

# FINANCIAL STATEMENTS 2014



## **SLC** Agrícola

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*Chairman of Management Board*

*Jorge Luiz Silva Logemann*

*Vice President of Management Board*

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*Gerson Trenhago*

*Production Director*

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*Paulo Roberto Kruse*

*Counselor*

*Maurício Rocha Alves de Carvalho*

*Counselor*

\*\*\*\*\*

*Adriana Friguetto Mezzomo*

*Accountant - CRC: 59787/0-9*



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## MESSAGE FROM MANAGEMENT

Dear Sirs,

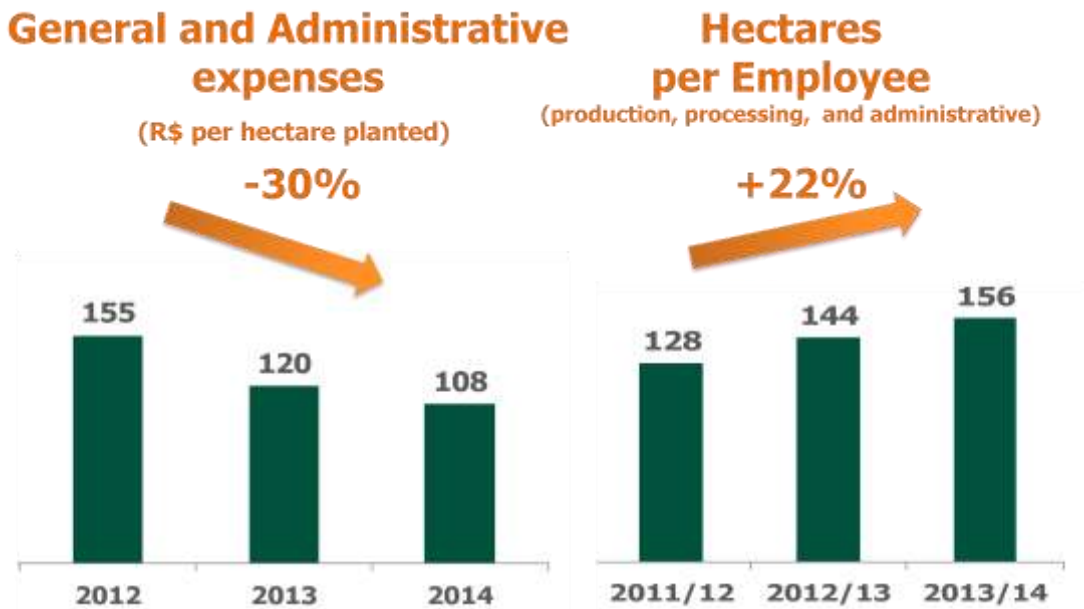
We present in this report the results achieved by SLC Agrícola in 2014 and reaffirm Our Way of Being by fostering sustainable growth based on management marked by transparency.

The year 2014 was marked by the end of the 2013/14 crop year, in which 344,000 hectares were planted, or 22% more than in the 2012/13 crop year. In addition to this expansion in planted area, we posted adjusted EBITDA of R\$320.1 million, with adjusted EBITDA margin of 24%, up from the 22.6% margin in 2013. This was the result of higher yields combined with our ongoing efforts to capture operating efficiency gains.

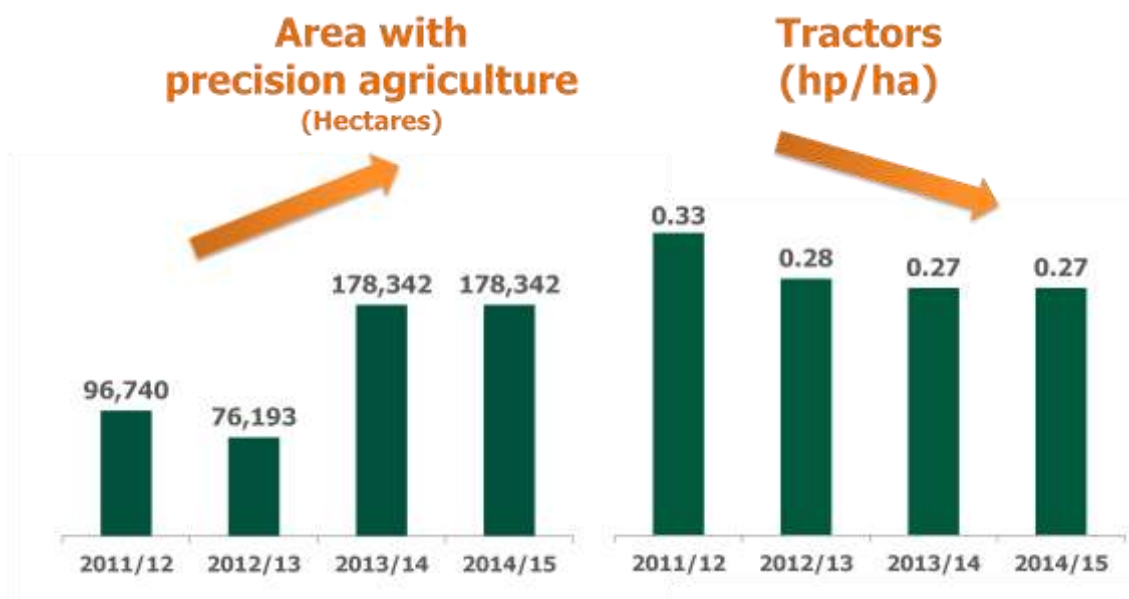
Net revenue grew 26.9% on the prior year to R\$1.5 billion, which is mainly explained by the higher volume of grain invoiced and the better sales prices for our main crops, cotton, soybean and corn.

Gross income was R\$333.1 million, increasing 27.5% over 2013, driven primarily by the improvement in our crop margins.

The following indicators demonstrate our culture of always seeking to capture efficiency gains and of generating better results using the same resources:



<sup>(1)</sup> Excludes expenses with management compensation and profit share program. Include inflation effect.



Net Income for 2014, however, decreased 27.4% from 2013 to end the period at R\$70.1 million. This variation was basically due to:

- The Financial Result in the period, which reflected the appreciation in the U.S. dollar against the Brazilian real in the last two months of the year, impacting our Accounts Payable, which holds exposure to USD variation, in the amount of R\$26.7 million. This exchange variation loss will be offset in 2015, since when we pay suppliers we will sell dollar futures, in accordance with our risk policy, thereby ensuring that the U.S. dollar exchange rate for inputs in line (curve) with that of our sales revenue.
- The revenue from Government Subsidies (PEPRO) arising from the minimum price guarantee for the corn and cotton crops in the 2013/14 crop year, which is recognized when effectively received by the Company. These amounts will be recognized in 2015.

The net debt/adjusted EBITDA ratio decreased over the course of the year to 3.0 times, from 3.3 times in 2013, reflecting the growth in Adjusted EBITDA in the last 12 months.

Our portfolio of owned properties, based on the independent report prepared by Deloitte Touche Tohmatsu in July 2014, was appraised at R\$3.19 billion, which represents appreciation of 17.4% in the average price per hectare from the 2013 appraisal report (excluding any variations in areas), which effectively validates our strategy of choosing properties in regions with high potential for price appreciation.

This year, we also expanded our joint venture with the Japanese multinational Mitsui, once we included the operations of the Perdizes Farm to the joint venture (SLC-MIT), with ownership interests sold to Mitsui to maintain the same interest as prior to the transaction. With this transaction, SLC-MIT now has 38,544 hectares to commercially operate, compared to 21,898 hectares in the previous year. Brazil's antitrust agency CADE approved the transaction on September 15, 2014. The management fee received by the Company from SLC-MIT was also adjusted to reflect the expansion in planted area. The joint arrangement between SLC Agrícola and Mitsui has strengthened as our management of the agricultural operations has proven increasingly more efficient.

*In addition, SLC Agrícola began to lease an area of 5,426 hectares owned by Agrícola Xingu (a wholly-owned subsidiary of Mitsui) in Balsas, Maranhão, in a commercial transaction that is not connected with the operations of SLC-MIT.*

*The joint arrangement with the Soares Penido Group (Pioneira Farm) was also expanded via a capital increase in the amount of R\$30 million, with the other party injecting the same amount, seeking to support the expansion of 11,323 hectares in planted area for the 2014/15 crop year to a total of 20,082 hectares (8,759 hectares in the 2013/14 crop year).*

*In December we completed the certification process for two other farms, Paiaguás and Panorama, bringing to three the total number of farms certified by 14001 (environmental management)/16001 (social responsibility) and OHSAS 18001 (health and safety management). We expect to obtain certification for all developed farms by 2020.*

*During the year we also received the following recognitions:*

- we were elected best company in the agribusiness industry in the "Management" category from the magazine IstoÉ Dinheiro, winning the "Best of Dinheiro 2014 Award;"*
- we received the soybean and corn producer highlight of the year award in the annual guide published by A Granja magazine;*
- we won 500 Largest of the South - Highest Gross Revenue in the Agribusiness Industry 2014, awarded by the magazine Revista Amanhã;*
- in Investor Relations, we received the award for Best IR Program in Latin America in the Capital Goods/Manufacturing segment, elected by sell-side investors in the survey conducted by Institutional Investor magazine.*

*The 2014/15 crop year, which began in September 2014, registered growth of 7.7% in planted area compared to the 2013/14 crop year. In terms of production costs, we expect a slight increase of 1.9% on average among our crops, since the depreciation in the Brazilian real against the U.S. dollar and inflation between periods were significantly offset by the reduction in the U.S. dollar prices of inputs pegged to the currency, particularly fertilizers.*

*Another important factor was once again our hedge strategy, which contributed with hedged positions above current price levels, which should have a positive impact on the 2015 results. We currently have 71.6% of soybean already hedged at a price of US\$11.83/bushel and 77.4% of cotton locked in at US\$74.0¢/lb.*

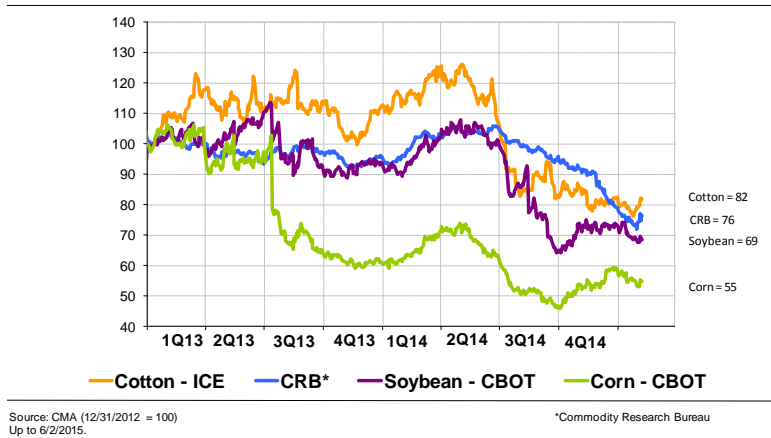
*Agricultural commodities present a cyclical behavior due to the effects of world supply and demand. The outlook for 2015 points to yet another challenging year for our industry, but we are confident in our efforts to achieve sustainable growth, seeking always to create value for our shareholders, clients and society in general.*

*After sharing our achievements in 2014 and reaffirming our utmost dedication to 2015, we conclude by extending our special appreciation to our clients, shareholders, suppliers and employees for the trust they have placed in us.*

*The Management*

## MARKET OUTLOOK

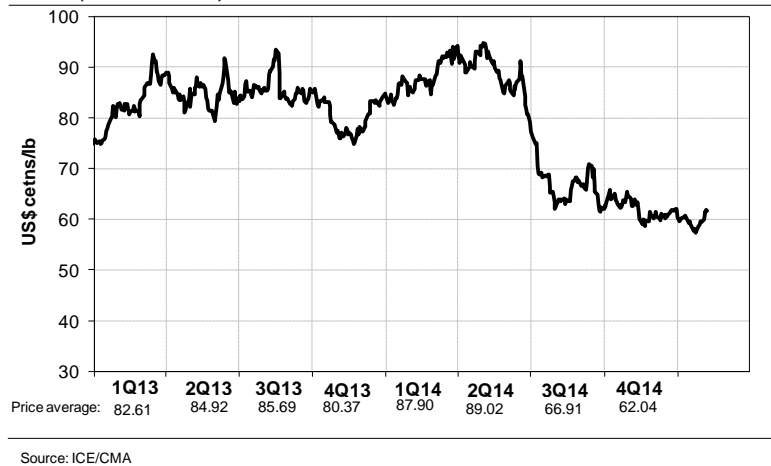
**Commodities Prices Variation**  
From Jan 2013 to Feb 2015 (1<sup>st</sup> Contract)



## COTTON

*Cotton prices have remained relatively stable in the last two quarters. One of the main factors contributing to the lower volatility is that the cotton harvest for the 2014/15 crop year in the northern hemisphere, where most of the world's production is concentrated, has ended and the estimates for yield and production are well consolidated.*

**Cotton Prices in the International Market**  
ICE - (1<sup>st</sup> Contract)



*According to the USDA, world production should reach 119.4 million bales. This represents 1 million bales less than in the previous year, but 8.1 million bales more than the USDA's consumption estimate of 111.25 million bales for the 2014/15 crop year.*

*The USDA also expects timid growth of 2% in cotton consumption in the 2014/15 crop year. According to the USDA, cotton consumption is suffering mainly with the competition from synthetic fibers, whose prices have fallen significantly due to lower oil prices. Consumption is also being impacted by distortions caused by government policies, especially in China, the world's largest cotton consumer.*

## World - Cotton supply and demand

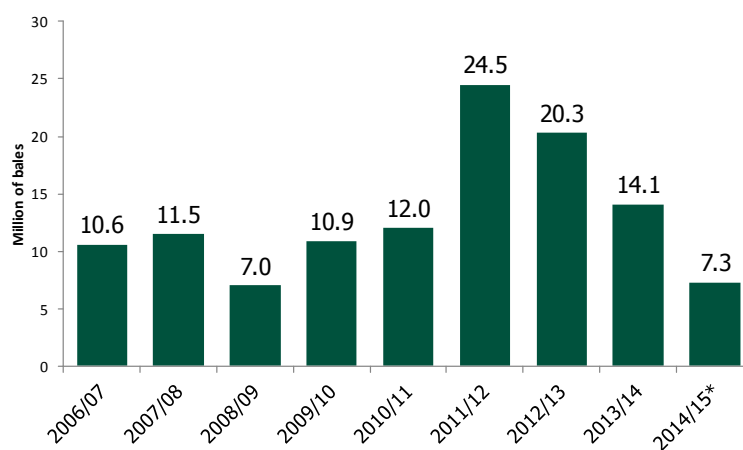
World	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14*	2014/15**
Area(thd ha)	34,537	32,827	30,569	30,133	33,526	35,961	34,389	32,780	34,271
Yield (kg/ha)	774	798	768	742	764	772	782	800	758
Beginning Stocks	61,8	63,1	62,3	62,1	47,4	50,6	73,8	90,0	101,7
Production	122,82	120,3	107,8	102,8	117,6	127,5	123,6	120,4	119,4
Imports	38,3	39,4	30,6	36,8	36,8	45,3	46,3	40,6	34,2
Total Supply	222,8	222,8	200,7	201,6	201,7	223,4	243,7	251,0	255,2
Export	37,5	39,0	30,2	35,6	35,4	45,9	46,8	40,7	34,2
Consumption	124	123,6	109,9	118,9	115,8	104,0	107,8	109,1	111,3
Ending Stocks	63,1	62,3	62,1	47,1	73,8	73,8	90,0	101,7	109,8
Stocks/(Consumption.) (%)	50.9%	50.4%	56.5%	39.6%	43.7%	70.9%	83.5%	93.2%	98.7%

Source: USDA Updated to February 2015 (\*) Estimated (\*\*) Projected

China's policy is one of the main factors impacting the cotton market, including demand, since, after a stockpiling cycle of several years, the Chinese government has shifted its strategy, which affects both the domestic and international markets. Domestically it began to pay subsidies directly to producers, without any purchases of physical production. It is also reducing government stocks through auctions for the local industry. In the international market, the impact comes from the announcement of import restrictions, more specifically limits on the issue of quotas by the Chinese government.

The reduction in China's import quotas should reduce the pace of its imports over the coming years. According to the USDA, China should import 7.3 million bales in the 2014/15 crop year, or 48.3% less than in the previous season.

## COTTON IMPORTS BY CHINA



Source: USDA

Given the lower demand from China and high stocks worldwide, prices have fallen and are currently around 60 cents/lb. In some countries, prices have fallen below production costs or are offering very low levels of profitability. This loss in cotton's competitiveness should lead to a sharp contraction in planted area in the Northern hemisphere in 2015.

In the United States, preliminary figures for the 2015/16 crop year point to a reduction in the cotton planted area. According to the National Cotton Council of America (NCC), the cotton planted area should contract by 14.6% (from 11.04 to 9.43 million acres), due to the crop's lower profitability compared to soybean, corn and peanuts.

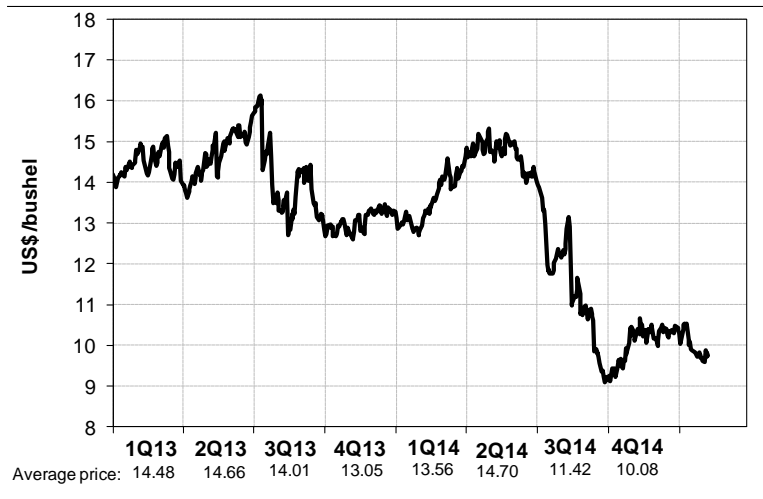
In China, the planted area should suffer further contractions to the lowest levels in recent year, especially in the country's East, where cotton producers do not receive as much government support. According to the China Cotton Association (CCA), planted area should contract 25% from the previous year. These areas should migrate to other crops, such as corn, soybean, other grains and fruits.

In addition to the smaller planted area, the recent reductions in cotton prices in themselves should spur strong demand and boost cotton's competitiveness against synthetic fibers. Therefore, the scenario of lower production and an increase in world consumption in 2015/16, of 1.4%, according to estimates in the Cotton Outlook report of February 2015, could support a recovery in cotton prices in the medium term.

## SOYBEAN

Quotes for soybean futures traded on the Chicago Board of Trade (CBOT) averaged US\$10.08/bushel in 4Q14. The 11.7% decline from the prior quarter is mainly related to the record crop in 2014/15 in the United States and the crop's good performance in South America, which so far is indicating a potential record harvest in the region.

**Soybean - Prices in the International Market**  
CBOT - (1<sup>st</sup> Contract)



Source: CBOT/CMA

With favorable weather conditions, the United States harvested 108.1 million tons in 2014/15, an increase of 18.2% on the previous year, which increased U.S. stocks from 2.5 to 10.5 million tons this season.

In Argentina, the USDA forecast an increase of 4.0% in soybean planted area to 20.6 million hectares in the 2014/15 crop year. Expansion in the soybean planted area is most likely to occur at the expense of the corn planted area. The expansion in planted area and projected yields within the historical average should increase Argentina's production to 56 million tons, which would represent growth of 3.7% on 2013/14.

According to CONAB, the soybean planted area in Brazil should grow by 4.4% in 2014/15. This expansion could occur mainly in the corn areas in the country's South, where profitability is being affected by low prices, as well as via expansion into new areas, especially the Midwest. Brazil's total soybean crop is estimated at 94.6 million tons for 2014/15.

If this forecast is confirmed, higher output in the United States, Brazil and Argentina should lead world production to reach 315 million tons in 2014/15, compared to consumption of 288.53 million tons, according to the USDA. Consequently world stocks would grow by 23 million tons to 89.26 million tons by the end of the crop year.

