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

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Company Information / Capital Composition

Number of Shares	Current Quarter
(Units)	03/31/2011
Paid-up Capital	
Common	98,897,500
Preferred	0
Total	98,897,500
Treasury	
Common	884,900
Preferred	0
Total	884,900

Individual Financial Statements / Balance Sheet – Assets

(In thousands of reais)

Account Code	Account Line	Current Quarter 03/31/2011	Prior Year 12/31/2010
1	Total Assets	2,514,306	2,430,073
1.01	Current Assets	576,100	512,197
1.01.01	Cash and Cash Equivalents	147,565	93,119
1.01.03	Accounts Receivable	104,751	117,188
1.01.03.01	Trade Accounts Receivable	16,352	28,529
1.01.03.02	Other Receivables	88,399	88,659
1.01.03.02.01	Advances to Suppliers	16,163	15,782
1.01.03.02.02	Derivative Operations	48,656	45,225
1.01.03.02.03	Notes and Amounts Receivable	10,460	12,043
1.01.03.02.04	Other Receivables	959	1,814
1.01.03.02.05	Dividends Receivable	991	992
1.01.03.02.06	Restricted Investments	11,170	12,803
1.01.04	Inventories	54,769	147,014
1.01.05	Biological Assets	237,993	119,351
1.01.06	Recoverable Taxes	25,276	28,657
1.01.06.01	Recoverable Current Taxes	25,276	28,657
1.01.06.01.01	Recoverable Taxes	25.276	28,657
1.01.07	Prepaid Expenses	5,746	6,868
1.02	Non-current assets	1,938,206	1,917,876
1.02.01	Long-Term Assets	137,553	136,388
1.02.01.03	Accounts Receivable	27,981	32,050
1.02.01.03.02	Other Receivables	27,981	32,050
1.02.01.05	Biological Assets	19,202	17,771
1.02.01.06	Deferred Taxes	55,156	59,400
1.02.01.06.01	Deferred Income and Social Contribution Taxes	55,156	59,400
1.02.01.07	Prepaid Expenses	4,061	4,475
1.02.01.08	Related Parties	5,077	4,512
1.02.01.08.02	Subsidiaries	5,077	4,512
1.02.01.09	Other Non-Current Assets	26,076	18,180
1.02.01.09.03	Advances for Future Capital Increase	26,076	18,180
1.02.02	Investments	1,379,216	1,364,205
1.02.02.01	Investments in Subsidiaries	1,379,216	1,364,205
1.02.02.01.02	Investments in Subsidiaries	1,379,216	1,364,205
1.02.03	Property, Plant and Equipment	410,670	406,849
1.02.03.01	Property, Plant and Equipment in Use	410,670	406,849
1.02.04	Intangible Assets	10,767	10,434
1.02.04.01	Intangible Assets	10,767	10,434

Individual Financial Statements / Balance Sheet – Liabilities

(In thousands of Reais)

Account Code	Account Line	Current Quarter 03/31/2011	Prior Year 12/31/2010
2	Total Liabilities	2,514,306	2,430,073
2.01	Current Liabilities	347,965	294,530
2.01.01	Social Security and Labor Liabilities	7,750	6,499
2.01.01.01	Social Security Liabilities	2,476	0
2.01.01.02	Labor Liabilities	5,274	6,499
2.01.02	Trade Accounts Payable	19,018	58,406
2.01.02.01	Trade Accounts Payable – Domestic	19,018	58,406
2.01.03	Taxes Payable	1,405	3,946
2.01.03.01	Federal Taxes Payable	1,405	3,946
2.01.03.01.02	Taxes, Fees and Sundry Contributions	1.405	3,946
2.01.04	Loans and Financing	198,894	153,340
2.01.04.01	Loans and Financing	198,894	153,340
2.01.04.01.01	In Local Currency	198,894	153,340
2.01.05	Other Payables	120,898	72,339
2.01.05.01	Related Parties	10,500	5,350
2.01.05.01.02	Subsidiaries	10,500	0
2.01.05.02	Other	110,398	66,989
2.01.05.02.02	Mandatory Minimum Dividends Payable	15,592	15,592
2.01.05.02.04	Notes Payable	2,600	2,600
2.01.05.02.05	Advances from Customers	49,743	7,526
2.01.05.02.06	Lease	5,865	0
2.01.05.02.07	Derivative Operations	35,988	35,987
2.01.05.02.10	Other Liabilities	610	5,284
2.02	Non-Current Liabilities	259,684	260,550
2.02.01	Loans and Financing	133,573	138,784
2.02.01.01	Loans and Financing	133,573	138,784
2.02.01.01.01	In Local Currency	133.573	138,784
2.02.02	Other Payables	1,441	2,133
2.02.02.02	Other	1,441	2,133
2.02.02.02.04	Derivative Operations	893	1,585
2.02.02.02.06	Other Liabilities	548	548
2.02.03	Deferred Taxes	124,670	119,633
2.02.03.01	Deferred Income and Social Contribution Taxes	124,670	119,633
2.03	Equity	1,906,657	1,874,993
2.03.01	Paid-up Capital	557,434	557,434
2.03.02	Capital Reserves	177,072	174,015
2.03.02.01	Premium on Issue of Shares	200,872	200,706
2.03.02.04	Options Granted	-12,974	-14,913
2.03.02.05	Treasury Shares	-10,826	-11,778
2.03.04	Income Reserves	138,672	138,672
2.03.04.01	Legal Reserve	2,851	2,851
2.03.04.05	Profit Retention Reserve	5,628	5,628
2.03.04.10	Expansion Reserve	130,193	130,193
2.03.05	Retained Earnings/Accumulated Losses	22,626	0
2.03.08	Other Comprehensive Income	1,010,853	1,004,872

Individual Financial Statements / Income Statement

(In thousands of Reais, except per share information)

Account Code	Account Line	Three-month period 01/01/2011 to 03/31/2011	Three-month period 01/01/2010 to 03/31/2010
3.01	Net operating revenue	123,271	115,038
3.02	Cost of Goods Sold and/or Services	-70,469	-114,955
3.03	Gross Profit	52,802	83
3.04	Operating Income (Expenses)	-3,830	-2,828
3.04.01	Selling Expenses	-5,839	-7,687
3.04.02	General and Administrative Expenses	-10,602	-5,610
3.04.02.01	General and Administrative	-8,985	-5,345
3.04.02.02	Management Fees	-1,617	-265
3.04.04	Other Operating Income	277	797
3.04.05	Other Operating Expenses	-1,265	0
3.04.06	Equity Pickup	13,599	9,672
3.05	Income Before Financial Income (Expenses) and Taxes	48,972	-2,745
3.06	Financial Income (Expenses)	-20,198	-1,864
3.06.01	Financial Income	15,205	13,803
3.06.02	Financial Expenses	-35,403	-15,667
3.07	Income Before Taxes	28,774	-4,609
3.08	Income and Social Contribution Taxes	-6,623	4,664
3.08.02	Deferred taxes	-6,623	4,664
3.09	Net Income from Continuing Operations	22,151	55
3.11	Net Income (Loss) for the Period	22,151	55
3.99	Earnings per Share - (Reais)		

Individual Financial Statements / Comprehensive Income Statement

(In thousands of reais)

Account Code	Account Line	Three-month period 01/01/2011 to 03/31/2011	Three-month period 01/01/2010 to 03/31/2010
4.01	Net Income for the period	22,151	55
4.02	Other comprehensive income	3,068	1,399
4.02.01	Derivatives – cash flow hedge	3,943	2,120
4.02.02	Derivatives – cash flow hedge – subsidiaries	706	0
4.02.03	Income and social contribution taxes	-1,581	-721
4.03	Comprehensive Income for the Period	25,219	1,454

Individual Financial Statements / Cash Flow Statement – Indirect Method

(In thousands of reais)

Account Code	Account Line	Three-month period 01/01/2011 to 03/31/2011	Three-month period 01/01/2010 to
6.01	Net Cash From Operating Activities	37,053	20,698
6.01.01	Cash Flow From Operating Activities	23,210	6,983
6.01.01.01	Net Income (Loss) Before Taxes	28,774	-4,609
6.01.01.02	Depreciation	13,334	11,947
6.01.01.03	Permanent Assets Write-off	1,413	845
6.01.01.04	Unrealized Gains on Hedge Instruments	6,456	0
6.01.01.05	Equity Pickup	-13,599	-9,672
6.01.01.06	Interest, Exchange Variation and Monetary	5,694	8,862
6.01.01.07	Fair Value Adjustments	0	-61
6.01.01.09	Deferred Taxes	2,658	-810
6.01.01.10	Increase (Decrease) in Biological Assets	-21,520	481
6.01.02	Increase (Decrease) in Assets and Liabilities	13,843	13,715
6.01.02.01	Trade Accounts Receivable	12,177	-4,758
6.01.02.02	Biological Assets	-6,308	34,393
6.01.02.03	Recoverable Taxes	3,381	-4,445
6.01.02.04	Related Parties	-1,367	-4,993
6.01.02.05	Derivative Operations	-788	-4,779
6.01.02.06	Other Receivables	-2,075	2,419
6.01.02.07	Trade Accounts Payable	-39,388	-24,684
6.01.02.08	Taxes Payable and Social Security Liabilities	-1,290	5,139
6.01.02.09	Related Parties	5,150	2,122
6.01.02.10	Derivative Operations	-692	-629
6.01.02.11	Restricted Investments	1,633	0
6.01.02.12	Other Payables	43,410	13,930
6.02	Net Cash Used in Investing Activities	-18,901	-26,925
6.02.02	In Property, Plant and Equipment	-18,568	-26,786
6.02.03	In Intangible Assets	-333	-139
6.03	Net Cash from Financing Activities	36,294	55,401
6.03.01	Buyback of Shares	0	392
6.03.02	Stock Option Plans	1,645	-56
6.03.03	Loans and Financing Obtained	53,593	69,035
6.03.04	Repayment of Loans and Financing	-18,944	-13,970
6.05	Increase (Decrease) in Cash and Cash Equivalents	54,446	49,174
6.05.01	Cash and Cash Equivalents – At Beginning of Period	93,119	95,851
6.05.02	Cash and Cash Equivalents – At End of Period	147,565	145,025

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

(In thousands of reais)

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

Individual Financial Statements / Statement of Changes in Equity from 01/01/2010 to 03/31/2010

(In thousands of reais)

Account Code	Account Line	Paid-up Capital	Capital Reserves, Options Granted and and Treasury Shares	Income Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity
5.01	Initial Balances	557,434	166,782	89,372	0	993,510	1,807,098
5.03	Adjusted Initial Balances	557,434	166,782	89,372	0	993,510	1,807,098
5.04	Capital Transactions with Shareholders	0	336	0	0	0	336
5.04.03	Recognized Options Granted	0	336	0	0	0	336
5.05	Total Comprehensive Income	0	0	0	55	-912	-857
5.05.01	Net Income for the Period	0	0	0	55	0	55
5.05.02	Other Comprehensive Income	0	0	0	0	-912	-912
5.05.02 01	Adjustments of Financial Instruments	0	0	0	0	-912	-912
5.07	Final Balances	557,434	167,118	89,372	55	992,598	1,806,577

Individual Financial Statements / Value Added Statement

(In thousands of reais)

Account Code	Account Line	Three-month period 01/01/2011to 03/31/2011	Three-month period 01/01/2010 to 03/31/2010
7.01	Revenues	136,166	136,583
7.01.01	Sales of Products and Services	108,656	122,526
7.01.02	Other Revenues	19,621	675
7.01.02.01	Change in Fair Value of Biological Assets	20,543	-481
7.01.02.02	Other Revenues	-922	1,156
7.01.03	Revenues from Construction of Own Assets	7,889	13,382
7.02	Bought-in Materials and Services	-68,386	-109,460
7.02.01	Cost of Goods Sold and/or Services	-154	-143
7.02.02	Materials, Electricity, Outsourced Services and Other	-23,952	-38,987
7.02.03	Impairment/Recovery of Assets	-125	-3,196
7.02.04	Other	-44,155	-67,134
7.02.04.01	Raw Materials Consumed	-22,704	-50,584
7.02.04.02	Adjustment to Fair Value of Biological Assets	-21,451	-16,550
7.03	Gross Value Added	67,780	27,123
7.04	Retentions	-5,670	-8,716
7.04.01	Depreciation, Amortization and Depletion	-5,670	-8,716
7.05	Net Value Added Produced	62,110	18,407
7.06	Value Added Received in Transfer	34,089	24,085
7.06.01	Equity Pickup	13,599	9,672
7.06.02	Financial Income	20,463	14,382
7.06.03	Other	27	31
7.07	Total Value Added for Distribution	96,199	42,492
7.08	Distribution of Value Added	96,199	42,492
7.08.01	Personnel	13,051	12,361
7.08.01.01	Direct Compensation	7,478	9,341
7.08.01.02	Benefits	4,984	2,377
7.08.01.03	FGTS (Severance Pay Fund)	589	643
7.08.02	Taxes, Charges and Contributions	22,264	6,560
7.08.02.01	Federal	18,551	4,168
7.08.02.02	State	3,697	2,386
7.08.02.03	Municipal	16	6
7.08.03	Return on Borrowed Capital	38,733	23,516
7.08.03.01	Interest	35,239	16,289
7.08.03.02	Rental	3,494	7,227
7.08.04	Return on Own Capital	22,151	55
7.08.04.03	Retained Earnings/Accumulated Losses for the Period	22,151	55

Consolidated Financial Statements / Balance Sheet – Assets

(In thousands of reais)

Account Code	Account Line	Current Quarter 03/31/2011	Prior Year 12/31/2010
1	Total Assets	3,234,484	3,116,573
1.01	Current Assets	859,261	737,876
1.01.01	Cash and Cash Equivalents	199,812	110,219
1.01.03	Accounts Receivable	133,660	138,406
1.01.03.01	Trade Accounts Receivable	37,101	45,611
1.01.03.02	Other Receivables	96,559	92,795
1.01.03.02.01	Advances to Suppliers	18,090	16,511
1.01.03.02.02	Derivative Operations	55,666	50,012
1.01.03.02.03	Notes and Amounts Receivable	10,460	12,043
1.01.03.02.04	Other Receivables	1,173	1,426
1.01.03.02.05	Restricted Investments	11,170	12,803
1.01.04	Inventories	135,649	239,222
1.01.05	Biological Assets	333,754	191,212
1.01.06	Recoverable Taxes	49,604	51,753
1.01.06.01	Recoverable Current Taxes	49,604	51,753
1.01.06.01.01	Recoverable Taxes	49,604	51,753
1.01.07	Prepaid Expenses	6,782	7,064
1.02	Non-Current Assets	2,375,223	2,378,697
1.02.01	Long-Term Assets	121,565	128,673
1.02.01.03	Accounts Receivable	30,067	34,453
1.02.01.03.02	Other Accounts Receivable	30,067	34,453
1.02.01.05	Biological Assets	19,202	17,771
1.02.01.06	Deferred Taxes	68,235	71,974
1.02.01.06.01	Deferred Income and Social Contribution Taxes	68,235	71,974
1.02.01.07	Prepaid Expenses	4,061	4,475
1.02.02	Investments	345	488
1.02.02.01	Investments in Subsidiaries	345	488
1.02.02.01.04	Other Investments in Subsidiaries	345	488
1.02.03	Property, Plant and Equipment	2,242,498	2,239,052
1.02.03.01	Property, Plant and Equipment In Use	2,242,498	2,239,052
1.02.04	Intangible Assets	10,815	10,484
1.02.04.01	Intangible Assets	10,815	10,484

Consolidated Financial Statements / Balance Sheet –Liabilities

(In thousands of Reais)

Account Code	Account Line	Current Quarter 03/31/2011	Prior Year 12/31/2010
2	Total Liabilities	3,234,484	3,116,573
2.01	Current Liabilities	580,170	493,029
2.01.01	Social Security and Labor Liabilities	7,656	8,372
2.01.01.02	Labor Liabilities	7,656	8,372
2.01.02	Trade Accounts Payable	27,035	94,974
2.01.02.01	Trade Accounts Payable – Domestic	27,035	94,974
2.01.03	Taxes Payable	12,383	7,591
2.01.03.01	Federal Taxes Payable	12,383	7,591
2.01.03.01.02	Taxes, Fees and Sundry Contributions	12.383	7,591
2.01.04	Loans and Financing	337,655	260,117
2.01.04.01	Loans and Financing	337,655	260,117
2.01.04.01.01	In Local Currency	337.655	260,117
2.01.05	Other Payables	195,441	121,975
2.01.05.02	Other	195,441	121,975
2.01.05.02.02	Mandatory Minimum Dividends Payable	15,592	15,592
2.01.05.02.04	Notes Payable	43,395	50,077
2.01.05.02.05	Advances from Customers	86,982	10,875
2.01.05.02.07	Derivative Operations	35,988	35,987
2.01.05.02.08	Lease	12,179	4,983
2.01.05.02.09	Other Liabilities	1,305	4,461
2.02	Non-Current Liabilities	747,657	748,551
2.02.01	Loans and Financing	186,378	189,476
2.02.01.01	Loans and Financing	186,378	189,476
2.02.01.01.01	In Local Currency	186.378	189,476
2.02.02	Other Payables	50,064	53,730
2.02.02.02	Other	50,064	53,730
2.02.02.02.03	Notes Payable	48.622	51,596
2.02.02.02.04	Derivative Operations	893	1,585
2.02.02.02.05	Other Liabilities	549	549
2.02.03	Deferred Taxes	511,215	505,345
2.02.03.01	Deferred Income and Social Contribution Taxes	511,215	505,345
2.03	Consolidated Equity	1,906,657	1,874,993
2.03.01	Paid-Up Capital	557,434	557,434
2.03.02	Capital Reserves	177,072	174,015
2.03.02.01	Premium on Issue of Shares	200,872	176,103
2.03.02.04	Options Granted	-12,974	9,690
2.03.02.05	Treasury Shares	-10,826	-11,778
2.03.04	Income Reserves	154,159	154,252
2.03.04.01	Legal Reserve	2,851	2,851
2.03.04.02	Bylaws reserve	145,680	69,206
2.03.04.05	Profit Retention Reserve	5,628	5,628
2.03.04.10	Expansion Reserve	0	76,567
2.03.05	Retained Earnings/Accumulated Losses	23,562	0
2.03.08	Other Comprehensive Income	994,430	989,292

