

Net Income of R$159.9 million in 2011, with net margin of 15.9%

Porto Alegre, March 28, 2012 – SLC AGRÍCOLA S.A. (Bovespa: SLCE3; ADR: SLCJY; Bloomberg: SLCE3BZ; Reuters: SLCE3.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 2011. 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.

2011 Highlights

(R$ thousand)	2010	2011	AH	4Q10	4Q11	AH
Net revenue	**888,713**	**1,005,640**	**13.2%**	**285,278**	**323,577**	**13.4%**
Gross income	**219,704**	**365,788**	**66.5%**	**65,402**	**89,186**	**36.4%**
Gross margin	*24.7%*	*36.4%*	*11.7 p.p*	*22.9%*	*27.6%*	*4.6 p.p*
Operating income	**83,892**	**241,179**	**187.5%**	**13,213**	**48,226**	**265.0%**
Operating margin	*9.4%*	*24.0%*	*14.5 p.p*	*4.6%*	*14.9%*	*147.2 p.p*
Net Profit	**58,613**	**159,992**	**172.9%**	**11,239**	**33,002**	**193.6%**
Net Margin	*6.6%*	*15.9%*	*9.3 p.p*	*3.9%*	*10.2%*	*6.3 p.p*
EBITDA	**204,339**	**325,875**	**59.5%**	**58,435**	**76,936**	**31.7%**
EBITDA Margin	***23.0%***	***32.4%***	***9.4 p.p***	***20.5%***	***23.8%***	***3.3 p.p***
Net debt	**339,374**	**509,568**	**50.1%**	**339,374**	**509,568**	**50.1%**

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NOTE: 4Q10 and 4Q11 refer to the three-month cumulative period, from October to December, for years 2010 and 2011, respectively. 2010 and 2011 refer to the twelve-month cumulative period from January to December, for years 2010 and 2011, respectively. AH refers to the horizontal percentage variation between two periods and AV refers to a vertical percentage variation on a given total.

Message from Management

The year of 2011 was a reflex of 2010/11 marketing year, a period when we harvested 226 thousand hectares of soybean, corn and cotton. It was a year where we strongly invested in the cotton crop (85 thousand hectares, or 38% of the total planted area), what proved to be a good strategy, for prices throughout the marketing year reached historical highs, allowing for great profits. Prices of soybean and corn also maintained high price levels along 2011, what incentivized expansion in planted area for 2011/12 marketing year (especially in corn) in Brazil.

The results achieved in 2011 were a record for our Company (EBITDA of R$325.8 million, with margin of 32.4%, and net profit of R$159.9 million, with margin of 15.9%) due the growth in planted area, the level of commodity prices, and also of the good performance in terms of yields in our fields.

We strongly believe that the geographic distribution of our farms, in 6 different states, and also our hedging strategy (future sales of commodities and FX) where of key importance in order to reduce the impact of the volatility in the markets, to achieve the yield targets that were expected at the beginning of the marketing year, and to obtain these record financial results.

In 2011, as we do every year, we also marked-to-market the value of our land portfolio, which, base on Deloitte Touche Tohmatsu's appraisal dated May 2011, presented value of R$1,756 million, an appreciation of 15% at the average hectare price in relation to 2010, thus increasing in value the Company's assets.

Some important achievements in the year of 2011 also deserve some highlight:

- acquisition of Perdizes farm, in the state of Mato Grosso, with potential planted area of 14,500 hectares;
- acquisition of Paineira farm, in the state of Piauí, with potential planted area of 10,500 hectares;
- acquisition of Parceiro farm, in the state of Bahia, with potential planted area of 23,360 hectares;
- obtainment of RTRS (Roundtable on Responsible Soybean) certificate, which allows for the access to new and more exigent markets on soybean, with a possibility of premium for the certified grain;
- commencement of direct cotton exports for the Asian market, increasing our client portfolio;
- implementation of a new ERP which interlinked all farms with the headquarters, improving our internal controls;
- launching, in August, of the ADR program for our stock (SLCJY), allowing for further diversification of our stockholder base and also giving access to the stock to international investors that have no direct access to the Bovespa;
- increase in our storage capacity of grains of 78,200 tons, with the enlargement of silos at Piratini, Planeste, Parnaíba and Panorama farms.
- increase in our cotton processing capacity with the modernization of the cotton gins at Paiaguás and Pamplona farms.

Combining the financial results with all these operational improvements, our employees received a bonus – through the profit share program – of 5.2 wages.

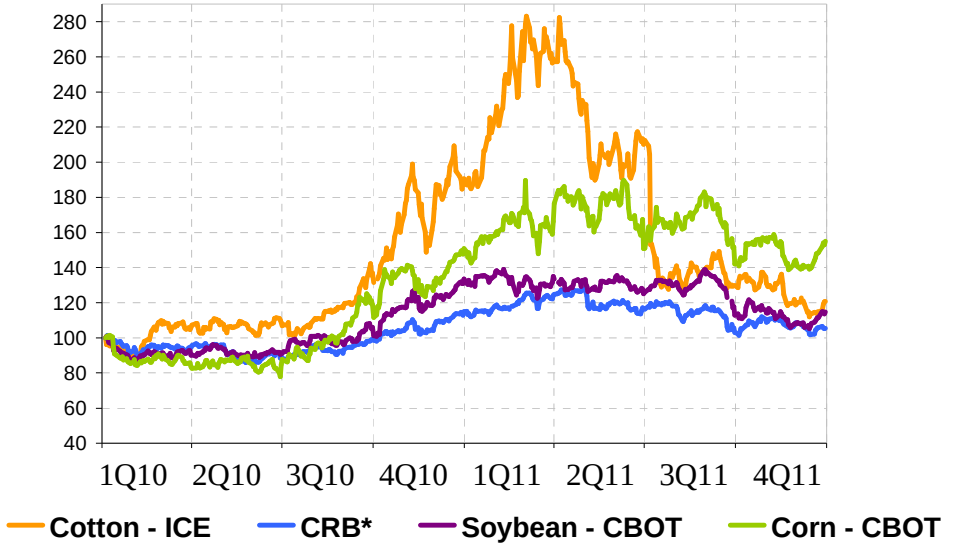
In the last revision of our Strategic Planning (in September 2011), we defined the target of planting 700 thousand hectares in 2020/21 marketing year as well as the implementation of other crops, aiming for further diversification of our product portfolio. At the next marketing year – 2012/13 – we intend to begin the plantation of sugarcane. Another important initiative of the Strategic Planning was the intention to internationalize the Company by 2015/16. For that we will prospect the agronomical, socioeconomic and juridical conditions of several countries on the following years in order to identify the best alternatives.

We are optimistic about the conclusion of our LandCo. project, which suffered a delay due to the lack of clarity on the legal opinion from the AGU about law 5,709, from 1971, which restricted the acquisitions of farmland in Brazil from foreign investors. At the second semester of 2011 we obtained more clarity on the matter in order to give continuity to the project, which involves the access of funding to accelerate the Company's growth plan through the contribution of land in a subsidiary in a private placement structure.

The outlook for 2012 is still positive. For the 2011/12 marketing year our planted area was of 248 thousand hectares (growth of approximately 10% in relation to the previous crop), with new increase at the cotton planted area (to 95 thousand hectares), a crop that requires more investments, but that brings higher profits. At this point we are with more than 60% of our sale prices fixed for the year of 2012, in levels that bring margins similar to those obtained in 2011, as part of our hedging strategy.

Market Outlook

COMMODITIES PRICE VARIATION
From January 2010 to December 2011 (1st Contract)

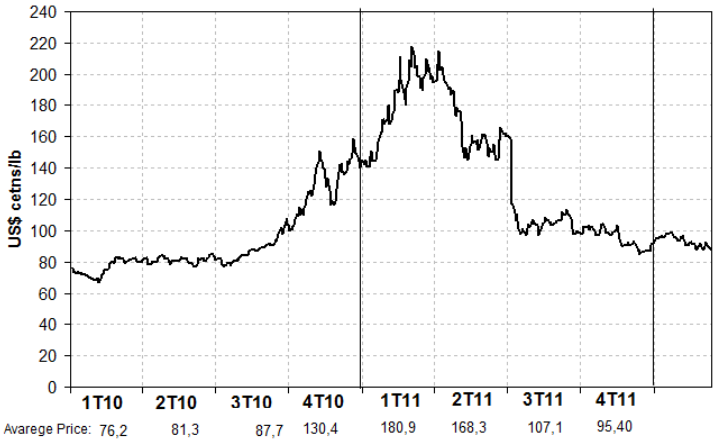


Source: CMA (01/07/2010 = 100)
Until 12/31/2011.

* Commodity Research Bureau

Cotton

Cotton Price in the International Market
ICE - (1st Contract)



Source: ICE/CMA

Cotton future prices traded on ICE/NYBOT (ICE Futures U.S) presented an average quotation of US¢ 138/lb in 2011, which represents a 46.8% increase against 2010, when the average price was US¢ 94/lb. The average price in 4Q11 was US¢ 95.4/lb, which represents a 26.8% decrease against 4Q10 (US¢ 130.4/lb).

A lower production in 2009/10 and 2010/11 brought the world inventories to meaningly low levels on those crops and limited the world cotton supply. In view of the lower supply scenario, cotton consumption had to adjust the new production levels, and, together with restrictions to the exports of cotton lint in India, led prices to reach historical peaks in 2011.

The international prices even higher on the first semester of 2011 helped to induce the world acreage to increase on 2011/2012 crop year. Better cotton prices by the time of crop plantation, as compared to competitive crops, such as soybean and corn, once again favored migration of these commodities to the cotton area. According to the USDA (United States Department of Agriculture), the worldwide crop area should increase by 6.9% in 2011/12.

In its supply and demand monthly report, USDA estimated that the worldwide production of 2011/12 cotton crop, should increase 6% and reach 123.6 million bales, 15 millions bales more than the estimated consumption, leading to higher ending stocks in 2012. According to USDA, ending stocks are expected to go from 47.3 million bales to 62.3 million bales.

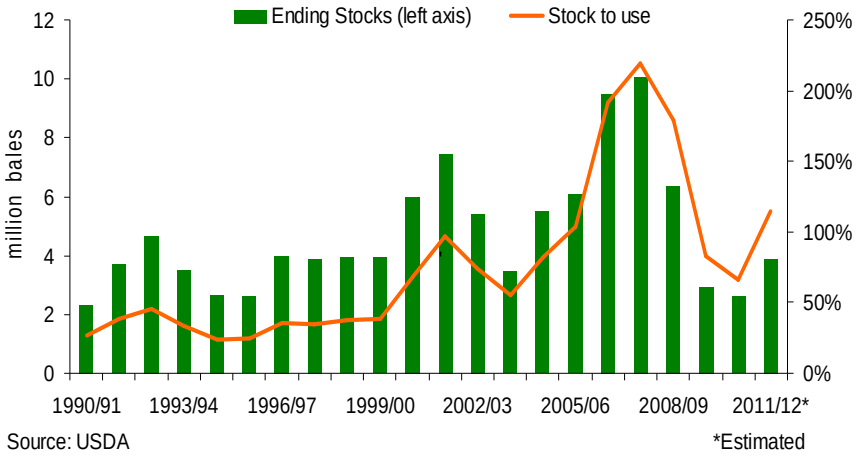
Cotton Supply and Demand Table

World		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12*
Area (ha)		34,724	34,532	32,841	30,571	30,141	33,394	35,707
Productivity (kg/ha)		730	771	794	765	741	760	754
Beginning Stocks	---millions of bales---	60.6	61.8	62.5	61.0	60.8	45.3	47.3
Production		116.4	122.2	119.7	107.5	102.6	116.6	123.6
Import		44.7	38.1	39.3	30.5	36.3	35.7	38.8
Total Supply		221.7	222.1	221.5	198.9	199.7	197.6	209.7
Export		44.9	37.6	39.1	30.4	35.6	35.7	38.8
Consumption		116.8	123.9	123.6	110.3	119.0	114.5	108.7
Ending Stocks		61.8	62.5	61.0	60.8	45.3	47.3	62.3
Stocks/Consumption (%)		52.9%	50.4%	49.3%	55.1%	38.1%	41.3%	57.3%

Feb, 2012 **Estimated*

Since 2010 the Chinese government has been selling government inventories as an attempt to curb internal prices and ensure the supply of cotton to the local industry. With the market decline and past the worst squeeze in the availability of cotton, China started in September 2011 its government program of cotton purchases to build up inventories and ensure minimum prices. The initial purchase price is 19,800 yuan per ton, equivalent to approximately US$ 1.40/lb. The government inventory recomposition program in China may help to absorb the excess 2011/12 crop inventories worldwide, which may contribute to support cotton prices.

According to USDA, China inventories should increase from 8.5 million bales to 20.1 million bales, in 2011/12. Even with the increase in Chinese inventories, these should still be quite lower than those recorded between 2006 and 2009, when inventories were above 20 million bales.

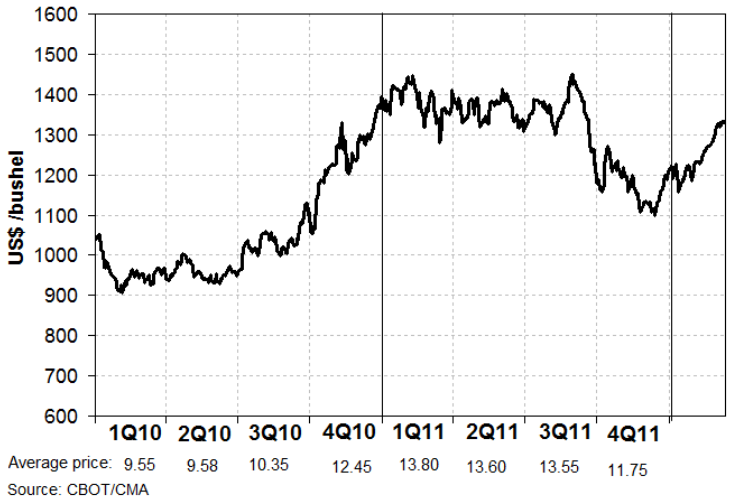


Source: USDA **Estimated*

In Brazil, according to the 6th report released by CONAB, the estimated area to be cultivated with cotton within the Country is 1,403 thousand hectares in 2011/12 and the estimated production is 2.001 thousand tons, an increase of 2.1% against the previous year.

Soybeans

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

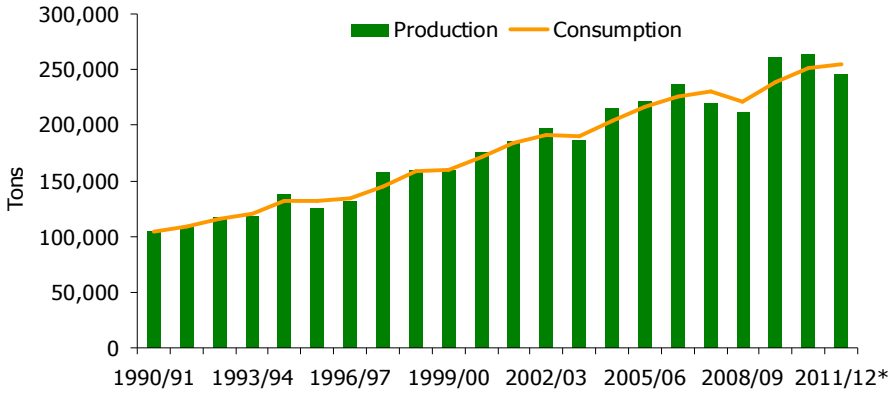


Source: CBOT/CMA

Soybean future prices traded on CBOT (Chicago Board of Trade) presented an average quotation of US$ 13.16/bu in 2011, representing a 25% valuation against 2010, when the average price was US$ 10.49/bu. The average price for the 4Q11 was US$ 11.75/bu, 5.6% lower compared with the 4Q10 when the average price was US$ 12.45/bu.

According to USDA, soybean worldwide production is expected to reach 245 million tons in 2011/12, a 7.3% reduction against the previous year when the production reached 264 million tons. The reduction of the expected production is given due the crop losses that reached Unites States, Brazil and Argentina, respectively the most efficient producers worldwide.

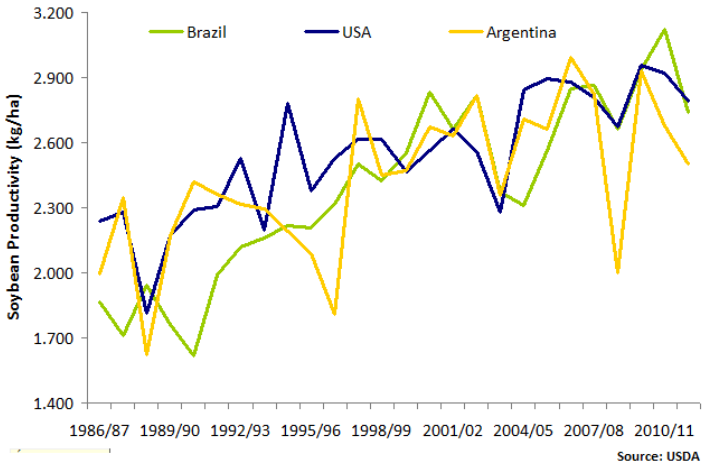
Soybean Global Production and Consumption



Source: USDA

Brazil and Argentina suffered with the impact of the phenomenon "La Niña", which brought irregularities and declining rainfalls in these countries, especially in Argentina production region and southern Brazil and Paraguay.

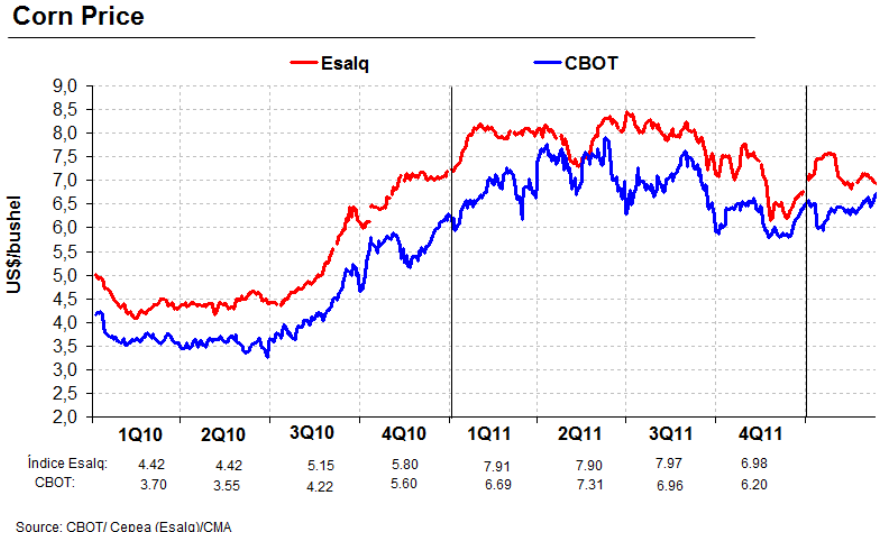
In Brazil, according to the 6th report released by CONAB, the estimated area to be cultivated with soybean within the Country, in 2011/12, increased 3.3%. However, with crop losses in southern Brazil, the yields are expected to be 2,753 kg/ha, an 11.6% decreased compared to the last crop, leading to a production of 68.75 million tons for the 2011/12 crop.



As for Argentina, USDA estimates that the soybean area should reach 18.6 million hectares, which represents an increment of 1.6% against the previous season, when 18.3 million hectares were planted in that Country. The yields suffered a decreased cause by declining rainfalls in Argentina (2,500 kg/ha), resulting a 5.1% decreased of production, expected to be 46.5 million tons according to USDA.

As a result of crop losses affecting the main producers, consumption is expected to overcome production by 9.8 million tons, reducing ending stocks to 22.5% of consumption (57.3 million tons), the lowest ratio since the 2008/09 crop.

Corn



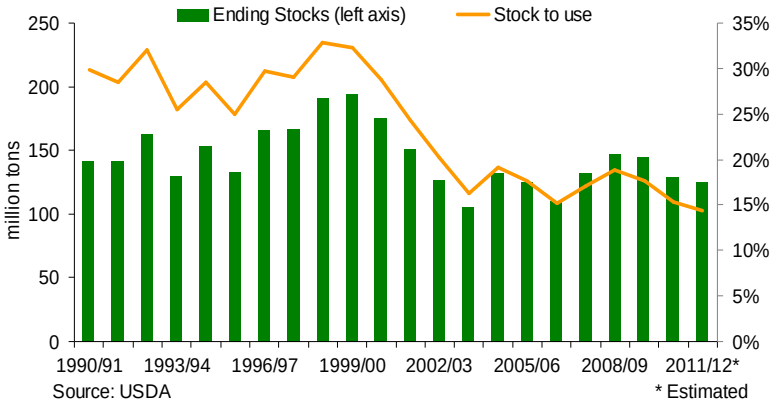
Corn future prices traded on CBOT (Chicago Board of Trade) presented an average quotation of US$ 6.19/bu in 2011; representing a 44.6% increase compared to the previous year (US$ 4.28/bu). The average corn price in the domestic market, measured by the ESALQ (*Escola Superior de Agricultura Luiz de Queiroz*) index went from US$ 5.18/bu in 2010 to US$ 7.70/bu in 2011, a 48.6% variation.

Corn Supply and Demand Table								
World		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12*
Area (ha)		145,747	149,945	161,171	158,804	157,737	163,356	169,286
Productivity (kg/ha)		4,801	4,762	4,931	5,032	5,194	5,076	5,109
Beginning Stocks	thousand tons	131,897	124,871	110,217	131,623	147,541	144,180	129,066
Production	thousand tons	699,723	714,031	794,698	799,151	819,234	829,238	864,957
Import	thousand tons	80,291	90,269	98,256	82,639	89,756	91,458	93,453
Export	thousand tons	81,072	94,067	98,642	84,477	96,823	91,387	96,147
Consumption	thousand tons	705,968	724,887	772,906	781,395	815,528	844,423	866,799
Ending Stocks	thousand tons	124,871	110,217	131,623	147,541	144,180	129,066	124,530
Stocks/Consumption (%)		17.7%	15.2%	17.0%	18.9%	17.7%	15.3%	14.4%

Source: USDA *Estimated

In its supply and demand monthly report, USDA estimated worldwide production at 864.9 million tons, a 4.3% increase compared to 2010/11, when production reached 829.2 million tons. Once again irregularities and declining rainfalls affected important productive countries as United States, Brazil and Argentina.