### World - Soybean supply and demand

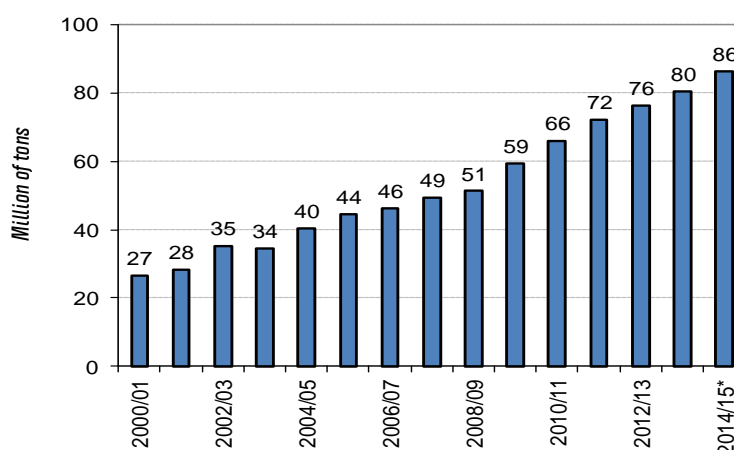
World	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14*	2014/15**
Area (1000t)	93,115	94,539	90,853	96,533	102,255	103,360	103,144	109,318	113,330	118,213
Yield(kg/ha)	2,372	2,499	2,411	2,195	2,549	2,557	2,332	2,459	2,504	2,665
Beginning Stocks	48,736	53,870	62,972	52,485	43,119	60,570	70,641	54,343	57,285	66,248
Production	220,870	236,309	219,017	211,884	260,600	264,246	240,493	268,765	283,736	315,055
Imports	64,099	68,906	78,373	77,426	86,817	88,760	93,453	95,888	110,854	73,000
Total Supply	333,705	359,085	360,362	341,795	390,536	413,579	404,587	418,996	451,875	494,964
Export	63,852	71,137	78,321	77,212	91,440	91,702	92,157	100,534	112,723	117,181
Consumption	215,983	224,976	229,556	221,464	238,152	251,233	258,087	261,177	272,904	288,528
Ending Stocks	53,870	62,972	52,485	43,119	60,944	70,641	54,343	57,285	66,248	89,255
Stpcks/Consumption(%)	24.9%	28.0%	22.9%	19.5%	25.6%	28.1%	21.1%	21.9%	24.3%	30.9%

Source: USDA Updated to February 2015 (\*) Estimated (\*\*) Projected

With growth in both output and stocks, demand is important to support and balance supply and demand. Strong demand from China remains the main driver of world soybean consumption year after year and a factor supporting soybean prices.

Despite the forecast of lower economic growth compared to previous years, demand for food continues to grow vigorously in China, particularly the consumption of animal proteins, for which soybean is a basic raw material. According to the USDA, China should import 86.2 million tons in 2014/15, or 7.3% more than in the prior year.

### China: Soybean consumption



## CORN

Average corn prices have remained stable in both domestic and international markets in 4Q14 compared to 3Q14. However, compared to the same period last year, the average corn price is lower. One of the main factors influencing this decrease was the record crop in the United States in 2014/15.



The USDA estimates world corn production in the 2014/15 crop year of 991.2 million tons, a slight increase from 2013/14. World corn consumption should also continue to grow in 2014/15 to reach 972.4 million tons, or 2.9% higher than in the previous season. World stocks should grow by 15.8 million tons to 189.6 million tons in 2014/15.

### World - Corn Supply and Demand

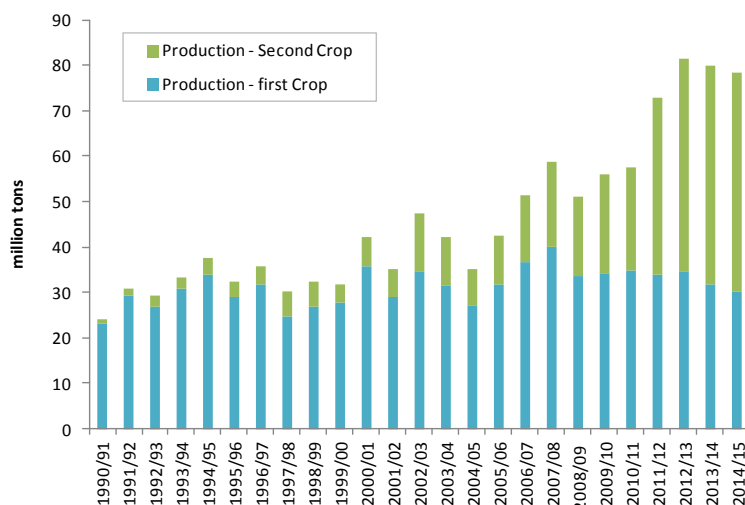
World	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14*	2014/15**
Area (ha)	145,388	150,349	160,391	158,696	158,684	164,638	172,132	177,592	180,683	178,344
Yield (kg/ha)	4,819	4,766	4,960	5,047	5,203	5,074	5,160	4,888	5,474	5,558
Beginning Stocks	131,276	124,498	110,723	131,716	147,455	146,580	130,009	134,529	138,062	173,800
Production	700,696	716,621	795,539	800,943	825,566	835,379	888,163	867,996	989,038	991,291
Imports	80,130	90,159	98,203	82,255	89,622	92,311	99,900	99,422	122,155	112,095
Total Supply (1000t)	912,102	931,278	1,004,465	1,014,914	1,062,643	1,074,270	1,118,072	1,101,947	1,249,255	1,277,186
Exports	80,904	93,905	98,554	84,169	96,644	91,285	116,941	95,155	130,576	115,142
Consumption	706,700	726,650	774,195	783,290	819,373	852,976	865,602	868,730	944,879	972,404
Ending Stocks	124,498	110,723	131,716	147,455	146,626	130,009	134,529	138,062	173,800	189,640
Stocks/(Exp+Cons) (%)	17.6%	15.2%	17.0%	18.8%	17.9%	15.2%	15.5%	15.9%	18.4%	19.5%

Source: USDA Updated by February/2015 (\*) Estimated (\*\*) Projected

Given the scenario of higher stocks and lower prices, Brazilian producers once again reduced the corn planted area in the 2014/15 crop year. According to CONAB, the first-crop corn planted area should decrease by 6.5%, losing ground mainly to soybean in the country's South and Southeast. For the second crop year, the scenario also points to a reduction in planted area, of 2.5%, according to CONAB.

With this scenario of contraction in planted area, Brazil's total production should reach 78.4 million tons in 2014/15, down 2.1% from 80.0 million tons in 2013/14.

## Corn Production in Brazil



## OPERATING PERFORMANCE

### 2014/15 CROP YEAR

The fourth quarter of 2014 was marked by the conclusion of planting of cotton and first-crop corn.

#### Soybean

Of the 206,930 hectares of soybean planted by the Company, 66,862 hectares, or 32%, were allocated to the planting of super-early and early varieties, with the objective of using the same areas to plant second-crop cotton, corn, sunflower and sorghum.

Some states suffered from low rainfall, though without putting at risk the average yield of 3,120kg per hectare initially announced by the Company.

#### Cotton 1<sup>st</sup> crop

The crops at the farms located in the states of Bahia and Goiás are currently in the flowering and cotton-boll development phase. The units in Mato Grosso, Mato Grosso do Sul and Maranhão, the crops are at the onset of bud development. Overall, the crop was well planted and presents excellent nutritional and sanitary aspects.

#### Cotton 2<sup>nd</sup> crop

Planting of the cotton 2<sup>nd</sup> crop began after the harvest of the super-early soybean varieties in the last week of December, and was concluded in early February. The crop is in full vegetative development and presents excellent production potential.

#### Corn 1<sup>st</sup> crop

Corn 1<sup>st</sup> crop was planted in November and December in the states of Bahia and Goiás. The two states suffered from a drought between December 2014 and January 2015, which adversely affected the crop's potential. However, this crop represents only 5,132 hectares, or 1.4% of total planted area.

## Corn 2<sup>nd</sup> crop

The planting of corn 2<sup>nd</sup> crop began in the first half of January 2015, as progress was made on harvesting the super-early and early soybean varieties. With favorable weather conditions for harvesting soybean and planting the 2<sup>nd</sup> crop, we managed to expand the planted area by 4,242 hectares (1.2%) to 37,978 hectares.

Adjustments were made to the projected planted area due to weather conditions, which impacted all crops; therefore, we managed to expand the total planted area by 6,295 hectares (1.7%) to 370,079 hectares, as shown below.

Area Mix	Planted Area 2013/14 ----- ha -----	Forecast 2014/15 <sup>(1)</sup>	Share 2014/15 %	Δ%
<b>Cotton</b>	93,666	98,563	26.6	5.2
Cotton 1 <sup>st</sup> crop	81,019	83,680	22.6	3.3
Cotton 2 <sup>nd</sup> crop	12,647	14,882	4.0	17.7
<b>Soybean</b>	184,702	206,930	55.9	12.0
<b>Corn</b>	50,765	43,110	11.6	-15.1
Corn 1 <sup>st</sup> crop	13,575	5,132	1.4	-62.2
Corn 2 <sup>nd</sup> crop	37,190	37,978	10.3	2.1
Other crops <sup>(2)</sup>	14,435	21,477	5.8	48.8
<b>Total Area</b>	<b>343,568</b>	<b>370,079</b>	<b>100.0</b>	<b>7.7</b>

<sup>(1)</sup> Weather factors may affect the planted area forecast. <sup>(2)</sup> Coffee, wheat, sunflower, corn seed and sugarcane.

## YIELD

Yield(kg/ha)	Achieved 2013/14	Forecast 2014/15	Δ%
Cotton lint 1 <sup>st</sup> crop	1,758	1,747	-0.6%
Cotton lint 2 <sup>nd</sup> crop	1,545	1,550	0.3%
Cotton seed	2,224	2,220	-0.2%
Soybean	2,914	3,120	7.1%
Corn lint 1 <sup>st</sup> crop	8,345	7,938	-4.9%
Corn lint 2 <sup>nd</sup> crop	7,516	6,813	-9.4%

## PLANTED AREA

Updated data on planted area in the 2014/15 crop year are presented in the following table.

Area Mix	Planted Area 2013/14 ----- ha -----	Forecast 2014/15 <sup>(1)</sup>	Share/2014/15 %	Δ%
<b>1<sup>st</sup> crop</b>	282,455	302,700	81.8	7.2
Owned land	127,881	130,179	35.2	1.8
Leased Land	94,665	102,469	27.7	8.2
Joint Ventures Area <sup>(2)</sup>	30,655	40,534	11.0	32.2
SLC LandCo Area	29,254	29,519	8.0	0.9
<b>2<sup>nd</sup> crop</b>	61,113	67,379	18.2	10.3
Owned Land	38,657	43,495	11.8	12.5
Leased Land	16,721	15,209	4.1	-9.0
Joint Venture Areas <sup>(2)</sup>		1,454	0.4	100.0
SLC LandCo Area	5,735	7,220	2.0	25.9
<b>Total Area</b>	<b>343,568</b>	<b>370,079</b>	<b>100.0</b>	<b>7.7</b>

<sup>(1)</sup> Weather factors may affect the planted area forecast. <sup>(2)</sup> Grupo Dois Vales

## LAND DEVELOPMENT

Over the course of the 2013/14 crop year, we carried out clearing and soil correction operations on 2,000 hectares at the Parnaguá Farm in the state of Piauí. This newly developed area was planted in 2014/15 crop year. We also obtained a license to start clearing 9,993 hectares at the Piratini Farm, beginning with the process to suppress vegetation.

SLC Agricola Farms	Land Transformation in 2013/14 crop to be planted in 2014/15 crop (ha)	Areas in Transformation (ha)	Areas in licensing process (ha)
Palmares	-	-	601
Parnaíba	-	-	1,464
Parnaguá	2,000	3,115	5,347
Parceiro	-	9,162	6,698
Paineira	-	-	2,867
<b>Sub Total</b>	<b>2,000</b>	<b>12,277</b>	<b>16,977</b>

SLC LandCo Farms	Land Transformation in 2013/14 crop to be planted in 2014/15 crop (ha)	Areas in Transformation (ha)	Areas in licensing process (ha)
Parnaíba <sup>(1)</sup>	-	-	4,749
Piratini	-	9,993	-
Parceiro <sup>(1)</sup>	-	1,115	1,530
<b>Sub Total</b>	<b>-</b>	<b>11,108</b>	<b>6,279</b>
<b>Total</b>	<b>2,000</b>	<b>23,385</b>	<b>23,256</b>

<sup>(1)</sup> Areas acquired by SLC LandCo to be developed jointly with these farms. Note: The estimate of areas in the licensing process could change due to georeferencing.

## PROPERTY PORTFOLIO

The portfolio of properties under our management on March 11, 2015 is presented below:

2014/15 crop (ha) Area	State	Owned <sup>(1)</sup>	SLC LandCo <sup>(2)</sup>	Leased	Joint Ventures	Under Control	Total Planted Area <sup>(3)</sup>
Farm		ha					
Pamplona	GO	17,385		3,865		21,250	18,364
Planalto	MS	17,437		1,646		19,083	20,195
Planorte	MT	23,784				23,784	28,779
Paiaguás	MT	34,257		10,336		44,593	54,748
Parnaíba	MA	37,180	10,200	26,968		74,348	53,990
Planeste	MA		23,325	15,677		39,002	41,214
Panorama	BA		10,374	14,278		24,652	22,313
Piratini	BA		25,355	4,900		30,255	13,333
Palmares	BA	16,168		19,286		35,454	33,757
Parnaguá	PI	24,603				24,603	8,528
Paineira	PI	12,040				12,040	5,025
Parceiro	PI	32,983	3,680	5,495		42,158	11,206
Pioneira <sup>(4)</sup>	MT				19,469	19,469	20,082
Paladino <sup>(5)</sup>	BA				21,898	21,898	21,906
Perdizes <sup>(5)</sup>	MT	28,857				28,857	16,638
<b>Total</b>		<b>244,694</b>	<b>72,936</b>	<b>102,451</b>	<b>41,367</b>	<b>461,448</b>	<b>370,079</b>

<sup>(1)</sup> Own property, includes Legal Reserve. <sup>(2)</sup> SLC Agricola currently owns 81.23% of SLC LandCo, while the Valiance fund owns 18.77%. <sup>(3)</sup> Including the second crop. Weather factors may affect the planted area forecast. <sup>(4)</sup> The Pioneira Farm is part of the joint arrangement with Grupo Dois Vales. <sup>(5)</sup> The Perdizes and Paladino Farms are part of the joint arrangements with Mitsui in SLC-Mit.

## MACHINERY AND STORAGE CAPACITY

The following table presents the machinery owned by the Company.

Machinery	Quantity	
Tractors	199	
Grain Combiners	186	
Cotton Pickers	80	
Planters	188	
Self-propelled sprayers	118	
2014/15 Storage Capacity	Grains	Cotton
Tons	612,700	115,981
% Production <sup>(1)</sup>	64%	68%

<sup>(1)</sup> Estimate based on the estimated planted area and yield for 2014/15. Note: Starting in 1Q14, we adopted the criteria of presenting only the machinery directly involved in the planting, spraying and harvesting processes.

## FINANCIAL ANALYSIS

NOTE: 4Q13 and 4Q14 refer to the cumulative three-month period from October through December of the years 2013 and 2014, respectively, and 2013 and 2014 refer to the cumulative twelve-months period from January through December of the years 2013 and 2014, respectively. HA refers to the horizontal percentage variation between two periods and VA refers to the vertical percentage variation of a given total.

## HIGHLIGHTS

(R\$ thdt)	2013	2014	AH	4Q13	4Q14	AH
Net Revenue	1,181,520	1,499,175	26.9%	338,694	438,608	29.5%
Gross Income	261,286	333,085	27.5%	36,447	110,848	n.m.
Gross margin	22.1%	22.2%	0.1 p.p	10.8%	25.3%	14.5 p.p
Operanting Income	125,584	89,072	-29.1%	(7,672)	18,148	n.m.
Operating Margins	10.6%	5.9%	-4.7 p.p	-2.3%	4.1%	6.4 p.p
Net Profit	96,603	70,143	-27.4%	(1,726)	17,273	n.m.
Net Margin	8.2%	4.7%	-3.5 p.p	-0.5%	3.9%	4.4 p.p
Adjusted EBITDA <sup>(1)</sup>	233,730	320,146	37.0%	74,695	93,581	25.3%
Adjusted Margin EBITDA <sup>(2)</sup>	22.6%	24.0%	1.4 p.p	23.3%	22.5%	-0.8 p.p
Net Debt	777,312	960,014	23.5%	777,312	960,014	23.5%

<sup>(1)</sup> Excludes the effects from Biological Assets, since they are noncash.

<sup>(2)</sup> As a ratio of net revenue excluding the effects from Biological Assets.

## EBITDA

(R\$ mil)	2013	2014	AH	4Q13	4Q14	AH
Net Revenue	1,181,520	1,499,175	26.9%	338,694	438,608	29.5%
(-) Cost of Goods Sold	(920,234)	(1,166,090)	26.7%	(302,247)	(327,760)	8.4%
Gross Income	261,286	333,085	27.5%	36,447	110,848	n.m.
(-) Sales Expenses	(63,991)	(85,335)	33.4%	(20,509)	(37,125)	81.0%
(-) General and Administrative	(47,729)	(53,735)	12.6%	(14,082)	(11,454)	-18.7%
General and Administrative	(32,536)	(38,080)	17.0%	(10,206)	(10,274)	0.7%
Profit Share Program	(7,290)	(6,184)	-15.2%	(2,166)	194	n.m.
Management Compensation	(7,903)	(9,471)	19.8%	(1,710)	(1,374)	-19.6%
(-) Others operating expenses	913	(3,217)	n.m	449	(2,065)	n.m.
(=) Income from Activity	150,479	190,798	26.8%	2,305	60,204	n.m.
(+) Depreciation and amortization	115,517	99,919	-13.5%	28,171	23,337	-17.2%
EBITDA	265,996	290,717	9.3%	30,476	83,541	n.m.
(-) Biological Assets on Revenue (*NE 26)	(146,292)	(163,171)	11.5%	(17,952)	(22,632)	26.1%
(+) Biological Assets on Costs (*NE 27)	114,026	192,600	68.9%	62,171	32,672	-47.4%
Adjusted EBITDA <sup>(1)</sup>	233,730	320,146	37.0%	74,695	93,581	25.3%
Adjusted EBITDA Margin <sup>(2)</sup>	22.6%	24.0%	1.4 p.p	23.3%	22.5%	-0.8 p.p

<sup>(1)</sup> Excludes the effects from Biological Assets, since they are noncash.

<sup>(2)</sup> As a ratio of net revenue excluding the effects from Biological Assets.

\* In the Financial Statements 2014.

In 4Q14, Adjusted EBITDA was R\$93,581 thousand, increasing 25.3% from R\$74,695 thousand in 4Q13. EBITDA growth was driven primarily by Gross Income growth, explained primarily by the higher volume of cotton invoiced in the period, which was partially offset by the increase in selling expenses and also related to the higher volume of cotton invoiced.

In 2014, adjusted EBITDA was R\$320,146 thousand, increasing 37.0% from R\$233,730 thousand in 2013. The main factor driving EBITDA growth in the period was Gross Income growth, given the higher sales volume and unit margin in all crops, which was partially offset by the increase in General, Administrative and Selling Expenses.

## NET REVENUE

Net revenue in 4Q14 grew by 29.5% on the year-ago period. Net revenue growth is basically explained by the higher volume invoiced of cotton (up 17,500 tons on 4Q13) and corn (up 82,2000 tons on 4Q13) and by the reduction in the loss from hedge operations in the amount of R\$19,759 thousand.

In 2014, we posted Net Revenue growth of 26.9%, R\$1,499,175 thousand, from R\$1,181,520 thousand in 2013. Net Revenue growth was driven by the higher volumes invoiced of cotton, soybean and corn and by the better sales prices for all products (with the exception of cotton seed). The reduction in the loss from hedge operations in the amount of R\$27,303 thousand also contributed to the increase in Net Revenue.

Excluding Biological Assets, net revenue grew by 29.1% compared to 2013 and by 29.7% compared to 4Q13.

R\$ (thd)	2013	2014	AH	4Q13	4Q14	AH
Net Revenue	1,181,520	1,499,175	26.9%	338,694	438,608	29.5%
Cotton lint invoiced	553,635	652,524	17.9%	228,496	296,316	29.7%
Cotton seed invoiced	83,077	82,043	-1.2%	28,809	30,761	6.8%
Soybean invoiced	328,348	478,022	45.6%	42,227	25,163	-40.4%
Corn invoiced	99,224	111,950	12.8%	40,342	63,520	57.5%
Coffee invoiced	9,145	5,334	-41.7%	2,940	3	-99.9%
Sugar cane invoiced	-	2,556	100.0%	-	-	-
Others (invoiced)	15,421	29,894	93.9%	3,367	5,893	75.0%
Hedge result	(53,622)	(26,319)	-50.9%	(25,439)	(5,680)	-77.7%
Biological Assets	146,292	163,171	11.5%	17,952	22,632	26.1%
(Tons)	2013	2014	AH	4Q13	4Q14	AH
Volume invoiced	1,072,971	1,349,284	25.8%	304,623	408,916	34.2%
Cotton lint	137,437	152,796	11.2%	53,152	70,668	33.0%
Cotton seed	159,917	193,862	21.2%	56,691	74,780	31.9%
Soybean	394,468	537,426	36.2%	39,908	28,457	-28.7%
Corn	341,161	367,671	7.8%	139,813	221,985	58.8%
Coffee	1,857	1,003	-46.0%	591	-	-100.0%
Sugar Cane	7,809	45,676	n.m.	7,809	-	-100.0%
Others	30,322	50,850	67.7%	6,659	13,026	95.6%

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

The adjustment to fair value of biological assets attributed to net revenue in 4Q14 did not vary significantly from 4Q13, and was mostly related to the attribution of soybean biological assets for the 2014/15 crop year, which translates the margin expectations of a product realized in January.