Consolidated Financial Statements / Income Statement

(In thousands of Reais, except per share information)

Account Code	Account Line	Three-Month Period 01/01/2011 to 03/ 31/2011	Three-Month Period 01/01/2010 to 03/31/2010
3.01	Net Operating Revenue	196,277	177,185
3.02	Cost of Goods Sold and/or Services	-121,541	-176,091
3.03	Gross Profit	74,736	1,094
3.04	Operating Income (Expenses)	-22,604	-16,911
3.04.01	Selling Expenses	-8,336	-11,708
3.04.02	General and Administrative Expenses	-13,485	-6,421
3.04.02.01	General and Administrative	-11,868	-6,156
3.04.02.02	Management Fees	-1,617	-265
3.04.04	Other Operating Income	320	1,218
3.04.05	Other Operating Expenses	-1,103	0
3.05	Income Before Financial Income (Expenses) and Taxes	52,132	-15,817
3.06	Financial Income (Expenses)	-17,935	13,399
3.06.01	Financial Income	27,072	34,373
3.06.02	Financial Expenses	-45,007	-20,974
3.07	Income Before Taxes	34,197	-2,418
3.08	Income and Social Contribution Taxes	-11,824	2,076
3.08.01	Current	-4,841	-6,032
3.08.02	Deferred	-6,983	8,108
3.09	Net Income from Continuing Operations	22,373	-342
3.11	Consolidated Net Income (Loss) for the Period	22,373	-342
3.11.01	Attributable to Equity Holders of the Parent	22,373	-342
3.99	Earnings per Share - (Reais)		

Consolidated Financial Statements / Comprehensive Income Statement

Account Code	Account Line	Three-Month Period 01/01/2011 to 03/31/2011	Three-Month Period 01/01/2010 to 03/31/2010
4.01	Consolidated Net Income for the Period	22,373	-342
4.02	Other comprehensive income	3,068	1,399
4.02.01	Derivatives – cash flow hedge	4,649	2,120
4.02.03	Income and social contribution taxes	-1,581	-721
4.03	Consolidated Comprehensive Income for the Period	25,441	1,057
4.03.01	Attributable to Equity Holders of the Parent	12,975	539
4.03.02	Attributable to Non-Controlling Interests	12,466	518

Consolidated Financial Statements / Cash Flow Statement – Indirect Method

(In thousands of reais)

Account Code	Account Line	Three-month period 01/01/2011 to 03/ 31/2011	Three-month period 01/01/2010 to 03/31/2010
6.01	Net Cash From Operating Activities	47,955	21,405
6.01.01	Cash Flow From Operating Activities	29,002	29,402
6.01.01.01	Net Income (Loss) Before Taxes	34,197	-2,418
6.01.01.02	Depreciation	21,109	18,843
6.01.01.03	Permanent Assets Write-Off	1,423	1,847
6.01.01.04	Unrealized Gains on Hedge Instruments	6,328	0
6.01.01.06	Interest, exchange variation and monetary restatement	9,599	12,237
6.01.01.07	Fair Value Adjustments	0	-517
6.01.01.08	Deferred Taxes	2,626	8,108
6.01.01.09	Increase (Decrease) in Biological Assets	-41,439	-2,666
6.01.01.10	Provision for Current Income and Social Contribution Taxes	-4,841	-6,032
6.01.02	Increase (Decrease) in Assets and Liabilities	18,953	-7,997
6.01.02.01	Trade Accounts Receivable	8,510	-11,312
6.01.02.02	Biological Assets	1,039	32,128
6.01.02.03	Recoverable Taxes	2,149	-5,235
6.01.02.04	Related Parties	0	2
6.01.02.05	Derivative Operations	-2,754	-3,051
6.01.02.06	Other Receivables	2,439	832
6.01.02.07	Trade Accounts Payable	-67,939	-44,381
6.01.02.08	Taxes Payable and Social Security Liabilities	4,076	11,014
6.01.02.09	Derivative Operations	-691	-616
6.01.02.10	Notes Payable	-9,657	-16,303
6.01.02.11	Other Payables	80,148	28,781
6.01.02.12	Related Parties	0	144
6.01.02.13	Restricted investments	1,633	0
6.02	Net Cash Used in Investing Activities	-26,309	-52,063
6.02.02	In Property, Plant and Equipment	-25,978	-51,924
6.02.03	In Intangible Assets	-331	-139
6.03	Net Cash from Financing Activities	67,947	71,948
6.03.01	Loans and Financing Obtained	83,785	87,185
6.03.02	Repayment of Loans and Financing	-18,944	-15,573
6.03.03	Stock Option Plan	3,106	-56
6.03.04	Buyback of Shares	0	392
6.05	Increase (Decrease) in Cash and Cash Equivalents	89,593	41,290
6.05.01	Cash and Cash Equivalents – At Beginning of Period	110,219	142,251
6.05.02	Cash and Cash Equivalents – At End of Period	199,812	183,541

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

(In thousands of reais)

Account Code	Account Line	Paid-Up Capital	Capital Reserves, Options Granted and and Treasury Shares	Income Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity	Non-Controlling Interests	Consolidated Equity
5.01	Initial Balances	557,434	174,015	154,253	0	989,291	1,874,993	0	1,874,993
5.03	Adjusted Initial Balances	557,434	174015	154,253	0	989,291	1,874,993	0	1,874,993
5.04	Capital Transactions with Shareholders	0	3,057	0	0	0	3,057	0	3,057
5.04.03	Recognized Options Granted	0	3,057	0	0	0	3,057	0	3,057
5.05	Total Comprehensive Income	0	0	-94	23,562	5,139	28,607	0	28,607
5.05.01	Net Income for the Period	0	0	0	22,373	0	22,373	0	22,373
5.05.02	Other Comprehensive Income	0	0	-94	1,189	5,139	6,234	0	6,234
5.05.02.01	Adjustments of Financial Instruments	0	0	-94	0	6,328	6,234	0	6,234
5.05.02.06	Realization of Fair Value Depreciation	0	0	0	1,189	-1,189	0	0	0
5.07	Final Balances	557,434	177,072	154,159	23,562	994,430	1,906,657	0	1,906,657

Consolidated Financial Statements / Statement of Changes in Equity from 01/01/2010 to 03/31/2010

(In thousands of reais)

Account Code	Account Line	Paid-Up Capital	Capital Reserves, Options Granted and and Treasury Shares	Income Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity	Non-Controlling Interests	Consolidated Equity
5.01	Initial Balances	557,434	166,782	88,179	0	994,703	1,807,098	0	1,807,098
5.03	Adjusted Initial Balances	557,434	166,782	88,179	0	994,703	1,807,098	0	1,807,098
5.04	Capital Transactions with Shareholders	0	336	0	0	0	336	0	336
5.04.03	Recognized Options Granted	0	336	0	0	0	0	0	336
5.05	Total Comprehensive Income	0	0	0	-342	-516	-858	0	-858
5.05.D1	Net Income for the Period	0	0	0	-342	0	-342	0	-342
5.05.02	Other Comprehensive Income	0	0	0	0	-516	-516	0	-516
5.05.02.01	Adjustments of Financial Instruments	0	0	0	0	-516	-516	0	-516
5.07	Final Balances	557,434	167,118	88,179	-342	994,187	1,806576	0	1,8065,76

Consolidated Financial Statements / Value Added Statement

(In thousands of reais)

Account Code	Account Line	Three-month period 01/01/2011 to 03/31/2011	Three-month period 01/01/2010 to 03/31/2010
7.01	Revenues	214,115	203,214
7.01.01	Sales of Products and Services	164,808	190,053
7.01.02	Other Revenues	40,131	-996
7.01.02.01	Other Revenues	-331	1,670
7.01.02.02	Change in Fair Value of Biological Assets	40,462	-2,666
7.01.03	Revenues from Construction of Own Assets	9,176	14,157
7.02	Bought-in Materials and Services	-117,544	-166,889
7.02.01	Cost of Goods Sold and Services	-550	-236
7.02.02	Materials, Electricity, Outsourced Services and Other	-29,987	-52,793
7.02.03	Impairment/Recovery of Assets	-2,268	-3,478
7.02.04	Other	-84,739	-110,382
7.02.04.01	Raw Materials Consumed	-41,816	-85,727
7.02.04.02	Adjustment to Fair Value of Biological Assets	-42,923	-24,655
7.03	Gross Value Added	96,571	36,325
7.04	Retentions	-9,465	-13,789
7.04.01	Depreciation, Amortization and Depletion	-9,465	-13,789
7.05	Net Value Added Produced	87,106	22,536
7.06	Value Added Received in Transfer	34,105	35,204
7.06.02	Financial Income	34,061	35,160
7.06.03	Other	44	44
7.07	Total Value Added for Distribution	121,211	57,740
7.08	Distribution of Value Added	121,211	57,740
7.08.01	Personnel	17,471	16,535
7.08.01.01	Direct Compensation	10,022	11,974
7.08.01.02	Benefits	6,646	3,692
7.08.01.03	FGTS (Severance Pay Fund)	803	869
7.08.02	Taxes, Charges and Contributions	34,761	15,943
7.08.02.01	Federal	29,277	10,951
7.08.02.02	State	5,455	4,975
7.08.02.03	Municipal	29	17
7.08.03	Return on Borrowed Capital	46,606	25,604
7.08.03.01	Interest	44,736	21,735
7.08.03.02	Rental	1,870	3,869
7.08.04	Return on Own Capital	22,373	-342
7.08.04.03	Retained Earnings/Accumulated Losses for the Period	22,373	-342

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER



EBITDA OF R$61,597 thousand in 1Q11, with Net Income of R$22,373 thousand

Porto Alegre, May 16th 2011 – SLC AGRÍCOLA S.A. (Bovespa: SLCE3; Bloomberg: SLCE3:BZ; 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, presents today its earnings for the first quarter 2011. The following financial and operating information are presented in compliance with the Financial accounting Standards (International Financial Reporting Standards – IFRS). The information was prepared on a consolidated basis and is presented in thousand Brazilian Reais, unless otherwise stated.

1Q11 Highlights

(R$ thousand)	2009	2010	AH	1Q10	1Q11	AH
Net revenue	587,960	888,713	51.2%	177,185	196,277	10.8%
Gross Profit	85,615	219,704	156.6%	1,094	74,736	n.m.
Gross margin	*14.6%*	*24.7%*	*10.1.p.p.*	*0.6%*	*38.1%*	*37,5p.p.*
Operating income	7,574	83,892	n.m.	(2,418)	34,197	n.m.
Operating margin	*1.3%*	*9.4%*	*8.1p.p.*	*-1.4%*	*17.4%*	*18.8p.p.*
Net profit (loss)	9,124	58,613	542.3%	(342)	22,373	n.m.
Net margin	*1.6%*	*6.6%*	*5.0p.p.*	*-0.2%*	*11.4%*	*11.6p.p.*
EBITDA	**69,664**	**204,339**	**193.3%**	**(2,028)**	**61,597**	**n.m.**
EBITDA Margin	***11.8%***	***23.0%***	***11.2p.p.***	**-1.1%**	**31.4%**	***32.5p.p.***
Net Debt	**318,400**	**339,374**	**6.6%**	**339,374**	**324,221**	**-4.5%**

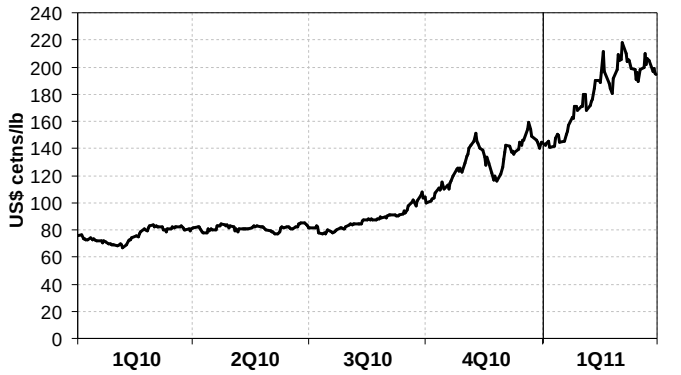
COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

Market Outlook

Cotton

Cotton Prices in the International Market

ICE - (1st Contract)



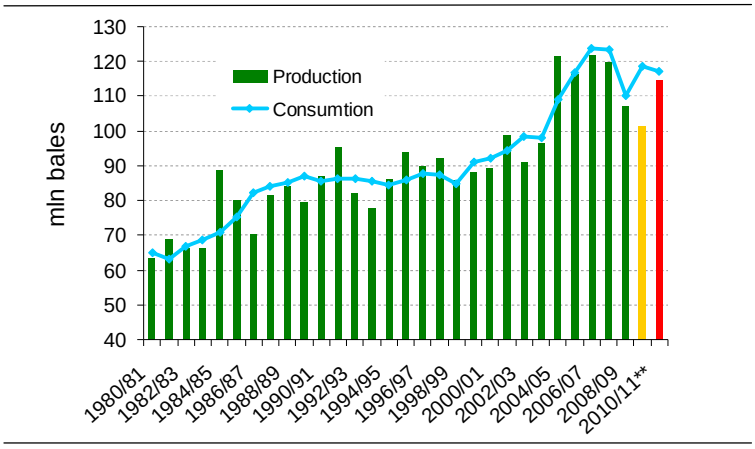
Source: ICE/CMA

Cotton future prices traded on ICE/NYBOT (ICE Futures U.S.) presented an average quotation of US¢180.9/lb in 1Q11, with appreciation of 137.4% against 1Q10 when the average price was US¢76.2/lb.

After world's lowest cotton production in 6 years, in the 2009/10 crop (101.3 million bales), problems in China, Pakistan and Australia have also reduced worldwide cotton production potential in 2010/11 crop, which, according to USDA (United States Department of Agriculture), should reach 114.53 million bales. Together with the crop loss due to climatic problems, restrictions to the exports of cotton lint in India have limited the offering of cotton to importing countries and led prices to historical peaks in 2011.

Even with reduced supply and higher prices, worldwide demand for cotton has showed to be firm in 2010/11 crop year. April's USDA report forecasts world consumption in 117.1 million bales, a reduction of only 1.2% as compared to 2009/10, however, still 2.2% higher than production, causing a new decrease in world end inventories.

World Cotton Production and Consumption

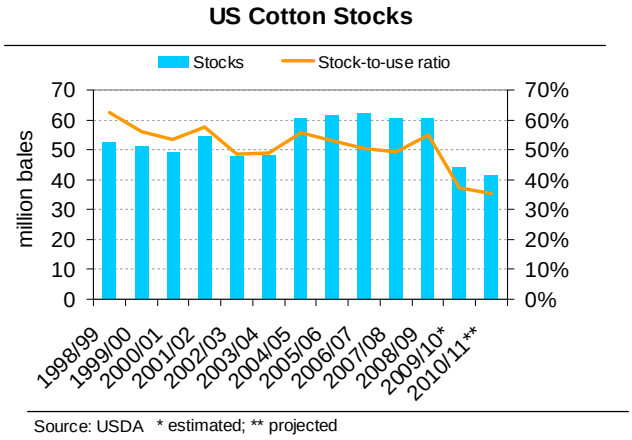


Source: USDA * estimated; ** projected

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

According to USDA data, the production lower than consumption will lead world inventories to drop for the fourth consecutive year. For 2010/11, USDA forecasts final inventories of 41.6 million bales (9.1 million tons), the lowest in 17 years.

In the United States, the largest global exporter, exports increased 30.8% in 2010/11, leading U.S. final inventories to 1.6 million bales (348.3 thousand tons), the lowest stock/stock-to-use ratio in history: only 8.2%.



Source: USDA * estimated; ** projected

For 2011/12 crop year, the struggle for planted areas between grains and cotton will continue to be a major factor for definition of cotton area, worldwide. Higher prices for competitive crops, such as soybean and corn should make difficult an increase in cotton area. In view of this scenario, the first estimate of planted area for 2011/12 crop year in the United States (March 2011 Prospective Plantings Report) indicates a 14.6% increase, with the planted area going to 12.6 million acres.

Countries in the Southern Hemisphere, such as Australia and Brazil are already benefiting from higher prices, still in the 2010/11 crop. According to USDA, Australia should triple its cotton area in 2010/11 to 600 thousand hectares, an increase boosted both by higher international prices and by better hydric conditions for crop plantation. Even with the excess of rain during the development of the crop, Australian production should still increase 154.0%, to 4.5 million bales.

