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Company information / Capital composition

Quantity of shares (Units)	Current quarter 06/30/2012
Paid-in capital	
Common	98,897,500
Preferred	0
Total	98,897,500
Treasury shares	
Common	1,025,585
Preferred	0
Total	1,025,585

Company information / Dividends in cash

Event	Approval	Dividend	Start payment	Nature of share	Type of share	Dividend per share - (Reais / Share)
Annual shareholders meeting	04/30/2012	Dividends	05/15/2012	Common shares		0.63439

Individual financial statements / Balance sheet - Assets

(In thousands of Reais)

Code of account	Account description	Current quarter 06/30/2012	Prior year 12/31/2011
1	Total assets	2,793,443	2,721,420
1.01	Current assets	633,900	657,866
1.01.01	Cash and cash equivalents	51,765	78,523
1.01.01.01	Cash and cash equivalents	26,145	75,426
1.01.01.02	Short-term interest earnings bank deposits	25,620	3,097
1.01.03	Accounts receivable	92,612	98,443
1.01.03.01	Trade accounts receivable	16,234	28,572
1.01.03.02	Other accounts receivable	76,378	69,871
1.01.03.02.01	Advances to suppliers	21,345	16,210
1.01.03.02.02	Operations with derivatives	12,158	15,254
1.01.03.02.03	Securities and credits receivable	20,204	13,180
1.01.03.02.04	Other accounts receivable	21,799	25,227
1.01.03.02.05	Interest earnings bank deposits - pledged	872	0
1.01.04	Inventories	197,264	278,424
1.01.05	Biological assets	248,640	165,741
1.01.06	Recoverable taxes	38,652	30,095
1.01.06.01	Current taxes recoverable	38,652	30,095
1.01.06.01.01	Recoverable taxes	38,652	30,095
1.01.07	Prepaid expenses	4,967	6,640
1.02	Non-current assets	2,159,543	2,063,554
1.02.01	Long term assets	186,162	100,521
1.02.01.05	Biological assets	14,648	14,925
1.02.01.06	Deferred taxes	53,336	45,957
1.02.01.06.01	Deferred income and social contribution taxes	53,336	45,957
1.02.01.07	Prepaid expenses	1,970	2,710
1.02.01.08	Related party credits	142	17,370
1.02.01.08.02	Receivables with subsidiary companies	142	17,370
1.02.01.09	Other non-current assets	116,066	19,559
1.02.01.09.03	Recoverable taxes	4,410	3,673
1.02.01.09.04	Operations with derivatives	59	894
1.02.01.09.05	Advances for future capital increase	90,698	1,347
1.02.01.09.06	Accounts receivable	20,204	12,967
1.02.01.09.07	Other accounts receivable	695	678
1.02.02	Investments	1,509,815	1,523,784
1.02.02.01	Equity interest	1,509,815	1,523,784
1.02.02.01.01	Interest in associated companies	1,509,664	1,523,663
1.02.02.01.04	Other equity interest	151	121
1.02.03	Property, plant and equipment	454,594	429,271
1.02.03.01	Fixed assets in operation	433,203	417,385
1.02.03.03	Constructions in progress	21,391	11,886
1.02.04	Intangible assets	8,972	9,978
1.02.04.01	Intangible assets	8,972	9,978

Individual financial statements/ Balance sheet - Liabilities (In thousands of Reais)

Code of account	Account description	Current quarter 06/30/2012	Prior year 12/31/2011
2	Total Liabilities	2,793,443	2,721,420
2.01	Current liabilities	399,407	450,274
2.01.01	Social and labor obligations	1,417	2,070
2.01.01.01	Social charges	1,210	1,943
2.01.01.02	Labor obligations	207	127
2.01.02	Suppliers	30,684	75,640
2.01.02.01	Domestic suppliers	30,684	75,640
2.01.03	Tax liabilities	657	2,608
2.01.03.01	Federal tax liabilities	524	2,250
2.01.03.01.01	Income and social contribution tax payable	0	1,005
2.01.03.01.02	Taxes, rates, and sundry contributions	524	1,245
2.01.03.02	State tax liabilities	74	259
2.01.03.03	Municipal tax liabilities	59	99
2.01.04	Loans and financing	266,213	235,065
2.01.04.01	Loans and financing	266,213	235,065
2.01.04.01.01	In local currency	168,986	133,726
2.01.04.01.02	In foreign currency	97,227	101,339
2.01.05	Other liabilities	91,830	121,577
2.01.05.01	Liabilities with related parties	5,376	8,802
2.01.05.01.01	Debits with associated companies	5,376	8,802
2.01.05.02	Others	86,454	112,775
2.01.05.02.02	Minimum compulsory dividend payable	0	38,654
2.01.05.02.04	Securities payable	600	600
2.01.05.02.05	Advances from clients	42,316	42,174
2.01.05.02.06	Operations with derivatives	39,209	23,808
2.01.05.02.07	Other debits	4,329	7,539
2.01.06	Provisions	8,606	13,314
2.01.06.01	Tax, social security, labor and civil provisions	8,606	13,314
2.01.06.01.01	Tax provisions	160	160
2.01.06.01.02	Social security and labor provisions	5,198	3,721
2.01.06.01.03	Provisions to employee benefits	2,601	8,773
2.01.06.01.05	Provision for labor contingencies	647	660
2.02	Non-current liabilities	539,993	350,910
2.02.01	Loans and financing	416,334	216,320
2.02.01.01	Loans and financing	416,334	216,320
2.02.01.01.01	In local currency	69,476	70,477
2.02.01.01.02	In foreign currency	346,858	145,843
2.02.02	Other liabilities	4,525	5,146
2.02.02.02	Others	4,525	5,146
2.02.02.02.04	Operations with derivatives	3,977	4,598
2.02.02.02.06	Other debits	548	548
2.02.03	Deferred taxes	119,134	129,444
2.02.03.01	Deferred income and social contribution taxes	119,134	129,444
2.03	Shareholders' equity	1,854,043	1,920,236
2.03.01	Realized capital	557,434	557,434
2.03.02	Capital reserves	180,468	172,954

Individual financial statements/ Balance sheet - Liabilities

(In thousands of Reais)

Code of account	Account description	Current quarter 06/30/2012	Prior year 12/31/2011
2.03.02.01	Goodwill in the issue of shares	176,774	176,534
2.03.02.04	Options granted	18,839	15,952
2.03.02.05	Treasury shares	-15,145	-19,532
2.03.04	Profit reserves	264,093	287,295
2.03.04.01	Legal reserve	2,851	2,851
2.03.04.02	Statutory reserve	255,614	278,816
2.03.04.05	Profit retention reserve	5,628	5,628
2.03.05	Retained Earnings/Losses	-4,575	0
2.03.08	Other comprehensive income	856,623	902,553

Individual financial statements / Statement of income

(In thousands of Reais)

Code of account	Account description	Current quarter - From 04/01/2012 to 06/30/2012	Accumulated of the Current Year 01/01/2012 to 06/30/2012	Same Quarter of the Prior Year - From 04/01/2011 to 06/30/2011	Accumulated of the prior year 01/01/2011 to 06/30/2011
3.01	Income from sales of goods and/or services	113,743	286,665	123,326	246,597
3.02	Cost of goods and/or services sold	-136,738	-262,765	-72,978	-143,447
3.03	Gross income	-22,995	23,900	50,348	103,150
3.04	Operating expenses/income	-42,309	-46,215	-6,371	-10,201
3.04.01	Sales expenses	-9,643	-18,074	-4,842	-10,681
3.04.02	General and administrative expenses	-9,734	-20,519	-11,748	-22,350
3.04.02.01	General and administrative	-8,449	-17,781	-9,611	-18,596
3.04.02.02	Management compensation	-1,285	-2,738	-2,137	-3,754
3.04.04	Other operating income	3,109	4,010	277	277
3.04.05	Other operating expenses	0	0	-1,145	-2,133
3.04.06	Equity income (loss)	-26,041	-11,632	11,087	24,686
3.05	Income (loss) before financial income (loss) and taxes	-65,304	-22,315	43,977	92,949
3.06	Financial income (loss)	9,878	11,509	10,395	-9,803
3.06.01	Financial income	30,062	48,381	21,216	36,421
3.06.02	Financial expenses	-20,184	-36,872	-10,821	-46,224
3.07	Income (loss) before income tax	-55,426	-10,806	54,372	83,146
3.08	Income and social contribution taxes	9,489	-1,286	-14,938	-21,561
3.08.02	Deferred assets	9,489	-1,286	-14,938	-21,561
3.09	Net income (loss) of continued operations	-45,937	-12,092	39,434	61,585
3.11	Net Income (loss) for the period	-45,937	-12,092	39,434	61,585
3.99	Earning per share - (Reais / Shares)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	-0.46940	-0.12355	0.40220	0.62820
3.99.02	Diluted earning per share				
3.99.02.01	ON	-0.46740	-0.12303	0.40000	0.62471

Individual financial statements / Statement of Comprehensive Income

(In thousands of Reais)

Code of account	Account description	Current quarter - From 04/01/2012 to 06/30/2012	Accumulated of the Current Year 01/01/2012 to 06/30/2012	Same Quarter of the Prior Year - From 04/01/2011 to 06/30/2011	Accumulated of the prior year 01/01/2011 to 06/30/2011
4.01	Net income (loss) for the period	-45,937	-12,092	39,434	61,585
4.02	Other comprehensive income	-53,670	-38,635	18,063	21,131
4.02.01	Derivatives - Cash flow hedge	-71,945	-55,809	22,125	26,068
4.02.02	Derivatives - Cash flow hedge - Reflex of the subsidiaries	-6,186	-1,801	3,220	3,926
4.02.03	Income and social contribution taxes	24,461	18,975	-7,282	-8,863
4.03	Comprehensive income (loss) for the period	-99,607	-50,727	57,497	82,716

Individual financial statements / Statement of cash flows - Indirect method

(In thousands of Reais)

Code of account	Account description	Accumulated of the current year 01/01/2012 to 06/30/2012	Accumulated of the prior year 01/01/2011 to 06/30/2011
6.01	Net cash from operational activities	-76,489	-25,732
6.01.01	Cash generated in operations	82,219	69,773
6.01.01.01	Net income (loss) before income and social contribution taxes	-10,806	83,146
6.01.01.02	Depreciation	29,332	27,939
6.01.01.03	Income from Write-off of permanent assets	8,844	11,909
6.01.01.04	Investment capital gains (losses)	854	763
6.01.01.05	Equity pick-up	11,632	-24,686
6.01.01.06	Interest, Foreign exchange variation and price-level restatement	-3,596	-15,257
6.01.01.07	Variation in biological assets	40,333	-23,203
6.01.01.08	Provision (reversal) of inventory adjustments and onerous contracts	1,920	5,770
6.01.01.09	Provision (reversal) of profit sharing and labor contingencies	3,706	3,392
6.01.02	Changes in assets and liabilities	-158,708	-95,505
6.01.02.01	Trade accounts receivable	12,338	12,999
6.01.02.02	Inventories and biological assets	-38,108	-101,582
6.01.02.03	Recoverable taxes	-9,294	5,891
6.01.02.04	Accounts receivable	661	20,221
6.01.02.05	Interest earnings bank deposits - pledged	-872	12,803
6.01.02.06	Other accounts receivable	-4,136	6,106
6.01.02.07	Suppliers	-44,955	-30,741
6.01.02.08	Taxes and social payables	-2,605	9
6.01.02.09	Obligations with associates and subsidiaries	-70,449	-24,130
6.01.02.10	Operations with derivatives	10,194	-25,015
6.01.02.11	Advances from clients	142	37,242
6.01.02.12	Other accounts payable	-11,624	-9,308
6.02	Net cash used in investment activities	-68,472	-41,507
6.02.01	In Investment	-96	-10
6.02.02	In fixed assets	-68,163	-40,911
6.02.03	In intangible assets	-213	-586
6.03	Net cash generated/(consumed) in financing activities	118,203	37,596
6.03.01	Sale (repurchase) of shares	4,627	2,105
6.03.02	Option plan	2,887	3,437
6.03.03	Loans and financing obtained	260,492	90,522
6.03.04	Loans and financing paid	-87,948	-42,876
6.03.05	Dividends paid	-61,855	-15,592
6.05	Increase (decrease) in cash and cash equivalents	-26,758	-29,643
6.05.01	Opening balance of cash and cash equivalents	78,523	93,119
6.05.02	Closing balance of cash and cash equivalents	51,765	63,476

Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2012 to 06/30/2012

(In thousands of Reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	557,434	172,954	287,295	0	902,553	1,920,236
5.03	Adjusted opening balances	557,434	172,954	287,295	0	902,553	1,920,236
5.04	Capital transactions with partners	0	7,514	-23,202	0	0	-15,688
5.04.03	Recognized options granted	0	2,887	0	0	0	2,887
5.04.05	Treasury shares sold	0	4,386	0	0	0	4,386
5.04.06	Dividends	0	0	-23,202	0	0	-23,202
5.04.08	Goodwill in the sale of treasury stock	0	241	0	0	0	241
5.05	Total comprehensive income	0	0	0	-4,575	-45,930	-50,505
5.05.01	Net income for the period	0	0	0	-12,092	0	-12,092
5.05.02	Other comprehensive income	0	0	0	7,517	-46,152	-38,635
5.05.02.01	Financial instruments' adjustments	0	0	0	0	-55,809	-55,809
5.05.02.02	Taxes on financial instruments' adjustments	0	0	0	0	18,975	18,975
5.05.02.03	Equity income (loss) on compreh. income - subsidiaries and associates	0	0	0	0	-1,801	-1,801
5.05.02.06	Realization of deemed cost for the fixed assets - Depreciation	0	0	0	2,668	-2,668	0
5.05.02.07	Realization of deemed cost for the fixed assets - Sales	0	0	0	1,218	-1,218	0
5.05.02.08	Realization of deemed cost for the fixed assets - Subsidiaries	0	0	0	3,631	-3,631	0
5.05.03	Reclassifications to income (loss)	0	0	0	0	222	222
5.05.03.01	Financial instruments' adjustments	0	0	0	0	222	222
5.07	Closing balances	557,434	180,468	264,093	-4,575	856,623	1,854,043

Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2011 to 06/30/2011

(In thousands of Reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	557,434	174,015	138,672	0	1,004,872	1,874,993
5.03	Adjusted opening balances	557,434	174,015	138,672	0	1,004,872	1,874,993
5.04	Capital transactions with partners	0	5,542	0	0	0	5,542
5.04.03	Recognized options granted	0	3,437	0	0	0	3,437
5.04.04	Treasury shares acquired	0	-359	0	0	0	-359
5.04.05	Treasury shares sold	0	2,083	0	0	0	2,083
5.04.08	Goodwill in the sale of treasury stock	0	381	0	0	0	381
5.05	Total comprehensive income	0	0	0	62,499	20,216	82,715
5.05.01	Net income for the period	0	0	0	61,585	0	61,585
5.05.02	Other comprehensive income	0	0	0	914	20,216	21,130
5.05.02.01	Financial instruments' adjustments	0	0	0	0	26,065	26,065
5.05.02.02	Taxes on financial instruments' adjustments	0	0	0	0	-8,862	-8,862
5.05.02.03	Equity income (loss) on compreh. income - subsidiaries and associates	0	0	0	0	3,927	3,927
5.05.02.06	Realization of deemed cost for the fixed assets - Depreciation	0	0	0	914	-914	0
5.07	Closing balances	557,434	179,557	138,672	62,499	1,025,088	1,963,250

Individual financial statements / Statement of added value

(In thousands of Reais)

Code of account	Account description	Accumulated of the current year 01/01/2012 to 06/30/2012	Accumulated of the prior year 01/01/2011 to 06/30/2011
7.01	Revenues	332,338	267,560
7.01.01	Sale of merchandise, products and services	282,537	194,062
7.01.02	Other income	21,266	57,665
7.01.02.01	Variation of the fair value of biological assets	15,329	58,915
7.01.02.02	Other income	5,937	-1,250
7.01.03	Income from construction of own assets	28,535	15,833
7.02	Inputs acquired from third parties	-225,248	-135,131
7.02.01	Cost of goods, merchandise and services sold	-1,438	-846
7.02.02	Materials, Energy, Third-party services and other	-76,246	-48,477
7.02.03	Loss/recovery of asset values	-2,239	-3,453
7.02.04	Others	-145,325	-82,355
7.02.04.01	Raw material used	-89,662	-46,643
7.02.04.02	Adjustment of fair value of biological assets	-55,663	-35,712
7.03	Gross added value	107,090	132,429
7.04	Retentions	-29,332	-13,790
7.04.01	Depreciation, amortization and depletion	-29,332	-13,790
7.05	Net added value produced	77,758	118,639
7.06	Added value received as transfer	36,454	72,890
7.06.01	Equity income (loss)	-11,632	24,686
7.06.02	Financial income	48,023	48,150
7.06.03	Others	63	54
7.07	Total added value payable	114,212	191,529
7.08	Distribution of added value	114,212	191,529
7.08.01	Personnel	38,696	26,119
7.08.01.01	Direct remuneration	22,735	21,449
7.08.01.02	Benefits	13,984	3,512
7.08.01.03	F.G.T.S.	1,977	1,158
7.08.02	Taxes, rates and contributions	36,540	48,390
7.08.02.01	Federal	24,781	41,332
7.08.02.02	State	11,759	7,052
7.08.02.03	Municipal	0	6
7.08.03	Third-party capital remuneration	51,068	55,435
7.08.03.01	Interest	35,975	47,298
7.08.03.02	Rents	15,093	8,137
7.08.04	Remuneration of own capital	-12,092	61,585
7.08.04.03	Retained earnings / Loss for the period	-12,092	61,585

Consolidated financial statements / Balance sheet - Assets

(In thousands of Reais)

Code of account	Account description	Current quarter 06/30/2012	Prior year 12/31/2011
1	Total assets	3,681,925	3,648,414
1.01	Current assets	977,249	987,095
1.01.01	Cash and cash equivalents	135,283	130,463
1.01.01.01	Cash and cash equivalents	100,039	127,357
1.01.01.02	Short-term interest earnings bank deposits	35,244	3,106
1.01.03	Accounts receivable	91,445	104,852
1.01.03.01	Trade accounts receivable	25,693	54,335
1.01.03.02	Other accounts receivable	65,752	50,517
1.01.03.02.01	Advances to suppliers	26,387	17,774
1.01.03.02.02	Operations with derivatives	12,158	15,283
1.01.03.02.03	Securities and credits receivable	20,204	13,180
1.01.03.02.04	Other accounts receivable	6,131	4,280
1.01.03.02.05	Interest earnings bank deposits - pledged	872	0
1.01.04	Inventories	305,073	410,416
1.01.05	Biological assets	365,041	264,772
1.01.06	Recoverable taxes	73,730	69,701
1.01.06.01	Current taxes recoverable	73,730	69,701
1.01.06.01.01	Recoverable taxes	73,730	69,701
1.01.07	Prepaid expenses	6,677	6,891
1.02	Non-current assets	2,704,676	2,661,319
1.02.01	Long term assets	118,071	101,550
1.02.01.05	Biological assets	14,648	14,925
1.02.01.06	Deferred taxes	75,189	64,104
1.02.01.06.01	Deferred income and social contribution taxes	75,189	64,104
1.02.01.07	Prepaid expenses	1,970	2,710
1.02.01.09	Other non-current assets	26,264	19,811
1.02.01.09.03	Recoverable taxes	4,963	4,940
1.02.01.09.04	Operations with derivatives	59	894
1.02.01.09.05	Accounts receivable	20,204	12,967
1.02.01.09.06	Other accounts receivable	1,038	1,010
1.02.02	Investments	415	367
1.02.02.01	Equity interest	415	367
1.02.02.01.04	Other equity interest	415	367
1.02.03	Property, plant and equipment	2,577,142	2,549,337
1.02.03.01	Fixed assets in operation	2,553,607	2,536,328
1.02.03.03	Constructions in progress	23,535	13,009
1.02.04	Intangible assets	9,048	10,065
1.02.04.01	Intangible assets	9,048	10,065

Consolidated financial statements / Balance sheet - Liabilities (In thousands of Reais)

Code of account	Account description	Current quarter 06/30/2012	Prior year 12/31/2011
2	Total Liabilities	3,681,925	3,648,414
2.01	Current liabilities	767,095	817,592
2.01.01	Social and labor obligations	2,973	3,226
2.01.01.01	Social charges	2,594	3,025
2.01.01.02	Labor obligations	379	201
2.01.02	Suppliers	50,376	117,919
2.01.02.01	Domestic suppliers	50,376	117,919
2.01.03	Tax liabilities	16,565	21,151
2.01.03.01	Federal tax liabilities	16,292	20,411
2.01.03.01.01	Income and social contribution tax payable	15,672	18,964
2.01.03.01.02	Taxes, rates, and sundry contributions	620	1,447
2.01.03.02	State tax liabilities	188	599
2.01.03.03	Municipal tax liabilities	85	141
2.01.04	Loans and financing	415,370	384,735
2.01.04.01	Loans and financing	415,370	384,735
2.01.04.01.01	In local currency	318,143	277,401
2.01.04.01.02	In foreign currency	97,227	107,334
2.01.05	Other liabilities	269,139	270,913
2.01.05.02	Others	269,139	270,913
2.01.05.02.02	Minimum compulsory dividend payable	0	38,654
2.01.05.02.04	Securities payable	127,345	113,876
2.01.05.02.05	Advances from clients	79,966	67,613
2.01.05.02.07	Operations with derivatives	56,353	37,349
2.01.05.02.09	Other debits	5,475	13,421
2.01.06	Provisions	12,672	19,648
2.01.06.01	Tax, social security, labor and civil provisions	12,672	19,648
2.01.06.01.01	Tax provisions	160	160
2.01.06.01.02	Social security and labor provisions	7,522	5,580
2.01.06.01.03	Provisions to employee benefits	3,612	12,570
2.01.06.01.05	Provision for labor contingencies	1,378	1,338
2.02	Non-current liabilities	1,060,787	910,586
2.02.01	Loans and financing	452,029	255,296
2.02.01.01	Loans and financing	452,029	255,296
2.02.01.01.01	In local currency	105,171	109,349
2.02.01.01.02	In foreign currency	346,858	145,947
2.02.02	Other liabilities	101,719	134,607
2.02.02.02	Others	101,719	134,607
2.02.02.02.03	Securities payable	96,999	128,505
2.02.02.02.04	Operations with derivatives	4,172	5,554
2.02.02.02.05	Other debits	548	548
2.02.03	Deferred taxes	507,039	520,683
2.02.03.01	Deferred income and social contribution taxes	507,039	520,683
2.03	Consolidated shareholders' equity	1,854,043	1,920,236
2.03.01	Realized capital	557,434	557,434
2.03.02	Capital reserves	180,468	172,954
2.03.02.01	Goodwill in the issue of shares	176,774	176,534

Consolidated financial statements / Balance sheet - Liabilities

(In thousands of Reais)

Code of account	Account description	Current quarter 06/30/2012	Prior year 12/31/2011
2.03.02.04	Options granted	18,839	15,952
2.03.02.05	Treasury shares	-15,145	-19,532
2.03.04	Profit reserves	264,093	287,295
2.03.04.01	Legal reserve	2,851	2,851
2.03.04.02	Statutory reserve	255,614	278,816
2.03.04.05	Profit retention reserve	5,628	5,628
2.03.05	Retained earnings/Losses	-4,595	0
2.03.08	Other comprehensive income	856,643	902,553

Consolidated financial statements / Statement of income

(In thousands of Reais)

Code of account	Account description	Current quarter - From 04/01/2012 to 06/30/2012	Accumulated of the Current Year 01/01/2012 to 06/30/2012	Same Quarter of the Prior Year - From 04/01/2011 to 06/30/2011	Accumulated of the prior year 01/01/2011 to 06/30/2011
3.01	Income from sales of goods and/or services	226,785	551,599	210,104	406,381
3.02	Cost of goods and/or services sold	-223,180	-444,025	-135,876	-257,417
3.03	Gross income	3,605	107,574	74,228	148,964
3.04	Operating expenses/income	-21,145	-49,878	-21,410	-44,014
3.04.01	Sales expenses	-13,403	-29,345	-6,902	-15,238
3.04.02	General and administrative expenses	-10,940	-24,356	-13,937	-27,422
3.04.02.01	General and administrative	-9,655	-21,618	-11,800	-23,668
3.04.02.02	Management compensation	-1,285	-2,738	-2,137	-3,754
3.04.04	Other operating income	3,198	3,823	320	320
3.04.05	Other operating expenses	0	0	-891	-1,674
3.05	Income (loss) before financial income (loss) and taxes	-17,540	57,696	52,818	104,950
3.06	Financial income (loss)	-40,229	-58,569	11,519	-6,416
3.06.01	Financial income	37,471	65,841	28,337	55,409
3.06.02	Financial expenses	-77,700	-124,410	-16,818	-61,825
3.07	Income (loss) before income tax	-57,769	-873	64,337	98,534
3.08	Income and social contribution taxes	12,496	-11,240	-22,330	-34,154
3.08.01	Current	-5,618	-15,587	-540	-5,381
3.08.02	Deferred assets	18,114	4,347	-21,790	-28,773
3.09	Net income (loss) of continued operations	-45,273	-12,113	42,007	64,380
3.11	Income/loss for the period	-45,273	-12,113	42,007	64,380
3.11.01	Attributed to the Parent company's partners	-45,273	-12,113	42,007	64,380
3.99	Earning per share - (Reais / Shares)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	-0.46260	-0.12376	0.42850	0.65671
3.99.02	Diluted earning per share				
3.99.02.01	ON	-0.46060	-0.12324	0.42610	0.65306

Consolidated financial statements / Statement of comprehensive income

(In thousands of Reais)

Code of account	Account description	Current quarter - From 04/01/2012 to 06/30/2012	Accumulated of the Current Year 01/01/2012 to 06/30/2012	Same Quarter of the Prior Year - From 04/01/2011 to 06/30/2011	Accumulated of the prior year 01/01/2011 to 06/30/2011
4.01	Consolidated net income for the period	-45,273	-12,113	42,007	64,380
4.02	Other comprehensive income	-54,334	-38,614	15,268	18,336
4.02.01	Derivatives of cash flow hedge	-82,325	-58,507	23,133	27,782
4.02.02	Income and social contribution taxes	27,991	19,893	-7,865	-9,446
4.03	Consolidated comprehensive income for the period	-99,607	-50,727	57,275	82,716
4.03.01	Attributed to the Parent company's partners	-99,607	-50,727	57,275	82,716

Consolidated financial statements / Statement of cash flows - Indirect method

(In thousands of Reais)