The main factor impacting the calculation of biological assets in 2014 compared to 2013 was the reduction in cotton margin due to the price decline at the time of calculation of biological assets, combined with the increase in production costs compared to the 2012/13 crop year. On the other hand, there was an increase in the attribution of soybean biological assets due to the higher average price and higher yield obtained.

(R\$ thd)	2013	2014	AH	4Q13	4Q14	AH
Effect of Adjustment Biological Asset on Net Revenue	146,292	163,171	11.5%	17,952	22,632	26.1%
Cotton Lint	102,740	52,946	-48.5%	-	1,596	100.0%
Cotton Seed	16,815	6,516	-61.2%	-	187	100.0%
Soybean	30,315	106,463	n.m.	17,995	18,219	1.2%
Corn	(6,491)	(4,001)	-38.4%	-	9	100.0%
Coffee	(43)	(548)	n.m.	(43)	(548)	n.m.
Sugar Cane	-	3,169	100.0%	-	3,169	100.0%
Others	2,956	(1,374)	n.m.	-	-	-

## COST OF GOODS SOLD

Cost of goods sold increased 8.4% in 4Q14 compared to 4Q13, due to the higher volume of cotton and corn invoiced and the higher unit cost of all products, with the exception of soybean, factors that were offset by the lower attribution of biological assets to cotton costs.

In 2014, cost of goods sold increased 26.7% from 2013, due to the higher volume of cotton, soybean and corn invoiced and to the increase in unit cost, with the exception of corn.

Excluding the impacts of biological assets, cost of goods sold increased 20.7% from 2013, mainly due to the higher production costs and to the higher volumes of cotton, soybean and corn invoiced.

(R\$ thd)	2013	2014	AH	4Q13	4Q14	AH
Cost of Goods Sold	(920,234)	(1,166,090)	26.7%	(302,247)	(327,760)	8.4%
Cotton Lint	(379,091)	(424,043)	11.9%	(160,737)	(202,236)	25.8%
Cotton Seed	(58,920)	(61,891)	5.0%	(21,678)	(21,935)	1.2%
Soybean	(259,742)	(366,835)	41.2%	(17,789)	(13,544)	-23.9%
Corn	(90,679)	(90,674)	0.0%	(32,328)	(49,579)	53.4%
Coffee	(3,392)	(6,032)	77.8%	(2,154)	13	n.m.
Sugar	(186)	(927)	n.m.	(186)	(315)	69.4%
Others	(14,198)	(23,088)	62.6%	(5,204)	(7,492)	44.0%
Biological Asset allocated at Cost	(114,026)	(192,600)	68.9%	(62,171)	(32,672)	-47.4%

(R\$ thd)	2013	2014	AH	4Q13	4Q14	AH
Biological Asset allocated at Cost	(114,026)	(192,600)	68.9%	(62,171)	(32,672)	-47.4%
Cotton Lint	(64,187)	(69,874)	8.9%	(41,201)	(24,139)	-41.4%
Cotton seed	(15,730)	(9,495)	-39.6%	(6,562)	(2,219)	-66.2%
Soybean	(32,480)	(115,397)	n.m.	(12,276)	(7,982)	-35.0%
Corn	5,961	4,196	-29.6%	(473)	1,775	n.m.
Coffee	(6,390)	(1,533)	-76.0%	(1,016)	(493)	-51.5%
Others	(1,200)	(497)	-58.6%	(643)	386	n.m.

## ANALYSIS OF MARGINS BY CROP

### COTTON LINT AND COTTON SEED

The cotton invoiced in 4Q14 refers to production in the 2013/14 crop year. Cotton unit margin in 4Q14 increased 3.9% from same period last year, mainly due to the 5.3% decrease in unit price, which was partially offset by the 2.6% decrease in unit cost.

Cotton unit margin in 2014 increased 17.3% from 2013, mainly due to the 6.0% price increase resulting from the appreciation in the U.S. dollar against the Brazilian real.

Of the cotton invoiced in 2014, 64% is related to the 2013/14 crop year and 36% to the 2012/13 crop year.

Cotton seed margin decreased in 4Q14 and in 2014, reflecting the decrease in unit price. This price reduction is related to the product shortage that occurred in 2013, which increased the price of cotton seed by 62.5% in relation to 2012.

Cotton Lint and Cotton Seed Invoiced		2013	2014	AH	4Q13	4Q14	AH
<b>Cotton Lint Invoiced</b>							
Volume invoiced	Ton	137,437	152,796	11.2%	53,152	70,668	33.0%
Net Revenue	R\$ thd	553,635	652,524	17.9%	228,496	296,316	29.7%
Unit Price	R\$ thd / Ton	4.03	4.27	6.0%	4.30	4.19	-2.6%
Total Cost	R\$ thd	(379,091)	(424,043)	11.9%	(160,737)	(202,236)	25.8%
Unit Cost	R\$ thd / Ton	(2.76)	(2.78)	0.7%	(3.02)	(2.86)	-5.3%
Unit Margin	R\$ thd / Ton	1.27	1.49	17.3%	1.28	1.33	3.9%
<b>Cotton Seed Invoiced</b>							
Volume invoiced	Ton	159,917	193,862	21.2%	56,691	74,780	31.9%
Net Revenue	R\$ thd	83,077	82,043	-1.2%	28,809	30,761	6.8%
Unit Price	R\$ thd / Ton	0.52	0.42	-19.2%	0.51	0.41	-19.6%
Total Cost	R\$ thd	(58,920)	(61,891)	5.0%	(21,678)	(21,935)	1.2%
Unit Cost	R\$ thd / Ton	(0.37)	(0.32)	-13.5%	(0.38)	(0.29)	-23.7%
Unit Margin	R\$ thd / Ton	0.15	0.10	-33.3%	0.13	0.12	-7.7%

## SOYBEAN

Soybean invoiced in 4Q14 refers to production in the 2013/14 crop year. The unit margin of soybean invoiced was 34.4% lower than in 4Q13, due to the 17.0% decrease in unit price and the 6.7% increase in unit cost.

In 2014, soybean unit margin increased 23.5%, due to the increase in unit price of 7.2% caused by the appreciation in the U.S. dollar against the Brazilian real, which was partially offset by the 3% increase in unit cost.

Soybean Invoiced		2013	2014	AH	4Q13	4Q14	AH
Volume invoiced	Ton	394,468	537,426	36.2%	39,908	28,457	-28.7%
Net Revenue	R\$ thd	328,348	478,022	45.6%	42,227	25,163	-40.4%
Unit Price	R\$ thd / Ton	0.83	0.89	7.2%	1.06	0.88	-17.0%
Total Cost	R\$ thd	(259,742)	(366,835)	41.2%	(17,789)	(13,544)	-23.9%
Unit Cost	R\$ thd / Ton	(0.66)	(0.68)	3.0%	(0.45)	(0.48)	6.7%
Unit Margin	R\$ thd / Ton	0.17	0.21	23.5%	0.61	0.40	-34.4%

## CORN

The volume of corn invoiced in 4Q14 refers to the 2013/14 crop year. Corn unit margin in 4Q14 was 16.7% higher than in 4Q13, due to the 4.3% decrease in unit cost.

In 2014, corn unit margin increased 150.0% due to the 3.4% increase in unit price and the 7.4% decrease in unit cost. The price increase is related to the higher volume shipped by units in the Northeast. The higher yield obtained in the 2013/14 crop year influenced the decrease in unit cost.

Of corn invoiced in 2014, 95% was related to the 2013/14 crop year and 5% to the 2012/13 crop year.

Corn Invoiced		2013	2014	AH	4Q13	4Q14	AH
Volume invoiced	Ton	341,161	367,671	7.8%	139,813	221,985	58.8%
Net Revenue	R\$ thd	99,224	111,950	12.8%	40,342	63,520	57.5%
Unit Price	R\$ thd / Ton	0.29	0.30	3.4%	0.29	0.29	0.0%
Total Cost	R\$ thd	(90,679)	(90,674)	0.0%	(32,328)	(49,579)	53.4%
Unit Cost	R\$ thd / Ton	(0.27)	(0.25)	-7.4%	(0.23)	(0.22)	-4.3%
Unit Margin	R\$ thd / Ton	0.02	0.05	n.m.	0.06	0.07	16.7%

## PRODUCTION COST

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

%	Cotton	Soybean	Corn	Average 2014/15	Average 2013/14
<b>Variable Costs</b>	<b>78.0</b>	<b>70.9</b>	<b>77.8</b>	<b>75.1</b>	<b>76.5</b>
Seeds	7.7	11.6	17.1	10.0	8.1
Fertilizers	19.7	18.5	33.1	20.2	22.7
Defensives	26.3	26.4	13.2	25.4	23.2
Air Spraying	1.5	1.7	2.5	1.7	2.3
Fuels and Lubricants	4.4	4.3	4.1	4.4	4.4
Labor	1.3	0.6	0.3	0.9	1.3
Ginning	8.5	1.6	2.8	5.3	5.8
Maintenance of machines and instruments	4.2	4.6	3.4	4.3	5.2
Others	4.4	1.6	1.3	3.0	3.6
<b>Fixed Costs</b>	<b>22.0</b>	<b>29.1</b>	<b>22.2</b>	<b>24.9</b>	<b>23.5</b>
Labor	9.7	10.1	8.1	9.7	8.9
Depreciations and amortizations	7.1	12.2	8.2	9.2	8.2
Leasing	3.3	4.7	4.1	3.9	4.2
Others	2.0	2.1	1.7	2.0	2.3

Our actual total production costs per hectare in the 2013/14 crop year and our estimates for the 2014/15 crop year are presented below:

Total Production Cost (R\$/ha)	Achieved <sup>(1)</sup> 2013/14	Expected 2014/15	Δ % Achieved 2013/14 x Expected 2014/15
Cotton 1 <sup>st</sup> crop	5,757	5,865	1.9%
Cotton 2 <sup>nd</sup> crop	4,386	4,292	-2.1%
Soybean	1,955	2,025	3.6%
Corn 1 <sup>st</sup> crop	2,715	2,712	-0.1%
Corn 2 <sup>nd</sup> crop	1,463	1,487	1.6%

<sup>(1)</sup> Based on the position at December 31, 2014. Figures may suffer changes by the end of the processing of cotton and the sale of grains.

For 2014/15, we estimate an increase in total production cost per hectare in Brazilian real of only 1.9% compared to 2013/14, despite the currency's depreciation against the U.S. dollar and the inflation between the periods, which are effects that were significantly offset by the reduction obtained in the prices in U.S. dollar of inputs pegged to this currency, particularly fertilizers.

## GROSS INCOME

Gross Income (R\$ thd)	2013	2014	AH	4Q13	4Q14	AH
Cotton Lint	174,544	228,481	30.9%	67,759	94,080	38.8%
Cotton Seed	24,157	20,152	-16.6%	7,131	8,826	23.8%
Soybean	68,606	111,187	62.1%	24,438	11,619	-52.5%
Corn	8,545	21,276	n.m.	8,014	13,941	74.0%
Coffee	5,753	(698)	n.m.	786	16	-98.0%
Sugar Cane	(186)	1,629	n.m.	(186)	(315)	69.4%
Others	1,223	6,806	n.m.	(1,837)	(1,599)	-13.0%
Hedge Result	(53,622)	(26,319)	-50.9%	(25,439)	(5,680)	-77.7%
Biological Asset (revenue - cost)	32,266	(29,429)	n.m.	(44,219)	(10,040)	-77.3%
<b>TOTAL</b>	<b>261,286</b>	<b>333,085</b>	<b>27.5%</b>	<b>36,447</b>	<b>110,848</b>	<b>n.m.</b>

Gross Income increased by 204.1% or R\$74.4 million in 4Q14 compared to 4Q13. This variation is substantially due to the following factors:

- increase in gross income from crops of R\$20.4 million;
- positive variation of hedge result of R\$19.7 million;
- positive net attribution of Biological Assets of R\$34.1 million.

In 2014, Gross Income grew 27.5% from 2013, increasing R\$71.8 million, basically due to the following effects:

- increase in gross income from crops of R\$106.1 million;
- positive variation of hedge result of R\$27.3 million;
- negative net attribution of Biological Assets of R\$61,6 million.

## SELLING EXPENSES

In 4Q14, selling expenses increased 81.0% from 4Q13, led by freight expenses, due to the higher volume of cotton invoiced in the period. In 2014, selling expenses also increase compared to 2013, by 33.4%, led also by freight expenses, due to the higher volumes of cotton and corn shipped.

(R\$ thd)	2013	2014	AH	4Q13	4Q14	AH
Freight	33,274	45,896	37.9%	11,519	21,708	88.5%
Storage	10,898	15,728	44.3%	2,158	3,268	51.4%
Commissions	4,118	5,397	31.1%	553	2,215	n.m.
Clasification of Goods	1,316	1,566	19.0%	835	967	15.8%
Export Expenses	13,636	16,323	19.7%	5,116	8,756	71.1%
Others	749	425	-43.3%	328	211	-35.7%
<b>Total</b>	<b>63,991</b>	<b>85,335</b>	<b>33.4%</b>	<b>20,509</b>	<b>37,125</b>	<b>81.0%</b>
% Net Revenue	5.4%	5.7%	0.3 p.p	6.1%	8.5%	2.4 p.p

## GENERAL AND ADMINISTRATIVE EXPENSES

In 4Q14, excluding the impact from the employee profit sharing program, which varies according to the Company's Net Profit, general and administrative expenses increased 0.7% from 4Q13. The main variations follow:

- decrease in personnel expenses of 6.3%, with a nominal variation of R\$291 thousand, related to the lower attribution of stock option expenses;
- increase in contributions and donations of 126.7%, with a nominal variation of R\$632 thousand, mainly due to the donations for social projects receiving incentives under the Rouanet Law.

In 2014, also excluding the impact from the profit sharing program, general and administrative expenses increased by 17.0%. The main items suffering increases were personnel expenses, which increased 15.9% from 2013, with a nominal effect of R\$2,436 thousand, due to the wage increases under the collective bargaining agreement and the growth in headcount; expenses with contributions and donations increased 112.6% from 2013, a nominal variation of R\$1,062 thousand, which were related to social projects supported under the Rouanet Law.

(R\$ thd)	2013	2014	AH	4Q13	4Q14	AH
Expensive with personnel	(15,318)	(17,754)	15.9%	(4,620)	(4,329)	-6.3%
Fees	(3,608)	(3,493)	-3.2%	(773)	(843)	9.1%
Depreciations and Amortizations	(2,832)	(2,812)	-0.7%	(716)	(717)	0.1%
Expenses with travels	(1,406)	(1,625)	15.6%	(428)	(273)	-36.2%
Software Maintenance	(2,341)	(2,610)	11.5%	(647)	(823)	27.2%
Marketing /Advertisement	(1,408)	(1,612)	14.5%	(472)	(430)	-8.9%
Expenses with communications	(1,909)	(2,247)	17.7%	(448)	(593)	32.4%
Rentals	(574)	(695)	21.1%	(158)	(226)	43.0%
Labor,tx, environmental contingencies	475	(203)	n.m.	(541)	(367)	-32.2%
Electricity	(93)	(97)	4.3%	(24)	(21)	-12.5%
Taxes and others fees	(484)	(628)	29.8%	(31)	(113)	n.m.
Contributions and donations	(943)	(1,877)	99.0%	(499)	(1,131)	n.m.
Others	(2,095)	(2,427)	15.8%	(849)	(408)	-51.9%
<b>Subtotal</b>	<b>(32,536)</b>	<b>(38,080)</b>	<b>17.0%</b>	<b>(10,206)</b>	<b>(10,274)</b>	<b>0.7%</b>
Provision for profit share program	(7,290)	(6,184)	-15.2%	(2,166)	(194)	n.m.
<b>Total</b>	<b>(39,826)</b>	<b>(44,264)</b>	<b>11.1%</b>	<b>(12,372)</b>	<b>(10,080)</b>	<b>-18.5%</b>
% Receita líquida	3.4%	3.0%	-0.4 p.p	3.7%	2.3%	-1.4 p.p

## FINANCIAL INCOME (EXPENSE)

In 4Q14, we recorded a net financial expense of R\$42 million, due to the impact of exchange variation on accounts payable indexed to the U.S. dollar.

In 2014, we recorded a net financial expense of R\$101,726 thousand, compared with the net financial expense of R\$24,895 thousand in 2013. The main variations were in:

- interest expenses, due to the growth in net debt combined with the increase in the interest rates applied to the Working Capital credit facilities between the periods;
- exchange variation expenses, due to the appreciation in the U.S. dollar against the Brazilian real, which impacted account payable to suppliers;
- monetary variation, mainly due to the reduction in trade notes payable pegged to the soybean bag;
- the line Income (Expenses) with Derivatives, which posted a loss of R\$2,264 thousand, R\$3,057 (revenue) thousand in 4Q14.

(R\$ thd)	2013	2014	AH	4Q13	4Q14	AH
Revenue(expenses) with derivatives	2,097	(2,264)	-n.m.	725	3,057	n.m.
Interest	(38,268)	(65,834)	72.0%	(12,711)	(17,327)	36.3%
Monetary variation	17,748	1,737	-90.2%	4,590	(586)	n.m.
FX variation	(3,257)	(32,255)	n.m.	(1,554)	(26,741)	n.m.
Other financial revenues (expenses)	(3,215)	(3,110)	-3.3%	(1,027)	(459)	-55.3%
<b>Total</b>	<b>(24,895)</b>	<b>(101,726)</b>	<b>n.m.</b>	<b>(9,977)</b>	<b>(42,056)</b>	<b>n.m.</b>
% Net revenue	-2.1%	-6.8%	-4.7 p.p	-2.9%	-9.6%	-6.7 p.p

The breakdown of income (expenses) with derivatives is presented below:

(R\$ thd)	2013	2014	AH	4Q13	4Q14	AH
Swap of debt in Dollar to reais	-	(2,521)	n.m.	-	(1,386)	n.m.
Swap of financial asset in Reais to Dollar	(612)	2,642	n.m.	(293)	4,106	n.m.
Commodities Hedge	2,485	(2,307)	n.m.	1,013	351	-65%
FX Hedge ( not designated as hedge accounting)	224	(78)	n.m.	5	(14)	n.m.
<b>Total</b>	<b>2,097</b>	<b>(2,264)</b>	<b>n.m.</b>	<b>725</b>	<b>3,057</b>	<b>n.m.</b>

Note: In accordance with Note 21 (i) of Financial Statements 2014

- (R\$2,521 thousand) related to the swap of debt from USD to BRL (this amount can be analyzed together with the interest line);
- R\$2,642 thousand related to the swap of financial assets from BRL to USD at SLC LandCo (this amount can be analyzed together with the interest line);
- (R\$2,307 thousand) related to commodity hedge instruments (OTC transactions with financial institutions);
- (R\$78 thousand) related to currency hedge (NDF) transactions not designated as hedge accounting.

## NET INCOME

In 4Q14, net income amounted to R\$17.2 million, increasing significantly from the net loss of R\$1.7 million reported in 4Q13. The improvement in net income was driven by gross income growth, due to primarily the increases in cotton volume invoiced and cotton margin, which were offset by higher financial expenses, most notably due to the impact of exchange variation on trade accounts payable indexed to the U.S. dollar.

Despite the gross income growth of 27.5%, explained by higher crop margins, we ended 2014 with net income of R\$70,143 thousand, 27.4% lower than in 2013, which mainly reflected the increase in the net financial expense caused by exchange variation, as well as Accounts Payable in U.S. dollar. This exchange variation loss will be offset in 2015, since when we pay suppliers we will sell dollar futures, in accordance with our risk policy, which works to ensure that the U.S. dollar exchange rate for our costs/expenses is in line with the levels (curve) of that of our sales revenue.