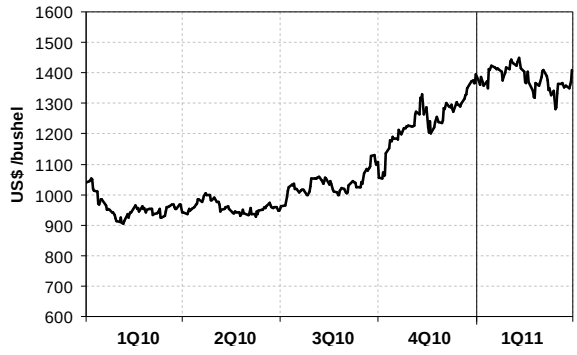
For Brazil, in accordance with the lastest survey for the 2010/11 crop disclosed by Conab (Brazilian Supply Company), it is estimated a record increase of the cotton area. According to the survey, the area should go to 1,361.2 thousand hectares, a 62.9% increase as compared to the previous year. And cotton lint production should reach 2,027.6 thousand tons, an increase of 69.8%. Among the different points which had and influence on this area increase, Conab highlights, above all, the increased external demand and high product price quotations both in internal and external markets.

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

Soybean

Soybean Prices in the International Market

CBOT - (1st Contract)



Average price:	9,6	9,6	10,4	12,5	13,8

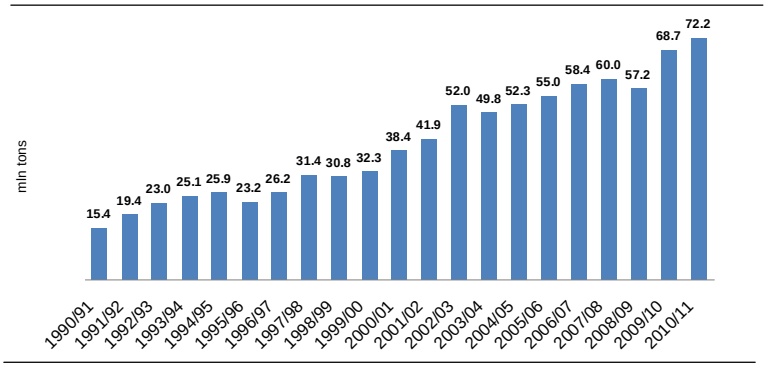
Source: CBOT/CMA

In 1Q11, soybean average price at CBOT (Chicago Board of Trade) was US$13.8/bu, with a 10.4% appreciation against the previous quarter and a 43.8% appreciation against 1Q10.

According to USDA, soybean worldwide production in 2010/11 crop year should reach 261 million tons, 0.4% higher when compared to the previous crop, of 260 million tons. The increased production in Brazil and Paraguay offset production reduction recorded in the United States and in Argentina.

In Brazil, Conab estimated a 3% increment in the soybean area for the 2010/11 crop, to 24.2 million hectares, as compared to 23.5 million hectares in 2009/10 crop. Climate conditions were adequate in most producing regions in Brazil, so that estimated production is 72.2 million tons, or a 5.1% increase against 2009/10 crop year, when 68.7 million tons were harvested.

Brazilian Soybean Production



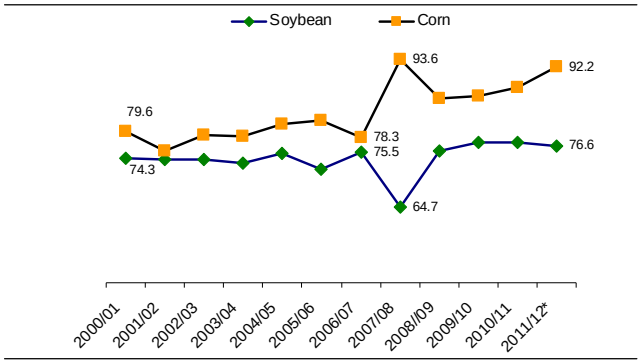
Source: Conab

In Argentina, according to SAGPyA (Argentine Department of Agriculture, Cattle Raising, Fishery and Foods) the planted area should reach 18.7 million hectares, with an increase of 1.7% against the previous cycle. A drought harmed the plantation and initial development of the most premature plantations, however, the return of rains since late January allowed recuperation of the fields and development of later plantations of soybean crop, thus mitigating losses. Still according to SAGPyA production should reach 50.4 million tons, a 4.3% reduction against previous year.

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

According to USDA, in its March 2011 report (Prospective Plantings Report), the soybean planted area in the United States for the 2011/12 crop year should decrease to 76.6 million acres (31 million hectares), a 1% reduction against the previous year when 77.4 million acres were planted with soybean in USA. Still according to USDA, North-American producers will migrate from soybean area to corn, due to the more attractive prices of this crop, for which area should increase by 4.5%. The combination of soybean and corn areas should reach 168.8 million acres in 2011, and, if confirmed, it shall be the largest soybean and corn area ever planted in the United States.

Soybean and Corn Area in the United States

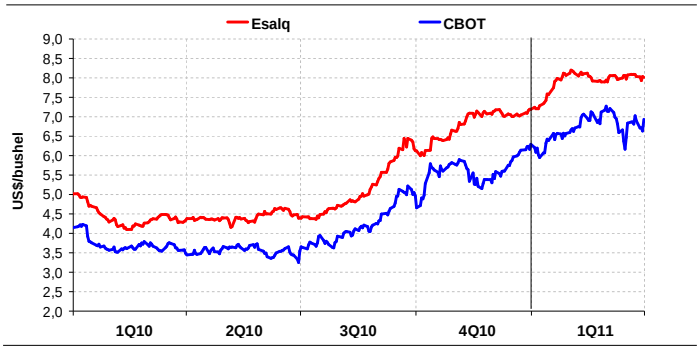


1 acre = 0.4046 ha Source: USDA

With a well-adjusted supply and demand picture, the soybean crop in USA has low margin for productivity losses; thus, the market may present high price volatility, as besides inventory reduction and the struggle for areas with other agricultural commodities, the weather market should become very important in the next few months, with the advance of the plantation cycle to its critical development phase.

Corn

Corn Prices



Esalq Índex:	4.4	4.4	5.2	5.8	7.9
CBOT:	3.7	3.6	4.2	5.6	6.7

Source: CBOT/ Cepea (Esalq)/CMA

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

In 1Q11 the average price of corn traded at CBOT (Chicago Board of Trade) was US$ 6.7/bu with 19.5% appreciation against the previous quarter and 81.8% against 1Q10. Internal market prices, measured by the Esalq Index (*Escola Superior de Agricultura Luiz de Queiroz* - Luiz de Queiroz Higher Agricultural School), recorded 36.2% appreciation in US dollars against the previous quarter and 79.5% against 1Q10.

During the second semester in 2010, corn prices recorded significant appreciation, both in the international and internal market. According to USDA worldwide consumption was 838.2 million tons, or 2.8% higher than the production (815 million tons) in 2010/11.

Much of worldwide consumption of corn continues to be destined to the production of ethanol. According to USDA corn consumption for ethanol production in USA should grow 9. 5% in 2010/11, to 127 million tons, against the 116 million tons in 2009/10.

In 2010/11 total Brazilian production should be 55.6 million tons, a reduction of 400 thousand tons (or 0.7% decrease) against 2009/10 crop.

More attractive prices and higher demand for corn in the international market have significantly increased the volume of Brazilian corn exports in 2010. According to CONAB, in 2009/10 crop year Brazil exported 10.8 million tons of corn. With corn prices still high in the international market, Conab projects Brazilian exports should be 8 million tons in 2011.

Operating Performance

1Q11 was marked by the ending of 2010/11 crop year planting and beginning of the harvesting of soybean and corn crops. In Mato Grosso, soybean planting was delayed and its area was reduced due to low humidity conditions resulting from the influence of the climate phenomenon *La Niña*. Since the 2nd fortnight of October, however, humidity conditions returned to normal and the planting of soybean, corn and cotton evolved smoothly, within the proposed schedule, with the exception of super-early soybean in Mato Grosso, which had a delay in planting and its planted area presented a reduction, causing migration to cotton 1st crop area (as already explained in detail in release 3Q10).

Cotton 1st crop. Most of the crop is in the flowering and blooming phase, showing excellent vegetative, nutritional and phytosanitary aspect. In the second fortnight of January and early February, there was a drought in the western region of Bahia and in the region of Goiás, which has not significantly affected the development of the crop. In the second fortnight of February, the rains returned to normal and the crops to their regular course.

Cotton 2nd crop. Cotton 2nd crop planting started in the second fortnight of December 2010 and was ended in the second fortnight of January 2011. Most crops are in the flowering phase and a small part in the blooming phase, showing a very good vegetative and phytosanitary aspect.

Corn 1st crop. Corn crop harvest started in the first fortnight of March. Until the closing of 1Q11 we had 20.96% harvested, with an average productivity of 10.740 kg/ha, 6.0% higher than the 2009/10 crop.

Corn 2nd crop. Corn 2nd crop planting started by mid the second fortnight of January 2011 and ended in early March. As January and February were quite rainy in the state of Mato Grosso, soybean crop harvest was delayed, also resulting in delay in the 2nd crop corn planting, bringing a reduction of 4,305 thousand hectares in relation to the project. Most of the crops are in the flowering phase and filling of grains, which is a sensible phase to droughts, and therefore very dependant on climate behavior, especially in the first and second fortnights of April and May.

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

Soybean. Out of the 118,135 hectares of soybean planted by the Company, 29,836 hectares – or 25% - were destined to the planting of super-early and early soybeans varieties, with the purpose of using these areas for planting cotton 2nd crop and corn 2nd crop. Overall, In November and December, the climate was regular, presenting rainfalls below the average only in the states of Mato Grosso, Mato Grosso do Sul and Goiás, where *veranicos* (small out-of-season drought periods) occurred at Planalto, Paiaguás, and, specially, at Planorte farm, affecting the productive potential of some plots. In the last week of December the rainfall was regular in all farms. Soybean average yield from 2010/11 crop is estimated at approximately 3,240kg/ha, or 7.4% higher than the average 2009/10 crop.

Yield

Yield (kg/ha)	Obtained 2009/10(1)	Estimated 2010/11	Δ%
Cotton lint 1st crop	1,619	1,647	1.7
Cotton lint 2nd crop	1,456	1,337	-8.1
Soybean	2,946	3,240	10.0
Corn 1st crop	10,134	10,740	6.0
Corn 2nd crop	5,740	6,207	8.1

(1) Yield Estimate to SLC Agrícola, updated until 03/31/2011.

Planted Area

Following is an updated chart with the estimated planted area for 2010/11 crop year.

Crop Mix	Achieved 2009/10 ha	Estimated(1) 2010/11 ha	Share %	Δ Absolute ha	Δ Percentage %
Cotton	**64,775**	**84,767**	**37.5%**	**19,992**	**30.9%**
Cotton 1st crop	*54,625*	*72,451*	*32.0%*	*17,826*	*32.6%*
Cotton 2nd crop	*10,150*	*12,316*	*5.5%*	*2,166*	*21.3%*
Soybean	***120,410***	***118,135***	***52.2%***	***(2,275)***	***-1.9%***
Corn	**34,826**	**20,412**	***9.1%***	***(14,414)***	***-41.4%***
Corn 1st crop	*7,140*	*7,350*	*3.3%*	*210*	*2.9%*
Corn 2nd crop	*27,686*	*13,062*	*5.8%*	*(14,624)*	*-52.8%*
Others(2)	**2,722**	**2,785**	***1.2%***	***63***	***2.3%***
Total	**222,733**	**226,099**	**100.0**	**3,366**	***1.5%***

Mix of planted areas	ha	ha	%	ha	%
Physical area under control	**183,448**	**199,159**	**88.0**	**15,711**	**8.6%**
Owned area	*120,279*	*127,334*	*56.3*	*7,055*	*5.9%*
Leased area	*63,169*	*71,825*	*32.0*	*8,656*	*13.7%*
2nd crop area	**39,285**	**26,940**	**12.0**	**(12,345)**	***-31.4%***
Total	**222,733**	**226,099**	**100.0**	**3,366**	***1.5%***

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

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

Property Portfolio

We currently have the following portfolio of properties under control:

Areas 2010/11		Owned	Leased	Under Control	Planted[1]
Farm	State	---------- ha ----------			
Pamplona	GO	17,094	4,080	**21,174**	17,877
Planalto	MS	17,437	1,657	**19,094**	16,873
Planorte	MT	23,794	367	**24,161**	22,578
Paiaguás	MT	31,581	4,074	**35,655**	31,028
Parnaíba	MA	39,334	7,492	**46,826**	30,686
Planeste	MA	22,787	10,837	**33,624**	29,232
Panorama	BA	12,982	12,313	**25,295**	21,796
Piratini	BA	25,355	5,000	**30,355**	10,319
Palmares	BA	16,948	20,082	**37,030**	30,108
Parnaguá	PI	26,611	0	**26,611**	0
Pejuçara	MT	3,379	8,088	**11,467**	15,602
Total		**237,302**	**73,990**	**311,292**	**226,099**

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

Machinery and Storage Capacity

On March 31, 2011 we had the following:

Machinery	Quantity
Tractors	**412**
Grain Combiners	**165**
Cotton Pickers	**97**
Planters	**169**
Self-propelled sprayers	**91**

2010/11 Storage Capacity	Grains	Cotton
Tons	418,740	93,925
% Production[1]	74.2	69.2

[1] Estimate of SLC Agrícola based on planted area and yields estimated for 2010/11 crop year.

Financial Analysis

EBITDA

(R$ thousand)	1Q10	1Q11	AH
Net Revenue	**177,185**	**196,277**	**10.8%**
(-) Cost of Goods Sold	**(176,091)**	**(121,541)**	**-31.0%**
Gross Profit	**1,094**	**74,736**	**n.m.**
(-) Selling expenses	(11,708)	(8,336)	-28.8%
(-) General and administrative	(6,156)	(11,868)	92.8%
(-) Management fee	(265)	(1,617)	510.2%
(-) Other operating income	1,218	(783)	n.m.
(=) Income for the Activity	**(15,817)**	**52,132**	**n.m.**
(+) Depreciation and amortization	13,789	9,465	-31.4%
EBITDA	**(2,028)**	**61,597**	**n.m.**
EBITDA Margin	**-1.1%**	**31.4%**	**32.5p.p.**

The nominal increase of R$63,625 thousand in EBITDA for 1Q11 was mainly influenced by the increase in gross profit, from R$1,094 thousand in 1Q10 to R$74,736 thousand in 1Q11. Such increment in gross profit was mainly due to an increase in the price of commodities in the period, which impacted the average prices invoiced, and also, to calculation of biological assets, notably for soybean. In addition, when comparing 1Q10 against 1Q11, there was a reduction in the unit cost of products invoiced.

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

Net Revenue

(R$ thousand)	1Q10	1Q11	AH
Net Revenue	**177,185**	**196,277**	**10.8%**
Cotton lint invoiced	91,454	98,836	8.1%
Cotton seed invoiced	1,993	3,131	57.1%
Soybean invoiced	54,442	31,273	-42.6%
Corn invoiced	8,703	7,819	-10.2%
Coffee invoiced	3,782	1,833	-51.5%
Others (invoiced)	19,563	4,957	-74.7%
Hedge Income	(86)	6,989	n.m.
Biological Assets	(2,666)	41,439	n.m.

(Tons)	1Q10	1Q11	AH
Volume Invoiced	**178,441**	**110,929**	**-37.8%**
Cotton lint	32,844	25,460	-22.5%
Cotton seed	7,643	6,235	-18.4%
Soybean	100,407	52,676	-47.5%
Corn	28,762	21,052	-26.8%
Coffee	2,333	228	-90.2%
Others	6,452	5,278	-18.2%

Our net revenue increased 10.8% in 1Q11 against 1Q10, closing the period at R$196,277 thousand against the R$177,185 thousand in 1Q10, mainly due to increased unit price of cotton lint
(of 39.4% in the period) and to the impact of biological assets allocation to net revenue, explained, mainly, by improved soybean prices in the period.

Excluding the impact of biological assets, the reduction in net revenue was 11.2% (from R$174,519 thousand in 1Q10 to R$ 155,035 thousand in 1Q11), in view of a 37.8% reduction in the total volume invoiced.

(R$ thousand)	1Q10	1Q11	AH
Effect of Biological Asset in Net Revenue	**(2,666)**	**41,439**	**n.m.**
Cotton lint	-	-	-
Cotton seed	-	-	-
Soybean	(1,842)	39,601	n.m.
Corn	(1,274)	982	n.m.
Coffee	-	-	n.m.
Others	450	856	90.2%

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.

In 1Q11, soybean price had an improvement in the international market, and the average price went from 9.6 USD/bu in 1Q10 to 13.8 USD/bu in 1Q11, in Chicago, which increase was only partially mitigated by the average quarterly appreciation of the Brazilian Real, of 7.4% between periods.

Cotton Invoiced		1Q10	1Q11	AH
Cotton lint invoiced				
Volume invoiced	Ton	32,844	25,460	-22.5%
Net revenue	R$ thousand	91,454	98,836	8.1%
Unit price	R$ thousand / ton	2.78	3.88	39.4%
Cotton seed invoiced				
Volume invoiced	Ton	7,643	6,235	-18.4%
Net revenue	R$ thousand	1,993	3,131	57.1%
Unit price	R$ thousand / ton	0.26	0.50	92.6%

Cotton lint invoiced in 1Q11 refers to 2009/10 crop year production. Our net revenue for cotton lint increased by 8.1% in 1Q11 against 1Q10, in view of the 39.4% by the unit price increase. The volume invoiced reduced by 22.5% due to advanced sales of the commodity still in 2010.

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

Soybean Invoiced		1Q10	1Q11	AH
Volume invoiced	Ton	100,407	52,676	-47.5%
Net revenue	R$ thousand	54,442	31,273	-42.6%
Unit price	R$ thousand / Ton	0.54	0.59	9.3%

The soybean invoiced in 1Q11 refers to 2010/11 crop year production. Our net revenue for soybean decreased 42.6% in 1Q11 against 1Q10. The main impact was the lower volume invoiced (a 47.5% decrease) partially offset by the unit price increase. The decrease in invoiced volume resulted from late crop harvesting, in view of rainfalls, which has also delayed shipments.