According to USDA, worldwide consumption in the 2011/12 crop year, is expected to reach 866.8 million tons, with a 2.6% increase compared to 2010/11, when were consumed 844.4 million tons. For the third consecutive time, worldwide consumption is set below production, leading the stocks and consumption ratio to 14.4%, the lowest since 1973/74, raising corn prices in the international market.



In response to higher prices in the international market and the demand for exports, Brazil should increase its corn planted area in the 2011/12 crop year. According to CONAB, the estimated 1st crop corn planted area, should reach 8.6 million hectares in 2011/12, a 9.2% increase compared to the 2010/11 1st crop. For 2nd crop corn, the planted area is expected to be 6.7 million hectares a 14.1% increase compared to the previous year. The total planted area (1st and 2nd crop) is expected to be 15.4 million hectares, an increase of 11.3% against the previous crop.

Despite weather conditions and lower productivity within important productive states in Brazil, an expected increase on plated area for the 2011/12 corn crop, should compensate the losses. Resulting a production 7.5% higher compared to the previous crop, estimated by CONAB to reach 61.7 million tons (1st crop: 35.9 million tons ; 2nd crop: 25.8 million tons).

Operating Performance

In the 4Q11 it was concluded the plantings of soybeans, cotton and corn (1st crop).

Soybeans.
From the total of 114,176 hectares planted by this company with soybean, 38,025 hectares (33%) was intended to early and super-early varieties, which enables the planting of a 2nd crop (cotton or corn). So far (03/16/2012), 44.8% were harvested, with an average yield of 3,345 kg/ha.

Cotton 1st crop.
The majority of the fields is in the flowering and boll opening phase, presenting excellent vegetative and phytosanitary aspects.

Cotton 2nd crop.
Plantings began with the harvest of soybean super-early variety initiated in the first week of January 2012. Further information will be available at our 1Q12 release.

Corn 1st crop.
Plantings went normally through the 4Q11 in the states of Goias, Maranhão and Bahia. The harvest started on March 2012 and indicates highly potential yields.

Corn 2nd crop.
2nd crop plantings started in the 2rd week of January 2012 while soybeans (early and super-early varieties) were being harvested. Further information will be available at our 1Q12 release.

Yields

Yield (kg/ha)	Achieved 2010/11	Initially Estimated 2011/12	Estimated (1)
Cotton lint 1st crop	1,745	1,679	1,679
Cotton lint 2nd crop	1,274	1,361	1,361
Soybean	3,317	3,297	3,297
Corn 1st crop	11,070	10,209	10,209
Corn 2nd crop	6,026	5,932	5,932

(1) 03/16/2012

Land Development

Part of the company's business plan is to acquire undeveloped land, creating highly productive farms, a process that adds value, with a high appreciation potential. The first step after the acquisition of an undeveloped land is to require the license to start opening the area with the Environment Secretary of the State. Bellow we present the areas that are being developed at the 2011/12 marketing year and that will be available for planting at the 2012/13 marketing 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	2,500	14,700
Parceiro	5,700	17,660
Paineira	1,300	2,900
SLC	**10,492**	**47,642**

Planted Area

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

Crop Mix	Achieved 2010/11 ha	Estimated[1] 2011/12 ha	Share %	Absolute Δ ha	Percentage Δ %
Cotton	**84,720**	**95,294**	**38.4**	**10,574**	**12.5**
Cotton 1st crop	*72,370*	*79,918*	*32.2*	*7,548*	*10.4*
Cotton 2nd crop	*12,350*	*15,376*	*6.2*	*3,026*	*24.5*
Soybean	***118,134***	***114,176***	***46.0***	***(3,958)***	***(3.4)***
Corn	**20,422**	**35,364**	***14.2***	***14,942***	***73.2***
Corn 1st crop	*7,350*	*12,715*	*5.1*	*5,365*	*73.0*
Corn 2nd crop	*13,072*	*22,649*	*9.1*	*9,577*	*73.3*
Others[2]	**3,293**	**3,549**	***1.4***	***256***	***7.8***
Total	**226,569**	**248,383**	**100.0**	**21,814**	***9.6***

Planted Area Mix	ha	ha	%	Ha	%
Physical Area under Control	**199,007**	**208,699**	**84.0**	**9,622**	**4.8**
Own Area	*127,252*	*133,331*	*53.7*	*6,079*	*4.8*
Leased Area	*71,825*	*75,368*	*30.3*	*3,543*	*4.9*
2nd crop area	**27,492**	**39,684**	**16.0**	**12,192**	***44.3***
Total	**226,569**	**248,383**	**100**	**21,814**	***9.6***

(1) The planted area may still be adjusted by the agricultural planning.
(2) Coffee, wheat, corn seed.

As a result of delayed and declining rainfalls in the 2011/12 crop year, we had a two thousand hectares decrease in planted area against the initial forecast.

Property Portfolio

As of December 31, 2011 our portfolio of properties under control was as follows:

2011/12 (ha) Areas		Own	Leased	Under control	Planted[1]
Farm	State	---------- ha ----------			
Pamplona	GO	17,384	3,941	21,325	17,833
Planalto	MS	17,437	1,657	19,094	17,416
Planorte	MT	23,796	367	24,163	24,682
Paiaguás	MT	30,878	2,360	33,238	31,659
Parnaíba	MA	39,334	10,346	49,680	35,661
Planeste	MA	22,790	10,858	33,648	32,479
Panorama	BA	12,982	12,312	25,294	21,841
Piratini	BA	25,355	5,000	30,355	12,374
Palmares	BA	18,448	14,878	33,326	28,748
Parnaguá	PI	23,742	-	23,742	-
Pejuçara	MT	3,379	8,711	12,090	16,506
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		**310,050**	**75,858**	**385,906**	**248,383**

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

Machinery and Storage Capacity

As of December 31, 2011 we had the following:

Machinery	Quantity
Tractors	**418**
Grain Combiners	**163**
Cotton Pickers	**71**
Planters	**155**
Self-propelled sprayers	**93**

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

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

Financial Analysis

EBITDA

(R$ thousand)	2010	2011	AH	4Q10	4Q11	AH
Net Revenue	**888,713**	**1,005,640**	**13.2%**	**285,278**	**323,577**	**13.4%**
(-) Cost of Goods Sold	**(669,009)**	**(639,852)**	**-18.8%**	**(219,879)**	**(234,391)**	**6.6%**
Gross Profit	**219,704**	**365,788**	**66.5%**	**65,402**	**89,186**	**36.4%**
(-) Selling Expenses	(56,644)	(46,765)	-17.4%	(22,440)	(20,470)	-8.8%
(-) General and administrative	(34,523)	(57,788)	67.4%	(11,800)	(18,900)	60.2%
(-) Management fees	(4,098)	(6,259)	52.7%	(1,591)	(431)	-72.9%
(-) Other operating revenues	1,604	1,904	18.7%	1,572	2,000	27.2%
(=) Income from Activity	**126,043**	**256,880**	**103.8%**	**31,140**	**51,385**	**65.0%**
(+) Depreciation and amortization	78,296	68,995	-11.9%	27,295	25,551	-6.4%
EBITDA	**204,339**	**325,875**	**59.5%**	**58,435**	**76,936**	**31.7%**
EBITDA Margin	**23.0%**	**32.4%**	**9.4 p.p**	**20.5%**	**23.8%**	**3.3 p.p**

EBITDA for 2011 was R$325,875 thousand, an increase of 59.5% against the R$204,339 thousand in 2010. The main variations which impacted EBITDA, were the increase on the gross profit caused by higher commodities prices negotiated by the company and a reduction of unitary costs of soybean, cotton and corn.

Net Revenue

(R$ thousand)	2010	2011	AH	4Q10	4Q11	AH
Net Revenue	**888,713**	**1,005,640**	**13.2%**	**285,278**	**323,577**	**13.4%**
Cotton lint invoiced	358,631	398,694	11.2%	160,902	213,018	32.4%
Cotton seed invoiced	38,403	47,147	22.8%	11,473	20,797	81.3%
Soybean invoiced	192,576	220,558	14.5%	34,803	25,307	-28.1%
Corn invoiced	80,258	64,934	-19.1%	42,335	27,169	-35.8%
Coffee invoiced	12,808	11,087	-13.4%	7,043	7,743	9.9%
Others (invoiced)	43,230	10,151	-76.5%	4,455	4,181	-6.1%
Hedge income	23,583	43,463	84.3%	13,982	14,880	6.4%
Biological Assets	139,224	209,606	50.6%	10,285	10,751	4.5%

(Tons)	2010	2011	AH	4Q10	4Q11	AH
Volume Invoiced	**877,278**	**814,922**	**-7.1%**	**278,679**	**252,491**	**-9.4%**
Cotton lint	124,208	109,027	-12.2%	53,897	59,065	9.6%
Cotton seed	127,657	164,164	28.6%	34,328	74,570	117.2%
Soybean	350,350	356,098	1.6%	53,288	36,937	-30.7%
Corn	259,648	163,921	-36.9%	132,058	71,378	-45.9%
Coffee	2,868	1,576	-45.1%	1,394	942	-32.4%
Others	12,547	20,136	60.5%	3,714	9,599	158.4%

Our net revenue increased 13.2% in 2011 against 2010, closing the period at R$1,005,640 thousand, as compared to R$888,713 thousand of 2010, mainly due to the price increase in products invoiced (in line with the higher price of commodities in the period), offset by the lower invoiced volume.

(R$ thousand)	2010	2011	AH	4Q10	4Q11	AH
Effect of Biological Asset on Net Revenue	**139,224**	**209,606**	**50.6%**	**10,285**	**10,751**	**4.5%**
Cotton lint	132,842	113,383	-14.6%	-	(6,808)	n.m
Cotton seed	17,163	25,288	47.3%	-	(728)	n.m
Soybean	(16,558)	54,900	n.m.	8,258	7,129	-13.7%
Corn	1,504	4,019	167.2%	663	(2)	n.m
Coffee	1,861	11,160	499.7%	-	11,160	n.m
Others	2,412	856	-64.5%	1,364	-	n.m

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

Biological assets allocation value increased 50.6% in 2011 against 2010, mainly due the increase of commodity prices and reduction of unitary costs of soybean, cotton and corn.

Cotton Invoiced		2010	2011	AH	4Q10	4Q11	AH
Cotton lint invoiced							
Volume invoiced	Ton	124,208	109,027	-12.2%	53,897	59,065	9.6%
Net revenue	R$ thousand	358,631	398,694	11.2%	160,902	213,018	32.4%
Unit Price	R$ thousand / Ton	2.89	3.66	26.6%	2.99	3.61	20.8%
Cotton Seed Invoiced							
Volume invoiced	Ton	127,657	164,164	28.6%	34,328	74,570	117.2%
Net revenue	R$ thousand	38,403	47,147	22.8%	11,473	20,797	81.3%
Unit Price	R$ thousand / Ton	0.30	0.29	-3.3%	0.33	0.28	-16.6%

Cotton lint invoiced in 2011 refers to 2010/11 and 2009/2010 crop year production. Our net revenue from cotton lint increased 11.2% in 2011 against 2010, mainly due to increased unit price invoiced.

Soybeans Invoiced		2010	2011	AH	4Q10	4Q11	AH
Volume Invoiced	Ton	350,350	356,098	1.6%	53,288	36,937	-30.7%
Net revenue	R$ thousand	192,576	220,558	14.5%	34,803	25,037	-28.1%
Unit Price	R$ thousand / Ton	0.55	0.62	12.7%	0.65	0.68	3.8%

Soybeans invoiced in 2011 refers to 2010/11 crop year production. Our net revenue from soybeans increased 14.5%, mainly due the increase price invoiced (12.7%).

Corn Invoiced		2010	2011	AH	4Q10	4Q11	AH
Volume Invoiced	Ton	259,648	163,921	-36.9%	132,058	71,378	-45.9%
Net Revenue	R$ thousand	80,258	64,934	-19.1%	42,335	27,169	-35.8%
Unit Price	R$ thousand / Ton	0.31	0.40	29.0%	0.32	0.38	18.7%

Corn invoiced in 2011 refers to 2010/11 and 2009/10 crop year. Our net revenue from corn declined 19.1% in 2011, mainly due to the lower volume invoiced, partially offset by the 29% unit price increase.

Other revenues (excluding the effect of Biological Assets). Our net revenue regarding other revenues declined 18.7% in 2011 against 2010, to R$64,701 thousand as compared to R$79,621 thousand in 2010. The major impacts were:

- absence of revenues deriving from the government minimum price guarantee, against R$36,481 thousand in 2010;
- partially offset by the increase in the result of FX hedge, of R$19,880 thousand

Cost of Goods Sold

(R$ thousand)	2010	2011	AH	4Q10	4Q11	AH
Cost of Goods Sold	**(669,009)**	**(639,852)**	**-4.4%**	**(219,879)**	**(234,391)**	**6.6%**
Cotton lint	(270,843)	(219,815)	-18.8%	(107,834)	(125,266)	16.2%
Cotton seed	(29,003)	(31,660)	9.2%	(6,032)	(13,764)	128.2%
Soybean	(200,510)	(166,303)	-17.1%	(30,598)	(17,480)	-42.9%
Corn	(57,133)	(33,651)	-41.1%	(24,324)	(14,038)	-42.3%
Coffee	(11,266)	(5,523)	-51.0%	(5,347)	(3,561)	-33.4%
Others	(4,817)	(7,397)	53.6%	(1,542)	(4,464)	189.5%
Biological Assets Allocated at Cost	(95,437)	(175,503)	83.9%	(44,202)	(55,818)	26.3%

(R$ thousand)	2010	2011	AH	4Q10	4Q11	AH
Biological Assets Allocated at Cost	**(95,437)**	**(175,503)**	**83.9%**	**(44,202)**	**(55,818)**	**26.3%**
Cotton lint	(88,634)	(100,018)	12.8%	(36,579)	(49,187)	34.5%
Cotton seed	(15,752)	(10,981)	-30.3%	(4,471)	(5,182)	15.9%
Soybean	18,014	(59,796)	n.m	4,174	(385)	n.m
Corn	436	(2,267)	n.m	(4,196)	(1,064)	-74.6%
Coffee	(8,378)	(170)	n.m	(2,783)	-	n.m
Others	(1,123)	(2,271)	102.2%	(347)	-	n.m

In 2011, the cost of products sold decreased 4.4% as compared to 2010. Such variation was mainly due to a reduction in the volume invoiced (7.1%) and a reduction of unitary costs of soybean, cotton and corn, partially offset by the increase on appropriation of biological assets allocated to costs.

Cotton lint. In 2011, cotton lint invoiced was relative to the 2010/11 and 2009/10 crop. The cost of cotton lint in 2011 showed an 18.8% reduction against 2010. The main impact was a 7.5% reduction in unit cost and a 12.2% reduction in the volume invoiced.

Soybeans. In 2011, the soybean invoiced was relative to the 2010/11 crop. Soybean costs in 2011 were 17.1% lower than in 2010. The main impact was an 18.4% reduction in unit cost.

Corn. In 2011, the corn invoiced was relative to the 2010/11 and 2009/10 crop. Corn cost in 2011 was 41.1% lower than that recorded in 2010. The main impact was a 36.9% reduction in the volume invoiced.

Other products. cost in 2011 was 19.7% lower than that recorded in 2010, despite a bigger volume invoiced, mainly due a reduction on unitary cost.

Production Cost

The composition of our total production cost is as follows:

	Cotton[1]	Soybeans[1]	Corn[1]	Avg. 2011/12 [1]	Avg. 2010/11	Avg. 2009/10
Variable Costs	**73%**	**63%**	**74%**	**70%**	**69%**	**73%**
Seeds	3%	7%	15%	5%	4%	5%
Fertilizers	22%	22%	33%	23%	20%	24%
Defensives	22%	14%	7%	18%	19%	19%
Air Spraying	2%	1%	1%	2%	2%	2%
Fuels and lubricants	5%	5%	5%	5%	5%	5%
Labor	1%	1%	1%	1%	2%	2%
Ginning	8%	3%	5%	7%	7%	6%
Maintenance of machines and instruments	5%	6%	4%	4%	6%	6%
Others	5%	4%	3%	5%	4%	4%
Fixed Costs	**27%**	**37%**	**26%**	**30%**	**31%**	**27%**
Labor	10%	10%	7%	10%	10%	9%
Depreciations and amortizations	10%	19%	12%	13%	13%	11%
Leasings	3%	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)	2010/11	2011/12[1]	Δ%
Cotton 1st crop	*4,225*	*4,764*	12.8
Cotton 2nd crop	*3,122*	*3,432*	9.9
Soybeans	1,498	1,661	10.9
Corn 1st crop	*2,315*	*2,585*	11.9
Corn 2nd crop	*1,176*	*1,349*	14.7

[1] Amounts estimated by SLC Agrícola, as per position as of December 31, 2011, so as to allow previous evaluation of crops.

For 2011/12, we estimate that the Company's total production cost per hectare should increase by 12%, as compared to 2010/11 crop year. Such variation should be mainly influenced by higher fertilizers, chemicals and seed costs.

Gross Income

Our total gross income was R$365,788 in 2011, a nominal increase of R$146,084 thousand as compared to 2010. Gross income in 2011 was mainly impacted by an increase on higher commodity prices, and also by a reduction on unitary costs.

Selling Expenses

(R$ thousand)	2010	2011	AH	4Q10	4Q11	AH
Freight	41,175	27,661	-32.8%	17,589	13,869	-21.1%
Storage	6,689	8,184	22.4%	1,593	1,889	18.6%
Commissions	2,142	1,552	-27.5%	438	165	-62.3%
Classification of Goods	820	1,210	47.6%	353	733	107.6%
Others	5,818	8,158	40.2%	2,467	3,814	54.6%
Total	**56,644**	**46,765**	**-17.4%**	**22,440**	**20,470**	**-8.8%**
% Net Revenue	**6.4%**	**4.7%**		**7.9%**	**6.3%**	

Our selling expenses in 2011 showed a reduction of 17.4% against 2010. Such variation was mainly due to a reduction in the corn and cotton lint volume invoiced, which freights are our responsibility.

General and Administrative Expenses

(R$ thousand)	2010	2011	AH	4Q10	4Q11	AH
Expenses with personnel	14,188	20,819	46.7%	3,529	6,913	95.9%
Provision for profit share program	4,877	12,818	162.8%	3,470	4,855	39.9%
Fees	3,493	3,781	8.2%	864	904	4.6%
Depreciations	2,077	1,787	-14.0%	1,286	704	-45.3%
Expenses with Travels	1,478	2,087	41.2%	390	622	59.5%
Software maintenance	2,088	2,144	2.7%	489	535	9.4%
Marketing/Advertisement	904	1,113	23.1%	164	212	29.3%
Expenses with Communications	893	1,435	60.7%	214	486	127.1%
Rentals	337	425	26.1%	85	112	31.8%
Others	4,188	11,379	171.7%	1,309	4,694	258.6%
Total	**34,523**	**57,788**	**67.4%**	**11.800**	**18,900**	**60.2%**
% Net Revenue	**3.9%**	**5.7%**		**4,1%**	**5.8%**	

Our general and administrative expenses increased by 67.4% in 2011 as compared to 2010. The main reasons were:

- increase in the provision of profit sharing of R$7,941 thousand, which is represented by the increase on the Company's Net income;
- R$6,631 increase on expenses with personnel, in wages, and in the stock option plan;
- R$683 thousand increase with ITR (tax on land), manly in reason of a growing land portfolio
- increase of R$3,329 thousand related to provision for tax and labor contingencies

Net Financial Income

(R$ thousand)	2010	2011	AH	4Q10	4Q11	AH
Revenues (expenses) with derivatives	(23,221)	(5,477)	-76.4%	(8,880)	2,898	n.m
Interest	(20,471)	(16,977)	-17.1%	(7,448)	(7,986)	7.2%
Monetary Variation	(1,143)	2,743	n.m	(4,313)	3,893	n.m
FX Variation	1,203	7,060	486.9%	1,353	(1,026)	n.m
Other financial revenues (expenses)	1,479	(3,050)	n.m	1,641	(938)	n.m
Total	**(42,153)**	**(15,701)**	**-62.8%**	**(17,647)**	**(3,159)**	**-82.1%**
% Net Revenue	**-4.7%**	**-1.6%**		**-6.2%**	**1.0%**	

Our net financial income was (R$15,701) thousand in 2011, against (R$42,153) thousand in the previous year. Such variation was mainly influenced by a negative mark-to-market of commodities derivative operations, of R$1,837 thousand in 2011, against R$26,237 thousand in 2010.

Net Income

Our net income of R$159,992 thousand in 2011 represented a nominal increase of R$101,389 thousand as compared to R$58,613 thousand recorded in 2010, mainly impacted by the increment in gross income and a reduction on financial expenses, partially offset by the increase in operational expenses and taxes upon profits .

In 2011 the net margin was 15.9%, against a net margin of 6.6% in 2010.

FX and Agricultural Commodities Hedges

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

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

Following is our position in commodities hedge (in relation to the total sales volume) and FX hedges (in relation to total revenue in US Dollar) – open into commercial hedge and financial hedge – in December 31, 2011:

Commercial (Physical Sales) and FX Hedge

	FX rate		Soybeans		Cotton	
Civil Year	%	R$ / US$	%	US$ / bushel[1] [2] [3]	%	US¢ / lb[1] [2]
2012	56.5	1.8302	55.1	13.6	68	103.0
2013	5.9	1.8302			3	93.0

[1] FOB Port.
[2] Prices in our production units are still influenced by transportation expenses.
[3] The percentage hedged includes pledges with payments of properties and leasing that correspond to 21.5% of crop productions in 2011/2012.