## CURRENCY AND AGRICULTURAL COMMODITY HEDGE

The Company's sales revenues are generated mainly by the trading of agricultural commodities such as cotton, soybean and corn, which are quoted in U.S. dollar on international exchanges, such as the Chicago Board of Trade (CBOT) and the Intercontinental Exchange Futures US (ICE). Therefore, we are actively exposed to variations in foreign exchange rates and in the prices of these commodities. To protect from currency variation we use derivative instruments, with the portfolio of these instruments basically comprising non-deliverable forwards (NDFs) and option contracts. In line with the Company's Risk Management Policy, whose purpose is to obtain a pre-established EBITDA margin with a combination of factors such as Price, Foreign Exchange and Cost, most of the instruments for protecting against commodity price variation are accomplished through advanced sales directly with our clients (forward contracts). We also use futures and options contracts negotiated on the exchange and swap and option transactions contracted with financial institutions. The marking to market of future, swap and option transactions are recorded under financial income (expense). The hedge position on March 09, 2015 for commodities (in relation to the estimated total volume invoiced) and currency (in relation to the total estimated revenue in U.S. dollar) is shown below broken down by commercial hedge and financial hedge:

Fiscal Year	2015		2016	
FX Rate <sup>(1)</sup>	Hedge (%)	R\$ / US\$	Hedge (%)	R\$ / US\$
FX Hedge	70.8	2.6270	11.7	2.8604
Commitments <sup>(1)</sup>	6.8	1.7006	6.9	1.8425
<b>Total</b>	<b>77.5</b>	<b>2.5477</b>	<b>18.6</b>	<b>2.4833</b>

Cotton	Hedge (%)	US\$ / libra <sup>(2)</sup>	Hedge (%)	US\$ / libra <sup>(2)</sup>
Commercial Hedge	65.1	74.3	2.3	71.4
Financial Hedge <sup>(4)</sup>	12.3	72.4	0.0	-
<b>Cotton- Total Hedge</b>	<b>77.4</b>	<b>74.0</b>	<b>2.3</b>	<b>71.4</b>

Soybean	Hedge (%)	US\$ / bushel <sup>(2)</sup>	Hedge (%)	US\$ / bushel <sup>(2)</sup>
Commercial Hedge	64.1	11.85	-	-
Financial Hedge <sup>(4)</sup>	1.5	11.10	-	-
Commitments <sup>(3)</sup>	5.9	-	-	-
<b>Soybean-Total Hedge</b>	<b>71.6</b>	<b>11.83</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> Commitments with debt payments in U.S. dollar.

<sup>(2)</sup> Based on FOB Port (prices at our production units are also influenced by transport expenses).

<sup>(3)</sup> Natural hedge with payments related to land acquisitions and leasing agreements in soybean bags.

<sup>(4)</sup> Includes transactions involving futures, swaps and accumulators.

Reference price on 03/09/2015: Soybean SK5 = US\$9.93/bushel, Cotton CK5 = US\$62.25/pound and Cotton CT5 = US\$63.95/pound.

## PROPERTY, PLANT AND EQUIPMENT / INTANGIBLE ASSETS

The main investments in 2014 were in:

- agricultural machinery and tools, in the amount of R\$47,487 thousand, due to the expansion in planted area and the renovation of equipment;
- soil correction, in the amount of R\$54,414 thousand, at all 16 units, led by the farms Pioneira (34% of total), Parnaguá (13% of total) and Paladino (11% of total);
- buildings and facilities, in the amount of R\$24,270 thousand, mainly at the farms Parceiro, Perdizes and Pioneira.
- cotton ginning plant, in the amount of R\$13,613 thousand, which refers to the new plant under construction at the Parnaíba farm and renovations performed at other farms.

CAPEX (R\$ thd)	2013	AV	2014	AV	4Q14	AV
Machinery, implements and equipment	75,213	30.9%	47,487	25.1%	5,893	14.2%
Land Acquisition	53,468	21.9%	1,321	0.7%	359	0.9%
Soil Correction	44,712	18.3%	54,414	28.8%	12,848	30.9%
Buildings and facilities	15,624	6.4%	24,270	12.8%	6,728	16.2%
Cotton ginning plant	917	0.4%	13,613	7.2%	5,561	13.4%
Grains Storage	22,200	9.1%	17,939	9.5%	3,506	8.4%
Soil cleaning	19,292	7.9%	21,789	11.5%	4,686	11.3%
Vehicles	7,694	3.2%	3,511	1.9%	547	1.3%
Software	736	0.3%	914	0.5%	306	0.7%
Biological Assets	1,018	0.4%	28	0.0%	-	0.0%
Others	2,904	1.2%	3,861	2.0%	1,145	2.8%
<b>Total</b>	<b>243,778</b>		<b>189,147</b>		<b>41,579</b>	

## NET FINANCIAL DEBT

Gross debt increased by 13.8%, from R\$1,170,289 thousand in 2013 to R\$1,331,976 thousand in 2014. The main variations were in:

- Constitutional Funds (invested in Working Capital): the company renewed the FNE Working Capital line by amounts significantly higher than those in 2013;
- Financing for Exports (US\$, Libor+Pré): contracting of R\$159,000 thousand in the form of a long-term export pre-payment facility with Tokyo Mitsubishi Bank, with an all-in swapped rate to CDI+0.92% p.a., with the purpose of lengthening the Company's debt maturity profile. This facility was contracted in U.S. dollar with a swap to Brazilian real of the principal and interest.

The Net Debt/Adjusted EBITDA ratio decreased from 3.3x in 2013 to 3.0x in 2014, demonstrating that the increase in Net Debt was offset by higher cash generation.

Meanwhile, the Net Debt/Net Asset Value ratio increased to 27.3%, from 25.3% in 4Q13.

The exchange variation associated with dollar-denominated debt was booked in accordance with the hedge accounting methodology.

(R\$ thd)	Index	Average interest rates (%)		Consolidated	
		4Q14	4Q13	4Q14	4Q13
<b>Applied in Fixed Assets</b>					
Finame - BNDES	Pré e TJLP <sup>1</sup>	5.37%	5.42%	151,126	123,880
Constitutional Funds <sup>2</sup>	Pré	7.39%	7.38%	22,339	56,776
Financing of investments	US\$ + Libor <sup>3</sup>	5.36%	5.54%	15,486	18,961
				188,951	199,617
<b>Applied in working capital</b>					
Rural Credit	Pré	7.47%	6.99%	277,993	307,311
Constitutional Funds <sup>2</sup>	Pré	7.51%	7.23%	276,866	136,981
Working Capital	Pré	10.38%	12.16%	34,784	65,738
External Loans	CDI	12.53%	10.77%	73,712	100,085
External Loans	US\$, Libor <sup>3</sup> +Pré	4.19%	4.09%	278,076	320,795
External Loans	Swap US\$/CDI	12.41%	10.87%	201,594	39,762
		7.77%	6.80%	1,143,025	970,672
<b>Total Indebtedness</b>				1,331,976	1,170,289
(-) Cash				371,962	392,977
(=) Net Debt				960,014	777,312
Net Debt/Adjusted EBITDA <sup>(4)</sup>				3.00x	3.33x
Net Debt / NAV				27.3%	25.3%

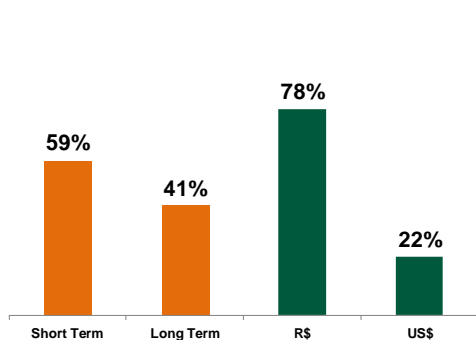
<sup>(1)</sup> Long-Term Interest Rate (TJLP)

<sup>(2)</sup> To calculate the average cost of the Constitutional Funds, we considered a discount of 15% relative to the performance bonus applicable to these operations.

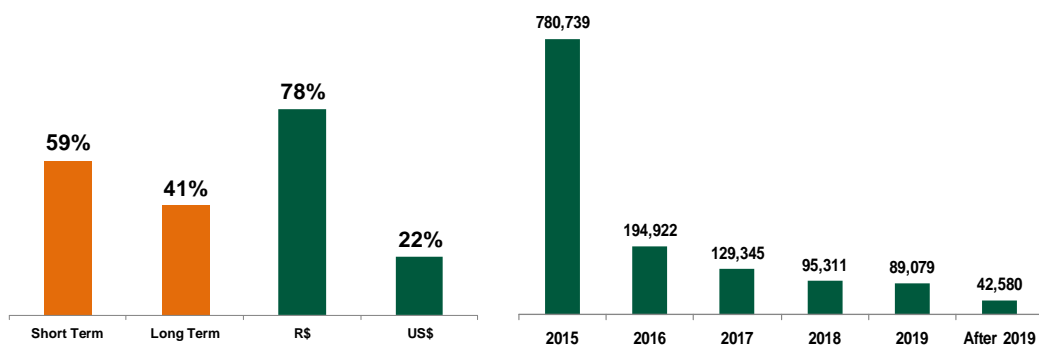
<sup>(3)</sup> London Interbank Offer Rate (Libor): Interest rate charged by London banks used as a reference for most loans in the international financial system.

<sup>(4)</sup> Adjusted EBITDA in the last 12 months.

### Debt Profile 4T14



### Debt Schedule 4T14 (R\$ thd)



## INDICATORS

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

### Return on Equity

(R\$ million)	2009	2010	2011	2012	2013	2014
Net Profit	9	59	160	38	97	70
Net Land Appreciation SLC Agrícola <sup>(1)</sup>	163	-36	179	222	313	396
Net Land Appreciation LandCo <sup>(1)(2)</sup>	-	-	-	48	61	32
<b>Subtotal</b>	<b>172</b>	<b>23</b>	<b>339</b>	<b>308</b>	<b>471</b>	<b>498</b>
Shareholder's Equity <sup>(3)</sup>	1,807	1,839	2,063	2,405	2,960	3,841
<b>Return on Equity</b>	<b>9.5%</b>	<b>1.3%</b>	<b>16.4%</b>	<b>12.8%</b>	<b>15.9%</b>	<b>13.0%</b>

<sup>(1)</sup> Based on the independent appraisal report (Deloitte), net of taxes, updated in July 2014.

<sup>(2)</sup> SLC Agrícola holds an interest of 81.23% in SLC LandCo.

<sup>(3)</sup> Adjusted by the appreciation in the value of land properties

### Return on Net Assets

(R\$ million)	2009	2010	2011	2012	2013	2014
Net Profit	9	59	160	38	97	70
Net Land Appreciation <sup>(1)</sup>	163	(36)	179	270	374	428
<b>Subtotal</b>	<b>172</b>	<b>23</b>	<b>339</b>	<b>308</b>	<b>471</b>	<b>498</b>
Invested Capital	2,566	2,598	3,196	3,633	4,113	4,717
Working capital	434	395	504	626	641	755
Fixed Asset <sup>(2)</sup>	2,132	2,203	2,692	3,007	3,472	3,962
<b>Return</b>	<b>6.7%</b>	<b>0.9%</b>	<b>10.6%</b>	<b>8.5%</b>	<b>11.4%</b>	<b>10.5%</b>

<sup>(1)</sup> Based on the independent appraisal report (Deloitte), net of taxes, from July 2014. <sup>(2)</sup> Adjusted by the appreciation in the value of land properties.

### Net Asset Value

(R\$ million)	2014
SLC Agrícola Farms <sup>(1)</sup>	2,376
SLC LandCo Farms <sup>(2)</sup>	486
Infrastructure (excl. land)	901
Accounts Receivable (excl. derivatives)	135
Inventories	620
Biological Assets	357
Cash <sup>(3)</sup>	355
<b>Subtotal</b>	<b>5,229</b>
Suppliers	313
Gross Debt	1,332
Outstanding debt related to land acquisitions <sup>(4)</sup>	66
<b>Subtotal</b>	<b>1,711</b>
<b>Net Asset Value</b>	<b>3,519</b>
<b>Net Asset Value per share</b>	<b>35.6</b>

<sup>(1)</sup> Based on the independent appraisal report (Deloitte), net of taxes, from July 2014. <sup>(2)</sup> Based on the independent appraisal report (Deloitte), net of taxes, and adjusted by the interest held by SLC Agrícola in the subsidiary. <sup>(3)</sup> Includes the cash position of SLC LandCo, which is adjusted by the interest held by SLC Agrícola in the subsidiary. <sup>(4)</sup> Includes the debt position of SLC LandCo, which is adjusted by the interest held by SLC Agrícola in the subsidiary.

## Changes in Working Capital

Working Capital (R\$thd)	4Q13	1T14	2T14	3Q14	4Q14
<b>Asset</b>					
Trade Account Receivable	85,334	125,833	92,593	147,059	143,759
Hedge Accounting (No-Cash)	(5,278)	(24,846)	(39,691)	(19,435)	(8,936)
Inventories	514,819	434,979	369,810	834,065	622,101
Biological Assets + (non-cash)	(42,280)	(68,145)	(26,032)	(49,070)	(20,185)
Recoverable Taxes	78,361	79,998	80,006	88,998	98,566
Biological Assets	378,481	536,330	526,724	76,213	374,372
Biological Assets (non-cash)	(27,009)	(26,887)	(37,728)	(1,053)	(17,684)
Expenses incurred in advance	3,793	3,936	11,340	2,489	2,712
Subtotal	986,221	1,061,198	977,022	1,079,266	1,194,482
<b>Liabilities</b>					
Suppliers	236,217	55,681	85,522	168,504	312,759
Tax and Social Obligations	27,480	27,421	33,241	31,961	24,270
Others	223,444	313,010	160,533	186,091	186,091
Land Payables	(126,494)	(92,654)	(54,853)	(47,407)	(49,689)
Hedge Accounting (Non-Cash)	(31,433)	(25,785)	(7,123)	(26,119)	(51,651)
Provisions	16,187	14,125	17,376	22,249	17,724
Subtotal	345,401	291,798	234,696	335,279	439,504
Total	640,820	769,400	742,326	743,987	755,201
Change in WC	-	128,580	-27,074	1,661	11,214

## Return on Invested Capital

(R\$ million)	2009	2010	2011	2012	2013	2014
Operating Income	11	126	257	145	150	190
Taxes	20.5%	30.1%	33.7%	49.8%	23.1%	21.3%
Taxes Nominal	(2)	(38)	(87)	(72)	(35)	(40)
Adjusted Operating Income	9	88	170	73	116	150
Net Land Appreciation <sup>(1)</sup>	163	(36)	179	270	374	428
Operating Result with land appreciations	172	52	349	343	490	577
Invested Capital	2,125	2,179	2,572	3,059	3,753	4,818
Gross Debt (CP e LP)	461	450	640	811	1,170	1,332
Cash <sup>(2)</sup>	142	110	131	157	376	355
Net Debt <sup>(3)</sup>	318	339	510	654	794	977
Shareholder's Equity <sup>(4)</sup>	1,807	1,839	2,063	2,405	2,960	3,841
Return on invested capital	8.1%	2.4%	13.6%	11.2%	13.1%	12.0%

<sup>(1)</sup> Based on the independent appraisal report (Deloitte), net of taxes, from July 2014.

<sup>(2)</sup> Includes the cash position of SLC LandCo, which is adjusted by the interest held by SLC Agricola in the subsidiary.

<sup>(3)</sup> Includes the debt position of SLC LandCo, which is adjusted by the interest held by SLC Agricola in the subsidiary.

<sup>(4)</sup> Adjusted by appreciation of land

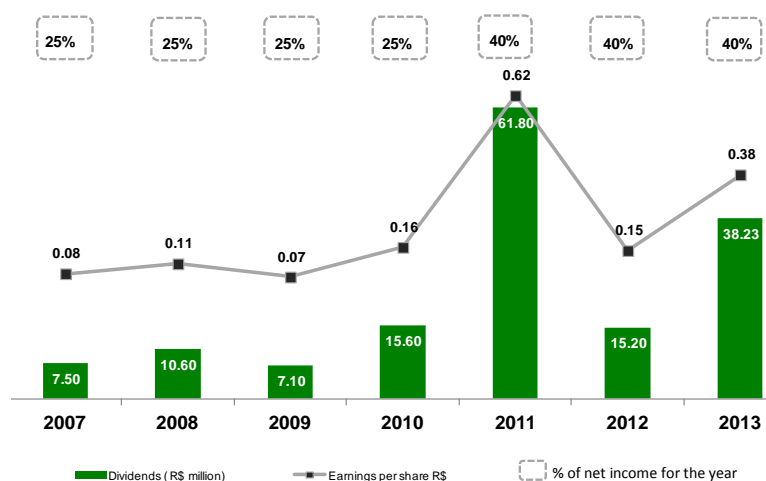
## DIVIDENDS

A meeting of the Board of Directors held on this date (March 11, 2015) approved the Management Proposal to be submitted to the next Annual Shareholders' Meeting to be held on April 29, 2015.

In accordance with Brazilian Corporation Law and with the Bylaws of the Company, management proposes the following distribution of net income for fiscal year 2014:

(R\$ thd)	2014	2013
Net income for the year	67,898	95,573
Appropriation of legal reserve	-	-
Calculation base for the dividends proposed	67,898	95,573
Minimum compulsory dividend	16,974	23,893
Additional dividend proposed	10,185	14,336
Proposed Dividends	27,159	38,229
% Of Net income for the year	40%	40%

The chart below shows the historical distribution of dividends by the Company:



## CAPITAL MARKETS

SLC Agrícola has been listed on the Novo Mercado special corporate governance segment since 2007, complying with and gradually improving its best practices in corporate governance. Some of the practices adopted by the Company and that benefit our shareholders follow:

- all shares entitle stockholders to the right to vote;
- 100% tag-along rights;
- 49% free-float;
- three independent members on the Board of Directors;
- separation of the roles of Chief Executive Officer and Chairman of the Board;
- Stock Option Plan to align the interests of executives with those of the Company;
- transparency and efficiency in the disclosure of special and regular information;
- public annual meeting;
- annual Farm Day event;
- website with information regularly updated to serve the needs of our investors and the general market;
- Investor Relations Department focused on serving shareholders and the general market.

## HUMAN RESOURCES

*As a company in constant evolution, engaging and developing people are part of the corporate DNA of SLC Agrícola. With over 3.200 employees, communication and trust form the foundation of all of our activities.*

*We value our employees by offering a comprehensive benefit package, a profit sharing program, a career advancement plan, continuous education, workplace safety, recognition of employees for years of service and encouraging workers to look after their quality of life.*

*We also promote social responsibility through the Social and Environmental Action Group, which sponsors programs to foster citizenship and volunteer action with environmental and social themes in order to improve conditions in local communities by working together with charitable institutions to prepare campaigns and develop projects.*

## SOCIAL INDICATORS

### Indicators 2013/14



*16,000 Number of people served*

*R\$641,000 Amount invested*

*1,390 hours of volunteer work*

*180 Number of projects/actions*

## INVESTMENTS IN TRAINING AND DEVELOPMENT

### CONTINUING EDUCATION

*Development of Managers and Supervisors  
70 hours/employee*



*Operational Training  
31 hours/employee*

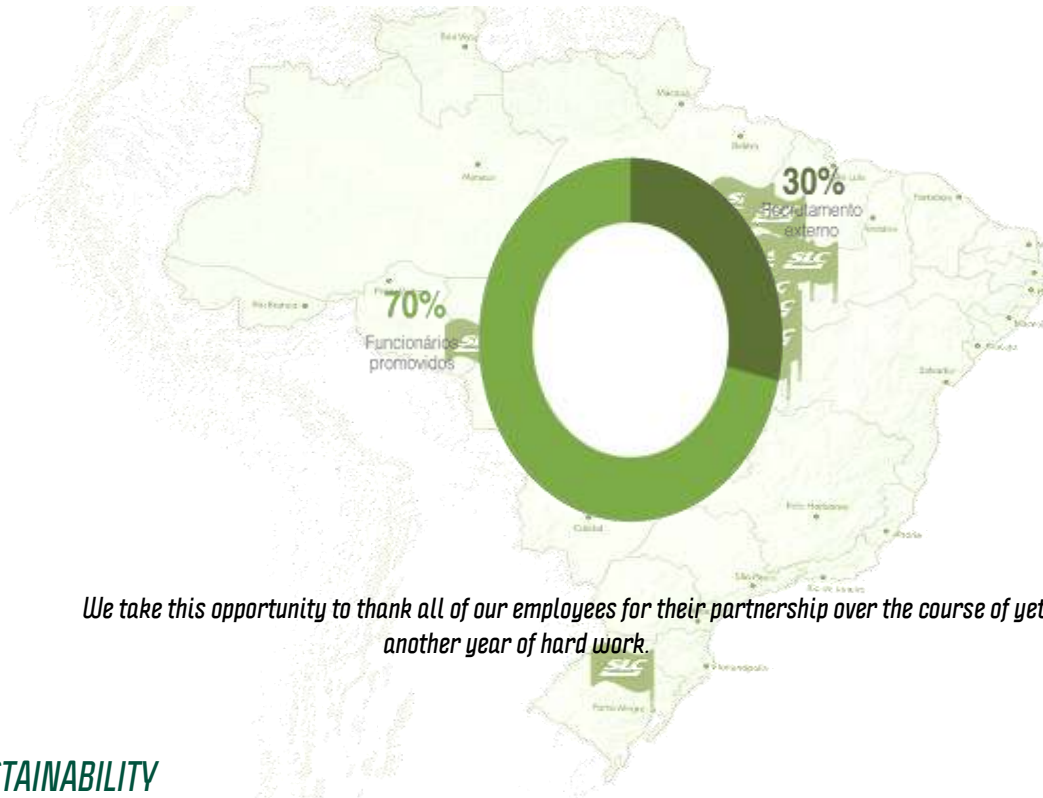


*Development of Coordinators  
51 hours/employee*



## CAREER OPPORTUNITY AND DEVELOPMENT

70% of leadership positions at SLC Agrícola are held by employees who were promoted



## SUSTAINABILITY

### ENVIRONMENT AND SUSTAINABILITY

#### Sustainability Policy

SLC Agrícola is committed to preventing accidents, promoting ethical conduct and sustainable development and preserving the environment in all aspects, for which it works to continually improve its processes and products, raise awareness and adopt effective programs. For this, it undertakes the following commitments to its stakeholders:

- To continuously improve our processes and systems.
- To ensure, as a minimum standard, the compliance of the activities of SLC AGRÍCOLA S.A. with applicable legal and other requirements related to the safety and health of employees and to the company's environmental and social aspects.
- To minimize risks and prevent pollution, accidents and other incidents by adopting appropriate practices for:
  - the efficient use of natural resources;
  - the reduction of wastewater and gaseous effluents;
  - the reuse, recycling and proper disposal of solid waste;
  - the elimination of unsafe work condition and pursuit of a "zero accident" rate;
- To promote ethics and sustainable development through:
  - stakeholder engagement;
  - tolerance of different opinions;
  - non-discriminatory actions;

- payment of fair remuneration;
  - combatting child and forced labor.
- To assume its leadership position in building a safe, environmentally adequate and socially responsible workplace.
- To thoroughly investigate all environmental and occupational accidents on the farms owned by SLC AGRÍCOLA S.A.
- To inform service providers that carry out any kind of activity at its facilities of the need to comply with internal rules and those related to social responsibility, the environment and occupational safety and health.
- To maintain and implement projects to raise awareness on environmental, occupational and social responsibility issues across all levels of the organization, including professionals.