Corn Invoiced		1Q10	1Q11	AH
Volume invoiced	Ton	28,762	21,052	-26.8%
Net revenue	R$ thousand	8,703	7,819	-10.2%
Unit price	R$ thousand / Ton	0.30	0.37	22.7%

Out of the volume of corn invoiced in 1Q11, 43.6% were relative to 2009/10 crop and 56.4% to 2010/11 crop. Our net revenue for corn reduced by 10.2% in 1Q11 against 1Q10, impacted, mainly, by the 26.8% reduction in the volume invoiced, due to Company's trading policy.

Other revenues (excluding the effects of Biological Assets). Our net revenue regarding other revenues recorded a 39.8% decrease in 1Q11 against 1Q10, to R$13,779 thousand, as compared to the R$23,259 thousand in 1Q10. The main impacts were:

- absence of revenues derived from the government minimum price guarantee, against the R$16,712 thousand revenue in 1Q10;
- foreign exchange hedge income variation, of (R$86) thousand in 1Q10 to R$6,989 thousand in 1Q11;
- decrease in coffee revenues of R$1,949 thousand, due to lower volume invoiced;
- allocation of onerous contracts in the amount of R$977 thousand, being R$227 thousand for soybean and R$750 thousand for cotton. The allocation of onerous contracts is necessary whenever there are contracts for advanced sale (hedge), for which prices are set in a level lower than the inventory value (represented by production cost added to biological asset).

Cost of Goods Sold

(R$ thousand)	1Q10	1Q11	AH
Cost of goods sold	**(176,091)**	**(121,541)**	**-31.0%**
Cotton lint	(85,601)	(50,137)	-41.4%
Cotton seed	(2,508)	(1,792)	-28.5%
Soybean	(50,843)	(20,876)	-58.9%
Corn	(6,279)	(2,592)	-58.7%
Coffee	(3,846)	(1,222)	-68.2%
Others	(2,359)	(1,999)	-15.3%
Biological Assets Allocated at Cost	(24,655)	(42,923)	74.1%

(R$ thousand)	1Q10	1Q11	AH
Biological Assets Allocated at Cost	**(24,655)**	**(42,923)**	**74.1%**
Cotton lint	(22,599)	(28,180)	24.7%
Cotton seed	(837)	(816)	-2.5%
Soybean	3,484	(11,011)	n.m.
Corn	654	(650)	n.m.
Coffee	(4,658)	(170)	n.m.
Others	(699)	(2,097)	200.0%

In 1Q11, the cost of goods sold had a 31.0% decrease against 1Q10. Such reduction was mainly due to the lower total volume invoiced, partially offset by an increase in biological assets allocated at cost.

Cotton lint. In 1Q11, cotton invoiced was relative to the 2009/10 crop. The cost of cotton lint in

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

1Q11 reduced 41.4% against 1Q10. The major impacts were:

- 22.5% reduction in the quantity invoiced;
- 24.4% unit cost reduction.

Soybean. In 1Q11, the soybean invoiced was relative to the 2010/11 crop. Soybean cost in 1Q11 was 58.9% lower than in 1Q10. The major impacts were:

- 47.5% reduction in the volume invoiced;
- 21.7% unit cost reduction, mainly due to a 10.0% productivity increase in the 2010/11 crop against 2009/10, combined with a reduction in cost per hectare planted.

Corn. In 1Q11, the corn invoiced was relative to 2009/10 (43.6%) and 2010/11 (56.4%) crops. Corn cost in 1Q11 was 58.7% lower than in that recorded in 1Q10. The major impacts were:

- 26.8% reduction in the quantity invoiced;
- 43.6% unit cost reduction.

Others. Our cost for the other products decreased by 48.1%, to R$3,221 thousand in 1Q11, as compared to the R$6,205 thousand in 1Q10, mainly due to lower quantity of coffee invoiced in the period.

Gross Income

Gross profit totaled R$74,736 thousand in 1Q11, representing a nominal increase of R$73,642 thousand against the R$1,094 thousand recorded in 1Q10. The increase in gross profit is explained by the event of commodities price recovery – which positively impacted the average prices invoiced and, also, the calculation of biological assets – with a production cost lower in the 2010/11 crop against the 2009/10 crop.

Selling Expenses

(R$ thousand)	1Q10	1Q11	AH
Freight	7,857	3,240	-58.8%
Storage	1,766	2,240	26.8%
Commissions	533	214	-59.9%
Classification of Goods	43	15	-65.1%
Others	1,509	2,627	74.1%
Total	**11,708**	**8,336**	**-28.8%**
% Net Revenue	**6.6%**	**4.2%**	**-2.4p.p.**

Our selling expenses recorded a 28.8% reduction in 1Q11 against 1Q10. Such variation was mainly due to a decrease in the shipment of cotton and corn volume, which freight is under our responsibility.

General and Administrative Expenses

(R$ thousand)	1Q10	1Q11	AH
Expenses with personnel	2,846	7,427	161.0%
Fees	849	789	-7.1%
Depreciations	152	276	81.6%
Expenses with travels	306	257	-16.0%
Software Maintenance	487	261	-46.4%
Marketing/Advertisements	522	753	44.3%
Expenses with Communication	231	283	22.5%
Rentals	67	187	179.1%
Others	696	1,635	134.9%
Total	**6,156**	**11,868**	**92.8%**
% Net Revenue	**3.5%**	**6.0%**	**2.5p.p.**

Our general and administrative expenses increased by 92.8% in 1Q11, mainly due to increase in expenses with personnel (impacted by increase in provision for profit sharing) and stock options appropriation.

As a percentage of net revenue, our general and administrative expenses increased 2.5

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

percentage points.

Net Financial Income

(R$ thousand)	1Q10	1Q11	AH
Revenues (expenses) with derivatives	3,676	(17,559)	n.m.
Interest	(6,216)	(4,688)	-24.6%
Monetary Variation	17,690	1,856	-89.5%
Exchange Variation	(2,553)	1,515	n.m.
Other financial income (expenses)	802	941	17.3%
Total	**13,399**	**(17,935)**	**n.m.**
% Net Revenue	**7.6%**	**-9.1%**	**-16.7p.p.**

Our net financial income in 1Q11 was (R$17,935) thousand as compared to R$13,399 thousand in 1Q10. Such variation was mainly influenced by:

- mark-to-market of commodities derivative operations of (R$19,078) thousand, with maturity in 2011;
- decrease in net income from monetary variation mainly due to the stable price per bag of soybean in Brazilian Reais (which is the index for land purchase contracts) during the quarter;
- appreciation of the Brazilian Real during 1Q11, reducing indebtedness denominated in US dollars.

Net Income

Net income of R$22,373 thousand in 1Q11 represented a nominal increase of R$22,715 thousand against the (R$342) thousand recorded in 1Q10, mainly impacted:

- by the increase in gross profit, of R$73,642, explained by the event of commodities prices recovery throughout the period, with lower production cost;
- by the variation in net financial income of (R$31,334) thousand;
- by the increase in general and administrative expenses, of R$5,712 thousand;

In 1Q11 the net margin was 11.4%, against a negative net margin of 0.19% in 1Q10.

FX and Agricultural Commodities Hedges

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

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

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

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 in commercial hedge and financial hedge – in 1Q11:

Commercial (Physical Sales) and FX Hedge

	FX Rate		Soybean		Cotton	
Fiscal Year	%	R$ / US$	%	US$ / bu[1] [2] [3]	%	US¢ / pound[1] [2]
2011	58	1.97	57	11.70	88	103.60
2012	14	1.98	11	13.10	19	102.20

[1] FOB Port.
[2] Prices in our production units are still influenced by transportation expenses.
[3] The pledges with payments of properties and leasing that correspond to 11% and 9% of crop productions in 2010/11 and 2011/12, respectively, must be added to this hedge percentage.

Commodities Financial Hedge

	Cotton			Soybean		
Fiscal Year	%	US¢ / pound	Base price for MTM on 03/31/2011	%	US$/bushel	Base price for MTM on 03/31/2011
2011	4	78.40	192.90	4	11.30	14.10

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 even before their due date. The mark-to-market for such operations (which was based on the closing quotation prices of 03/31/2011–14.10 USD/bu for soybean and 192.90 US¢/lb for cotton) is shown under Financial Income, in Gains and Losses with Derivatives. For projections 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)	1Q11	AV
Machinery and equipment	**12,698**	48.9%
Property acquisition	**-**	-
Soil Correction	**2,332**	9.0%
Buildings and Facilities	**7,880**	30.3%
Cotton ginning plant	**472**	1.8%
Soil Cleaning	**380**	1.5%
Others	**1,987**	7.6%
Advances to Suppliers	**229**	0.9%
	25,978	100.0%

The main investments in 1Q11 were:

- acquisition of 9 John Deere model 7760 cotton pickers, further to implements and equipment, for a total of R$ 11,932 thousand;
- buildings and facilities, in the amount of R$7,880 thousand, relative to the construction of silos in Bahia and Maranhão (with total storage capacity of 40 thousand tons) and expansion of cotton ginning and storage capacity.

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

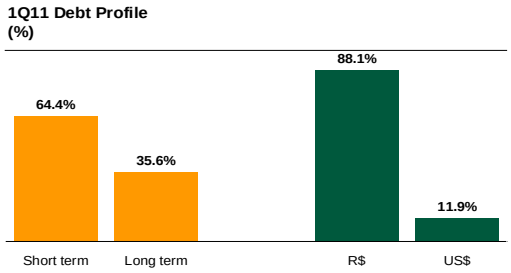
Net Debt

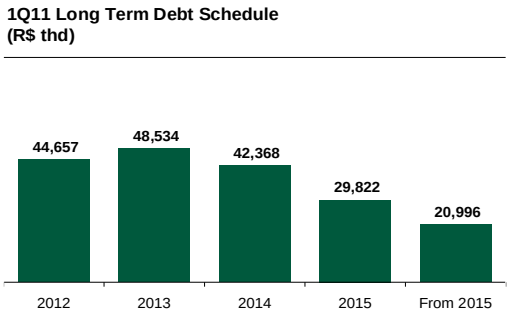
(R$ thousand)	Currency	% p.a.	4Q10	1Q11	AH	AV
Constitutional Funds [1]	R$	7.29%	190,251	272,126	43.0%	51.9%
Rural Credit	R$	6.75%	125,852	131,444	4.4%	25.1%
BNDES	R$	6.28%	47,186	48,299	2.4%	9.2%
Working Capital	R$	11.70%	17,576	10,042	-42.9%	1.9%
		7.12%	**380,865**	**461,912**	**21.3%**	**88.1%**
IFC	US$	3.95%	67,971	61,560	-9.4%	11.7%
BNDES	US$	6.83%	757	562	-25.8%	0.1%
		2.49%	**68,728**	**62,122**	**-9.6%**	**11.9%**
Total Indebtedness		**6.75%**	**449,593**	**524,033**	**16.6%**	**100.0%**
(-) Cash			**110,219**	**199,812**	**81.3%**	
(=) Net Debt			**339,374**	**324,221**	**-4.5%**	

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

Net debt in 1Q11 decreased 4.5% against the last quarter, from R$339,374 thousand to R$324,221 thousand. Despite the increase in gross indebtedness (of 16.6% in the period) the increase in Company's cash was higher, from R$110,219 thousand to R$199,812 (81.3% increase). Such increment was mainly due to the volume of funding contracted higher than amortizations in the period, in addition to operating cash generation. The Net Debt/EBITDA ratio (for the last 12 months ended in March 2011) closed the quarter at 1.2x (times).

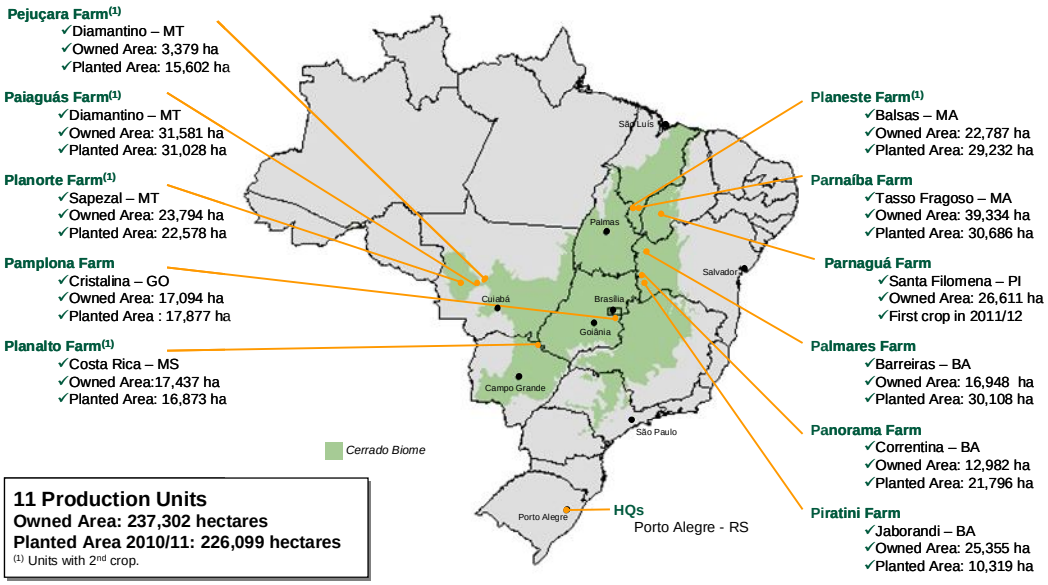
The major change in the financings portfolio was in relation to the balance of Constitutional Fund lines, at an interest rate of 7.29%p.a., which increased 43.0% in 1Q11. Such increase was due to the release of the balance of costing financing operations contracted in 2010 for the 2010/11 crop year.





COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

Location of Production Units



Adherence to Arbitration Chamber

The Company is bound to arbitration with Arbitration Chamber of New Market, in compliance with
arbitration clause in the Company's Bylaws.

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

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We make forward-looking statements that are subject to risk and uncertainty. 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 1Q11

Date: Monday, May 17th, 2011

> Portuguese
10h00 (Brasilia time)
09h00 (NY time)
13h00 (London time)
Phone: +55 (11) 3127-4971
Code: SLC Agrícola
Replay: +55 (11) 31274999
Code: 26868843

> English
13h00 (Brasília time)
12h00 (NY time)
16h00 (London time)
Phone: + 1 (412) 3176776
Code: SLC Agrícola
Replay: +1 (412) 3170088
Code: 450642# - press"1"

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

Appendix

Balance Sheet

(R$ thd)	2010	AV	1T11	AV	AH
Current assets	**737,876**	**23.7%**	**859,261**	**26.6%**	**16.5%**
Cash and cash equivalents	110,219	3.5%	199,812	6.2%	81.3%
Trade accounts receivable	138,406	4.4%	133,660	4.1%	-3.4%
Inventories	239,222	7.7%	135,649	4.2%	-43.3%
Biologic Assets	191,212	6.1%	333,754	10.3%	74.5%
Recoverable notes	51,753	1.7%	49,604	1.5%	-4.2%
Expenses incurred in advance	7,064	0.2%	6,782	0.2%	-4.0%
Non Current Assets	**2,378,697**	**76.3%**	**2,375,223**	**73.4%**	**-0.1%**
Long-term Assets	128,673	4.1%	121,565	3.8%	-5.5%
Accounts receivable	34,453	1.1%	30,067	0.9%	-12.7%
Biologic Assets	17,771	0.6%	19,202	0.6%	8.1%
Deferred notes	71,974	2.3%	68,235	2.1%	-5.2%
Expenses incurref in advance	4,475	0.1%	4,061	0.1%	-9.3%
Investments	488	0.0%	345	0.0%	-29.3%
Fixed Assets	2,239,052	71.8%	2,242,498	69.3%	0.2%
Intangible	10,484	0.3%	10,815	0.3%	3.2%
Total Assets	**3,116,573**	**100.0%**	**3,234,484**	**100.0%**	**3.8%**

(R$ thd)	2010	AV	1T11	AV	AH
Current Liabilitires	**493,029**	**15.8%**	**580,170**	**17.9%**	**17.7%**
Social obligations and labor	8,372	0.3%	7,656	0.2%	-8.6%
Supplier	94,974	3.1%	27,035	0.8%	-71.5%
Tax Obligations	7,591	0.2%	12,383	0.4%	63.1%
Loans and financing	260,117	8.4%	337,655	10.4%	29.8%
Other Obligations	121,975	3.9%	195,441	6.0%	60.2%
Non current Liabilities	**748,551**	**24.0%**	**747,657**	**23.1%**	**-0.1%**
Loans and financing	189,476	6.1%	186,378	5.8%	-1.6%
Other Obligations	53,730	1.7%	50,064	1.5%	-6.8%
Deferred taxes	505,345	16.2%	511,215	15.8%	1.2%
Patrimony Consolidated net	**1,874,993**	**60.2%**	**1,906,657**	**58.9%**	**1.7%**
Share capital paid	557,434	17.9%	557,434	17.2%	0.0%
Capital Reserves	174,015	5.6%	177,072	5.5%	1.8%
Profit Reserves	154,252	5.0%	154,159	4.8%	-0.1%
Profit / Accumulated losses	-	0.0%	23,562	0,7%	n.m.
Other results comprehensive	989,292	31.7%	994,430	30.7%	0.5%
Total Liabilities	**3,116,573**	**100.0%**	**3,234,484**	**100.0%**	**3.8%**