Code of account	Account description	Accumulated of the current year 01/01/2012 to 06/30/2012	Accumulated of the prior year 01/01/2011 to 06/30/2011
6.01	Net cash from operational activities	-24,489	8,398
6.01.01	Cash generated in operations	176,859	170,581
6.01.01.01	Net income (loss) before income and social contribution taxes	-873	98,534
6.01.01.02	Depreciation	44,293	25,113
6.01.01.03	Income from Write-off of permanent assets	7,021	7,808
6.01.01.04	Interest, foreign exchange variation and price-level restatement	67,296	55,853
6.01.01.05	Variation in biological assets	53,776	-28,285
6.01.01.06	Provision (reversal) to inventory adjustments and onerous contracts	1,721	6,564
6.01.01.07	Provision (reversal) of profit sharing and labor contingencies	3,625	4,994
6.01.02	Changes in assets and liabilities	-201,348	-162,183
6.01.02.01	Trade accounts receivable	28,641	22,955
6.01.02.02	Inventories and biological assets	-45,827	-117,502
6.01.02.03	Recoverable taxes	-5,773	1,449
6.01.02.05	Accounts receivable	661	-9,583
6.01.02.06	Pledged financial investments	-872	12,803
6.01.02.07	Other accounts receivable	-9,262	8,411
6.01.02.08	Suppliers	-67,543	-51,932
6.01.02.09	Taxes and social payables	-20,426	-407
6.01.02.10	Operations with derivatives	10,369	-31,208
6.01.02.11	Securities payable	-84,852	-48,154
6.01.02.12	Advances from clients	12,353	62,494
6.01.02.13	Other accounts payable	-18,817	-11,509
6.02	Net cash used in investment activities	-81,022	-69,822
6.02.01	In Investment	-49	122
6.02.02	In property, plant and equipment	-80,760	-69,300
6.02.03	In intangible assets	-213	-644
6.03	Net cash generated/(consumed) in financing activities	110,331	71,201
6.03.01	Loans and financing obtained	269,453	188,546
6.03.02	Loans and financing paid	-104,781	-107,295
6.03.03	Option plan	2,887	3,437
6.03.04	Sale (repurchase) of shares	4,627	2,105
6.03.05	Dividends paid	-61,855	-15,592
6.05	Increase (decrease) in cash and cash equivalents	4,820	9,777
6.05.01	Opening balance of cash and cash equivalents	130,463	110,219
6.05.02	Closing balance of cash and cash equivalents	135,283	119,996

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2012 to 06/30/2012

(In thousands of Reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
5.01	Opening balances	557,434	172,954	287,295	0	902,553	1,920,236	0	1,920,236
5.03	Adjusted opening balances	557,434	172,954	287,295	0	902,553	1,920,236	0	1,920,236
5.04	Capital transactions with partners	0	7,514	-23,202	0	0	-15,688	0	-15,688
5.04.03	Recognized options granted	0	2,887	0	0	0	2,887	0	2,887
5.04.05	Treasury shares sold	0	4,386	0	0	0	4,386	0	4,386
5.04.06	Dividends	0	0	-23,202	0	0	-23,202	0	-23,202
5.04.08	Goodwill in the sale of treasury stock	0	241	0	0	0	241	0	241
5.05	Total comprehensive income	0	0	0	-4,595	-45,910	-50,505	0	-50,505
5.05.01	Net income for the period	0	0	0	-12,113	0	-12,113	0	-12,113
5.05.02	Other comprehensive income	0	0	0	7,518	-46,132	-38,614	0	-38,614
5.05.02.01	Financial instruments' adjustments	0	0	0	0	-58,507	-58,507	0	-58,507
5.05.02.02	Taxes on financial instruments' adjustments	0	0	0	0	19,893	19,893	0	19,893
5.05.02.06	Realization of deemed cost for the fixed assets - Depreciation	0	0	0	5,757	-5,757	0	0	0
5.05.02.07	Realization of deemed cost for the fixed assets - Sales	0	0	0	1,761	-1,761	0	0	0
5.05.03	Reclassifications to income (loss)	0	0	0	0	222	222	0	222
5.05.03.01	Financial instruments' adjustments	0	0	0	0	222	222	0	222
5.07	Closing balances	557,434	180,468	264,093	-4,595	856,643	1,854,043	0	1,854,043

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2011 to 06/30/2011

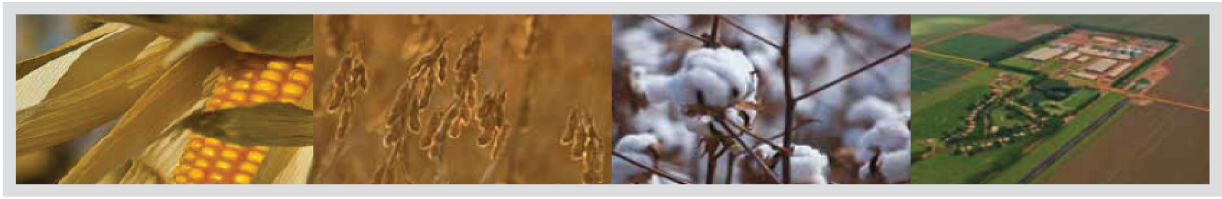
(In thousands of Reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
5.01	Opening balances	557,434	174,015	154,252	0	989,291	1,874,992	0	1,874,992
5.03	Adjusted opening balances	557,434	174,015	154,252	0	989,291	1,874,992	0	1,874,992
5.04	Capital transactions with partners	0	5,542	0	0	0	5,542	0	5,542
5.04.03	Recognized options granted	0	3,437	0	0	0	3,437	0	3,437
5.04.04	Treasury shares acquired	0	-359	0	0	0	-359	0	-359
5.04.05	Treasury shares sold	0	2,083	0	0	0	2,083	0	2,083
5.04.08	Goodwill in the sale of treasury stock	0	381	0	0	0	381	0	381
5.05	Total comprehensive income	0	0	0	66,758	15,958	82,716	0	82,716
5.05.01	Net income for the period	0	0	0	64,380	0	64,380	0	64,380
5.05.02	Other comprehensive income	0	0	0	2,378	15,958	18,336	0	18,336
5.05.02.01	Financial instruments' adjustments	0	0	0	0	27,782	27,782	0	27,782
5.05.02.02	Taxes on financial instruments' adjustments	0	0	0	0	-9,446	-9,446	0	-9,446
5.05.02.06	Realization of deemed cost for the fixed assets - Depreciation	0	0	0	2,378	-2,378	0	0	0
5.07	Closing balances	557,434	179,557	154,252	66,758	1,005,249	1,963,250	0	1,963,250

Consolidated financial statements / Statement of added value

(In thousands of Reais)

Code of account	Account description	Accumulated of the current year 01/01/2012 to 06/30/2012	Accumulated of the prior year 01/01/2011 to 06/30/2011
7.01	Income	612,885	435,048
7.01.01	Sale of merchandise, products and services	505,669	307,516
7.01.02	Other income	76,033	105,647
7.01.02.01	Other income	7,255	-230
7.01.02.02	Variation of the fair value of biological assets	68,778	105,877
7.01.03	Income from construction of own assets	31,183	21,885
7.02	Inputs acquired from third parties	-394,728	-242,068
7.02.01	Cost of goods, merchandise and services sold	-2,966	-1,387
7.02.02	Materials, Energy, Third-party services and other	-114,011	-69,536
7.02.03	Loss/recovery of asset values	-2,237	-4,247
7.02.04	Others	-275,514	-166,898
7.02.04.01	Raw material used	-152,959	-89,306
7.02.04.02	Adjustment to fair value of biological assets	-122,555	-77,592
7.03	Gross added value	218,157	192,980
7.04	Retentions	-44,293	-25,113
7.04.01	Depreciation, amortization and depletion	-44,293	-25,113
7.05	Net added value produced	173,864	167,867
7.06	Added value received as transfer	65,296	74,468
7.06.02	Financial income	65,197	74,381
7.06.03	Others	99	87
7.07	Total added value payable	239,160	242,335
7.08	Distribution of added value	239,160	242,335
7.08.01	Personnel	56,592	36,828
7.08.01.01	Direct remuneration	34,811	27,903
7.08.01.02	Benefits	18,908	7,187
7.08.01.03	F.G.T.S.	2,873	1,738
7.08.02	Taxes, rates and contributions	65,297	73,109
7.08.02.01	Federal	47,940	63,483
7.08.02.02	State	17,357	9,605
7.08.02.03	Municipal	0	21
7.08.03	Third-party capital remuneration	129,384	68,018
7.08.03.01	Interest	123,042	62,421
7.08.03.02	Rents	6,342	5,597
7.08.04	Remuneration of own capital	-12,113	64,380
7.08.04.03	Retained earnings / Loss for the period	-12,113	64,380



Land portfolio appreciated
R$ 295.4 million (+18.2%) in 2012

Porto Alegre, August 08, 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 second 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.

2Q12 Highlights

(R$ thousand)	1S11	2S12	AH	2Q11	2Q12	AH
Net revenue	**406,381**	**551,599**	**35.7%**	**210,104**	**226,785**	**7.9%**
Gross income	**148,964**	**107,574**	**-27.8%**	**74,228**	**3,605**	**-95.1%**
Gross margin	*36.7%*	*19.5%*	*-17.2 p.p*	*35.3%*	*1.6%*	*-33.7 p.p*
Operating income	**98,534**	**(873)**	**n.m.**	**64,337**	**(57,769)**	**n.m**
Operating margin	*24.2%*	*-0.2%*	*-24.4 p.p*	*30.6%*	*-25.5%*	*-56.1 p.p*
Net Profit	**64,380**	**(12,113)**	**n.m.**	**42,007**	**(45,273)**	**n.m.**
Net Margin	*15.8%*	*-2.2%*	*-18.0 p.p*	*20.0%*	*-20.0%*	*-40.0 p.p*
Adjusted EBITDA[(1)]	**101,778**	**155,765**	**53.0%**	**38,697**	**62,836**	**62.4%**
Adjusted EBITDA Margin[(2)]	**33.9%**	**32.3%**	***-1.6 p.p***	**26.6%**	**27.6%**	***1.0 p.p***
Net debt	**419,950**	**732,116**	**74.3%**	**419,950**	**732,116**	**74.3%**

[(1)]Excluding non-cash effects from biological assets

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

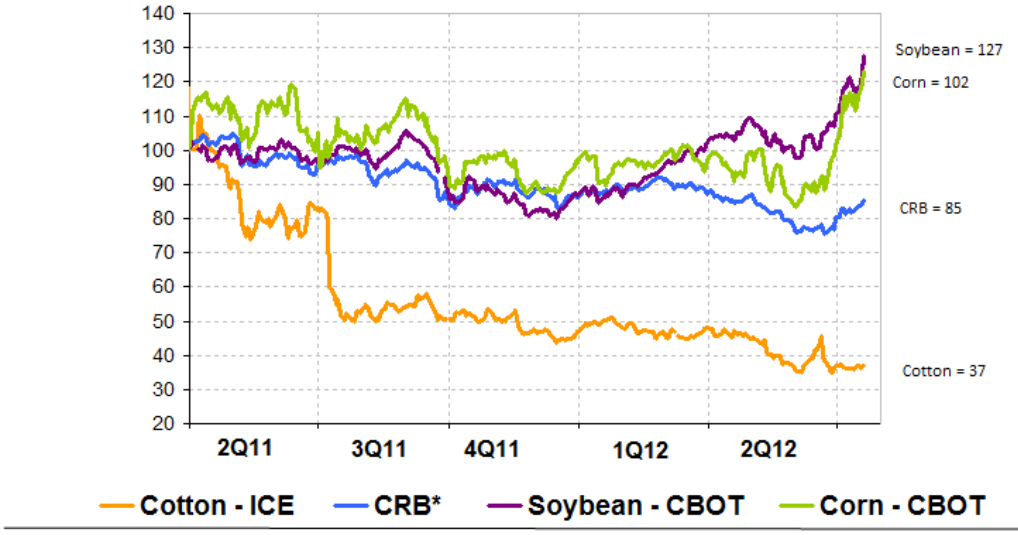
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NOTE: 2Q11 and 2Q12 refer to the three-month cumulative period, from April to June, for years 2011 and 2012, respectively. 1S11 and 1S12 refer to the twelve-month cumulative period from January to June, for years 2011 and 2012, respectively. AH refers 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 April 2011 to July 2012 (1st Contract)



Source: CMA (03/29/2011 = 100)
Up to 07/19/2012.

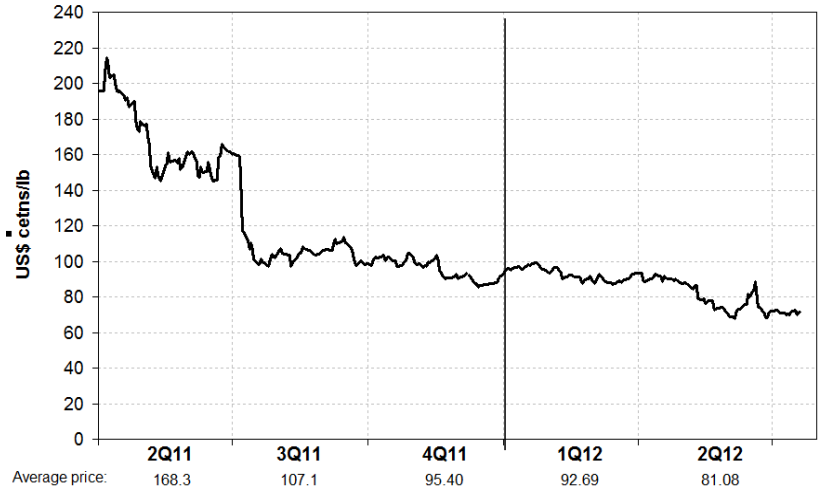
*Commodity Research Bureau

Cotton

Cotton future prices traded on ICE/NYBOT (ICE Futures U.S) presented an average quotation of US¢ 81.1/lb in 2Q12, which represents a 51.8% decrease against 2Q11, when the average price was US¢ 168.3/lb. In 2011, cotton market reached historical price peaks, mainly due to cotton supply limitations in the 2009/10 and 2010/11 crop years.

Cotton Prices in the International Market

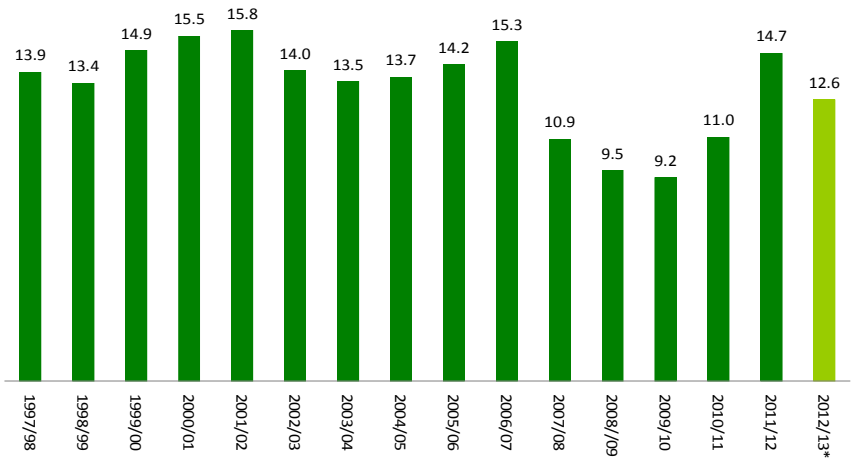
ICE - (1st Contract)



Source: CBOT/ Cepea (Esalq)/CMA

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 global output. Higher prices of the competing crops, as soybean and corn, may cause a reduction on cotton planted area. According to the USDA (United States Department of Agriculture) the planted area estimated for the 2012/13 crop year in the United States is 14.3% lower than the previous crop.

Cotton area in United States (million acres)



Source: USDA

The latest USDA Report foresees a worldwide cotton production of 113.8 million bales in 2012/13, 7% below 2011/12 (122.7 million bales).

With lower cotton prices, thus area and production reduction, the USDA also estimates a global demand recovery for 2012/13, rising to 109 million bales against 106.6 million bales of the previous crop year. Even so, the final stocks should increase in 2012/13. The ending stocks forecast is at its highest level since 1960. World stocks are estimated at 66% of annual crop year consumption, compared with a 10-year average of 51%.

The Chinese government policy of purchasing cotton to build reserve stocks represents most of the increase expected in world inventories. This issue will increase China's share over world stocks to 44%.

Outside China, others countries´ stock/consumption ratio is more balanced. In the United States are expected 4.8 million bales, and a 31% stock/consumption ratio, slightly above the 10-year average.

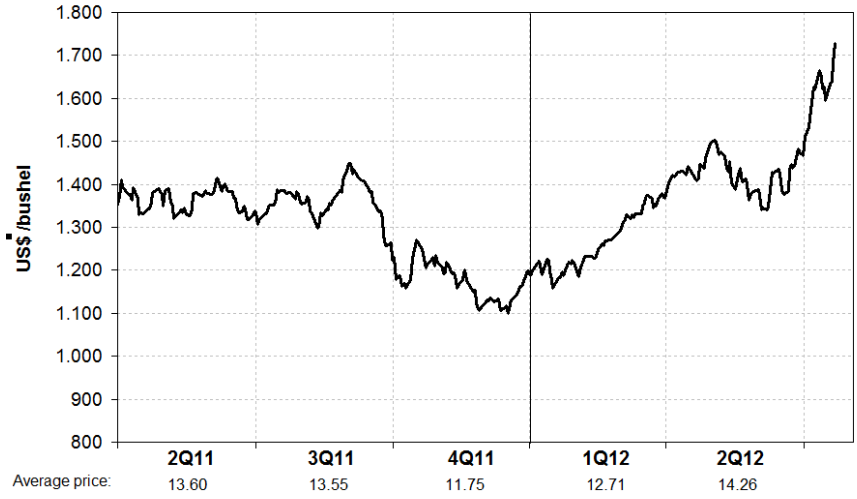
In Brazil, CONAB (Companhia Nacional de Abastecimento) in its latest report of the 2011/12 crop, projects an area to be planted with cotton at 1,396 thousand hectares and estimates a production to be set at 1,900.1 thousand tons. Also, according to CONAB, Brazilian cotton exports are expected to reach 1,000 thousand tons in 2011/12.

For the 2012/13 crop year, USDA projects Brazil's cotton area at 1,075 hectares, representing a 23.2% decrease over the current crop.

Soybeans

Soybean Prices in the Internacional Market

CBOT - (1st Contract)



Source: CBOT/CMA

Soybean future prices traded on CBOT (Chicago Board of Trade) presented an average quotation of US$ 14.3/bu in 2Q12, representing a 5.1% increase against 2Q11, when the average price was US$ 13.6/bu.

The reduced production caused by climatic problems in Brazil, Argentina, and recently in United States (world's largest producers of soybean), and the competition between cereal and oilseed, are the main factors responsible for the bullish movement in soybean prices over the last 12 months.

According to the USDA, world production of soybean in the 2011/12 crop year should reach 236 million tons, a 10.8% reduction compared to the previous crop (264.7 million tons), and also 17.4 million tons lower than global consumption, projected by the USDA at 253.4 million tons.

In this scenario of crop shortfall at the main producer countries and lower world stocks in 2011/12, the recomposition of production in the United States, world's largest producer, for the 2012/13 crop year, would be very important to balance supply and demand.

USDA reported on June, 2012 that United States soybean planted area should reach 30.5 million hectares in the 2012/13 crop year, a 2.3% increase if compared to the 29.8 million hectares harvested in the last crop. Despite the increase, American producers allocated again most areas to corn, motivated by more attractive corn prices during the planting decision period.

With the timid growth in area, and the supply and demand balance fairly adjusted, the soybean crop in the United States had little margin for losses on productivity. However, adverse climatic conditions for crop development in United States during June and July/2012 should impact directly the final yields. Furthermore, USDA adjusted on its last Supply and Demand Report released on July/2012 the yields expectation for the 2012/13 crop to be set at 2,724 kg/ha, 7.8% below when compared to the initially estimated (2,954 kg/ha).

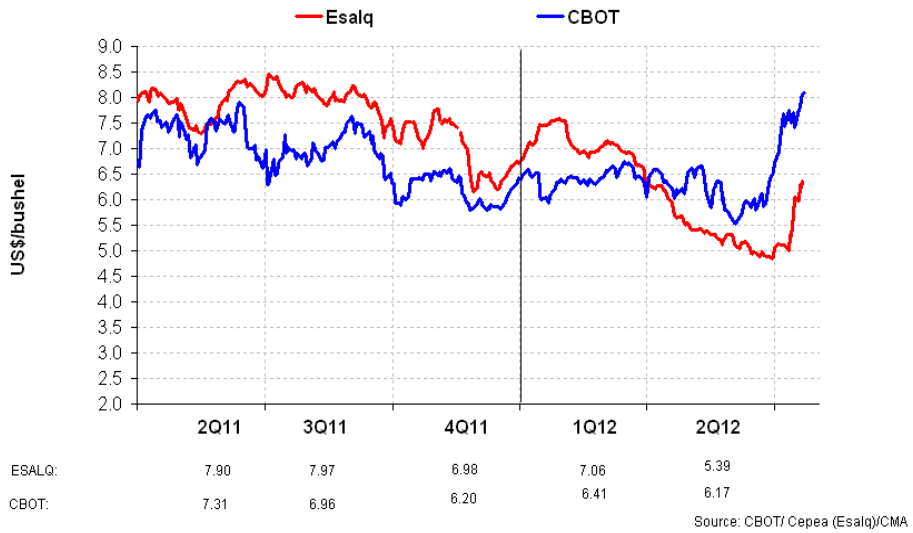
United States	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12*	2012/13**
Area (ha) (1000)	30,190	25,959	30,222	30,907	31,003	29,800	30,479
Yield (kg/ha)	2,882	2,807	2,672	2,958	2,922	2,791	2,723
Beginning Stocks	12,229	15,617	5,580	3,761	4,106	5,852	4,618
Production	87,001	72,859	80,749	91,417	90,605	83,172	83,007
Imports	246	269	361	397	393	408	408
Total Supply	99,476	88,745	86,690	95,575	95,104	89,432	88,033
Export	30,386	31,538	34,817	40,798	40,859	36,469	37,285
Consumption	53,473	51,627	48,112	50,671	48,394	48,345	47,211
Ending Stocks	15,617	5,580	3,761	4,106	5,851	4,618	3,537
Stocks/Consumption (%)	18.6%	6.7%	4.5%	4.5%	6.6%	5.4%	4.2%

jul/12 **Estimated* ***Projected*

The lower productivity should bring soybean ending stocks in United States to the lowest level since 1969/65, and the possibility of a further deterioration of crop situation in United States – which would take global stocks to levels of demand rationing – has driven oilseeds prices to record levels lately.

Corn

Corn Prices



Source: CBOT/ Cepea (Esalq)/CMA

Corn future prices traded on CBOT (Chicago Board of Trade) presented a 3.7% decrease in 2Q12 compared to the previous quarter. The average corn price in the domestic market, measured by the ESALQ (*Escola Superior de Agricultura Luiz de Queiroz*) index presented a 23.7% decrease, from US$ 7.1/bu to US$ 5.4/bu in the same period. In July, corn prices reached historical highs, appreciating 28.5% after the close of 2Q12.

Last year, corn prices remained relatively high in both international and domestic market with average prices over US$ 6.00/bu, mainly due to a strong demand in feed and bioenergy sectors.

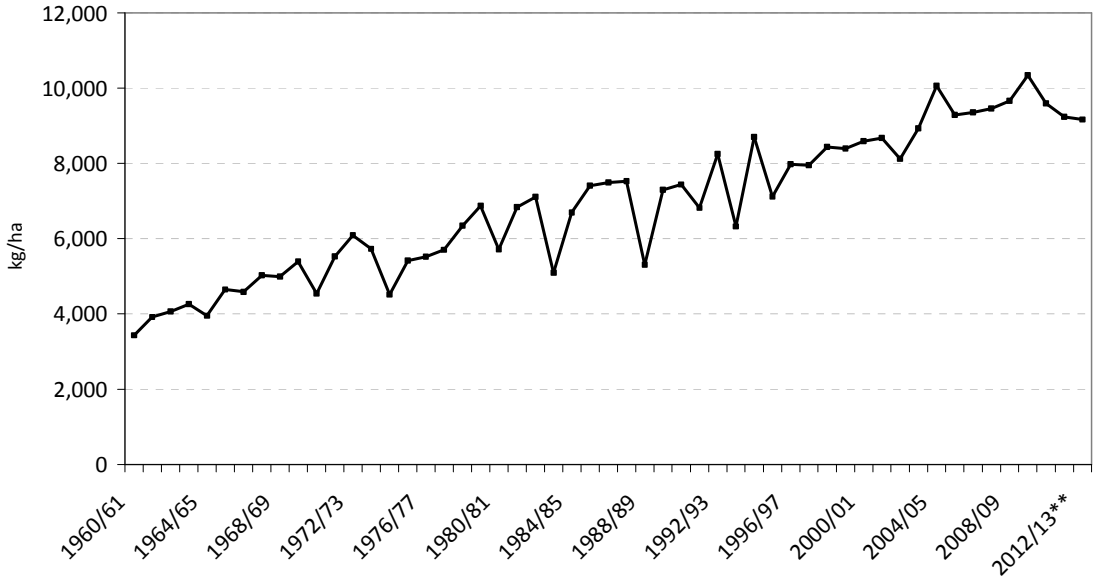
According to CONAB, the estimated 1st crop corn planted area in Brazil reached 7.9 million hectares in 2011/12, a 0.4% decrease compared to the 2010/11 1st crop. For 2nd crop corn, the planted area is expected to be 7.2 million hectares, a 22.7% increase compared to the previous year. The total planted area (1st and 2nd crop) is expected to be set around 15.1 million hectares, an increase of 9.5% against the previous crop.

Despite weather conditions and lower 1st crop productivity within important productive states, an expected increase on planted area and yields for the 2011/12 corn 2nd crop should compensate the losses, increasing Brazilian production in 21% in 2011/12, estimated by CONAB to reach 69.4 million tons (1st crop: 34.9 million tons; 2nd crop: 34.5 million tons).

For 2012/2013, North American producers, stimulated by higher prices, allocated again most areas for corn, and according to the acreage report released by USDA on June 29, 2012 the estimated planted area with corn in United States should be record and reach 96.4 million acres in the 2012/13 crop year, which represents a 4.9% increase over the previous crop year.

However, at the end of 2Q12, the market was already showing more significant bullish signs, due to extremely adverse weather conditions over the critical corn development phase in United States. USDA has adjusted its 2012/13 yields expectation to 146 bu/acre (9,162kg/ha), a 20bu/acre reduction over the previous estimate, which represents a cut of 45.1 million tons or more than two times Argentina's 2011/12 crop, and adverse weather conditions - depending the severity - may reduce even more the final yield and keep pushing prices up.

United States – Corn – Yields



Source: USDA

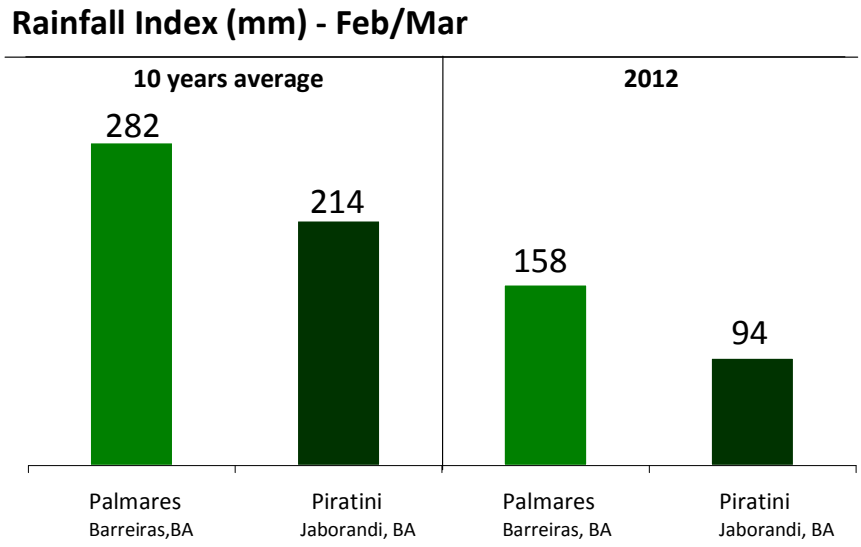
* Estimated; ** Projection

More attractive prices and an increasing demand for corn in the international market should significantly increase Brazilian corn exports in the current crop. According to CONAB, in the 2010/11 crop year, Brazil exported 9.3 million tons, and for 2011/12 CONAB projected Brazilian exports at 12 million tons, which should help to consolidate Brazil as a corn exporter country and also help to drain the record harvest area in Brazil.