Commodities Financial Hedge

	Cotton		
Civil Year	%	US¢ / lb	Base Price for MTM as of 12/31/2011
2012	13	108,0	91.31
2013	3	99,3	

NOTA: Unlike FX hedge operations, financial hedge operations for commodities, due to their nature, were not classified in hedge accounting methodology; therefore, they pass through the income statement even before their due date. The mark-to- market for such operations (which was based on the closing quotation prices of 12/31/2011 – 91.31 US¢/lb for cotton) is shown under Financial Income, in Gains and Losses with Derivatives. For projections of results related to these operations, it is important to stress that any additional price fluctuation will be recognized in financial income (gain or loss), offset in equal proportion, but in reverse, in net revenue (increase or decrease), that in this case will reflect the physical sale of the product at issue.

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) – open into commercial hedge and financial hedge – in February 29, 2012:

Commercial (Physical Sales) and FX Hedge

	FX rate		Soybeans		Cotton	
Civil Year	%	R$ / US$	%	US$ / bushel[1] [2] [3]	%	US¢ / lb[1] [2]
2012	66.7	1.8149	65.4	13.5	74	102.6
2013	9.2	1.8944			3	93.0

[1] FOB Port.
[2] Prices in our production units are still influenced by transportation expenses.
[3] The percentage hedged includes pledges with payments of properties and leasing that correspond to 21.5% of crop productions in 2011/12.

Commodities Financial Hedge

	FX rate		Cotton	Soybeans	
Civil Year	%	R$ / US$	Base Price for MTM as of 29/02/2012	%	US¢ / lb[1] [2]
2012	13	108,0	93.3	8	13.53
2013	3	99.3			

NOTE: Unlike FX hedge operations, financial hedge operations for commodities, due to their nature, were not classified in hedge accounting methodology; therefore, they pass through the income statement even before their due date. The mark-to- market for such operations (which was based on the closing quotation prices of 02/09/2012 - 93.30 US¢/lb for cotton) is shown under Financial Income, in Gains and Losses with Derivatives. For projections of results related to these operations, it is important to stress that any additional price fluctuation will be recognized in financial income (gain or loss), offset in equal proportion, but in reverse, in net revenue (increase or decrease), that in this case will reflect the physical sale of the product at issue.

Property, Plant and Equipment / Intangible

CAPEX (R$ thousand)	2010	2011	AH
Machinery, implements and equipment	52,017	35,889	-31.0%
Land acquisition	73,322	283,434	286.6%
Soil Correction	48,160	40,498	-15.9%
Buildings and facilities	38,121	33,881	-11.1%
Cotton ginning plant	3,820	5,500	44.0%
Soil cleaning	3,741	5,416	44.8%
Others	2,982	10,202	242.1%
Total	**222,163**	**414,820**	

The main investments in 2011 were:

- Acquisition of land at the amount of R$283,434 thousand, relative of 74,525 hectares, which formed 3 new production units (Paineira Farm, Parceiro Farm and Perdizes Farm);
- Soil correction (Investment CAPEX) in the amount of R$5,416 thousand.
- The “others” account was mainly impacted by upfront payment to suppliers and acquisition of vehicles

Net Debt

(R$ thousand)	Currency	% p.a.	2010	2011	AH	AV
Constitutional Funds [1]	R$	6.75%	190,251	216,672	13.89%	33.85%
Rural Credit	R$	6.75%	125,852	122,229	-2.88%	19.10%
BNDES	R$	6.42%	47,186	47,848	1.40%	7.48%
Working Capital	R$	0.00%	17,576	-	n.m	0.00%
		6.71%	**380,865**	**386,749**	**1.54%**	**60.43%**
IFC/Trade Finance[2]	US$	3.05%	67.971	198,347	191.81%	30.99%
BNDES	ECM[3]	6.37%	757	471	-37.78%	0.07%
ACC[4]	US$	1.83%	-	54,464	n.m.	8.51%
		2.80%	**68,728**	**253,282**	**268.53%**	**39.57%**
Total Indebtedness		**5.16%**	**449,593**	**640,031**	**42.36%**	**100.00%**
(-) Cash			**110,219**	**130,463**	**18.37%**	
(=) Net Debt			**339,374**	**509,568**	**50.15%**	
Net Debt/EBITDA			**1.6x**	**1.6x**		

(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$/US$ 1,6194.

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

(4) The average FX rate for the ACC loan was of R$/US$ 1,8184.

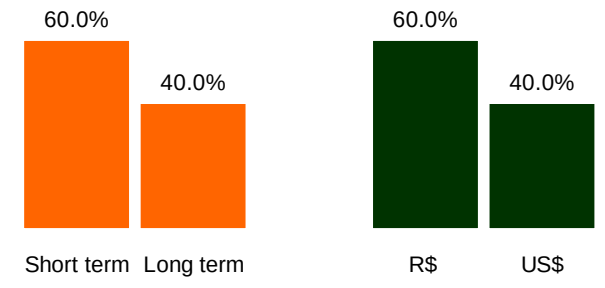
The net debt/EBITDA ratio remained stable in 2011 (compared to 2010), at 1.6 times.

The debt from the Constitutional Funds line grew due to the increase in funding needs for 2011. The funding from Working Capital lines was fully amortized in 2011, according to schedule. The increase in the Trade Finance lines occurred to give support to the Company's expansion and to extend the maturity of the debt.

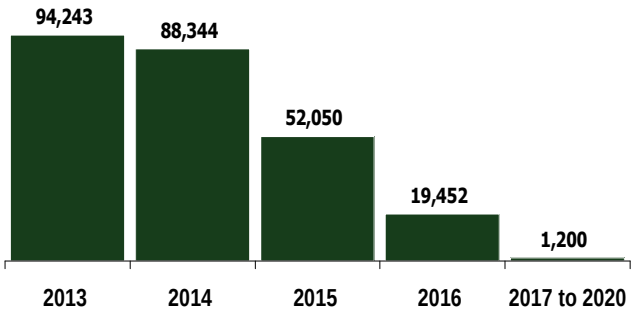
Net debt went from R$ 339,374 in 2010 to R$ 509,568 in 2011. The main reason for this variation was an increment on planted area, an increase of the grains storage capacity and cotton gin enlargement, combined with land acquisitions through the year of 2011.

The exchange rate on Trade Finance operations were framed in the methodology for hedge accounting.

4Q11 Debt Profile (%)



4Q11 Long-term Debt Schedule (R$ thousand)



Indicators

Return on Equity (Adjusted)

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

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

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

Net Asset Value

(R$ million)	4Q11
Land*	1,756
Aquisitions after Deloitte's Appraisal	283
Infrastructure (excl. land)	766
Receivables (excl. derivatives)	90
Inventories (excl. non-cash)	362
Biological Assets (excl. non-cash)	258
Cash	130
Subtotal	**3,645**
Suppliers	118
Gross Debt	640
Outstanding debt related to land acquisitons	114
Subtotal	**872**
Net Asset Value	**2,773**
Net Asset Value per Share	**28.0**

*Deloitte's 2011 land appraisal

Returno on Net Assets (RONA)

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

[1] Adjusted for land appreciation

Indicators

Changes in Working Capital

Changes in Working Capital (R$ thd)	2Q10	1Q11	2Q11	3Q11	4Q11
Assets					
Trade accounts receivable	138,406	133,660	118,636	120,830	104,852
Hedge Accounting (non-cash)	(50,012)	(55,666)	(65,647)	(22,586)	(15,283)
Inventories	239,222	135,649	247,081	393,397	410,416
Biological Assets (non-cash)	(19,552)	(2,418)	(7,734)	(34,838)	(48,666)
Recoverable Taxes	51,753	49,604	50,947	57,340	69,701
Biological Assets	191,212	333,754	338,149	284,812	264,772
Biological Assets (non-cash)	(15,808)	(24,070)	(41,214)	(87,603)	(7,129)
Expenses incurred in advance	7,064	6,782	12,567	13,918	6,891
Subtotal	**542,285**	**577,295**	**652,785**	**725,270**	**785,554**
Liabilities					
Suppliers	94,974	27,035	43,042	62,307	117,919
Tax and Social Obligations	11,237	17,850	16,211	15,001	24,377
Others	121,816	195,134	140,837	178,376	270,913
	(50,077)	(43,395)	(57,155)	(61,753)	(113,876)
Hedge Accounting (Não-Caixa)	(35,987)	(35,988)	(1,265)	(36,589)	(37,349)
Provisions	4,886	2,496	5,048	17,089	19,648
Subtotal	**146,849**	**163,132**	**146,718**	**174,431**	**281,632**
Total	**395,436**	**414,163**	**506,067**	**550,839**	**503,922**
Change in WC		**18,727**	**91,904**	**44,772**	**-46,917**

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

[(1)] Adjusted for Land Appreciation

Location of Production Units

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

Pejuçara Farm[1]
- ✓Diamantino – MT
- ✓Owned Area: 3,379 ha
- ✓Planted Area: 16,124 ha

Paiaguás Farm[1]
- ✓Diamantino – MT
- ✓Owned Area: 30,878 ha
- ✓Planted Area: 35,619 ha

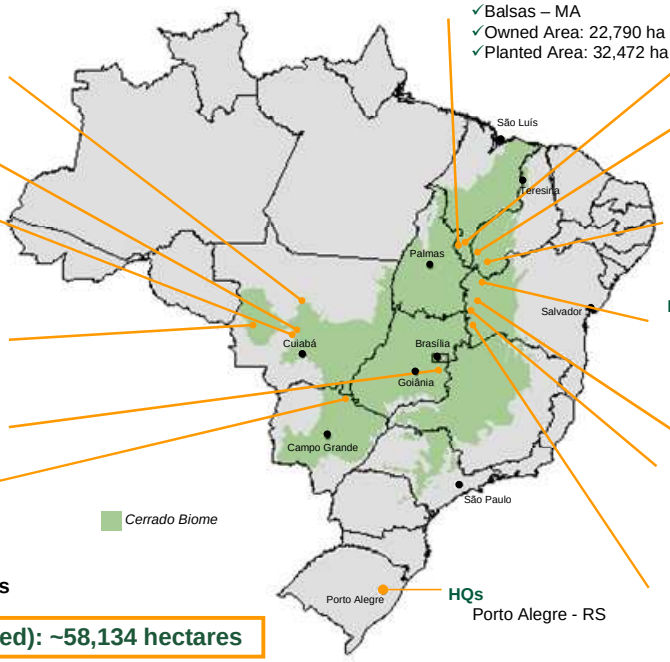
Planorte Farm[1]
- ✓Sapezal – MT
- ✓Owned Area: 23,796 ha
- ✓Planted Area: 24,287 ha

Pamplona Farm
- ✓Cristalina – GO
- ✓Owned Area: 17,384 ha
- ✓Planted Area : 17,905 ha

Planalto Farm[1]
- ✓Costa Rica – MS
- ✓Owned Area:17,487 ha
- ✓Planted Area: 17,416 ha

14 Production Units
Owned Area: 310k hectares

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



Planeste Farm[1]
- ✓Balsas – MA
- ✓Owned Area: 22,790 ha
- ✓Planted Area: 32,472 ha

HQs
Porto Alegre - RS

Parnaíba Farm[1]
- ✓Tasso – MA
- ✓Owned Area: 39,334 ha
- ✓Planted Area: 34,090 ha

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

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

Parceiro Farm
- ✓Formosa do Rio Preto – BA
- ✓Owned Area: 32,816 ha
- ✓ First crop: 2012/13

Palmares Farm
- ✓Barreiras – BA
- ✓Owned Area: 18,448 ha
- ✓Planted Area: 34,379 ha

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

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

[1]Units with second crop

Adherence to Arbitration Chamber

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

Independent Auditors

Ernst & Young Terco Independent Auditors was hired by the Company to provide services of external auditor related to the examination of the Company's financial reports. In compliance with CVM Instruction 381/03, we hereby inform that this auditing company did not proceed, in 2011, 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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CEP: 90.620 – 010 / Porto Alegre, RS

Ivo Marcon Brum
Chief Financial and Investor Relations Officer

Frederico Logemann
Investor Relations Manager

Mariana Pimentel
IR Department

Rakan Damra
IR Department

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

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

Teleconference 4Q11

Date: Thursday, March 29, 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: 10011082

Appendix

Balance Sheet - Assets

(R$ thd)	2010	2011	AV	AH
Current assets	**737,876**	**987,095**	**27.5%**	**33.8%**
Cash and cash equivalents	110,219	130,463	3.6%	18.4%
Trade accounts receivable	138,406	104,852	2.9%	-24.2%
Clients	45,611	54,335	1.5%	19.1%
Advances to suppliers	16,511	17,774	0.5%	7.6%
Derivatives Operations	50,012	15,283	0.4%	-69.4%
Titles e credits receivable	12,043	13,180	0.4%	9.4%
Other	1,426	4,280	0.1%	200.1%
Restricted Investments	12,803	-	0.0%	n.m
Inventories	239,222	410,416	11,4%	71.6%
Inventories	239,222	410,416	11.4%	71.6%
Biologic Assets	191,212	264,772	7.4%	38.5%
Cotton Lint	74,306	141,091	3.9%	89.9%
Soybean	101,259	97,785	2.7%	-3.4%
Corn	13,863	20,308	0.6%	46.5%
Coffee	1,455	3,221	0.1%	121.4%
Other	329	2,367	0.1%	619.5%
Recoverable notes	51,753	69,701	1,9%	34.7%
Expenses incurred in advance	7,064	6,891	0.2%	-2.4%
Non Current Assets	**2,306,723**	**2,597,358**	**72.5%**	**12.6%**
Long-term Assets	56,699	37,589	1.1%	-33.7%
Accounts receivable	34,453	19,811	0.6%	-42.5%
Recoverable taxes	4,909	4,940	0.1%	0.6%
Titles e credits receivable	22,249	12,967	0.4%	-41.7%
Derivatives Operations	5,202	894	0.0%	-82.8%
Outras contas a receber	2,093	1,010	0.0%	-51.7%
Biologic Assets	17,771	14,925	0.4%	-16.0%
Deferred notes	-	143	0.0%	n.m
Imposto de Renda e Constribuição Social Diferidos	-	143	0.0%	n.m
Expenses incurref in advance	4,475	2,710	0.1%	-39.4%
Credits with related parties	-	-	0.0%	n.m
Créditos com Controladores	-	-	0,0%	n.m
Investments	488	367	0.0%	-24.8%
Participações Societárias	488	367	0.0%	-24.8%
Outras participações societárias	488	367	0.0%	-24.8%
Fixed Assets	2,239,052	2,549,337	71,1%	13.9%
Operational P,P&E	2,206,981	2,536,328	70.8%	14.9%
Under development P,P&E	32,071	13,009	0.4%	-59.4%
Intangible	10,484	10,065	0,3%	-4.0%
Total Assets	**3.044.599**	**3.584.453**	**100.0%**	**17.7%**

Appendix

Balance Sheet - Liabilities

(R$ thd)	2010	2011	AV	AH
Current Liabilitires	**493,028**	**817,592**	**22.8%**	**65,8%**
Social obligations and labor	6,399	3,226	0.1%	-49.6%
Social Obligations	2,752	3,025	0.1%	9.9%
Labor Obligations	3,647	201	0.0%	-94.5%
Supplier	94,974	117,919	3.3%	24.2%
Tax Obligations	4,838	21,151	0.6%	337.2%
Loans and financing	260,117	384,735	10.7%	47.9%
Other Obligations	121,814	270,913	7.6%	122.4%
Payables	50,077	113,876	3.2%	127.4%
Advances from clients	10,875	67,613	1.9%	521.7%
Derivatives Transactions	35,987	37,349	1.0%	3.8%
Dividends	15,592	-	n.m	n.m
Leases	4,983	4,704	0.1%	-5.6%
Other	4,300	8,717	0.2%	102.7%
Provisions	4,886	19,648	0.5%	302.1%
Tax Provisions	160	160	0.0%	0.0%
Labor Provisions	694	6,918	0.2%	896.8%
Employee Benefit Provisions	4,032	12,570	0.4%	211.8%
Non current Liabilities	**676,577**	**846,625**	**23.6%**	**25,1%**
Loans and financing	189,476	255,296	7.1%	34.7%
Other Obligations	53,730	134,607	3.8%	150.5%
Payables	51,596	128,505	3.6%	149.1%
Derivatives Transactions	1,585	5,554	0.2%	250.4%
Other	549	548	0.0%	-0.2%
Deferred taxes	433,371	456,722	12.7%	5.4%
Patrimony Consolidated net	**1,874,994**	**1,920,236**	**53.6%**	**2,4%**
Share capital paid	557,434	557,434	15.6%	0.0%
Capital Reserves	174,015	172,954	4.8%	-0.6%
Profit Reserves	154,254	287,295	8.1%	86.2%
Profit / Accumulated losses	-	-	n.m	n.m.
Other results comprehensive	989,291	902,553	25.2%	-8.8%
Total Liabilities	**3,044,599**	**3,584,453**	**100.0%**	**17.7%**

Income Statement

R$ (thd)	4Q10	4Q11	AV	AH	2010	2011	AV	AH
Net Revenue	**285,278**	**323,577**	**100.00%**	**13.43%**	**888,713**	**1,005,640**	**100.00%**	**13.16%**
Cotton lint	176,763	213,019	65.83%	20.51%	389,168	398,694	39.65%	2.45%
Cotton seed	11,932	20,797	6.43%	74.30%	40,990	47,147	4.69%	15.02%
Soybean	37,845	25,037	7.74%	-33.84%	203,847	220,558	21.93%	8.20%
Corn	46,531	27,169	8.40%	-41.61%	88,881	64,934	6.46%	-26.94%
Coffe	7,252	7,743	2.39%	6.77%	13,211	11,087	1.10%	-16.08%
Others	(5,330)	19,061	5.89%	n.m	13,392	53,614	5.33%	300.34%
Fair value of biologic assets	10,285	10,751	3.32%	4.3%	139,224	209,606	20.84%	50.55%
Cost of good solds	**(219,876)**	**(234,391)**	**-72.44%**	**6.60%**	**(669,009)**	**(639,852)**	**-6.63%**	**-4.36%**
Cotton lint	(107,834)	(125,266)	-38.71%	16.17%	(270,843)	(219,815)	-21.86%	-18.84%
Cotton seed	(6,032)	(13,764)	-4.25%	128.18%	(29,003)	(31,660)	-3.15%	9.16%
Soybean	(30,598)	(17,480)	-5.40%	-42.87%	(200,510)	(166,303)	-16.54%	-17.06%
Corn	(24,324)	(14.038)	-4.34%	-42.29%	(57,133)	(33,651)	-3,35%	-41.10%
Coffe	(5,347)	(3,561)	-1.10%	-33.40%	(11,266)	(5,523)	-0,55%	-50.98%
Others	(1,539)	(4,464)	-1.38%	190.06%	(4,817)	(7,397)	-0.74%	53.56%
Biological Assets	(44,202)	(55,818)	-17.25%	26.28%	(95,437)	(175,503)	-17.45%	83.89%
Gross Income	**65,402**	**89,186**	**27.56%**	**36.4%**	**219,704**	**365,788**	**36.37%**	**66.49%**
Operating income (expenses)	**(34,543)**	**(37,801)**	**-11.68%**	**9.43%**	**(93,662)**	**(108,908)**	**-10.83%**	**16.28%**
Selling expenses	(22,440)	(20,470)	-6.33%	-8.78%	(56,644)	(46,765)	-4.65%	-17.44%
Gerenal na administrative	(11,800)	(18,900)	-5.84%	60.17%	(34,523)	(57,788)	-5.75%	67.39%
Honorarium Administration	(1,874)	(431)	-0.13%	-77.01%	(4,098)	(6,259)	-0.62%	52.73%
Others operating revenues	1,571	326	0.10%	-79.25%	1,603	1,904	0.19%	18.70%
Other operating expenses	-	1,674	0.52%	n.m	-	-	0.00%	n.m
Result before the financial result and taxes	**30,858**	**51,385**	**15.88%**	**65.5%**	**126,042**	**256,880**	**25.54%**	103.80%
Financial result	**(17,645)**	**(3,159)**	**-0.98%**	**-82.0%**	**(42,151)**	**(15,701)**	**-1.56%**	-62.75%
Financial revenue	24,389	29,651	9.16%	21.58%	91,236	103,664	10.31%	13.62%
Financial expenses	(42,034)	(32,810)	-10.14%	-21.94%	(133,387)	(119,365)	-11.87%	-10.51%
Result before of taxes on profits	**13,213**	**48,226**	**14.90%**	**265%**	**83,892**	**241,179**	**23.98%**	187.49%
Income Taxes and social contribution on the profit	**(1,975)**	**(15,223)**	**-4.70%**	**670.8%**	**(25,279)**	**(81,187)**	**-8.07%**	221.16%
Current	(1,145)	(7,514)	-2.32%	556.24%	(7,061)	(18,981)	-1.89%	168.81%
Deffered	(830)	(7,709)	-2.38%	828.8%	(18,218)	(62,206)	-6.19%	241.45%
Profit / loss consolidated period	**11,239**	**33,003**	**10.20%**	**193.67%**	**58,613**	**159,992**	**15.91%**	**172.96%**

Statements of Value Added

(R$ thd)	2010	2011	AH
Revenues	**1.008.103**	**1.087.748**	**7,9%**
Sale of goods, products and services	781.781	804.752	2,9%
Others revenues	7.215	4.681	-35,1%
Revenues related to construction of own assets	79.883	68.710	-14,0%
Change of fair value of biological assets	139.224	209.605	50,6%
Imputs purchased fron third parties	**(633.531)**	**(605.942)**	**-4,4%**
Cost of goods and services sold	(7.658)	(2.497)	-67,4%
Materiais, eletric, energy, outsourced services and other	(239.512)	(216.597)	-9,6%
Loss/ recovery of values of activie	(208)	(203)	-2,4%
Others	-	-	n.m
Raw materiais consumed	(290.716)	(211.142)	-27,4%
Adjustment to Fair Value of Biological Assets	(95.437)	(175.503)	83,9%
Gross value add	**374.572**	**481.806**	**28,6%**
Retentions	**(78.297)**	**(68.995)**	**-11,9%**
Depreciation and amortization	(78.297)	(68.995)	-11,9%
Reduced net added value	**296.275**	**412.811**	**39,3%**
Value added received in transf	**115.906**	**147.383**	**27,2%**
Equity pickup	-	-	n.m
Financial Revenue	115.692	147.128	27,2%
Others	214	255	19,2%
Total value added to be distributed	**412.181**	**560.194**	**35,9%**
Value added distribution	**412.181**	**560.194**	**35,9%**
Personnel	**91.925**	**100.191**	**9,0%**
Direct remuneration	61.472	55.315	-10,0%
Benefits	25.368	40.054	57,9%
F.G.T.S.	5.085	4.822	-5,2%
Taxes, charges and compulsory contributions	**203.985**	**168.827**	**-17,2%**
Federal	174.075	144.495	-17,0%
State	29.823	24.307	-18,5%
Municipal	87	25	-71,3%
Remuneration of third party capital	**57.658**	**131.184**	**127,5%**
Interest	43.932	119.154	171,2%
Rental	13.726	12.030	-12,4%
Remuneration of own capital	**58.613**	**159.992**	**173,0%**
Dividends	15.592	38.654	147,9%
Profit/ Losses	43.021	121.338	182,0%