### Management and Certification Systems

For more than seven years, we have adopted the use of an Integrated Management System (IMS) that features compliance with the international standards ISO 14001:2004, OHSAS 18001:2007 and the Brazilian standard NBR 16001:2004. The activities of the IMS include addressing issues that go beyond mere legal compliance to focus on aspects related to the Environment, Occupational Health and Safety and Social Responsibility. The system is implemented and certified at the Planalto (Mato Grosso do Sul), Paiaguás (Mato Grosso) and Panorama (Bahia) farms, and is in the final implementation stage at the Pamplona (Goiás) and Planorte (Mato Grosso) farms. Practices linked to this management system are being complied with by the employees, suppliers and outsourced service providers at these units. The plan is to extend the implementation of this system to the other production units of the Company, with the process expected to be concluded at 10 units by year-end 2020. In 2012, the Planalto Farm became the first agricultural company to be simultaneously certified by the international standards 14001:2004 and OHSAS 18001:2007 and by the Brazilian standard NBR 16001:2004. SLC Agrícola's sustainable production practices are also demonstrated by the agricultural production certifications that it holds, which include those for soybean (RTRS), cotton (BCI and ABR) and coffee (UTZ Certified).

### Social and Environmental Action Group (GAS)

Formed by volunteer employees, the Social and Environmental Action Group (GAS) was created to develop social projects and initiatives with organizations in need, seeking to contribute to growth and quality of life at these institutions.

The company and its employees take part in social programs that aim to achieve these goals and provide the community with brighter prospects by contributing and fulfilling their social role.

### 5S Program

Actions to raise environmental awareness involve all of the Company's employees as well as their family members, and include lectures or seminars and environmental education classes at schools to encourage the adoption of the 5S phases along with the 3 Rs (Reduce, Reuse and Recycle waste). The projects aim to demonstrate the importance of preserving the environment, as well as the simplicity of the methods adopted and the returns generated. 5S is a method for organizing the workplace. The letter "S" in 5S comes from Japanese and relates to the following words: SEIRI - Sort: eliminate all unused and obsolete objects; SEITON - Streamline: arrange things in their proper places with a view to increasing efficiency; SESIO - Cleanliness: keep the environment clean and conduct regular maintenance; SEIKETSU - Hygiene and Workplace Safety: practice safe acts and maintain good relationships in the work environment; SHITSUKE - Discipline: adopt the other S phases as a regular routine.

### Sustainability: An Organizational Competency

Sustainability is one of the competencies required and developed in all leadership levels at the Company. It is attributed great importance because it is one of the main pillars of the Company's growth and perpetuity.

Leaders are encouraged to increasingly consider sustainable development in the planning, implementation and operation of their projects or areas. This involves knowing legal, regulatory and technical aspects, minimizing social, economic and environmental impacts, using resources rationally and the interaction of their projects with society. Promoting sustainability helps to ensure the desired level of profitability, legal security, risk management and reductions in non-compliance and future losses.

### Sustainability in the Organizational Climate Survey

Conducted every two years among all of the Company's employees, the Climate Survey is an excellent tool for assessing employee's perceptions and level of satisfaction with regard to various aspects of the Company, including Sustainability.

The opportunities for improvement identified in areas related to Sustainability are addressed through action plans developed in cooperation with all areas of the Company.

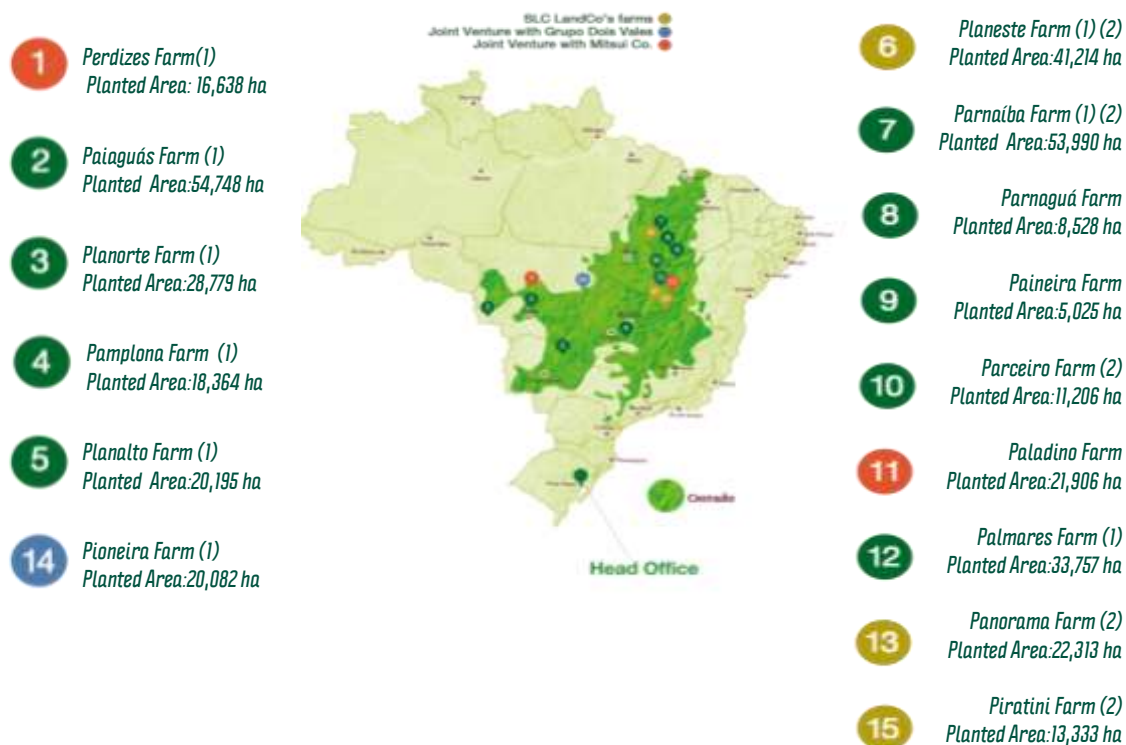
## SUBMISSION TO THE ARBITRATION CHAMBER

The Company submits to arbitration by the Novo Mercado Arbitration Chamber, as per the arbitration clause in its Bylaws.

## RELATIONSHIP WITH THE INDEPENDENT AUDITORS

KPMG Auditores Independentes was hired by the Company to conduct the external audit of its financial statements. In compliance with CVM Instruction 381/03, we inform that in 2014 the audit firm did not provide services other than those related to the external audit whose fees exceeded 5% of the total fees received for this service.

## LOCATION OF UNITS



## EXHIBIT 1: BALANCE SHEET – ASSETS

Balance sheets at December 31, 2014 and 2013  
(In thousands of Reais)

Assets	Note	Parent company		Consolidated	
		2014	2013	2014	2013
<b>Current assets</b>					
Cash and bank deposits	6	121,081	82,284	239,141	232,354
Short-term interest earnings bank deposits	6	38,840	63,363	132,821	160,623
Trade accounts receivable	7	62,407	38,520	120,663	62,438
Advances to suppliers		2,165	1,168	5,200	2,550
Inventories	8	330,135	325,083	622,101	514,819
Biological assets	9	210,136	206,933	374,372	378,481
Recoverable taxes	10	56,674	54,362	98,566	78,361
Accounts receivable		5,474	10,314	5,474	10,314
Operations with derivatives	21	6,752	4,500	8,936	5,278
Related party credits	13	2,971	12,551	0	-
Other accounts receivable		4,664	16,574	3,456	4,754
Prepaid expenses		1,936	3,513	2,712	3,793
Total current assets		843,235	819,165	1,613,442	1,453,765
<b>Non-current assets</b>					
Recoverable taxes	10	16,646	10,359	31,576	20,726
Deferred income and social contribution taxes	16	-	-	8,358	3,924
Advances for future capital increase	13	7,389	27,749	-	-
Operations with derivatives	21	1,329	1,938	1,329	1,938
Related party credits		-	-	-	-
Accounts receivable		7,956	8,594	7,956	8,594
Advances to suppliers		46,849	47,316	71,218	68,583
Deferred expenses		1,665	5,796	1,665	5,796
Other receivables		3,073	887	4,760	1,684
Investments	11	2,077,130	1,843,453	-	-
Biological assets	9	5,848	4,461	5,848	4,461
Property, plant and equipment	12	424,259	445,176	2,747,811	2,685,343
Intangible assets		4,305	6,095	4,671	6,264
Total non-current assets		2,596,449	2,401,824	2,885,192	2,807,313
<b>Total assets</b>		<b>3,439,684</b>	<b>3,220,989</b>	<b>4,498,634</b>	<b>4,261,078</b>

See the accompanying notes to the financial statements.

## EXHIBIT 2: BALANCE SHEET - LIABILITIES

Liabilities	Note	Parent company		Consolidated	
		2014	2013	2014	2013
<b>Current liabilities</b>					
Suppliers		154,568	137,893	312,759	236,217
Loans and financing	14	430,655	481,354	780,739	692,418
Taxes, rates, and sundry contributions		736	852	13,926	18,605
Social charges and labor legislation obligations		15,274	14,847	26,079	23,276
Advances from clients		37,270	16,073	53,200	25,029
Debts with related parties	13	12,351	9,174	-	-
Operations with derivatives	21	33,360	28,145	51,651	31,433
Securities payable	17	-	-	49,689	126,494
Provisions for tax, labor and environmental risks	15	1,390	1,353	1,989	1,786
Dividends payable		17,033	23,893	17,758	23,923
Other accounts payable		24,932	8,705	35,496	16,565
Total current liabilities		<u>727,569</u>	<u>722,289</u>	<u>1,343,286</u>	<u>1,195,746</u>
<b>Non-current liabilities</b>					
Loans and financing	14	491,282	436,796	551,237	477,871
Deferred income and social contribution taxes	16	7,381	51,942	183,511	419,813
Operations with derivatives	21	9,532	678	10,292	811
Securities payable	17	-	-	16,751	29,216
Other liabilities		550	609	549	609
Total non-current liabilities		<u>508,745</u>	<u>490,025</u>	<u>762,340</u>	<u>928,320</u>
<b>Shareholders' equity attributable to controlling shareholders</b>					
Capital	18.a	557,434	557,434	557,434	557,434
Capital reserve	18.b	208,207	203,921	208,207	203,921
(-) Treasury shares	18.c	(32,847)	(7,019)	(32,847)	(7,019)
Profit reserves	18.d.e.f.g	484,936	397,216	484,936	397,216
Other comprehensive income		985,640	857,123	985,640	857,123
Total shareholders' equity attributable to controlling shareholders		<u>2,203,370</u>	<u>2,008,675</u>	<u>2,203,370</u>	<u>2,008,675</u>
<b>Non-controlling interest</b>		-	-	189,638	128,337
<b>Shareholders' equity</b>		<u>2,203,370</u>	<u>2,008,675</u>	<u>2,393,008</u>	<u>2,137,012</u>
<b>Total liabilities and shareholders' equity</b>		<u>3,439,684</u>	<u>3,220,989</u>	<u>4,498,634</u>	<u>4,261,078</u>

## EXHIBIT 3: STATEMENTS OF OPERATIONS - INCOME STATEMENT FOR THE FISCAL YEAR

Years ended December 31, 2014 and 2013  
(In thousands of Reais, except net income per share)

	Note	Parent company		Consolidated	
		2014	2013	2014	2013
<b>Income</b>	26	779,957	620,191	1,499,175	1,181,520
<b>Cost of goods sold</b>		<u>(674,351)</u>	<u>(548,847)</u>	<u>(1,166,090)</u>	<u>(920,234)</u>
<b>Gross income</b>		105,606	71,344	333,085	261,286
<b>Operating income (expenses)</b>					
Sales expenses		(48,026)	(35,409)	(85,335)	(63,991)
Administrative and general expenses		(32,376)	(32,263)	(44,264)	(39,272)
Management compensation	13.c	(7,977)	(6,727)	(9,471)	(8,457)
Equity in income of subsidiaries	11	114,063	120,772	-	-
Other operating income (expenses)		(1,020)	545	(3,217)	913
<b>Operating income</b>		<u>130,270</u>	<u>118,262</u>	<u>190,798</u>	<u>150,479</u>
Financial income	19	69,835	73,962	138,545	150,699
Financial expenses	19	<u>(150,853)</u>	<u>(107,529)</u>	<u>(240,271)</u>	<u>(175,594)</u>
<b>Loss before income and social contribution taxes</b>		49,252	84,695	89,072	125,584
Income tax and social contribution	16				
Current		(28)	-	(43,520)	(46,441)
Deferred		18,674	10,878	24,591	17,460
<b>Income for the year</b>		<u>67,898</u>	<u>95,573</u>	<u>70,143</u>	<u>96,603</u>
<b>Attributable to:</b>					
Interest of controlling shareholders		67,898	95,573	67,898	95,573
Interest of non-controlling shareholders		-	-	2,245	1,030
		<u>67,898</u>	<u>95,573</u>	<u>70,143</u>	<u>96,603</u>
<b>Earnings (loss) per share (expressed in Reais per share):</b>					
Net earnings per share - basic - R\$	18.h	0.694	0.971	0.694	0.971
Net earnings per share - diluted (in R\$)	18.h	0.693	0.966	0.693	0.966

See the accompanying notes to the financial statements.

## EXHIBIT 4: STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 2014 and 2013

(In thousands of Reais)

	<u>Parent company</u>		<u>Consolidated</u>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Income (loss) for the year</b>	67,898	95,573	70,143	96,603
<b>Comprehensive income</b>				
Derivatives - Cash flow hedge	(14,456)	(37,365)	(31,268)	(34,477)
Derivatives - Cash flow hedge - Reflex of the subsidiaries	(9,399)	2,199	-	-
Income and social contribution taxes	<u>4,915</u>	<u>12,704</u>	<u>10,631</u>	<u>11,722</u>
<b>Total comprehensive income</b>	<u>48,958</u>	<u>73,111</u>	<u>49,506</u>	<u>73,848</u>
<b>Comprehensive income attributable to:</b>				
Controlling shareholders			48,958	73,111
Non-controlling shareholders			<u>548</u>	<u>737</u>
<b>Total comprehensive income</b>			<u>49,506</u>	<u>73,848</u>

See the accompanying notes to the financial statements.

## EXHIBIT 5: STATEMENTS OF COMPREHENSIVE INCOME

### Statements of changes in shareholders' equity

(In thousands of Reais)

	Capital reserves				Profit reserves					Retained earnings	Total interest of controlling shareholders	Interest of non-controlling shareholders	Total shareholders' equity
	Capital	Goodwill in the issue of shares	Recognized options granted	Treasury shares	Legal reserve	Expansion reserve	Profit retention reserve	Additional dividend proposed	Other comprehensive income				
<b>Balances at December 31, 2012</b>	<b>557,434</b>	<b>177,585</b>	<b>20,274</b>	<b>(7,749)</b>	<b>2,851</b>	<b>298,650</b>	<b>5,628</b>	-	<b>892,834</b>	-	<b>1,947,507</b>	<b>46,118</b>	<b>1,993,625</b>
Interest on own Capital	-	-	-	-	-	-	-	-	-	-	-	77,693	77,693
Goodwill on Sale of Shares	-	469	-	-	-	-	-	-	-	-	469	14,969	15,438
Share-based compensation recognized in the year	-	-	5,593	-	-	-	-	-	-	-	5,593	-	5,593
Share-based compensation exercised in the year	-	-	-	730	-	-	-	-	-	-	730	-	730
Unrealized gains (losses) with hedge instruments, net of tax effects	-	-	-	-	-	26	-	-	(24,661)	-	(24,635)	-	(24,635)
Unrealized gains (losses) with hedge instruments, net of tax effects for subsidiaries	-	-	-	-	-	-	-	-	2,199	-	2,199	(293)	1,906
Realization of depreciation of the deemed cost of the property, plant and equipment	-	-	-	-	-	-	-	-	(8,764)	8,764	-	-	-
Realization of deemed cost per sale	-	-	-	-	-	-	-	-	(5,717)	5,717	-	-	-
Adjusted cost of P property, plant and equipment	-	-	-	-	-	-	-	-	(9,918)	9,616	(302)	-	(302)
Gain in the variation of interest	-	-	-	-	-	-	-	-	11,150	-	11,150	(11,150)	-
Net income for the year	-	-	-	-	-	-	-	-	95,573	95,573	1,030	-	96,603
Proposed allocation:	-	-	-	-	-	-	-	-	-	-	-	-	-
Expansion reserve	-	-	-	-	-	81,441	-	14,336	-	(95,777)	-	-	-
Proposed dividends	-	-	-	-	-	(5,716)	-	-	-	(23,893)	(29,609)	(30)	(29,639)
<b>Balances at December 31, 2013</b>	<b>557,434</b>	<b>178,054</b>	<b>25,867</b>	<b>(7,019)</b>	<b>2,851</b>	<b>374,401</b>	<b>5,628</b>	<b>14,336</b>	<b>857,123</b>	-	<b>2,008,675</b>	<b>128,337</b>	<b>2,137,012</b>
Interest on own Capital	-	-	-	-	-	-	-	-	-	-	-	60,973	60,973
Goodwill on Sale of Shares	-	(68)	-	-	-	-	-	-	-	-	(68)	2,686	2,618
Share-based compensation recognized in the year	-	-	4,354	-	-	-	-	-	-	-	4,354	-	4,354
Share-based compensation exercised in the year	-	-	-	(25,828)	-	-	-	-	-	-	(25,828)	-	(25,828)
Unrealized gains (losses) with hedge instruments, net of tax effects	-	-	-	-	-	-	-	-	(9,541)	-	(9,541)	-	(9,541)
Unrealized gains (losses) with hedge instruments, net of tax effects for subsidiaries	-	-	-	-	-	-	-	-	(9,399)	-	(9,399)	(1,697)	(11,096)
Realization of depreciation of the deemed cost of the property, plant and equipment	-	-	-	-	-	-	-	-	(2,937)	2,937	-	-	-
Realization of deemed cost per sale	-	-	-	-	-	-	-	-	(6,856)	6,856	-	-	-
Adjusted cost of P property, plant and equipment	-	-	-	-	-	-	-	-	(30,202)	41,340	11,138	-	11,138
Ajustes Tributação em Controladas	-	-	-	-	-	-	-	-	184,530	-	184,530	-	184,530
Gain in the variation of interest	-	-	-	-	-	-	-	-	2,922	-	2,922	(2,182)	740
Net income for the year	-	-	-	-	-	-	-	-	67,898	67,898	2,245	-	70,143
Proposed allocation:	-	-	-	-	-	-	-	-	-	-	-	-	-
Expansion reserve	-	-	-	-	-	91,871	-	10,185	-	(102,056)	-	-	-
Proposed dividends	-	-	-	-	-	-	-	(14,336)	-	(16,975)	(31,311)	(724)	(32,035)
<b>Balances at December 31, 2014</b>	<b>557,434</b>	<b>177,986</b>	<b>30,221</b>	<b>(32,847)</b>	<b>2,851</b>	<b>466,272</b>	<b>5,628</b>	<b>10,185</b>	<b>985,640</b>	-	<b>2,203,370</b>	<b>189,638</b>	<b>2,393,008</b>

## EXHIBIT 6: STATEMENTS OF CASH FLOWS

### Statements of cash flows

(In thousands of Reais)