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

Income Statement

R$ (thd)	1T10	1T11	AV	AH
Net Revenue	**177,185**	**196,277**	**100.0%**	**10.8%**
Cotton lint	91,454	98,836	50.4%	8.1%
Cotton seed	1,993	3,131	1.6%	57.1%
Soybean	54,442	31,273	15.9%	-42.6%
Corn	8,703	7,819	4.0%	-10.2%
Coffee	3,782	1,833	0.9%	-51.5%
Others	19,563	4,957	2.5%	-74.7%
Hedge Results	(86)	6,989	3.6%	n.m
Fair value of biologic assets	(2,666)	41,439	21.1%	n.m
Cost of good solds	**(175,770)**	**(121,541)**	**-61.9%**	**-30.9%**
Cotton lint	(85,449)	(50,137)	-25.5%	-41.3%
Cotton seed	(2,492)	(1,792)	-0.9%	-28.1%
Soybean	(50,731)	(20,876)	-10.6%	-58.8%
Corn	(6,247)	(2,592)	-1.3%	-58.5%
Coffe	(3,840)	(1,222)	-0.6%	-68.2%
Others	(2,356)	(1,999)	-1.0%	-15.2%
Biological Assets	(24,655)	(42,923)	-21.9%	74.1%
Gross Income	**1,415**	**74,736**	**38.1%**	**n.m.**
Operating income (expenses)	**(17,232)**	**(22,604)**	**-11.5%**	**31.2%**
Selling expenses	(11,708)	(8,336)	-4.2%	-28.8%
Gerenal na administrative	(6,477)	(11,868)	-6.0%	83.2%
Honorarium Administration	(265)	(1,617)	-0.8%	510.2%
Others operating revenues	1,218	320	0.2%	-73.7%
Others operating expenses	-	(1,103)	-0.6%	n.m.
Result before the financial result and taxes	**(15,817)**	**52,132**	**26.6%**	**n.m.**
Financial result	**13,399**	**(17,935)**	**-9.1%**	**n.m.**
Financial revenue	34,373	27,072	13.8%	-21.2%
Financial expenses	(20,974)	(45,007)	-22.9%	114.6%
Result before of taxes on profits	**(2,418)**	**34,197**	**17.4%**	**n.m.**
Income Taxes and social contribution on the profit	**2,076**	**(11,824)**	**-6.0%**	**n.m.**
Current	(6,032)	(4,841)	-2.5%	-19.7%
Deffered	8,108	(6,983)	-3.6%	n.m.
Net result of the operations	**(342)**	**22,373**	**11.4%**	**n.m.**

COMMENTS ON CONSOLIDA TED PERFORMANCE FOR THE QUARTER

Agricultural weights and measures

1 ton	1,000 kg	
1 kg	2.20462 pounds	
1 pound	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	
Soybean and Wheat		
1 bushel of soybean	60 pounds	27.2155 kg
1 bag of soybean	60 kg	2.20462 bushels
1 bushel/acre	67.25 kg/ha	
1.00 US$/bushel	2.2046 US$/bag	
Corn		
1 bushel of corn	56 pounds	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 pounds	217.72 kg
1 arroba	14.68 kg*	
Coffee		
1 bag of coffee	60 kg	132.28 pounds
1.00 US¢/pound	1.3228 US$/nag	

* The market and our Company consider 15.00Kg.

ITR – Quarterly Information – 03/31/2011 - SLC AGRICOLA SA
Notes do Financial Statements

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 2009/2010 crop, which started on September 1, 2009, the Company operated ten production units extending over a total planted area of 223.4 thousand acres, among own and leased areas located in five Brazilian states: Mato Grosso, Mato Grosso do Sul, Goiás, Bahia and Maranhão. Among the main crops, the Company is cultivating 120.8 thousand acres of soybean, 64.7 thousand acres of cotton and 34.8 thousand acres of corn. At September 30, 2010, soybean and corn harvest was completed and cotton processing was under way.

On September 1, 2010, the Company started growing its 2010/2011 crop, operating eleven production units over a total planted area of 238.6 thousand acres, among its own and leased areas located in five Brazilian states: Mato Grosso, Mato Grosso do Sul, Goiás, Bahia and Maranhão. Among the main crops, the Company is cultivating 126.2 thousand acres of soybean, 84.0 thousand acres of cotton, 25.7 thousand acres of corn.

In conformity with item VI of article 25 of CVM Instruction No. 480 of December 7, 2009, the Executive Board states that, on May 9, 2011, it reviewed, discussed and approved the Financial Statements of the Company for the three-month period ended March 31, 2011.

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2. Summary of significant accounting practices

2.1 Basis of preparation and presentation of the quarterly financial statements

The quarterly information was 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), especially CPC 21 – Interim Financial Reporting.

The consolidated financial statements were also prepared according to the IFRS, issued by the International Accounting Standards Board IASB, including IAS 34 – Interim Financial Reporting.

The practices and calculation methods applied to this quarterly information are the same as for the preparation of the financial statements for the year ended December 31, 2010, as described in notes 2.2 to 2.25 to those financial statements. There are no changes in Company's operations, unusual items, changes in estimates, change in Company's shareholding or other event that would require special disclosure.

2.2 Presentation of comparative information

The quarterly information at March 31, 2011 is presented in conformity with the new accounting pronouncements issued by the Brazilian FASB (CPC) and with IFRS. The Company has prepared its quarterly information in compliance with CPCs and IFRS for the periods starting on or after January 1, 2009, as described in its accounting practices. Previously, the quarterly information was presented in accordance with the accounting practices adopted in Brazil, supplementary standards issued by the Brazilian Securities and Exchange Commission (CVM), technical pronouncements issued by CPC until December 31, 2009 and provisions of the Brazilian Corporate Law (BRGAAP). The quarterly information at March 31, 2010, originally presented according to the accounting practices in effect until December 31, 2009 as per CVM Resolution No. 603/09, is being restated for comparison purposes to reflect the adjustments arising from the adoption of the new accounting pronouncements.

This note explains the main adjustments made by the Company to restate the quarterly information at March 31, 2010 in the light of the effects of the adoption of the new accounting pronouncements.

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2.2 Presentation of comparative information (Continued)

	03/31/2010
Net income for the quarter	
Net income previously disclosed	24,939
Fair value of biological assets	(27,321)
Interest capitalization	444
Reversal of provision for adjustment to realization value of inventories	(10,956)
Depreciation	(472)
Reversal of deemed cost due to land sale	-
Deferred income and social contribution taxes	13,024
Adjusted income	(342)

	03/31/2010
Equity	
Equity previously disclosed	838,627
Deemed cost	1,367,873
Fair value of biological assets	(23,705)
PPE value added reversal	(12,980)
Reversal of barter gains on acquisition of equity interests	22,587
Interest capitalization	2,269
Depreciation	(3,815)
Deferred income and social contribution taxes	(384,279)
Adjusted equity	**1,806,577**

3. Significant judgments, estimates and assumptions

Judgments

Preparation of this quarterly information 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.

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.

a) Impairment of non-financial assets;
b) Definition and review of useful life of fixed and intangible assets;
c) Fair value of biological assets;
d) Fair value of financial instruments, including hedge accounting;
e) Share-based payment transactions;
f) Provision for tax, civil and labor risks.

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Notes do Financial Statements

3. Significant judgments, estimates and assumptions (Continued)

Estimates and assumptions (Continued)

Following are our comments on the main estimates:

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 23.

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 branches' and 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.

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Notes do Financial Statements

3. Significant judgments, estimates and assumptions (Continued)

Estimates and assumptions (Continued)

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 of the data used, such as liquidity risk, credit risk and volatility risk. Changes in the assumptions related to these factors would affect the fair value of the financial instruments.

Fair value of biological assets

The fair value of the biological assets presented in the balance sheets was 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 price, production capacity, as well as planting and production costs. Changes in the assumptions related to these factors would affect the fair value of the biological assets.

4. Consolidated quarterly information

The consolidated quarterly information includes 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	Location
Fazenda Planorte Ltda.	100.00	-	Cotton, soybean and corn.	Mato Grosso – MT
Fazenda Paiaguás 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.	85.91	14.09	Lease of plantation fields.	Rio Grande do Sul – RS
SLC Agrícola Pejuçara Ltda.	76.59	23.41	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.	Maranhão – MA
Fazenda Piratini Empreendimentos Agrícolas Ltda.	-	100.00	Purchase and sale, lease, construction and administration of properties.	Bahia – BA
Fazenda Panorama Empreendimentos Agrícolas Ltda.	-	100.00	Purchase and sale, lease, construction and administration of properties.	Bahia – BA

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

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Notes do Financial Statements

4. Consolidated quarterly information (Continued)

Main procedures for consolidation:

- Elimination of intercompany accounts;
- Elimination of interests in capital, reserves and retained earnings of consolidated companies;
- Elimination of balances and unrealized profits from intercompany transactions;
- Determination of taxes on unrealized profits, included as deferred taxes in the consolidated balance sheet.

Reconciliation of net income for the period (Company and Consolidated) is as follows:

	03/31/2011	03/31/2010
Net income for the period – Company	22,151	55
Unrealized gains (losses) on hedge instruments, net of tax effects	222	(397)
Net income for the period – Consolidated	22,373	(342)

The transactions that generate differences between Company net income and consolidated net income refer to unrealized gains or losses on hedge operations made by the Company or subsidiaries through NDF's (Non Deliverable Forwards), qualified as "Cash Flow Hedge" for the purpose of hedging future consolidated sales. These operations are made based on future consolidated sales forecasts with effectiveness between 80% and 125% and were recorded under the caption "Fair Value Adjustments" in consolidated equity.

5. Changes in accounting practices

Certain new IASB accounting practices and IFRIC interpretations were released and/or reviewed, and their adoption is mandatory or elective for the year starting on or after January 1, 2011. The Company management does not believe that the adoption of these pronouncements and interpretation will have a significant impact on the Company's interim financial statements and the financial statements for the year ended December 31, 2011 during the first-time adoption period. Following is the Company's evaluation on the impacts of these new practices and interpretations:

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5. Changes in accounting practices (Continued)

- *IAS 24 Disclosure Requirements for Government-Held Entities and Related Party Definition (Reviewed)* – The reviewed version of IAS 24 simplifies the disclosure requirements for government-held companies and clarifies the definition of related party. The reviewed standard approaches aspects which, according to the prior disclosure requirements and related party definition, were too complex and not easily put into practice, especially in environments under government control, bringing forth partial exemptions to government-held entities and a reviewed definition of the related party concept. This change was issued in November 2009, and entered into effect for the years starting on or after January 1, 2011. This change did not impact the Company's financial statements.

- *IFRS 9 Financial instruments – Classification and Measurement* – IFRS 9 Financial Instruments concludes the first phase of "IAS 39 Financial Instruments: Recognition and Measurement" replacement project. IFRS 9 has a simple approach to determine whether a financial asset is measured at amortized cost or fair value. The new approach is based on how an entity manages its financial instruments (its business model) and the characteristic contractual cash flows of the financial assets. This standard also requires the adoption of a single method to determine impairment of assets. This standard shall be in effect for the years starting on or after January 1, 2013. The Company does not believe that this change will cause an impact on its financial statements.

- *IFRIC 14 Prepayments of a Minimum Funding Requirement* – This change aims at rectifying an involuntary consequence of IFRIC 14. This change is only applicable when an entity is subject to minimum funding requirements and prepays contributions in order to meet these requirements. This change enables this entity to record the benefits from such prepayment as assets. This change enters into effect for the years starting on or after January 1, 2011. This change did not impact the Company's financial statements.

There are no other standards or interpretations being evaluated by IASB that may have an impact on the Company's interim financial statements.

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Notes do Financial Statements

6. Cash and cash equivalents and short-term investments

a. Cash and cash equivalents

Type	Interest	Company		Consolidated	
		03/31/2011	**12/31/2010**	**03/31/2011**	**12/31/2010**
Cash and cash equivalents	-	**127**	537	**350**	725
Trading securities:					
CDB-DI	**100.84% of CDI***	**50,565**	61,366	**59,797**	67,368
Repurchase and resale agreements	**101.25% of CDI***	**94,004**	30,956	**136,680**	41,747
LCA **	**25% of CDI***	**2,604**	-	**2,604**	-
Other	-	**265**	260	**381**	379
		147,565	93,119	**199,812**	110,219

* Average interest at March 31, 2011.

** Agribusiness bill of exchange.

b. Short-term investments

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

7. Trade accounts receivable

	Company		Consolidated	
	03/31/2011	**12/31/2010**	**03/31/2011**	**12/31/2010**
Domestic market	**5,012**	11,635	**16,706**	14,288
Foreign market	**11,340**	16,894	**20,395**	31,323
Total	**16,352**	28,529	**37,101**	45,611

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

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Notes do Financial Statements

8. Inventories

	Company		Consolidated	
	03/31/2011	**12/31/2010**	**03/31/2011**	**12/31/2010**
Agricultural products	**3,305**	53,809	**42,117**	82,536
Seeds, manure, fertilizers and pesticides	**33,510**	78,946	**59,111**	132,819
Advances to suppliers	**11,002**	6,224	**20,855**	13,110
Other inventories	**7,154**	8,035	**15,886**	10,757
Provision for write-down to net realizable value	**(202)**	-	**(2,320)**	-
	54,769	147,014	**135,649**	239,222

At March 31, 2011, the Company recorded a provision for write-down to net realizable value in the amount of R$ 202 (R$ 2,344 – consolidated).

Company	
Balance at December 31, 2010	-
Recognition of provision	**(202)**
(-) Reversal of provision	-
Balance at March 31, 2011	**(202)**

Consolidated	
Balance at December 31, 2010	-
Recognition of provision	(2,344)
(-) Reversal of provision	-
Balance at March 31, 2011	**(2,344)**

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9. Biological assets

	COMPANY							
	Current							Non-current
	Soybean	Cotton	Corn	Corn seed	Coffee	Other	Total	Coffee
Balances at December 31, 2010	44,678	59,490	12,703	550	1,552	378	119,351	17,771
Crop expenses	26,076	88,044	2,147	951	-	-	117,218	1,431
Fair value variation	19,682	-	982	856	-	-	21,520	-
Harvest	(15,008)	-	(3,626)	(1,462)	-	-	(20,096)	-
Balances at March 31, 2011	**75,428**	**147,534**	**12,206**	**895**	**1,552**	**378**	**237,993**	**19,202**

	CONSOLIDATED							
	Current							Non-current
	Soybean	Cotton	Corn	Corn seed	Coffee	Other	Total	Coffee
Balances at December 31, 2010	101,259	74,306	13,358	505	1,455	329	191,212	17,771
Crop expenses	35,674	92,208	7,076	67	-	-	135,025	1,431
Fair value variation	39,601	-	982	856	-	-	41,439	-
Harvest	(28,834)	-	(3,626)	(1,462)	-	-	(33,922)	-
Balances at March 31, 2011	**147,700**	**166,514**	**17,790**	**(34)**	**1,455**	**329**	**333,754**	**19,202**

Crop in formation expenses are substantially represented by expenses with: seeds, fertilizers, pesticides, depreciation and work force.

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	Cristalina-GO	09/20 to 03/10	12/26 to 08/15	01/25 to 07/10
Pamplona farm	Tasso Fragoso-MA	10/25 to 04/15	10/25 to 08/15	10/20 to 04/30
Parnaíba farm	Balsas-MA	10/25 to 04/05	12/15 to 08/10	02/01 to 06/20
Planeste farm	Buriti-MA	10/15 to 06/30	12/20 to 08/15	02/01 to 07/20
Panorana farm	Jaborandi-BA	11/01 to 04/25	11/20 to 08/10	11/01 to 04/01
Piratini farm	Barreiras-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	11/01 to 04/01
Parceiro farm	Formosa do Rio Preto	11/01 to 04/25	No plantation	No plantation

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Notes do Financial Statements

10. Recoverable taxes

	Company		Consolidated	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Income tax	11,040	14,855	19,395	23,206
Social contribution tax	233	17	3,672	2,324
ICMS	15,279	12,808	17,401	17,539
COFINS	36	2,063	9,226	8,784
PIS	6	291	1,800	2,096
Withholding income tax (IRRF)	2,066	1,711	3,139	2,595
Other	49	49	109	118
	28,709	31,794	54,742	56,662
(-) Current	(25,276)	(28,657)	(49,604)	(51,753)
Non-current	3,433	3,137	5,138	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 / to recover

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 will be realized in the normal course of business with no losses.

Recoverable IRRF

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

11. Investments

	Company		Consolidated	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Investments in subsidiaries	**1,379,116**	1,364,105	**-**	-
Other investments	**100**	100	**345**	488
	1,379,216	1,364,205	**345**	488

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Notes do Financial Statements

11. **Investments** (Continued)

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

	Fazenda Parnaíba S.A.	**Fazenda Planorte S.A.**	**Fazenda Paiaguás S.A.**	**SLC Agrícola Pejuçara Ltda.** (3)	**SLC Empreendimentos e Agricultura Ltda.** (1) and (2)	**03/31/2011**	**12/31/2010**
Capital	45,650	57,050	40,010	14,896	215,474		
Equity	198,869	199,415	199,466	17,778	902,730		
Net income for the period	7,051	2,450	983	1,519	2,268		
Number of shares/units of interest							
Common shares (thousand)	5,353	11,506	44,517	46542	-		
Units of interest	-	-	-		1		
Equity interest percentage (%)	100%	100%	100%	77%	85.91%		
Opening balances	191,156	196,511	198,187	12,453	765,798	**1,364,105**	1,294,221
Unrealized losses on hedge instruments	-	-	-	-	-	**-**	(640)
Payment of capital							40,470
Unrealized gains on hedge instruments	663	454	296	-	-	**1,413**	1,311
Capital gains on investments	-	-	-	-	-	**-**	1,398
Equity pickup	7,051	2,450	983	1,167	1,947	**13,598**	37,345
Dividends received	-	-	-	-	-		(10,000)
Ending balances	198,870	199,415	199,466	13,620	767,745	**1,379,116**	1,364,105

(1) The equity was adjusted by R$10,176 and net income by R$677, relating to intercompany unrealized profits, net of tax effects.
(2) The company controls 100% of Empreendimentos e Agricultura Ltda.'s stock through subsidiary Fazenda Paiaguás S.A.
(3) SLC Agrícola Pejuçara Ltda. was established on July 1, 2010 and its articles of association were filed with the Division of Corporations of the Mato Grosso State on July 30, 2010. It started operations in September 2010.