Operating Performance

2Q12 was marked by the end of soybean and corn 1st crop harvest. In addition, we began to harvest cotton 1st crop and corn 2nd crop. The final yield for cotton (1st and 2nd crop) and corn 2nd crop will be presented in 3Q12.

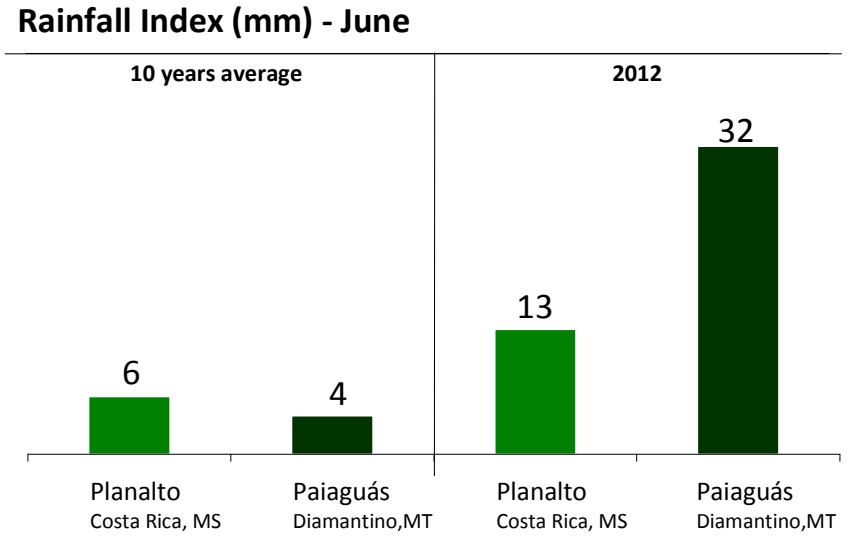
Soybeans. We ended the harvest of the 144,151 ha with an average yield of 3,130kg/ha. The loss on productivity in relation to the initial guidance (-5.1%) was basically due to lower rainfalls in the months of February and March on western Bahia (see chart below), which affected the grain filling phase. Of the Company's soybean harvested area, 33.3% was planted with soybeans super-early and early varieties, that have lower yield potential, but allow for the cotton and corn 2nd crop planting.



Corn 1st crop. The average yield of corn 1st crop was 9,432 kg/ha. This lower yield compared with the initial estimate was also due lower rainfalls on the western Bahia in February and March, this issue affected the corn grain filling.

Corn 2nd crop. In the first half of June, we started the corn 2nd crop harvest. So far, the yield forecasted is 6.7% above the previous estimate, at 6,600 kg/ha. By the close of 2Q12, 25% of corn 2nd crop was harvested.

Cotton 1st crop. By the close of 2Q12, the cotton harvested area was 27%, with an average yield of 1,395 kg/ha. However, we estimate a final 1,560 kg/ha yield. In the West of Bahia, cotton crop had yield losses due to lower rainfalls. Furthermore, the rainfall level in June was above the average in Mato Grosso and Mato Grosso do Sul states, causing some bolls to rotten (see chart below). Due to these issues we are forecasting a 7.1% yield decrease in cotton 1st crop against the initial estimate.



Cotton 2nd crop. By the close of 2Q12, the harvest of cotton 2nd crop hadn't yet started. The Company estimates a 1,506 kg/ha yield (10.7% above the initial estimate). The crop was favored by excellent precipitation in May and June.

Yields

Yield (kg/ha)	Initially estimated 2011/12	Estimated 2011/12(1)	AH
Cotton lint 1st crop	1,679	1,560	-7.1
Cotton lint 2nd crop	1,361	1,506	10.7
Cotton Seeds	2,158	1,990	-7.8
Soybean	3,297	3,130	-5.1
Corn 1st crop	10,209	9,432	-7.6
Corn 2nd crop	5,932	6,332	6.7

(1) 06/30/2012

Considering that the yield reduction estimated for the cotton 1st crop will probably be offset by higher yields of cotton 2nd crop, the total loss expected for the production of cotton is 7,282 tons, or 4.7% compared with the initially estimated. Doing the same analysis to corn, the total loss expected is only 816 tons, or 0.3% compared with the initial prevision.

Obtainment of the BCI license (Better Cotton Initiative)

SLC Agricola's Farms located in the states of GO, MS, MT and BA obtained this June the BCI (Better Cotton Initiative) license as the company showed to be in line with the principles and criteria of production established by BCI. This recognition reinforces the commitment made by the Company with a sustainable production. The BCI system consists of six basic principles:

- Use practices that minimize harmful effects of crop protection practices;
- Use water efficiently and care about its disponibility;
- Take care of the soil's health;
- Conserve natural habitats;
- Ensure and maintain the quality of the cotton fiber, and
- Promote fair working relationships.

The BCI is a nonprofit organization that brings together producers, processors, weavers, merchants, manufacturers, retailers and civil organizations in a global partnership which seeks to transform cotton production and ensure the prosperous future of the sector. It is open to any industry or organization involved or interested in the economic chain of cotton, and those who support its mission, committed to the cause of sustainability.

Land Development

We continue the process of clearing and application of soil correction to the 10,895 hectares that should be planted in the next crop year.

Farm	Areas to be opened Crop 2011/12 (ha)	Areas to be opened Next Crops (ha)
Parnaiba	-	1,780
Piratini	992	10,176
Palmares	-	426
Parnagua	2,739	14,462
Parceiro	5,831	17,529
Paineira	1,333	2,867
SLC	**10,895**	**47,240**

Planted Area

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

Crop Mix	Achieved 2010/11 ha	Achieved 2011/12 ha	Share %	Absolute Δ ha	Percentage Δ %
Cotton	**84,720**	**95,326**	**38.4**	**10,606**	**12.5**
Cotton 1st crop	*72,370*	*79,942*	*32.2*	*7,572*	*10.5*
Cotton 2nd crop	*12,350*	*15,384*	*6.2*	*3,034*	*24.6*
Soybean	***118,134***	***114,151***	***46.0***	***(3,983)***	***-3.4***
Corn	**20,422**	**35,395**	***14.3***	***14,973***	***73.3***
Corn 1st crop	*7,350*	*12,722*	*5.1*	*5,372*	*73.1*
Corn 2nd crop	*13,072*	*22,673*	*9.1*	*9,601*	*73.4*
Others[1]	**3,293**	**3,239**	***1.3***	***(54)***	***-1.6***
Total	**226,569**	**248,111**	**100.0**	**21,978**	***9.5***

Planted Area Mix	ha	ha	%	Ha	%
Physical Area under Control	**199,077**	**208,706**	**84.0**	**9,629**	**4.8**
Own Area	*127,252*	*133,338*	*53.6*	*6,086*	*4.8*
Leased Area	*71,825*	*75,368*	*30.3*	*3,543*	*4.9*
2nd crop area	**27,492**	**39,405**	**16.0**	**11,913**	***43.4***
Total	**226,569**	**248,111**	**100.0**	**21,542**	***9.5***

[2] Coffee, wheat, corn seed.

Property Portfolio

As of June 30, 2012 our land portfolio under control was as follows:

2011/12 (ha) Areas Farm	State	Own	Leased	Under control	Planted
		---------- ha ----------			
Pamplona	GO	17,384	3,941	21,325	17,832
Planalto	MS	17,437	1,657	19,094	17,416
Planorte	MT	23,796	367	24,163	24,649
Paiaguás	MT	30,878	2,360	33,238	31,538
Parnaíba	MA	39,334	10,346	49,680	35,661
Planeste	MA	23,355	10,858	34,213	32,478
Panorama	BA	12,982	12,312	25,294	21,849
Piratini	BA	25,355	5,000	30,355	12,374
Palmares	BA	16,948	14,878	31,826	28,438
Parnaguá	PI	23,742	-	23,742	-
Pejuçara	MT	3,379	8,711	12,090	16,692
Paineira	PI	12,872	-	12,872	3,691
Parceiro	PI	32,816	5,428	38,244	5,493
Perdizes	MT	28,837	-	28,837	-
Total		**309,115**	**75,858**	**384,973**	**248,111**

Land Appraisal

On the base date of July 15, 2012, the land owned by the Company was evaluated by independent consulting firm Deloitte Touche Tohmatsu at R$ 2.05 billion (an increment of R$ 295.4 million). The appraisal considered only the land and disregarded any buildings, facilities, improvements or machinery.

	Deloitte Appraisal 2011			Deloitte Appraisal 2012				
Valued Farms	Total area appraised (ha)	R$ mil	R$/ha	Total area appraised (ha)	R$ mil	R$/ha	R$/ha Variation (%)	R$ Variation
Pamplona Farm	17,094	179,570	10,505	17,385	215,630	12,403	18.1%	36,060
Planalto Farm	17,437	273,920	15,709	17,437	322,340	18,486	17.7%	48,420
Planorte Farm	23,793	219,290	9,217	23,793	255,020	10,718	16.3%	35,730
Paiaguás Farm	22,878	244,500	10,687	22,878	290,580	12,701	18.8%	46,080
Parnaíba Farm	33,734	222,570	6,598	33,734	262,140	7,771	17.8%	39,570
Palmares Farm	16,948	83,990	4,956	16,948	102,260	6,034	21.7%	18,270
Parnaguá Farm	26,611	60,540	2,275	23,742	63,480	2,674	17.5%	2,940
Pejuçara Farm	3,379	35,070	10,378	3,379	41,600	12,310	18.6%	6,530
Sub Total	**161,874**	**1,319,450**	**8,151**	**159,296**	**1,553,050**	**9,749**	**19.6%**	**233,600**
	Deloitte Appraisal 2011			**LandCo Transaction**			**R$/ha**	
LandCo Farms	**Total area appraised (ha)**	**R$ mil**	**R$/ha**	**Total area traded (ha)**	**R$ mil**	**R$/ha**	**Variation (%)**	**R$ Variation**
Planeste Farm	22,787	172,970	7,591	22,787	197,471	8,666	14.2%	24,501
Panorama Farm	12,983	146,710	11,301	12,983	167,470	12,899	14.1%	20,760
Piratini Farm	25,355	117,020	4,615	25,355	133,583	5,269	14.2%	16,563
Sub Total	**61,125**	**436,700**	**7,144**	**61,125**	**498,524**	**8,156**	**14.2%**	**61,824**
Total	**222,999**	**1,756,150**	**7,875**	**220,421**	**2,051,574**	**9,308**	**18.2%**	**295,424**
				Acquisition Values				
2011 Acquisitions				**Total area traded (ha)**	**R$ mil**	**R$/ha**		
Paineira Farm				12,872	65,475	3,145		
Parceiro Farm				32,816	114,366	2,014		
Perdizes Farm				28,837	84,185	2,919		
Sub Total				**74,525**	**264,026**	**3,543**		
Total	**222,999**	**1,756,150**	**7,875**	**294,946**	**2,315,600**	**7,851**		

NOTE 1: The 13,600 hectares acquired in October 2009 (and which in the "land portfolio" table of the press releases are added to the areas of Paiaguás and Parnaíba Farms, in the proportion of 8,000 ha and 5,600 ha, respectively) exclusively dedicated to the composition of legal reserve, were not contemplated in the appraisal.

The variation of the average hectare owned by the Company between the 2011 appraisal and the current appraisal is 18.2% (R$ 7,875 in 2011 against the current R$9,308).

Machinery and Storage Capacity

As of June 30, 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	109,981
% Production[(1)]	75%	74%

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

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Financial Analysis

EBITDA

(R$ thousand)	1S11	1S12	AH	2Q11	2Q12	AH
Net Revenue	**406,381**	**551,599**	**35.7%**	**210,104**	**226,785**	**7.9%**
(-) Cost of Goods Sold	**(257,417)**	**(444,025)**	**72.5%**	**(135,876)**	**(223,180)**	**64.3%**
Gross Profit	**148,964**	**107,574**	**-27.8%**	**74,228**	**3,605**	**-95.1%**
(-) Selling Expenses	(15,238)	(29,345)	92.6%	(6,902)	(13,403)	94.2%
(-) General and administrative	(23,668)	(21,618)	-8.7%	(11,800)	(9,655)	-18.2%
(-) Management fees	(3,754)	(2,738)	-27.1%	(2,137)	(1,285)	-39.9%
(-) Other operating revenues	(1,354)	3,823	n.m.	(571)	3,198	n.m.
(=) Income from Activity	**104,950**	**57,696**	**-45.0%**	**52,818**	**(17,540)**	**n.m.**
(+) Depreciation and amortization	25,113	44,293	76.4%	15,648	23,158	48.0%
(-) Biological Assets on revenue	**(105,877)**	**(68,778)**	**-35.0%**	**(64,438)**	**594**	**n.m.**
(+) Biological Assets on costs	**77,592**	**122,554**	**57.9%**	**34,669**	**56,624**	**63.3%**
Adjusted EBITDA[1]	**101,778**	**155,765**	**53.0%**	**38,697**	**62,836**	**62.4%**
Adjusted EBITDA Margin[2]	**33.9%**	**32.3%**	**-1.6 p.p**	**26.6%**	**27.6%**	**1.0 p.p**

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

The company understands that to measure the effective cash flow generation of the business, it is necessary to exclude the effects of the appropriation of the biological assets (at revenue and cost) in the EBITDA. In that way, the Company opted to use the indicators “Adjusted EBITDA” and “Adjusted EBITDA Margin”, which reflect these adjustments.

Adjusted EBITDA for 2Q12 was R$62,836 thousand, against R$38,697 thousand in the 2Q11, mainly due to a higher cotton volume invoiced in this quarter.

Net Revenue

(R$ thousand)	1S11	1S12	AH	2Q11	2Q12	AH
Net Revenue	**406,381**	**551,599**	**35.7%**	**210,104**	**226,785**	**7.9%**
Cotton lint invoiced	119,357	239,833	100.9%	20,521	86,026	319.2%
Cotton seed invoiced	5,011	9,582	91.2%	1,880	2,083	10.8%
Soybean invoiced	130,444	204,176	56.5%	99,171	126,725	27.8%
Corn invoiced	19,823	22,913	15.6%	12,004	15,827	31.8%
Coffee invoiced	3,323	3,434	3.3%	1,490	2,127	42.8%
Others (invoiced)	3,573	3,528	-1.3%	(1,384)	(246)	-82.2%
Hedge income	18,973	(645)	n.m.	11,984	(5,163)	n.m.
Biological Assets	105,877	68,778	-35.0%	64,438	(594)	n.m.

(Tons)	1S11	1S12	AH	2Q11	2Q12	AH
Volume Invoiced	**316,990**	**444,252**	**40.1%**	**208,038**	**240,134**	**15.4%**
Cotton lint	27,743	65,067	134.5%	4,260	22,781	434.8%
Cotton seed	12,751	33,934	166.1%	6,516	6,895	5.8%
Soybean	224,393	282,519	25.9%	171,717	170,396	-0.8%
Corn	42,726	54,120	26.7%	21,674	37,613	73.5%
Coffee	628	589	-6.2%	400	397	-0.7%
Others	8,749	8,023	-8.3%	3,471	2,052	-40.9%

Our net revenue increased 7.9% in 2Q12 against 2Q11, closing the period at R$226,785 thousand, as compared to the R$210,104 thousand of 2Q11, mainly due to a higher volume invoiced (cotton and corn), and higher invoicing prices of soybean (27.6%).

(R$ thousand)	1S11	1S12	AH	2Q11	2Q12	AH
Effect of Biological Asset on Net Revenue	**105,877**	**68,778**	**-35.0%**	**64,438**	**(594)**	**n.n.**
Cotton lint	37,703	(16,922)	n.m.	37,703	(16,922)	n.m.
Cotton seed	16,960	(2,612)	n.m.	16,960	(2,612)	n.m.
Soybean	47,771	71,592	49.9%	8,170	6,425	-21.4%
Corn	2,587	16,720	546.3%	1,605	12,515	679.8%
Coffee	-	-	n,m,	-	-	n.m.
Others	856	-	n.m.	-	-	n.m.

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

Biological assets allocation value decreased R$65,032 thousand in 2Q12 against 2Q11. The main issue which impacted the calculation of biological assets was the decrease of cotton prices between quarters. Moreover, in 2Q12, biological assets allocation was related to farms located in the west of Bahia, region impacted by the shortage of rain, as mentioned above. In the next quarter, however, we'll have the appropriation of the cotton second crop, for which yields are expected to be above the initial forecast.

Considering that the Company works with a hedging policy, when the cotton is invoiced in the next quarters, there will be the recognition of the margins with the effective sales prices (see below commercial hedge table).

Cotton Invoiced		1S11	1S12	AH	2Q11	2Q12	AH
Cotton lint invoiced							
Volume invoiced	Ton	27,743	65,067	134.5%	4,260	22,781	434.8%
Net revenue	R$ thousand	119,357	239,833	100.9%	20,521	86,026	319.2%
Unit Price	R$ thousand / Ton	4.30	3.69	-14.3%	4.82	3.78	-21.6%
Cotton Seed Invoiced							
Volume invoiced	Ton	12,751	33,934	166.1%	6,516	6,895	5.8%
Net revenue	R$ thousand	5,011	9,582	91.2%	1,880	2,083	10.8%
Unit Price	R$ thousand / Ton	0.39	0.28	-28.1%	0.29	0.30	3.4%

Cotton lint invoiced in 2Q12 refers to the 2010/11 crop year production. Our net revenue from cotton lint increased 319.2% in 2Q12 against 2Q11, mainly due to an increase on volume invoiced.

Soybeans Invoiced		1S11	1S12	AH	2Q11	2Q12	AH
Volume Invoiced	Ton	224,393	282,519	25.9%	171,717	170,396	-0.8%
Net revenue	R$ thousand	130,444	204,176	56.5%	99,171	126,725	27.8%
Unit Price	R$ thousand / Ton	0.58	0.72	24.3%	0.58	0.74	27.6%

Soybeans invoiced in 2Q12 refer to 2011/12 crop year production. Our net revenue from soybeans increased 27.8%, mainly due to a 27.6% higher unit price.

Corn Invoiced		1S11	1S12	AH	2Q11	2Q12	AH
Volume Invoiced	Ton	42,726	54,120	26.7%	21,674	37,613	73.5%
Net Revenue	R$ thousand	19,823	22,913	15.6%	12,004	15,827	31.8%
Unit Price	R$ thousand / Ton	0.46	0.42	-8.7%	0.55	0.42	-23.6%

Corn invoiced in 2Q12 refers to 2011/12 crop year. Our net revenue from corn increased 31.8% in 2Q12, mainly due to higher volume invoiced, partially offset by a 23.6% unit price decrease.

Other revenues (excluding the effect of Biological Assets). Our net revenue regarding other revenues declined R$15,372 thousand in 2Q12 against 2Q11, to (R$3,282) thousand as compared to R$12,090 thousand in 2Q11, mainly due to the decrease in the FX hedge results (R$5,163) thousand in 2Q12 against R$11,984 thousand in 2Q11.

Cost of Goods Sold

(R$ thousand)	1S11	1S12	AH	2Q11	2Q12	AH
Cost of Goods Sold	**(257,417)**	**(444,025)**	**72.5%**	**(135,876)**	**(223,180)**	**64.3%**
Cotton lint	(56,683)	(144,421)	154.8%	(6,546)	(44,249)	576.0%
Cotton seed	(3,341)	(7,516)	125.0%	(1,549)	(1,781)	15.0%
Soybean	(106,902)	(149,498)	39.8%	(86,026)	(106,507)	23.8%
Corn	(8,823)	(14,351)	62.7%	(6,231)	(11,168)	79.2%
Coffee	(1,951)	(2,231)	14.4%	(729)	(1,505)	106.4%
Others	(2,125)	(3,454)	62.5%	(126)	(1,346)	967.5%
Biological Assets Allocated at Cost	(77,592)	(122,554)	57.9%	(34,669)	(56,624)	63.3%

(R$ thousand)	1S11	1S12	AH	2Q11	2Q12	AH
Biological Assets Allocated at Cost	**(77,591)**	**(122,554)**	**57.9%**	**(34,669)**	**(56,624)**	**63.3%**
Cotton lint	(31,968)	(58,541)	83.1%	(3,788)	(19,949)	426.6%
Cotton seed	(1,216)	(2,832)	132.9%	(400)	(327)	-18.3%
Soybean	(40,381)	(59,233)	46.7%	(29,371)	(35,578)	21.1%
Corn	(1,586)	(2,677)	68.8%	(936)	(770)	-17.7%
Coffee	(170)	759	n.m.	-	-	n.m.
Others	(2,270)	(30)	-98.7%	(174)	-	n.m.

In 2Q12, the cost of products sold increased 64.3% as compared to 2Q11. Such variation was mainly due to a higher volume invoiced of cotton and corn, and increased unitary costs of cotton and soybean.

Cotton lint. In 2Q12, cotton lint invoiced was relative to the 2010/11 crop. The cost of cotton lint in 2Q12 showed a 576.0% increment against 2Q11, mainly due to a higher (434.8%) volume invoiced combined with an increase in unitary cost of 26.4%.

Soybeans. In 2Q12, the soybean invoiced was relative to the 2011/12 crop. Soybean cost in 2Q12 was 23.8% higher than in 2Q11. The main impact was an increase in unitary cost of 24.8%. This increment was mainly due an 18% increase in costs of production per hectare, combined with a lower yield comparing the 2011/12 and 2010/11 crop years.

Corn. In 2Q12, the corn invoiced was relative to the 2011/12 crop. Corn cost in 2Q12 was 79.2% higher than recorded in 2Q11. The main impact was a 73.5% higher volume invoiced, slightly extended by the increase of 3.3% in unitary cost.

Other products. Our costs in other products presented a 233.3% increase in 2Q12 compared to 2Q11, mainly due to costs related to planting of cover crops.

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	**75**	**64**	**74**	**72**	**69**	**73**
Seeds	3	6	16	5	4	5
Fertilizers	21	22	32	23	20	24
Defensives	25	16	8	21	19	19
Air Spraying	2	2	1	2	2	2
Fuels and lubricants	4	5	3	4	5	5
Labor	1	1	1	1	2	2
Ginning	8	3	6	6	7	6
Maintenance of machines and instruments	5	6	4	5	6	6
Others	6	4	3	5	4	4
Fixed Costs	**25**	**35**	**26**	**28**	**31**	**27**
Labor	10	10	7	9	10	9
Depreciations and amortizations	9	17	12	12	13	11
Leasings	2	3	3	3	3	3
Others	4	5	4	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*	*4,899*	2.8%
Cotton 2nd crop	*3,432*	*3,603*	5.0%
Soybeans	1,661	1,776	6.9%
Corn 1st crop	*2,585*	*2,759*	6.7%
Corn 2nd crop	*1,349*	*1,325*	-1.8%

[1] Amounts estimated by SLC Agrícola, as of June 30, 2012

For 2011/12, total production cost per hectare for almost all crops increased in comparison to the initial estimate mainly due to crop plague and disease incidences, which resulted in additional pesticide application, as well as additional fertilizer application to recovery productivity impacted by droughts in the states of Bahia and Goiás.

Gross Income

Gross Income totaled R$3,605 thousand in 2Q12, a nominal decrease of R$70,623 thousand comparing to 2Q11. In 2Q12, gross income was impacted, mainly, by the cotton biological assets appropriated at net revenue (negative variation of R$54,625 thousand between quarters), due to lower market prices during harvest period.

Selling Expenses

(R$ thousand)	1S11	1S12	AH	2Q11	2Q12	AH
Freight	6,440	15,308	137.7%	3,202	7,302	128.0%
Storage	4,355	5,280	21.2%	2,114	2,418	14.4%
Commissions	1,290	1,963	52.2%	1,076	1,439	33.7%
Classification of Goods	38	381	902.6%	11	7	-36.4%
Export Expenses	2,992	5,534	85.0%	1,588	2,090	31.6%
Others	123	879	614.6%	(1,089)	147	-113.5%
Total	**15,238**	**29,345**	**92.6%**	**6,902**	**13,403**	**94.2%**
% Net Revenue	**3.7%**	**5.3%**	**1.6 p.p**	**3.3%**	**5.9%**	**2.6 p.p**

Our selling expenses in 2Q12 showed an increase of 94.2% against 2Q11. Such variation was chiefly due to a rise in the cotton lint volume invoiced (with a considerable part of it destined to export) at the period, for which freights are our responsibility.

General and Administrative Expenses

(R$ thousand)	1S11	1S12	AH	2Q11	2Q12	AH
Expenses with personnel	9,254	8,708	-5.9%	4,311	3,924	-9.0%
Provision for profit share program	4,674	3,666	-21.6%	2,190	936	-57.3%
Fees	2,023	1,827	-9.7%	1,234	1,030	-16.5%
Depreciations	578	1,432	147.7%	302	719	138.1%
Expenses with Travels	1,011	749	-25.9%	754	434	-42.4%
Software maintenance	1,132	1,101	-2.7%	871	518	-40.5%
Marketing/Advertisement	825	780	-5.4%	72	661	818.1%
Expenses with Communications	526	960	82.5%	243	462	90.1%
Rentals	217	279	28.6%	30	166	453.3%
Labor Contingencies	106	40	-62.3%	52	(217)	n.m.
Electricity	124	98	-21.0%	92	50	-45.7%
Taxes and other fees	398	461	15.8%	266	200	-24.8%
Others	2,800	1,517	-45.8%	1,383	772	-44.2%
Total	**23,668**	**21,618**	**-8.7%**	**11,800**	**9,655**	**-18.2%**
% Net Revenue	**5.8%**	**3.9%**	**-1.9 p.p**	**5.6%**	**4.3%**	**-1.3 p.p**

Our general and administrative expenses decreased 18.2% in 2Q12 compared to 2Q11, mainly due to the reduction at the Profit Share Program appropriation in the period. Furthermore, there was reversal of labor contingencies.

Net Financial Income

(R$ thousand)	1S11	1S12	AH	2Q11	2Q12	AH
Revenues (expenses) with derivatives	(11,115)	5,142	n.m.	6,444	6,723	4.3%
Interest	(8,858)	(15,489)	74.9%	(4,170)	(9,466)	127.0%
Monetary Variation	6,399	(51,893)	n.m.	(4,543)	(39,153)	-961.8%
FX Variation	8,787	5,657	-35.6%	7,272	2,692	-63.0%
Other financial revenues (expenses)	(1,629)	(1,986)	21.9%	(2,570)	(1,025)	-60.1%
Total	**(6,416)**	**(58,569)**	**812.9%**	**11,519**	**(40,229)**	**-449.2%**
% Net Revenue	**-1.6%**	**-10.62%**	**-9.0 p.p**	**5,5%**	**-17.7%**	**-23.2 p.p**

Our net financial income was (R$40,229) thousand in 2Q12, against R$11,519 thousand at the same period of last year. Such variation was mainly influenced by:

- Monetary Variation: debt related to land purchase is linked to the soybean price in Reais, which, in 2Q12, had an average appreciation of 35%. This variation doesn't have cash effect, once it represents land payment until 2017;
- Interest: R$ 251,720 thousand increase in net debt between quarters.

Net Income

Our net income of (R$45,273) thousand in 2Q12 represents a nominal decrease of R$87,280 thousand compared to the R$42,007 thousand recorded in 2Q11, impacted mainly by the gross profit reduction and negative monetary variation.