	Parent company		Consolidated	
	2014	2013	2014	2013
<b>Cash flow from operating activities</b>				
Income (loss) for the year	49,252	84,695	89,072	125,584
Adjustments to reconcile income to cash and cash equivalents generated by (used in) operational activities:				
Depreciation and amortization	64728	80418	99,919	115,516
Income from write-off of property, plant and equipment	2182	17621	7,162	36,175
Equity in net income of subsidiaries	-114063	-120772	-	-
Interest and price-level restatement on loans	73793	45268	110,026	50,071
Interest on loans paid	-67565	-52301	(91,519)	(65,019)
Share-based compensation	4354	5593	4,354	5,593
Variation of biological assets	22987	-33128	29,429	(32,265)
Provisão (reversão) para ajustes de estoque	224	-4131	199	(4,224)
Provision (reversal) of profit sharing and labor contingencies	4211	4733	6,386	6,415
Others	0	-505	-	-
Income and social contribution taxes paid	0	0	(35,712)	(24,556)
Dividends received	164238	47340	-	-
	204341	74831	219,316	213,290
Changes in assets and liabilities:				
(Increase) in trade accounts receivable	-23888	-1971	(58,225)	(7,167)
(Increase) in inventories and biological assets	-32617	-73564	(129,883)	(152,690)
(Increase) in recoverable taxes	-8600	-14792	(31,055)	(17,011)
Decrease of receivables	5290	7591	5,290	7,591
(Increase) decrease in interest earning bank deposits	24524	-50005	27,802	(147,265)
(Increase) in other accounts receivable	4095	-19827	(1,850)	(38,989)
Increase in suppliers	16675	59741	76,541	98,459
Increase (decrease) in taxes and fiscal and social payables	-4046	-3858	(15,041)	(21,839)
Increase (decrease) in obligations with subsidiaries	12757	-8313	-	-
Increase in operations with derivatives	34983	24362	31,454	28,239
(Decrease) in securities payable	0	-600	(98,020)	(20,335)
(Decrease) in advances from clients	21196	-2794	28,171	(14,785)
Increase in leasing	14640	2544	15,315	6,359
(Increase) in other accounts payable balance	1156	2295	5,816	3,005
	66165	-79191	(143,685)	(276,428)
Net cash provided by operational activities	270506	-4360	75,631	(63,138)
Cash flow from investment activities				
In investments	-74584	-90473	-	-
In biological assets	-28	-1018	(28)	(1,018)
In property, plant and equipment	-53532	-72950	(181,072)	(242,024)
In intangible assets	-606	-611	(891)	(736)
Cash flow from investment activities	-128750	-165052	(181,991)	(243,778)
Cash flow from financing activities				
Paid-up capital	0	0	61,923	92,662
Disposal of shares	-25896	1199	(25,896)	1,199
Payment of dividends	-38171	-15242	(38,200)	(15,242)
Loans and financing obtained	767512	993450	1,290,518	1,255,563
Payments of loans and financing	-806404	-758510	(1,175,198)	(938,800)
Net cash provided by financing activities	-102959	220897	113,147	395,382
Increase in Cash and cash equivalents	38797	51485	6,787	88,466
Increase in Cash and cash equivalents				
Cash and cash equivalents at January 1	82284	30799	232,354	143,888
Cash and cash equivalents at December 31	121081	82284	239,141	232,354
Net (increase) in cash and cash equivalents	38797	51485	6,787	88,466

See the accompanying notes to the financial statements.

## EXHIBIT 7: STATEMENTS OF ADDED VALUE

### Statements of added value

(In thousands of Reais)

	Parenty Company		Consolidated					
	2014	2013	2014	2013				
<b>Revenues</b>								
Sale of merchandise, products and services	783,584	642,255	1,430,556	1,137,523				
Other income	21,254	17,449	22,273	20,940				
Income from the construction of own assets	37,438	27,499	125,150	92,755				
Change in fair value of biological assets	57,174	51,491	163,171	146,292				
	<u>899,450</u>	<u>738,694</u>	<u>1,741,150</u>	<u>1,397,510</u>				
<b>Inputs acquired from third parties</b>								
Raw materials used	(268,982)	(203,001)	(497,007)	(364,741)				
Cost of goods and services sold	(21,492)	(16,219)	(20,667)	(14,134)				
Materials, energy, outsourced services and ot	(171,929)	(131,936)	(362,392)	(279,746)				
Loss/recovery of asset values	138	4,130	165	4,202				
Adjustment of fair value of biological assets	(80,161)	(18,362)	(192,600)	(114,026)				
	<u>(542,426)</u>	<u>(365,388)</u>	<u>(1,072,501)</u>	<u>(768,445)</u>				
<b>Gross added value</b>	<u>357,024</u>	<u>373,306</u>	<u>668,649</u>	<u>629,065</u>				
<b>Depreciation and amortization</b>	<u>(64,728)</u>	<u>(80,418)</u>	<u>(99,919)</u>	<u>(115,517)</u>				
Net value added produced by the Company	<u>292,296</u>	<u>292,888</u>	<u>568,730</u>	<u>513,548</u>				
<b>Added value received as transfer</b>								
Equity in income of subsidiaries and associated co	114,063	120,772	-	-				
Financial income	69,834	29,780	139,012	107,101				
Others	202	566	365	779				
	<u>184,099</u>	<u>151,118</u>	<u>139,377</u>	<u>107,880</u>				
<b>Total added value payable</b>	<u>476,395</u>	<u>444,006</u>	<u>708,107</u>	<u>621,428</u>				
<b>Distribution of added value</b>	<u>476,395</u>	<u>100%</u>	<u>444,006</u>	<u>100%</u>	<u>708,107</u>	<u>100%</u>	<u>621,428</u>	<u>100%</u>
<b>Taxes, rates and contributions</b>	<u>70,304</u>	15%	<u>87,342</u>	20%	<u>167,882</u>	24%	<u>166,057</u>	27%
Federal	33,092		32,801		111,655		100,396	
State	36,826		54,376		55,800		65,473	
Municipal	386		165		427		188	
<b>Personnel</b>	<u>102,431</u>	22%	<u>99,462</u>	22%	<u>173,379</u>	24%	<u>151,372</u>	24%
Direct remuneration	62,689		60,484		110,890		95,297	
Benefits	34,317		33,880		53,773		48,161	
FGTS	5,425		5,098		8,716		7,914	
<b>Third-party capital remuneration</b>	<u>235,762</u>	49%	<u>161,629</u>	36%	<u>296,703</u>	42%	<u>207,396</u>	33%
Interest	171,241		106,969		268,055		184,482	
Rents	64,521		54,660		28,648		22,914	
<b>Remuneration of own capital</b>	<u>67,898</u>	14%	<u>95,573</u>	22%	<u>70,143</u>	10%	<u>96,603</u>	16%
Dividends	17,033		23,893		18,485		23,952	
Retained earnings	50,865		71,680		50,865		71,680	
Interest of non-controlling shareholders in retain	-		-		793		971	

See the accompanying notes to the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

*(In thousands of Reais, unless indicated)*

### **1 Operations**

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

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

On September 1, 2014, the Company started the cultivation of the 2014/2015 crop, operating with 15 production units, with a total planted area of 370 thousand hectares, including company-owned areas and areas leased from third parties, located in six Brazilian states: Mato Grosso, Mato Grosso do Sul, Goiás, Bahia, Piauí and Maranhão.

### **2 Accounting policies**

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

These financial statements include:

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

The review of Technical Standards No. 07 (approved in December 2014) amended CPC 35, CPC 37 and CPC 18 and authorized the use of the equity method in the separate financial statements under IFRS, eliminating the difference between Brazilian GAAP and IFRS.

The issue of individual and consolidated financial statements was authorized by the Executive Board on February 26, 2015.

#### **b. Measuring basis**

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

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

**c. Functional currency and presentation currency**

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

**3 Accounting policies**

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

**a. Foreign currency translation**

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

**b. Transactions eliminated in the consolidation**

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

**c. Revenue recognition**

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

***Sale of goods***

The operating income from sales of products in the normal course of business is measured by the fair value of the installment received or receivable. Operating income is recognized when there is convincing evidence that the risks and rewards inherent to the ownership of the assets have been transferred to the purchaser, it is probable that the financial economic benefits will flow to the Company, the related costs and potential return of goods can be reliably estimated, there is no continued involvement with the goods sold, and the amount of operating income can be reliably measured. In the event that it is probable that discounts will be granted and their amounts can be reliably measured, discounts are recognized as a reduction to sales.

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

#### **d. Inventories**

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

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

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

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

#### **e. Biological assets**

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

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

The biological assets - soybean, corn, cotton, and sunflower - are maintained by the expenses incurred with the formation of crops up to the pre-harvest when they are evaluated at fair value, less estimated cost of sales. The Company believes that at this time there is a significant biological change and the impact of the transformation of biological assets on the price is material.

Biological asset "coffee plantation" and "sugarcane plantation" are measured at fair value less costs necessary to prepare assets for sale. Since it is a permanent culture, the same is classified in the group of non-current assets.

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

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

##### **i. Valuation:**

- Soybean, corn, cotton and sunflower crops are maintained at historic cost up to pre-harvest date, and then they are evaluated at fair value, which reflects the asset's sales price less costs necessary to prepare the product for sale.
- Coffee plantations and sugarcane - are valued at fair value based on its productivity forecast and price changes.

- ii. Methodology used:
  - Soybean, corn, cotton and sunflower crops – Evaluation of each crop area on pre-harvest dates based on the area to be harvested and on expected productivity.
  - Coffee crops sugarcane – projection of future cash flows according to projected productivity cycle, taking into consideration price variations and growth of these biological assets.
- iii. The discount rate used in the cash flows corresponds to the Weighted Average Cost of Capital (WACC) of about 11.09% p.a., which is periodically reviewed by the Management. Future prices were estimated based on future quotation (Nybot) and costs were estimated based on the Company's business plan. The average lifetime of coffee and sugarcane productions are 10 and 6 years, respectively.
- iv. Prices of biological assets are obtained through market price surveys disclosed by specialist companies, in addition to prices practiced by the Company in sales to third parties.
- v. The expenses with planting refer to the costs of formation of biological assets.

**f. Investments (parent company)**

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

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

**g. Property, plant and equipment**

**i. Recognition and measurement**

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

The cost includes expenditures that are directly attributable to the acquisition of assets.

The cost of assets constructed by the Company itself include:

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

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

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

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

**ii. Subsequent costs**

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

**iii. Depreciation**

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

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

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

	<u>Useful life</u>
Soil correction and development	13.14 years
Buildings and improvements	34.4 years
Furniture and fixtures	10 years
Equipment and facilities of the office	7.5 years
Agricultural equipment and industrial facilities	15 years
Vehicles	11 years

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

During the periods ended December 31, 2014 and December 31, 2013, the Company did not identified the existence of indicators that the value of certain property, plant and equipment items could be higher than recoverable value and, accordingly, no provision for impairment is necessary.

Assets' residual values and useful lives and depreciation methods are reviewed at yearend, and are adjusted on a prospective basis, if applicable. For the year ended December 31, 2014 was revised the useful lives of items of soil correction and development. The impact in the income statement and equity are not relevant.

## **h. Intangible assets**

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

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

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

On December 31, 2014 and December 31, 2013, the Company did not have intangible assets with an undefined useful life.

## **i. Impairment**

### **i. Financial assets (including receivables)**

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

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

#### *Financial assets measured by the amortized cost*

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

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

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

**ii. Non-financial assets**

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

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

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

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

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

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

**j. Government subsidies**

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

The State Governments of Mato Grosso do Sul and Mato Grosso develop incentives for deferral ICMS debts under the VAT Regulation. The states provide the option to defer the scheme or not deferral regime. In the deferral scheme the company is prevented from appropriating ICMS credits for the acquisition of inputs, raw materials and fixed assets. In the non-deferral regime is allowed the appropriation of credit for acquisitions, but the outputs are taxed. The Planalto, Paiaguás and Planorte Farms made option to defer regime. The Perdizes Farm and Pioneira Farms did not opted for deferral regime.

The Governments State of Mato Grosso do Sul, by law 9716/99, and Goiás, by law No. 13506/99, granted presumed credits incentive ICMS on operations with cotton, with

reduction in value from ICMS payable by 70% to 75% through inclusion of Fazenda Planalto to PDAGRO program (Mato Grosso do Sul), and Pamplona to PROALGO program (Goiás). The State of Mato Grosso granted presumed credit of 75% of ICMS on cotton sales lint, cotton seed and fibril. By opting for these programs, the company is prevented from appropriate credit for purchases of raw materials, inputs and fixed assets. The presumed credits are recorded in income in sales tax line items against recoverable taxes.

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

## **k. Taxes**

### ***Income and social contribution taxes***

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

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

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

Deferred taxes are recognized in relation to the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the related amounts used for taxation purposes.

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

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

Deferred tax assets and liabilities are offset when there is a legal enforceable right to set off current tax assets against tax liabilities, and the latter relate to income taxes levied by the same tax authority on the same taxable entity.

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

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

### **Sales tax**

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

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

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

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

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

## **I. Financial instruments**

### ***i. Non-derivative financial assets***

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

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

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

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

*Financial assets recorded at fair value through profit or loss*

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

*Loans and receivables*

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

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

*Cash and cash equivalents*

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

**ii. Non-derivative financial liabilities**

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

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

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

**iii. Capital**

*Common shares*

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

### *Dividends*

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

### *Repurchase of shares (treasury shares)*

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

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

#### **iv. *Derivative financial instruments, including hedge accounting***

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

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

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

#### *Cash flow hedge*

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

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

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

For the periods ended December 31, 2014 and December 31, 2013, the Company and its subsidiaries only had transactions classified as cash flow hedging.

**m. Leases**

**i. Lease payments**

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

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

**ii. Determining whether an agreement contains a lease**

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

- a. Meeting the agreement depends on the use of said specified asset
- b. The agreement has a right of use of the asset.

At the inception of an agreement or at the time of a possible revaluation thereof, the Group separates payments and other considerations required by said agreement between those for leasing and those for other components, taking as a basis their relative fair values. Should the Group conclude that, for a given financial lease, a reliable separation of the payments is impracticable, one asset and one liability are recognized for an amount equal to the fair value of the underlying asset.

Subsequently, the minimum lease payments made under financial leases are apportioned between financial expense (based on the Group's incremental interest rate) and reduction of the outstanding liability.

**n. Provisions**

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

### *Provisions for tax, civil, environmental and labor risks*

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

#### **o. Share-based payment**

The Company has a Stock Option Plan for the officers and managers that is administrated by a management committee created by the Board of Directors. In the years ended December 31, 2014 and December 31, 2013, the Company measured and recognized these benefits as expenses, in accordance with CPC 10 (IFRS 2). Company's program details are described in Note 23.

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

#### **p. Financial income and expenses**

Financial income include interest revenues, variations in exchange currency of trade accounting receivables and suppliers, monetary variation related to liabilities indexed to soybean, variations in financial assets' fair value measured at fair value through profit or loss, gains on hedge instruments that are recognized in income and reclassifications of gains previously recognized in other comprehensive income. Interest income is recognized in income (loss) under the effective interest method.

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

#### **q. Earnings per share**

Profit per share is basically calculated by dividing net income for the year attributed to holders of the parent company's common shares by the weighted average number of common shares available during the year, in accordance with technical pronouncement CPC 41 (IAS 33). The calculation of diluted earnings per share is performed by dividing adjusted net income for the year by any dividends or other items related to dilutive potential common shares which have been deducted in determining income or loss attributable to ordinary shareholders of the Company, any interest recognized in the

period related to dilutive potential common shares, and any other changes in income or expenses that would result from the translation of dilutive potential common shares by the weighted average number of common shares that would be issued on conversion of all dilutive potential common shares into common shares. (Note 18.h)

**r. Employee benefits**

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

**s. Segment information**

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

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

**t. Statements of added value**

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

**u. New standards and interpretations not yet adopted**

Several new Standards, amendments to standards and interpretations are effective for the years started after January 1, 2015, and have not been adopted to the preparation of these consolidated financial statements. Those that may be relevant to the Group are listed below. The Group does not plan to adopt these standards in advance.

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

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1<sup>st</sup>, 2018, with early adoption permitted.

**IFRS 15 *Revenue from Contracts with Customers***

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after January 1<sup>st</sup>, 2017, with early adoption permitted.

## **4 Significant judgments, estimates and assumptions**

### **a. Judgments**

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

### **b. Estimates and assumptions**

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

#### ***i. Transactions with stock-based payments***

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

#### ***ii. Taxes***

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

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

#### ***iii. Fair value of financial instruments***

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

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

Useful lives of property, plant and equipment items and intangible assets are established based on assumptions that take into consideration the history of assets and intangible assets that have already been depreciated or amortized and on future

projections that are based on estimates that may not be realized as foreseen, and may significantly differ from the originally estimated amount.

- v. Impairment loss for non-financial assets (note 3.i.i)
- vi. Fair value of biological assets (note 3.e)
- vii. Provisions for tax, civil and labor risks (note 3.n).

## 5 Consolidated financial statements

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

Main activity	Companies	Subsidiaries		Location (State)
		Directs %	Indirects %	
Culture of cotton, soybean and corn	Fazenda Parnaíba Empreendimentos Agrícolas Ltda.	100,0	-	Maranhão - MA
	Fazenda Paiaguás Empreendimentos Agrícolas Ltda.	100,0	-	
	Fazenda Planorte Empreendimentos Agrícolas Ltda.	100,0	-	Mato Grosso - MT
Culture of soybean and corn	Fazenda Pioneira Empreendimentos Agrícolas S.A.	50,0	-	
Culture of cotton and soybean	SLC-MIT Empreendimentos Agrícolas S.A.	50,1	-	Rio Grande do Sul - RS

Main activity	Companies	Directs %	Indirects %	Location (State)
Investments in other companies or commercial ventures and leasing	SLC Investimentos Agrícolas Ltda	89.7	10.3	
	Fazenda Pamplona Empreendimentos Agrícolas Ltda	88.5	11.5	
	Fazenda Planalto Empreendimentos Agrícolas Ltda.	88.5	11.5	
	Fazenda Palmares Empreendimentos Agrícolas Ltda	88.5	11.5	
	Fazenda Parnaguá Empreendimentos Agrícolas Ltda.	88.5	11.5	
	SLC Paiaguas Empreendimentos Agrícolas S.A.	88.5	11.5	
	SLC Perdizes Empreendimentos Agrícolas S.A.	88.5	11.5	
	SLC LandCo Empreendimentos Agrícolas S.A.	-	81.2	
	Fazenda Planeste Empreendimentos Agrícolas Ltda.	-	81.2	
	Fazenda Piratini Empreendimentos Agrícolas Ltda	-	81.2	
	Fazenda Panorama Empreendimentos Agrícolas Ltda.	-	81.2	
	Catuaí Norte Participações S.A.	-	81.2	
	SOPER Agrícola Ltda	-	81.2	
	Fazenda Parceiro Empreendimentos Agrícolas Ltda.	-	100.0	
Fazenda Paineira Empreendimentos Agrícolas Ltda.	-	100.0		

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

On January 2<sup>nd</sup>, 2014 the process of total split of SLC Empreendimentos e Agricultura Ltda. was made, through the split of all its assets into seven new subsidiaries under the following trade names: Fazenda Parnaguá Empreendimentos Agrícolas Ltda., Fazenda Pamplona Empreendimentos Agrícolas Ltda., Fazenda Planalto Empreendimentos Agrícolas Ltda., SLC Perdizes Empreendimentos Agrícolas Ltda., SLC Paiaguás Empreendimentos Agrícolas Ltda., Fazenda Palmares Empreendimentos Agrícolas Ltda., SLC Investimentos Agrícolas Ltda. This split is intended to optimize the business management and activities of the Group.

On September 1<sup>st</sup>, 2014, the merger of SLC Agrícola Pejuçara Ltda. (Incorporated) by the Fazenda Paiaguás Empreendimentos Agrícolas Ltda. (Developer) was approved. The merger shall result in greater operational, administrative and financial efficiency. As a result of it, the incorporated company was extinguished and the developer becomes its successor.

On October 6<sup>th</sup>, 2014, the Company signed a contract of improvement of your subsidiary SLC-MIT, with the operation contribution of the direct subsidiary Fazenda Perdizes Empreendimentos Agrícolas Ltda. in the SLC-MIT. On the same date, the Company sold shares of SLC-MIT to Mitsui Group (other shareholder of SLC-MIT), maintaining its current proportion (50.1% for the Company and 49.9% for Mitsui). Additionally, the Company will lease 5,426 hectares belonging to the Agrícola Xingu S.A. (owned by Mitsui Group) in the city of Balsas / MA.