Cash Flow Statement

(R$ thd)	2010	2011	AH
Net Cash from operating activies	**237,916**	**323,161**	**35.83%**
Cash from operations	**183,697**	**210,701**	**14.7%**
Net income (loss)before IRPJ/CSLL	83,892	241,179	187.5%
Depreciation and amortizartion	78,297	68,995	-11.9%
Result from permanent assets dispoded of	40,543	29,924	-26.2%
Capital gains (loss) on investments	17,591	(75,033)	-
Interest on exchange movement and monetary adjustment on loans	32,440	60,926	87.8%
Provision for current IRPJ and CSLL	(7,061)	(18,981)	168.8%
Deferred taxes	(18,218)	(62,206)	241.5%
Variation Biological Assets	(43,787)	(34,103)	-22.1%
Changes in assets and liabilities	**50,168**	**55,722**	**11.07%**
Accounts receivable	(8,806)	(8,724)	-0.9%
Inventories / crops under development	54,785	(200,694)	n.m
Taxes recoverable	(10,891)	(17,948)	64.8%
Operations with subsdiaries	(261)	263	n.m
Derivative transactions	(34,452)	39,037	n.m
Other accounts receivable	(44,828)	6,612	n.m
Short-term investments	-	12,803	n.m
Suppliers	31,870	22,945	-28.0%
Fiscal and social obligations	32,756	27,902	-14.8%
Derivative transactions	31,853	5,331	-83.3%
Notes payable	4,833	140,708	n.m
Others notes payable	(6,691)	27,487	n.m
Net cash from investing activies	**(224,870)**	**(415,775)**	**84.90%**
In investments	(196)	121	n.m
In fixed assets	(224,195)	-	n.m
In intangibles	(479)	(1,018)	112.53%
Net cash fron financing activies	**(45,078)**	**112,858**	**n,m**
Stock Alienation	4,465	2,171	-39.15%
Repurchase of shares	-	(10,040)	n.m
Share option plan	2,769	6,261	126.11%
Loans and financing	362,964	572,468	57.72%
Repayments of loans and financing	(408,195)	(442,956)	8.52%
Dividends paid	(7,081)	(15,592)	120.19%
Increase (decrease) in cash and cash equivalents	**(32,032)**	**20,244**	**n.m**
Opening balance of cash and cash equivalents	142,251	110,219	-22.52%
Closing balance of cash and cash equivalents	110,219	130,463	18.37%

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.

Financial statements

SLC Agrícola S.A.

December 31, 2011 and 2010
with Independent Auditor's Report

SLC Agrícola S.A.

Financial statements

December 31, 2011 and 2010

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Independent auditor's report on financial statements 1

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Cash flow statements 8
Value added statements 9
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Independent auditor's report on financial statements

The Shareholders, Board of Directors and Officers
SLC Agrícola S.A.
Porto Alegre - RS

We have audited the accompanying individual and consolidated financial statements of SLC Agrícola S.A. ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2011, and the related income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil, and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and in conformity with the accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of SLC Agrícola S.A. as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SLC Agrícola S.A. as at December 31, 2011, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

Emphasis of a matter

As mentioned in Note. 2.1, the individual financial statements were prepared in accordance with the accounting practices adopted in Brazil. In the case of SLC Agrícola S.A., these practices differ from the IFRS - applicable to the separate financial statements - solely with respect to the measurement of investments in subsidiaries, affiliates and jointly owned subsidiaries, under the equity method, while such investments would be measured at cost or fair value for IFRS purposes. Our opinion is not except due this issue.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2011, the presentation of which is required by Brazilian corporation law for publicly-held companies, and as supplementary information under the IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

Porto Alegre March 19, 2012.

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC-2SP15199/0-6/F-RS

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

SLC Agrícola S.A.

Balance sheets
December 31, 2011 and 2010
(In thousands of reais)

		Company		Consolidated	
	Note	**2011**	**2010**	**2011**	**2010**
Assets					
Current assets					
Cash and cash equivalents	**5**	**78,523**	93,119	**130,463**	110,219
Trade accounts receivable	**6**	**28,572**	28,529	**54,335**	45,611
Advances to suppliers		**16,210**	15,782	**17,774**	16,511
Inventories	**7**	**278,424**	147,014	**410,416**	239,222
Biological assets	**8**	**165,741**	119,351	**264,772**	191,212
Recoverable taxes	**9**	**30,095**	28,657	**69,701**	51,753
Dividends receivable		**820**	992	**-**	-
Notes and amounts receivable		**13,180**	12,043	**13,180**	12,043
Derivative operations	**20**	**15,254**	45,225	**15,283**	50,012
Receivables from related parties	**12**	**20,339**	1,164	**-**	263
Short-term investments		**-**	12,803	**-**	12,803
Other accounts receivable		**4,068**	650	**4,280**	1,163
Prepaid expenses		**6,640**	6,868	**6,891**	7,064
Total current assets		**657,866**	512,197	**987,095**	737,876
Non-current assets					
Recoverable taxes	**9**	**3,673**	3,137	**4,940**	4,909
Deferred income and social contribution taxes	**15**	**-**	-	**143**	-
Advances for future capital increase	**12**	**1,347**	18,180	**-**	-
Derivative operations	**20**	**894**	4,945	**894**	5,202
Transactions with related parties	**12**	**17,370**	4,512	**-**	-
Notes and amounts receivable		**12,967**	22,209	**12,967**	22,249
Next period expenses		**2,710**	4,475	**2,710**	4,475
Other accounts receivable		**678**	1,759	**1,010**	2,093
		39,639	59,217	**22,664**	38,928
Investments	**10**	**1,523,784**	1,364,205	**367**	488
Biological assets	**8**	**14,925**	17,771	**14,925**	17,771
Property, plant and equipment	**11**	**429,271**	406,849	**2,549,337**	2,239,052
Intangible assets		**9,978**	10,434	**10,065**	10,484
		1,977,958	1,799,259	**2,574,694**	2,267,795
Total non-current assets		**2,017,597**	1,858,476	**2,597,358**	2,306,723
Total assets		**2,675,463**	2,370,673	**3,584,453**	3,044,599

	Note	Company		Consolidated	
		2011	2010	2011	2010
Liabilities					
Current liabilities					
Suppliers		**75,640**	58,406	**117,919**	94,974
Loans and financing	**13**	**235,065**	153,340	**384,735**	260,117
Taxes, fees and sundry contributions		**2,608**	1,961	**21,151**	4,838
Labor liabilities		**15,224**	8,683	**22,714**	11,125
Advances from customers		**42,174**	7,526	**67,613**	10,875
Transactions with related parties	**12**	**8,802**	5,350	**-**	-
Derivative operations	**20**	**23,808**	35,987	**37,349**	35,987
Notes payable	**16**	**600**	2,600	**113,876**	50,077
Dividends payable	**17.g**	**38,654**	15,592	**38,654**	15,592
Other payables		**7,699**	5,085	**13,581**	9,444
Total current liabilities		**450,274**	294,530	**817,592**	493,029
Non-current liabilities					
Loans and financing	**13**	**216,320**	138,784	**255,296**	189,476
Deferred income and social contribution taxes	**15**	**83,487**	60,233	**456,722**	433,371
Derivative operations	**20**	**4,598**	1,585	**5,554**	1,585
Notes payable	**16**	**-**	-	**128,505**	51,596
Other payables		**548**	548	**548**	549
Total non-current liabilities		**304,953**	201,150	**846,625**	676,577
Equity					
Capital	**17.a**	**557,434**	557,434	**557,434**	557,434
Capital reserve	**17.b**	**192,486**	185,794	**192,486**	185,793
(-) Treasury shares	**17.c**	**(19,532)**	(11,778)	**(19,532)**	(11,778)
Income reserves	**17.e;f;g**	**287,295**	138,672	**287,295**	154,253
Other comprehensive income		**902,553**	1,004,871	**902,553**	989,291
Total equity		**1,920,236**	1,874,993	**1,920,236**	1,874,993
Total liabilities and equity		**2,675,463**	2,370,673	**3,584,453**	3,044,599

See accompanying notes.

SLC Agrícola S.A.

Income statements
Years ended December 31, 2011 and 2010
(In thousands of reais, except per share information)

	Note	Company		Consolidated	
		2011	2010	2011	2010
Net operating revenue	25	657,097	567,791	1,005,640	888,713
Cost of goods sold		(413,618)	(444,956)	(639,852)	(669,009)
Gross profit		243,479	122,835	365,788	219,704
Operating revenues (expenses)					
Selling expenses		(31.189)	(38.084)	(46,765)	(56,644)
General and administrative expenses		(44,420)	(26,766)	(57,788)	(34,523)
Management fees	17.c	(6,259)	(4,098)	(6,259)	(4,098)
Financial income	18	65,385	69,124	103,664	91,236
Financial expenses	18	(75,806)	(86,375)	(119,365)	(133,387)
Equity pickup	10	57,270	37,345	-	-
Other operating revenue (expenses)		(182)	2,238	1,904	1,604
		(35,201)	(46,616)	(124,609)	(135,812)
Income before taxes		208,278	76,219	241,179	83,892
Income and social contribution expenses	15				
Current		(1,005)	(1,323)	(18,981)	(7,061)
Deferred		(52,656)	(12,528)	(62,206)	(18,218)
Net income for the year		154,617	62,368	159,992	58,613
Basic net income per share – R$	17.g	1.58	0.64		
Diluted net income per share – R$	17.g	1.57	0.63		
Number of shares outstanding		97,489,915	97,909,800		

See accompanying notes.

SLC Agrícola S.A.

Comprehensive income statements
Years ended December 31, 2011 and 2010
(In thousands of reais)

	Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Net income for the year	**154,617**	62,368	**159,992**	58,613
Other comprehensive income:				
Derivatives – cash flow hedge	**(86,484)**	34,571	**(113,687)**	44,860
Derivatives –cash flow hedge - subsidiaries	**(12,502)**	2,992	**-**	-
Income and social contribution taxes	**29,405**	(11,754)	**38,654**	(15,253)
Comprehensive income for the year (net of taxes)	**85,036**	88,177	**84,959**	88,220

See accompanying notes.

SLC Agrícola S.A.

Statements of changes in equity
Years ended December 31, 2011 and 2010
(In thousands of reais)

	Capital reserves				Income reserves					
	Capital	Premium on the issue of shares	Granted options recognized	Treasury shares	Legal reserve	Expansion reserve	Profit retention reserve	Other comprehensive income	Retained earnings	Total
Balances on December 31, 2009	557,434	175,409	6,922	(15,549)	2,851	80,894	5,628	993,509	-	1,807,098
Share-based payment recognized in the year	-	-	2,769	-	-	-	-	-	-	2,769
Share-based payment exercised in the year	-	694	-	3,771	-	-	-	-	-	4,464
Equity adjustment										
Realization of fair value for land sales	-	-	-	-	-	-	-	(1,900)	1,900	-
Unrealized gains on hedge instruments, net of tax effects	-	-	-	-	-	-	-	13,214	-	13,214
Unrealized gains on hedge instruments, net of tax effects of subsidiaries	-	-	-	-	-	-	-	671	-	671
Depreciation of the cost attributed to fixed assets	-	-	-	-	-	-	-	(623)	623	-
Net Income in the year	-	-	-	-	-	-	-	-	62,368	62,368
Proposed allocation:										
Expansion reserve	-	-	-	-	-	49,299	-	-	(49,299)	-
Dividends proposed	-	-	-	-	-	-	-	-	(15,592)	(15,592)
Balances on December 31, 2010	557,434	176,103	9,691	(11,778)	2,851	130,193	5,628	1,004,871	-	1,874,993
Share-based payments recognized in the year	-	-	6,261	-	-	-	-	-	-	6,261
Share-based payment exercised in the year	-	431	-	2,286	-	-	-	-	-	2,717
Acquisition of treasury shares	-	-	-	(10,040)	-	-	-	-	-	(10,040)
Realization fair value on sale of lands										
Unrealized gains on hedge instruments, net of tax effects	-	-	-	-	-	-	-	(57,079)	-	(57,079)
Unrealized gains on hedge instruments, net of tax effects of subsidiaries	-	-	-	-	-	-	-	(12,579)	-	(12,579)
Depreciation of the cost attributed to fixed assets	-	-	-	-	-	-	-	(5,335)	5,335	-
Cost realization attributed to sale	-	-	-	-	-	-	-	(1,185)	1,185	-
Cost realization attributed to subsidiaries	-	-	-	-	-	-	-	(26,140)	26,140	-
Net income for the year	-	-	-	-	-	-	-	-	154,617	154,617
Proposed allocation:										
Expansion reserve	-	-	-	-	-	148,623	-	-	(148,623)	-
Dividends proposed	-	-	-	-	-	-	-	-	(38,654)	-
Balances on December 31, 2011	**557,434**	**176,534**	**15,952**	**(19,532)**	**2,851**	**278,816**	**5,628**	**902,553**	**-**	**1,920,236**

See accompanying notes.

SLC Agrícola S.A.

Cash flow statements
Years ended December 31, 2011 and 2010
(In thousands of reais)

	Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Cash flow from operating activities				
Net income for the year before taxes	**208,278**	76,219	**241,179**	83,892
Adjustments to reconcile net income to cash provided from operating activities:				
Depreciation and amortization	**45,513**	53,592	**68,995**	78,297
Permanent assets write-off	**32,925**	37,385	**29,924**	40,543
Capital gains (losses) on investments	**238**	(1,398)	**-**	-
Equity pickup	**(57,270)**	(37,345)	**-**	-
Interest and monetary restatements on loans	**50,703**	19,749	**60,926**	32,440
Biological Asset variation	**(26,245)**	(30,333)	**(34,103)**	(43,787)
Valuation adjustments to equity	**(57,079)**	13,214	**(75,033)**	17,591
Provision for income and social contribution taxes	**(1,005)**	(1,323)	**(18,981)**	(7,061)
Deferred taxes	**(52,656)**	(12,528)	**(62,206)**	(18,218)
	143,402	117,232	**210,701**	183,697
(Increase) decrease in assets:				
(Increase) decrease in accounts receivable	**(43)**	(9,532)	**(8,724)**	(8,806)
(Increase) decrease in inventories and growing crops	**(144,324)**	54,221	**(200,694)**	54,785
(Increase) decrease in recoverable taxes	**(1,438)**	(4,473)	**(17,948)**	(10,891)
(Increase) decrease in operations with subsidiaries	**(32,033)**	(12,480)	**263**	(261)
(Increase) decrease in derivative operations	**34,022**	(33,724)	**39,037**	(34,452)
(Increase) decrease in other accounts receivable	**36,433**	(18,243)	**19,415**	(44,828)
	(107,383)	(24,231)	**(168,651)**	(44,453)
Increase (decrease) in liabilities:				
Increase in suppliers	**17,234**	18,045	**22,945**	31,870
Increase (decrease) in tax and social security obligations	**7,188**	25,721	**27,902**	32,756
Increase (decrease) in liabilities to subsidiaries	**3,452**	(804)	**-**	-
Increase (decrease) in derivative operations	**(9,166)**	33,043	**5,331**	31,853
Increase (decrease) in notes payable	**(2,000)**	2,600	**140,708**	4,833
Increase in advances from customers	**34,648**	2,476	**56,738**	4,051
Increase (decrease) in other accounts payable	**25,868**	(2,949)	**27,487**	(6,691)
	77,224	78,132	**281,111**	98,672
Net cash from operating activities	**113,243**	171,133	**323,161**	237,916
Cash flow from investing activities				
Investments	**(115,048)**	(40,470)	**121**	(196)
Property, plant and equipment	**(103,829)**	(112,766)	**(414,878)**	(224,195)
Intangible assets	**(961)**	(479)	**(1,018)**	(479)
Net cash used in investing activities	**(219,838)**	(153,715)	**(415,775)**	(224,870)
Cash flow from financing activities				
Disposal of shares	**2,717**	4,465	**2,717**	4,465
Buyback of shares	**(10,040)**	-	**(10,040)**	-
Stock option plans	**6,261**	2,769	**6,261**	2,769
Payment of dividends	**(15,592)**	(7,081)	**(15,592)**	(7,081)
Dividends received from subsidiaries	**95**	10,000	**-**	-
Loans and financing obtained	**404,973**	232,684	**572,468**	362,964
Payment of loans and financing	**(296,415)**	(262,987)	**(442,956)**	(408,195)
Net cash from (used in) financing activities	**91,999**	(20,150)	**112,858**	(45,078)
Increase (decrease) in cash and cash equivalents	**(14,596)**	(2,732)	**20,244**	(32,032)
Increase (decrease) in cash and cash equivalents				
Cash and cash equivalents – at the beginning of the year	**93,119**	95,851	**110,219**	142,251
Cash and cash equivalents – at the end of the year	**78,523**	93,119	**130,463**	110,219
Increase (decrease) in cash and cash equivalents	**(14,596)**	(2,732)	**20,244**	(32,032)

See accompanying notes.

SLC Agrícola S.A.

Value added statements
Years ended December 31, 2011 and 2010
(In thousands of reais)

	Company				Consolidated			
	2011		**2010**		**2011**		**2010**	
Revenue								
Sales of products and services	**534,916**		513,885		**804,752**		781,781	
Other revenue	**1,552**		3,178		**4,681**		7,215	
Revenues from construction of own assets	**53,910**		60,513		**68,710**		79,883	
Changes in fair value of biological assets	**128,897**		78,203		**209,605**		139,224	
	719,275		655,779		**1,087,748**		1,008,103	
Bought-in materials and services								
Raw materials	**(125,837)**		(176,387)		**(211,142)**		(290,716)	
Cost of sale of products and services	**(1,523)**		(834)		**(2,497)**		(7,658)	
Materials, electricity, outsourced services and others	**(157,309)**		(173,632)		**(216,597)**		(239,512)	
Impairment/recovery of assets	**(550)**		9,798		**(203)**		(208)	
Adjustment to fair value of biological assets	**(102,653)**		(57,875)		**(175,503)**		(95,437)	
	(387,872)		(398,930)		**(605,942)**		(633,531)	
Gross value added	**331,403**		**256,849**		**481,806**		**374,572**	
Retentions								
Depreciation and amortization	**(45,513)**		(53,592)		**(68,995)**		(78,297)	
Net value added produced	**285,890**		**203,257**		**412,811**		**296,275**	
Value added received in transfer								
Equity pickup	**57,270**		37,345		**-**		-	
Financial income	**95,993**		85,354		**147,128**		115,692	
Lease	**175**		113		**255**		214	
	153,438		122,812		**147,383**		115,906	
Total value added for distribution	**439,328**		**326,069**		**560,194**		**412,181**	
Distribution of value added	**439,328**	**100%**	**326,069**	**100%**	**560,194**	**100%**	**412,181**	**100%**
Taxes, charges and compulsory contributions	**114,495**	26%	165,520	51%	**168,827**	30%	203,985	50%
Federal	**96,126**		142,525		**144,495**		174,075	
State	**18,359**		22,960		**24,307**		29,823	
Municipal	**10**		35		**25**		87	
Personnel	**70,806**	16%	64,613	20%	**100,191**	18%	91,925	22%
Direct compensation	**37,885**		43,088		**55,315**		61,472	
Benefits	**29,553**		17,994		**40,054**		25,368	
FGTS	**3,368**		3,531		**4,822**		5,085	
Returned on borrowed capital	**99,410**	23%	33,568	10%	**131,184**	23%	57,658	14%
Interest	**75,428**		(418)		**119,154**		43,932	
Rental	**23,982**		33,986		**12,030**		13,726	
Return on own capital	**154,617**	35%	62,368	19%	**159,992**	29%	58,163	14%
Dividends	**38,654**		15,592		**38,654**		15,592	
Retained earnings/accumulated losses for the year	**115,963**		46,776		**121,338**		43,021	

See accompanying notes.

1. Operations

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

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

During 2010/2011 crop, which stated on September 1, 2010, the Company operated eleven production units extending over a total planted area of 226.6 thousand hectares, among own and leased areas located in five Brazilian states: Mato Grosso, Mato Grosso do Sul, Goiás, Bahia and Maranhão. On December 31, 2011 soybean and corn were already harvested and cotton was benefiting.

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

2. Summary of significant accounting practices

2.1 Basis of preparation and presentation of the financial statements

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

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

Some amounts of tax payable, on company, related to 2010, presented for comparison purposes were reclassified to social obligations, to adapt them to their respective allocations in 2011 transactions.

Furthmore, the Company began to introduce income tax and social contribution taxes on their net values, the asset balance in 2010 were R$ 59,400 (R$71,831 consolidated) reclassified to Liabilities.

The authorization for preparation of these financial statements was granted on the Board of Directors' meeting held on March 19, 2012.

2.2 Foreign currency translation

The financial statements are presented in Reais (R$), which is the Company's functional currency.

Transactions in foreign currency are initially recorded at functional currency exchange rate in effect on transition date. Foreign currency-denominated monetary assets and liabilities are translated into the Company's functional currency in effect at balance sheet date. All differences are recorded in P&L.