The effective tax rate on net income was 21.6% in 2Q12, mainly due to the fact that one of the company's subsidiaries, which is taxed by the presumed profit regime, 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 profit methodology). Such variation came from adjustment of debt related to land acquisition, which is tied to the soybean bag price. This fact distorts the effective consolidated aliquot.

In 2Q12 the net margin was (20.0%), against a net margin of 20.0% in 2Q11.

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 the Company's Risk Management Policy – which the 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 – on June 30, 2012:

Commercial (Physical Sales) and FX Hedge

		FX rate [4]		Soybeans		Cotton
Civil Year	%	R$ / US$	%	US$ / bushel [1] [2] [3]	%	US¢ / lb [1] [2]
2012	75.5	1.8269	67.3	13.85	87	101.0
2013	25.1	1.9705	30.5	13.25	13	90.3
2014	0.1	2.0435				

[1] FOB Port.
[2] Prices in our production units are still influenced by transportation expenses.
[3] The percentage hedged don't include pledges with payments of properties and leasing that correspond to 24% of crop productions of 2011/2012 and 17% of the production of 2012/13.
[4] The percentage hedged don't include pledges with FX payments that correspond to 17.3% of FX revenue.

Commodities Financial Hedge

		Cotton			Soybean	
Civil Year	%	US¢ / lb	Base Price for MTM as of 06/30/2012	%	US$ / bushel	Base Price for MTM as of 06/30/2012
2012	9	91.8	71.33			
2013	3	90.3	72.41	4	13.53	13.55

NOTE: Unlike FX hedge operations, financial hedge operations for commodities, due to their nature, were not classified under the hedge accounting methodology; therefore, they pass through the income statement even before their due date. The mark-to-market for such operations (which was based on the closing quotation prices of 06/30/2012 – 71.33 US¢/lb for cotton and 13.55 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 under financial income (gain or loss), offset in equal proportion, but in reverse, under net revenue (increase or decrease), that in this case will reflect the physical sale of the product at issue.

Property, Plant and Equipment / Intangible

CAPEX (R$ thousand)	1S12	AV	2Q12	AV
Machinery, implements and equipment	34,138	42.3%	25,778	52.2%
Land acquisition	1,950	2.4%	1,751	3.5%
Soil Correction	15,266	18.9%	6,061	12.3%
Buildings and facilities	5,763	7.1%	2,860	5.8%
Cotton ginning plant	5,638	7.0%	2,420	4.9%
Grains Storage	6,212	7.7%	3,999	8.1%
Soil cleaning	4,075	5.0%	2,557	5.2%
Vehicles	5,894	7.3%	3,021	6.1%
Others	1.824	2.3%	921	1.9%
Total	**80,760**	**100%**	**49,368**	**100%**

The main investment in 2Q12 was R$25,778 thousand in machinery, implements and equipment mainly related to the purchase of 23 cotton pickers.

Net Debt

(R$ thousand)	Currency	% p.a.	1Q12	2Q12	AH	AV
Constitutional Funds [1]	R$	7.26%	221,135	246,683	11.55%	28.44%
Rural Credit	R$	6.75%	125,573	132,033	5.14%	15.22%
BNDES	R$	6.44%	46,752	44,598	-4.61%	5.14%
Working Capital	R$	0.00%	3,286	-	n.a.	0.00%
		7.02%	**396,745**	**423,314**	**6.70%**	**48.80%**
IFC/Trade Finance[2]	US$	3.57%	286,222	419,831	46.68%	48.40%
Financing Investments	US$	5.74%	-	23,993	100.00%	2.77%
BNDES	ECM[3]	6.70%	263	261	-0.76%	0.03%
ACC[4]	US$	1.93%	14.894	-	-100.00%	0.00%
		3.49%	**301,379**	**444,085**	**47.35%**	**51.20%**
Total Indebtedness		**5.50%**	**698,125**	**867,398**	**24.25%**	**100.00%**
(-) Cash			**217,727**	**135,280**	**-37.95%**	
(=) Net Debt			**480,398**	**732,116**	**52.44%**	
Adjusted EBITDA (12-months)			**321,620**	**345,759**		
Net Debt/ Adjusted EBITDA			**1.5x**	**2.1x**		
Net Debt/ NAV			**18.3%**	**27.9%**		

(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$/US$ 1.7442.

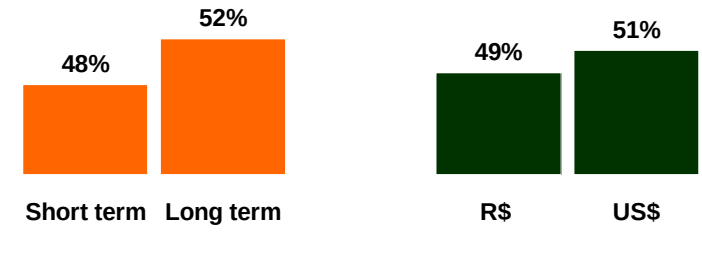
(3) Interest from BNDES's FX basket plus spread.

Net debt increased 52.4% in 2Q12, from R$480,397 thousand in 1Q12 to R$732,118 thousand. Of this increase, R$46,764 was due to foreign exchange variation in the period, impacting the portion of debt in US dollar. Also impacted the debt increase land payments (R$ 77,411 thousand) and disbursements for soil correction and machinery acquisition (R$66,503 thousand).

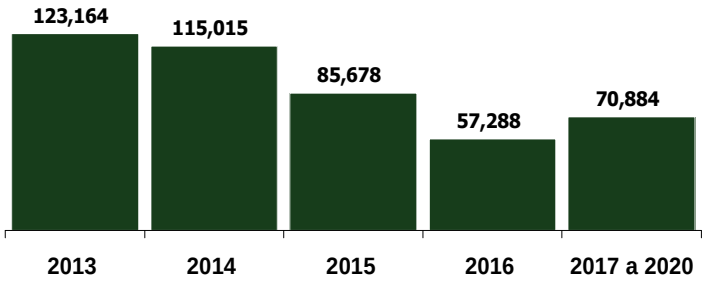
Trade Finance line increased in order to supply the cash needed in the period and to extend the debt average maturity. The Financing Investment operation was hired due to the acquisition of imported agricultural machineries. Regarding the Constitutional Funds, the debtor balance increase was mainly due to the disbursement of the final portion of the working capital loan for the 21011/12 crop year. The FX variation on Trade Finance operations was booked under the hedged accounting methodology.

The net debt/Adjusted EBITDA ratio was set at 2.1 times in 2Q12, compared to 1.5 times in 1Q11.

2Q12 Debt Profile (%)



2Q12 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$ million)	2009	2010	2011	1S12
Net Profit [1]	9	59	160	(12)
Net Land Appreciation[2]	163	(36)	179	279
Subtotal	**172**	23	338	267
Shareholder's Equity[3]	1,807	1,839	2,063	2,276
Return-on-equity	**9.5%**	**1.3%**	**16.4%**	**11.7%**

[1] Year-to-date for 2012
[2] Based on independent land appraisal (Deloitte), net of taxes
[3] Adjusted for land appreciation

Net Asset Value

(R$ million)	2Q12
Land[1]	1,448
LandCo Farms[2]	465
Aquisitions after Deloitte's Appraisal[3]	246
Infrastructure (excl. land)	747
Accounts Receivable (excl. derivatives)	79
Inventories (excl. non-cash)	280
Biological Assets (excl. non-cash)	360
Cash	135
Subtotal	**3,761**
Suppliers	50
Gross Debt	867
Outstanding debt related to land acquisitons	224
Subtotal	**1,141**
	-
Net Asset Value	**2,620**
Net Asset Value per Share	**26.5**

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

Return on Net Assets (RONA)

(R$ million)	2009	2010	2011	1S12
Net Profit [1]	9	59	160	(12)
Net Land Appreciation [2]	163	(36)	179	279
Subtotal	**172**	**23**	**339**	**267**
Invested Capital	2,566	2,599	3,196	3,631
Working Capital	434	395	504	632
Net Assets[3]	2,132	2,203	2,692	2,999
Return	**6.7%**	**0.9%**	**10.6%**	**7.4%**

[1] Year-to-date for 2012
[2] Based on independent land appraisal (Deloitte), net of taxes
[3] Adjusted for land appreciation

Indicators

Changes in Working Capital

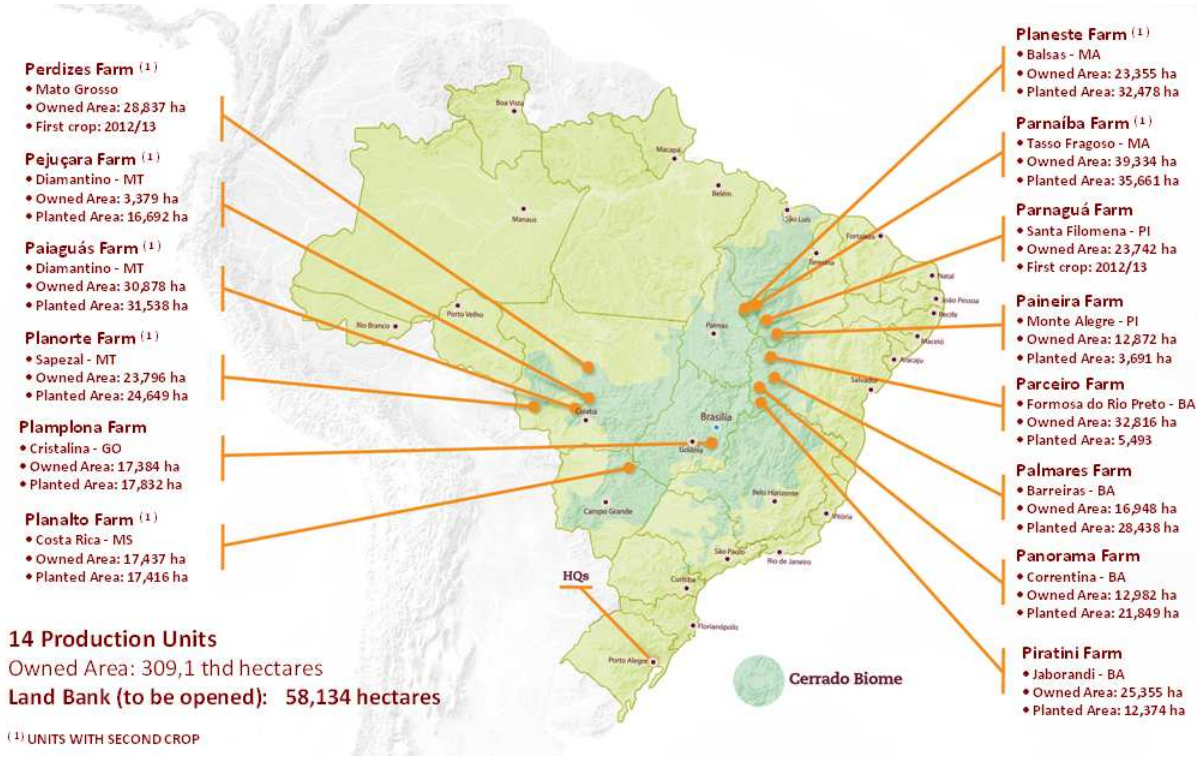
Changes in Working Capital (R$ thd)	2Q11	3Q11	4Q11	1Q12	2Q12
Assets					
Trade accounts receivable	118,636	120,830	104,852	123,538	91,445
Hedge Accounting (non-cash)	(65,647)	(22,586)	(15,283)	(15,277)	(12,158)
Inventories	247,081	393,397	410,416	259,321	305,073
Biological Assets (non-cash)	(7,734)	(34,838)	(48,666)	(52,768)	(24,789)
Recoverable Taxes	50,947	57,340	69,701	56,027	73,730
Biological Assets	338,149	284,812	264,772	390,452	365,041
Biological Assets (non-cash)	(41,214)	(87,603)	(7,129)	(64,648)	(4,870)
Expenses incurred in advance	12,567	13,918	6,891	5,834	6,677
Subtotal	**652,785**	**725,270**	**785,554**	**702,479**	**800,149**
Liabilities					
Suppliers	43,042	62,307	117,919	40,388	50,376
Tax and Social Obligations	16,211	15,001	24,377	16,033	19,538
Others	140,837	178,376	270,913	297,822	269,138
Land Payables	(57,155)	(61,753)	(113,876)	(109,804)	(127,345)
Hedge Accounting (Não-Caixa)	(1,265)	(36,589)	(37,349)	(20,138)	(56,353)
Provisions	5,048	17,089	19,648	11,361	12,672
Subtotal	**146,718**	**174,431**	**281,632**	**235,662**	**168,026**
Total	**506,067**	**550,839**	**503,922**	**466,817**	**632,123**
Change in WC	**91,904**	**44,772**	**-46,917**	**-37,105**	**165,306**

Return on Invested Capital

(R$ million)	2009	2010	2011	1S12
Operating Income	11	126	257	58
Taxes (%)	20.5%	30.1%	33.7%	34.0%
Taxes (nominal)	(2)	(38)	(87)	(20)
Adjusted Operating Income	9	88	170	38
Net Land Appreciation	163	(36)	179	279
Operating Income w/ land appreciation	**172**	**52**	**349**	**317**
Invested Capital	2,125	2,179	2,572	3,008
Gross Debt (short and long term)	*461*	*450*	*640*	*867*
Cash	*142*	*110*	*131*	*135*
Net Debt	*318*	*339*	*510*	*732*
Shareholder's Equity[(1)]	*1,807*	*1,839*	*2,063*	*2,276*
Return on Invested Capital	**8.1%**	**2.4%**	**13.6%**	**10.6%**

[(1)] Adjusted for Land Appreciation

Location of Production Units



Adherence to Arbitration Chamber

The Company is subject to arbitration on the Market Arbitration Chamber as expressed in a compulsory clause included in its By-laws.

Independent Auditors

KPMG 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 May to June, 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

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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 2Q12

Date: Thursday, August 09, 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: 10016712

Appendix

Balance Sheet - Assets

(R$ thd)	2011	AV	2Q12	AV	AH
Current Assets	**987,095**	**27.1%**	**977,249**	**26.5%**	**-1.0%**
Cash and cash equivalents	130,463	3.6%	135,283	3.7%	3.7%
Cash and cash equivalents	130,463	3.6%	135,283	3.7%	3.7%
Trade accounts receivable	104,852	2.9%	91,445	2.5%	-12.8%
Clients	54,335	1.5%	25,693	0.7%	-52.7%
Other receivable	50,517	1.4%	65,752	1.8%	30.2%
Advances to suppliers	17,774	0.5%	26,387	0.7%	48.5%
Derivative operations	15,283	0.4%	12,158	0.3%	-20.4%
Notes and amounts receivable	13,180	0.4%	20,204	0.5%	53.3%
Other receivable	4,280	0.1%	7,003	0.2%	63.6%
Inventories	410,416	11.2%	305,073	8.3%	-25.7%
Biological Assets	264,772	7.3%	365,041	9.9%	37.9%
Cotton Lint	142,603	3.9%	322,370	8.8%	126.1%
Soybean	96,273	2.6%	1,590	0.0%	-98.3%
Corn	20,308	0.6%	32,502	0.9%	60.0%
Coffee	3,221	0.1%	5,963	0.2%	85.1%
Others	2,367	0.1%	2,616	0.1%	10.5%
Recoverable currents taxes	69,701	1.9%	73,730	2.0%	5.8%
Prepaid expenses	6,891	0.2%	6,677	0.2%	-3.1%
Non-Current Assets	**2,661,319**	**72.9%**	**2,704,676**	**73.5%**	**1.6%**
Long-term assets	101,550	2.8%	118,071	3.2%	16.3%
Biological Assets	14,925	0.4%	14,648	0.4%	-1.9%
Deferred taxes	64,104	1.8%	75,189	2.0%	17.3%
Other receivables	19,811	0.5%	26,264	0.7%	32.6%
Derivative operations	894	0.0%	59	0.0%	-93.4%
Notes and amounts receivable	12,967	0.4%	20,204	0.5%	55.8%
Recoverable non-current taxes	4,940	0.1%	4,963	0.1%	0.5%
Other receivable	1,010	0.0%	1,038	0.0%	2.8%
Prepaid expenses	2,710	0.1%	1,970	0.1%	-27.3%
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	69.9%	2,577,142	70.0%	1.1%
Property, plant and equipment in use	2,536,328	69.5%	2,553,607	69.4%	0.7%
Property, plant and equipment in progress	13,009	0.4%	23,535	0.6%	80.9%
Intangible assets	10,065	0.3%	9,048	0.2%	-10.1%
Intangible assets	10,065	0.3%	9,048	0.2%	-10.1%
Others	10,065	0.3%	9,048	0.2%	-10.1%
Total Assets	**3,648,414**	**100.0%**	**3,681,925**	**100.0%**	**0.9%**

Appendix

Balance Sheet - Liabilities

(R$ thd)	2011	AV	2Q12	AV	AH
Current Liabilities	**817,592**	**22.4%**	**767,095**	**20.8%**	**-6.2%**
Social security and labor liabilities	3,226	0.1%	2,973	0.1%	-7.8%
Social security liabilities	3,025	0.1%	2,594	0.1%	-14.2%
Labor liabilities	201	0.0%	379	0.0%	88.6%
Trade accounts payable	117,919	3.2%	50,376	1.4%	-57.3%
Trade accounts payable	117,919	3.2%	50,376	1.4%	-57.3%
Taxes payable	21,151	0.6%	16,565	0.4%	-21.7%
Federal taxes payable	20,411	0.6%	16,292	0.4%	-20.2%
Income and social contribution taxes paybable	18,964	0.5%	15,672	0.4%	-17.4%
Taxes, fees and sundry contributions	1,447	0.0%	620	0.0%	-57.2%
State tax obligations	599	0.0%	188	0.0%	-68.6%
Municipal tax obligations	141	0.0%	85	0.0%	-39.7%
Loans and financing	384,735	10.5%	415,370	11.3%	8.0%
Loans and financing	384,735	10.5%	415,370	11.3%	8.0%
Denominated in Reais	277,401	7.6%	318,143	8.6%	14.7%
Denominated in other currencies	107,334	2.9%	97,227	2.6%	-9.4%
Others payable	270,913	7.4%	269,139	7.3%	-0.7%
Others payable	270,913	7.4%	269,139	7.3%	-0.7%
Notes payable	113,876	3.1%	127,345	3.5%	11.8%
Advances from customers	67,613	1.9%	79,966	2.2%	18.3%
Derivative operations	37,349	1.0%	56,353	1.5%	50.9%
Dividends payable	38,654	1.1%	-	0.0%	n.m.
Lease	4,704	0.1%	3,178	0.1%	-32.4%
Other liabilities	8,717	0.2%	2,297	0.1%	-73.6%
Provision	19,648	0.5%	12,672	0.3%	-35.5%
Provision pension, tax, labor and civil	19,648	0.5%	12,672	0.3%	-35.5%
Tax provisions	160	0.0%	160	0.0%	0.0%
Unfunded social security and labor	5,580	0.2%	7,522	0.2%	34.8%
Provisions for employee benefit	12,570	0.3%	3,612	0.1%	-71.3%
Provision for labor contingencies	1,338	0.0%	1,378	0.0%	3.0%
Non-Current Liabilities	**910,586**	**25.0%**	**1,060,787**	**28.8%**	**16.5%**
Loans and financing	255,296	7.0%	452,029	12.3%	77.1%
Loans and financing	255,296	7.0%	452,029	12.3%	77.1%
Denominated in Reais	109,349	3.0%	105,171	2.9%	-3.8%
Denominated in other currencies	145,947	4.0%	346,858	9.4%	137.7%
Other liabilities	134,607	3.7%	101,719	2.8%	-24.4%
Notes payable	128,505	3.5%	96,999	2.6%	-24.5%
Derivative operations	5,554	0.2%	4,172	0.1%	-24.9%
Other liabilities	548	0.0%	548	0.0%	0.0%
Deferred taxes	520,683	14.3%	507,039	13.8%	-2.6%
Equity	**1,920,236**	**52.6%**	**1,854,043**	**50.4%**	**-3.4%**
Paid-up capital	557,434	15.3%	557,434	15.1%	0.0%
Capital reserves	172,954	4.7%	180,468	4.9%	4.3%
Premium on issue of shares	176,534	4.8%	176,774	4.8%	0.1%
Options granted	15,952	0.4%	18,839	0.5%	18.1%
Treasury shares	(19,532)	-0.5%	(15,145)	-0.4%	-22.5%
Income reserves	287,295	7.9%	264,093	7.2%	-8.1%
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	7.6%	255,614	6.9%	-8.3%
Retained earnings/accumulated losses	-	0.0%	(4,595)	-0.1%	n.m.
Other comprehensive income	902,553	24.7%	856,643	23.3%	-5.1%
Total Liabilities	**3,648,414**	**100.0%**	**3,681,925**	**100.0%**	**0.9%**

Income Statement

(R$ thd)	2Q11	2Q12	AV	AH
Net Revenue	**210,104**	**226,785**	**100.0%**	**7.9%**
Cotton lint	20,521	86,026	37.9%	319,2%
Cotton seed	1,880	2,083	0.9%	10,8%
Soybean	99,171	126,725	55.9%	27,8%
Corn	12,004	15,827	7,0%	31,8%
Coffee	1,490	2,127	0.9%	42,8%
Others	(1,384)	(246)	-0.1%	-82,2%
Hedge revenue	11,984	(5,163)	-2.3%	n.m.
Fair value of biological assets	64,438	(594)	-0.3%	n.m.
Cost of good solds	**(135,876)**	**(223,180)**	**-98.4%**	**64.3%**
Cotton lint	(6,546)	(44,249)	-19.5%	576,0%
Cotton seed	(1,549)	(1,781)	-0.8%	15,0%
Soybean	(86,026)	(106,507)	-47.0%	23,8%
Corn	(6,231)	(11,168)	-4,9%	79,2%
Coffee	(729)	(1,505)	-0.7%	106,4%
Others	(126)	(1,346)	-0.6%	968,3%
Biological assets	(34,669)	(56,624)	-25.0%	63,3%
Gross Income	**74,228**	**3,605**	**1.6%**	**-95.1%**
Operating income (expenses)	**(21,410)**	**(21,145)**	**-9.3%**	**-1.2%**
Selling expenses	(6,902)	(13,403)	-5.9%	94,2%
General and administrative expenses	(11,800)	(9,655)	-4.3%	-18,2%
Honorarium administration	(2,137)	(1,285)	-0.6%	-39,9%
Other operating revenues	320	3,198	1.4%	n.m.
Other operating expenses	(891)	-	0.0%	n.m.
Result before the financial result and taxes	**52,818**	**(17,540)**	**-7.7%**	**n.m.**
Financial result	**11,519**	**(40,229)**	**-17.7%**	**n.m.**
Financial revenue	28,337	37,471	16.5%	32,2%
Financial expenses	(16,818)	(77,700)	-34.3%	362,0%
Result before of taxes on profits	**64,337**	**(57,769)**	**-25.5%**	**n.m.**
Income taxes and social contribution on profit	**(22,330)**	**12,496**	**5.5%**	**n.m.**
Current	(540)	(5,618)	-2.5%	940,4%
Deffered	(21,790)	18,114	8.0%	n.m.
Profit/loss consolidated period	**42,007**	**(45,273)**	**-20.0%**	**n.m.**

Statement of Value Added

(R$ thd)	2Q11	2Q12	AH
Revenues	**220,933**	**261,916**	**18.5%**
Sale of goods. products and services	142,708	242,555	70.0%
Other revenues	78,225	19,361	-75.2%
Revenues related to construction of own assets	(9,406)	(8,688)	n.m.
Fair value of biological assets	65,415	(594)	n.m.
Other revenues	22,216	28,643	28.9%
Inputs purchased from third parties	**(124,524)**	**(191,882)**	**54.1%**
Cost of goods and services sold	(837)	(1,327)	58.5%
Materials. electric energy. outsourced services and other	(39,549)	(49,916)	26.2%
Loss/recovery of values of active	(1,979)	(2,403)	21.4%
Others	(82,159)	(138,236)	68.3%
Raw materials consumed	(47,490)	(81,610)	71.8%
Biological assets	(34,669)	(56,626)	63.3%
Gross value added	**96,409**	**70,034**	**-27.4%**
Retentions	**(15,648)**	**(23,158)**	**48.0%**
Depreciation and amortization	(15,648)	(23,158)	48.0%
Reduced net added value	**80,761**	**46,876**	**-42.0%**
Value added received in transfer	**40,363**	**32,359**	**-19.8%**
Financial revenue	40,320	32,309	-19.9%
Others	43	50	16.3%
Total value added to be distributed	**121,124**	**79,235**	**-34.6%**
Value added distribution	**121,124**	**79,235**	**-34.6%**
Personnel	**19,357**	**27,589**	**42.5%**
Direct remuneration	17,881	17,819	-0.3%
Benefits	541	8,769	n.m.
F,G,T,S,	935	1,001	7.1%
Taxes. charges and compulsory contributions	**38,348**	**18,911**	**-50.7%**
Federal	34,206	7,514	-78.0%
State	4,150	11,397	174.6%
Municipal	(8)	-	n.m.
Remuneration of third party capital	**21,412**	**78,008**	**264.3%**
Interest	17,685	76,930	335.0%
Rental	3,727	1,078	-71.1%
Remuneration of own capital	**42,007**	**(45,273)**	**n.m.**
Profit/loss consolidated period	42,007	(45,273)	n.m.

Cash Flow Statement

(R$ thd)	2Q11	2Q12	AH
Net Cach from operating activies	**(39,289)**	**(89,523)**	**127.9%**
Cash from operations	**147,907**	**77,695**	**-47.5%**
Net income (loss) before IRPJ and CSLL	64,337	(57,768)	n.m.
Depreciation and amortization	4,004	23,158	478.4%
Result from permanent assets disposed of	6,385	4,639	-27.3%
Interest on exchange movement and monetary adjustment on loans	46,254	47,309	2.3%
Variation biological assets	13,154	57,219	335.0%
Provision (reversal) for inventory adjustments and onerous contracts	11,405	2,501	-78.1%
Provision (reversal) for profit sharing and labor contingencies	2,368	637	-73.1%
Changes in assets and liabilities	**(187,196)**	**(167,218)**	**-10.7%**
Accounts receivable	14,445	42,662	195.3%
Inventories/crops under development	(118,541)	(77,961)	-34.2%
Taxes recoverable	(700)	(19,190)	n.m.
Notes receivable	(12,889)	-	n.m
Short-term investments	11,170	(872)	n.m
Other accounts receivable	5,972	(7,694)	n.m
Suppliers	16,007	9,988	-37.6%
Fiscal and social obligations	(4,483)	(2,112)	-52.9%
Derivative operations	(30,517)	14,351	n.m.
Notes payable	(38,497)	(75,273)	95.5%
Advances from customers	53,984	(33,875)	n.m.
Others notes payable	(83,147)	(17,242)	-79.3%
Net cash from investing activies	**(43,513)**	**(49,443)**	**13.6%**
In investments	122	-	n.m.
In fixed assets	(43,322)	(49,369)	14.0%
In intangibles	(313)	(74)	-76.4%
Net cash from financing activies	**3,254**	**56,522**	**1637.0%**
Sale/repurchase of shares	2,105	4,627	119.8%
Share option plan	331	1,508	355.6%
Loans and financing	104,761	172,867	65.0%
Repayments of loans and financing	(88,351)	(60,625)	-31.4%
Dividends paid	(15,592)	(61,855)	296.7%
Increase (decrease) in cash and cash equivalents	**(79,816)**	**(82,444)**	3.3%
Opening balance of cash and cash equivalents	199,812	217,727	9.0%
Closing balance of cash and cash equivalents	**119,996**	**135,283**	12.7%

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

SLC Agrícola S.A., founded in 1977, hereinafter designated "parent company", "SLC" or "Company", and its subsidiaries have a business purpose that consists of agricultural and stockbreeding activities; production and marketing of seeds and seedlings; processing and marketing of their products, with the ability to export and import goods for their own use and consumption; supply of primary agricultural goods and products and commodities in general; rendering of third-party cereal receiving, cleaning, drying and warehousing services; rendering of services with agricultural machinery and implements for third parties; trading, imports and exports of agricultural products; agro-industrial activity of processing of sugarcane, alcohol and their byproducts; and investments in other companies.