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Notes do Financial Statements

12. Property, plant and equipment

Company

Gross cost of property, plant and equipment	Balance at 12/31/2010	Acquisitions	Write-offs	Transfers	Balance at 03/31/2011
Arable land	13,000	-	-	-	**13,000**
Soil development	148,023	2,271	(16)	-	**150,278**
Buildings and improvements	52,950	201	-	4,065	**57,216**
Agricultural equipment and industrial facilities	300,040	9,911	(1,403)	-	**308,548**
Vehicles	14,605	448	(107)	-	**14,946**
Furniture and fixtures	6,673	226	(1)	-	**6,898**
Office equipment and facilities	2,665	621	(86)	-	**3,200**
Permanent crops	-	33	-	-	**33**
Advances to suppliers	9,527	712	-	-	**10,239**
Work in progress	21,232	4,145	(426)	(4,065)	**20,886**
Total	568,715	18,568	(2,039)	-	**585,244**

Depreciation	Balance at 12/31/2010	Depreciation	Write-offs	Transfers	Balance at 03/31/2011
Soil development	60,239	6,985	(538)	-	**66,686**
Buildings and improvements	992	470	(68)	-	**1,394**
Agricultural equipment and industrial facilities	91,933	5,104	(1)	-	**97,036**
Vehicles	5,956	465	(19)	-	**6,402**
Furniture and fixtures	1,519	84	-	-	**1,603**
Office equipment and facilities	1,227	226	-	-	**1,453**
Total	161,866	13,334	(626)	-	**174,574**

Net residual value	Balance at 12/31/2010	Balance at 03/31/2011
Arable land	13,000	**13,000**
Soil development	87,784	**83,592**
Buildings and improvements	51,958	**55,822**
Agricultural equipment and industrial facilities	208,107	**211,512**
Vehicles	8,649	**8,544**
Furniture and fixtures	5,154	**5,295**
Office equipment and facilities	1,438	**1,747**
Permanent crops	-	**33**
Advances to suppliers	9,527	**10,239**
Work in progress	21,232	**20,886**
Total	406,849	**410,670**

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Notes do Financial Statements

12. Property, plant and equipment (Continued)

Consolidated

Gross cost of property, plant and equipment	Balance at 12/31/2010	Acquisitions	Write-offs	Transfers	Balance at 03/31/2011
Arable land	1,551,694	-	-	-	1,551,694
Soil development	225,592	2,713	(16)	-	228,289
Buildings and improvements	160,524	201	-	-	160,725
Agricultural equipment and industrial facilities	505,172	11,932	(1,498)	4,268	519,874
Vehicles	23,062	721	(195)	-	23,588
Furniture and fixtures	7,995	270	(1)	19	8,283
Office equipment and facilities	7,671	658	(89)	-	8,240
Permanent crops	4,255	34	(29)	-	4,260
Advances to suppliers	12,102	230	-	-	12,332
Work in progress	32,071	9,219	(426)	(4,287)	36,577
Total	2,530,138	25,978	(2,254)	-	2,553,862

Depreciation	Balance at 12/31/2010	Depreciation	Write-offs	Transfers	Balance at 03/31/2011
Soil development	101,466	9,791	-	-	111,257
Buildings and improvements	22,309	1,411	(41)	-	23,679
Agricultural equipment and industrial facilities	151,209	8,483	(630)	-	159,062
Vehicles	8,968	818	(137)	-	9,649
Furniture and fixtures	2,296	113	(1)	-	2,408
Office equipment and facilities	2,264	272	(22)	-	2,514
Permanent crops	2,574	221	-	-	2,795
Total	291,086	21,109	(831)	-	311,364

Net residual value	Balance at 12/31/2010	Balance at 03/31/2011
Arable land	1,551,694	1,551,694
Soil development	124,126	117,032
Buildings and improvements	138,215	137,046
Agricultural equipment and industrial facilities	353,963	360,812
Vehicles	14,094	13,939
Furniture and fixtures	5,699	5,875
Office equipment and facilities	5,407	5,726
Permanent crops	1,681	1,465
Advances to suppliers	12,102	12,332
Work in progress	32,071	36,577
Total	2,239,052	2,242,498

At March 31, 2011, work and fixed assets in progress were substantially represented by construction and refurbishment of warehouses at Pamplona, Planeste, Piratini and Planorte farms, construction of pesticide deposits at Planeste, Panorama, Piratini, Palmares, Parceiro, Planorte and Parnaíba farms, infrastructure works (improvements and construction of roads, etc.), refurbishment of the irrigation system (supply channel and center pivots), improvements of the cotton processing unit at Palmares farm and improvements (decontamination areas). All of these efforts are expected to be completed within the next 12 months.

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13. Transactions with related parties

a) Balances of transactions with related parties

	Fazenda Planorte S.A	Fazenda Parnaíba S.A.	Fazenda Paiaguás S.A.	SLC Empreendimentos e Agricultura Ltda.	Fazenda Pejucara S.A.	Ferramentas Gerais Com. Imp. S.A.	SLC Emp Planeste Ltda	SLC Emp Panorama Ltda	SLC Emp Piratini Ltda	SLC Landco Emp. Agricolas Ltda	03/31/2011	12/31/2010
ASSETS:												
Current assets:												
Receivables from subsidiaries	569	1,133	612	63	152	2	-	-	-	-	**2,531**	1,164
Non-current assets:												
Receivables from subsidiaries		1	5,034	-	-	-	11	11	10	10	**5,077**	4,512
Advance for future capital Increase	-	-	-	26,076	-	-	-	-	-	-	**26,076**	18,180
											33,684	23,856
LIABILITIES:												
Current liabilities:												
Payables to subsidiaries (loans)	569	14	90	-	-	58	-	-	-	-	**731**	-
Lease transaction payable	-	-	-	8,293	-	-	764	712	-	-	**9,769**	5,350
											10,500	5,350

INCOME											**03/31/2011**	03/31/2010
SALES:												
Goods	-	-	-	-	-	-	-	-	-	-	**-**	265
Lease transactions	-	-	-	21,485	-	-	-	-	-	-	**21,485**	3,605
PURCHASES:												
Goods	-	-	-	-	-	-	-	-	-	-	**-**	306
FINANCIAL INCOME												
Interest	13	-	-	-	-	-	-	-	-	-	**13**	63
FINANCIAL EXPENSES												
Interest	-	20	126	-	-	-	-	-	-	-	**146**	12

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13. Transactions with related parties (Continued)

a) Balances of transactions with related parties

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.

b) Lease agreement

The Company has a rural lease agreement entered into on January 1, 2007, with subsidiary SLC Empreendimentos e Agricultura Ltda., 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, sorghum, coffee, beans and peas in consideration for an amount in the form of lease payments. At March 31, 2011, the lease amount is as follows:

	Total acres leased	Annual lease amount (a)	Soybean sack quotation in the region (b)	Valor
Planalto farm	14,734.84	11.0	47.00	7,618
Pamplona farm	11,312.95	7.0	45.00	3,564
Planeste farm	13,305.37	6.0	43.50	3,473
Panorama farm	3,781.89	8.0	45.00	1,361
Paiaguás farm	21,292.70	6.0	42.90	5,481
Piratini farm (c)	5,000.00	2.0	45.50	455
Palmares farm	10,349.00	8.0	46.00	3,808
				25,760

(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 at September 30, 2010, in Reais.
(c) As contractually provided for, lease 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.

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13. 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 income account, and is summarized as follows:

	Company and Consolidated	
	03/31/2011	**03/31/2010**
Fees	**754**	412
Bonus	**-**	-
Stock option plan – recognized in the period	**863**	437
Stock option plan – reversed in the period	**-**	(584)
	1,617	265

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

14. Loans and financing

		Average annual interest rates (%)		Company		Consolidated	
	Index	**03/31/2011**	**12/31/2010**	**03/31/2011**	**12/31/2010**	**03/31/2011**	**12/31/2010**
Used in property, plant and equipment							
Finame – BNDES	Prefixed and TJLP*	6.27%	6.53%	**28,828**	29,579	**48,860**	47,943
Constitutional funds**	-	7.36%	7.31%	**78,519**	141,237	**125,189**	187,792
Used in working capital							
Rural credit	-	6.75%	6.75%	**36,345**	35,762	**131,444**	125,852
Constitutional funds**	-	7.23%	7.23%	**117,172**	-	**146,937**	2,460
Rural savings	-	-	-	**-**	-	**-**	-
Working capital - NCE		11.70%	11.70%	**10,043**	17,575	**10,043**	17,575
Foreign loans	US$, Libor + Prefixed	2.45%	4.23%	**61,560**	67,971	**61,560**	67,971
				332,467	292,124	**524,033**	449,593
(-) par Current liabilities				**(198,894)**	(153,340)	**(337,655)**	(260,117)
on-current liabilities				**133,573**	138,784	**186,378**	189,476

* Long-term interest rate (TJLP)

** Calculation of Constitutional Funds average cost considers a 15% discount relating to non-default bonus.

Finame - BNDES – Guaranteed by a statutory lien and pledges on financed assets by the Company or SLC Participações S.A. Amounts are amortized on a monthly, quarterly, semiannual or annual basis, with maturity dates between April 15, 2011 and June 15, 2016.

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14. Loans and financing (Continued)

Constitutional Funds – Guaranteed by sureties by the Company or SLC Participações S.A. and, in some operations, by pledge and mortgage on land. Amounts are amortized annually or semiannually, with maturities between April 1, 2011 and July 1, 2016.

Rural Savings – Guaranteed by sureties by the Company and/or SLC Participações S.A.

Rural Credit – 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 monthly basis, with maturities between June 1, 2011 and October 20, 2011.

Foreign Loans – Funds obtained from IFC – International Finance Corporation, with final maturity on January 15, 2018, guaranteed by sureties by subsidiaries and mortgage on Fazenda Paiaguás S.A. This agreement provides for performance of certain covenants regarding current ratio, DEBT-EBITDA/Equity ratio and annual debt amortization in relation to operating cash generation.

Working Capital – NCE – Funds taken out through Export Credit Bill (NCE) to finance 2009/10 crop trading, being one operation with maturity of 24 months and 12-month grace period and five operations with maturity of 1 month. 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 18, 2011.

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

	Company		Consolidated	
Maturity	**03/31/2011**	**12/31/2010**	**03/31/2011**	**12/31/2010**
2012	35,515	34,419	44,658	50,930
2013	32,407	30,476	48,534	45,927
2014	23,396	27,456	42,368	39,792
2015	23,362	21,549	29,822	27,510
After 2015	18,893	24,884	20,996	25,317
	133,573	**138,784**	**186,378**	**189,476**

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15. Provision for contingencies

At March 31, 2011, the Company recorded a provision for labor contingencies in the amount of R$ 122 (R$ 215 – consolidated), R$602 at December 31, 2010 (R$695 – consolidated), referring to legal claims filed by former employees, with respect to which an unfavorable outcome has been assessed as probable by the Company's legal advisors. The provision for contingencies is recorded under other liabilities account in current liabilities. The Company recorded the amount of R$ 410 (R$ 1,271 – 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$ 13,000. 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.

Company

	Tax	Labor	Total
Balance at December 31, 2010	-	602	602
New proceedings/complements and monetary restatements	-	-	-
(-) Reversals	-	(480)	
Balance at March 31, 2011	-	122	602

Consolidated

	Tax	Labor	Total
Balance at December 31, 2010	160	695	855
New proceedings/complements and monetary restatements	-	-	-
(-) Reversals	-	(480)	-
Balance at March 31, 2011	160	215	855

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.

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16. Deferred income and social contribution taxes

Deferred income and social contribution taxes were recognized as follows:

Company

Description	03/31/2011			12/31/2010		
	Income tax	Social contribution tax	Total	Income tax	Social contributio n tax	Total
Assets:						
Temporary differences:						
Taxes on activities not entitled to tax benefits	**138**	**-**	**138**	138	-	138
Derivative operations	**14,530**	**5,231**	**19,761**	12,644	4,552	17,196
Fair value of biological assets				-	-	-
Other	**3,579**	**1,288**	**4,867**	1,336	481	1,817
Income and social contribution tax losses	**22,268**	**8,122**	**30,390**	29,517	10,732	40,249
	40,515	**14,641**	**55,156**	43,635	15,765	59,400
Liabilities:						
Incentive depreciation for rural activities*	**34,641**	**12,471**	**47,112**	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	**31,449**	**11,322**	**42,771**	31,449	11,322	42,771
Fair value of biological assets	**6,957**	**2,504**	**9,461**	5,328	1,918	7,246
Capitalization of interest on loans				696	250	946
Deferred capital gain	**844**	**-**	**844**	844	-	844
Deferred exchange variation	**12,214**	**4,397**	**16,611**	-	-	-
Derivative operations	**244**	**94**	**338**	12,546	4,517	17,063
	91,888	**32,782**	**124,670**	88,189	31,444	119,633

Consolidated

Description	03/31/2011			12/31/2010		
	Income tax	Social contribution tax	Total	Income tax	Social contributi on tax	Total
Assets:						
Temporary differences:						
Taxes on activities not entitled to tax benefits	**138**		**138**	138	-	138
Derivative operations	**20,791**	**7,484**	**28,275**	19,044	6,855	25,899
Fair value of biological assets	**1,541**	**554**	**2,095**	-	-	-
Other	**3,662**	**1,550**	**5,212**	1,541	555	2,096
Income and social contribution tax losses	**23,830**	**8,685**	**32,513**	32,157	11,684	43,841
	49,960	**18,273**	**68,235**	**52,880**	**19,094**	**71,974**
Liabilities:						
Incentive depreciation for rural activities*	**59,849**	**21,399**	**81,248**	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	**281,432**	**102,246**	**383,678**	281,432	102,246	383,678
Fair value of biological assets	**13,456**	**4,844**	**18,300**	10,947	3,941	14,888
Capitalization of interest on loans	**244**	**88**	**332**	901	324	1,225
Deferred capital gain	**844**	**-**	**844**	844	-	844
Deferred exchange variation	**104**	**37**	**141**	81	29	110
Derivative operations	**13,966**	**5,026**	**18,992**	13,807	4,971	18,778
	375,542	**135,673**	**511,215**	**371,226**	**134,119**	**505,345**

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16. 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 forward 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	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
2011	-	47,449	-	51,234
2012	55,156	11,951	68,235	20,740
	55,156	59,400	68,235	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

Reconciliation of the amount that results from applying nominal tax rates with the amount recorded as income and social contribution tax expenses is as follows:

Reconciliation of tax expenses at official rates – Company:

	03/31/2011		03/31/2010	
	Income tax	Social contribution tax	Income tax	Social contribution tax
Income before taxes	**28,774**	**28,774**	(4.609)	(4.609)
Income and social contribution taxes at nominal rate of 25% and 9%, respectively	**(7,193)**	**(2,589)**	1.152	415
Adjustments to derive the effective rate			(3.663)	(1.319)
Equity pickup and loss on investments (Note 23)	**3,399**	**1,223**	5.954	2.144
Permanent additions	**(1,076)**	**(387)**	(28)	(10)
Permanent exclusions	**-**	**-**	14	5
Amount recorded in P&L	**(4,870)**	**(1,753)**	**3.429**	**1.235**
Total income and social contribution taxes		**(6,623)**		**4,664**
Deferred taxes		**(6,623)**		**4,664**
Current taxes		**-**		**-**

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16. Deferred income and social contribution taxes (Continued)

Reconciliation of tax expenses at official rates – Consolidated:

	03/31/2011		03/31/2010	
	Income tax	**Social contribution tax**	**Income tax**	**Social contribution tax**
Income before taxes	**34,197**	**34,197**	(2.418)	(2.418)
Income and social contribution taxes at nominal rate of 25% and 9%, respectively	**(8,549)**	**(3,077)**	605	218
Adjustments to derive the effective rate				1
Permanent exclusions	**1,158**	**417**	14	5
Permanent additions	**(1,076)**	**(387)**	(34)	(12)
Subsidiaries' tax incentives			291	-
Other	**(228)**	**(82)**	751	237
Amount recorded in P&L	**(8,695)**	**(3,129)**	1.627	449
Total income and social contribution taxes		**(11,824)**		**2,076**
Deferred taxes		**(6,983)**		**8,108**
Current taxes		**(4,841)**		**(6,032)**

Reconciliation of variation in deferred income and social contribution taxes

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

	12/31/2010	**03/31/2011**	**Variation**
Deferred tax assets	71,974	68,235	(3,739)
Deferred tax liabilities	(505,345)	(511,215)	(5,870)
			(9,609)
Taxes on fair value recorded in equity			3,361
Reversal of taxes recorded under equity			(735)
			-
Deferred taxes recorded in net income for the year			(6,983)

17. Notes payable – Consolidated

	03/31/2011	**12/31/2010**
Agropecuária Vale do Juruena Ltda. and Others (a)	**46,112**	53,288
Agropecuária Veloso de Araujo Ltda. and Others (b)	**9,878**	11,671
Solo Sagrado Colonizadora e Negócios Ltda.(c)	**10,295**	10,394
Espolio de Francisco Veloso de Araujo (d)	**5,067**	5,215
Jaques Valori Lima (e)	**2,345**	2,399
Victorio Mitsukaso obata and Others (f)	**8,708**	8,708
Other	**9,612**	9,998
	92,017	101,673
(-) Current portion	**(43,395)**	(50,077)
Non-current portion	**48,622**	51,596

The material balances at March 31, 2011 are composed of the following:

(a) Corresponds to purchase of 10,635 acres of arable land in the city of Campos de Julio, Mato Grosso State, adjoining the arable land of subsidiary Fazenda Planorte S.A., for the amount of R$82,950, equivalent to 2,370 thousand soybean sacks. The balance at March 31, 2011 refers to 4 remaining installments of R$47,520, equivalent to 1,320 thousand soybean sacks, restated by soybean sack price variation, with the next installments maturing annually from May 2011 to May 2014.