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

Description	Yields	Parent company		Consolidated	
		2014	2013	2014	2013
Cash		240	82	411	131
CDB-DI	100.08% of CDI*	28,528	43,622	50,481	97,476
Repurchase and resale commitments	99.51% of CDI*	128,548	96,730	312,403	282,632
CP Investment Fund	98.84% of CDI*	136	4,896	270	7,628
Other investments	67.57% of CDI*	2,469	317	8,397	5,110
		<b>159,921</b>	<b>145,647</b>	<b>371,962</b>	<b>392,977</b>
Cash and cash equivalents		121,081	82,284	239,141	232,354
CP Interest earnings bank deposits		38,340	63,363	132,821	160,623

(\*) Average yield on December 31, 2014.

Interest-earning bank deposits are represented by investments in bank deposit certificates, purchase and sale commitments (debentures) and short-term investment funds, at market prices and rates, restated by the income earned until December 31, 2014, not exceeding the trading value.

Short-term investments are composed of purchase and sale commitments maturing over more than 90 days and a grace period for redemption in December 2014, premium saving bonds and CDBs (Bank Deposit Certificates) with a redemption period of less than 365 days, tied to the reciprocity of maintenance of balances in counter entry to release of loans.

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

## 7 Trade accounts receivable

	Parent company		Consolidated	
	2014	2013	2014	2013
Domestic market	13,986	7,687	22,580	11,743
Foreign market	48,421	30,833	98,083	50,695
Total	62,407	38,520	120,663	62,438

On December 31, 2014 and December 31, 2013, the Company and its subsidiaries did not have securities whose performance is uncertain and, overdue, therefore, did not recognize an allowance for doubtful accounts.

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

## 8 Inventories

	Parent company		Consolidated	
	2014	2013	2014	2013
Agricultural products	124,296	123,580	209,714	184,690
Agricultural products - formation costs	118,053	95,228	189,434	142,198
Agricultural products – Adjustment at fair value for biological Assets	6,243	28,352	20,280	42,492
Seeds, composts, fertilizers and pesticides	177,038	165,575	358,749	258,041
Packages and containerization material	2,892	2,966	4,632	4,016
Spare parts	3,651	2,937	6,132	4,606
Advances to suppliers	16,482	24,974	32,070	53,797
Other inventories	5,840	5,206	10,089	9,881
Provisions for inventory adjustment	(64)	(155)	(95)	(212)
	330,135	325,083	622,101	514,819

On December 31, 2014, the Company recorded provision for adjustment to market value, where the movement was as follows:

	Parent company	Consolidated
Balance at December 31, 2013	(155)	(212)
Formation of provision	(8,856)	(11,583)
(-) Reversal of provision	8,947	11,700
Balance at December 31, 2014	(64)	(95)

## 9 Biological assets

	Parent Company								
	Current						Non-current		
	Soybean	Cotton	Corn	Coffee	Other crops	Total	Coffee	Sugarcane	Total
<b>Balances at December 31, 2013</b>	84,539	91,453	25,260	1,377	4,304	206,933	3,156	1,305	4,461
Expenditures with planting	204,354	341,266	50,219	3,165	16,760	615,764	-	-	-
Variation of the fair value	31,861	22,633	60	(548)	-	54,006	-	3,169	3,169
Harvest of the agricultural product	(229,278)	(357,555)	(62,558)	(2,863)	(14,313)	(666,567)	(1,547)	(235)	(1,782)
<b>Balances at September 30, 2014</b>	91,476	97,797	12,981	1,131	6,751	210,136	1,609	4,239	5,848
Agricultural products – formation costs	88,907	97,797	12,981	1,131	6,751	207,567	-	-	-
Biological Assets – Adjustment at fair value	2,569	-	-	-	-	2,569	-	-	-

	Consolidated								
	Current						Non-current		
	Soybean	Cotton	Corn	Coffee	Other crops	Total	Coffee	Sugarcane	Total
<b>Balances at December 31, 2013</b>	<b>194,546</b>	<b>148,013</b>	<b>29,858</b>	<b>1,343</b>	<b>4,721</b>	<b>378,481</b>	<b>3,156</b>	<b>1,305</b>	<b>4,461</b>
Expenditures with planting	405,843	560,341	86,489	3,167	26,898	1,082,738	-	-	-
Variation of the fair value	106,463	59,462	(4,001)	(548)	(1,374)	160,002	-	3,169	3,169
Harvest of the agricultural product	(498,635)	(628,699)	(95,511)	(2,863)	(21,141)	(1,246,849)	(1,547)	(235)	(1,782)
<b>Balances at September 30, 2014</b>	<b>208,217</b>	<b>139,117</b>	<b>16,835</b>	<b>1,099</b>	<b>9,104</b>	<b>374,372</b>	<b>1,609</b>	<b>4,239</b>	<b>5,848</b>
Agricultural products – formation costs	190,533	139,117	16,835	1,099	9,104	356,688			
Biological Assets – Adjustment at fair value	17,684	-	-	-	-	17,684			

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

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

Unit	Location	Crops		
		Soybean	Cotton	Corn
Pamplona Farm	Cristalina-GO	October 15 to April 15	November 05 a August 30	October 15 a July 15
Planalto Farm	Costa Rica-MS	September 20 to March 25	December 05 a August 30	January 25 a July 10
Planorte Farm	Sapezal-MT	September 20 to March 15	December 15 a August 30	January 25 a July 10
Paiguás Farm	Diamantino-MT	September 20 to March 15	December 10 a August 30	December 15 a July 15
Perdizes Farm	Porto dos Gaúchos - MT	September 20 to March 15	Does not plant	January 25 a July 10
Pioneira Farm	Querência - MT	October 15 to March 25	Does not plant	February 28 a July 15
Panorana Farm	Correntina-BA	October 15 to April 30	November 20 a August 30	October 15 a July 15
Paladino Farm	São Desidério - BA	October 15 to April 30	November 20 a August 30	Does not plant
Piratini Farm	Jaborandi-BA	October 25 to April 30	November 20 a August 30	October 15 a July 15
Palmares Farm	Barreiras-BA	October 15 to April 30	November 20 a August 30	October 15 a July 15
Parceiro Farm	Formosa do Rio Preto -BA	October 25 to April 30	November 20 a August 15	October 15 a July 15
Parnaíba Farm	Tasso Fragoso-MA	October 15 to April 15	December 15 a August 30	October 15 a July 15
Planeste Farm	Balsas-MA	October 20 to April 15	December 20 a August 30	September 20 a July 15
Paineira Farm	Monte Alegre do Piauí -PI	October 25 to April 15	Does not plant	October 15 a July 15
Parnaguá Farm	Santa Filomena-PI	November 05 to April 15	Does not plant	October 15 a July 15

The areas held in the crop year 2014/15 are as follows:

Crops	Provided 2014/15	Planted Area 2013/14
Cotton	98,562	93,666
Soybean	206,930	184,702
Corn	43,110	50,765
Other Crops <sup>2</sup>	21,477	14,435
	<b>370,079</b>	<b>343,568</b>

<sup>1</sup> By the end of the planting, the area of agricultural planning can change the planting plan due to stormy weather.

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

## 10 Recoverable taxes

	Parent Company		Consolidated	
	2014	2013	2014	2013
Income tax	2,360	60	2,600	161
Social contribution	463	37	499	369
ICMS	38,544	35,474	64,097	49,881
COFINS	27,268	22,307	47,816	36,591
PIS	2,454	4,561	7,215	7,991
IRRF recoverable	1,394	1,071	6,734	2,536
Other	837	1,211	1,181	1,558
	<b>73,320</b>	<b>64,721</b>	<b>130,142</b>	<b>99,087</b>
(-) Portion classified in current assets	<b>(56,674)</b>	<b>(54,362)</b>	<b>(98,566)</b>	<b>(78,361)</b>
Portion classified in non-current assets	<b>16,646</b>	<b>10,359</b>	<b>31,576</b>	<b>20,726</b>

### Income and social contribution taxes

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

### ICMS, PIS and COFINS to offset/recover

These items refer to credits generated in the regular operations of the Company and its subsidiaries, and may be offset with taxes of the same nature. The estimate of taxes realization (ICMS, PIS and COFINS) is evaluated by management based on sales projections of agricultural products, sale of ICMS credits to other parties and compensation/refund of PIS and COFINS with other taxes generated by the operation of Group. The estimated realization period are described below:

Year of Maturity	Parent Company			Consolidated		
	ICMS	COFINS	PIS	ICMS	COFINS	PIS
2015	22,338	27,268	2,454	32,961	47,816	7,215
2016	16,206	-	-	30,021	-	-
2017	-	-	-	1,115	-	-
	<b>38,544</b>	<b>27,268</b>	<b>2,454</b>	<b>64,097</b>	<b>47,816</b>	<b>7,215</b>

### IRRF recoverable

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

## 11 Investments (Parent Company)

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

Investment	Capital Stock	Shareholders' equity	Unrealized gain in Equity	Net income (Loss) for the period	Unrealized profit for the period income	Quantity of shares/ quotas for the period	Percentage of interest	Equity in income of subsidiaries and associated companies	Equity participation
Fazenda Parnaíba Emp. Agr. Ltda.	45,650	232,857	-	21,098	-	45,650	100.00%	21,098	232,857
Fazenda Planorte Emp. Agr. Ltda.	57,050	222,409	-	21,045	-	57,050	100.00%	21,045	222,409
Fazenda Paiaguás Emp. Agr. Ltda.	88,344	271,054	(956)	33,539	(86)	88,344	100.00%	33,453	270,098
Fazenda Perdizes Emp. Agr. Ltda.	-	-	-	(72)	-	-	100.00%	(72)	-
Fazenda Pioneira Emp. Agr. S.A.	91,672	80,780	-	(8,397)	-	45,836	50.00%	(4,199)	40,390
SLC-MIT Emp. Agr. S.A.	109,934	112,431	-	6,115	-	55,077	50.10%	3,064	56,328
SLC Invest. Agrícolas Ltda.	246,308	572,267	(10,707)	15,485	13,558	220,889	89.68%	26,046	503,607
Fazenda Pamplona Emp. Agr. Ltda.	31,766	162,428	(2,550)	5,968	(2,550)	28,107	88.48%	3,024	141,460
Fazenda Planalto Emp. Agr. Ltda.	9,137	229,077	(4,515)	10,173	(4,515)	8,084	88.48%	5,006	198,692
Fazenda Palmares Emp. Agr. Ltda.	109,800	113,432	(2,805)	2,385	(2,806)	97,217	88.54%	(373)	97,949
Fazenda Parnaguá Emp. Agr. Ltda.	29,211	44,365	-	113	-	25,846	88.48%	100	39,254
SLC Paiaguás Emp. Agr. Ltda.	20,347	246,276	(6,314)	14,403	(6,314)	18,003	88.48%	7,157	212,318
SLC Perdizes Emp. Agr. Ltda.	71,263	71,471	(1,661)	207	(1,661)	63,054	88.48%	(1,286)	61,768
								<b>114,063</b>	<b>2,077,130</b>

The main movements in investments in direct permanent equity method on December 31, 2014 are as follows:

Investment	Balance on 12/31/2013	Payment of capital	Total split	Distributed dividends	Equity accounting	Other comprehensive income					Balance on 12/31/2014
						Capital losses on investments	Set taxation in subsidiaries	Unrealized gain/(loss) with hedge instruments	Other adjustments		
Fazenda Parnaíba Emp. Agr. Ltda.	247,641	-	-	(33,436)	21,098	-	-	(2,446)	-	-	232,857
Fazenda Planorte Emp. Agr. Ltda.	230,972	-	-	(28,155)	21,045	-	-	(1,413)	(40)	-	222,409
Fazenda Paiaguás Emp. Agr. Ltda.	223,244	-	42,073	(42,527)	33,453	(3,865)	21,257	(3,537)	-	-	270,098
SLC Agrícola Pejuçara Ltda. <sup>1e4</sup>	51,333	17,834	(42,073)	(27,922)	-	966	-	(138)	-	-	-
Fazenda Perdizes Emp. Agr. Ltda. <sup>5</sup>	9,223	35,749	(44,735)	-	(72)	-	-	(165)	-	-	-
Fazenda Pioneira Emp. Agr. S.A. <sup>2e6</sup>	15,358	30,000	-	-	(4,199)	-	-	(769)	-	-	40,390
SLC-MIT Emp. Agr. S.A. <sup>2e5</sup>	29,967	44,813	(20,806)	(728)	3,064	949	-	(931)	-	-	56,328
SLC Emp. e Agríc. Ltda. <sup>1e3</sup>	1,035,715	-	(1,035,715)	-	-	-	-	-	-	-	-
SLC Invest. Agrícolas Ltda. <sup>1e3</sup>	-	31,622	441,073	-	26,046	4,866	-	-	-	-	503,607
Fazenda Pamplona Emp. Agr. Ltda. <sup>1e3</sup>	-	3	106,521	(3,940)	3,024	-	35,852	-	-	-	141,460
Fazenda Planalto Emp. Agr. Ltda. <sup>1e3</sup>	-	4	140,002	(6,742)	5,006	-	60,422	-	-	-	198,692
Fazenda Palmares Emp. Agr. Ltda. <sup>1e3</sup>	-	530	97,786	-	(373)	6	-	-	-	-	97,949
Fazenda Parnaguá Emp. Agr. Ltda. <sup>1e3</sup>	-	3	35,041	-	100	-	4,110	-	-	-	39,254
SLC Paiaguás Emp. Agr. Ltda. <sup>1e3</sup>	-	-	152,242	(9,970)	7,157	-	62,889	-	-	-	212,318
SLC Perdizes Emp. Agr. Ltda. <sup>1e3</sup>	-	4	63,050	-	(1,286)	-	-	-	-	-	61,768
<b>Total on December 31, 2014</b>	<b>1,843,453</b>	<b>160,562</b>	<b>(65,541)</b>	<b>(153,420)</b>	<b>114,063</b>	<b>2,922</b>	<b>184,530</b>	<b>(9,399)</b>	<b>(40)</b>	<b>(40)</b>	<b>2,077,130</b>

- 1 The Company have an indirect control by Fazenda Paiaguás Empreendimentos Agrícolas Ltda.
- 2 The Company has control over the Fazenda Pioneira Empreendimentos Agrícolas S.A. and SLC-MIT Empreendimentos Agrícolas S.A. for being responsible for the management of the relevant activities of these companies and be exposed to the returns on investment in terms of its influence over them.

- 3 On January 2<sup>nd</sup>, 2014 the process of total split of SLC Empreendimentos e Agricultura Ltda. through the transfer of all the assets split into seven new subsidiaries. For further information see note 5.
- 4 On September 1<sup>st</sup>, 2014 the process of incorporation of SLC Agrícola Pejuçara Ltd. by Fazenda Paiaguás Empreendimentos Agrícolas Ltda. was performed. For further information see note 5.
- 5 On October 6<sup>th</sup>, 2014, the Company signed the extension of the operation with the Japanese multinational Mitsui & Co. Ltd., with the contribution of direct subsidiary operation Fazenda Perdizes Empreendimentos Agrícolas Ltda. to SLC-MIT Empreendimentos Agrícolas S.A. Additional informations are described in note 5.
- 6 On October 8<sup>th</sup>, 2014 was approved at Extraordinary General Meeting of Finance Fazenda Pioneira Empreendimentos Agrícolas S.A., increased its share capital through issuance of 60,000,000 shares with total amount of R\$ 60,000. The payment will be held in identical values by owners of SLC Agrícola SA and Soares Penido.

See below the main information about investments in direct and permanent subsidiaries, as on December 31, 2014:

**Directly controlled**

Investments	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity	Income	Expenses
Fazenda Parnaíba Emp. Agr. Ltda.	175,920	310,849	164,497	89,415	232,857	233,090	211,992
Fazenda Planorte Emp. Agr. Ltda.	99,993	268,015	86,591	59,008	222,409	146,876	125,831
Fazenda Paiaguás Emp. Agr. Ltda.	227,369	239,609	174,002	21,922	271,054	285,054	251,515
SLC Agrícola Pejuçara Ltda.	-	-	-	-	-	-	-
Fazenda Perdizes Emp. Agr. Ltda.	-	-	-	-	-	29,318	29,390
Fazenda Pioneira Emp. Agr. S.A.	52,995	113,978	62,402	23,791	80,780	16,319	24,716
SLC-MIT Emp. Agr. S.A.	146,848	82,750	100,544	16,623	112,431	98,914	92,799
SLC Investimentos Agrícolas Ltda	420	614,287	17,969	24,471	572,267	25,872	10,387
Fazenda Pamplona Emp. Agr. Ltda	140	167,348	122	4,938	162,428	7,617	1,649
Fazenda Planalto Emp. Agr. Ltda.	52	236,850	157	7,668	229,077	12,804	2,631
Fazenda Palmares Emp. Agr. Ltda	530	113,629	719	8	113,432	8,617	6,232
Fazenda Parnaguá Emp. Agr. Ltda.	552	50,410	6,134	463	44,365	1,238	1,125
SLC Paiaguás Emp. Agrícolas S.A.	300	254,318	273	8,069	246,276	18,561	4,158
SLC Perdizes Emp. Agrícolas S.A.	3,347	87,860	19,548	188	71,471	5,674	5,467

**Indirectly controlled**

Investments	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity	Income	Expenses
SLC LandCo Emp. Agrícolas S.A.	63,507	436,744	3,914	-	496,337	29,432	10,944
Fazenda Planeste Emp. Agr. Ltda.	15,216	136,500	249	3,660	147,807	8,934	1,687
Fazenda Piratini Emp. Agr. Ltda	3,940	107,909	87	2,111	109,651	3,312	788
Fazenda Panorama Emp. Agr. Ltda.	12,869	117,901	247	2,016	128,507	6,627	1,966
Catuaí Norte Participações S.A.	-	2,267	17	232	2,018	184	103
SOPER Agrícola Ltda	-	2,240	11	176	2,053	184	69
Fazenda Parceiro Emp. Agr. Ltda.	28	117,417	208	-	117,237	(180)	90
Fazenda Paineira Emp. Agr. Ltda.	2,480	70,136	36	98	72,482	3,103	704

## 12 Property, plant and equipment

### Parent company

<b>Cost of the gross fixed assets</b>	Balance on 2013	Acquisitions	Write-offs	Transfers	Balance on 2014
Soil correction and development	252,604	30,762	(469)	-	<b>282,897</b>
Buildings and improvements	91,381	513	-	1,895	<b>93,789</b>
Agricultural equipment and industrial facilities	375,009	13,166	(23,252)	(4)	<b>364,919</b>
Vehicles	20,658	2,262	(1,616)	50	<b>21,354</b>
Furniture and fixtures	9,023	644	(98)	-	<b>9,569</b>
Equipment and facilities of the office	5,012	1,374	(218)	-	<b>6,168</b>
Others	1,029	38	(46)	-	<b>1,021</b>
Advances to suppliers	4,248	79	(3,809)	-	<b>518</b>
Works in progress	7,667	11,921	-	(1,941)	<b>17,647</b>
<b>Total</b>	<b>766,631</b>	<b>60,759</b>	<b>(29,508)</b>	<b>-</b>	<b>797,882</b>

<b>Depreciation</b>	Balance on 2013	Acquisitions	Write-offs	Transfers	Balance on 2014
Soil correction and development	157,159	21,150	(6)	-	<b>178,303</b>
Buildings and improvements	9,387	3,003	-	-	<b>12,390</b>
Agricultural equipment and industrial facilities	140,277	35,566	(9,185)	-	<b>166,658</b>
Vehicles	9,164	1,374	(975)	-	<b>9,563</b>
Furniture and fixtures	2,718	578	(17)	-	<b>3,279</b>
Equipment and facilities of the office	2,750	801	(121)	-	<b>3,430</b>
<b>Total</b>	<b>321,455</b>	<b>62,472</b>	<b>(10,304)</b>	<b>-</b>	<b>373,623</b>

<b>Net residual value</b>	2013	2014
Soil correction and development	95,445	<b>104,594</b>
Buildings and improvements	81,994	<b>81,399</b>
Agricultural equipment and industrial facilities	234,732	<b>198,261</b>
Vehicles	11,494	<b>11,791</b>
Furniture and fixtures	6,305	<b>6,290</b>
Equipment and facilities of the office	2,262	<b>2,738</b>
Others	1,029	<b>1,021</b>
Advances to suppliers	4,248	<b>518</b>
Works in progress	7,667	<b>17,647</b>
<b>Total</b>	<b>445,176</b>	<b>424,259</b>

### Consolidated

<b>Cost of the gross fixed assets</b>	Balance on 2013	Acquisitions	Write-offs	Transfers	Balance on 2014
Crop lands	1,855,513	1,321	(10,097)	-	<b>1,846,737</b>
Soil correction and development	394,700	76,203	(526)	-	<b>470,377</b>
Buildings and improvements	219,050	680	(316)	17,777	<b>237,191</b>
Agricultural equipment and industrial facilities	627,141	51,291	(29,058)	12,123	<b>661,497</b>
Vehicles	36,217	3,456	(2,118)	50	<b>37,605</b>
Furniture and fixtures	11,523	1,062	(119)	14	<b>12,480</b>
Equipment and facilities of the office	11,022	2,364	(183)	(3)	<b>13,200</b>
Others	5,130	358	(92)	-	<b>5,396</b>
Advances to suppliers	5,638	3,252	(7,245)	-	<b>1,645</b>
Works in progress	36,095	55,479	-	(29,961)	<b>61,613</b>
<b>Total</b>	<b>3,202,029</b>	<b>195,466</b>	<b>(49,754)</b>	<b>-</b>	<b>3,347,741</b>

<b>Depreciation</b>	Balance on 2013	Acquisitions	Write-offs	Transfers	Balance on 2014
Soil correction and development	237,392	34,476	(6)	-	<b>271,862</b>
Buildings and improvements	40,770	6,742	(128)	-	<b>47,384</b>
Agricultural equipment and industrial facilities	216,706	56,037	(16,466)	-	<b>256,277</b>
Vehicles	13,808	2,333	(1,575)	-	<b>14,566</b>
Furniture and fixtures	3,644	784	(79)	-	<b>4,349</b>
Equipment and facilities of the office	4,172	1,275	(149)	-	<b>5,298</b>
Others	194	-	-	-	<b>194</b>
<b>Total</b>	<b>516,686</b>	<b>101,647</b>	<b>(18,403)</b>	<b>-</b>	<b>599,930</b>

<b>Net residual value</b>	<b>2013</b>	<b>2014</b>
Crop lands	1,855,513	<b>1,846,737</b>
Soil correction and development	157,308	<b>198,515</b>
Buildings and improvements	178,280	<b>189,807</b>
Agricultural equipment and industrial facilities	410,435	<b>405,220</b>
Vehicles	22,409	<b>23,039</b>
Furniture and fixtures	7,879	<b>8,131</b>
Equipment and facilities of the office	6,850	<b>7,902</b>
Others	4,936	<b>5,202</b>
Advances to suppliers	5,638	<b>1,645</b>
Works in progress	36,095	<b>61,613</b>
<b>Total</b>	<b>2,685,343</b>	<b>2,747,811</b>

On December 31<sup>st</sup>, 2014 the work in progress were mainly represented by improvements in the building of the cotton gin in Paiaguás, Parnaíba, Panorama, Planeste, Pamplona and Palmares farms in the amount of R\$13,366, grain storage in Paladino, Perdizes, Panorama, Pioneira, Planorte, Planeste, Paineira and Palmares farms in the amount of R\$17,209 and infrastructure (improvements, roads, warehouses, and others) in the amount of R\$31,038. The amount of interest that was capitalized to work in progress as of December 31<sup>st</sup>, 2014 was R\$2,715 (R\$929 as of December 31<sup>st</sup>, 2013). The capitalization rate used to determine the capitalizable loan costs was 6.86% p.y.