The Company is headquartered at Porto Alegre, Rio Grande do Sul State.

On September 1, 2011, the Company started the cultivation of the 2011/2012 crop, operating with twelve production units, with a total planted area of 248.1 thousand hectares, including company-owned areas and areas leased from third parties, located in six Brazilian states: Mato Grosso, Mato Grosso do Sul, Goiás, Bahia, Piauí and Maranhão.

2. Accounting policies

2.1 Preparation basis and presentation of the financial statements

This quarterly information includes the consolidated financial statements prepared according to the International Financial Reporting Standards - IFRS (IFRS) issued by *International Accounting Standards Board* (IASB) and also in accordance with the accounting practices adopted in Brazil (BR GAAP) as well as the individual financial statements of the parent company are prepared according to the BR GAAP.

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

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

The closing of the Quarterly Information was authorized at a senior management meeting held on August 6, 2012.

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

- Derivative financial instruments measured at fair value;
- Non-derivative financial instruments measured at fair value through profit or loss;
- Biological assets measured at fair value less sales expenses;
- The liabilities for share-based payment transactions measured by the fair value;

2.2 Functional currency and presentation currency

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

2.3 Foreign currency translation

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

2.4 Revenue recognition

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

Sale of goods

Revenue from the sale of products is recognized when the significant risks and benefits of ownership of the products are transferred to the buyer, which generally occurs upon their delivery.

Interest income

For all the financial instruments valued at amortized cost and interest-bearing financial assets, the financial income or expense is accounted for using the effective interest rate, which exactly discounts the estimated future cash payments or receipts over the estimated lifetime of the financial instrument or over a shorter period of time, when applicable, to the net book value of the financial asset or liability. The Interest income is included in "financial income" in the statement of income.

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

Includes cash, checking account balances, redeemable interest earning bank deposits within up to 90 days after the transaction dates and with a negligible risk of change in their market value.

2.6 Trade accounts receivable

Trade accounts receivable are recorded at the amount billed, adjusted to present value when applicable, and include the respective direct taxes for which the Company is responsible, less the taxes withheld, which are considered tax credits. The trade accounts receivable of the foreign market are restated as disclosed in Note 2.3.

If the payment term is equivalent to one year or less, they are classified in the current assets. Otherwise, they are presented in the non-current assets.

The Company and its subsidiaries do not have amounts on which they need to form allowance for doubtful accounts, as there is no expectation of loss in relation to accounts receivable.

2.7 Inventories

Inventories of agricultural products are measured at their fair value when they reach harvest point, also called "pre-harvest". To date, costs incurred have been considered the best and most reliable basis for the determination of the fair value of the biological

assets.

Inventories of seeds, manures, fertilizers, pesticides, fuels, lubricants, packaging and containerization material, spare parts and other inventories were valued at the average cost of purchase.

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

Provision for adjustment of inventories to market value of the agricultural products is formed when the fair value recorded in inventories is higher than the realizable value. The realizable value is the estimated sales price in the normal course of business minus the estimated costs necessary to sell the product.

2.8 Biological assets

Biological assets correspond basically to the cultivation and planting of soy, corn, cotton, wheat and coffee, whose agricultural products are sold to third parties. Biological assets are measured at fair value, less estimated cost of sales at harvest time. Up to this date, the incurred cost is considered as the fair value of the biological asset.

The gain or loss in the variation of the fair value of the biological assets is recognized in income (loss) for the period in which they occur, in a specificl line of the statement of income, named "change in fair value of the biological assets".

The biological assets - soy, corn, cotton and wheat - are maintained by the expenses incurred with the formation of crops up to the pre-harvest when they are evaluated at fair value.

The biological asset "coffee plantation" is composed of the formation cost of the crop and of the differential of the fair value over the formation cost, for the balance of this biological asset to be recorded at fair value, minus the costs necessary to make the assets sellable.

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

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

i) Values:

- Coffee plantations - these are stated at fair value, which reflects the sales price of the assets minus the costs necessary to make the product sellable; and
- Soy, corn, cotton and wheat plantations - are kept at historical cost up to the pre-harvest date, when they are stated at their fair value, which reflects the sales price of the asset minus the costs necessary to make the product sellable.

ii) Methodology used:

- Coffee plantations - projection of the future cash flows according to the projected productivity cycle, taking into account the price variations and growth of these biological assets; and
- Soy, corn, cotton and wheat plantations - valuation of each cultivation area, on the pre-harvest dates, based on the area to be harvested and on the expected productivity.

iii) The discount rate used in the cash flows corresponds to about 9% p.a., which is periodically reviewed by the Management. The future prices were estimated with a

basis on future price quote (Nybot) and the costs with a basis on the Company's business plan. The average lifespan of the coffee plants considered in the study is 15 years.

iv) The prices of the biological assets are obtained through market price surveys, published by specialized companies, besides the prices practiced by the Company in sales to third parties.

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

2.9 Investments (parent company)

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

Other investments that do not fit into the category above are stated at cost of acquisition, less the provision for devaluation, when applicable.

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

2.10 Property, plant and equipment

The depreciation is calculated by the linear method throughout the useful life of the asset, at rates which consider the estimated useful lives of the assets, as described below:

	Annual weighted average depreciation rates
Soil correction and development	20.0%
Buildings and improvements	2.9%
Furniture and fixtures	10.0%
Equipment and facilities of the office	13.3%
Agricultural equipment and industrial facilities	6.7%
Vehicles	9.1%
Permanent crops	9.0%

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

During the period ended June 30, 2012 and December 31, 2011, the Company did not verify the existence of indicators that certain fixed assets could be above the recoverable value, and consequently no provision for impairment of the fixed assets is necessary.

The residual value and useful life of the assets and the depreciation methods are reviewed upon the closing of each year, and adjusted respectively, when appropriate.

Borrowing costs

Borrowing costs directly attributable to the construction of an asset that necessarily

takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the related asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs involve interest and other costs incurred by the Company in relation to the loan. The Company capitalizes borrowing costs for all eligible assets.

2.11 Intangible assets

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

The useful life of the intangible asset is classified as defined or undefined. Regarding those intangible assets with defined useful life, the Company uses the following annual rates of amortization:

	Annual rates of amortization
Software	20%

Intangible assets with defined life are amortized over the economic useful life and valued in relation to impairment whenever there is indication of loss of economic value of the asset. The period and the amortization method for an intangible asset is defined life are reviewed at a minimum at the end of each fiscal year. Changes in the estimated useful life or in the expected consumption of the future economic benefits of these assets are accounted for through changes in the amortization period or method, as appropriate, and are treated as changes of accounting estimates. The amortization of intangible assets with defined life is recognized in the statement of income in the category of expense consistent with the use of the intangible assets.

On June 30, 2012 and December 31, 2011, the Company did not have intangible assets with an undefined useful life, as well as intangible assets generated internally.

2.13 Impairment loss for non-financial assets

The Management reviews the net book value of assets annually in order to assess events or changes in economic, operating, or technological circumstances likely to point out impairment or loss of their recoverable value. These evidences are detected and the net book value exceeds recoverable value, a deterioration provision is created to adjust net book value to recoverable value. The recoverable value of an asset or of a particular cash generating unit is defined as the higher of the value in use and the net sales value.

In the estimate of the value in use of the asset, the estimated future cash flows are discounted at their present value, using a discount rate before taxes that reflects the weighted average cost of capital for the segment in which the cash generating unit operates. The net sales value is determined, whenever possible, with a basis on a binding contract of sale in a transaction on an arm's length basis, between knowledgeable and interested parties, adjusted by expenses attributable to the sale of the asset or, when there is no binding contract of sale, with a basis on the market price of an active market, or on the price of the most recent transaction with similar assets.

No factors were identified on the balance sheet dates that would indicate the need to form provision for impairment of assets.

2.14 Government subsidies

Government subsidies are recognized whenever there is reasonable certainty that the

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

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

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

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

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

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

Until December 2011, the state of Mato Grosso, through Decree 1589/97, granted deemed ICMS credit incentive in operations with cotton fiber, with a 75% reduction in the amount of ICMS payable through the adhesion of Fazenda Planorte and Fazenda Paiaguás to the PROALMAT program. Deemed credits were recorded in income under the heading of sales tax as a counter entry to the taxes recoverable account. As from January 2012, in compliance with Decree 899/11, the farms can no longer enjoy this incentive.

The Superintendency for the Development of the Amazon Region - SUDAM (current Agency for Development of the Amazon Region - ADA), through Declaratory Act DCI/DAI/SUDAM no. 025/2000, granted IRPJ tax incentive of IRPJ to Parnaíba and Planorte farms, with reduction of IRPJ and non-returnable additional sums of 75% on income from the exploration of operations with cotton and cottonseed, up to the production of limit stipulated in the Declaratory Act. The amounts determined as incentive are recorded under the heading of IRPJ payable as a counter entry to income in the current income tax account.

The Superintendency for the Development of the Amazon Region - SUDAM (current Agency for Development of the Amazon Region - ADA), through Declaratory Act DCI/DAI/SUDAM no. 025/2000, granted IRPJ tax incentive of IRPJ to Parnaíba and Planorte farms, with reduction of IRPJ and non-returnable additional sums of 75% on income from the exploration of operations with cotton and cottonseed, up to the

production of limit stipulated in the Declaratory Act. The amounts determined as incentive are recorded under the heading of IRPJ payable as a counter entry to income in the current income tax account.

2.15 Dividends

The Company's bylaws and corporate law establish that a minimum of 25% of the adjusted annual net income must be distributed as dividends. Accordingly, the Company records provision, upon the closing of each fiscal year, in the amount of the minimum compulsory dividend that has not yet been distributed.

2.16 Taxes

Current income and social contribution taxes

They are presented in current assets, in accordance with their expected settlement. The rates of tax and the tax laws used to calculate the amount are those that are in force or substantially in force on the balance sheet date, and consider the tax incentive benefits mentioned in note 2.14.

Deferred income and social contribution taxes

Deferred tax is generated by temporary differences on the balance sheet date between the tax bases of assets and liabilities and their book values. Deferred tax liabilities are recognized for all the temporary tax differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business combination and, on the date of the transaction, does not affect the accounting income or the taxable income or tax loss; and
- On the temporary differences related to investments in subsidiaries, in which the period of reversal of the temporary differences can be controlled and it is likely that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all the deductible temporary differences, unused tax credits and loss, to the extent it is likely that the taxable income is available for the deductible temporary differences to be realized, and unused tax credits and loss can be used, except when the deferred tax assets related to the deductible timing difference are generated in the initial recognition of the asset or liability in a transaction that is not a business combination and, on the date of the transaction, does not affect the accounting income or the taxable income or tax loss.

The book value of the deferred taxes is reviewed on each balance sheet date and written-off to the extent it is no longer likely that taxable income will be available to allow all or part of the deferred tax assets to be used. Written-off deferred tax assets are reviewed on each balance sheet date and are recognized to the extent it becomes likely that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are recognized in non-current assets and liabilities and are measured at the tax rate that is expected to be applicable in the year in which the asset is realized or the liability settled, based on the tax rates (and tax law) that were issued on the balance sheet date.

Deferred tax related to items recognized directly in shareholders' equity is also recognized in shareholders' equity, and not in the statement of income. Deferred tax items are recognized according to the transaction that originated the deferred tax, in comprehensive income or directly in shareholders' equity. Deferred tax assets and liabilities are presented net if there is a legal or contractual right to offset the tax asset against the tax liability and the deferred taxes are related to the same taxed entity in subject to the same tax authority.

The deferred tax assets resulting from tax losses, negative basis of social contribution

and temporary differences were recorded and consider past profitability and expectations of future taxable income, based on a technical viability study, approved by the Board of Directors.

Sales tax

Revenues, expenses and assets are recognized net of sales tax except:

- When the sales tax incurred in the purchase of goods or services is not recoverable from the tax authorities, in which case the sales tax is recognized as part of the cost of the asset or of the expense item, as appropriate;
- When the amounts receivable and payable are presented together with the amount of sales tax; and
- The net amount of the sales tax, recoverable or payable, is included as a component of the amounts receivable or payable in the balance sheet.

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

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

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

2.17 Financial instruments – Initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

The Company's financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, investments held to maturity or derivatives classified as effective hedge instruments, according to the case (note 2.18). The Company determines the classification of its financial assets upon its initial recognition, when it becomes part of the contractual provisions of the instrument.

Financial assets are initially recognized at fair value plus, in the case of investments not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

The financial assets include the cash and cash equivalents, trade accounts receivable, accounts receivable, other receivables and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, which can be as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated in the initial recognition, as measured at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired with the purpose of sale in the short term. Financial assets at fair value through profit or loss are presented in the balance sheet at fair value, with the correspondent gains or losses recognized in the statement of income.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and not quoted in an active market. After the initial measurement, these financial assets are accounted for at amortized cost using the effective interest rate method (effective interest rate), less impairment loss. Amortized cost is calculated taking into account any discount or "premium" in the acquisition and fees or costs incurred. The amortization of the effective interest rate method is included in the revenue line in the statement of income. The impairment losses are recognized as financial expenses in the statement of income.

(iii) Financial assets held to maturity

The investments held up to maturity are initially recognized at fair value plus any transaction costs directly assignable. After their initial recognition, investments held to maturity are measured at amortized cost using the effective interest rate method, reduced by any impairment losses.

Derecognition (write-off)

A financial asset (or, when appropriate, part of a financial asset or part of a group of similar financial assets) is written off when:

- The rights to receive cash flows from the asset have expired;
- The Company transferred its rights to receive cash flows of the asset or has assumed an obligation to fully pay cash flows received, without significant delay, to a third party under terms of an "onlending" agreement; and (a) the Company has substantially transferred all risks and benefits of the asset, or (b) the Company did not transfer either retain substantially all the risks and benefits related to the asset, but transferred control over the asset.

The Company has transferred its rights to receive cash flows from an asset or has executed an onlending agreement, and has not substantially transferred or retained all the risks and benefits relating to the asset. An asset is recognized to the extent of the Company's continuous involvement with the asset.

Impairment of financial assets

The Company assesses, at the balance sheet dates, whether there is any evidence that determines that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (known as a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets and can be reliably estimated. Evidence of impairment loss can include indicators that the borrowers are experiencing serious financial difficulty. The probability of their declaring bankruptcy or filing a petition for another type of financial reorganization, defaulting or making a delinquent payment of interest or principal and when there are indicators of a measurable decrease in the estimated future cash flow, such as changes in maturity or economic condition related to defaults.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and financing, or as derivatives classified as hedge instruments (note 2.20), as

the case may be. The Company classifies its financial liabilities upon initial recognition.

Financial liabilities are initially recognized at fair value, and in the case of loans and financings, include directly related transaction costs.

The Company's financial liabilities include accounts payable to suppliers, securities payable and other accounts payable, loans and financing and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, which can be as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities for trading and financial liabilities designated in the initial recognition, as measured at fair value through profit or loss. Financial liabilities are classified as held-for-trading if they are acquired with the purpose of sale in the short term. This category includes derivative financial instruments contracted by the Company that do not fulfill the hedge accounting criteria defined by CPC 38 (IAS 39).

(ii) Loans and financing

After first-time recognition, loans and financings subject to interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of income at the time of the write-off in liabilities, as well as during the process of amortization through effective interest rate method.

Derecognition (write-off)

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another of the same lender with substantially different terms, or the terms of an existing liability are significantly changed, this substitution or alteration is treated as a write-off of the original liability and recognition of a new liability, whereas the difference in the corresponding book value is recognized in the statement of income.

Fair value of financial instruments

The fair value of financial instruments actively traded in organized financial markets is determined based on quoted market prices at the close of business at the balance sheet date, without deduction of transaction costs.

The fair value of financial instruments for which there is no active market is determined using valuation techniques. These techniques may include the use of recent market transactions (on an arm's length basis); by reference to the current fair value of another similar instrument; discounted cash flow analysis or other valuation models.

2.18 Derivative financial instruments and hedge accounting

Fair value of financial instruments

The Company uses derivative financial instruments, such as non-deliverable forwards, commodity forward contracts and interest rate swaps to provide protection against the risk of variation in the foreign exchange rates, the risk of variation in the prices of commodities and the risk of variation in interest rates, respectively.

The derivative financial instruments designated in hedging operations are initially recognized at fair value on the date on which the derivative contract is signed, and are subsequently restated also at fair value. Derivatives are presented as financial assets when the fair value of the instrument is positive, and as financial liabilities when the fair value is negative.

Any gains or losses resulting from changes in the fair value of derivatives during the year are entered directly in the statement of income, with the exception of the effective portion of the cash flow hedges, which is recognized directly in shareholders' equity in other comprehensive income.

For hedge accounting purposes, there are the following classifications: fair value, cash flow and foreign investment hedges.

For the years ended June 30, 2012 and December 31, 2011, the Company and its subsidiaries only had operations classified in the cash flow hedge category. Cash flow hedges are the derivative financial instruments that are intended to offset variation in the entity's estimated future cash flow. The hedged objects and the respective related derivative financial instruments are accounted for as follows: (i) the effective portion of gain or loss with the hedge instrument is recognized directly in shareholders' equity in other comprehensive income; and (ii) the ineffective portion of the gain or loss with the hedge instrument is recognized directly in income for the period.

In the initial recognition of a hedge relationship, the Company formerly classifies and documents the hedge relationship to which they wish to apply hedge accounting, as well the objective and the risk management strategy of company management to put the hedge into effect. The documentation includes the identification of the hedge instrument, the hedged item or transaction, the nature of the risk to be hedged, the nature of the risks excluded from the hedge relationship, the prospective demonstration of the efficacy of the hedge relationship and the way in which the Company intends to evaluate the efficacy of the hedge instrument for purposes of offsetting the exposure to changes in the fair value of the hedged item or cash flows related to the hedged risk. As regards cash flow hedge, the demonstration of the high probability of the foreseen transaction to be hedged, as well as the foreseen periods of transfer of the gains or losses resulting from the hedge instruments from shareholders' equity to income, are also included in the documentation of the hedge relationship. These hedges are expected to be highly effective to offset changes in the fair value or cash flows. They will be permanently evaluated to verify whether they were indeed highly effective over the course of all the base periods for which they were intended.

2.19 Leases

Payments made under an operating lease are recognized as formation costs of crops on linear bases over the period of the lease.

2.20 Provisions

General

A provision is recognized when the Company has a present (legal or constructive) obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made.

Provisions for tax, civil and labor risks

Provisions are formed for all the litigations referring to lawsuits for which it is likely that an outflow of resources will be required to settle the litigation/obligation and a reasonable estimate can be made. Determination of the likelihood of loss includes determination of evidences available, hierarchy of laws, jurisprudence available, more recent court decisions and relevance thereof in legal system, as well as evaluation of

external attorneys. Provisions are reviewed and adjusted to take into account changes in circumstances, such as statute of limitations applicable, tax inspection conclusions or additional exposures identified based on new matters or court decisions.

2.21 Share based payment

The Company has a Stock Option Plan for Company officers and managers, under the administration of a management committee created by the Board of Directors. In the years ended June 30, 2012 and June 30, 2011 the Company measured and recognized these benefits as an expense according to CPC 10 (IFRS 2). Company's program details are described in Note 22.

2.22 Earning per share

The basic calculation of earnings per share is done through the division of the net income for the year, attributed to the holders of common shares of the parent company, by the weighted average quantity of common shares available during the year according to technical pronouncement CPC 41 (IAS 33) (Note 17.h).

2.23 Employee benefits

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

2.24 Treasury shares

The own equity instruments which are repurchased (treasury shares) are stated at cost net of equity. No gain or loss is recognized in the statement of income in the purchase, sale, issuance or cancellation of the Company's own equity instruments. Any difference between the book value and the remuneration is recognized in other capital reserves.

2.25 Segment information

Due to the concentration of its activities in the production and marketing of agricultural products (soy, corn, wheat, cotton and coffee), the Company is organized in a single business unit. The Company's products are not controlled and managed by Management as independent segments. The Company's results are supervised, monitored and evaluated in an integrated manner.

3. Significant judgments, estimates and assumptions

3.1 Judgments

The preparation of Company's financial statements requires Management to make judgments and estimates and adopt assumptions that affect the amounts presented for revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities, in the base date of the financial statements. However, the uncertainty relating to these assumptions and estimates could lead to results that require a significant adjustment to the book value of the related asset or liability in future periods.

3.2 Estimates and assumptions

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

(i) Transactions with stock-based payments

The Group measures the cost of settled transactions involving shares with employees based on the fair value of the equity instruments on the date they are granted. The estimate of the fair value of share-based payments requires the determination of the most appropriate valuation model for the concession of equity instruments, which depends on the terms and conditions of the concession. This also requires the determination of the most appropriate data for the valuation model, including the expected life of the option, volatility and yield of dividends and corresponding assumptions. Assumptions and models used in fair value estimates of share-based payments are explained in Note 22.

(ii) Taxes

There are uncertainties in relation to the interpretation of complex tax regulations and to the value and timing of future taxable income. Given the broad aspect of business relationships, as well as the long-term nature and complexity of existing contractual instruments, differences between the real results and the assumptions adopted, or future changes in these assumptions, could require future adjustments in the tax income and expenses already recorded.

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

(iii) Fair value of financial instruments

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

(iv) Definition and review of useful life of fixed and intangible assets

The useful life of fixed and intangible assets is established with a basis of assumptions that take into account past histories of goods and intangible assets already depreciated or amortized as well as future projections that are based on estimates that may not actually turn out to be true as predicted, and may be significantly different from the amount initially estimated.

(v) Impairment loss for non-financial assets (note 2.13);

(vi) Fair value of biological assets (note 2.8);

(vii) Provisions for tax, civil and labor risks (note 2.20).

4. Consolidated financial statements

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

Companies	Direct subsidiaries %	Indirect subsidiaries %	Main activity	Location
Fazenda Planorte Empreendimentos Agrícolas Ltda.	100	-	Culture of cotton, soy and corn.	Mato Grosso – MT
Fazenda Paiaguás	100	-	Culture of cotton, soy and	Mato Grosso –

Empreendimentos Agrícolas Ltda.			corn.	MT
Fazenda Parnaíba Empreendimentos Agrícolas Ltda.	100	-	Culture of cotton, soy and corn.	Maranhão – MA
Fazenda Perdizes Empreendimentos Agrícolas Ltda.	100	-	Culture of cotton, soy and corn.	Mato Grosso – MA
SLC Empreendimentos e Agricultura Ltda.	85.04	14.96	Leasing of arable land.	Rio Grande do Sul - RS
SLC Agrícola Pejuçara Ltda.	86.93	13.07	Culture of cotton, soy and corn.	Mato Grosso – MT
SLC LandCo Empreendimentos Agrícolas Ltda.	-	100	Purchasing and sale, lease, construction and managing of real estate.	Rio Grande do Sul - RS
Fazenda Planeste Empreendimentos Agrícolas Ltda.	-	100	Purchasing and sale, lease, construction and managing of real estate.	Rio Grande do Sul - RS
Fazenda Piratini Empreendimentos Agrícolas Ltda	-	100	Purchasing and sale, lease, construction and managing of real estate.	Rio Grande do Sul - RS
Fazenda Panorama Empreendimentos Agrícolas Ltda.	-	100	Purchasing and sale, lease, construction and managing of real estate.	Rio Grande do Sul - RS
Fazenda Parceiro Empreendimentos Agrícolas Ltda.	-	100	Purchasing and sale, lease, construction and managing of real estate.	Rio Grande do Sul - RS
Fazenda Paineira Empreendimentos Agrícolas Ltda.	-	100	Purchasing and sale, lease, construction and managing of real estate.	Rio Grande do Sul - RS

The periods of annual information of the subsidiaries included in the consolidation coincide with those of the parent company and the accounting policies were applied uniformly at the consolidated companies and are consistent with those used in the previous year.

The main consolidation procedures are:

- Elimination of intercompany asset and liability account balances;
- Elimination of investments in the capital, reserves and retained earnings of consolidated companies;
- Elimination of intercompany income and expense balances and unearned income arising from intercompany transactions;
- Determination of taxes charges on unearned income and presented as deferred tax in the consolidated balance sheet.

The reconciliation of the net income for the year between the parent company and consolidated is as follows:

	06/30/12	06/30/11
Net income for the period - Parent company	(12,092)	61,585
Unrealized gains (losses) with hedge *instruments,* net of tax effects	(21)	2,795
Net income for the period - Consolidated	(12,113)	64,380

The transactions that generate differences between the net income of the parent company and the consolidated net income refer to unrealized gains or losses with hedging operations contracted by the parent company or subsidiaries, with the purpose of protecting the consolidated operations and not necessarily at the Company that contracted the instrument. In view of this situation, the result of ineffectiveness is entered against income for the year at the contracting Company. However, when analyzed in consolidated terms, the operation takes the form of *hedge accounting*, having its effects recorded under the heading of "Equity Valuation Adjustments" in consolidated shareholders' equity. The contracted instruments are NDFs (*Non Deliverable Forwards*), qualified as "*Cash Flow Hedge"* with the purpose of providing consolidated protection for future sales. These operations are contracted with a basis on future projects of consolidated sales that present effectiveness between 80% - 125%.

5. Cash and cash equivalents and short-term interest earnings bank deposits

Description	Earnings	Parent company 06/30/12	Parent company 12/31/11	Consolidated 06/30/12	Consolidated 12/31/11
Cash and cash equivalents	-	**127**	23,110	**192**	46,314
CDB-DI	100.5% of CDI*	**42,218**	20,092	**57,696**	39,819
Repurchase and resale commitments	99.11% of CDI*	**8,671**	34,072	**76,512**	42,952
Investment Fund AP	99.7% of CDI*	**460**	969	**460**	969
Other investments	-	**289**	280	**423**	409
		51,765	78,523	**135,283**	130,463
Cash and cash equivalents		**26,145**	75,426	**100,039**	127,357
Interest Earning Bank Deposits AP		**25,620**	3,097	**35,244**	3,106

*Average yield on June 30, 2012.

Interest earning bank deposits are represented by investments in bank deposit certificates, purchase and sale commitments (debentures) and short-term Investment Funds, at prices and market rates, restated by the income earned until June 30, 2012, not exceeding the trading value.

The Group's exposure to interest rate risks and a sensitivity analysis of financial assets and liabilities are disclosed in note 20.

6. Accounts receivable

	Parent company 06/30/12	Parent company 12/31/11	Consolidated 06/30/12	Consolidated 12/31/11
Domestic market	**8,834**	7,561	**12,517**	15,246
Foreign market	**7,400**	21,011	**13,176**	39,089
Total	**16,234**	28,572	**25,693**	54,335

On June 30, 2012 and December 31, 2011, the Company and its subsidiaries did not have securities with receipt considered uncertain and therefore, did not form allowance for doubtful accounts.