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17. Notes payable – Consolidated (Continued)

(b) Corresponds to purchase of 3,406.62 acres of arable land in the city of Tasso Fragoso, Maranhão State, adjoining the arable land of subsidiary Fazenda Parnaíba S.A., for R$14,000, equivalent to 350 thousand soybean sacks. The balance at March 31, 2011, in the amount of R$10,103, refer to 15 remaining annual installments, maturing from May 2011 to May 2022, the first equivalent to 47,564 soybean sacks, was postponed at creditor's discretion and the other installments equivalent to 20 thousand soybean sacks each, totaling 327,564 soybean sacks.

(c) Corresponds to purchase of 26,598 acres of arable land in the city of Santa Filomena, Piauí State, named Fazenda Parnaguá, by subsidiary SLC Empreendimentos e Agricultura Ltda., for R$34,969. The balance at March 31, 2011, in the amount of R$9,900, refers to R$6,251 payable upon deed transfer to the Company and R$2,959, equivalent to 101,539 soybean sacks, payable in May 2010, however postponed according to creditor's interest.

(d) Corresponds to purchase of 1,237.74 acres of arable land in the city of Tasso Fragoso, Maranhão State, adjoining the arable land of subsidiary Fazenda Parnaíba S.A., for R$4,800, equivalent to 137,142 soybean sacks. The balance at March 31, 2011, in the amount of R$4,836, refers to: R$2,650 payable upon deed transfer to the Company; and 4 remaining annual installments, maturing from July 2010 to May 2013, equivalent to 12 thousand soybean sacks each, totaling 60 thousand soybean sacks.

(e) Corresponds to purchase of 2,718 acres of arable land in the city of Correntina, Bahia State, denominated Fazenda Panorama, by subsidiary SLC Empreendimentos e Agricultura Ltda., in the amount of R$8,857, equivalent to US$4,447. The balance of R$2440 at September 30, 2010, equivalent to US$1,440, restated by reference to US dollar variation, will be paid in 2 annual installments maturing as from May 31, 2011.

(f) Corresponds to the acquisition of 4,094 acres of arable land in the city of Barreiras, Bahia State, adjoining arable land of Fazenda Palmares, in the amount of R$30,318. The balance of R$24,594 at September 30, 2010, refers to installments maturing up to November 30, 2010, upon deed transfer to the Company.

18. Equity

a) Capital

At March 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	**03/31/2011**	**12/31/2010**
SLC Participações S.A.	28,948,586	28,948,586
Evaux Participações S.A.	21,520,787	21,520,787
Board of Directors	5	5
Treasury shares	884,900	987,700
Other	47,543,222	47,440,422
Total paid-up shares	98,897,500	98,897,500
(-) Treasury shares	(884,900)	(987,700)
Total outstanding shares	98,012,600	97,909,800

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18. **Equity** (Continued)

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 in connection with stock option plans, less share issue costs (commissions, fees and other expenses), net of tax effects, in conformity with CPC 10, in the amount of R$ 24,604.

c) Treasury shares

The Company bought back its shares to keep them in treasury, aiming a later stock option plan (Note 23), according the decision made in Board of Directors' meeting held on October 29, 2008.

The balance of treasury shares at March 31, 2011, totaling R$ 10,826, comprises 884,900 shares (987,700 at 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 Bylaws, when the amount derived from sum of the legal reserve plus capital reserves, as defined in paragraph 1, article 182, of the Brazilian Corporate Law, exceeds share capital by 30% (thirty percent), no part of the net income for the year must be allocated to the legal reserve.

e) Expansion reserve

In accordance with the provisions of article 194 of Law No. 6404/76 and of article 35 of the Company's Bylaws, 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 Bylaws. This reserve is intended to be used for investments in operating assets, and cannot exceed share capital.

At December 31, 2010, a proposal was made to allocate R$ 42,299 to the Expansion Reserve, which was approved by the General Shareholders' Meeting on April 27, 2011.

f) Profit retention reserve

The balance at March 31, 2011 refers to the remaining balance of accumulated earnings for year 2007, which 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 Corporate Law.

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18. Equity (Continued)

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). Dividends will be paid on May 6, 2011.

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

19. Financial income (expenses)

	Company		Consolidated	
	03/31/2011	03/31/2010	03/31/2011	03/31/2010
Financial expenses:				
Interest payable	5,694	7,189	9,536	10,095
Foreign exchange variation	1,703	6,015	2,059	7,959
Monetary restatement	2,426	658	7,326	658
Loss on derivative transactions	25,398	1,770	25,439	2,113
Other	182	35	647	149
	35,403	**15,667**	**45,007**	**20,974**
Financial income:				
Short-term investments income	2,970	2,792	4,848	3,435
Foreign exchange variation	3,216	3,668	3,574	5,406
Monetary restatement	150	-	9,182	18,348
Gain on derivative transactions	7,834	6,479	7,880	6,233
Other	1,035	864	1,588	951
	15,205	**13,803**	**27,072**	**34,373**
Financial income (expenses)	**(20,198)**	**(1,864)**	**(17,935)**	**13,399**

20. Commitments

20.1. 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	Jul-Dec	51,944	12	Ton	2,109,58
Cotton lint	Jul-Dec	2,514	02	Ton	To define
Soybean	May	1,833,992	29	Sack	21,24
Cottonseed	Jul-Dec	87,400	13	Ton	156,01
Corn	Jan-Aug	607,922	20	Sack	18,33
2011/2012 crop					
Soybean	Feb-Mar	375,000	02	Sack	23,20
Cotton lint	Aug-Dec	10,570	07		2,391,61
Cotton lint	Aug-Dec	6,076	04	Ton	To define

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20. Commitments (Continued)

20.1. Non-deliverable forward contracts (Continued)

		Consolidated			
Commodity	**Delivery date**	**Volume**	**No. of Contracts**	**Unit**	**Unit Price - US$**
2010/2011 crop					
Cotton lint	Jul-Dec	92,758	22	Ton	2,109,58
Cotton lint	Jul-Dec	4,489	04	Ton	To define
Soybean	May	4,220,820	53	Sack	21,22
Cottonseed	Jul-Dec	127,900	21	Ton	162,59
Corn	Jan-Aug	107,922	24	Sack	14,73
2011/2012 crop					
Soybean	Feb-Mar	750,000	04	Sack	23,20
Cotton lint	Aug-Dec	18,875	12		2,391,61
Cotton lint	Aug-Dec	10,850	07	Ton	To define

20.2 Lease

At March 30, 2011, the Company and its subsidiaries have 68,766 acres of leased land, distributed as follows:

Farm/Unit	Location	Total acres leased	Maturity	Amount (in soybean sacks/hectare/year)	Type of lease
Pamplona	Cristalina-GO	4,080	2011 to 2013	3 to 12	Operating
Planalto	Costa Rica-MS	1,657	2010 *	11	Operating
Planeste	Balsas-MA	10,838	2011 to 2023	1 to 8.3	Operating
Panorama	Correntina-BA	12,313	2015	8	Operating
Piratini	Jaborandi-BA	5,000	2021	2 **	Operating
Palmares	Barreiras-BA	15,814	2015	9	Operating
Parnaíba	Tasso Fragoso-MA	7,493	2023	2	Operating
Planorte	Sapezal-MT	367	2013	8	Operating
Paiaguás	Diamantino-MT	4,074	2011 and 2020	6 to 8.5	Operating
Pejuçara	Diamantino-MT	3,558	2020	9.5	Operating
Parceiro	Formosa do Rio Preto-BA	3,572	2020	2 to 7	Operating
Total		68,766			

* Annual renewal. The Company has leased this area since 1999.
** Beginning 2010/11 year-crop a payment will be made for 2,861 acres, the remaining shall be paid starting from 2011/12 year-crop.

The future commitments relating to these contracts are set forth based on the average soybean sack prices in the region of each production unit on the respective 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.

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20. Commitments – (Continued)

20.2 Lease – (Continued)

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

	Company	Consolidated
Payments with 1 year	7,258	12,762
Payments from 1 to 5 years	49,649	75,594
Payments over 5 years	21,149	45,098
Total minimum future lease payments	**78,056**	**133,454**

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 changes until the moment of the 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 the variation of the soybean sack price, as referred to above, and there are no other adjustment 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.

21. 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 is a market risk to which the Company and its subsidiaries are exposed.

In addition, the Company and its subsidiaries contract financing operations in the financial market at fixed or floating interest rates. Accordingly, the Company is subject to the risk of fluctuation in interest rates applicable to loans contracted at variable rates.

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21. Risk management and financial instruments (Continued)

a) Utilization policy, objectives 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 prime financial institutions (national institutions assigned at least A rating level from 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) Gain (losses) on non-derivative financial instruments in equity of Company and consolidated

Non-deliverable forward operations (NDFs) 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, pursuant to CPC 38, approved by CVM Resolution 604/09. The Company records in a specific equity account the unrealized effects from these instruments, which are 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 income as financial income (expenses).

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 fluctuation.

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21. Risk management and financial instruments (Continued)

c) Foreign exchange risk - (Continued)

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 the 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.

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

Description	Notional Value			Fair Value (MTM)			Accumulated Effect		
	Currency	03/31//2011	12/31/2010	Currency	03/31//2011	12/31/2010	Currency	03/31//2011	12/31/2010
Maturing in 2011									
Forward contracts (NDF):									
Short Position									
Foreign Currency	**USD**	**170,534**	155,355	**R$**	**45,429**	41,296	**R$**	**46,263**	42,081
Subtotal – Maturing in 2011	**USD**	**170,534**	155,355	**R$**	**45,429**	41,296	**R$**	**46,263**	42,081
Maturing in 2012									
Forward contracts (NDF):									
Short Position									
Foreign Currency	**USD**	**71,076**	26,500	**R$**	**9,351**	5,202	**R$**	**10,919**	4,779
Subtotal – Maturing in 2012	**USD**	**71,076**	26,500	**R$**	**9,351**	5,202	**R$**	**10,919**	4,779
Maturing in 2013									
Forward contracts (NDF):									
Short Position									
Foreign Currency	**USD**	**2,921**	-	**R$**	**95**	-	**R$**	**69**	-
Subtotal – Maturing in 2013	**USD**	**2,921**	-	**R$**	**95**	-	**R$**	**69**	-
TOTAL	**USD**	**244,531**	181,855	**R$**	**54,875**	46,498	**R$**	**57,251**	46,860

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

Description	Notional Value			Fair Value		
	Currency	03/31//2011	12/31/2010	Currency	03/31//2011	12/31/2010
Banco Itaú BBA	**USD**	**55,625**	60,291	**R$**	**18,691**	15,762
Citibank	**USD**	**51,647**	40,401	**R$**	**11,276**	10,422
Deutsche Bank	**USD**	**19,200**	22,579	**R$**	**4,284**	6,406
HSBC Bank	**USD**	**48,936**	22,165	**R$**	**7,438**	4,711
Banco Bradesco	**USD**	**27,980**	16,960	**R$**	**6,077**	4,031
Votorantim	**USD**	**33,788**	16,983	**R$**	**6,461**	4,592
Santander Brasil	**USD**	**7,355**	2,476	**R$**	**648**	574
Total	**USD**	**244,531**	181,855	**R$**	**54,875**	46,498

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21. Risk management and financial instruments (Continued)

c) Foreign exchange risk - (Continued)

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

- Non-deliverable forwards (NDF) – the future dollar curve published by the Brazilian Mercantile and Futures Exchange (BM&F) (www.bmf.com.br) at each year end was taken into consideration. Based on this information, the forecast adjustment at the maturity of each transaction is discounted at the interest curve between Ptax at year end and future quote at the maturity of the derivative published by the BM&F.
- Options contracts – the fair value of transactions for issuing call options 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, traded with financial institutions on 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, since these transactions are backed by a credit limit previously approved by the financial institutions.

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

Description	Notional Value			Fair Value			Accumulated Effect (current period)		
	Currency	03/31/2011	12/31/2010	Currency	03/31/2011	12/31/2010	Currency	Amount receivable / (received)	Amount payable / (paid))
Maturing in 2011									
Financial Transactions									
Commodities - Cotton	**USD**	**9,030**	19,460	**R$**	(19,470)	(16,627)	**R$**	**407**	**19,877**
Commodities - Soybean	**USD**	**34,652**	40,072	**R$**	(9,044)	(9,302)	**R$**	**2,048**	**11,092**
Subtotal – Maturing in 2011	**USD**	**43,682**	59,532	**R$**	(28,514)	(25,929)	**R$**	**2,455**	**30,969**
Total	**USD**	**43,682**	59,532	**R$**	(28,514)	(25,929)	**R$**	**2,455**	**30,969**

All operations with agricultural commodities were traded in the OTC market and the counterparties are Morgan Stanley Capital Group Inc, Cargill Financial Service International Inc, Macquarie Group Limited and Citibank N.A. In addition, there are exchange-traded positions with broker MF Global. The fair value of these operations was provided by the financial institution.

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21. Risk management and financial instruments (Continued)

e) Interest rate risk

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

In order to hedge against changes in interest rates, the Company carries out interest rate swap operations with prime financial institutions. These operations involve floating-for-fixed rate swap where the Company receives a floating rate (TJLP or Libor) and pays a fixed rate. The notional principal amount and maturities of the swap operation are identical to the hedged debt amount. Thus, the risk of fluctuation in floating 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)		Adjustment
Counterparty	Hedge Instrument	Hedged item	Asset	Liability	Asset	Liability	Financial Income (expense)
Santander	Swap contract of USD40,000 (Asset- Libor 6 months +2%p.a. / Liability 4.68%pa.)	Debt of USD40,000 - Libor 6 months + 2%p.a.	61,390	61,673	60,970	63,072	(2,102)
Total			**61,390**	**61,673**	**60,970**	**63,072**	**(2,102)**

Below are the Company's consolidated derivative instruments that are disclosed in balance sheet accounts:

	Notional Value			Fair value recorded in assets			Fair value recorded in liabilities	
Description	Currency	03/31/2011	12/31/2010	Currency	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Foreign exchange hedge operations								
NDF (*Non Deliverable Forwards*) contracts	**USD**	**244,531**	181,855	**R$**	**54,875**	46,498	**-**	-
Subtotal	**USD**	**244,531**	181,855	**R$**	**54,875**	46,498	**-**	-
Commodity hedge operations								
Cotton – Financial Operations	**USD**	**9,030**	19,460	**R$**	**558**	286	**20,028**	16,913
Soybean – Financial Operations	**USD**	**34,652**	40,072	**R$**	**2,535**	8,430	**11,579**	17,732
Subtotal	**USD**	**43,682**	59,532	**R$**	**3,093**	8,716	**31,607**	34,645
Interest rate hedge operations								
Swap Libor vs. Fixed Rate	**USD**	**37,334**	40,000	**R$**	**-**	-	**2,102**	2,927
Subtotal	**USD**	**37,334**	40,000	**R$**	**-**	-	**2,102**	2,927
Total	**USD**	**325,547**	281,387	**R$**	**57,968**	55,214	**33,709**	37,572
(-) Current portion	**USD**			**R$**	**(55,666)**	(50,012)	**(32,809)**	(35,987)
Non-current portion	**USD**			**R$**	**2,302**	5,202	**900**	1,585

Below is the fair value of consolidated gains or losses for the period, segregated by the main risk categories:

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21. Risk management and financial instruments (Continued)

f) Interest rate

		Gains and losses recorded in P&L					
		Allocated to Gross Revenue at		Allocated to Financial Income (expenses) at		Gains and losses recorded in equity*	
Description	Currency	03/31/2011	12/31/2010	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Foreign exchange rate hedge operations							
NDF (Non Deliverable Forwards) contracts	**R$**	**6,989**	(86)	**1,453**	(279)	**53,093**	17,426
Option contracts	**R$**	**-**	-	**-**	(661)	-	
Sub-total	**R$**	**6,989**	(86)	**1,453**	(940)	**53,093**	17,426
Commodity hedge operations							
Agricultural commodity swap							
Cotton	**R$**	-	-	**(24,886)**	(43)	-	-
Soybean	**R$**	-	-	**5,808**	5,637	-	-
Coffee	**R$**	-	-	**-**	110	-	-
Fertilizers Swap							
Urea	**R$**	-	-	**-**	-	-	-
Other	**R$**	-	-	**-**	-	-	-
	R$	**-**	**-**	**(19,078)**	**5,704**	**-**	**-**
Swap Libor vs. Fixed Rate	**R$**	-	-	**155**	(1,088)	-	-
Sub-total	**R$**	-	-	**-**	(1,088)	**-**	-
TOTAL	**R$**	**6,989**	(86)	**(17,470)**	3,676	**53,093**	17,426

***** Amount without tax effects, represented by R$ 35,041 and R$ 29,520 in consolidated equity, respectively, net of tax effects.

