equity of company and consolidated

Non-deliverable forward operations (NDFs) and Trade Finance operations (PPE/NCE/ACC) are carried out to provide hedge against exposure of future sales in US dollars. These operations are documented for registration purposes through hedge accounting method, according to CPC 38. The Company records in a specific equity account the unrealized effects from these instruments, which entered into for the purpose of hedging its own operations or, on a consolidated basis, to hedge future sales.

Commodity operations, although also hedge instruments, are not recorded as hedge accounting, therefore their effects are recorded in the statement of operations as financial income (expenses).

20. Risk management and financial instruments (Continued)

c) Foreign exchange risk

Contracting these derivative financial instruments has the objective of hedging the sales revenues of Company and its subsidiaries subject to currency volatility. The portfolio of these instruments is represented, basically, by currency futures contracts, through non-deliverable forwards (NDFs), and option contracts.

These over-the-counter (OTC) transactions are carried out directly with financial institutions, there being no need for margin calls. The impact on the cash flow of Company and its subsidiaries occurs at the contract settlement date. Yet, the settlement of these financial transactions is associated with receipt of sales, which are likewise associated with currency fluctuation, therefore offsetting gains or losses, if any, on the hedging derivative instruments due to foreign exchange rate fluctuations.

To analyze the currency risk exposure, the Business Plan is constantly updated, considering the following assumptions: (i) planted area forecast; (ii) expected productivity; (iii) commodity prices, quoted in dollar, considering the volume-weighted average of prices for the sales made, and the market prices of the volume to be sold; and, (iv) the sales distribution over the periods under analysis. After the Business Plan definition and measurement of the items previously mentioned, we obtain a total currency exposure.

Based on the cost already built up with anticipated purchase of main inputs (fertilizers, agrochemicals and seeds) and the fixed cost estimate, the expected operating margin is arrived at. Thus, the risk management committee will apply the parameters specified in the Risk Management Policy, with a view to reducing the standard deviation from the target operating margin.

20. Risk management and financial instruments (Continued)

c) Foreign exchange risk (Continued)

The table below sets out the positions of Company and its subsidiaries, at nominal and fair values of each instrument contracted, namely:

Description	Notional value			Fair value (MTM)			Accumulated effect		
	Currency	03/31/12	12/31/11	Currency	03/31/12	12/31/11	Currency	03/31/12	12/31/11
Maturing in 2012									
Forward contracts (NDF):									
Short position									
Foreign currency	**US$**	**207,989**	272,769	**R$**	**(14,585)**	(31,259)	**R$**	**(5,875)**	(27,198)
Subtotal – Maturing in 2012	**US$**	**207,989**	272,769	**R$**	**(14,585)**	(31,259)	**R$**	**(5,875)**	(27,198)
Maturing in 2013									
Forward contracts (NDF):									
Short position									
Foreign currency	**US$**	**66,999**	25,209	**R$**	**(2,744)**	(4,168)	**R$**	**(966)**	(4,502)
Subtotal – Maturing in 2013	**US$**	**66,999**	25,209	**R$**	**(2,744)**	(4,168)	**R$**	**(966)**	(4,502)
Maturing in 2014									
Forward contracts (NDF):									
Short position									
Foreign currency	**US$**	**400**		**R$**	**(7)**	-	**R$**	**(8)**	
Subtotal – Maturing in 2014	**US$**	**400**		**R$**	**(7)**	-	**R$**	**(8)**	
TOTAL	**US$**	**275,388**	297,978	**R$**	**(17,336)**	(35,427)	**R$**	**(6,849)**	(31,700)

The table below sets out the debt breakdown in exchange currency (US Dollar):

			Trade Finance			
Counterparty	Tipe	Contract Rate	Notional US$	Fair Value 03/31/12	Fair Value 12/31/11	FX Rate [1]
Itaú BBA	NCE	R$ 1.7800	50,000	91,670	-	(2,670)
Itaú BBA	NCE	R$ 1.6201	40,000	73,336	75,032	(10,416)
Citibank	NCE	R$ 1.5915	30,000	55,002	56,274	(7,812)
Bradesco	PPE	R$ 1.5713	25,000	45,835	46,895	(6,553)
HSBC Bank	PPE	R$ 1.8210	10,000	18,334	18,758	(124)
J.P. Morgan	ACC	R$ 1.8120	7,189	13,180	15,006	(154)
Itaú BBA	ACC	R$ 1.8567	853	1,564	2,814	20
Total			**163,042**	**298,921**	**214,779**	**(27,709)**

[1] The differed value on equity (hedge accounting), however ACC, NCE and PPE accounting on loans and financing group.

20. Risk management and financial instruments (Continued)

c) Foreign exchange risk (Continued)

Below follows the detailed schedule of derivative transactions and deferred foreign exchange losses maturity, that are recorded as hedge accounting methodology.