Short-term investments are composed of purchase and sale commitments maturing over more than 90 days and a grace period for redemption in July 2012, premium saving bonds and CDBs (Bank Deposit Certificates) with a redemption period of less than 365 days and tied to the reciprocity of maintenance of balances in counter entry to release of loans.

The group's exposure to credit and currency risk related to trade accounts receivable is disclosed in note 20.

7. Inventories

	Parent company 06/30/12	Parent company 12/31/11	Consolidated 06/30/12	Consolidated 12/31/11
Agricultural products	**71,751**	119,533	**110,569**	173,895
Agricultural products - formation costs	**62,402**	88,025	**85,780**	125,229
Agricultural products - adjustment of biological assets	**9,349**	31,508	**24,789**	48,666
Seeds, manure, fertilizers and pesticides pesticides	**79,293**	138,195	**117,595**	200,671
Packages and containerization material	**12,362**	3,441	**15,044**	5,861
Spare parts	**3,759**	4,056	**5,114**	5,349
Advances to suppliers	**29,043**	11,015	**53,280**	22,361
Other inventories	**4,096**	3,304	**6,610**	3,697
Provisions for inventory adjustment	**(3,040)**	(801)	**(3,139)**	(804)
Inventory losses	**-**	(319)	**-**	(614)
	197,264	278,424	**305,073**	410,416

On June 30, 2012, the Company recorded provision for adjustment to market value in the value and reversed allowance for inventory losses, where the movement was as follows:

Provision for adjustment to market value:

	Parent company	Consolidated
Balance at December 31, 2011	(801)	(804)
Formation of provision	(20,333)	(21,879)
(-) Reversal of provision	18,094	19,544
Balance at June 30, 2012	(3,040)	(3,139)

Inventory losses:

	Parent company	Consolidated
Balance at December 31, 2011	(319)	(614)
Formation of provision	-	-
(-) Reversal of provision	319	614
Balance at June 30, 2012	-	-

8. Biological assets

	Parent company						
	Current						Non-Current
	Soy	Cotton	Corn	Coffee	Others Crops	Total	Coffee
Balances at December 31, 2011	44,849	96,984	18,198	3,270	2,440	165,741	14,925
Expenditures with planting	51,158	186,462	24,059	2,056	1,823	265,558	-
Variation of the fair value	25,050	(19,902)	10,578	-	-	15,726	-
Harvesting of the agricultural product	(120,022)	(42,026)	(35,551)	760	(1,546)	(198,385)	(277)
Balances at June 30, 2012	**1,035**	**221,518**	**17,284**	**6,086**	**2,717**	**248,640**	**14,648**

	Consolidated						
	Current						Non-Current
	Soy	Cotton	Corn	Coffee	Others Crops	Total	Coffee
Balances at December 31, 2011	96,273	142,603	20,308	3,221	2,367	264,772	14,925
Expenditures with planting	80,299	264,350	38,088	1,982	1,795	386,514	-
Variation of the fair value	62,293	(19,138)	16,716	-	-	59,871	-
Harvesting of the agricultural product	(237,275)	(65,445)	(42,610)	760	(1,546)	(346,116)	(277)
Balances at June 30, 2012	**1,590**	**322,370**	**32,502**	**5,963**	**2,616**	**365,041**	**14,648**

The balances of growing crops are substantially represented by expenses incurred with the formation of the crops, such as: seeds, fertilizers, pesticides, depreciation and labor applied in the crops.

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

		Crops		
Unit	Location	Soy	Cotton	Corn
Fazenda Planalto	Costa Rica-MS	from 10/01 to 03/20	from 12/05 to 08/15	from 01/25 to 07/10
Fazenda Paiaguás	Diamantino-MT	from 09/20 to 03/15	from 12/10 to 08/15	from 01/25 to 07/10
Fazenda Pejuçara	Diamantino-MT	from 09/20 to 03/15	from 12/10 to 08/15	from 01/25 to 07/10
Fazenda Planorte	Sapezal-MT	from 09/20 to 03/10	from 12/15 to 08/15	from 01/25 to 07/10
Fazenda Pamplona	Cristalina-GO	from 10/25 to 04/15	from 11/05 to 08/15	from 10/20 to 04/30
Fazenda Parnaíba	Tasso Fragoso-MA	from 10/25 to 04/05	from 12/15 to 08/10	from 12/01 to 05/15
Fazenda Planeste	Balsas-MA	from 10/15 to 03/30	from 12/20 to 08/15	from 12/10 to 07/10
Fazenda Panorana	Correntina-BA	from 11/01 to 04/25	Does not plant	Does not plant
Fazenda Piratini	Jaborandi-BA	from 11/01 to 04/25	from 11/20 to 08/10	Does not plant
Fazenda Palmares	Barreiras-BA	from 11/01 to 04/25	from 11/20 to 08/10	Does not plant

Fazenda Parceiro	Coaceral-BA	from 11/01 to 04/25	Does not plant	Does not plant
Fazenda Paineira	Monte Alegre do Piauí -PI	from 11/01 to 03/30	Does not plant	Does not plant
Fazenda Perdizes*	Porto dos Gaúchos - MT	from 09/20 to 03/15	Does not plant	from 01/25 to 07/10

* Will be cultivated as of the 2012/13 crop.

9. Recoverable taxes

	Parent company		Consolidated	
	06/30/12	**12/31/11**	**06/30/12**	**12/31/11**
Income tax	**3,953**	7,310	**10,564**	21,725
Social contribution	**31**	19	**4,964**	6,913
ICMS	**25,436**	21,007	**31,802**	27,990
COFINS	**9,942**	2,765	**21,859**	12,612
PIS	**2,159**	601	**5,092**	3,085
IRRF recoverable	**1,130**	1,655	**1,451**	1,839
Others	**411**	411	**2,961**	477
	43,062	33,768	**78,693**	74,641
(-) Portion classified in current assets	**(38,652)**	(30,095)	**(73,730)**	(69,701)
Portion classified in non-current assets	**4,410**	3,673	**4,963**	4,940

Income and social contribution taxes

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

ICMS, PIS and COFINS to offset/recover

These items refer to credits generated in the regular operations of the Company and its subsidiaries, and may be offset with taxes of the same nature. The Company's management estimates that the existing balances as of June 30, 2012 are realized in the normal course of its operations, without losses.

IRRF recoverable

Corresponds to the income tax withheld on cash investments. These receivables are realizable through offsetting with federal taxes and contributions.

10. Investments

	Parent company		Consolidated	
	06/30/12	**12/31/11**	**06/30/12**	**12/31/11**
Subsidiaries	**1,509,664**	1,523,663	**-**	**-**
Other interests	**151**	121	**415**	367
	1,509,815	1,523,784	**415**	367

Material investments in subsidiaries, valued using the equity method, are shown in the table below:

	Fazenda Parnaíba Emp. Agr. Ltda.	**Fazenda Planorte Emp. Agr. Ltda.**	**Fazenda Paiaguás Emp. Agr. Ltda.**	**SLC Agrícola Pejuçara Ltda. (2)**	**Fazenda Perdizes Emp. Agr. Ltda.**	**SLC Empreend. e Agric. Ltda. (1) and (2)**	**06/30/12**	**12/31/11**
Capital	45,650	57,050	40,010	26,456	66	373,285		
Shareholders' equity	225,655	194,470	214,549	35,936	35	992,141		
Net income (loss) for the period	19,796	(10,095)	2,190	4,989	(31)	(32,725)		

Quantity of shares/quotas of the capital								
Common shares (thousand)	5,353	11,506	44,517	46,542	100			
Percentage of interest (%)	100%	100%	100%	86.93%	100%	85.04%		
Opening balances	206,706	205,460	212,178	27,290		872,029	**1,523,663**	1,364,105
Paid-up capital					66		**66**	115,027
Fair value attributed			33			189	**222**	
Unrealized gains (Loss) with hedge instruments	(847)	(895)	329	(388)			**(1,801)**	(12,501)
Capital investment gain (loss)			(181)			(673)	**(854)**	(238)
Equity gain (loss)	19,796	(10,095)	2,190	4,337	(31)	(27,829)	**(11,632)**	57,270
Closing balances	225,655	194,470	214,549	31,239	35	843,716	**1,509,664**	1,523,663

(1) Shareholders' equity was adjusted in the amount of R$20,797 and net income in the amount of R$7,015, relating to unrealized results between the Companies, net of tax impacts.

(2) The company has control of 100% of the company SLC Empreendimentos e Agricultura Ltda. And of the company SLC Agrícola Pejuçara Ltda through the subsidiary Fazenda Paiaguás Empreendimentos Agrícolas S.A.

11. Property, plant and equipment

Parent company

Cost of the gross fixed assets	Balance at 12/31/11	Acquisitions	Write-offs	Transfers	Balance at 06/30/12
Arable land	6,069	-	-	-	**6,069**
Soil correction and development	181,319	17,220	(29)	(3)	**198,507**
Buildings and improvements	68,465	1,133	-	597	**70,195**
Agricultural equipment and industrial facilities	320,528	38,263	(11,916)	(3)	**346,872**
Vehicles	16,347	3,454	(808)	(513)	**18,480**
Furniture and fixtures	7,437	623	(14)	-	**8,046**
Equipment and facilities of the office	3,625	422	(22)	-	**4,025**
Permanent crops	142	33	(46)	539	**668**
Advances to suppliers	13,113	-	(3,864)	-	**9,249**
Works in progress	11,886	10,882	(760)	(617)	**21,391**
Total	628,931	72,030	(17,459)	-	**683,502**

Depreciation	Balance at 12/31/11	Depreciation	Write-offs	Transfers	Balance at 06/30/12
Soil correction and development	90,012	17,830	(1)	-	107,841
Buildings and improvements	4,965	1,098	-	-	6,063
Agricultural equipment and industrial facilities	93,508	13,713	(4,029)	-	103,192
Vehicles	7,598	839	(687)	-	7,750
Furniture and fixtures	1,378	313	(2)	-	1,689

Equipment and facilities of the office	2,199	203	(29)	-	2,373
Total	199,660	33,996	(4,748)	-	228,908

Net residual value	12/31/11	**06/30/12**
Arable land	6,069	**6,069**
Soil correction and development	91,307	**90,666**
Buildings and improvements	63,500	**64,132**
Agricultural equipment and industrial facilities	227,020	**243,680**
Vehicles	8,749	**10,730**
Furniture and fixtures	6,059	**6,357**
Equipment and facilities of the office	1,426	**1,652**
Permanent crops	142	**668**
Advances to suppliers	13,113	**9,249**
Works in progress	11,886	**21,391**
Total	429,271	**454,594**

11. Property, plant and equipment

Consolidated

Cost of the gross fixed assets	Balance at 12/31/11	Acquisitions	Write-offs	Transfers	Balance at 06/30/12
Arable land	1,828,195	1,950	(68)	2	**1,830,079**
Soil correction and development	271,616	19,342	(37)	(2)	**290,919**
Buildings and improvements	186,470	1,474	-	693	**188,637**
Agricultural equipment and industrial facilities	535,841	42,808	(8,100)	(176)	**570,373**
Vehicles	25,708	5,893	(976)	(342)	**30,283**
Furniture and fixtures	8,992	891	(28)	24	**9,879**
Equipment and facilities of the office	8,658	591	(22)	-	**9,227**
Permanent crops	4,347	40	(54)	541	**4,874**
Advances to suppliers	15,191	-	(4,253)	-	**10,938**
Works in progress	13,009	12,024	(758)	(740)	**23,535**
Total	2,898,027	85,013	(14,296)	-	**2,968,744**

Depreciation	Balance at 12/31/11	Depreciation	Write-offs	Transfers	Balance at 06/30/12
Soil correction and development	143,071	24,613	(2)	-	**167,682**

Buildings and improvements	30,341	2,627	-	-	**32,968**
Agricultural equipment and industrial facilities	158,510	16,761	(2,368)	-	**172,903**
Vehicles	11,720	999	(613)	-	**12,106**
Furniture and fixtures	2,032	377	(9)	-	**2,400**
Equipment and facilities of the office	3,016	391	(30)	-	**3,377**
Permanent crops	-	166	-	-	**166**
Total	348,690	45,934	(3,022)	-	391,602

Net residual value	12/31/11	**06/30/12**
Arable land	1,828,195	**1,830,079**
Soil correction and development	128,545	**123,237**
Buildings and improvements	156,129	**155,669**
Agricultural equipment and industrial facilities	377,331	**397,470**
Vehicles	13,988	**18,177**
Furniture and fixtures	6,960	**7,479**
Equipment and facilities of the office	5,642	**5,850**
Permanent crops	4,347	**4,708**
Advances to suppliers	15,191	**10,938**
Works in progress	13,009	**23,535**
Total	2,549,337	**2,577,142**

On June 30, 2012 the construction in progress was substantially represented by the construction of the storage units at Planeste, Panorama and Paiaguás farms in the amount of R$ 13,930, improvements in the building of the cotton gin at Planeste, Pamplona, Pejuçara, Palmares and Panorama farms in the amount of R$ 1,052 and infrastructure works (improvements, roads, depots, etc.) in the amount of R$ 6,817. The amount of interest that was capitalized to construction in progress in the period of June 30, 2012 was R$ 414 (R$ 1,360 on June 30, 2011).

11. Balances and transactions with related parties

a) Balances of transaction with related parties

	Other accounts receivable	Loans receivable	Advances for future capital increase	Leases payable	Other accounts payable	Loans payable
Fazenda Planorte Emprendimentos Agrícolas Ltda						
Balance at 06/30/2012	-	4	-	-	-	210
Balance at 12/31/2011	-	-	-	-	-	2,728
Fazenda Parnaíba Empreendimentos Agrícolas Ltda						
Balance at 06/30/2012	2,884	-	-	-	-	52
Balance at 12/31/2011	3,610	17,289	-	-	-	-
Fazenda Paiaguás Emprendimentos Agrícolas Ltda						
Balance at 06/30/2012	1,313	3	-	-	-	-
Balance at 12/31/2011	142	5	-	-	-	-
SLC Agrícola Pejuçara Ltda						
Balance at 06/30/2012	1,525	-	-	-	-	3
Balance at 12/31/2011	186	-	-	-	-	4
SLC Agrícola Perdizes Ltda						
Balance at 06/30/2012	134	-	-	-	-	-
Balance at 12/31/2011	-	-	-	-	-	-
SLC Empreendimentos e Agricultura Ltda						
Balance at 06/30/2012	9,380	-	90,698	1,104	-	-
Balance at 12/31/2011	16,399	-	1,347	-	-	-
SLC LandCo Empreendimentos Agrícolas Ltda						
Balance at 06/30/2012	-	134	-	-	-	-
Balance at 12/31/2011	-	75	-	-	-	-
Fazenda Panorama Empreendimentos Agrícolas Ltda						
Balance at 06/30/2012		1		1,123		
Balance at 12/31/2011	-	1	-	2,267	-	-
Fazenda Planeste Empreendimentos Agrícolas Ltda						
Balance at 06/30/2012	-	-	-	1,546	-	-
Balance at 12/31/2011	-	-	-	3,195	-	-
Fazenda Piratini Empreendimentos Agrícolas Ltda						
Balance at 06/30/2012	-	-	-	576	-	-
Balance at 12/31/2011	-	-	-	467	-	-
Other related parties						
Balance at 06/30/2012	3	-	-	-	762	-
Balance at 12/31/2011	2	-	-	-	141	-
Total.						
Balance at 06/30/2012	**15,239**	**142**	**90,698**	**4,349**	**762**	**265**
Balance at 12/31/2011	20,339	17,370	1,347	5,929	141	2,732

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

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

We present below the amounts involved in transactions between related parties.

	Sales of goods/ products/ property, plant and equipment	Lease costs	Purchases of goods/ products	Financial income - Interest	Financial expenses - Interest
Fazenda Planorte Emprendimentos Agrícolas Ltda					
Balance at 06/30/2012	2,370	-	-	5	-
Balance at 12/31/2011	-	-	-	13	-
Fazenda Parnaíba Emprendimentos Agrícolas Ltda					
Balance at 06/30/2012	1,312	-	-	254	-
Balance at 12/31/2011	-	-	-	-	20
Fazenda Paiaguás Emprendimentos Agrícolas Ltda					
Balance at 06/30/2012	1,595	-	-	-	-
Balance at 12/31/2011	-	-	-	-	126
SLC Agrícola Pejuçara Ltda					
Balance at 06/30/2012	592	-	-	-	-
Balance at 12/31/2011	-	-	-	-	-
SLC Empreendimentos e Agricultura Ltda					
Balance at 06/30/2012	-	3,801	-	26	-
Balance at 12/31/2011	-	21,485	-	-	-
SLC LandCo Empreendimentos Agrícolas Ltda					
Balance at 06/30/2012	-	-	-	4	-
Balance at 12/31/2011	-	-	-	-	-
Fazenda Panorama Empreendimentos Agrícolas Ltda					
Balance at 06/30/2012	-	1,340	-	-	-
Balance at 12/31/2011	-	-	-	-	-
Fazenda Planeste Empreendimentos Agrícolas Ltda					
Balance at 06/30/2012	-	3,801	-	-	-
Balance at 12/31/2011	-	-	-	-	-
Fazenda Piratini Empreendimentos Agrícolas Ltda					
Balance at 06/30/2012	-	2,689	-	-	-
Balance at 12/31/2011	-	-	-	-	-
Total					
Balance at 06/30/2012	**5,869**	**11,631**	**-**	**289**	**-**
Balance at 12/31/2011	-	21,485	-	13	146

b) Contract for Lease

A rural lease signed with the subsidiary SLC Empreendimentos e Agricultura Ltda and its subsidiaries for a period of 10 years expiring on December 31, 2016, took effect on January 1, 2007. This lease can be reviewed at any time, if market changes occur that render its balance unviable and cause an excessive burden on one of the parties.

The rural lease involves the delivery of the land, facilities and other assets by the lessor for the lessee to explore agricultural activity through the cultivation of cotton, soy, corn, sorghum, coffee, beans and peas in return for an amount payable as a lease price.

On June 30, 2012 the price of the lease can be shown as follows:

	Total leased hectares	Annual value of the lease (a)	Quotation of the bag of soys in the region (b)		Value
Fazenda Planalto	12,991.56	8	R$ 43.91	(c)	R$ 4,564
Fazenda Pamplona	12,423.32	7	R$ 46.00	(c)	R$ 4,000
Fazenda Planeste	13,305.57	7	R$ 59.87		R$ 5,576
Fazenda Panorama	9,675.55	9	R$ 57.74		R$ 5,028
Fazenda Piratini	7,473.00	4.9	R$ 60.50		R$ 2,215
Fazenda Palmares	13,348.00	8	R$ 43.97	(c)	R$ 4,695
Fazenda Paiaguás	21,267.70	6	R$ 62.00		R$ 7,912
Fazenda Pejuçara	2,957.67	6	R$ 62.00		R$ 1,100
Fazenda Paineira	3,690.69	6	R$ 60.00		R$ 1,329
					R$ 36,419

(a) Equivalent in bags of soys by arable hectare by crop year.
(b) Average price of the bag of soys in the region of each unit, obtained on the base date of June 30, 2012, in Reais.
(c) Price of the bag of soys on the payment date, in Reais.

The price of the lease is paid annually using the over-the-counter quotation of the bag of soys of each region on the payment day, to be established by the lessor at least 15 days in advance, without a repricing forecast.

c) Management compensation

The Company considers the unpaid Board Members, the paid Independent Board Members and the Officers (statutory and non-statutory) as key management personnel.

The directors are paid in the form of director compensation and salaries, paid via payroll. The total amount of the administrators' remuneration, including bonuses and other benefits, is presented under a specific heading in the statements of income and presented below:

	Parent company and Consolidated	
	06/30/12	06/30/11
Directors fee	**1,205**	1,395
Bonuses	**330**	-
Stock option plan - allocated in the period	**1,203**	2,359
	2,738	3,754

The Company does not offer post-employment benefits, severance benefits or other long-term benefits to its directors.

13. Loans and financing

		Average annual interest rates (%)		Parent company		Consolidated	
	Index	**06/30/12**	12/31/11	**06/30/12**	12/31/11	**06/30/12**	12/31/11
Used in the Property, plant and equipment							
Finame - BNDES	Pre and TJLP*	**6.44%**	6.42%	**30,044**	32,115	**44,859**	48,318
Constitutional Funds**	.	**7.26%**	6.75%	**60,304**	66,301	**98,650**	105,980
Investment financing	US$ and Libor	**5.74%**	-	**23,993**	-	**23,993**	-
Invested in working capital							
Rural credit	-	**6.75%**	6.75%	**28,348**	18,259	**132,033**	122,229
Constitutional Funds**	-	**7.26%**	6.75%	**120,027**	87,527	**148,033**	110,693
Foreign investments	US$, Libor + Pre	**4.04%**	2.80%	**419,831**	247,183	**419,831**	252,811
				682,547	451,385	**867,399**	640,031
(-) Portion classified in current assets				**(266,213)**	(235,065)	**(415,370)**	(384,735)
Portion classified in non-current				**416,334**	216,320	**452,029**	255,296

* Long-term interest rate (TJLP)
** To calculate the average cost of the Constitutional Funds we considered a 15% discount relating to the compliance bonus levied on these operations.
*** Libor (*London Interbank Offer Rate*): Interest Rate charged by the banks of London, which serves as a reference for most loans of the international financial system.

Finame - BNDES - Investment line of the National Development Bank (BNDES). They are guaranteed by chattel mortgage or pledge of the financed assets and by guarantee of the Company or of SLC Participações S.A. Amortizations are performed on a monthly, quarterly, semi-annual or annual basis, and will occur between the periods of 7/16/2012 to 11/15/2021.

Constitutional Funds - Investment line and working capital of the Northeast Fund (FNE) and of the Midwest Fund (FCO). They are secured by guarantees of the Company or of SLC

Participações S.A., and, in some operations, by pledge and by mortgage of lands. The periodicity of their amortizations is annual or semiannual, with maturities between the periods of 7/1/2012 to 7/1/2016.

Investment Financing - Investment line intended for machinery and equipment, where the periodicity of the amortizations is semiannual with final maturity on 4/15/2017. Secured by guarantee from SLC Participações S.A. and lien of the machinery being financed.

Rural Credit - Resources intended for the funding and trading of crops, whose rules, purposes and conditions are established in the Rural Credit Manual (MCR) drawn up by the Brazilian Central Bank. They are secured by a guarantee from the Company or SLC Participações S.A., and, in some operations, by the pledge of the crop. The periodicity of their amortizations is annual, with maturities between the periods of 7/2/2012 and 10/30/2013.

Foreign Loans - Long-term financing of exports: NCE (Export Credit Note) and PPE (Export pre-payment), the periodicity of their amortizations is annual or six-month period, final maturity on 1/15/2016. Guaranteed by collateral signatures of the Company or SLC Participações S.A. with land mortgage or "clean".

Long-term loans and financing maturities are as follows:

Years of maturity	Parent company		Consolidated	
	06/30/12	12/31/11	**06/30/12**	12/31/11
2012	**266,213**	235,065	**415,370**	384,735
2013	**109,298**	77,184	**123,164**	94,244
2014	**102,013**	74,482	**115,015**	88,344
2015	**79,546**	45,181	**85,678**	52,050
2016	**55,588**	18,270	**57,288**	19,453
2017	**37,389**	247	**37,886**	247
After 2017	**32,500**	956	**32,998**	958
	682,547	451,385	**867,399**	640,031

The group's exposure to liquidity risk is disclosed in note 20.

Covenants

Contracts classified as "Foreign loans", described above, provide for compliance with financial commitments (Covenants) on base dates. Their description is as follows:

(i) Current ratio (AC/PC): Current assets divided by current liabilities equal to or higher than 1.2 times;

(ii) Total Liabilities / Tangible Shareholders' Equity: total liabilities divided by shareholders' equity less consolidated intangible assets equal to or lower than 1.5 times;

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

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

The Company is compliant with commitment clauses

14. Provision for tax, civil and labor risks

On June 30, 2012, the Company recorded a reserve for labor contingencies in the amount of R$647 (R$1,378 in consolidated), R$660 as of December 31, 2011 (R$1,338 consolidated), which refer to lawsuits filed by former employees and whose likelihood of loss was indicated as probable by our legal advisory. The reserve for contingencies is recorded in caption labor and social security provisions in current liabilities. The Company has R$2,361 (R$3,040 in consolidated) referring to labor lawsuits whose loss was considered as possible by legal advisors and, accordingly, no provision was recorded for these lawsuits.

The Company also identifies the existence of environmental lawsuits whose loss risk, according to legal advisors, is possible and amounts approximately to R$8,131 in the parent company and R$8,447 in consolidated (R$13,000 as of June 30, 2011, parent company and consolidated), for which no provision was recorded. These lawsuits were filed by IBAMA (Brazilian Institute for the Environment and Renewable Natural Resources) and the Environment Military Police of Cassilândia, Mato Grosso do Sul State (MS).

We present below the movement of provisions:

Parent company

	Tax	Labor	Total
Balance at December 31, 2011	160	660	820
New processes/ supplements and monetary restatements	-	1	1
(-) Reversals		(14)	(14)
Balance at June 30, 2012	160	647	807

Consolidated

	Tax	Labor	Total
Balance at December 31, 2011	160	1,338	1,498
New processes/ supplements and monetary restatements	-	333	333
(-) Reversals	-	(293)	(293)
Balance at June 30, 2012	160	1,378	1,538

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

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

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

15. Deferred income and social contribution taxes

Deferred income and social contribution taxes were recognized with the following natures:

Parent company

	06/30/12			12/31/11		
Description	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Assets:						
Temporary differences:						
Taxes on non-benefited activity	**138**	**-**	**138**	138	-	138
Provision for inventory adjustment	**760**	**274**	**1,034**	200	72	272
Provision for PPR	**650**	**234**	**884**	2,193	790	2,983
Provision to tax losses	**500**	**180**	**680**	500	180	680
Operations with derivatives	**20,538**	**7,394**	**27,932**	16,817	6,054	22,871
Others	**841**	**303**	**1,144**	635	228	863
Tax losses and negative basis	**15,682**	**5,842**	**21,524**	13,200	4,950	18,150
	39,109	**14,227**	**53,336**	33,683	12,274	45,957
Liabilities:						
Incentivized depreciation from rural activity*	**50,378**	**18,136**	**68,514**	45,391	16,342	61,733
Barter gain in the acquisition of shareholding interest	**5,539**	**1,994**	**7,533**	5,539	1,994	7,533
Deemed cost from property, plant and equipment	**27,437**	**9,877**	**37,314**	28,823	10,376	39,199
Fair value of biological assets	**1,805**	**651**	**2,456**	11,889	4,280	16,169
Capitalization of interest on borrowings	**1,010**	**364**	**1,374**	898	324	1,222
Operations with derivatives	**1,428**	**515**	**1,943**	2,639	949	3,588
	87,597	**31,537**	**119,134**	95,179	34,265	129,444
Classified in non-current assets	**39,109**	**14,227**	**53,336**	33,683	12,274	45,957
Classified in the non-current liabilities	**87,597**	**31,537**	**119,134**	95,179	34,265	129,444

Consolidated

	06/30/12			12/31/11		
Description	Income tax	Social contribution	Total	Income tax	Contribution contribution	Total
Assets:						
Temporary differences:						
Taxes on non-benefited activity	**138**	**-**	**138**	138	-	138
Provision for inventory adjustment	**785**	**283**	**1,068**	201	72	273
Provision for PPR	**902**	**324**	**1,226**	3,142	1,133	4,275
Provision to tax losses	**500**	**180**	**680**	500	180	680
Operations with derivatives	**31,450**	**11,323**	**42,773**	26,993	9,717	36,710
Others	**3,734**	**430**	**4,164**	3,359	376	3,735
Tax losses and negative basis	**18,341**	**6,799**	**25,140**	13,305	4,988	18,293
	55,850	**19,339**	**75,189**	47,638	16,466	64,104
Liabilities:						
Incentivized depreciation from rural activity*	**77,815**	**27,888**	**105,703**	72,161	25,845	98,006
Barter gain in the acquisition of shareholding interest	**5,647**	**2,033**	**7,680**	5,647	2,033	7,680
Deemed cost from property, plant and equipment	**278,133**	**100,981**	**379,114**	279,618	101,517	381,135
Fair value of biological assets	**6,932**	**2,497**	**9,429**	20,376	7,335	27,711
Capitalization of interest on borrowings	**1,534**	**553**	**2,087**	1,406	507	1,913
Reversal of investment gain	**-**	**-**	**-**	-	-	-
Operations with derivatives	**1,428**	**515**	**1,943**	478	172	650
Others	**796**	**287**	**1,083**	2,639	949	3,588
	372,285	**134,754**	**507,039**	382,325	138,358	520,683
Classified in non-current assets	**55,850**	**19,339**	**75,189**	47,638	16,466	64,104
Classified in the non-current liabilities	**372,285**	**134,754**	**507,039**	382,325	138,358	520,683

* according to tax law, agricultural companies may benefit from accelerated depreciation of its investments in agricultural activity.