2. Summary of significant accounting practices (Continued)

2.3 Revenue recognition

Revenue is recognized when it is likely that economic benefits will flow into the Company and these economic benefits can be reliably measured. Revenue is measured based on the fair value of the amount received, excluding discounts, rebates and taxes or selling charges. The Company evaluated revenue transactions in accordance with specific criteria in order to determine whether it is acting as an agent or the principal, and concluded that it is acting as the principal in all its revenue agreements. The following specific criteria shall also be met before revenue is recognized:

Sale of goods

Revenues from sale of goods re recognized when the significant risks and rewards inherent to these goods are transferred to buyer, which usually happens when goods are delivered.

Revenue from interest

For all financial instruments valued at amortized cost and financial assets generating interest, classified as “available for sale”, financial income or expenses are recorded at the effective interest rate, less the estimate future cash receivables or payables during the estimate life of the financial instrument or a shorter period, where applicable, at the net book value of the financial assets or liabilities. Revenues from interest are recorded under financial income account in P&L.

2.4 Cash and cash equivalents

These include cash, bank account credit balances and short-term investments redeemable within 90 days from transaction date with immaterial risk of changes in market value. Short-term investments included in cash and cash equivalents are classified under “financial assets at fair value through profit or loss”.

2.5 Trade accounts receivable

Trade accounts receivable are recorded at billed amounts, adjusted to present value where applicable, plus the respective taxes under the responsibility of the Company, less withholding taxes, considered as tax credits. Trade accounts receivable from foreign market are restated as shown in Note 2.2.

In case the amount is collectible within a year, it is recorded as current assets; otherwise it is recorded as non-current assets.

2. Summary of significant accounting practices (Continued)

2.5 Trade accounts receivable (Continued)

The Company and its subsidiaries do not have values on which require a provision for doubtful debts, in order that, there is no expectation of loss related to accounts receivable.

2.6 Inventories

Inventories of agricultural products are measured at fair value when they are ready for harvesting, also denominated “pre-harvest”. Until then, the incurred costs are considered the best and most reliable basis to measure the fair value of the biological assets.

Inventories of seeds, manure, fertilizers, pesticides, fuel, lubricants, stored and sundry materials were valued at their average acquisition cost.

Provisions for slow-moving or obsolete inventories are set up when deemed necessary by management.

A provision for market value adjustment of inventories of agricultural products is recognized when production costs exceed the related realization value. The realization value is the estimated selling price in the normal course of business less the estimated costs to sell.

2.7 Biological assets

Biological assets correspond basically to the production of soybean, corn, cotton, wheat and coffee, of which the agricultural products are sold to third parties. Biological assets are measured at fair value, less estimate selling costs when they are ready to be harvested. Until this date, the incurred costs are considered as fair value of biological assets.

Gains or losses arising from the changes in fair value of biological assets are recorded in P&L as incurred under the heading “Changes in fair value of biological assets”.

Biological assets – soybean, corn, cotton and wheat – are kept by the expenses incurred with the crop until pre-harvesting, when they are measured at fair value.

The biological asset “coffee plantation” comprises crop management costs and the difference of fair value on crop management costs, so that the balance of this biological asset is recorded at fair value, less necessary costs to set these assets into selling conditions.

2. Summary of significant accounting practices (Continued)

2.7 Biological assets (Continued)

The measurement of biological assets at their fair value considers certain estimates such as prices, necessary costs to put them into selling conditions, discount rates, harvesting plan and production volume, which are subject to uncertainties and may impact future income due to their variation.

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

i) Valuation:

- Coffee plantations – These are measured at fair value, which reflects the sale price of an asset less the necessary costs to put it into selling conditions; and
- Soybean, corn, cotton and wheat plantation – These are kept at historic cost up to pre-harvesting date, when they are measured at fair value, which reflects the sale price of an asset less the necessary costs to put it into selling conditions.

ii) Methodology used:

- Coffee plantation – Projection of future cash flows according to the estimate production cycle, considering the price variation and growth of these biological assets; and
- Soybean, corn, cotton and wheat plantation – Valuation of each area on pre-harvesting date, based on the area to be harvested and estimate production.

iii) The discount rate used in cash flows corresponds to approximately 9% p.a., and is reviewed, from time to time, by Company management. Future prices were determined based on future quotation (Nybot) and future costs were determined based on the Company's business plan. For this study, the average life of a coffee plant is 15 years.

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

v) Planting expenses refer to the management costs of biological assets.

2. Summary of significant accounting practices (Continued)

2.8 Investments (Company)

Investments in subsidiaries are valued under equity pickup method according to CPC 18 (IAS28) for presentation of the Company's financial statements.

Other investments which do not fall into this category are valued by acquisition cost, less provision for depreciation, where applicable.

After applying the equity pickup method for presentation of the Company's financial statements, Company determines whether it is necessary to recognize additional impairment on the Company's investments in one of its subsidiaries. Company determines, at every closing balance sheet date, whether there is objective evidence of impairment on investments in subsidiaries. In case there is objective evidence of impairment, the Company calculates the impaired amount as the difference between the Company's recoverable and book value and recognizes this deferred amount in the subsidiary's P&L.

2.9 Property, plant and equipment

The depreciation is calculated according to the straight-line method at rates that consider the estimate useful life of the assets, as follows.

	Weighted average annual depreciation rates
Soil development	20.0%
Buildings and improvements	2.9%
Furniture and fixtures	10.0%
Office equipment and facilities	13.3%
Agricultural equipment and industrial facilities	6.7%
Vehicles	9.1%
Permanent crops	9.0%

Fixed assets are written off when disposed or when no economic benefit is expected from its use or sale. Any gains and losses arising from disposal of assets (calculated as the difference between the net sale amount and the fixed asset book value) are recorded in P&L for the year when the asset is disposed.

During the year ended December 31, 2011 and 2010, Company did not find indications that certain fixed assets were above their recoverable value, and consequently no provision for impairment of fixed assets is necessary.

The residual value and useful life of the fixed assets, as well as the depreciation methods, are reviewed at the closing of every year, and prospectively adjusted, as the case may be.

2. Summary of significant accounting practices (Continued)

2.9 Property, plant and equipment (Continued)

Borrowing costs

Costs of borrowings directly related to the construction of assets demanding a significant amount of time to be concluded are capitalized as part of the asset cost. All other borrowing costs are recorded in expenses as incurred. Borrowing costs comprise interest and other loan-related costs incurred by an entity. Company capitalizes borrowing costs for all elective assets.

2.10 Intangible assets

Intangible assets acquired separately are measured at initial recognition. Following their initial recognition, the intangible assets are presented at cost value, less accumulated amortization and impairment. Intangible assets generated internally, excluding capitalized development costs, are not capitalized, and the expenses are reflected in P&L for the year when incurred.

The useful life of intangible assets is evaluated as defined or undefined. For defined intangible assets, Company applied the following annual amortization rates:

	Annual amortization rates
Software	20%

Intangible assets with defined useful lives are amortized during their economic useful lives and tested for impairment whenever there is indication of loss of their economic recoverable value. Amortization period and method for intangible assets with defined useful lives are reviewed at the end of every year. Changes in their estimate useful lives or consumption of economic benefits are accounted by means of changes in amortization period or method, as the case may be, and considered as changes in accounting estimates. Amortization of intangible assets with defined useful lives is recognized in P&L as expenses consistent with the use of the intangible assets.

At December 31, 2011 and 2010, the Company did not have intangible assets with undefined useful lives, as well as internally generated intangible assets.

2. Summary of significant accounting practices (Continued)

2.11 Adjustment to present value of assets and liabilities

Long-term monetary assets and liabilities are monetarily restated, therefore, they are adjusted to presented value. Adjustment to present value of short-term monetary assets and liabilities is calculated and registered only when considered relevant in relation to the overall financial statements. For recording and relevance determination purposes, adjustment to present value is calculated considering the contractual cash flows and explicit interest rate and, in certain cases, the implicit interest rate. At December 31, 2011 and 2010, and for the current year, there are no assets and liabilities requiring adjustment to present value.

2.12 Impairment of non-financial assets

The Company management annually tests the net book value of the assets with a view to determining whether there are any events or changes in economic, operating or technological circumstances that may indicate impairment. When such evidence is found, and net book value exceeds the recoverable amount, a provision for impairment is recorded so as to adjust the net book value to the recoverable amount. The recoverable value of the assets or certain cash generating unit is defined as the higher between the value in use and the net sale value.

In estimating value in use future estimate cash flows are discounted to their present value, using a pretax discount rate reflecting the average weighted cost of capital for the segment in which the cash generating unit operates. Net sale value is determined – whenever possible – on a firm sale agreement in a commutative-based transaction, between knowledgeable, willing parties, adjusted by expenses attributable to the sale of the asset or, in the event that there is no firm sales agreement, it is based on market price in an active market or on recent transactions of similar assets.

At the balance sheet date, there were no indications suggesting the need to set up a provision for impairment.

2.13 Government grants

Government grants are recognized when there is reasonable certainty that the benefit will be granted and that all corresponding conditions will be fulfilled. When the benefit refers to an expense, it is systematically recognized as revenue in relation to costs the benefit aims at offsetting. When the benefit refers to an asset, it is recognized as deferred income and recorded in P&L at equal amounts during the estimate useful lives of the corresponding assets.

2. Summary of significant accounting practices (Continued)

2.13 Government grants (Continued)

The government of the state of Mato Grosso do Sul, through Decree No. 9542/99, and state of Mato Grosso, through Decree No. 1261/00, granted incentives to extend ICMS debts through adherence of Planalto farm to Fundersul (Development Fund of Mato Grosso do Sul State Railway System) and Planorte and Paiaguás Farms to FETHAB (Transportation and Housing Fund) program.

The government of the state of Mato Grosso do Sul, through Decree No. 9716/99, and state of Mato Grosso, through Decree No. 1589/97, and state of Goiás, through State Law No. 13506/99, granted ICMS matching credits in operations with cotton lint, with an ICMS tax cut from 50% to 75% through the adherence of Planalto farm to PDAGRO (Mato Grosso do Sul) program, adherence of Planorte and Paiaguás farms to PROALMAT (Mato Grosso) program and adherence of Pamplona farm to PROALGO (Goiás) program. The matching credits are recorded in P&L under the heading tax on sales versus recoverable taxes.

The Superintendency of Development for the Amazon (SUDAM) (current Amazon Development Agency – ADA), by means of the Declaratory Act DCI/DAI/SUDAM No. 025/2000, granted IRPJ tax incentives to Parnaíba and Planorte farms, with reduction of IRPJ and further 75% tax cuts on profit from exploitation of operations with cotton and cottonseeds, up to the production limit determined by the Declaratory Act. The amounts determined as tax grants are recorded in income tax payable versus the amount recorded in current taxes account.

2.14 Dividend

Company's statute and corporate law foresee at least 25% of annual net profit to be distributed as dividends.
Thus, the Company records, on the end of each fiscal year, a provision of the minimum dividend amount even if it wasn't distributed yet.

2.15 Taxation

Current income and social contribution taxes

These are recorded as current based on when they are settled. The amount of taxes is calculated based on the statutory rates and tax legislation in effect at balance sheet date, and considered the benefits of tax incentives mentioned in note 2.13

2. Summary of significant accounting practices (Continued)

2.15 Taxation (Continued)

Deferred income and social contribution taxes

Deferred taxes arise from temporary differences between assets and liabilities tax bases and their book value at balance sheet date. Deferred income tax liabilities are recorded for all temporary tax differences, except:

- When deferred income tax liabilities arise from goodwill at initial recognition or from assets and liabilities in a transaction which is not a business combination and, on transaction date, it does not affect book income or tax gains or losses; and

- On temporary differences related to investments in subsidiaries, when the reversal period of temporary differences can be controlled and it is likely that the temporary differences are reversed in the near future.

Deferred tax assets are recognized for all deductible temporary differences, unused tax gains and losses, to the extent it is likely that tax profit is available so that all deductible temporary differences can be realized, and unused tax gains and losses can be used, except when the deferred tax assets related to the temporary deductible differences are generated at the initial recognition of assets or liabilities in a transaction which is not a business combination and, on transaction date, they do not affect the book income or tax gains or losses.

The book value of deferred taxes is reviewed at every balance sheet date and written off when it is no longer probable that taxable profits will enable the use of all or part of the deferred tax assets. Deferred tax assets written off are reviewed at every balance sheet date and recognized when it is likely that future taxable profit will enable the recovery of deferred tax assets.

Deferred tax assets and liabilities are recognized in non-current assets and liabilities and measured at the estimate tax rate for the year when the asset is realized or the liability settled, based on tax rates (and tax legislation) in effect at balance sheet date.

Deferred taxes related to items directly recognized in equity are also recognized in equity, and not in P&L. Deferred tax items are recognized in the comprehensive income statements or directly in equity according to the transaction which originated the deferred tax. Deferred tax assets and liabilities are recorded net in the event that there is a legal or contractual right to offset the tax assets against tax liabilities, and the deferred taxes are related to the same taxed entity subject to the same tax authority.

2. Summary of significant accounting practices (Continued)

2.15 Taxation (Continued)

Deferred tax assets arising from income and social contribution tax losses and temporary differences were set up, and take into consideration the estimate taxable profit generation, as well as a feasibility technical study approved by the Board of Directors.

Taxes on sales

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

- When taxes on sales incurred upon purchase of goods or services are not recoverable from tax authorities. In this case, tax on sales is recognized as part of the cost of acquisition of assets or expense items, as the case may be;
- When amounts receivable and payable are presented together with the amount of taxes on sales; and
- The net amount of taxes on sales – whether recoverable or payable – is added as a component of the amounts receivable or payable in balance sheets.

Revenues from sales are subject to the following taxes and contributions at the following statutory rates:

	Rates
State VAT (ICMS)	0% to 17.00%
Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	7.60%
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	1.65%
Rural Workers' Assistance Fund Tax (Funrural)	2.85%

Revenues are stated net of these taxes on income statements.

2. Summary of significant accounting practices (Continued)

2.16 Financial instruments – Initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, investments held to maturity, financial assets available for sale or derivatives classified as efficient hedge instruments, as the case may be. Company classifies its financial assets at their initial recognition, when they become part of financial instrument contractual provisions.

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

Financial assets comprise cash and cash equivalents, trade accounts receivable and other accounts receivable, loans and other non-quoted receivables and derivative financial instruments.

Subsequent measurement

The Company classifies its financial assets as “fair value through profit or loss” and “loans and receivables”. Subsequent measurement of financial assets depends on their classification, which may be as follows:

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

These include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. They are classified as held for trading if originated for sale or repurchase within the short term. Financial assets at fair value though profit or loss are recorded in balance sheet at their fair value, with the corresponding gains or losses recognized in P&L.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market. After initial measurements, these financial assets are accounted at amortized cost, using the effective interest method (effective interest rate), less impairment. Amortized cost calculated considering any discount or “premium” on acquisition, as well as the incurred taxes and costs. Amortization of effective interest method is recorded in Financial income account of P&L. Losses due to impairment are recognized as financial expenses in P&L.

2. Summary of significant accounting practices (Continued)

2.16 Financial instruments – Initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Derecognition (write-off)

Financial assets (or, as the case may be, a part of a financial asset or part of a set of similar financial assets) are written off when:

- The rights to receive cash flows from assets expire;
- Company assigned its rights to receive cash flows from assets or fully paid the cash flows received, without a significant delay, to a third party due to an "onlending" agreement; and (a) Company transferred substantially all risks and rewards of an asset, or (b) Company did not transfer or keep substantially all risks and rewards related to the asset, but assigned its control.

When the Company has transferred its rights to receive cash flows from a certain asset or executed an onlending agreement and has not substantially transferred or retained all risks and rewards related to the underlying asset, the asset is recognized according to the continuous involvement of Company with the asset.

Impairment of financial assets

Company tests, at balance sheet dates, whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of financial assets is considered impaired when – and only when – there is objective evidence of impairment as a consequence of one or more events that took place after their initial recognition ("impairment event") and this impairment event has an impact on the future estimate cash flows of a financial asset or group of financial assets which can be reasonably estimated. Impairment evidence may include indications that the borrowing parties are going through significant financial difficulties, and it is likely that they are going bankrupt or undergoing financial restructuring, or in the event of a default related to payment of interest or the principal amount, as well as when there are indications of a material decrease in future estimate cash flows, such as changes in maturity dates or economic conditions related to defaults.

2. Summary of significant accounting practices (Continued)

2.16 Financial instruments – Initial recognition and subsequent measurement (Continued)

Financial liabilities

Initial recognition and measurement

These are classified as financial liabilities at fair value through profit or loss, loans and financing, or derivatives classified as hedge instruments, as the case may be. Company classifies its financial liabilities at initial recognition.

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

The Company's financial liabilities include trade accounts payable and other accounts payable, loans and financing, in addition to derivative financial instruments.

Subsequent measurement

Financial liabilities measurement depends on their classification, which may 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 held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if originated for the purpose of sale in the short term. This category includes derivative financial instruments contracted by the Company which do not meet the hedge accounting criteria defined by CPC 38.

(ii) Loans and financing

Following their initial recognition, loans and financing subject to interest are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in P&L when liabilities are written off, as well as when liabilities are amortized under the effective interest rate method.

2. Summary of significant accounting practices (Continued)

2.16 Financial instruments – Initial recognition and subsequent measurement (Continued)

Financial liabilities (Continued)

Derecognition (write-off)

Financial liabilities are written-off when revoked, cancelled or expired.

When an existing financial liability is replaced by another one from the same lender under substantially different terms, or the terms of an existing liability are materially amended, this replacement or amendment is considered a write-off of the original liability and recognition of a new one, given that the difference between their book value is recorded in P&L.

Fair value of financial instruments

The fair value of financial instruments actively traded in an organized financial market is determined based on their observable market price at balance sheet date, with no deduction of transaction costs.

The fair value of financial instruments for which there is no active market is calculated according to valuation techniques. These techniques may include the use of recent transactions (with exemption of interests); reference to current fair value of other similar instrument; analysis of discounted cash flows or *other valuation models.*

2.17 Derivative financial instruments and hedge accounting

Initial recognition and measurement

The Company uses derivative financial instruments such as currency forward contracts, commodity forward contracts, and interest rate swaps to hedge against fluctuations in exchange rates and risks stemming from variation in commodity prices and interest rates, respectively.

Derivative financial instruments designated in hedge operations are initially recognized at fair value on their execution date, and subsequently revalued at fair value. Derivatives are recorded as financial assets when their fair value is positive and financial liabilities when their value is negative.

2. Summary of significant accounting practices (Continued)

2.17 Derivative financial instruments and hedge accounting (Continued)

Initial recognition and measurement (Continued)

Any gains or losses arising from changes in fair value of derivative instruments during the year are directly recorded in P&L, except for the effective portion of cash flow hedges, which is directly recorded in equity and other comprehensive income.

These are the following classifications for hedge accounting purposes: fair value hedge, cash flows and offshore investment hedge.

For the years ended December 31, 2011 and 2010, Company and its subsidiaries were only engage in cash flow hedge operations. Cash flow hedges are derivative financial instruments that aim to offset the entity's estimate cash flow variation. Hedge items and their respective derivative financial instruments are accounted as follows: (i) the effective portion of gains or losses arising from a hedge instrument is directly recorded in equity under other comprehensive income; and (ii) the ineffective portion of gains or losses arising from a hedge instrument is directly recorded in P&L for the year.

At initial recognition of a hedge operation, the Company formally classifies and records the hedge operation to which the hedge accounting shall be applied, as well as the objective and risk management strategy to effectively carry out this operation. The documentation comprises the identification of the hedge instruments, the hedge operations, the nature of the risk of a hedge operation, the nature of the excluded risks of a hedge operation, the prospective statement of a hedge operation efficiency and how the Company will assess the efficiency of the hedge instrument in order to offset the exposure to changes in fair value of the object of a hedge operation or cash flows related to the object of a hedge operation. As for the cash flow hedges, the highly probable character of a hedge operation, as well as the foreseen period of transfer of gains or losses arising from equity hedge instrument to P&L, are also included in hedge documentation. These hedges should be highly efficient to offset changes in fair value or cash flows, and are constantly evaluated in order to test their efficiency.

2.18 Lease

Payments made under an operating lease agreement are recognized as expenses in P&L under rent and leasing headings on a straight-line basis throughout the lease agreement term.

2. Summary of significant accounting practices (Continued)

2.19 Provisions

Background

Provisions are recognized when the Company has a present obligation (whether legal or constructive) which is a consequence of past events, the settlement of which is expected to result in an outflow of economic benefits, and a reliable estimate of this amount can be made.

Provision for tax, civil and labor risks

Company sets up provision for civil, tax and labor causes, the settlement of which is expected to result in an outflow of economic benefits and a reasonable estimate can be made. The likelihood evaluation takes into consideration available evidences, hierarchy of laws, available jurisprudences, latest court decisions and their relevance in the legal system, as well as the evaluation from external counselors. This provision is reviewed and adjusted based on changes in circumstances, such as the applicable prescriptive period, conclusions of tax inspections or further exposures identified based on new subjects or court decisions.

2.20 Share-based payment

The Company has a stock option plan for Company's directors and managers, administered by a steering committee set up by the Board of Directors. For the years ended December 31, 2011 and 2010, the Company measured and recognized these benefits as expenses, in accordance with CPC 10. For more details on Company's stock option plans, see Note 22.

2.21 Earnings per share

Basic earnings per share is calculated by dividing net income for the year, attributed to the holders of the Company's common shares, by the average weighted number of common shares available during the year, in accordance with technical pronouncement CPC 41 (IAS 33).

2. Summary of significant accounting practices (Continued)

2.22 Employee benefits

Benefits granted to the Company's employees and managers comprise, in addition to fixed compensation (compensation and social security compulsory contributions, vacation, 13th salary), variable compensation such as profit sharing and stock option plan for officers and managers. These benefits are recorded in P&L when the Company has an obligation based on an accrual basis, as incurred.

2.23 Treasury shares

These are the Company's own equity instruments which are bought back (treasury shares) recognized at cost value and deducted from equity. No gains or losses are recognized in P&L upon purchase, sale, issuance or cancelling of the Company's own equity instruments. Any difference between the book value and the repurchase amount is recognized in other capital reserves.