Maturity	Currency	NDF	PPE	NCE	ACC	Total
Until 06/30/2012	USD	(1,715)	-	-	(134)	(1,849)
Until 09/30/2012	USD	(3,639)	-	-	-	(3,639)
Until 12/31/2012	USD	(9,231)	-	-	-	(9,231)
Until 03/31/2013	USD	(2,063)	-	-	-	(2,063)
Until 06/30/2014	USD	(688)	-	(7,812)	-	(8,500)
Until 12/31/2014	USD	-	(124)	-	-	(124)
Until 12/31/2015	USD	-	(6,552)	-	-	(6,552)
Until 03/31/2016	USD	-	-	(10,416)	-	(10,416)
Until 03/31/2017	USD	-	-	(2,670)	-	(2,670)
TOTAL	**USD**	**(17,336)**	**(6,676)**	**(20,898)**	**(134)**	**(45,044)**

The table below sets out the breakdown of currency derivatives per counterparty (of Company and its subsidiaries):

Description	Notional amount			Fair value		
	Currency	03/31/12	12/31/11	Currency	03/31/12	31/12/11
Banco Itaú BBA	US$	41,378	53,078	R$	(4,260)	(8,391)
Citibank	US$	31,859	48,709	R$	(1,728)	(4,340)
Deutsche Bank	US$	6,910	16,210	R$	(913)	(3,175)
HSBC Bank	US$	50,032	51,267	R$	(3,175)	(7,254)
Banco Bradesco	US$	58,678	51,773	R$	(2,083)	(6,168)
Votorantim	US$	33,311	46,931	R$	(1,732)	(750)
Morgan Stanley	US$	30,360	24,360	R$	(3,096)	(4,188)
BofA Merrill Lyinch	US$	6,000	-	R$	11	-
Santander Brasil	US$	16,860	5,650	R$	(360)	(1,161)
Total	**US$**	**275,388**	**297,978**	**R$**	**(17,336)**	**(35,427)**

The following criteria were used to determine the fair value of these operations:

- Non deliverable forwards (NDF) – the future dollar curve published by the Brazilian Mercantile and Futures Exchange (BM&F) www.bmf.com.br at each year end was taken into consideration. Based on this information, the forecast adjustment at the maturity of each transaction is discounted at the interest curve between Ptax at year end and future quote at the maturity of the derivative published by the BM&F.

- Options contracts – the fair value of transactions for issuing call options on dollar is equivalent to the market value of reversal of such transactions confirmed by the financial institutions with which the Company has entered into these transactions.

20. Risk management and financial instruments (Continued)

d) Price risk

Commodity price volatility is mostly hedged through advance sales made directly with our customers (forward contracts). In addition, there is also use of futures and option contracts, traded on exchanges and financial transactions under swap and option contracts, with financial institutions (OTC market). These transactions are negotiated based on the commodity prices on the futures market. All transactions are related to the net exposure of the production of Company and its subsidiaries, so that every transaction is backed by a physical commodity. Exchange-traded transactions require available initial margin funds and daily adjustments are made according to changes in notional prices. In turn, initial margin funds are not required for transactions performed with financial institutions, for these transactions are backed by a credit limit previously approved by the financial institutions.

The table below shows the derivative transactions to hedge against commodities price volatility:

Description	Notional value			Fair value			Accumulated effect (current period)		
	Currency	03/31/12	12/31/11	Currency	03/31/12	12/31/11	Currency	Amount receivable / (received)	Amount payable / (paid)
Maturing in 2012									
Financial Operations									
Commodities – Cotton	**US$**	33,856	53,474	**R$**	**10,838**	**10,481**	**R$**	**10,986**	**(148)**
Commodities – Soybean	**US$**	-	-	**R$**	**-**	**-**	**R$**	**-**	**-**
Commodities – Urea	**US$**	3,500	-	**R$**	**1,045**	**-**	**R$**	**1,045**	**-**
Subtotal – Maturing in 2012	**US$**	**37,356**	**53,474**	**R$**	**11,883**	**10,481**	**R$**	**12,031**	**(148)**
Maturing in 2013									
Financial Operations									
Commodities – Cotton	**US$**	9,829	5,803	**R$**	**876**	**880**	**R$**	**910**	**(34)**
Commodities – Soybean	**US$**	14,877	-	**R$**	**(2,074)**	**-**	**R$**	**-**	**(2,074)**
Subtotal – Maturing in 2013	**US$**	**24,706**	**5,803**	**R$**	**(1,198)**	**880**	**R$**	**910**	**(2,108)**
Total	**US$**	**62,062**	**59,277**	**R$**	**10,685**	**11,361**	**R$**	**12,941**	**(2,256)**

All operations with agricultural commodities were traded in the OTC market and the counterparties are: Cargill Financial Service International Inc, Macquarie Group Limited, Goldman Sachs, Barclays Capital and J.P. Morgan. The fair value of these operations was provided by the financial institution.

20. Risk management and financial instruments (Continued)

e) Interest rate risk

A portion of the Company's debt is subject to variable interest rates. Such variable interest rates are the TJLP (Long-Term Interest Rate) on BNDES financing and Libor (London Interbank Offered Rate) on international loans.

In order to provide hedge against variation in such interest rates, the Company carries out interest rate swap operations with highly rate financial institutions. These operations involve swap of variable interest rates for fixed interest rates, in which the Company holds the asset end under variable interest rate (TJLP or Libor), and concurrently the liability end under fixed interest rate. The notional value of principal and maturities of the swap operation are identical to the hedged debt flow. Thus, the risk of fluctuation of variable interest rate on the debt is eliminated.
Information on the swap operation (interest rate x Libor indexed debt) is set out below:

			Swap Balance (Contract curve)		Swap balance (MTM)		
Counterparty	**Hedge Instrument**	**Hedged Item**	**Asset end**	**Liability end**	**Asset end**	**Liability end**	**Adjustment**
Santander	Swap contract of USD 32,000 (Asset- Libor 6 months +2%p.a. / Liability 4.68%pa.)	Debt of USD40,000 - Libor 6 months + 2.8%p.a.	59,011	59,241	59,270	61,225	**(1,955)**
Total			**59,011**	**59,241**	**59,270**	**61,225**	**(1,955)**

We set out below the Company's consolidated derivative instruments and that are presented in balance sheet accounts:

		Notional value			Fair value recorded in assets		Fair value recorded in liabilities	
Description	**Currency**	**03/31/12**	**12/31/11**	**Currency**	**03/31/12**	**12/31/11**	**03/31/12**	**12/31/11**
Foreign exchange hedge operations								
NDF (Non Deliverable Forwards) contracts	**US$**	275,388	297,978	**R$**	2,379	4,816	19,715	40,243
Subtotal	**US$**	**275,388**	**297,978**	**R$**	**2,379**	**4,816**	**19,715**	**40,243**
Commodity hedge operations								
Accumulator cotton swap	**US$**	43,685	59,277	**R$**	11,896	11,361	**182**	**-**
Accumulator soybean swap	**US$**	14,877	-	**R$**	-	-	**2,074**	**-**
Subtotal	**US$**	**58,562**	**59,277**	**R$**	**11,896**	**11,361**	**2,256**	**-**
Inputs hedge operations								
Swap urea	**US$**	3,500	-	**R$**	1,045	-	-	-
Subtotal	**US$**	**3,500**	**-**	**R$**	**1,045**	**-**	**-**	**-**
Interest rate hedge operations								
Swap Libor vs. Pre	**US$**	32,000	34,667	**R$**	-	-	1,955	2,660
Subtotal	**US$**	**32,000**	**34,667**	**R$**	**-**	**-**	**1,955**	**2,660**
Total	**US$**	**369,450**	**391,922**	**R$**	**15,320**	**16,177**	**23,926**	**42,903**
(-) Classified on Current				**R$**	**(15,277)**	(15.283)	(20.138)	**(37,349)**
Classified on Non-current				**R$**	**43**	**894**	**3.788**	**5,554**

20. Risk management and financial instruments (Continued)

e) Interest rate risk (Continued)

We set out below the fair value of consolidated gains or losses for the period, segregated by the main risk categories:

		Gains and losses recorded in P&L				Gains and losses recorded in equity	
		Allocated to Gross Revenue at		Allocated to Financial Income at			
Description	**Currency**	**03/31/12**	**12/31/11**	**03/31/12**	**12/31/11**	**03/31/12**	**12/31/11**
Foreign exchange rate hedge operations							
NDF (Non Deliverable Forwards) contracts	**R$**	4,518	6,989	(133)	1,364	(17,339)	(35,443)
Trade Finance Contracts	**R$**	-	-	-	-	(27,709)	(31,021)
Subtotal	**R$**	**4,518**	**6,989**	**(133)**	**1,364**	**(45,048)**	**(66,464)**
Commodity hedge operations							
Agricultural commodity swap							
Cotton	**R$**	-	-	649	(24,886)	-	-
Soybean	**R$**	-	-	(2,084)	5,808	-	-
Fertilizers swap							
Urea	**R$**	-	-	**-**	**-**	1,045	-
Subtotal	**R$**	**-**	**-**	**(1,435)**	**(19,078)**	**1,045**	**-**
Interest rate hedge operations							
Swap Libor vs. Pre	**R$**	-	-	(13)	155	-	-
Subtotal	**R$**	-	-	**(13)**	**155**	**-**	**-**
TOTAL	**R$**	**4,518**	**6,989**	**(1,581)**	**(17,559)**	**(44,003)**	**(66,464)**

The effect on foreign exchange, commodities and interest hedge operations totaled (R$ 1,581).

f) Credit risk

A significant portion of sales made by the Company and its subsidiaries is made to a selected group of highly qualified clients, i.e. trading companies, weaving companies etc., which usually acquire large volumes that guarantee local and international deals. Credit risk is managed through specific rules of client acceptance, credit rating and setting of limits for customer exposure. The Company and its subsidiaries historically do not record material losses on trade accounts receivable.

g) Market values

At March 31, 2012, the market values of cash, financial investments, accounts receivable and payable, as well as loans and financing approximate the respective carrying amounts due to their short-term nature, or also because they are subject to variable interest rates.

20. Risk management and financial instruments (Continued)

h) Sensitivity analysis

The Company carries out operations with derivative instruments solely for providing hedge against fluctuation in foreign exchange rates and commodities sale price, which is linked to US dollar rate, as well as in soybean and cotton price in the international market.

We prepared a sensitivity analysis for derivative instruments according to resolution number 550, of October 17, 2008, segregating them based on the risk factor; to wit: exchange variation, commodities price and interest rate variation (CDI, TJLP, Libor).

If any of the scenarios projected by the Company's management comes to materialize, resulting in gain or loss, these will be fully offset by an opposite effect on the realization of Company sales revenue.

The estimated fair value of derivative financial instruments contracted by the Company and its subsidiaries was determined based on information available in the market and specific valuation methodologies. However, significant professional judgment was required in the interpretation of market data in order to estimate fair value of each operation. Consequently, the estimates below do not necessarily indicate the amounts that will effectively be realized upon financial settlement of the operations.

Foreign exchange risk

The Company projected the impact of foreign exchange hedge operations and of its USD debt in the following 5 scenarios for the years 2012 and 2013, as follows:

- Probable Scenario: Based on the FOCUS report (Bacen) of March 31, 2012, we defined this scenario considering average exchange rate to US dollar of R$ 1.7700.

- A 25% fall in the currency rate: in this scenario the transactions would be settled considering exchange rate to US dollar of R$ 1.3275, the equivalent to a 25% fall in relation to the Probable Scenario.

20. Risk management and financial instruments (Continued)

h) Sensitivity analysis (Continued)

- A 50% fall in the currency rate: in this scenario the transactions would be settled considering exchange rate to US dollar of R$ 0.8850, the equivalent to 50% fall in relation to the Probable Scenario.

- A 25% rise in the currency rate: in this scenario the transactions would be settled considering exchange rate to US dollar of R$ 2.2125, the equivalent to a 25% rise in relation to the Probable Scenario.