The Company and its subsidiaries, based on their expectations of generating future taxable income, based on a technical study prepared by the Management, recognized tax credits on tax losses, negative basis of social contribution and temporary differences, for which there is no statutory limitation period. The book value of deferred assets is reviewed annually by the

Company, and the adjustments have not been significant as initially estimated by Management. The technical study considers investments and income tax reduction incentives of up 75% on income from exploration of farms located in benefited regions.

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

	Parent company		Consolidated	
	06/30/12	12/31/11	**06/30/12**	12/31/11
2012	**10,285**	33,615	**18,447**	49,054
2013	**36,593**	12,342	**47,673**	15,050
2014	**6,458**	-	**9,069**	-
	53,336	45,957	**75,189**	64,104

The expected recoverability of the tax credits is based on the projections of future taxable income taking into consideration various business and financial assumptions. Accordingly, these estimates may not be accomplished in the future considering inherent uncertainties.

Reconciliation of tax expenses and official rates

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

Reconcilement of the parent company's actual rate:

	Parent company			
	06/30/12		06/30/11	
	Corporate income tax	**Social contribution**	**Corporate income tax**	**Social contribution**
Income before tax on profit	**(10,806)**	**(10,806)**	83,146	83,146
Income and social contribution taxes at the nominal rate of 25% and 9%, respectively	**2,702**	**973**	(20,787)	(7,483)
Adjustments to state effective rate				
Equity income (loss)	**(2,908)**	**(1,047)**	6,001	2,160
Permanent additions	**(876)**	**(316)**	(1,069)	(384)
Others	**137**	**49**	1	-
Value recorded in the income	**(945)**	**(341)**	(15,854)	(5,707)
Total income and social contribution taxes		**(1,286)**		(21,561)
Deferred taxes		**(1,286)**		(21,561)
Current taxes		**-**		-

Reconcilement of the Consolidated's actual rate:

	Consolidated			
		06/30/12		06/30/11
	Corporate income tax	**Social contribution**	**Corporate income tax**	**Social contribution**
Income before tax on profit	**(873)**	**(873)**	98,534	98,534
Income and social contribution taxes at the nominal rate of 25% and 9%, respectively	**218**	**79**	(24,634)	(8,868)
Adjustments to state effective rate				
Permanent exclusions	**247**	**89**	448	125
Permanent additions	**(2,427)**	**(874)**	(1,084)	(391)
Tax incentives of subsidiaries	**1,097**	**-**	833	-
Income and social contribution taxes in companies taxed by the deemed profit system	**(5,172)**	**(1,862)**	15	5
Others	**(1,846)**	**(789)**	(393)	(210)
Value recorded in the income	**(7,883)**	**(3,357)**	(24,815)	(9,339)
Total income and social contribution taxes		**(11,240)**		(34,154)
Deferred taxes		**4,347**		(28,773)
Current taxes		**(15,587)**		(5,381)

Reconciliation of deferred income and social contribution tax variation

Income tax and social contribution, recorded in asset and liability accounts, in consolidated, change as follows:

	12/31/11	06/30/12	Variation
Deferred assets	64,104	75,189	11,085
Deferred liabilities	(520,683)	(507,039)	13,644
			24,729
Effects in the shareholders' equity			
Operations with derivatives			18,957
Deemed cost from property, plant and equipment			2,021
			20,978
Effects in the income			
Operations with derivatives			(14,187)
Tax loss/negative calculation basis			6,847
Incentivized accelerated depreciation			(7,697)
Fair value of biological assets			18,282
Others			1,102
			4,347

16. Notes payable --Consolidated

The Company, through its subsidiaries, has contracts for the purchase of land, for its own use and for exploration. These acquisitions are normally indexed at soy bean bag quotation in the region where the property was acquired. Accordingly, future minimum amounts will typically be estimated in number of soy bags, on the date of each balance sheet.

This caption changes as follows:

	Indexed in US$	Indexed in soy bags	Total
Balance at December 31, 2011	1,351	241,030	242,381
Additions for acquisitions of areas	-	-	-
Payments	(1,407)	(83,694)	(85,101)
Monetary or exchange variation	56	67,008	67,064
Balance at June 30, 2012	**-**	**224,344**	**224,344**
(-) Portion classified in current assets	**-**	**(127,345)**	**(127,345)**
Portion classified in non-current	**-**	**96,999**	**96,999**

Future minimum payments of notes payable are summarized as follows:

	Consolidated
Payments within one year*	127,345
Payments in more than one year and up to 5 years	96,094
Payments in more than 5 years	905
	224,344

*Some of owed amounts are not quoted in soy bag.

Commitments, in soy bags, are as follows

	Consolidated
Payments within one year	1,468,541
Payments in more than one year and up to 5 years	1,640,514
Payments in more than 5 years	15,526
	3,124,581

17. Shareholders' equity

a) Capital

On June 30, 2012, the subscribed capital, in the amount of R$557,434 is represented by 98,897,500 nominative common shares, with no par value.

Distribution of common nominative shares per shareholder is as follows:

	Quantity of shares	
Shareholder	**06/30/12**	**12/31/11**
SLC Participações S.A.	**28,948,584**	28,948,584
Evaux Participações S.A.	**21,520,787**	21,520,787
Management	**5**	5
Treasury shares	**1,025,585**	1,407,585
Others	**47,402,539**	47,020,539
Total shares of paid-in capital	**98,897,500**	98,897,500
(-) Treasury shares	**(1,025,585)**	(1,407,585)
Total shares - ex-treasury	**97,871,915**	97,489,915

b) Capital reserve – goodwill in the issue of shares

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

c) Treasury shares

The Company acquired shares of its own issuance to maintain them in treasury and to be later used in the Stock Option Plan (note 22), as decided by the Board of Directors in a meeting held on October 29, 2008.

As of June 30, 2012, treasury shares balance is R$15,145 and is comprised by 1,025,585 shares (R$19,532 as of December 31, 2011, comprised of 1,407,585 shares).

d) Legal reserve

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

e) Expansion reserve

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

On April 30, 2012, the Annual General Meeting approved the assignment of R$125,431 to the Expansion Reserve (R$49,299 as of December 31, 2010).

f) Profit retention reserve

Balance as of June 30, 2012 refers to the remaining balance of accumulated income for 2007 that was retained as reserve for profit retention to be invested in new projects that were provided for in capital budget, in conformity with Article 196 of the Brazilian Corporate Law.

g) Dividends

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

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

h) Net income per share

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

	Parent company		Consolidated	
	06/30/12	**06/30/11**	**06/30/12**	**06/30/11**
Numerator				
Net income for the year (a)	(12,092)	61,585	(12,113)	64,380
Denominator				
Weighted average of common shares (b)	97,871,915	98,034,500	97,871,915	98,034,500
Common shares weighted average number, considering dilutive effects (c)	**98,284,458**	98,581,675	**98,284,458**	98,581,675
Basic income (loss) per common share (a/b)	**-0.12355**	**0.62820**	**-0.12376**	**0.65671**
Diluted income (loss) per common share (a/c)	**-0.12303**	**0.62471**	**-0.12324**	**0.65306**

18. Financial income (loss)

	Parent company		Consolidated	
	06/30/12	06/30/11	**06/30/12**	06/30/11
Financial expenses:				
Interest paid	**(15,119)**	(10,533)	**(20,093)**	(16,335)
Foreign exchange	**(10,788)**	(2,240)	**(14,686)**	(3,093)
Monetary variation	**-**	(3,920)	**(79,909)**	(11,252)
Losses with derivative operations	**(9,509)**	(26,421)	**(7,666)**	(26,357)
Others	**(1,456)**	(3,110)	**(2,056)**	(4,788)
	(36,872)	(46,224)	**(124,410)**	(61,825)
Financial income:				
Income from interest-earning bank deposits	**5,101**	6,503	**4,604**	8,371
Foreign exchange	**12,709**	10,862	**20,343**	11,880
Monetary variation	**14,922**	150	**28,016**	17,651
Gains with derivative operations	**15,610**	17,296	**12,808**	15,241
Others	**39**	1,610	**70**	2,266
	48,381	36,421	**65,841**	55,409
Financial income (loss)	**11,509**	(9,803)	**(58,569)**	(6,416)

19. Commitments

19.1 Non-deliverable forward contracts

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

Parent company					
Product	**Delivery Date**	**Quantity**	**Agreements**	**Unit**	**Unit price in US$**
10/11 crop					
Cotton fiber	April/12 - Jun/12	246	2	Ton	2,885.60
11/12 crop					
Soy	Jul/12 - Aug/12	643,774	19	sc	26.70
Cotton fiber	Jul/12 - Dec/12	40,166	21	Ton	2,276.03
Cotton fiber	Jul/12 - Dec/12	10,096	5	Ton	To be fixed
Corn	Jul/12 - Dec/12	1,768,498	11	sc	23.75

Consolidated					
Product	**Delivery Date**	**Quantity**	**Agreements**	**Unit**	**Unit price in US$**
10/11 crop					
Cotton fiber	April/12 - Jun/12	439	4	Ton	2,885.60
11/12 crop					
Soy	Jul/12 - Aug/12	1,401,249	40	sc	26.70
Cotton fiber	Jul/12 - Dec/12	71,725	37	Ton	2,276.03
Cotton fiber	Jul/12 - Dec/12	18,028	9	Ton	To be fixed
Corn	Jul/12 - Dec/12	2,839,011	31	sc	23.75

19.2 Leases of third parties

On June 30, 2012, the Company and its subsidiaries have contracted 84,468 hectares for leasing from third parties, distributed as follows:

Unit	Location	Area leased (ha)	Maturities of the contracts	Value (in bags of soy/ha/year)	Type of Lease
Pamplona	Cristalina-GO	3,942	from 2011 to 2013	from 5 to 12	Operational
Planalto	Costa Rica-MS	1,654	2012*	12	Operational
Planeste	Balsas-MA	10,860	from 2011 to 2023	from 3 to 8.9	Operational
Panorama	Correntina-BA	12,138	2015	8.1	Operational
Piratini	Jaborandi-BA	5,000	2021	1.71	Operational
Palmares	Barreiras-BA	14,878	2015	from 9 to 10.1	Operational
Parnaíba	Tasso Fragoso-MA	7,456	2023	from 3 to 4	Operational
Planorte	Sapezal-MT	367	2013	8	Operational
Paiaguás	Diamantino-MT	2,360	2011 and 2020	8.5	Operational
Pejuçara	Diamantino-MT	20,385	2020	from 8 to 8.5	Operational
Parceiro	Formosa do Rio Preto-BA	5,428	2020	from 2 to 7	Operational
Total		84,468			

* annual renewal. The Company leases this area since 1999.

Future commitments related to these contracts are fixed in bags of soy according to the average price, in the region of each unit, on the date of their respective payment.

In addition to the lease of lands for plantation, the Company has contracted the lease of a cotton processing unit in Fazenda Palmares, in the municipality of Barreiras, Bahia State, for R$1,500 per year until 2015.

Future minimum payments for leases and rents may be summarized as follows:

	Parent company	**Consolidated**
Payments within one year	1,327	1,327
Payments in more than one year and up to 5 years	54,630	95,342
Payments in more than 5 years	19,835	53,725
Total future minimum payments of leases	**75,792**	**150,394**

Note that the Company's lease contracts with third parties are indexed at soy bag quotation in the region of each production unit. For this reason, future minimum values will be typically estimated in soy bags, translated into Reais using soy quotation in each region, on each balance sheet date. Minimum payment values shown above may significantly vary until payment date as a result of changes in soy market value.

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

20. Management of risks and financial instruments

The Company and its subsidiaries' sales revenues are generated mainly by the trading of agricultural commodities such as cotton, soy and corn; products that are quoted in dollars in international stock exchanges *Chicago Board of Trade* (CBOT) and *Intercontinental Exchange Futures US* (ICE). Accordingly, volatility of the international commodity price and of foreign exchange rate are market risks to which the Company and its subsidiaries are exposed.

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

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

As of June 30, 2012, estimated fair value of Parent Company and Consolidated long-term loans was, respectively, R$516,780 and R$455,664, calculated at prevailing market rates, considering nature, maturity and risks similar to those of recorded contracts and may be compared to carrying amounts of R$416,334 and R$452,029.

		Parent company			
		Book value		Fair value	
	Currency	06/30/12	12/31/11	06/30/12	12/31/11
Assets					
Loans and receivables					
Cash and cash equivalents	**R$**	51,765	78,523	51,765	78,523
Interest earning bank deposits	**R$**	25,620	3,097	25,620	3,097
Trade accounts receivable	**R$**	16,234	28,572	16,234	28,572
Related party transactions	**R$**	64,161	53,723	64,161	53,723
Advances to suppliers	**R$**	21,345	16,210	21,345	16,210
Subtotal	**R$**	**179,125**	**180,125**	**179,125**	**180,125**
Fair value of hedge instruments					
Operations with derivatives	**R$**	12,217	16,148	12,217	16,148
Fair value through profit or loss					
Securities and credits receivable	**R$**	20,204	13,180	20,204	13,180
Subtotal	**R$**	**32,421**	**29,328**	**32,421**	**29,328**
Total assets	**R$**	**211,546**	**209,453**	**211,546**	**209,453**
Liabilities					
Liabilities at the amortized cost					
Loans and financing	**R$**	682,547	451,385	687,733	420,075
Suppliers	**R$**	30,684	75,640	30,684	75,640
Related party transactions	**R$**	5,376	8,802	5,376	8,802
Other payable	**R$**	47,793	89,515	47,793	89,515
Subtotal	**R$**	**766,400**	**625,342**	**771,586**	**594,032**
Fair value of hedge instruments					
Derivatives payable	**R$**	43,186	28,406	43,186	28,406
Fair value through profit or loss					
Securities payable	**R$**	600	600	600	600
Subtotal	**R$**	**43,786**	**29,006**	**43,786**	**29,006**
Total liabilities	**R$**	**810,186**	**654,348**	**815,372**	**623,038**

		Consolidated			
		Book value		Fair value	
	Currency	06/30/12	12/31/11	06/30/12	12/31/11
Assets					
Loans and receivables					
Cash and cash equivalents	R$	135,283	130,463	135,283	130,463
Interest earning bank deposits	R$	35,244	3,106	35,244	3,106
Trade accounts receivable	R$	25,693	54,335	25,693	54,335
Related party transactions	R$	53,535	34,340	53,535	34,340
Advances to suppliers	R$	26,387	17,774	26,387	17,774
Subtotal		**276,142**	**240,018**	**276,142**	**240,018**
Fair value of hedge instruments					
Operations with derivatives	R$	12,217	16,177	12,217	16,177
Fair value through profit or loss					
Securities and credits receivable	R$	20,204	13,180	20,204	13,180
Subtotal		**32,421**	**29,357**	**32,421**	**29,357**
Total assets	R$	**308,563**	**269,375**	**308,563**	**269,375**
Liabilities					
Liabilities at the amortized cost					
Loans and financing	R$	867,398	640,031	872,897	603,908
Suppliers	R$	50,376	117,919	50,376	117,919
Related party transactions	R$	-	-	-	-
Other payable	R$	310,333	362,617	310,333	362,617
Subtotal		**1,228,107**	**1,120,567**	**1,233,606**	**1,084,444**
Fair value of hedge instruments					
Derivatives payable	R$	60,525	42,903	60,525	42,903
Fair value through profit or loss					
Securities payable	R$	224,344	242,381	224,344	242,381
Subtotal		**284,869**	**285,284**	**284,869**	**285,284**
Total liabilities	R$	**1,512,976**	**1,405,851**	**1,518,475**	**1,369,728**

Hierarchy of fair values of financial assets and liabilities recorded at fair value on a recurring basis, was realized using the following criterion:

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

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

	Parent company					
	Fair value hierarchy					
	06/30/12			12/31/11		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Classified as loans and receivables	179,125	-	-	180,125	-	-
Operations with derivatives	-	12,217	-	-	16,148	-
Securities and credits receivable	20,204	-	-	13,180	-	-
Total assets	**199,329**	**12,217**	**-**	**193,305**	**16,148**	**-**
Liabilities						
Classified as loans and receivables	83,853	687,733	-	173,957	420,075	-
Derivatives payable	-	43,186	-	-	28,406	-
Securities payable	600	-	-	600	-	-
Total liabilities	**84,453**	**730,919**	**-**	**174,557**	**448,481**	**-**

	Consolidated					
	Fair value hierarchy					
	06/30/12			12/31/11		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Classified as loans and receivables	276,142	-	-	240,018	-	-
Operations with derivatives	-	12,217	-	-	16,177	-
Securities and credits receivable	20,204	-	-	13,180	-	-
Total assets	**296,346**	**12,217**	**-**	**253,198**	**16,177**	**-**
Liabilities						
Classified as loans and receivables	360,709	872,897	-	480,536	603,908	-
Derivatives payable	-	60,525	-	-	42,903	-
Securities payable	224,344	-	-	242,381	-	-
Total liabilities	**585,053**	**933,422**	**-**	**722,917**	**646,811**	**-**

a) Policy of use, objectives and strategies

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

Financial derivative transactions are carried out with prime financial institutions (local institutions with minimum rate "A" from at least one of the three main international risk rating agencies, namely: Mood's, S&P and/or Fitch), respecting limits and exposure to foreign exchange, commodities and interest risk of its counterparties, on a regular basis.

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

Non-deliverable forwards (NDF) and *Trade Finance transactions* (PPE / NCE / Res. 2770) are fixed to hedge exposure in future sales in dollar. These transactions are documented to be recorded using the hedge accounting methodology, in conformity with CPC 38. The Company records in a specific account of shareholders' equity unrealized effects of these instruments contracted for own transactions or contracted in the ambit of the consolidated group to cover future sales.

Commodities financial operations, although also being hedge instruments, are not recorded under hedge accounting and, therefore, their effects are recorded in income for the year, under caption revenues or financial expenses.

c) Exchange risk

For the purpose of hedging sales revenues, the Company and its subsidiaries - which are subject to foreign exchange rate quotation volatility - financial derivative instruments are used, and their portfolio is basically comprised of forward currency contracts (NDF - *Non Deliverable Forward*) and Option Contracts.

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

The Business Plan is updated constantly for analysis of exposure to the exchange *rate risk*, considering the following assumptions: (i) projection of planted area; (ii) expected productivity; (III) commodities prices, which are quoted in dollars, considering weighted average per price volume of performed sales and market prices of volume to be sold; and,

(IV) distribution of sales in the periods analyzed. After the definition of the *Business Plan* and the measurement of the items presented previously, we arrive at the total foreign exchange exposure.

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

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

Description	Reference value (notional)			Fair value (MTM)			Curve Value (Accrual)		
	Currency	06/30/12	12/31/11	Currency	06/30/12	12/31/11	Currency	06/30/12	12/31/11
With maturity in 2012									
Forward Contracts (NDF):									
Short position									
Foreign currency	**USD**	183,799	272,769	**R$**	(40,141)	(31,259)	**R$**	(38,085)	(27,198)
Subtotal - Maturities in 2012	**USD**	**183,799**	**272,769**	**R$**	**(40,141)**	**(31,259)**	**R$**	**(38,085)**	**(27,198)**
With maturity in 2013									
Forward Contracts (NDF):									
Short position									
Foreign currency	**USD**	107,049	25,209	**R$**	(13,576)	(4,168)	**R$**	(15,175)	(4,502)
Subtotal - Maturities in 2013	**USD**	**107,049**	**25,209**	**R$**	**(13,576)**	**(4,168)**	**R$**	**(15,175)**	**(4,502)**
With maturity in 2014									
Forward Contracts (NDF):									
Short position									
Foreign currency	**USD**	400	-	**R$**	(48)	-	**R$**	(76)	-
Subtotal - Maturities in 2014	**USD**	**400**	**-**	**R$**	**(48)**	**-**	**R$**	**(76)**	**-**
TOTAL	**USD**	**291,248**	**297,978**	**R$**	**(53,765)**	**(35,427)**	**R$**	**(53,336)**	**(31,700)**

Detailing of foreign currency (US dollar) debt is as follows:

Counter-party	Type	Contracting Fee		Principal US$	Fair value on June 30, 2012	Fair value on December 31, 2011	Foreign exchange variation [1]
Banco Itaú BBA S/A	NCE	R$	1.7800	**50,000**	**104,520**	-	**15,520**
Banco Itaú BBA S/A	NCE	R$	1.9418	**50,000**	**104,520**	-	**7,430**
Banco Itaú BBA S/A	NCE	R$	1.5611	**40,000**	**83,616**	75,032	**20,696**
Banco Bradesco S/A	PPE	R$	1.5713	**25,000**	**52,260**	46,895	**12,978**
Citibank S/A	NCE	R$	1.5611	**24,000**	**50,170**	56,274	**12,346**
Banco John Deere	2770	R$	2.0588	**11,428**	**23,890**	-	**361**
HSBC Bank Brasil S/A	PPE	R$	1.8210	**10,000**	**20,904**	18,758	**2,694**
J.P. Morgan	ACC	R$	1.8120	**-**	**-**	15,006	**-**
Banco Itaú BBA S/A	ACC	R$	1.8567	**-**	**-**	2,814	**-**
Total				**210,428**	**439,880**	**214,779**	**72,025**

[1] Deferred value in shareholders' equity ("*hedge accounting*"), as contra entry to ACC, NCE and PPE accounts, in loans and financing group.

Detailing with maturity schedule of derivative and deferred foreign exchange variation transactions, which are classified using "*hedge accounting*", is as follows:

Maturity	Currency	Forward Contracts (NDF):	Export pre-payment (PPE)	Export Credit note – (CCE)	Res. 2770	Total
Up to 09/30/2012	USD	(10,837)	-	-	-	(10,837)
Up to 12/31/2012	USD	(29,303)	-	-	-	(29,303)
Up to 03/31/2013	USD	(9,050)	-	-	-	(9,050)
Up to 06/30/2013	USD	(1,387)	-	-	-	(1,387)
Up to 09/30/2013	USD	(1,345)	-	-	-	(1,345)
Up to 12/31/2013	USD	(1,795)	-	-	-	(1,795)
Up to 03/31/2014	USD	(48)	-	-	-	(48)
Up to 06/30/2014	USD	-	-	12,346	-	12,346
Up to 12/31/2014	USD	-	2,694	-	-	2,694
Up to 12/31/2015	USD	-	12,978	-	-	12,978
Up to 03/31/2016	USD	-	-	20,696	-	20,696
Up to 03/31/2017	USD	-	-	15,520	-	15,520
Up to 06/30/2017	USD	-	-	-	361	361
Up to 06/30/2025	USD	-	-	7,430	-	7,430
TOTAL	**USD**	**(53,765)**	**15,672**	**55,992**	**361**	**18,259**

* Amounts referring to foreign exchange variation classified as *Hedge Accounting*. Reference value (Notional) maturity is presented in note 13.

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

Description	Reference value (*notional*)			Fair value		
	Currency	06/30/12	12/31/11	Currency	06/30/12	12/31/11
Banco Itaú BBA S/A	**USD**	38,778	53,077	**R$**	(9,622)	(8,390)
Citibank S/A	**USD**	37,509	48,709	**R$**	(5,790)	(4,340)
Deutsche Bank Suiss S/A	**USD**	6,910	16,210	**R$**	(1,946)	(3,175)
HSBC Bank Brasil S/A	**USD**	44,652	51,267	**R$**	(9,328)	(7,254)
Banco Bradesco S/A	**USD**	58,668	51,773	**R$**	(9,738)	(6,168)
Votorantim S/A	**USD**	34,361	46,931	**R$**	(6,108)	(750)
Morgan Stanley S/A	**USD**	31,810	24,360	**R$**	(6,982)	(4,188)
BofA Merrill Lynch S/A	**USD**	23,450	-	**R$**	(2,137)	-
Santander Brasil S/A	**USD**	15,110	5,650	**R$**	(2,114)	(1,161)
Total	**USD**	**291,248**	**297,978**	**R$**	**(53,765)**	**(35,427)**

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

- Forward Contracts (NDF) - the future curve of the dollar published by BM&F (www.bmf.com.br), upon the closing of each was considered for each period. Based on this information, the adjustment projected in the maturity of each operation is discounted by the interest curve between the yearly closing Ptax and the future quotation upon maturity of the derivative published by BM&F.
- Option Transactions - fair values of option transactions are equivalent to market value for reversal of such operations confirmed by financial institutions with which the Company contracts its transactions.

Foreign exchange rate variation risks

The Company projected possible impact of transactions intended to hedge foreign exchange and indebtedness in dollars in 5 different scenarios for 2012, 2013 and 2014, as follows:

- Probable scenario: Based on FOCUS (BACEN) report disclosed on June 30, 2012, we defined the probable scenario with dollar quotation of R$1.9500.

- 25% decrease in foreign exchange rate: in this scenario, transactions would be settled at quotation of R$1.4625, which is 25% lower than Probable Scenario quotation.

- 50% decrease in foreign exchange rate: in this scenario, transactions would be settled at quotation of R$0.9750, which is 50% lower than Probable Scenario quotation.

- 25% increase in foreign exchange rate: in this scenario, transactions would be settled at quotation of R$ 2.4375, which is 25% higher than Probable Scenario Quotation.

- 50% increase in foreign exchange rate: in this scenario, transactions would be settled at quotation of R$ 2.9250, which is 50% higher than Probable Scenario Quotation.