2.24 Cash flow statements

Cash flow statements were prepared under indirect method and are presented according to CVM Rule No. 547, of August 13, 2008, which approved the accounting pronouncement CPC 03 (IAS 7) – Cash flow statements. Value added statement is supplementary presented, in compliance with the Brazilian Corporate Law.

2.25 Segment information

Due to the concentration of its activities in production and commercialization of agricultural products (soybean, 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, and its results are subject to integrated monitoring and assessment.

2. Summary of significant accounting practices (Continued)

2.26 New Pronouncements

Some new accounting procedures from the IASB and interpretations from the IFRIC were published and/or reviewed and begging January 1st, 2012 or 2013 are mandatory. The company did not adopt these pronouncements in advance. It is expected that these pronouncements are first evaluated and approved by the Accounting Pronouncements Committee – CPC, when then it will be implemented by the company, in what it is applicable. Bellow the company's evaluation on these pronouncements and interpretations:

- *IAS* 1 *Presentation of Financial* Statements –Presentation of Items of Other Comprehensive Income (Revised in 2011) – The modification of this norm affect aspects related with the disclosure of items of other comprehensive results and creates the need to separate the items that will not be reclassified in the future and the items that can be reclassified in the future for the results. The Company does not expect these alterations to cause impacts in its financial statements.

- *IAS 12 Income Taxes* – Recovery of Underlying Assets. This Amendment clarifies the determination of deferred tax on investment properties measured by fair value model according to IAS 40. The Company has no assets in this category.

- *IAS 19 Employees Benefits (Revised in 2011)* - The modification of this norm affect aspects related to the accounting and disclosure of employee's benefits. The Company does not expect these alterations to cause impacts in its financial statements.

- *IAS 27 Separate Financial Statements (Revised in 2011)* – As a consequence of the recent IFRS 10 and IFRS 12, what remains in IAS 27 is restricted to the accounting of subsidiaries, jointly controlled entities, and associated in separate financial statements. The Company will initiate an evaluation process to measure any impacts in its financial statements. Based on preliminary assessments the Administration does not expect significant impacts.

- *IAS 28 Investments in Associates and Joint Ventures (Revised in 2011)* – The company does not have any investment in associates or joint ventures.

2. Summary of significant accounting practices (Continued)

2.26 New Pronouncements (Continued)

- *IFRS 7 Financial Instruments: Disclosures* – Additional Disclosures Related to Written-off Assets. This Amendment requires additional disclosures on financial assets that have been transferred but not written-off, so it can provide the user of the Company's financial statements, understanding on the assets that haven't been written-off and its related liabilities. Furthermore, this amendment requires disclosures as to the continued involvement of the written-off assets, so it can allow the user to evaluate the nature and extent of risks of the entity in these written-off assets, as well as its associated risks. The Company will initiate an evaluation process to identify if this norm may or may not cause any impact in its financial statements. Based on preliminary assessments the Administration does not expect significant impacts.

- *IFRS 9 Financial Instruments - Classification and Measurement* – IFRS 9 financial instruments, is the first installment of a phased replacement of the existing standard "IAS 39 Financial Instruments: Recognition and Measurement". The IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The new approach is based on how the entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The norm also requires the adoption of only one method to determine the losses in recoverable value of assets. The Company does not expect this amendment to have any significant impact on its consolidated financial instrument.

- IFRS 10 *Consolidated Financial Disclosures* – Introduces a definition of control, which is used to determine which entities are consolidated and describes the procedures of consolidation. This norm does not change the form of consolidation, but introduces a new definition of control and, consequently, which investments should be consolidated depending on new assessment criteria (e.g.: control over the relevant activity). The Company will initiate an evaluation process to identify whether this norm may or not cause an impact on its financial statements. Based on preliminary assessments the Administration does not expect significant impacts.

- *IFRS 11 Joint Arrangements* – Describes the accounting for arrangements in which there is joint control. The Company does not have joint arrangements.

2. Summary of significant accounting practices (Continued)

2.26 New Pronouncements (Continued)

- *IFRS 12 Disclosure of Interests in Other Entities* – Introduces new disclosure requirements related to interests in subsidiaries, joint-ventures, associates and "structured entities". This norm will not cause an impact in the registration or measurement of the Interests; however the Company expects that some additional disclosures may be necessary to fully satisfy the disclosure requirements of this norm.

- *IFRS 13 Fair Value Measurement* – Provides further guidance on fair value measurement. This norm does not change the current requirements on fair value measurement present on the IFRS, however introduces new disclosure requirements, guidelines on how to measure assets and liabilities at fair value as permitted or required by the current IFRS. The administration will evaluate the impact of this new IFRS in its policies and procedures of measurement and disclosure of fair value.

There are no other norms and interpretations issued that haven't been adopted and may, judged by the Management, cause any significant impact on the results or in the patrimony disclosure by this Company.

3. Significant judgments, estimates and assumptions

3.1 Judgments

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

3.2 Estimates and assumptions

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

Following are our comments on the main estimates:

3. Significant judgments, estimates and assumptions (Continued)

3.2 Estimates and assumptions (Continued)

(i) Share-based payment transactions

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

(ii) Taxation

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

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

3. Significant judgments, estimates and assumptions (Continued)

3.2 Estimates and assumptions (Continued)

(iii) Fair value of financial instruments

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

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

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

(v) Loss by impairment of non-financial assets (Note 2.12);

(vi) Fair value of biological assets (Note 2.7);

(vii) Provision for tax, civil and labor risks (Note 2.17).

4. Consolidated financial statements

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

Companies	Direct subsidiaries %	Indirect subsidiaries %	Core activities	Locations
Fazenda Planorte Empreendimentos Agrícolas Ltda.	100.00	-	Cotton, soybean and corn.	Mato Grosso – MT
Fazenda Paiaguás Empreendimentos Agrícolas Ltda	100.00	-	Cotton, soybean and corn.	Mato Grosso – MT
Fazenda Parnaíba Ltda.	100.00	-	Cotton, soybean and corn.	Maranhão – MA
SLC Empreendimentos e Agricultura Ltda.	85.04	14.96	Lease of plantation fields.	Rio Grande do Sul – RS
SLC Agrícola Pejuçara Ltda.	86.93	13.07	Cotton, soybean and corn.	Mato Grosso – MT
SLC LandCo Empreendimentos Agrícolas Ltda.	-	100.00	Purchase and sale, lease, construction and administration of properties.	Rio Grande do Sul – RS
Fazenda Planeste Empreendimentos Agrícolas Ltda.	-	100.00	Purchase and sale, lease, construction and administration of properties.	Rio Grande do Sul – RS
Fazenda Piratini Empreendimentos Agrícolas Ltda	-	100.00	Purchase and sale, lease, construction and administration of properties.	Rio Grande do Sul – RS
Fazenda Panorama Empreendimentos Agrícolas Ltda.	-	100.00	Purchase and sale, lease, construction and administration of properties.	Rio Grande do Sul – RS

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

Main consolidation procedures:

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

4. Consolidated financial statements (Continued)

Net income reconciliation between company and consolidated is summarized below:

	2011	2010
Net income – Company	154,617	62,368
Gains (losses) unrealized with hedge instruments, net of tax effect	5,375	(3,755)
Net income - Consolidated	159,992	58,613

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

5. Cash and cash equivalents

		Company		Consolidated	
Type	Remuneration	2011	2010	2011	2010
Cash and cash equivalents	-	**23,110**	537	**46,314**	**725**
Interbank deposits (CDB-DI)	100.84% of CDI*	**20,092**	61,366	**39,819**	**67.368**
Bank Deposit Certificates	101.25% of CDI*	**34,072**	30,956	**42,952**	41.747
Short-term Funds	98.20% of CDI*	**969**	-	**969**	-
Other investments	-	**280**	260	**409**	**379**
		78,523	93,119	**130,463**	**110.219**

* Average remuneration on December 31, 2011.

Short-term investments are represented by Bank Deposit Certificates (CDB), repurchase and resale agreements (debentures) and short-term funds at market prices and rates, restated at interest earned through December 31, 2011, not exceeding trading value.

6. Trade accounts receivable

	Company		Consolidated	
	2011	2010	**2011**	2010
Domestic market	**7,561**	11,635	**15,246**	14,288
Foreign market	**21,011**	16,894	**39,089**	31,323
Total	**28,572**	28,529	**54,335**	45,611

At December 31, 2011 and 2010, the Company and its subsidiaries had no overdue notes receivables.

7. Inventories

	Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Agricultural products	**119,533**	53,809	**173,895**	82,536
Agricultural products – Crop expenses	**88,025**	47,286	**125,229**	62,984
Agricultural products – biological asset adjustment	**31,508**	6,523	**48,666**	19,552
Seeds, manure, fertilizers and pesticides	**138,195**	78,946	**200,671**	132,819
Advances to suppliers	**11,015**	6,224	**22,361**	13,110
Other inventories	**10,801**	8,035	**14,907**	10,757
Provision for inventories adjustment	**(801)**	-	**(804)**	-
Inventories losses	**(319)**	-	**(614)**	-
	278,424	147,014	**410,416**	239,222

On December 31, 2011, the Company recorded a provision for adjustment to market value of R$ 801 (R$ 804 consolidated) and inventories losses provision of R$319 (R$614 consolidated), as follows:

Provision to Market Value Adjustment:

	Company	Consolidated
Balance on December 31, 2010	-	-
Provision Constitution	(4,987)	(7,259)
(-) Provsion Reversal	4,186	6,455
Balance on December 31, 2011	(801)	(804)

7. **Inventories** (Continued)

Inventories Losses:

	Company	Consolidated
Balance on December 31, 2010	-	-
Provision Constitution	(319)	(614)
(-) Provision Reversal	-	-
Balance on December 31, 2011	(319)	(614)

8. Biological assets

	COMPANY						
	Current						Non-current
	Soybean	Cotton	Corn	Coffee	Other	Total	Coffee
Balances on December 31, 2009	65,823	50,637	15,083	3,123	1,236	135,902	17,094
Crop expenses	97,717	186,706	31,009	6,504	2,665	324,601	-
Fair value variation	(17,414)	96,546	(5,203)	1,125	2,413	77,467	677
Harvest	(101,448)	(274,399)	(28,186)	(9,200)	(5,386)	(418,619)	-
Balances on December 31, 2010	44,678	59,490	12,703	1,552	928	119,351	17,771
Crop expenses	79,935	258,763	26,394	9,390	6,679	381,161	69
Fair value variation	27,439	84,820	4,624	14,075	856	131,814	(2,915)
Harvest	(107,203)	(306,089)	(25,523)	(21,747)	(6,023)	(466,585)	-
Balances on December 31, 2011	44,849	96,984	18,198	3,270	2,440	165,741	14,925

	CONSOLIDATED						
	Current						Non-current
	Soybean	Cotton	Corn	Coffee	Other	Total	Coffee
Balances on December 31, 2009	117,314	62,587	17,710	3,036	1,142	201,789	17,094
Crop expenses	178,931	261,480	46,698	6,504	2,665	496,278	-
Fair value variation	(16,559)	150,005	1,504	1,125	2,413	138,488	677
Harvest	(178,427)	(399,766)	(52,554)	(9,210)	(5,386)	(645,343)	-
Balances on December 31, 2010	101,259	74,306	13,358	1,455	834	191,212	17,771
Crop expenses	153,559	384,239	37,575	9,341	6,606	591,320	-
Fair value variation	54,900	138,671	4,019	14,075	856	212,521	(2,846)
Harvest	(213,445)	(454,613)	(34,644)	(21,650)	(5,929)	(730,281)	-
Balances on December 31, 2011	96,273	142,603	20,308	3,221	2,367	264,772	14,925

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

8. Biological assets (Continued)

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

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

9. Recoverable taxes

	Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Income tax	**7,310**	14,855	**21,725**	23,206
Social contribution tax	**19**	17	**6,913**	2,324
ICMS	**21,007**	12,808	**27,990**	17,539
COFINS	**2,765**	2,063	**12,612**	8,784
PIS	**601**	291	**3,085**	2,096
Withholding income tax (IRRF)	**1,655**	1,711	**1,839**	2,595
Other	**411**	49	**477**	118
	33,768	31,794	**74,641**	56,662
(-) Current assets	**(30,095)**	(28,657)	**(69,701)**	(51,753)
Non-current assets	**3,673**	3,137	**4,940**	4,909

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

ICMS, PIS and COFINS to be offset / recovered
These refer to credits generated in the normal course of operations of the Company and its subsidiaries, which may be offset against taxes of the same nature. The Company's management expects that the balances as of December 31, 2011 will be realized in their normal course of business with no significant losses.

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

10. Investments

	Company		Consolidated	
	2011	2010	**2011**	2010
Investments in subsidiaries	**1,523,663**	1,364,105	**-**	-
Other investments	**121**	100	**367**	488
	1,523,784	1,364,205	**367**	488

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

	Fazenda Parnaíba Emp.Agri Ltda.	**Fazenda Planorte Emp.Agri. Ltda.**	**Fazenda Paiaguás Emp.Agri Ltda.**	**SLC Agrícola Pejuçara Ltda.**	**SLC Empreendimentos e Agri. Ltda. (1) e (2)**	**2011**	**2010**
Capital	45,650	57,050	40,010	26,456	373,285	-	-
Equity	206,706	205,460	212,178	31,393	1,025,434		
Net income for the year	17,420	12,749	15,329	4,113	9,639		
Number of shares/units of interest							
Common shares (thousand)	5,353	11,506	44,517	46,542	-		
Participation Percentage (%)	100%	100%	100%	86.93%	85.04%		
Opening balances	**191,156**	**196,511**	**198,187**	**12,453**	**765,798**	**1,364,105**	**1,294,221**
Unrealized losses on hedge instruments	**(1,870)**	**(3,480)**	**(6,650)**	**(501)**	**-**	**(12,501)**	**(640)**
Capital internalization	**-**	**-**	**-**	**11,560**	**103,467**	**115,027**	**40,470**
Unrealized gains on hedge instruments	**-**	**-**	**-**	**-**	**-**	**-**	**1,311**
Capital gain (loss) on investment	**-**	**(320)**	**5,312**	**203**	**(5,433)**	**(238)**	**1,398**
Equity pickup	**17,420**	**12,749**	**15,329**	**3,575**	**8,197**	**57,270**	**37,345**
Dividends received	**-**	**-**	**-**	**-**	**-**	**-**	**(10,000)**
Ending balances	**206,706**	**205,460**	**212,178**	**27,290**	**872,029**	**1,523,663**	**1,364,105**

(1) The equity were adjusted on the value of R$12,989 and net income on the value of R$4,099, referring to unrealized results between companies, net of tax effects.

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

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

11. Property, plant and equipment

Company

Property, plant and equipment cost	Balance at 2010	Acquisitions	Disposals	Transfers	**Balance at 2011**
Arable land	13,000	-	(6,930)	-	**6,070**
Soil development	148,023	33,187	(17)	123	**181,316**
Buildings and improvements	52,950	432	(10,697)	25,780	**68,465**
Agricultural equipment and industrial facilities	300,040	34,624	(19,516)	5,380	**320,528**
Vehicles	14,605	2,988	(1,116)	(130)	**16,347**
Furniture and Fixtures	6,673	676	(13)	102	**7,438**
Office equipment and facilities	2,665	1,118	(155)	(3)	**3,625**
Permanent crops	-	93	(60)	109	**142**
Advances to suppliers	9,527	3,586	-	-	**13,113**
Work in progress	21,232	27,125	(5,110)	(31,361)	**11,886**
Total	**568,715**	**103,829**	**(43,614)**	**-**	**628,930**

Depreciation	Balance at 2010	Depreciation	Disposals	Transfers	**Balance at 2011**
Soil development	60,239	30,311	(538)	-	**90,012**
Buildings and improvements	992	4,043	(70)	-	**4,965**
Agricultural equipment and industrial facilities	91,933	10,026	(8,451)	-	**93,508**
Vehicles	5,956	2,578	(936)	-	**7,598**
Furniture and Fixtures	1,519	502	(643)	-	**1,378**
Office equipment and facilities	1,227	1,022	(51)	-	**2,198**
Total	**161,866**	**48,482**	**(10,689)**	**-**	**199,659**

Net residual value	2010	2011
Arable land	13,000	6,070
Soil development	87,784	91,304
Buildings and improvements	51,958	63,500
Agricultural equipment and industrial facilities	208,107	227,020
Vehicles	8,649	8,749
Furniture and Fixtures	5,154	6,060
Office equipment and facilities	1,438	1,427
Permanent crops	-	142
Advances to suppliers	9,527	13,113
Work in progress	21,232	11,886
Total	**406,849**	**429,271**

11. Property, plant and equipment (Continued)

Consolidated

Property, plant and equipment cost	Balance at 2010	Acquisitions	Disposals	Transfers	**Balance at 2011**
Arable land	1,551,694	283,434	(6,933)	-	**1,828,195**
Soil development	225,592	45,914	(14)	124	**271,616**
Buildings and improvements	160,524	1,975	(11,930)	35,901	**186,470**
Agricultural equipment and industrial facilities	505,172	36,897	(16,515)	10,287	**535,841**
Vehicles	23,062	4,896	(1,995)	(255)	**25,708**
Furniture and Fixtures	7,995	892	(19)	124	**8,992**
Office equipment and facilities	7,671	1,306	(316)	(3)	**8,658**
Permanent crops	4,255	101	(118)	109	**4,347**
Advances to suppliers	12,102	3,089	-	-	**15,191**
Work in progress	32,071	36,374	(9,149)	(46,287)	**13,009**
Total	**2,530,138**	**414,878**	**(46,989)**	**-**	**2,898,027**

Depreciation	Balance at 2010	Depreciation	Disposals	Transfers	**Balance at 2011**
Soil development	101,466	41,605	-	-	**143,071**
Buildings and improvements	22,309	8,075	(43)	-	**30,341**
Agricultural equipment and industrial facilities	151,209	18,593	(11,292)	-	**158,510**
Vehicles	8,968	4,189	(1,437)	-	**11,720**
Furniture and Fixtures	2,296	650	(914)	-	**2,032**
Office equipment and facilities	2,264	839	(87)	-	**3,016**
Total	2,574	718	(3,292)	-	**-**
Depreciation	**291,086**	**74,669**	**(17,065)**	**-**	**348,690**

Net residual value	**2010**	**2011**
Arable land	1,551,694	1,828,195
Soil development	124,126	128,545
Buildings and improvements	138,215	156,129
Agricultural equipment and industrial facilities	353,963	377,331
Vehicles	14,094	13,988
Furniture and Fixtures	5,699	6,960
Office equipment and facilities	5,407	5,642
Permanent crops	1,681	4,347
Advances to suppliers	12,102	15,191
Work in progress	32,071	13,009
Total	**2,239,052**	**2,549,337**

11. Property, plant and equipment (Continued)

At December 31, 2011, work and fixed assets in progress were substantially represented by construction and refurbishment of storage units on Planeste and Panorama costing R$ 6,895, infrastructure works (improvements, roads, warehouses, etc.) costing R$ 4,235, improvements on cotton warehouse on Palmares and Panorama on the amount of R$ 1,022 and grains benefiting unit on Panorama on the amount of R$ 857. All of these efforts are expected to be completed within the next 12 months.

The cost of capitalized loans for the year ended December 31, 2011 totaled R$ 2,022 (R$ 1,420 on December 31, 2010).

12. Transactions with related parties

a) Balances of transactions with related parties

	Assets			Liabilities		
	Current	Non-current		Current		
	Receivables from related	Loans to receive	Advances for future capital increase	Lease transaction payable	Other accounts payable	Loans payable
Fazenda Planorte Emprendimentos Agrícolas Ltda						
Balance on 12/31/2011	-	-	-	-	-	2,728
Balance on 12/31/2010	448	-	-	-	-	-
Fazenda Parnaíba Empreendimentos Agrícolas Ltda						
Balance on 12/31/2011	3,610	17,289	-	-	-	-
Balance on 12/31/2010	153	724	-	-	-	-
Fazenda Paiaguás Emprendimentos Agrícolas Ltda						
Balance on 12/31/2011	142	5	-	-	-	-
Balance on 12/31/2010	450	3,788	-	-	-	-
SLC Agrícola Pejuçara Ltda						
Balance on 12/31/2011	186	-	-	-	-	4
Balance on 12/31/2010	48	-	-	-	-	-
SLC Empreendimentos e Agricultura Ltda						
Balance on 12/31/2011	16,399	-	1,347	-	-	-
Balance on 12/31/2010	63	-	18,180	5,350	-	-
SLC LandCo Empreendimentos Agrícolas Ltda						
Balance on 12/31/2011	-	75	-	-	-	-
Balance on 12/31/2010	-	-	-	-	-	-
Fazenda Panorama Empreendimentos Agrícolas Ltda						
Balance on 12/31/2011	-	1	-	2,267	-	-
Balance on 12/31/2010	-	-	-	-	-	-
Fazenda Planeste Empreendimentos Agrícolas Ltda						
Balance on 12/31/2011	-	-	-	3,195	-	-
Balance on 12/31/2010	-	-	-	-	-	-
Fazenda Piratini Empreendimentos Agrícolas Ltda						
Balance on 12/31/2011	-	-	-	467	-	-
Balance on 12/31/2010	-	-	-	-	-	-
Others related parties						
Balance on 12/31/2011	2	-	-	-	141	-
Balance on 12/31/2010	2	-	-	-	-	-
Total						
Balance on 12/31/2011	**20,339**	**17,370**	**1,347**	**5,929**	**141**	**2,732**
Balance on 12/31/2010	1,164	4,512	18,180	5,350	-	-

12. Transactions with related parties (Continued)

a) Balances of transactions with related parties (Continued)

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

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

Below we show the transactions value between related parties.