- A 50% rise in the currency rate: in this scenario the transactions would be settled considering exchange rate to US dollar of R$ 2.6550, the equivalent to a 50% rise in relation to the Probable Scenario.

The summary below sets out the projected impacts on each scenario:

Amounts in R$ 1,000

Description	Risk	Remote Scenario *Quote R$ 0.8850*	Possible Scenario *Quote R$ 1.3275*	Probable Scenario *Quote R$ 1.7700*	Possible Scenario *Quote R$ 2.2125*	Remote Scenario *Quote R$ 2.6550*
Year 2012						
Revenues from sales (underlying item)	US$ rate change	(403,108)	(207,278)	(11,448)	184,382	380,212
Non-deliverable forwards (NDF)	US$ rate change	195,518	103,483	11,448	(80,587)	(172,622)
Subtotal		**(207,590)**	**(103,795)**	**-**	**103,795**	**207,590**
Year 2013						
Revenues from sales (underlying items)	US$ rate change	(420,138)	(215,079)	(10,020)	195,040	400,099
Non-deliverable forwards (NDF)	US$ rate change	69,314	39,667	10,020	(19,627)	(49,274)
Subtotal		**(350,824)**	**(175,412)**	**-**	**175,413**	**350,825**
Year 2014						
Revenues from sales (underlying items)	US$ rate change	(447,413)	(223,761)	(109)	223,542	447,194
Non-deliverable forwards (NDF)	US$ rate change	463	286	109	(68)	(245)
Subtotal		**(446,950)**	**(223,475)**	**-**	**223,474**	**446,949**
US$ debt						
Subtotal	US$ rate change	**156,652**	**84,289**	**11,925**	**(60,438)**	**(132,801)**
Total		**(848,712)**	**(418,393)**	**11,925**	**442,244**	**872,563**

Commodity price risks

The Company projected the impact of commodity price hedging operations in the following 4 scenarios for 2012 and 2013, (US$/Libra):

Description	Risk	Remote Scenario - 50%	Possible Scenario - 25%	Actual Scenario (CBOT and ICE)	Possible Scenario + 25%	Remote Scenario + 50%
Contracts						
CTN2 (Cotton – July/12))*	Price Change	46.96	70.44	93.92	117.40	140.88
CTZ2 (Cotton - December/12)*	Price Change	45.50	68.25	91.00	113.75	136.50
CTH3 (Cotton - March/13)*	Price Change	45.81	68.72	91.62	114.53	137.43
SYK3 (Soybean – May/13)*	Price Change	6.61	9.92	13.22	16.53	19.83

20. Risk management and financial instruments (Continued)

h) Sensitivity analysis (Continued)

Below the company project the impact in following scenarios, (R$/Libra):

Description	Risk	Remote Scenario - 50%	Possible Scenario - 25%	Actual Scenario (CBOT and ICE)	Possible Scenario + 25%	Remote Scenario + 50%
Exercise 2012						
Cotton – Financial Operations	Price Change	23,603	18,955	12,547	(3,035)	(21,359)
Exercise 2013						
Cotton – Financial Operations	Price Change	2,575	2,575	1,630	(1,901)	(6,032)
Soybean–Financial Operations	Price Change	2	7,236	611	(10,720)	(23,244)
Total	Price Change	**26,180**	**28,766**	**14,788**	**(15,656)**	**(50,635)**

* The current contracts foresee a fixed minimum price which is higher than estimated in the remote scenario on balance sheet date.

Interest rate risks

With a view to analyzing interest rate sensitivity on the Company's debts and short-term investments, as of March 31, 2012, 5 different scenarios were defined. Based on the FOCUS report (Bacen) of March 31, 2012, we defined the index rates for Interbank Deposit Certificates (CDI) and FOREX; concerning Libor, we considered the BM&F future curve as of March 30, 2012, and for the Long-term Interest Rate (TJLP), we considered the rate valid on the year-closing date. Based on this information, we defined the Probable Scenario to be analyzed, and arrived at a variation between 25% and 50% therefrom.

Gross financial income or expenses were considered in analyzing each scenario, not including taxes or debt maturity terms and redemption of short-term investments scheduled for 2012. The portfolio base date was March 31, 2012, and the interest rates were projected over a one-year period, their sensitivity being analyzed in each one of the 5 scenarios.

20. Risk management and financial instruments (Continued)

h) Sensitivity analysis (Continued)

Following is a summary of the 12-month impacts on each scenario:

	Interest rate*	Balance on 03/31/2012	50% fall	25% fall	Probable Scenario	25% rise	50% rise
Debts in reais – Fixed rate							
Rural Credit	6.75%	125,573	N/A	N/A	N/A	N/A	N/A
Constitutional Funds	7.27%	221,135	N/A	N/A	N/A	N/A	N/A
BNDES	5.87%	36,979	N/A	N/A	N/A	N/A	N/A
Working Capital	9.02%	3,286	N/A	N/A	N/A	N/A	N/A
Debt in reais – Floating rate							
BNDES	TJLP + 2.64%	9,773	(704)	(892)	(1,079)	(1,266)	(1,454)
US$ debts							
NCE	Libor 6M + 2.48 pa. (average)	221,262	(7,920)	(8,123)	(8,533)	(8,943)	(9,353)
PPE	Libor 6M + 2.87% pa.	64,960	(2,279)	(2,205)	(2,324)	(2,443)	(2,562)
ACC	1.93%	14,894	N/A	N/A	N/A	N/A	N/A
BNDES	Currency basket + 2.73%	263	(11)	(14)	(18)	(21)	(24)
Swap Libor x Pre**	Asset: Libor+2% Liability: 4.68%	58,669	(624)	(548)	(473)	(397)	(322)
Short-term investments							
CDB and Debentures	100.96% of CDI	217,727	10,668	16,002	21,336	26,670	32,004

* Average annual rates

** R$ 58,669 refers to the translation of USD 32,000 (loan amount whose Libor fluctuation is hedged) at the USD rate as of March 31, 2012 – R$1.8221

i) Share Capital Management

The main object of capital management is to ensure the business continuity, holding a low leverage policy, thus protecting your capital of swings in government economy policy, maximizing shareholders value.