The effect on foreign exchange, commodities and interest hedge operations totaled (R$ 17,470).

g) Credit risk

A significant portion of sales of the Company and its subsidiaries is made to a selected group of prime clients, i.e. trading companies, weaving companies etc., which usually acquire large volumes to 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.

h) Market values

At March 31, 2011, the market values of cash, short-term 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 floating interest rates.

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21. Risk management and financial instruments (Continued)

i) Sensitivity analysis

The Company carries out operations with derivative instruments solely to hedge against fluctuation in foreign exchange rates and commodities sales price, which are linked to US dollar rate and the soybean and cotton prices in the international market.

We prepared a sensitivity analysis for derivative instruments according to CVM Rule No. 550, of October 17, 2008, segregating them based on the following risk factors: exchange variation, commodities price and interest rate fluctuation (CDI, TJLP, Libor).

If any of the scenarios projected by the Company's management 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 judgment was required in the interpretation of market data in order to estimate the fair value of each operation. Consequently, the estimates below do not necessarily indicate the amounts that will effectively be realized upon the financial settlement of the operations.

Foreign exchange risks

The Company projected the impact of foreign exchange hedge operations and its US debt in the following 5 scenarios for the years 2011, 2012 and 2013, as follows:

- Probable Scenario: Based on the FOCUS report (Bacen) of March 25, 2011, we defined this scenario considering an average exchange rate to US dollar of R$ 1.68.

- A 25% fall in the currency rate: in this scenario the transactions would be settled considering an exchange rate to US dollar of R$ 1.26, the equivalent to a 25% fall in relation to the Probable Scenario.

- A 50% fall in the currency rate: in this scenario the transactions would be settled considering an exchange rate to US dollar of R$ 0.84, the equivalent to a 50% fall in relation to the Probable Scenario.

- A 25% rise in the currency rate: in this scenario the transactions would be settled considering an exchange rate to US dollar of R$ 2.10, 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 an exchange rate to US dollar of R$ 2.52, the equivalent to a 50% rise in relation to the Probable Scenario.

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21. Risk management and financial instruments (Continued)

h) Sensitivity analysis (Continued)

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

Description	Risk	Remote Scenario *USD = R$ 0.8400*	Possible Scenario *USD = R$ 1.2600*	Probable Scenario *USD = R$ 1.6800*	Possible Scenario *USD = R$ 2.1000*	Remote Scenario *USD = R$ 2.5200*
Year 2011						
Revenues from sales (hedged item)*	US$ rate change	(286,013)	(168,546)	(51,079)	66,387	183,854
Non-deliverable forwards (NDF)	US$ rate change	194,328	122,703	51,079	(20,545)	(92,169)
Subtotal		**(91,685)**	**(45,843)**	**-**	**45,843**	**91,685**
Year 2012						
Revenues from sales (underlying item)*	US$ rate change	(450,680)	(235,935)	(21,190)	193,555	408,300
Non-deliverable forwards (NDF)	US$ rate change	80,894	51,042	21,190	(8,662)	(38,514)
Subtotal		**(369,786)**	**(184,893)**	**-**	**184,893**	**369,786**
Year 2013						
Revenues from sales (underlying item)*	US$ rate change	(390,832)	(195,817)	(802)	194,213	389,228
Non-deliverable forwards (NDF)	US$ rate change	3,256	2,029	802	(425)	(1,652)
Subtotal		**(387,576)**	**(193,788)**	**-**	**193,788**	**387,576**
US$ debt						
Subtotal	US$ rate change	**61,631**	**28,811**	**(4,009)**	**(36,828)**	**(69,648)**
Total		**(787,416)**	**(395,713)**	**(4,009)**	**387,696**	**779,399**

Commodity price risks

The Company projected the impact of commodity price hedging operations in the following 3 scenarios for 2011:

- Probable Scenario: In this scenario, the following prices were considered, with maturity at CBOT (Chicago Board of Trade) and ICE (Ice Futures US):
Cotton:: USD/GBP 1.9290 – maturing in July 2011;
Soybean: USD/Bushel 14.10 – maturing in May 2011;

- Possible Scenario with a fall of 25%: In this scenario, the cotton and soybean prices would fall 25% in relation to the Probable Scenario:
Cotton: USD/GBP 1.4468 – maturing in July 2011;
Soybean: USD/Bushel 10.57 – maturing in May 2011;

- Remote Scenario with a fall of 50%: In this scenario, the cotton and soybean prices would fall 50% in relation to the Probable Scenario:
Cotton: USD/GBP 0.9645 – maturing in July 11;
Soybean: USD/Bushel 7.05 – maturing in May 2011;

- Possible Scenario with a rise of 25%: In this scenario, the cotton and soybean prices would rise 25% in relation to the Probable Scenario:
Cotton: USD/GBP 2.4113 – maturing in July 2011;
Soybean: USD/Bushel 17.61 – maturing in May 2011;

- Remote Scenario with a rise of 50%: In this Scenario, the cotton and soybean prices would rise 50% in relation to the Probable Scenario:
Cotton: USD/GBP 2.8935 – maturing in July 2011;
Soybean: USD/Bushel 21.14 – maturing in May 2011;

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21. Risk management and financial instruments (Continued)

h) Sensitivity analysis (Continued)

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

Amounts in R$ 1,000

Description	Risk	Remote Scenario - 50%	Possible Scenario - 25%	Probable Scenario	Possible Scenario + 25%	Remote Scenario + 50%
Year 2011						
Cotton – Financial Operations	Price Change	(3,200)	(11,413)	(19,299)	(27,185)	(35,070)
Soybean – Financial Operations	Price Change	(5,440)	(5,778)	(8,940)	(12,731)	(16,541)
Total		**(8,640)**	**(17,191)**	**(28,239)**	**(39,916)**	**(51,611)**

Interest rate risks

With a view to analyzing interest rate sensitivity on the Company's debts and short-term investments, at March 31, 2011, 5 different scenarios were defined. Based on the FOCUS report (Bacen) of March 25, 2011, we defined the index rates for Interbank Deposit Certificates (CDI) and FOREX; concerning Libor, we considered the BM&F future curve at March 31, 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 March 31, 2011, and the interest rates were projected over a one-year period, their sensitivity being analyzed in each one of the 5 scenarios.

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

	Interest Rate*	Balance at 03/31/2011	50% Fall	25% Fall	Probable Scenario	25% Rise	50% Rise
Debts in reais – Fixed rate							
Rural Credit	6.75%	131,443	N/A	N/A	N/A	N/A	N/A
Constitutional Funds	7.29%	272,126	N/A	N/A	N/A	N/A	N/A
BNDES	5.07%	31,972	N/A	N/A	N/A	N/A	N/A
NCE	11.70%	10,043	N/A	N/A	N/A	N/A	N/A
Debt in reais – Floating rate							
BNDES	TJLP + 2.61%	16,327	(916)	(1,161)	(1,406)	(1,651)	(1,896)
USD Debts							
Libor	Libor 6M +3.5%	61,560	(2,296)	(2,366)	(2,437)	(2,507)	(2,578)
Swap Libor VS. Fixed rate**	Asset: Libor 6M+2% Liability: 4.68%	65,148	(437)	(384)	(331)	(278)	(226)
BNDES	Currency Basket + 2.78%	562	(27)	(33)	(38)	(44)	(50)
Short-Term Investments							
CDB and Debentures	101.27% of CDI	199,468	11,787	17,680	23,574	29,467	35,360

* Annual average rates

** Amount of R$65,148 refers to the translation of USD 40,000 (loan amount whose Libor fluctuation is hedged) at the USD rate at March 31, 2011 – R$1.6287.

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22. Employees' profit sharing

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

The amounts payable in the form of profit sharing is calculated based on the Company's consolidated net income. Part of this amount is freely distributed to the beneficiaries and the other part is paid subject to the fulfillment of goals set by each production unit.

Profit sharing is equivalent to 9% of the consolidated net income. 60% of this amount will be shared among the beneficiaries 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 two (02) nominal salaries per beneficiary employee.

23. Stock option plan

The Extraordinary Shareholders' Meeting held on May 23, 2007 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 the dilution of 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.

The Plan's beneficiaries may 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 has 30 days from the date of delivery of the Stock Option Exercise Instrument to issue the shares.

The 2007, 2008 and 2009 Annual Programs, granting 640,000, 720,000, 488,000 and 805,000 call options, were approved by the Board of Directors' meetings held on October 31, 2007, December 16, 2008 and November 11, 2009, respectively. Changes in the shares granted under the 2007, 2008, 2009 and 2010 Annual Programs and their respective vesting periods are as follows:

	Number of shares
Outstanding at 12/31/2010	1,975,700
Granted during the quarter	-
Cancelled during the quarter	(212,000)
Exercised during the quarter	(48,000)
Outstanding at March 31, 2011	1,715,700

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23. Stock option plan – (Continued)

Vesting periods from granting	% of stock options released for exercise	Maximum number of shares
As from 09/30/2010	19%	325,000
As from 10/31/2010	38%	650,000
As from 11/11/2010	44%	750,000
As from 12/16/2010	52%	900,000
As from 11/11/2011	58%	1,000,000
As from 12/16/2011	81%	1,400,000
As from 11/12/2012	100%	1,715,700

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, with no monetary adjustment.

The exercise price under the 2008 Annual Program was established at R$ 14.80 (fourteen reais and eighty centavos) per share, corresponding to the average price of the Company shares on the latest 90 trading sessions on the São Paulo State Stock Exchange (Bovespa) prior to the approval of the plan, with a discount of 19.97%.

The exercise price under the 2009 Annual Program was established at R$15.00 (fifteen reais) per share, corresponding to the average price of the Company shares on the latest 90 trading sessions on Bovespa prior to the approval of the plan, with a discount of 7.98%.

The exercise price under the 2010 Annual Program was established at R$16.87 (sixteen reais and eighty-seven centavos) per share, corresponding to the average price of the Company shares on the latest 90 trading sessions on Bovespa prior to the approval of the plan.

The vesting periods after the granting date are as follows:

Vesting periods from granting	% of stock options released for exercise	Maximum number of shares
As from 11/ 10/2011	8%	161,000
As from 11/11/2011	13%	248,200
As from 12/16/2011	54%	1,070,100
As from 11/12/2012	76%	1,492,700
As from 11/12/2013	100%	1,715,700

The average weighted fair value of the stock options is R$21.2528 on the date of grant of the 2007 Annual Plan, R$23.8985 on the date of grant of the 2008 Annual Plan and R$21.3870 on the date of grant of the 2009 Annual Plan, considering premiums of R$7.2528, R$9.0985 and R$6.3870, respectively. The amounts were calculated based on the Black-Sholes model, considering a volatility of 32.03% for the 2007 Annual Program, 76.05% for the 2008 Annual Program and 67.59% for the 2009 Annual Program.

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23. Stock option plan (Continued)

In compliance with CPC 10, taking into consideration the vesting periods above, at March 31, 2011 an expense of R$1,844 (R$3.225 at March 31, 2010) was recognized in the income statement as stock option plan due to the elapsing of the vesting period, with a corresponding entry to a specific capital reserve account in equity.

24. Government grants and assistance

a) ICMS deferral and deemed credit

The Company has incentives allowing deferral of ICMS on soybean, corn and whole cottonseed operations through the 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 ICMS credits on operations with cotton lint, with ICMS reduction between 50% and 75% through the participation of Fazenda Planalto in the Program for Development of Agricultural Production in Mato Grosso do Sul State (PDAGRO), the participation of Fazenda Planorte and Fazenda Paiaguás in the Cotton Culture Incentive Program of Mato Grosso State (PROALMAT) and Fazenda Pamplona's participation in the Cotton Producer Incentive Program of Goiás State (PROALGO).

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.

Deemed credits are credited to taxes on sales account in the statement of income, with a corresponding entry to taxes payable. In the three-month period ended March 31, 2011, deemed ICMS credits were recognized in the amount of R$1,526 – Company, and R$2,820 - consolidated.

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24. Government grants and assistance (Continued)

b) Income tax reduction incentive

The Company enjoys income tax reduction incentive for subsidiaries Fazendas Parnaíba S.A. and Fazenda Planorte S.A., located in Maranhão state and Mato Grosso state, respectively, granted by SUDAM (Agency for Development of the Amazon Region). This incentive involves 75% income tax reduction 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.

The amounts of income tax reduction incentive are debited to taxes payable account, in current liabilities, and credited to income and social contribution taxes in the statement of income for the year. The income tax 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 the capital or absorb losses.

In the period ended September 30, 2010 the subsidiaries Fazenda Planorte S.A. and Fazenda Parnaíba S.A. had no gains from income tax reduction incentive, since they had tax losses during the period.

25. Insurance coverage

At March 31, 2010, the Company and its subsidiaries had retained business insurance to cover losses considering the nature of their activities and the risks involved in their operations. The insurance coverage was contracted at amounts considered sufficient by management to mitigate risks identified.

Insurance coverage contracted is detailed below:

Policy No.	Nature	Period covered	Coverage
01.004.131.038971	Vehicles of SLC Agrícola	10/10/10 to 10/10/11	Third parties - 100% FIPE
01.004.131.038960	Vehicles of Fazenda Parnaíba	10/10/10 to 10/10/11	Third parties - 100% FIPE
01.004.131.038961	Vehicles of Fazenda Planorte	10/10/10 to 10/10/11	Third parties - 100% FIPE
01.004.131.039004	Vehicles of Fazenda Paiaguás	10/10/10 to 10/10/11	Third parties - 100% FIPE
3.235.741	Machinery	10/08/10 to 10/08/11	2,000,000.00
03.30.0023699.000000	Rural properties / Master	11/10/10 to 11/10/11	25,000,000.00
03.18.0452169	Management	11/10/10 to 11/10/11	750,000.00
6.833.492	Civil liability	12/02/10 to 12/02/11	1,000,000.00

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.

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26. Gross revenue from sales

	Company		Consolidated	
	03/31/2011	03/31/2010	03/31/2011	03/31/2010
Gross operating revenue	**134,478**	121,989	**212,802**	187,301
Sale of goods	**112,958**	122,470	**171,363**	189,967
Change in fair value of biological assets	**21,520**	(481)	**41,439**	(2,666)
Deductions, taxes and contributions	**(11,207)**	(6,951)	**(16,525)**	(10,116)
Net operating revenue	**123,271**	115,038	**196,277**	177,185

27. Expenses by nature

	Company		Consolidated	
	03/31/2011	03/31/2010	03/31/2011	03/31/2010
Expenses by function				
Cost of goods sold and or services	**70,469**	114,955	**121,540**	176,091
Selling expenses	**5,839**	7,687	**8,336**	11,708
General and administrative expenses	**8,985**	5,610	**11,868**	6,156
Other operating expenses	**1,265**	-	**1,103**	-
	86,558	128,252	**142,847**	193,955
Expenses by nature				
Depreciation and amortization	**5,670**	8,783	**9,465**	13,789
Personnel expenses	**10,401**	12,361	**15,531**	16,535
Raw material and other materials	**43,289**	67,125	**64,188**	102,908
Change in fair value of biological assets	**21,451**	16,880	**42,923**	24,655
Freight	**3,366**	5,565	**4,584**	7,877
Other expenses	**2,381**	17,538	**6,156**	28,191
	86,558	128,252	**142,847**	193,955

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28. Information by segment

As the Company produces solely grains, for accounting and managerial purposes, it is organized at a single business unit. Even though the Company operates with various types of grains, the Company's management does not controls or manages its activities as independent segments, and the Company's results are subject to integrated monitoring and assessment. Its operating assets and personnel structure are the same for all products.

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

	03/31/2011	03/31/2010
Gross sales		
Domestic market	**161,021**	83,352
Foreign market	**51,188**	103,608
Other	**593**	341
	212,802	187,301

Information on consolidated gross sales by product is as follows:

	03/31/2011	03/31/2010
Consolidated gross sales:		
Cotton	**111,553**	96,828
Soybean	**33,100**	56,477
Corn	**8,691**	9,990
Cottonseed	**3,158**	2,508
Coffee	**1,940**	3,903
Other	**12,921**	20,261
Biological Asset	**41,439**	(2,666)
	212,802	187,301

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

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

INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) of SLC Agrícola S.A. ("Company") and its subsidiaries as of March 31, 2011, comprising the balance sheet (statement of financial position) and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, and a summary of significant accounting practices and other explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 – Interim Financial Reporting, and of the consolidated interim financial information in accordance with CPC 21 and with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários* - CVM) applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 applicable to the preparation of quarterly information (ITR), consistently with the standards issued by the Brazilian Securities and Exchange Commission.

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the quarterly information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of quarterly information (ITR), consistently with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters

Interim value added information

We have also reviewed the individual and consolidated interim value added information for the three-month period ended March 31, 2011, the presentation of which is required by the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of quarterly information (ITR), and as supplementary information under the IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim value added information is not fairly presented, in all material respects, in relation to the overall individual and consolidated interim financial information.

Porto Alegre (RS), May 12, 2011.

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

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

STATEMENT OF DIRECTORS ON THE FINANCIAL STATEMENTS

SLC Agricola SA

In accordance with section VI of article 25 of CVM Instruction 480, of December 7, 2009, states that the Board reviewed, discussed and agreed with the Company's Financial Statements for the quarter ended March 31, 2011
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Porto Alegre, May 9, 2011.