	Commodities sales/ Products/ Fixed Assets	Leasing Cost	Goods Purchase/ Products	Financial Income – Interest	Financial Expenses - Interest
Fazenda Planorte Emprendimentos Agrícolas Ltda					
Balance on 12/31/2011	2,804	-	-	288	22
Balance on 12/31/2010	-	-	246	3	13
Fazenda Parnaíba Emprendimentos Agrícolas Ltda					
Balance on 12/31/2011	2,377	-	-	119	-
Balance on 12/31/2010	-	-	83	16	16
Fazenda Paiaguás Emprendimentos Agrícolas Ltda					
Balance on 12/31/2011	1,390	-	-	413	-
Balance on 12/31/2010	-	-	-	5	21
SLC Empreendimentos e Agricultura Ltda					
Balance on 12/31/2011	-	12,747	-	-	-
Balance on 12/31/2010	-	19,128	-	376	507
SLC LandCo Empreendimentos Agrícolas Ltda					
Balance on 12/31/2011	-	-	-	5	-
Balance on 12/31/2010	-	-	-	-	-
Fazenda Panorama Empreendimentos Agrícolas Ltda					
Balance on 12/31/2011	-	2,312	-	-	-
Balance on 12/31/2010	-	-	-	-	-
Fazenda Planeste Empreendimentos Agrícolas Ltda					
Balance on 12/31/2011	-	3,709	-	-	-
Balance on 12/31/2010	-	-	-	-	-
Fazenda Piratini Empreendimentos Agrícolas Ltda					
Balance on 12/31/2011	-	501	-	-	-
Balance on 12/31/2010	-	-	-	-	-
Total					
Balance at 12/31/2011	**6,571**	**19,269**	**-**	**825**	**22**
Balance at 12/31/2010	-	19,128	329	400	557

12. Transactions with related parties (Continued)

b) Lease agreement

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

This agreement provides for the delivery of land, facilities and other assets by the lessor that allows the lessee to perform its agricultural activities by planting cotton, soybean, corn, beans, pea, sorghum, wheat and coffee in consideration for an amount in the form of lease payments. At December 31, 2011 the lease amount is as follows:

	Total hectares leased	Annual leasing amount (a)	Soybean sack quotation in the region (b)	Amount
Fazenda Planalto	12,991.56	8.0	R$ 43.91	R$ 4,564
Fazenda Pamplona	12,423.32	7.0	R$ 46.00	R$ 4,000
Fazenda Planeste	13,305.57	8.0	R$ 41.50	R$ 4,417
Fazenda Panorama	9,675.55	9.5	R$ 42.70	R$ 3,925
Fazenda Piratini (c)	7,473.00	4.9	R$ 41.00	R$ 1,501
Fazenda Palmares	13,348.00	8.0	R$ 43.97	R$ 4,695
Fazenda Paiaguás	21,267.70	6.0	R$ 39.00	R$ 4,977
Fazenda Pejuçara	2,957.67	6.0	R$ 39.00	R$ 692
				28,771

(a) Equivalent in soybean sacks per arable hectare per crop year.
(b) Average price per soybean sack prevailing in the region of each farm, obtained as of December 31, 2011, in Reais.
(c) As contractually provided for, leasing costs will be incurred as from crop year 2011/2012.

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

12. Transactions with related parties (Continued)

c) Management fees

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

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

	Company and consolidated	
	2011	**2010**
Fees	**2,741**	2,429
Bonus	**716**	516
Stock option plan	**2,802**	1,153
	6,259	4,098

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

13. Loans and financing

		Average annual interest rates (%)		Company		Consolidated	
	Index	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Used in property, plant and equipment							
Finame – BNDES	Prefixed and TJLP*	**6.42%**	6.53%	**32,115**	29,579	**48,318**	47,943
Constitutional funds**	-	**6.75%**	7.31%	**66,301**	141,237	**105,980**	187,792
Used in working capital							
Rural credit	-	**6.75%**	6.75%	**18,259**	35,762	**122,229**	125,852
Constitutional funds**	-	**6.75%**	7.23%	**87,527**	-	**110,693**	2,460
Working capital – NCE		-	11.70%	**-**	17,575	**-**	17,575
Foreign loans	US$, Libor + Prefixed	**2.80%**	4.23%	**247,183**	67,971	**252,811**	67,971
				451,385	292,124	**640,031**	449,593
(-) Current liabilities				**(235,065)**	(153,340)	**(384,735)**	(260,117)
Non-current liabilities				**216,320**	138,784	**255,296**	189,476

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

13. Loans and financing (Continued)

Finame BNDES – Investment line at National Development Bank (BNDES). Guaranteed by a statutory lien and pledges on financed assets by the Company or SLC Participações S.A. Amounts are amortized on a monthly, quarterly, semiannual or annual basis, with maturity dates between January 16, 2012 and November 15, 2021.

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

Rural Credit – Resources allocated to crop costing and commercialization, which rules, purposes and conditions are set out Rural Credit Manual (MCR) made by Brazil Central Bank. Guaranteed by sureties by the Company or SLC Participações S.A., and, in some transactions, by pledge on the crops. Amortization takes place on a annual basis, with maturities between May 18, 2012 and September 24, 2012.

Foreign Loans - Long term export loan: NCE (Credit Export Note) and PPE (Export pre payment), amortization takes place on a annual or semester basis, with final maturities on January 15, 2016. Guaranteed by sureties by the Company or SLC Participações S.A. by mortgage on land or "clean". These contracts foresee some compliance *("covenants"*) approved by SLC Agrícola (Current Liquidity, Third parties capital, Net Financial Debt over Ebitda e Cash Liquidity). Short term export loan: ACC (Advances on Exchange Contracts), by sureties by SLC Participações S.A., with monthly amortization. The final maturity is arranged to March 26, 2012.

Working Capital – *NCE* – Funds taken out through Export Credit Bill (NCE) to finance 2009/10 crop trading, it's one operation with 24 month term and 12 month grace period, and other five with 1 month term. These are collaterally signed by the Company or SLC Participações S.A. They are amortized on a monthly basis, maturing between April 18, 2011 and July 07, 2011.

13. Loans and financing (Continued)

The aging list of long-term loans and financing is as follows:

Maturity	Company		Consolidated	
	2011	2010	2011	2010
2011	**-**	153,340	**-**	260,117
2012	**235,065**	34,420	**384,735**	50,833
2013	**77,184**	30,476	**94,244**	45,832
2014	**74,482**	27,456	**88,344**	39,697
2015	**45,181**	21,549	**52,050**	27,415
After 2016	**19,473**	24,883	**20,658**	25,699
	451,385	292,124	**640,031**	449,593

14. Provision for contingencies

On December 31, 2011, the Company recorded a provision for labor contingencies in the amount of R$ 660 (R$ 1,338 – consolidated), R$ 602 on December 31,2010 (R$ 694 consolidated), referring to legal claims filed by former employees, with respect to which an unfavorable outcome has been assessed as probable by the Company's legal advisors. The provision for contingencies is recorded under labor liabilities account in current liabilities. The Company recorded the amount of R$ 2,188 (R$ 2,598 – consolidated) relating to labor claims whose likelihood of an unfavorable outcome was rated as possible by its legal advisors and, as a result, no provision was recorded for such claims.

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

Below we present the provision movement:

	Company		
	Tax	Labor	Total
Balance on December 31, 2009	160	593	753
(-) Reversals	-	9	9
Balance on December 31, 2010	160	602	762
New proceedings/complements and monetary restatements	-	445	445
(-) Reversals	-	(387)	(387)
Balance on December 31, 2011	160	660	820

14. Provision for contingencies (Continued)

	Consolidated		
	Tax	**Labor**	**Total**
Balance on December 31, 2009	160	1,082	1,242
New proceedings/complements and monetary restatements	-	296	296
(-) Reversals	-	(684)	(684)
Balance on December 31, 2010	160	694	854
New proceedings/complements and monetary restatements	**-**	**1,030**	**1,030**
(-) Reversals	**-**	**(386)**	**(386)**
Balance on December 31, 2011	**160**	**1,338**	**1,498**

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

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

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

15. Deferred income and social contribution taxes

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

Company

	2011			2010		
Description	Income tax	Social contribution tax	Total	Income tax	Social contribution tax	Total
Assets:						
Temporary differences:						
Taxes on activities not entitled	138	-	138	138	-	138
Provision for inventory adjustment	200	72	272	916	330	1,246
Provision for PPR	2,193	790	2,983	20	7	27
Provision for tax losses	500	180	680	-	-	-
Derivative operations	16,817	6,054	22,871	12,644	4,552	17,196
Other	635	228	863	400	144	544
Fiscal losses and negative base	13,200	4,950	18,150	29,517	10,732	40,249
	33,683	12,274	45,957	43,635	15,765	59,400
Liabilities:						
Incentive depreciation for rural activities*	45,391	16,342	61,733	31,787	11,443	43,230
Barter gains on acquisition of equity interest	5,539	1,994	7,533	5,539	1,994	7,533
Deemed cost of fixed assets	28,823	10,376	39,199	31,449	11,322	42,771
Fair value of biological assets	11,889	4,280	16,169	5,328	1,918	7,246
Capitalization of interest on loans	898	324	1,222	696	250	946
Deferred capital gain	-	-	-	844	-	844
Derivative operations	2,639	949	3,588	12,546	4,517	17,063
	95,179	34,265	129,444	88,189	31,444	119,633
Net Total	(61,496)	(21,991)	(83,487)	(44,554)	(15,679)	(60,233)
Classified on non-current liability	(61,496)	(21,991)	(83,487)	(44,554)	(15,679)	(60,233)

15. Deferred income and social contribution taxes (Continued)

Consolidated

	2011			2010		
Description	Income tax	Social contribution tax	Total	Income tax	Social contribution tax	Total
Assets:						
Temporary differences:						
Taxes on activities not entitled	138	-	138	138	-	138
Provision for inventory adjustment	201	72	273	1,071	386	1,457
Provision for PPR	3,142	1,133	4,275	20	7	27
Provision for tax losses	500	180	680	-	-	-
Derivative operations	26,993	9,717	36,710	19,044	6,855	25,899
Other	3,359	376	3,735	450	162	612
Fiscal losses and negative base	13,305	4,988	18,293	32,157	11,684	43,841
	47,638	16,466	64,104	52,880	19,094	71,974
Liabilities:						
Incentive depreciation for rural activities*	72,161	25,845	98,006	57,567	20,575	78,142
Barter gains on acquisition of equity interest	5,647	2,033	7,680	5,647	2,033	7,680
Deemed cost of fixed assets	279,618	101,517	381,135	281,432	102,246	383,678
Fair value of biological assets	20,376	7,335	27,711	10,947	3,941	14,888
Capitalization of interest on loans	1,406	507	1,913	901	324	1,225
Deferred capital gain	-	-	-	844	-	844
Others	478	172	650	81	29	110
Derivative operations	2,639	949	3,588	13,807	4,971	18,778
	382,325	138,358	520,683	371,226	134,119	505,345
Net Total	(334,687)	(121,892)	(456,579)	(318,346)	(115,025)	(433,371)
Classified on non-current asset	105	38	143	-	-	-
Classified on non-current liability	(334,792)	(121,930)	(456,722)	(318,346)	(115,025)	(433,371)

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

15. Deferred income and social contribution taxes (Continued)

Under CVM Rule No. 371/02, the Company and its subsidiaries, based on expected generation of future taxable profits, determined in a technical study approved by management, recognized tax credits on income and social contribution tax losses and temporary differences, which may be carried indefinitely. The book value of deferred tax assets is reviewed annually by the Company and the resulting adjustments have not been significant in relation to the initial management forecast. The technical study takes into consideration investments and the 75% income tax reduction incentive on profit from tax incentive operations of the farms located in regions benefitting from the incentives.

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

	Company		Consolidated	
	2011	2010	**2011**	2010
2011	**-**	47,449	**-**	51,234
2012	**33,615**	11,951	**49,054**	20,740
2013	**12,342**	-	**15,050**	-
	45,957	59,400	**64,104**	71,974

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

Reconciliation of tax expenses at official rates

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

Reconciliation of effective rate of the company:

	2011		2010	
	IRPJ	**CSLL**	**IRPJ**	**CSLL**
Income before taxes	**208,278**	**208,278**	76,219	76,219
Income and social contribution taxes at nominal rate of 25% and 9%, respectively	**(52,070)**	**(18,745)**	(19,055)	(6,860)
Adjustments to derive the effective rate				
Equity pickup	**14,318**	**5,154**	9,686	3,487
Permanent additions	**(1,933)**	**(696)**	(816)	(293)
Others	**241**	**70**	-	-
Amount recorded in P&L	**(39,444)**	**(14,217)**	(10,185)	(3,666)
Total income and social contribution taxes		**(53,661)**		(13,851)
Deferred taxes		**(52,656)**		(12,528)
Current taxes		**(1,005)**		(1,323)

15. Deferred income and social contribution taxes (Continued)

Reconciliation of tax expenses at official rates – Consolidated:

	2011		2010	
	IRPJ	**CSLL**	**IRPJ**	**CSLL**
Income before taxes	**241,179**	**241,179**	83,892	83,892
Income and social contribution taxes at nominal rate of 25% and 9%, respectively	**(60,295)**	**(21,706)**	(20,973)	(7,550)
Adjustments to derive the effective rate				
Permanent exclusions	**414**	**149**	3,534	1,222
Permanent additions	**(2,113)**	**(761)**	(1,209)	(435)
Subsidiaries' tax incentives	**2,285**	**-**	-	-
Others	**806**	**34**	97	35
Amount recorded in P&L	**(58,903)**	**(22,284)**	(18,551)	(6,728)
Total income and social contribution taxes		**(81,187)**		(25,279)
Deferred taxes		**(62,206)**		(18,218)
Current taxes		**(18,981)**		(7,061)

Reconciliation of income and social contribution taxes deferred variation

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

	2010	**2011**	**Variation**
Deferred Asset	-	143	143
Deferred Liability	(433,371)	(456,722)	(23,351)
			(23,208)
Fair value over hedge instruments recorded in equity			(28,066)
Unrealized income – inventories			(385)
Prepayment cover operations recorded on equity			(10,547)
Deferred taxes recorded in net income for the year			(62,206)

16. Notes payable - Consolidated

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

The following shows this item changes:

	Dolar Indexed	Soybeans bags Indexed	Total
Balance on December 31, 2009	3,744	93,096	96,840
Acquisitions	-	62,619	62,619
Payments	(1,295)	(65,695)	(66,990)
Monetary and Exchange variation	(50)	9,254	9,204
Balance on Decembert 31, 2010	2,399	99,274	101,673
Acquisitions	-	266,025	266,025
Payments	(1,149)	(117,604)	(118,753)
Monetary and Exchange variation	101	(6,665)	(6,564)
Balance on December 31, 2011	**1,351**	**241,030**	**242,381**
(-) Installment recorded on current	**(1,351)**	**(112,525)**	**(113,876)**
Installment recorded on non-current	**-**	**128,505**	**128,505**

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

	Consolidated
Payments until 1 year	113,876
Payments after 1 year until 5 years	122,774
Payments after 5 years	5,731
	242,381

The commitments, in soybean bags, are represented below:

	Consolidated
Payments until 1 year	805,245
Payments after 1 year until 5 years	1,733,356
Payments after 5 years	102,130
	2,640,731

17. Equity

a) Capital

On December 31, 2011, subscribed capital, in the amount of R$557,434, comprises 98,897,500 registered common shares with no par value, held as follows:

	Number of Shares	
Shareholder	**2011**	**2010**
SLC Participações S.A.	**28,948,584**	28,948,586
Evaux Participações S.A.	**21,520,787**	21,520,787
Board of Directors	**5**	5
Treasury shares	**1,407,585**	987,700
Other	**47,020,539**	47,440,422
Total paid-up shares	**98,897,500**	98,897,500
(-) Treasury shares	**(1,407,585)**	(987,700)
Total outstanding shares	**97,489,915**	97,909,800

b) Capital reserve – premium on issue of shares

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

c) Treasury shares

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

The balance of treasury shares on December 31, 2011, totaling R$ 19,532 comprises 1,407,585 shares (R$ 11,778, comprising 987,700 shares on December 31, 2010).

d) Legal reserve

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

17. **Equity** (Continued)

e) Expansion reserve

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

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

f) Profit retention reserve

The remaining balance at December 31,2011 refers to accumulated earnings for year 2007, has been retained and recorded under profit retention reserve, to be applied for new investments established in capital budget, according to article 196 of the Brazilian Corporation Law.

g) Dividends

The General Shareholder's Meeting held on April 27, 2011 approved the payment of dividends in the total amount of R$ 15,592, equivalent to 25% of the adjusted net income, corresponding to R$ 0.15896471 per common share, considering the total number of shares (98,897,500), less treasury shares (813,000), paid on May 06, 2011.

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

Of profits earned in the year ended December 31, 2011, and based on the Company's ability to generate operating cash, management proposed, to be approved at the Shareholders' General Meeting, the distribution of dividends, as follows:

	2011	2010
Net income for the year	154,617	62,368
Appropriation of legal reserve	-	-
Calculation base of dividends proposed	154,617	62,368
Dividends proposed	38,654	15,592
Base %	25%	25%

17. **Equity** (Continued)

h) Earnings per Share – basic and diluted

As required by CPC 41/ IAS 33, the earnings per share present below a reconciliation of net income to the values used to calculate the earnings per chare basic and diluted (millions de reais, except value per share):

	Company	
	2011	**2010**
Numerator		
Net profit for the year	154,617	62,368
Denominator		
Average number of common shares	97,809,987	97,751,650
Average number of common shares considering diluted effects	98,247,760	99,727,350
Basic Earnings per common share	1.58	0.64
Diluted Earnings per common share	1.57	0.63

18. Financial income (expenses)

	Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Financial expenses				
Interest payable	**(21,967)**	(23,251)	**(33,431)**	(34,551)
Foreign exchange variation	**(13,419)**	(14,433)	**(17,438)**	(18,061)
Monetary restatement	**(5,168)**	(1,357)	**(29,169)**	(31,323)
Loss on derivative transactions	**(33,594)**	(46,325)	**(35,689)**	(47,706)
Other	**(1,658)**	(1,009)	**(3,638)**	(1,746)
	75,806	86,375	**119,365**	133,387
Financial income				
Short-term investments income	**12,497**	9,280	**16,454**	14,081
Foreign exchange variation	**20,860**	16,124	**24,498**	19,264
Monetary variation	**1,392**	9,291	**31,912**	30,180
Gain on derivative transactions	**30,508**	30,734	**30,212**	24,485
Other	**128**	3,695	**588**	3,226
	65,385	69,124	**103,664**	91,236
Financial income (expenses)	**(10,421)**	(17,251)	**(15,701)**	(42,151)

19. Commitments

19.1 Non-deliverable forward contracts

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

Company					
Commodity	**Delivery date**	**Volume**	**No. of contracts**	**Unit**	**Unit price – US$**
2010/2011 crop					
Cotton lint	January to March 2012	27,079	33	ton	2,196.22
Soybean	January to June 2012	83,333	01	sack	27.97
Cotton seed	July to December 2012	18,274	11	ton	170.90
Corn	January to August 2012	24,177	03	sack	12.21
2011/2012 crop					
Soybean	January to March 2011	1,369,122	19	sack	24.81
Cotton lint	September/2012 to April/2013	32,102	14	ton	2,313.73
Cotton lint	September/2012 to April/2013	7,476	05	ton	To be defined

Consolidated					
Commodity	**Delivery date**	**Volume**	**No. of Contracts**	**Unit**	**Unit price – in US$**
2010/2011 crop					
Cotton lint	January to March 2012	48,356	33	ton	2,151.47
Soybean	January to June 2012	108,333	2	sack	22.44
Cotton seed	July to December 2012	24,371	18	ton	170.90
Corn	January to August 2012	92,585	6	sack	14.34
2011/2012 crop					
Soybean	January to March 2012	2,282,822	31	sack	24.39
Cotton lint	September/2012 to April 2012	57,325	25	ton	2,313.73
Cotton lint	September/2012 to April 2012	13,350	9	ton	To be defined

Third parties leasing contracts

On December 31, 2011, the Company and its subsidiaries have 84,468 hectares of leased land, distributed as follows:

Farm/Unit	Location	Total hectares leased	Maturity	Amount (in soybean sacks/hectare/year)	Type of lease
Pamplona	Cristalina-GO	3,942	2011 to 2013	5 to 12	Operating
Planalto	Costa Rica-MS	1,654	2010*	12	Operating
Planeste	Balsas-MA	10,860	2011 to 2023	3 to 8.9	Operating
Panorama	Correntina-BA	12,138	2015	8.1	Operating
Piratini	Jaborandi-BA	5,000	2021	1.7**	Operating
Palmares	Barreiras-BA	14,878	2015	9 to 10.1	Operating
Parnaíba	Tasso Fragoso-MA	7,456	2023	3 to 4	Operating
Planorte	Sapezal-MT	367	2013	8	Operating
Paiaguás	Diamantino-MT	2,360	2011 and 2020	8.5	Operating
Pejuçara	Diamantino-MT	20,385	2020	8 to 8.5	Operating
Parceiro	Formoza do Rio Preto - BA	5,428	2020	2 to 7	Operating
		84,468			

* Annual renewal. The company leases this area since 1999.
** From 2010/11 crop will be made the payment related to 2,861 ha, the rest will be from 2011/12 crop.

19. Commitments (Continued)

19.2 Third parties leasing contracts (Continued)

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

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

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

	Company	Consolidated
Payments with 1 year	**10,723**	**15,996**
Payments from 1 to 5 years	**41,536**	**67,506**
Payments over 5 years	**13,512**	**35,427**
Total minimum future lease payments	**65,771**	**118,929**

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

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

20 Risk management and financial instruments

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

In addition, the Company and its subsidiaries contract financing operations in the

20. Risk management and financial instruments (Continued)

financial market at fixed or variable interest rates. Therefore, the Company is subject to the risk of variation in interest rates on interest bearing loans at variable rates.

a) Utilization policy, purposes and strategies

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

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

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

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

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

20. Risk management and financial instruments (Continued)

c) Foreign exchange risk

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

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

To analyze the currency risk exposure, the Business Plan is constantly updated, considering the following assumptions: (i) planted area forecast; (ii) expected productivity; (iii) commodity prices, quoted in dollar, considering the volume-weighted average of prices for the sales made, and the market prices of the volume to be sold; and, (iv) the sales distribution over the periods under analysis. After the Business Plan definition and measurement of the items previously mentioned, we obtain a total currency exposure.
Based on the cost already built up with anticipated purchase of main inputs (fertilizers, agrochemicals and seeds) and the fixed cost estimate, the expected operating margin is arrived at. Thus, the risk management committee will apply the parameters specified in the Risk Management Policy, with a view to reducing the standard deviation from the target operating margin.