Company manages the capital structure and adjusts considering changes in economic conditions in the country. To maintain or adjust the capital structure, the Company may adapt the dividends policy. There were no changes in dividend policy, objectives, policies and capital management processes for the years ended on March 31, 2012 and December 31, 2011.

20. Risk management and financial instruments (Continued)

i) Share Capital Management (Continued)

	Company		Consolidated	
	03/31/12	**31/12/11**	**03/31/12**	**31/12/11**
Short and Long term loans and financing	**508,938**	451,385	**698,125**	640,031
(-) Cash and Cash equivalents	**(154,327)**	(78,523)	**(217,727)**	(130,463)
Net Debt	**354,611**	372,862	**480,398**	509,568
Equity	**1,970,495**	1,920,236	**1,970,495**	1,920,236
Financial Leverage Index	**18.00%**	19.42%	**24.38%**	26.54%

21 Employees' profit sharing

Under the Collective Labor Agreements executed with their employees' professional categories, the Company and its subsidiaries have established a profit sharing scheme, covering all its employees.

Beginning 2008, the amounts payable in the form of profit sharing started to be computed on consolidated net income of the Company. This amount is, in part, freely distributed to the beneficiaries and, in part, based on goals predefined by each production unit.

Profit sharing is determined by applying 9% on consolidated net income. Amounts payable to the beneficiaries of all the production units are calculated by applying 60% thereon, and the remaining 40% will depend on the fulfillment of goals set by each production unit. The amount corresponding to goals achieved is limited to 2 (two) nominal salaries per beneficiary employee.

Below the amount provisioned:

	Company		Consolidated	
	03/31/12	**03/31/11**	**03/31/12**	**03/31/11**
Profit Sharing	**2,091**	1,610	**2,730**	2,484
Total	**2,091**	1,610	**2,730**	2,484

22 Stock option plan

At the Extraordinary Shareholders' Meeting held on May 23, 2007, the Company's shareholders approved the stock option plan, effective as from June 15, 2007, designed for the Company's officers and managers. The Plan is managed by a Managing Committee, created by the Board of Directors on the same date.

The Stock Option Plan is limited to a maximum number of options resulting in dilution by 3% of the Company's capital on the date each Annual Plan is created. The dilution corresponds to the percentage represented by the number of shares considered for the options in relation to the total number of shares issued by the Company.

Stock Option Plan beneficiaries shall exercise their options within 5 years from the respective grant date. Vesting period shall be up to 3 years, with releases corresponding to 20% as from the first anniversary, 40% as from the second anniversary and 100% as from the third anniversary. The Company may issue the shares within a 30-day period as from the date of delivery of the Stock Option Exercise Instrument.

The 2007, 2008, 2009, 2010 and 2011 Annual Programs, granting 640,000, 720,000, 488,000, 805,000 and 899,000 call options, were approved in the Board of Directors' meeting held on October 31, 2007, December 16, 2008, November 11, 2009, November 10, 2010, and November 09, 2011 respectively.

Changes in shared granted in the 2007, 2008, 2009, 2010 and 2011 Annual program and the respective exercise prices (in Reais) are as follows:

		Number of shares				
Granting Year	Exercise price	Opening balance at 2011	Granted	Cancelled	Exercised	Balance at March, 31 2012
2007	R$ 14.00	71,200	-	-	-	71,200
2008	R$ 14.80	466,000	-	-	-	466,000
2009	R$ 15.00	384,600	-	-	-	384,600
2010	R$ 16.87	785,000	-	-	-	785,000
2011	R$ 16.24	899,000	-	-	-	899,000
		2,605,800	-	-	-	2,605,800

		Number of shares				
Granting Year	Exercise price	Opening balance at 2010	Granted	Cancelled	Exercised	Opening balance at 2011
2007	R$ 14.00	224,300	-	-	(153,100)	71,200
2008	R$ 14.80	523,000	-	(32,000)	(25,000)	466,000
2009	R$ 15.00	423,400	-	(25,200)	(13,600)	384,600
2010	R$ 16.87	805,000	-	(20,000)	-	785,000
2011	R$ 16.24	-	899,000	-	-	899,000
		1,975,700	899,000	(77,200)	(191,700)	2,605,800

22. **Stock option plan** (Continued)

The exercise price under the 2007 annual program was established at R$ 14.00 (fourteen reais) per share, equivalent to the distribution price per share established in the initial public offering.

The exercise price of the 2008 and 2009 annual programs were established, corresponding to the average of 90 closing quotations of the Company's share on the São Paulo State Stock Exchange (Bovespa), prior to plan approval, with discount of 19.97% and 7.98% respectively.

The exercise price of the 2010 and 2011 annual programs were also established, corresponding to the average of 90 closing quotations of the Company's share on the São Paulo State Stock Exchange (Bovespa), prior to plan approval, however without discount.