A summary of impacts in each projected scenario is as follows:

Description	Risk	**Remote scenario** *Quotation - R$ 0.9750*	**Possible scenario** *Quotation - R$ 1.4625*	**Probable scenario** *Quotation - R$ 1.9500*	**Possible scenario** *Quotation - R$ 2.4375*	**Remote scenario** *Quotation - R$ 2.9250*
Year 2012						
Sales Revenues (object of hedge)	US dollar variation	(167,249)	(72,862)	21,524	115,911	210,298
Forward Contracts (NDF):	US dollar variation	157,679	68,078	(21,524)	(111,126)	(200,728)
Subtotal		**(9,570)**	**(4,785)**	**-**	**4,785**	**9,570**
Year 2013						
Sales Revenues (object of hedge)	US dollar variation	(456,790)	(229,490)	(2,190)	225,110	452,410
Forward Contracts (NDF):	US dollar variation	106,565	54,376	2,190	(49,996)	(102,182)
Subtotal		**(350,228)**	**(175,114)**	**-**	**175,114**	**350,228**
Year 2014						
Sales Revenues (object of hedge)	US dollar variation	(416,963)	(208,500)	(37)	208,425	416,888
Forward Contracts (NDF):	US dollar variation	427	232	37	(158)	(353)
Subtotal		**(416,535)**	**(208,268)**	**-**	**208,268**	**416,535**
Indebtedness in dollars						
Subtotal	US dollar variation	**236,956**	**133,391**	**29,827**	**(73,738)**	**(177,302)**
Total		**(539,377)**	**(254,776)**	**29,827**	**314,429**	**599,031**

Foreign exchange net exposure is as follows:

	Parent company			
	June 30, 2012		December 31, 2011	
	Balance in Reais (R$)	Balance in Reais (R$) representing the amounts in Dollars (USD)	Balance in Reais (R$)	Balance in Reais (R$) representing the amounts in Dollars (USD)
Trade accounts receivable (note 6)	8,834	7,400	7,561	21,011
Loans and financing (Note 13)	(262,716)	(419,831)	698,568	(247,183)
Net exposure of the shareholders' equity (except for derivative financial instruments)	(253,882)	(412,431)	706,129	(226,172)

	Consolidated			
	June 30, 2012		December 31, 2011	
	Balance in Reais (R$)	Balance in Reais (R$) representing the amounts in Dollars (USD)	Balance in Reais (R$)	Balance in Reais (R$) representing the amounts in Dollars (USD)
Trade accounts receivable (note 6)	12,517	13,176	15,246	39,089
Loans and financing (Note 13)	(262,716)	(419,831)	(387,220)	(252,811)
Hedge derivative financial *instruments (*at fair value)	-	(53,765)	-	(35,427)
Net exposure of the balance sheet (except for derivative financial instruments)	(250,199)	(460,420)	(371,974)	(249,149)

d) Price risk

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

Derivative financial instruments contracted to hedge against commodities price variation are as follows:

Description	Reference value (notional)			Fair value			Accumulated effect (current period)		
	Currency	06/30/12	12/31/11	Currency	06/30/12	12/31/11	Currency	Amount receivable/ (received)	Amount payable (paid)
With maturity in 2012									
Financial operations									
Commodities - Cotton	**USD**	25,639	53,474	**R$**	8,336	10,481	**R$**	8,366	(30)
Subtotal - Maturities in 2012	**USD**	**25,639**	**53,474**	**R$**	**8,336**	**10,481**	**R$**	**8,366**	**(30)**
With maturity in 2013									
Financial operations									
Commodities - Cotton	**USD**	7,975	5,803	**R$**	2,287	880	**R$**	2,287	-
Commodities - Soy	**USD**	14,878	-	**R$**	(3,785)	-	**R$**	-	(3,785)
Subtotal - Maturities in 2013	**USD**	**22,852**	**5,803**	**R$**	**(1,498)**	**880**	**R$**	**2,287**	**(3,785)**
Overall total	**USD**	**48,491**	**59,277**	**R$**	**6,838**	**11,361**	**R$**	**10,653**	**(3,815)**

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

Variation risks for the commodities' price

The Company projected the impact of transactions intended to hedge commodities prices in 4 different scenarios for 2012 and 2013, in dollars per pound (USD/pound) cotton and in dollars per bushel (USD/Bushel) soy, as in the chart below:

		*Values in USD/Pound sterling			**Amounts in USD/Bushel	
Description	**Risk**	**Remote scenario - 50%**	**Possible scenario - 25%**	**Current scenario (CBOT and ICE)**	**Possible scenario + 25%**	**Remote scenario + 50%**
Agreements						
CTZ2 (Cotton - December/12)*	Price variation	35.67	53.50	71.33	89.16	107.00
CTH3 (Cotton - March/13)*	Price variation	36.21	54.31	72.41	90.51	108.62
SYK3 (Soy - May/13)**	Price variation	6.77	10.16	13.55	16.93	20.32

Summary of impacts in each projected scenario, in Reais per pound (R$/Pound), is as follows:

Description	**Risk**	**Remote scenario - 50%**	**Possible scenario - 25%**	**Probable scenario**	**Possible scenario + 25%**	**Remote scenario + 50%**
Year 2012						
Cotton - Financial operations	Price variation	14,254	11,551	8,847	4,801	(5,173)
Year 2013						
Cotton - Financial operations	Price variation	2,706	2,706	2,706	1,741	(742)
Soy - Financial operations	Price variation	8,197	3,757	(2,054)	(11,491)	(20,929)
Total		**25,157**	**18,014**	**9,499**	**(4,948)**	**(26,844)**

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

e) Interest rate risk

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

To hedge against variation in these interest rates, the Company performs hedge transactions through interest rate swap transactions with prime financial institutions. These transactions consist of exchanging floating interest rates by fixed interest rates, on which the Company has an asset position in floating interest rate (TJLP or Libor), and a simultaneous liability position in fixed interest rate. Principal (notional) value and maturities of the *swap* transaction are identical to debt flow, which is object of *hedge*. Accordingly, fluctuation risk of the debt floating interest rate is eliminated.

Detailing of interest rate swap transactions and debt indexed at Libor is as follows:

			Swap balance (Contract curve)		**Swap balance (MTM)**		**Adjustment**
Counter-party	**Hedge instrument**	**Hedged object**	**Asset**	**Liability**	**Asset**	**Liability**	**Financial income (loss)**
Santander	Swap of USD32,000 (Assets Líbor 6 months +2% p.a. / Liabilities 4.68% p.a.)	Debt of USD40,000 bearing interest of Líbor 6 months + 2.8% p.a.	67,757	68,336	65,429	67,526	**(2,098)**
Total			**67,757**	**68,336**	**65,429**	**67,526**	**(2,098)**

Variation risks of Interest rate

For the purpose of checking index sensitivity in debts and in the Company, based on position as of June 30, 2012, 5 different scenarios were defined. Based on FOCUS report (Bacen) as of June 30, 2012, we have defined indices for CDI and Foreign Exchange, while for Libor, we considered BM&F future curve also on June 30, 2012 and for TJLP, valid rate on yearend was considered. Based on this information, we defined Probable Scenario for analysis and, based on it, variations of 25% and 50% were calculated.

For each scenario the Company considered the financial expense or gross financial expense, not taking into account the taxes levied and the flow of maturities of debts and

redemptions for interest earning bank deposits scheduled to 2012. Portfolio base date was June 30, 2012 , with indices projected over one year and sensitivity checked in each scenario.

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

	Interest rate*	Balance at 06/30/2012	Decrease of 50%	Decrease of 25%	Probable scenario	Increase of 25%	Increase of 50%
Debt in Reais - Prefixed rate							
Rural credit	6.75%	132,033	N/A	N/A	N/A	N/A	N/A
Constitutional Funds	7.27%	246,683	N/A	N/A	N/A	N/A	N/A
BNDES	5.87%	35,884	N/A	N/A	N/A	N/A	N/A
Debt in Reais - Post-fixed rate							
BNDES	Long Term Interest Rate (TJLP) + 2.64%	8,714	(495)	(625)	(756)	(887)	(1,017)
Debt in Dollars							
NCE	Libor 6M + 3.48 p.a. (average)	346,422	(13,498)	(13,948)	(14,336)	(15,217)	(15,851)
PPE	Libor 6M + 2.84% p.a. (average)	73,408	(2,576)	(2,492)	(2,627)	(2,761)	(2,896)
Res. 2770 Banco John Deere	Libor 6M + 5% p.a.	23,993	(1,288)	(1,332)	(1,376)	(1,419)	(1,463)
BNDES	Basket of currencies + 2.73%	261	(13)	(15)	(18)	(20)	(22)
Swap Libor x Pre**	Assets: Libor + 2% Liabilities: 4.68%	58,669	(848)	(745)	(642)	(539)	(436)
Interest earning bank deposits							
CDB and Debentures	99.68% w/CDI	135,091	5,723	8,584	11,446	14,307	17,168

* Average annual rates

** The amount of R$64,682 refers to the translation of USD32,000 (loan balance with Libor fluctuation covered) at dollar quotation as of June 30, 2012 - R$2.0213

f) Credit risk

A substantial portion of the Company and its subsidiaries' sales is carried out with selected and highly qualified clients: *trading companies* and textile companies, among others, that usually acquire great volumes to guarantee local and foreign negotiation. The credit risk is managed by specific client acceptance rules, credit analysis and setting of limits of exposure by the client. Historically, the Company and its subsidiaries have not recorded significant losses in trade accounts receivable.

Accordingly, assumed credit risk is not material. However, carrying amounts that are exposed to this risk are as follows:

	Parent company			Consolidated		
	Currency	06/30/12	12/31/11	Currency	06/30/12	12/31/11
Assets						
Cash and cash equivalents	**R$**	51,765	78,523	**R$**	135,283	130,463
Interest earning bank deposits	**R$**	-	-	**R$**	-	-
Trade accounts receivable	**R$**	16,234	28,572	**R$**	25,693	54,335
Related party transactions	**R$**	64,161	53,723	**R$**	53,535	34,340
Derivatives receivable	**R$**	12,217	16,148	R$	12,217	16,177
Total	**R$**	**144,377**	**176,966**	**R$**	**226,728**	**235,315**

g) Liquidity risk

Gross inflows and outflows disclosed in the table below represent undiscounted contract cash flows related to derivative financial liabilities held for risk management purpose and that are not usually closed before contract maturity. The table presents net cash flows for cash derivatives settled by net exposure and gross cash inflow and outflow for derivatives with gross simultaneous settlement, for example, Derivative transactions.

	Parent company							
June 30, 2012	**Book value**	**Contractual cash flow**	**up to 1 year**	**from 1 to 2 years**	**from 2 to 3 years**	**from 3 to 4 years**	**from 4 to 5 years**	**Over 5 years**
Non-derivative financial liabilities								
Loans and financing	682,547	815,253	274,935	152,850	116,120	127,854	80,559	62,935
Suppliers	30,684	30,684	30,684	-	-	-	-	-
Securities payable	600	600	600	-	-	-	-	-
Operations with derivatives	30,969	30,969	28,337	2,632	-	-	-	-
Total	744,800	877,506	334,556	155,482	116,120	127,854	80,559	62,935

June 30, 2012	Book value	Contractual cash flow	up to 1 year	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	Over 5 years
				Consolidated				
Non-derivative financial liabilities								
Loans and financing	867,398	1,013,309	429,367	170,211	134,870	132,646	82,083	64,133
Suppliers	50,376	50,376	50,376	-	-	-	-	-
Securities payable	224,344	224,344	127,345	61,701	13,524	13,524	7,345	905
Operations with derivatives	48,308	48,308	48,308	-	-	-	-	-
Total	1,190,426	1,336,337	655,396	231,912	148,394	146,170	89,428	65,038

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

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

h) Summary of the derivative transactions outstanding

The Company's consolidated derivative financial instruments that are reflected in balance sheet accounts are as follows:

Description	Reference value (notional) Currency	06/30/12	12/31/11	Fair value recorded in the Assets Currency	06/30/12	12/31/11	Fair value recorded in the Liabilities Currency	06/30/12	12/31/11
Foreign exchange hedge operations									
Non Deliverable Forwards	**USD**	291,248	297,978	**R$**	447	4,816	**R$**	54,212	40,243
Trade Finance Contracts	**USD**	210,428	134,000	**R$**	-	-	**R$**	72,025	31,021
Subtotal	**USD**	**501,676**	**431,978**	**R$**	**447**	**4,816**	**R$**	**126,237**	**71,264**
Hedge operations for products									
Cotton - Financial operations	**USD**	33,614	59,277	**R$**	10,657	11,361	**R$**	34	-
Soy - Financial operations	**USD**	14,878	-	**R$**	396	-	**R$**	4,181	-
Subtotal	**USD**	**48,491**	**59,277**	**R$**	**11,053**	**11,361**	**R$**	**4,215**	**-**
Hedge operations for inputs									
Swap Urea	**USD**	3,500	-	**R$**	717	-	**R$**	-	-
Subtotal	**USD**	**3,500**	**-**	**R$**	**717**	**-**	**R$**	**-**	**-**
Interest hedging transactions									
Swap Libor x Pre	**USD**	32,000	34,667	**R$**	-	-	**R$**	2,098	2,660
Subtotal	**USD**	**32,000**	**34,667**	**R$**	**-**	**-**	**R$**	**2,098**	**2,660**
Total	**USD**	**585,667**	**525,922**	**R$**	**12,217**	**16,177**	**R$**	**132,150**	**73,924**
(-) portion classified in current assets				**R$**	(11,759)	(15,283)	**R$**	(72,146)	(37,349)
Portion in non-current liabilities				**R$**	**58**	**894**	**R$**	**60,004**	**36,575**

[1] Deferred amount in shareholders' equity ("*hedge accounting*"), as contra entry to ACC, NCE and PPE account, in loans group

i) Financial income with derivative operations

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

		Gains and Losses recorded in the income				Gains and Losses recorded in Shareholders' equity	
		Assigned to Gross Revenues on		Assigned to Financial Income on			
Description	Currency	06/30/12	06/30/11	06/30/12	06/30/11	06/30/12	06/30/11
Foreign exchange hedge operations							
Non Deliverable *Forwards*	R$	1,545	18,973	(220)	(323)	(53,765)	73,195
Trade Finance Contracts	R$	(2,851)	-	-	-	72,025	-
Option contracts	R$	-	-	-	-	-	-
Subtotal	R$	**(1,306)**	**18,973**	**(220)**	**(323)**	**18,260**	**73,195**
Hedge operations for commodities							
Agricultural commodities swap							
Cotton	R$	-	-	8,837	(16,514)	-	-
Soy	R$	-	-	(3,319)	6,160	-	-
Swap Fertilizers							
Urea	R$	-	-	-	-	(717)	-
Subtotal	R$	**-**	**-**	**5,518**	**(10,354)**	**(717)**	**-**
Interest hedging transactions							
Swap Libor x Pre	R$	-	-	(156)	(439)	-	-
Subtotal	R$	-	-	**(156)**	**(439)**	**-**	**-**
TOTAL	R$	**(1,306)**	**18,973**	**5,142**	**(11,116)**	**17,543**	**73,195**

j) Market values

On June 30, 2012, the market values of cash and cash equivalents, interest earning bank deposits, accounts receivable and payable, loans and financings are close to the book values due to their short-term nature or because they are subject to variable interest rates, respectively.

k) Capital management

The main purpose of capital management is to ensure the Company's business continuity, maintaining the policy of low leverage level and hedging capital from changes in government economic policy, thus maximizing value to shareholder.

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

The Company's dividends policy, objectives, and capital management policies or processes did not change in years ended June 30, 2012 and December 31, 2011.

	Parent company		Consolidated	
	06/30/12	**12/31/11**	**06/30/12**	**12/31/11**
Short and long-term loans and financing	**682,547**	451,385	**867,399**	640,031
(-) Cash and cash equivalents and financial investment short term	**(51,765)**	(78,523)	**(135,283)**	(130,463)
Net debt	**630,782**	372,862	**732,116**	509,568
Shareholders' equity	**1,854,043**	1,920,236	**1,854,043**	1,920,236
Financial leverage index	**34.0%**	19.4%	**39.5%**	26.5%

21. Gain-Sharing Program

In compliance with Labor Collective Agreements entered into with its employees' unions, the Company and its subsidiaries have a profit sharing program that extends to all employees.

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

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

The value provision in the income for the period is as follows:

	Parent company		Consolidated	
	06/30/12	06/30/11	06/30/12	06/30/11
Profit sharing	**2,773**	3,314	**3,666**	4,674
Total	**2,773**	3,378	**3,666**	4,674

22. Stock option plan

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

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

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

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

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

		Quantity of shares				
Grant year	**Strike price - R$**	**Balance at 12/31/11**	**Granted**	**Canceled**	**Exercised**	**06/30/2012**
2007	R$ 14.00	71,200	-	-	(71,200)	-
2008	R$ 14.80	466,000	-	-	(229,900)	236,100
2009	R$ 15.00	384,600	-	-	(7,800)	376,800
2010	R$ 16.87	785,000	-	-	(2,000)	783,000
2011	R$ 16.24	899,000	-	-	-	899,000
		2,605,800	-	-	(310,900)	2,294,900

Exercise price of the Annual Program for 2007 is fixed as R$14.00 per share, equivalent to distribution price per share fixed upon initial public offering of the Company's shares.

Exercise price of Annual Programs for 2008 and 2009 were defined based on average of 90 quotations of the Company's share at Bovespa, prior to plan approval, with discounts of 19.97% and 7.98%, respectively.

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

Grace periods counted as of grant date are as follows:

Grace periods counted as of grant date	% of options released to be exercised	Maximum number of shares
As from - 11/08/2012	8%	179,800
As from - 11/09/2012	15%	334,800
As from - 11/12/2012	48%	1,104,700
As from - 11/08/2013	56%	1,284,500
As from - 11/11/2013	76%	1,755,500
As from - 11/10/2014	100%	2,294,900

The Company recognizes cost of stock option plan based on fair value of granted shares on grant date. Black-Scholes is the model used for pricing options fair value. Weighted average fair value, premiums and economic assumptions used for calculation in the model are as follows:

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

In compliance with CPC 10, based on presented grace periods, stock option plan amounts were recognized in income due to elapsing of *vesting* period, with contra entry in a specific capital reserve account in shareholders' equity, of R$2,887 (expense) as of June 30, 2012 (R$6,261 as of December 31, 2011).

23. Government subsidy and assistance

a) Deferral and Deemed credit ICMS

The Company has incentives for deferral of ICMS debts in transactions with soy, corn and cotton seed through the adhesion of Fazenda Planalto to Fundersul (Mato Grosso do Sul State Fund for the Development of the Road System) program and of Fazenda Planorte and Fazenda Paiaguás to FETHAB (Transportation and Housing Fund) program. To be able to enjoy deferral, the Company needs to file a request with State Departments, renounce to ICMS credits on entrance to which is entitled, and pay Fundersul to Mato do Grosso do Sul State and FETHAB to Mato Grosso State.

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

program and of Fazenda Pamplona to PROALGO (Goiás State) program.

To be able to enjoy these incentives, the Company needs to submit an option term to State Departments, renounce to ICMS credits it would be entitled to on entrances, provide accessory information on this tax benefit and pay PDAgro to Mato Grosso do Sul State and Fialgo to Goiás State.

Deemed credits are recorded in income under caption taxes on sales, as contra-entry to caption taxes payable. In the year ended June 30, 2012, ICMS deemed credits of R$364 were recognized in parent company and consolidated.

Until December 2011, the state of Mato Grosso, through Decree 1589/97, granted deemed ICMS credit incentive in operations with cotton fiber, with a 75% reduction in the amount of ICMS payable through the adhesion of Fazenda Planorte and Fazenda Paiaguás to the PROALMAT program. As from January 2012, in compliance with Decree 899/11, the farms can no longer enjoy this incentive.

b) IRPJ Reduction Incentive

The Company has incentive in subsidiaries Fazenda Parnaíba and Fazenda Planorte, located in Maranhão State and Mato Grosso State, respectively, which enjoy IRPJ incentive granted by SUDAM (Superintendency for the Development of Amazônia). The incentive comprises of the decrease of 75% of IRPJ and non-refundable additional amounts:

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

Amounts calculated as IRPJ reduction incentive are charged to account IRPJ payable in current liabilities, and credited to current taxes, in income for the year. IRPJ reduction incentive amount may not be distributed to shareholders as dividends; for this reason, annual incentive amount is transferred from caption accumulated earnings to capital reserve, in Shareholders' Equity. This reserve may only be used for incorporation to capital or for loss absorption.

In the period ended June 30, 2012, subsidiary Fazenda Parnaíba had gains of R$1,097 with IRPJ reduction incentive, and Fazenda Planorte ended the period with tax losses.

24. Insurance coverage

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

Policy	Nature	Maturity	Coverage
20301974	Vehicles of SLC Agrícola	from 10/10/11 to 10/10/12	Against third parties - 100% FIPE
20305460	Vehicles of SLC Agrícola	from 10/10/11 to 10/10/12	Against third parties - 100% FIPE
20304346	Vehicles of SLC Agrícola	from 10/10/11 to 10/10/12	Against third parties - 100% FIPE
20301820	Vehicles of Fazenda Parnaíba	from 10/10/11 to 10/10/12	Against third parties - 100% FIPE
20305792	Vehicles of Fazenda Parnaíba	from 10/10/11 to 10/10/12	Against third parties - 100% FIPE
20301825	Vehicles of Fazenda Planorte	from 10/10/11 to 10/10/12	Against third parties - 100% FIPE
20305797	Vehicles of Fazenda Planorte	from 10/10/11 to 10/10/12	Against third parties - 100% FIPE
20301813	Vehicles of Fazenda Paiaguás	from 10/10/11 to 10/10/12	Against third parties - 100% FIPE
20305466	Vehicles of Fazenda Paiaguás	from 10/10/11 to 10/10/12	Against third parties - 100% FIPE
20312327	Vehicles of SLC Agrícola	from 10/10/11 to 10/10/12	Against third parties - 100% FIPE
20,002589	Machinery and equipment	from 10/08/11 to 10/08/12	R$ 225,983,914.65
03.30.32818	Improvements - Fazendas	from 11/10/11 to 11/10/12	R$ 20,000,000.00
03.18.0540752	Management	from 11/10/11 to 11/10/12	R$ 750,000.00
25.51.0018766.12	General liability	from 12/02/11 to 12/02/12	R$ 1,000,000.00
20.96.000011.00	Grain and Cotton Inventories - including out in the open	from 03/24/12 to 03/24/13	R$ 60,000,000.00

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

25. Net sales

	Parent company		Consolidated	
	06/30/12	06/30/11	**06/30/12**	06/30/11
Gross operating income	**297,507**	266,355	**573,674**	436,582
Sale of goods	**282,178**	207,440	**504,896**	330,705
Change in fair value of the biological assets	**15,329**	58,915	**68,778**	105,877
Deductions, taxes and contributions	**(10,842)**	(19,758)	**(22,075)**	(30,201)
Net operating income	**286,665**	246,597	**551,599**	406,381

26. Expenses per type

	Parent company		Consolidated	
	06/30/12	06/30/11	**06/30/12**	06/30/11
Expenses according to the role				
Cost of goods sold	**262,765**	143,447	**444,025**	257,417
Sales expenses	**18,074**	10,681	**29,345**	15,238
Administrative and general expenses	**20,519**	22,350	**24,356**	27,422
Other operating expenses	**1,438**	2,133	**2,897**	1,674
	302,796	178,611	**500,623**	301,751
Expenses per type				
Depreciation and amortization	**29,332**	13,790	**44,293**	25,113
Personnel expenses	**38,326**	25,291	**56,522**	35,931
Raw material and material	**167,876**	96,363	**258,980**	155,271
CPV biological asset variation	**55,662**	35,712	**122,554**	77,591
Freight	**10,162**	5,322	**15,308**	6,171
Other expenses	**1,438**	2,133	**2,966**	1,674
	302,796	178,611	**500,623**	301,751

27. Subsequent event

According to relevant fact disclosed to the market on May 31, 2012, Valiance Asset Management Limited ("Valiance") investment fund entered into a contract for share subscription and other covenants with the Company. On August 2, 2012, the Company's subsidiary SLC Landco Empreendimentos Agrícolas S.A.("SLC Landco") received from Valiance, through company Buriti 1 SARL, the first contribution of funds in the amount of R$60,438, which paid SLC Landco capital with the issuance of 16,813,619 preferred shares, according to the commitment recorded in the minutes of Extraordinary Shareholders' Meeting held on August 1, 2012. With this payment, Valiance holds 10.77% of SLC Landco capital. With other contributions, the last of which to be made on September 30, 2014, Valiance will hold 49.4 % of SLC Landco capital.

OWNERSHIP BREAKDOWN Balance on: 06/30/2012						
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%	**9,641,600**	**9.75%**	**-**	**-**	**9,641,600**	**9.75%**
Blackrock, INC	4,692,600	4.74%	-	-	4,692,600	4.74%
Credit Suisse Hedging Griffo	4,949,000	5.00%			4,949,000	5.00%
Treasury Shares	**1,025,585**	**1.04%**	**-**	**-**	**1,025,585**	**1.04%**
Others Shareholders	**37,760,939**	**38.18%**	**-**	**-**	**37,760,939**	**38.18%**
Total	**98,897,500**	**100.00%**	**-**	**-**	**98,897,500**	**100.00%**
Free Flot	**47,402,539**	**47.93%**	**-**	**-**	**47,402,539**	**47.93%**

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	**505**	**0.00%**	**-**	**-**	**505**	**0.00%**
Board	5	0.00%	-	-	**5**	0.00%
Directors	500	0.00%	-	-	500	0.00%
Shareholders over 5%	**9,641,600**	**9.75%**	**-**	**-**	**9,641,600**	**9.75%**
Blackrock, INC	4,692,600	4.74%	-	-	4,692,600	4.74%
Credit Suisse Hedging Griffo	4,949,000	5.00%			4,949,000	5.00%
Treasury Shares	**1,407,585**	**1.42%**	**-**	**-**	**1,407,585**	**1.42%**
Others Shareholders	**37,378,439**	**37.80%**	**-**	**-**	**37,378,439**	**37.80%**
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%**

Report on the review of quarterly information

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

Introduction

We have reviewed the interim, individual and consolidated accounting information of SLC Agrícola S.A. ("Company"), included in the quarterly financial information – ITR, for the quarter ended June 30, 2012, which comprises the balance sheet as of June 30, 2012, and related statements of income, comprehensive income for the 3 and 6-month periods then ended, changes in shareholders' equity and cash flows for the quarter then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim accounting information in accordance with Technical Pronouncement CPC 21 (R1) – Interim Statement and of the consolidated interim accounting information in accordance with CPC 21 (R1) and with international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information – ITR. Our responsibility is to express a conclusion on this interim information based on our review.

Scope of the review

Our review was carried out in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. The scope of a review is significantly lower than that of an audit held in accordance with auditing rules, and as a result we were unable to ascertain whether we became aware of all the significant matters likely to be detected in an audit. Therefore, we do not express an opinion on the information disclosed.

Conclusion on the individual interim accounting information

Based on our review, we are not aware of any facts that would lead us to believe that the individual interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

Conclusion on the consolidated interim accounting information

Based on our review, we are not aware of any facts that would lead us to believe that the consolidated interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

Other issues

Statements of added value

We also reviewed the individual and consolidated statements of added value for the six-month period ended June 30, 2012, prepared by the Company's management, whose presentation in the interim information is required according to the standards issued by the CVM - Securities and Exchange Commission, applicable to the preparation of Quarterly Information – ITR and considered supplementary information by the IFRS, which do not require the presentation of the statement of added value. These statements were subjected to the review procedures previously described and, based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, in accordance with the individual and consolidated financial interim information taken as a whole.

Review of prior-year amounts

The individual and consolidated interim accounting information corresponding to the year ended December 31, 2011 and to the quarter and semester ended June 30, 2011, submitted for comparative purposes was previously audited and reviewed, respectively, by other independent auditors that issued reports dated March 19, 2012 and August 08, 2011, respectively, which did not contain any modification.

Porto Alegre, August 07, 2012

KPMG Auditores Independentes
CRC 2SP014428/F-7-RS

Cristiano Jardim Seguecio
Accountant CRC SP244525/O-9-T-RS