20. Risk management and financial instruments (Continued)

c) Foreign exchange risk (Continued)

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

Description	Notional value			Fair value (MTM)			Accumulated effect		
	Currency	2011	2010	Currency	2011	2010	Currency	2011	2010
Maturing in 2011									
Forward contracts (NDF):									
Short position									
Foreign currency	**US$**	**-**	155,355	**R$**	**-**	41,296	**R$**	**-**	42,081
Subtotal – Maturing in 2011	**US$**	**-**	155,355	**R$**	**-**	41,296	**R$**	**-**	42,081
Maturing in 2012									
Forward contracts (NDF):									
Short position									
Foreign currency	**US$**	**272,769**	26,500	**R$**	**(31,259)**	5,202	**R$**	**(27,198)**	4,779
Subtotal – Maturing in 2012	**US$**	**272,769**	26,500	**R$**	**(31,259)**	5,202	**R$**	**(27,198)**	4,779
Maturing in 2013									
Forward contracts (NDF):									
Short position									
Foreign currency	**US$**	**25,209**	-	**R$**	**(4,168)**	-	**R$**	**(4,502)**	-
Subtotal – Maturing in 2013	**US$**	**25,209**	-	**R$**	**(4,168)**	-	**R$**	**(4,502)**	-
TOTAL	**US$**	**297,978**	181,855	**R$**	**(35,427)**	46,498	**R$**	**(31,700)**	46,860

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

			Trade Finance			
Counterparty	Tipe	Contract Rate	Notional US$	Fair Value 2010	Fair Value 2011	FX Rate [1]
Itaú BBA	NCE	R$ 1.6201	40,000	-	75,032	(12,112)
Citibank	NCE	R$ 1.5915	30,000	-	56,274	(9,084)
Bradesco	PPE	R$ 1.5713	25,000	-	46,895	(7,612)
HSBC Bank	PPE	R$ 1.8210	10,000	-	18,758	(548)
Itaú BBA	ACC	R$ 1.7625	8,000	-	15,006	(906)
J.P. Morgan	ACC	R$ 1.8120	8,000	-	15,006	(510)
Itaú BBA	ACC	R$ 1.8567	10,000	-	18,758	(191)
Itaú BBA	ACC	R$ 1.8567	1,500	-	2,814	(29)
Itaú BBA	ACC	R$ 1.8567	1,500	-	2,814	(29)
Total			**134,000**	**-**	**251,357**	**(31,021)**

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

20. Risk management and financial instruments (Continued)

c) Foreign exchange risk (Continued)

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

Maturity	Currency	NDF	PPE	NCE	ACC	Total
Until 03/31/2012	USD	(4,581)	-	-	(1,665)	(6,246)
Until 06/30/2012	USD	(1,881)	-	-	-	(1,881)
Until 09/30/2012	USD	(24,648)	-	-	-	(24,648)
Until 12/31/2012	USD	(135)	-	-	-	(135)
Until 03/31/2013	USD	(4,182)	-	-	-	(4,182)
Until 06/30/2014	USD	-	-	(9,084)	-	(9,084)
Until 12/31/2014	USD	-	(548)	-	-	(548)
Until 12/31/2015	USD	-	(7,612)	-	-	(7,612)
Until 03/31/2016	USD	-	-	(12,112)	-	(12,112)
TOTAL	**USD**	**(35,427)**	**(8,160)**	**(21,196)**	**(1,665)**	**(66,448)**

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

Description	Notional amount			Fair value		
	Currency	2011	2010	Currency	2011	2010
Banco Itaú BBA	US$	**53,078**	60,291	R$	**(8,391)**	15,762
Citibank	US$	**48,709**	40,401	R$	**(4,340)**	10,422
Deutsche Bank	US$	**16,210**	22,579	R$	**(3,175)**	6,406
HSBC Bank	US$	**51,267**	22,165	R$	**(7,254)**	4,711
Banco Bradesco	US$	**51,773**	16,960	R$	**(6,168)**	4,031
Votorantim	US$	**46,931**	16,983	R$	**(750)**	4,592
Morgan Stanley	US$	**24,360**	-	R$	**(4,188)**	-
Santander Brasil	US$	**5,650**	2,476	R$	**(1,161)**	574
Total	US$	**297,978**	181,855	R$	**(35,427)**	46,498

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

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

20. Risk management and financial instruments (Continued)

c) Foreign exchange risk (Continued)

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

d) Price risk

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

20. Risk management and financial instruments (Continued)

d) Price risk (Continued)

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

Description	Notional value			Fair value			Accumulated effect (current period)		
	Currency	2011	2010	Currency	2011	2010	Currency	Amount receivable / (received)	Amount payable / (paid))
Maturing in 2011									
Financial Operations									
Commodities – Cotton	**US$**	**-**	19,460	**R$**	**-**	(16,627)	**R$**	**-**	**-**
Commodities – Soybean	**US$**	**-**	40,072	**R$**	**-**	(9,302)	**R$**	**-**	**-**
Subtotal – Maturing in 2011	**US$**	**-**	59,532	**R$**	**-**	(25,929)	**R$**	**-**	**-**
Maturing in 2012									
Financial Operations									
Commodities – Cotton	**US$**	53,474	-	**R$**	**10,481**	-	**R$**	**10,521**	**(46)**
Commodities – Soybean	**US$**	**-**	-	**R$**	**-**	-	**R$**	**-**	**-**
Subtotal – Maturing in 2012	**US$**	**53,474**	-	**R$**	**10,481**	-	**R$**	**10,521**	**(46)**
Maturing in 2013									
Financial Operations									
Commodities – Cotton	**US$**	**5,803**	-	**R$**	**880**	-	**R$**	**880**	**-**
Commodities – Soybean	**US$**	**-**	-	**R$**	**-**	-	**R$**	**-**	**-**
Subtotal – Maturing in 2013	**US$**	**5,803**	-	**R$**	**880**	-	**R$**	**880**	**-**
Total	**US$**	**59,277**	59,532	**R$**	**11,361**	(25,929)	**R$**	**11,401**	**(46)**

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

e) Interest rate risk

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

20. Risk management and financial instruments (Continued)

e) Interest rate risk (Continued)

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

Information on the swap operation (interest rate x Libor indexed debt) is set out below:

			Swap Balance (Contract curve)		Swap balance (MTM)		
Counterparty	**Hedge Instrument**	**Hedged Item**	**Asset end**	**Liability end**	**Asset end**	**Liability end**	**Adjustment**
Santander	Swap contract of USD 34,667 (Asset- Libor 6 months +2%p.a. / Liability 4.68%pa.)	Debt of USD40,000 - Libor 6 months + 2.8%p.a.	65,760	66,448	65,165	67,825	(2,660)
Total			**65,760**	**66,448**	**65,165**	**67,825**	**(2,660)**

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

		Notional value			Fair value recorded in assets		Fair value recorded in liabilities	
Description	**Currency**	**2011**	**2010**	**Currency**	**2011**	**2010**	**2011**	**2010**
Foreign exchange hedge operations								
NDF (Non Deliverable Forwards) contracts	**US$**	**297,978**	181,855	**R$**	**4,816**	46,498	**40,243**	-
Subtotal	**US$**	**297,978**	181,855	**R$**	**4,816**	46,498	**40,243**	-
Commodity hedge operations								
Accumulator cotton swap	**US$**	**59,276**	19,460	**R$**	**11,361**	286	**-**	16,913
Accumulator soybean swap	**US$**	**-**	40,072	**R$**	**-**	8,430	**-**	17,732
Subtotal	**US$**	**59,276**	59,532	**R$**	**11,361**	8,716	**-**	34,645
Interest rate hedge operations								
Swap Libor vs. Pre	**US$**	**34,667**	40,000	**R$**	**-**	-	**2,660**	2,927
Subtotal	**US$**	**34,667**	40,000	**R$**	**-**	-	**2,660**	2,927
Total	**US$**	**391,921**	281,387	**R$**	**16,177**	55,214	**42,903**	37,572
(-) Current portion				**R$**	**(15,283)**	(50,012)	**(37,349)**	(35,987)
Non-current portion				**R$**	**894**	5,202	**5,554**	1,585

20. Risk management and financial instruments (Continued)

e) Interest rate risk (Continued)

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

		Gains and losses recorded in P&L				Gains and losses recorded in equity	
		Allocated to Gross Revenue at		Allocated to Financial Income at			
Description	**Currency**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Foreign exchange rate hedge operations							
NDF (Non Deliverable Forwards) contracts	**R$**	**43,463**	23,583	**(2,580)**	6,181	**(35,443)**	44,728
Trade Finance Contracts	**R$**	**-**	-	**-**	-	(31,021)	-
Option Contracts	**R$**	**-**	-	**-**	1,190	-	-
Subtotal	**R$**	**43,463**	23,583	**(2,580)**	7,371	**(66,464)**	44,728
Commodity hedge operations							
Agricultural commodity swap							
Cotton	**R$**	-	-	**(7,998)**	(14,940)	-	-
Soybean	**R$**	-	-	**6,161**	(8,334)	-	-
Coffee	**R$**	-	-	**-**	(863)	-	-
Fertilizers swap							
Urea	**R$**	-	-	**-**	993	-	-
Other	**R$**	-	-	**-**	(3,093)	-	-
Subtotal	**R$**	**-**	**-**	**(1,837)**	(26,237)	**-**	**-**
Interest rate hedge operations							
Swap Libor vs. Pre	**R$**	-	-	**(1,059)**	(4,355)	-	-
Subtotal	**R$**	-	-	**(1,059)**	(4,355)	**-**	-
TOTAL	**R$**	**43,463**	23,583	**(5,476)**	(23,221)	**(66,464)**	44,728

The effect on foreign exchange, commodities and interest hedge operations totaled (R$ 5,477).

f) Credit risk

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

20. Risk management and financial instruments (Continued)

g) Market values

At December 31, 2011, the market values of cash, financial investments, accounts receivable and payable, as well as loans and financing approximate the respective carrying amounts due to their short-term nature, or also because they are subject to variable interest rates.

h) Sensitivity analysis

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

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

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

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

Foreign exchange risk

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

- Probable Scenario: Based on the FOCUS report (Bacen) of December 30, 2011, we defined this scenario considering average exchange rate to US dollar of R$ 1.7500.

- A 25% fall in the currency rate: in this scenario the transactions would be settled considering exchange rate to US dollar of R$ 1.3125, the equivalent to a 25% fall in relation to the Probable Scenario.

20. Risk management and financial instruments (Continued)

h) Sensitivity analysis (Continued)

- A 50% fall in the currency rate: in this scenario the transactions would be settled considering exchange rate to US dollar of R$ 0.8750, the equivalent to 50% fall in relation to the Probable Scenario.

- A 25% rise in the currency rate: in this scenario the transactions would be settled considering exchange rate to US dollar of R$ 2.1875, the equivalent to a 25% rise in relation to the Probable Scenario.

- A 50% rise in the currency rate: in this scenario the transactions would be settled considering exchange rate to US dollar of R$ 2.6250, the equivalent to a 50% rise in relation to the Probable Scenario.

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

						Amounts in R$ 1,000
Description	**Risk**	**Remote Scenario** *Quote R$ 0.8750*	**Possible Scenario** *Quote R$ 1.3125*	**Probable Scenario** *Quote R$ 1.7500*	**Possible Scenario** *Quote R$ 2.1875*	**Remote Scenario** *Quote R$ 2.6250*
Year 2012						
Revenues from sales (underlying item)	US$ rate change	(444,469)	(233,137)	(21,806)	189,526	400,858
Non-deliverable forwards (NDF)	US$ rate change	260,478	141,142	21,806	(97,531)	(216,867)
Subtotal		**(183,991)**	**(91,995)**	**-**	**91,995**	**183,991**
Year 2013						
Revenues from sales (underlying items)	US$ rate change	(376,563)	(189,292)	(2,021)	185,250	372,521
Non-deliverable forwards (NDF)	US$ rate change	24,079	13,050	2,021	(9,008)	(20,037)
Subtotal		**(352,484)**	**(176,242)**	**-**	**176,242**	**352,484**
US$ debt						
Subtotal	US$ rate change	**135,134**	**76,060**	**16,986**	**(42,088)**	**(101,161)**
Total		**(401,341)**	**(192,177)**	**16,986**	**226,149**	**435,314**

Commodity price risks

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

Description	**Risk**	**Remote Scenario - 50%**	**Possible Scenario - 25%**	**Actual Scenario (CBOT and ICE)**	**Possible Scenario + 25%**	**Remote Scenario + 50%**
Contracts						
CTH2 (Cotton - March/12)	Price Change	45.9	68.85	91.8	114.75	137.7
CTN2 (Cotton - July/12)	Price Change	45.66	68.48	91.31	114.14	136.97
CTZ2 (Cotton - December/12)	Price Change	43.92	65.88	87.84	109.8	131.76
CTH3 (Cotton - March/13)	Price Change	44.26	66.38	88.51	110.64	132.77

20. Risk management and financial instruments (Continued)

h) Sensitivity analysis (Continued)

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

Description	Risk	Remote Scenario - 50%	Possible Scenario - 25%	Actual Scenario (CBOT and ICE)	Possible Scenario + 25%	Remote Scenario + 50%
Exercise 2012						
Cotton – Financial Operations	Price Change	(24,955)	(4,830)	14,305	20,320	25,268
Exercise 2013						
Cotton – Financial Operations	Price Change	(1,781)	501	1,703	1,703	1,703
Total		**(26,736)**	**(4,329)**	**16,008**	**22,023**	**26,971**

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

Interest rate risks

With a view to analyzing interest rate sensitivity on the Company's debts and short-term investments, as of December 29, 2011, 5 different scenarios were defined. Based on the FOCUS report (Bacen) of December 30, 2011, we defined the index rates for Interbank Deposit Certificates (CDI) and FOREX; concerning Libor, we considered the BM&F future curve as of December 29, 2011, and for the Long-term Interest Rate (TJLP), we considered the rate valid on the year-closing date. Based on this information, we defined the Probable Scenario to be analyzed, and arrived at a variation between 25% and 50% therefrom.

Gross financial income or expenses were considered in analyzing each scenario, not including taxes or debt maturity terms and redemption of short-term investments scheduled for 2011. The portfolio base date was December 29, 2011, and the interest rates were projected over a one-year period, their sensitivity being analyzed in each one of the 5 scenarios.

20. Risk management and financial instruments (Continued)

h) Sensitivity analysis (Continued)

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

	Interest rate*	Balance at 2011	50% fall	25% fall	Probable Scenario	25% rise	50% rise
Debts in reais – Fixed rate							
Rural Credit	6.75%	122,229	N/A	N/A	N/A	N/A	N/A
Constitutional Funds	6.75%	216,672	N/A	N/A	N/A	N/A	N/A
BNDES	5.63%	35,356	N/A	N/A	N/A	N/A	N/A
Debt in reais – Floating rate							
BNDES	TJLP + 2.64%	12,492	(704)	(892)	(1,079)	(1,266)	(1,454)
US$ debts							
NCE	Libor 6M + 2.48 pa. (average)	132,475	(4,098)	(4,136)	(4,400)	(4,664)	(4,928)
PPE	Libor 6M + 2.87% pa.	65,872	(2,338)	(2,255)	(2,383)	(2,511)	(2,638)
ACC	1.83%	54,464	N/A	N/A	N/A	N/A	N/A
BNDES	Currency basket + 2.73%	471	(21)	(26)	(30)	(34)	(39)
Swap Libor x Pre**	Asset: Libor 6M+2% Liability: 4.68%	65,028	(917)	(791)	(666)	(540)	(415)
Short-term investments							
CDB and Debentures	84.90% of CDI	84,148	4,652	6,977	9,303	11,629	13,955

* Average annual rates

** R$ 65,028 refers to the translation of USD34,667 (loan amount whose Libor fluctuation is hedged) at the USD rate as of December 31, 2011 – R$1.8758.

i) Share Capital Management

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

Company manages the capital structure and adjusts considering changes in economic conditions in the country. To maintain or adjust the capital structure, the Company may adapt the dividends policy. There were no changes in dividend policy, objectives, policies and capital management processes for the years ended in December 31, 2011 and 2010.

20. Risk management and financial instruments (Continued)

i) Share Capital Management (Continued)

	Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Short and Long term loans and financing	**451,385**	292,124	**640,031**	449,593
(-) Cash and Cash equivalents	**(78,523)**	(93,119)	**(130,463)**	(110,219)
Net Debt	**372,862**	199,005	**509,568**	339,374
Equity	**1,920,236**	1,874,993	**1,920,236**	1,874,993
Financial Leverage Índex	**19.42%**	10.61%	**26.54%**	18.10%

21. Employees' profit sharing

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

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

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

Below the amount provisioned:

	Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Profit Sharing	**8,676**	3,583	**12,818**	4,877
Total	**8,676**	3,583	**12,818**	4,877

22. Stock option plan

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

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

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

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

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

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

22. Stock option plan (Continued)

						Number of shares
Granting Year	Exercise price - R$	Opening balance at 2009	Granted	Cancelled	Exercised	Opening balance at 2010
2007	R$ 14.00	564,000	-	(66,000)	(273,700)	224,300
2008	R$ 14.80	700,000	-	(149,000)	(28,000)	523,000
2009	R$ 15.00	488,000	-	(50,000)	(14,600)	423,400
2010	R$ 16.87	-	805,000	-	-	805,000
		1,752,000	805,000	(265,000)	(316,300)	1,975,700

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

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

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

Vesting periods are as follows:

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

22. Stock option plan (Continued)

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

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

Abiding by CPC 10, taking into consideration the grace periods above, the amount of R$ 6,261 (expense) was recognized as share option plan expense due to elapsing of vesting period, the contra entry being to a specific capital reserve account in shareholders' equity as of December 31, 2011 (R$ 2,769 on December 31, 2010).

23. Government grants and assistance

a) ICMS deferral and deemed matching credit

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

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

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

The deemed matching credits are credited to sales taxes account in the statement of operations, the contra entry being to taxes payable. In 2011, deemed matching ICMS credits were recognized in the amount of R$ 3,560 – Company, and R$ 5,370 – consolidated.

b) Income tax reduction incentive

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

23. Government grants and assistance (Continued)

b) ICMS deferral and deemed matching credit (Continued)

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

Subsidiaries Fazenda Planorte and Parnaíba had gains from IRPJ reduction incentive in 2011, in the amount of R$ 1,572 and R$ 714 respectively.

24. Insurance coverage

Insurance coverage taken out is detailed below:

Policy No.	Nature	Period covered	Coverage
20301974	Vehicles of SLC Agrícola	10/10/11 to 10/10/12	Third parties - 100% FIPE
20305460	Vehicles of SLC Agrícola	10/10/11 to 10/10/12	Third parties - 100% FIPE
20304346	Vehicles of SLC Agrícola	10/10/11 to 10/10/12	Third parties - 100% FIPE
20301820	Vehicles of Fazenda Parnaíba	10/10/11 to 10/10/12	Third parties - 100% FIPE
20305792	Vehicles of Fazenda Parnaíba	10/10/11 to 10/10/12	Third parties - 100% FIPE
20301825	Vehicles of Fazenda Planorte	10/10/11 to 10/10/12	Third parties - 100% FIPE
20305797	Vehicles of Fazenda Planorte	10/10/11 to 10/10/12	Third parties - 100% FIPE
20301813	Vehicles of Fazenda Paiaguás	10/10/11 to 10/10/12	Third parties - 100% FIPE
20305466	Vehicles of Fazenda Paiaguás	10/10/11 to 10/10/12	Third parties - 100% FIPE
20.002589	Machinery and Equipment	10/08/11 to 10/08/12	R$ 197,924,318.08
03.30.32818	Improvements - Farms	11/10/11 to 11/10/12	R$ 20,000,000.00
03.18.0540752	Administration	11/10/11 to 11/10/12	R$ 750,000.00
25.51.0018766.12	General Civil Responsibility	12/02/11 to 12/02/12	R$ 1,000,000.00
20.000007	Cotton and Grains Inventories	03/25/11 to 03/24/12	R$ 60,000,000.00

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

25. Net revenue from sales

	Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Gross operating revenue	**694,481**	612,193	**1,057,887**	949,720
Sale of goods	**565,583**	533,990	**848,281**	810,496
Fair value variation of biological assets	**128,898**	78,203	**209,606**	139,224
Deductions, taxes and contributions	**(37,384)**	(44,402)	**(52,247)**	(61,007)
Net operating revenue	**657,097**	567,791	**1,005,640**	888,713

26. Expenses per nature

	Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Expenses per function				
Cost of goods sold	**413,618**	444,956	**639,852**	669,009
Selling expenses	**31,189**	38,084	**46,765**	56,644
General and administrative expenses	**44,420**	26,766	**57,788**	34,523
Other operating expenses	**1,851**	365	**2,963**	7,647
	491,078	510,171	**747,368**	767,823
Expenses per nature				
Depreciation and amortization	**45,513**	53,592	**68,995**	78,297
Personnel expenses	**63,402**	20,184	**101,850**	91,725
Raw material and other materials	**231,668**	339,681	**336,434**	454,077
Biological Assets variation (COGS)	**102,653**	47,870	**175,503**	95,437
Freight	**19,718**	28,510	**27,661**	17,008
Other expenses	**28,124**	20,334	**36,925**	31,279
	491,078	510,171	**747,368**	767,823

27. Information per segment

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

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

	2011	**2010**
Gross sales		
Domestic market	335,689	359,989
Foreign market	458,255	386,978
Biological Asset Gain	209,606	139,224
Other	54,337	63,529
	1,057,887	949,720

27. Information per segment

Information on consolidated gross sales per products are as follows:

	2011	2010
Consolidated gross sales:		
Cotton	427,218	390,714
Soybean	228,569	204,580
Corn	72,544	89,698
Cottonseed	51,391	41,148
Coffee	11,465	13,915
Other	57,094	70,441
Biological Asset	209,606	139,224
	1,057,887	949,720

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