Vesting periods are as follows:

Vesting period from granting	Stock options granted for the year %	Maximum number of shares
As from 11/08/2012	7%	179,800
As from 11/09/2012	13%	336,800
As from 11/12/2012	54%	1,415,600
As from 11/08/2013	61%	1,595,400
As from 11/11/2013	79%	2,066,400
As from 11/10/2014	100%	2,605,800

The Company recognized the costs with stock option plan based on the fair value of the granted shares, considering their fair value on granting date. The Black-Scholes model was used to determine the stock option fair value. The weighted average fair value, premiums and economic assumptions used for calculation are as follows:

	2007 Granting	2008 Granting	2009 Granting	2010 Granting	2011 Granting
Weighted average fair value	R$ 21.2528	R$ 23.8985	R$ 21.3870	R$ 28.7330	R$ 21.748
Premiums	R$ 7.2528	R$ 9.0985	R$ 6.3870	R$ 11.8630	R$ 5.5078
Dividend	1.00%	1.00%	1.00%	1.00%	1.00%
Price volatility per share	32.03%	76.05%	67.59%	60.40%	39.90%
Risk-free return rate					
1st maturity date	11.65%	13.70%	9.91%	11.40%	9.98%
2nd maturity date	11.65%	13.87%	11.41%	11.92%	10.16%
2rd maturity date	11.64%	14.01%	12.13%	11.88%	10.46%
Period expected up to maturity date					
1st maturity date	1,097	1,096	365	365	365
2nd maturity date	1,279	1,278	730	730	730
2rd maturity date	1,462	1,461	1,097	1,097	1,097

Abiding by CPC 10, taking into consideration the grace periods above, the amount of R$ 1,379 (expense) was recognized as share option plan expense due to elapsing of vesting period, the contra entry being to a specific capital reserve account in shareholders' equity as of March 31, 2012 (R$ 6,261 on December 31, 2011).

23 Government grants and assistance

a) ICMS deferral and deemed matching credit

The Company has incentives allowing deferral of ICMS on soybean, corn and whole cottonseed operations through participation of Fazenda Planalto in the Fundersul (Fund for Development of Highway System of Mato Grosso do Sul State) program and Fazenda Planorte and Fazenda Paiaguás in the FETHAB (Transportation and Housing Fund) program. To use the ICMS deferral incentive, the Company has to file an application with the relevant state authorities, waive ICMS credits on entries to which it would be entitled and pay Fundersul charge to Mato do Grosso do Sul state and FETHAB charge to Mato Grosso state.

The state government of Mato Grosso do Sul, Mato Grosso and Goiás, granted deemed matching ICMS credits on operations with cotton lint, with ICMS reduction by 50% to 75% through participation of Fazenda Planalto in the PDAGRO program (Mato Grosso do Sul), of Fazenda Planorte e Fazenda Paiaguás in the PROALMAT program (Mato Grosso) and Fazenda Pamplona in the PROALGO program (Goiás).

In order to participate in these programs the Company must file an application with the relevant state authorities, waive ICMS credits to which it would be entitled upon entries, provide accessory information about this tax waiver and pay Facual and IMA/MT charges to Mato Grosso state, PDAgro charge to Mato Grosso do Sul state and Fialgo charge to Goiás state.

The deemed matching credits are credited to sales taxes account in the statement of operations, the contra entry being to taxes payable. On March 31, 2012, deemed matching ICMS credits were recognized in the amount of R$ 275 – Company and Consolidated.

The state government of Mato Grosso, until December 2011, through constitutional decree (1,589/97), granted deemed matching ICMS credits on operations with cotton lint, with a 75% ICMS reduction through participation of Fazenda Planalto and Paiaguás in the PROALMAT program. Beginning January 2012, due to the 899/11 decree, these farms won't be able to use this benefit.

b) Income tax reduction incentive

The Company enjoys IRPJ reduction incentive in subsidiaries Fazendas Parnaíba S.A. and Fazenda Planorte S.A., located in Maranhão state and Mato Grosso state, respectively, granted by SUDAM. This incentive involves 75% reduction of IRPJ and non-refundable surtax.
Fazenda Planorte enjoys this benefit until the production and sale limit of 13,478 tons of cotton lint and 18,533 tons of whole cottonseed per year. This incentive expires in 2015. Fazenda Parnaíba enjoys this benefit until the production and sale limit of 5,528 tons of cotton lint and 8,292 tons of whole cotton seed per year. This incentive expires in 2013.

23. Government grants and assistance (Continued)

b) ICMS deferral and deemed matching credit (Continued)

The amount of IRPJ reduction incentive is debited to IRPJ payable account, in current liabilities, and credited to current taxes in the statement of operations for the year. The IRPJ reduction incentive amount may not be distributed to shareholders as dividends, reason why the annual incentive amount is transferred from retained earnings to capital reserve, in equity. This reserve may only be used to increase capital or absorb losses.

Subsidiary Fazenda Parnaíba had gains from IRPJ reduction incentive in March, 31 2012, in the amount of R$ 848. Fazenda Panorte, ended up in the same period with tax losses.

24. Insurance coverage

Insurance coverage taken out is detailed below:

Policy No.	Nature	Period covered	Coverage
20301974	Vehicles of SLC Agrícola	10/10/11 to 10/10/12	Third parties - 100% FIPE
20305460	Vehicles of SLC Agrícola	10/10/11 to 10/10/12	Third parties - 100% FIPE
20304346	Vehicles of SLC Agrícola	10/10/11 to 10/10/12	Third parties - 100% FIPE
20301820	Vehicles of Fazenda Parnaíba	10/10/11 to 10/10/12	Third parties - 100% FIPE
20305792	Vehicles of Fazenda Parnaíba	10/10/11 to 10/10/12	Third parties - 100% FIPE
20301825	Vehicles of Fazenda Planorte	10/10/11 to 10/10/12	Third parties - 100% FIPE
20305797	Vehicles of Fazenda Planorte	10/10/11 to 10/10/12	Third parties - 100% FIPE
20301813	Vehicles of Fazenda Paiaguás	10/10/11 to 10/10/12	Third parties - 100% FIPE
20305466	Vehicles of Fazenda Paiaguás	10/10/11 to 10/10/12	Third parties - 100% FIPE
20.002589	Machinery and Equipment	10/08/11 to 10/08/12	R$ 201,276,099.65
03.30.32818	Improvements - Farms	11/10/11 to 11/10/12	R$ 20,000,000.00
03.18.0540752	Administration	11/10/11 to 11/10/12	R$ 750,000.00
25.51.0018766.12	General Civil Responsibility	12/02/11 to 12/02/12	R$ 1,000,000.00
20.96.000011.00	Cotton and Grains Inventories	03/24/12 to 03/24/13	R$ 60,000,000.00

The scope of our auditor's work does not include expressing an opinion on the sufficiency of the insurance coverage, whose adequacy was determined and assessed by the Company's management.

25. Net revenue from sales

	Company		Consolidated	
	03/31/12	03/31/11	**03/31/12**	03/31/11
Gross operating revenue	**178,313**	134,478	**337,005**	212,802
Sale of goods	**149,230**	112,958	**267,633**	171,363
Fair value variation of biological assets	**29,083**	21,520	**69,372**	41,439
Deductions, taxes and contributions	**(5,391)**	(11,207)	**(12,191)**	(16,525)
Net operating revenue	**172,922**	123,271	**324,814**	196,277

26. Expenses per nature

	Company		Consolidated	
	03/31/12	03/31/11	**03/31/12**	03/31/11
Expenses per function				
Cost of goods sold	**126,027**	70,469	**220,845**	121,541
Selling expenses	**8,431**	5,839	**15,942**	8,336
General and administrative expenses	**9,332**	8,985	**11,963**	11,868
Other operating expenses	**377**	1,265	**1,639**	1,102
	144,167	86,558	**250,389**	142,847
Expenses per nature				
Depreciation and amortization	**14,289**	5,670	**21,233**	9,465
Personnel expenses	**17,286**	10,401	**27,780**	15,531
Raw material and other materials	**67,403**	43,289	**119,977**	64,188
Biological Assets variation (COGS)	**31,971**	21,451	**65,930**	42,923
Freight	**4,332**	3,366	**8,006**	4,584
Other expenses	**8,886**	2,381	**7,463**	6,156
	144,167	86,558	**250,389**	142,847

27. Information per segment

As the Company produces solely grains, for managerial and accounting purposes, it is organized at a single business unit. Even though the Company operates with various types of grains, the Company management does not control or manage its activities with independent segments, and the Company's results are subject to integrated monitoring and assessment.

The consolidated sales in domestic and foreign markets are as follows:

	03/31/12	03/31/11
Gross sales		
Domestic market	**86,283**	109,226
Foreign market	**181,342**	61,544
Direct Exportation	***131,556***	*35,279*
Indirect Exportation	***49,786***	*26,265*
Biological Asset Gain	**69,372**	41,439
Other	**8**	593
	337,005	212,802

Information on consolidated gross sales per products are as follows:

	03/31/12	03/31/11
Consolidated gross sales:	**160,343**	111,553
Cotton	**80,371**	33,100
Soybean	**8,214**	8,691
Corn	**8,213**	3,158
Cotton seed	**1,345**	1,940
Coffee	**9,147**	12,921
Other	**69,372**	41,439
Biological Asset	**337,005**	212,802

There are no customers individually representing over 6% of sales in domestic or foreign markets.

OWNERSHIP BREAKDOWN Balance on: 03/31/2012						
Shareholders	**Commom Shares (Unit)**	**%**	**Preferred Shares (Unit)**	**%**	**Total Shares (Unit)**	**%**
Controllers	**50,469,371**	**51.03%**	**-**	**-**	**50,469,371**	**51.03%**
SLC Participações S.A.	28,948,584	29.27%	-	-	28,948,584	29.27%
Evaux Participações S.A.	21,520,787	21.76%	-	-	21,520,787	21.76%
Board of Directors	**5**	**0.00%**	**-**	**-**	**5**	**0.00%**
Board	5	0.00%	-	-	**5**	0.00%
Directors	0	0.00%	-	-	0	0.00%
Shareholders over 5%	4,692,600	4.74%	**-**	**-**	4,692,600	4.74%
Blackrock, INC	4,692,600	4.74%	-	-	4,692,600	4.74%
Treasury Shares	**1,407,585**	**1.42%**	**-**	**-**	**1,407,585**	**1.42%**
Others Shareholders	**42,327,939**	**42.80%**	**-**	**-**	**42,327,939**	**42.80%**
Total	**98,897,500**	**100.00%**	**-**	**-**	**98,897,500**	**100.00%**
Free Flot	**47,020,039**	**47.54%**	**-**	**-**	**47,020,039**	**47.54%**

OWNERSHIP BREAKDOWN Balance on: 12/31/2011						
Shareholders	**Commom Shares (Unit)**	**%**	**Preferred Shares (Unit)**	**%**	**Total Shares (Unit)**	**%**
Controllers	**50,469,371**	**51.03%**	**-**	**-**	**50,469,371**	**51.03%**
SLC Participações S.A.	28,948,584	29.27%	-	-	28,948,584	29.27%
Evaux Participações S.A.	21,520,787	21.76%	-	-	21,520,787	21.76%
Board of Directors	**5**	**0.00%**	**-**	**-**	**5**	**0.00%**
Board	5	0.00%	-	-	**5**	0.00%
Directors	0	0.00%	-	-	0	0.00%
Shareholders over 5%	**4,692,600**	**4.74%**	**-**	**-**	**4,692,600**	**4.74%**
Blackrock, INC	4,692,600	4.74%	-	-	4,692,600	4.74%
Treasury Shares	**1,407,585**	**1.42%**	**-**	**-**	**1,407,585**	**1.42%**
Others Shareholders	**42,327,939**	**42.80%**	**-**	**-**	**42,327,939**	**42.80%**
Total	**98,897,500**	**100.00%**	**-**	**-**	**98,897,500**	**100.00%**
Free Flot	**47,020,539**	**47.54%**	**-**	**-**	**47,020,539**	**47.54%**

OWNERSHIP BREAKDOWN Balance on: 12/31/2010						
Shareholders	**Commom Shares (Unit)**	**%**	**Preferred Shares (Unit)**	**%**	**Total Shares (Unit)**	**%**
Controllers	**50,469,371**	**51.03%**	**-**	**-**	**50,469,371**	**51.03%**
SLC Participações S.A.	28,948,584	29.27%	-	-	28,948,584	29.27%
Evaux Participações S.A.	21,520,787	21.76%	-	-	21,520,787	21.76%
Board of Directors	**5**	**0.00%**	**-**	**-**	**5**	**0.00%**
Board	5	0.00%	-	-	**5**	0.00%
Directors	0	0.00%	-	-	0	0.00%
Shareholders over 5%	**4,692,600**	**4.74%**	**-**	**-**	**4,692,600**	**4.74%**
Blackrock, INC	4,692,600	4.74%	-	-	4,692,600	4.74%
Treasury Shares	**987,700**	**1.00%**	**-**	**-**	**987,700**	**1.00%**
Others Shareholders	**42,747,824**	**43.22%**	**-**	**-**	**42,747,824**	**43.22%**
Total	**98,897,500**	**100.00%**	**-**	**-**	**98,897,500**	**100.00%**
Free Flot	**47,440,424**	**47.97%**	**-**	**-**	**47,440,424**	**47.97%**

OWNERSHIP BREAKDOWN Balance on: 12/31/2009						
Shareholders	**Commom Shares (Unit)**	**%**	**Preferred Shares (Unit)**	**%**	**Total Shares (Unit)**	**%**
Controllers	**50,469,371**	**51.03%**	**-**	**-**	**50,469,371**	**51.03%**
SLC Participações S.A.	28,948,584	29.27%	-	-	28,948,584	29.27%
Evaux Participações S.A.	21,520,787	21.76%	-	-	21,520,787	21.76%
Board of Directors	**5**	**0.00%**	**-**	**-**	**5**	**0.00%**
Board	5	0.00%	-	-	**5**	0.00%
Directors	0	0.00%	-	-	0	0.00%
Shareholders over 5%	**4,692,600**	**4.74%**	**-**	**-**	**4,692,600**	**4.74%**
Blackrock, INC	4,692,600	4.74%	-	-	4,692,600	4.74%
Treasury Shares	**1,304,000**	**1.32%**	**-**	**-**	**1,304,000**	**1.32%**
Others Shareholders	**42,431,524**	**42.91%**	**-**	**-**	**42,431,524**	**42.91%**
Total	**98,897,500**	**100.00%**	**-**	**-**	**98,897,500**	**100.00%**
Free Flot	**47,124,124**	**47.65%**	**-**	**-**	**47,124,124**	**47.65%**

A free translation from Portuguese into English of Independent Auditor's Review Report on financial statements prepared in accordance with accounting practices adopted in Brazil

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REVIEW REPORT ON THE QUARTERLY INFORMATION

To the Shareholders, Directors and Officers of
SLC Agrícola S.A.
Porto Alegre – RS

Introduction

We have reviewed the individual and consolidated interim accounting information of Companhia SLC Agrícola S.A., contained in the Quarterly Information Form – ITR for the quarter ended March 31, 2012, which comprises the balance sheet on March 31, 2012 and the respective statements of income and comprehensive income for the quarter ended, as well as changes in shareholders' equity and cash flows for three-months then ended,
including the summary of the main accounting practices and other explanatory notes.

Management is responsible for the preparation of the individual interim accounting information in accordance with the Accounting Pronouncement CPC 21 – Interim Statement and consolidated interim accounting information in accordance with CPC 21 and the international accounting standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express our conclusion on this interim accounting information based on our review.

Scope of the review

We conducted our review in accordance with the Brazilian and international interim information review standards (NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries primarily of the management responsible for financial and accounting matters and applying analytical procedures and other review procedures. The scope of a review is significantly less than an audit conducted in accordance with auditing standards and, accordingly, it did not enable us to obtain assurance that we were aware of all material matters that would have been identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the individual interim accounting information

Based on our review, we are not aware of any fact that might lead us to believe that the individual interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Conclusion on the consolidated interim accounting information
Based on our review, we are not aware of any fact that might lead us to believe that the consolidated interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

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Other matters

Interim information of added value
We also reviewed the individual and consolidated interim information of added value (DVA) for the three-months ended March 31, 2012, prepared under management's responsibility, for which presentation is required in the interim information in accordance with the standards issued by CVM - the Brazilian Securities and Exchange Commission applicable to the preparation of Quarterly Information - ITR and considered as supplementary information by IFRS, which does not require the presentation of the statements of added value. These statements were submitted to the same review procedures described previously and, based on our review, we are not aware of any fact that might lead us to believe that they were not prepared, in all material respects, in accordance with the individual and consolidated interim accounting information taken as a whole.

Porto Alegre (RS), May 02, 2012.

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC-2S0P15199/O-6/S/RS

Luis Carlos de Souza
Accountant CRC-1SC021585/O-4 S-RS