On December 31<sup>st</sup>, 2014, there were fixed assets provided as guarantee against bank loans in the amount of R\$465,176 (R\$449,526 on December 31<sup>st</sup>, 2013).

### 13 Balances and transactions with related parties

On December 31, 2014 and 2013, the related party balances and transactions are comprised as follow:

## a. Related party balances

### Balances receivable with related parties

	Other accounts receivable		Advances for future capital increase		Total accounts receivable	
	2014	2013	2014	2013	2014	2013
<b>Direct subsidiaries</b>						
Fazenda Planorte Empreendimentos Agrícolas Ltda	1,849	-	-	-	1,849	-
Fazenda Parnaíba Empreendimentos Agrícolas Ltda	-	184	-	-	-	184
Fazenda Paiguás Empreendimentos Agrícolas Ltda	89	809	-	-	89	809
SLC Agrícola Pejuçara Ltda	-	1,848	-	-	-	1,848
Fazenda Perdizes Empreendimentos Agrícolas Ltda	105	800	-	27,749	105	28,549
SLC Investimentos Agrícolas Ltda	4	86	7,389	-	7,393	86
Fazenda Pioneira Empreendimentos Agrícolas Ltda	125	120	-	-	125	120
SLC - MIT Empreendimentos Agrícolas Ltda	271	8,243	-	-	271	8,243
Fazenda Pamplona Empreendimentos Agrícolas Ltda	13	-	-	-	13	-
Fazenda Planalto Empreendimentos Agrícolas Ltda	13	-	-	-	13	-
Fazenda Parnaguá Empreendimentos Agrícolas Ltda	13	-	-	-	13	-
Fazenda Palmares Empreendimentos Agrícolas Ltda	267	-	-	-	267	-
SLC Paiguás Empreendimentos Agrícolas Ltda	4	-	-	-	4	-
SLC Perdizes Empreendimentos Agrícolas Ltda	13	-	-	-	13	-
<b>Indirect subsidiaries</b>						
Fazenda Piratini Empreendimentos Agrícolas Ltda	-	407	-	-	-	407
Fazenda Paineira Empreendimentos Agrícolas Ltda	-	25	-	-	-	25
Fazenda Parceiro Empreendimentos Agrícolas Ltda	202	25	-	-	202	25
<b>Final parent Company</b>						
SLC Participações S.A.	3	4	-	-	3	4
<b>Total</b>	<b>2,971</b>	<b>12,551</b>	<b>7,389</b>	<b>27,749</b>	<b>10,360</b>	<b>40,300</b>

### Balances payable with related parties

	Leases payable		Other accounts payable		Loans payable		Total payable	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Direct subsidiaries</b>								
Fazenda Planorte Empr. Agr. Ltda	-	-	-	885	-	-	-	885
Fazenda Parnaíba Empr. Agr. Ltda	-	-	99	-	-	1,625	99	1,625
SLC Investimentos Agrícolas Ltda	-	-	145	-	-	-	145	-
<b>Indirect subsidiaries</b>								
Fazenda Pamplona Empr. Agr. Ltda	1,953	-	-	-	-	-	1,953	-
Fazenda Planalto Empr. Agr. Ltda	3,352	-	-	-	-	-	3,352	-
Fazenda Panorama Empr. Agr. Ltda	1,936	1,795	-	-	-	-	1,936	1,795
Fazenda Planeste Empr. Agr. Ltda	2,755	2,464	-	-	-	-	2,755	2,464
Fazenda Piratini Empr. Agr. Ltda	1,081	942	-	-	-	-	1,081	942
Fazenda Parceiro Empr. Agr. Ltda	-	750	-	-	-	-	-	750
Fazenda Paineira Empr. Agr. Ltda	899	657	68	-	-	-	967	657
<b>Other related parties</b>	-	-	63	56	-	-	63	56
<b>Total</b>	<b>11,976</b>	<b>6,608</b>	<b>375</b>	<b>941</b>	<b>-</b>	<b>1,625</b>	<b>12,351</b>	<b>9,174</b>

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

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

## b. Related party transactions that affected the results for the period

	Sales of goods/ products/ property, plant and equipment	Lease costs	Purchases of goods/ products	Financial income - Interest and monetary variation	Financial expenses - Interest and monetary variation
Fazenda Planorte atpr. Agr. Ltda					
Total at 12/31/2014	1,987	-	305	-	-
Total at 12/31/2013	284	-	924	15	1
Fazenda Parnaíba atpr. Agr. Ltda					
Total at 12/31/2014	2,318	-	1,604	1,203	78
Total at 12/31/2013	2,453	-	2,854	484	51
Fazenda Paiaguás atpr. Agr. Ltda					
Total at 12/31/2014	3,465	-	203	5	13
Total at 12/31/2013	87	-	1,188	4	3
SLC Agrícola Pejuçara Ltda					
Total at 12/31/2014	-	-	3	-	-
Total at 12/31/2013	144	-	251	2	-
Fazenda Perdizes atpr. Agr. Ltda					
Total at 12/31/2014	450	-	-	-	-
Total at 12/31/2013	17	-	-	-	-
SLC Investimentos Agrícolas Ltda					
Total at 12/31/2014	-	-	-	-	-
Total at 12/31/2013	-	30,304	-	281	196
Fazenda Pamplona atpr. Agr. Ltda					
Total at 12/31/2014	-	7,547	-	185	-
Total at 12/31/2013	-	-	-	-	-
Fazenda Planalto atpr. Agr. Ltda					
Total at 12/31/2014	-	12,691	-	160	-
Total at 12/31/2013	-	-	-	-	-
SLC Paiaguás atpr. Agr. Ltda					
Total at 12/31/2014	-	18,379	-	-	-
Total at 12/31/2013	-	-	-	-	-
Fazenda Palmares atpr. Agr. Ltda					
Total at 12/31/2014	-	8,313	-	391	-
Total at 12/31/2013	-	-	-	-	-
SLC Perdizes atpr. Agr. Ltda					
Total at 12/31/2014	-	5,472	-	-	-
Total at 12/31/2013	-	-	-	-	-
Fazenda Panorama atpr. Agr. Ltda					
Total at 12/31/2014	-	5,512	-	-	-
Total at 12/31/2013	-	6,366	-	307	-
Fazenda Planeste atpr. Agr. Ltda					
Total at 12/31/2014	-	7,662	-	-	-
Total at 12/31/2013	-	7,100	-	514	-
Fazenda Piratini atpr. Agr. Ltda					
Total at 12/31/2014	315	2,957	-	-	-
Total at 12/31/2013	-	2,389	-	173	-
Fazenda Parceiro atpr. Agr. Ltda					
Total at 12/31/2014	-	(184)	-	-	-
Total at 12/31/2013	-	2,200	-	-	-
Fazenda Paineira atpr. Agr. Ltda					
Total at 12/31/2014	-	3,006	-	100	-
Total at 12/31/2013	-	1,822	-	-	-
Fazenda Pioneira atpr. Agr. Ltda					
Total at 12/31/2014	2,550	-	-	-	-
Total at 12/31/2013	1,671	-	-	-	-
SLC-MIT atpr. Agr. Ltda					
Total at 12/31/2014	15,693	-	-	-	-
Total at 12/31/2013	17,810	-	-	-	-
Outras atpresas					
Total at 12/31/2014	-	-	329	-	-
Total at 12/31/2013	-	-	249	-	-
<b>Total at 12/31/2014</b>	<b>26,778</b>	<b>71,355</b>	<b>2,444</b>	<b>2,044</b>	<b>91</b>
Total at 12/31/2013	22,466	50,181	5,466	1,780	251

## c. Lease contract payable

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

A rural lease agreement signed with the subsidiary SLC Empreendimentos e Agricultura Ltda and its subsidiaries for an indefinite period took effect on January 2<sup>nd</sup>, 2011, Due to split that occurred on January 2<sup>nd</sup>, 2014 the rights and obligations have been transferred to the new Companies as follow: Fazenda Parnaguá Empreendimentos Agrícolas Ltda., Fazenda Pamplona Empreendimentos Agrícolas Ltda., Fazenda Planalto Empreendimentos Agrícolas Ltda., SLC Perdizes Empreendimentos Agrícolas Ltda., SLC Paiaguás Empreendimentos Agrícolas Ltda., Fazenda Palmares Empreendimentos Agrícolas Ltda., SLC Investimentos Agrícolas Ltda. The lease agreement has a minimum term of 20 years, with renewal dependent on the will of the parties, however lessees have preference.

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

On December 31, 2014, the annual value lease of R\$65,917, referring to the 2014/15 crop, can be demonstrated as follows:

Farm	Value		Farm	Value	
	2014	2013		2014	2013
Planalto	R\$ 10.660	7.483	Paiaguás	R\$ 15,146	9,884
Pamplona	R\$ 6.567	5.902	Paineira	R\$ 2,688	1,965
Planeste	R\$ 8.241	7.371	Parceiro	R\$ 657	2,245
Panorama	R\$ 5.792	5.372	Perdizes	R\$ 5,172	4,830
Piratini	R\$ 3.235	2.818	Parnaíba	R\$ 151	-
Palmares	R\$ 7.608	7.315	Parnagua	R\$ -	2,100

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

**d. Management compensation**

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

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

	Parent Company		Consolidated	
	2014	2013	2014	2013
<b>Board of Directors, Statutory Executive Board and Fiscal Council</b>				
Directors fee	3,533	2,932	4,360	3,560
Bonuses	1,328	668	1,457	817
Charges	1,309	965	1,560	1,171
Stock option plan	1,776	2,190	2,057	2,376
Other benefits	31	(28)	37	(21)
<b>Total</b>	<b>7,977</b>	<b>6,727</b>	<b>9,471</b>	<b>7,903</b>

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

## 14 Loans and financing

	Indexador	Average annual interest rates (%)		Parent company		Consolidated	
		2014	2013	2014	2013	2014	2013
<u>Used in the Property, plant and equipment</u>							
	Fixed and long-term interest rate*	5.37%	5.42%	86,633	86,789	151,126	123,880
Finame – BNDES Constitutional Funds**	-	7.39%	7.38%	12,270	35,227	22,339	56,776
Investment financing	US\$ e Libor***	5.36%	5.54%	15,487	18,961	15,486	18,961
				<b>114,390</b>	140,977	<b>188,951</b>	199,617
<u>Invested in Working Capital</u>							
Rural credit	-	7.47%	6.99%	105,218	184,452	277,993	307,311
Constitutional Funds**	-	7.51%	7.23%	166,254	91,991	276,866	136,981
Working Capital	-	10.38%	12.16%	-	40,088	45,244	65,738
Export financing	CDI US\$,	12.53%	10.77%	66,865	100,085	73,712	100,085
Export financing	Libor+Pré	3.71%	3.92%	469,210	360,557	469,210	360,557
				<b>807,547</b>	777,173	<b>1,143,025</b>	970,672
				<b>921,937</b>	918,150	<b>1,331,976</b>	1,170,289
Portion classified in current assets				430,655	481,354	780,739	692,418
Installment classified in non-current				491,282	436,796	551,237	477,871

(\*) Long-term interest rate (TJLP)

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

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

Finame – BNDES – Investment facility of the Brazilian National Development Bank (BNDES). Guaranteed by financed assets and collateral signatures of the Company or SLC Participações S.A. Amortizations are performed on a monthly, quarterly, semiannual or annual basis, and will occur between the periods of 01/15/2015 to 09/15/2024.

Constitutional Funds – Investment and working capital facility of the Northeast Fund (FNE) and Center-West Fund (FCO). Guaranteed by collateral signatures of the Company or SLC Participações S.A., and, in some transactions, by land pledge and mortgages. The periodicity of their amortizations is annual or semiannual, with maturities between 04/01/2015 and 02/01/2018.

Investment Financing - Investment line intended for machinery and equipment, where the periodicity of the amortizations is semiannual with final maturity on 04/15/2017.

Guaranteed by collateral signatures of SLC Participações S.A. and by financed machines.

**Rural Credit** – Funds intended to cover crop costs and trading, whose rules, purposes and conditions are established in the Rural Credit Guide (MCR) prepared by the Brazilian Central Bank. Guaranteed by collateral signatures of the Company or SLC Participações S.A., and, in some transactions, by the crop. The periodicity of their amortizations is annual, with maturities between 04/17/2015 and 09/30/2015.

**External Loans** – Financing of long-term exports captured in dollar indexed to 6-month libor (London Interbank Offered Rate) plus pre-fixed rate: NCE (Export Credit Note) and PPE (Export prepayment), the periodicity of their amortizations is annual or six-month period, final maturity on 12/19/2019. Guaranteed by collateral signatures of the Company or SLC Participações S.A. with land mortgage or “clean”. These contracts provide for compliance with certain commitments (*covenants*) approved by SLC Agrícola (Current Liquidity, Third parties’ Interest, Net Financial Debt over EBITDA and Cash Liquidity).

**Working Capital** – very short-term credit facility intended to supply cash needs, with maturities between 01/22/2015 and 10/18/2015. Guarantees not required.

The maturities of short and long-term loans and financing are as follow:

Years of maturity	Parent Company		Consolidated	
	2014	2013	2014	2013
2015	430,655	481,354	780,739	692,418
2016	183,611	154,789	194,922	167,725
2017	119,431	127,958	129,345	136,143
2018	85,416	62,497	95,311	69,220
2019	83,368	40,127	89,079	45,308
Após 2019	19,456	51,425	42,580	59,475
	921,937	918,150	1,331,976	1,170,289

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

### Financial covenants

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

- i. Current Liquidity Index (AC/PC): current assets divided by consolidated current liabilities, equal to or higher than 1.2 times
- ii. Total Consolidated liabilities/tangible Shareholders' equity: total liabilities divided by shareholders' equity less consolidated intangible assets, equal to or lower than 1.5 times.
- iii. Net Leverage (Total Net Financial Debt/EBITDA): total loans and financing, less cash, bank and “cash equivalents” position, less short-term investments, divided by operating income before interest, income tax, depreciation and amortization of prior 12 months, equal to or lower than 4.0 times.
- iv. Consolidated cash liquidity: cash, banks, and "cash equivalents" position plus short-term investments, equal to or higher than R\$75,000,000.00.

Failure to comply with contractual terms of financial commitments can cause the prepayment of loans and financing..The Company is compliant with agreement clauses.

## 15 Provision for tax, environmental and labor risks

On December 31, 2014, the Company recorded provision for labor contingencies in the amount of R\$830 (R\$1,429 in the consolidated statement) and R\$ 793 on December 31, 2013 (R\$1,226 consolidated), which refer to lawsuits filed by former employees, whose likelihood of loss was indicated as probable by our legal advisors. The provision for contingencies is recorded in caption labor and social security provisions in current liabilities. The Company has the amount of R\$2,790 (R\$3,762 in the consolidated statement), relating to labor proceedings whose loss was considered possibly by the legal advisors, and consequently, no provision was recorded for these lawsuits.

The Company recorded a provision for environmental claims in the amount of R\$ 400 (R\$ 400 in the consolidated), in December, 31 2014 whose likelihood of loss is assessed as probable by our legal counsel. The provision for environmental process is recorded under other provisions in current liabilities. The Company also identifies the existence of environmental contingency whose risk of loss processes, in accordance with its legal counsel, it is possible for the amount of approximately R\$ 2,084 (R\$ 2,400 in consolidated) at December 31, 2014 and 2013, for which no provision recorded. These processes refer to actions brought by the Brazilian Institute of Environment and Renewable Natural Resources - IBAMA and the Environmental Police in Cassilândia - MS.

We present below the movement of provisions:

	Parent company			
	Tax	Labor	Environmental	Total
Balance at December 31, 2013	160	793	400	1,353
New lawsuits/ supplements	-	396	-	396
(-) Reversals	-	(359)	-	(359)
Balance at December 31, 2014	160	830	400	1,390

	Consolidated			
	Tax	Labor	Environmental	Total
Balance at December 31, 2013	160	1,226	400	1,786
New lawsuits/ supplements	-	573	-	573
(-) Reversals	-	(370)	-	(370)
Balance at December 31, 2014	160	1,429	400	1,989

As of December 31, 2009, the Company recorded a reserve for tax contingencies in the amount of R\$160 (parent company and consolidated), as defeated party's fees, referring to a lawsuit against the Union to declare the right of considering BTNF value adjusted at IPC variation over 1990, for the adjustment its financial statements for inflation in 1990, whose likelihood of loss is probable, according to legal advisors. Tax value was deposited in escrow. On December 31, 2014 the Company has an amount of R \$ 2,845 (R\$ 8,716 in consolidated) for the tax processes whose loss was considered possible by legal counsel and, accordingly, no provision for these shares was recorded.

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

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

## 16 Deferred income and social contribution taxes

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

Description	Parent Company					
	2014			2013		
	Income tax	Social contribution	Total	Income tax	Social contribution	Total
<b>Assets:</b>						
Temporary differences:						
Taxes on non-benefitted activities	138	-	138	138	-	138
Provision for inventory adjustment	16	6	22	39	14	53
Provision for PPR	1,092	393	1,485	1,409	507	1,916
Provision for tax losses	500	180	680	500	180	680
Operations with derivatives	19,169	6,901	26,070	14,278	5,138	19,416
Provision for Senar	928	334	1,262	752	271	1,023
Others	1,087	391	1,478	1,082	389	1,471
Tax losses and negative basis	40,762	14,872	55,634	40,775	14,876	55,651
	<b>63,692</b>	<b>23,077</b>	<b>86,769</b>	<b>58,973</b>	<b>21,375</b>	<b>80,348</b>
<b>Liabilities:</b>						
Incentivized depreciation from rural activity*	52,581	18,928	71,509	57,265	20,616	77,881
Bargain gain on acquisition of equity interest	5,539	1,994	7,533	5,539	1,994	7,533
Deemed cost from property, plant and equipment	8,044	2,896	10,940	24,412	8,788	33,200
Fair value of biological assets	3,065	1,103	4,168	8,812	3,172	11,984
Capitalization of interest on borrowings	-	-	-	1,244	448	1,692
	<b>69,229</b>	<b>24,921</b>	<b>94,150</b>	<b>97,272</b>	<b>35,018</b>	<b>132,290</b>
Total net	<b>(5,537)</b>	<b>(1,844)</b>	<b>(7,381)</b>	<b>(38,299)</b>	<b>(13,643)</b>	<b>(51,942)</b>
Classified as noncurrent liabilities	<b>(5,537)</b>	<b>(1,844)</b>	<b>(7,381)</b>	<b>(38,299)</b>	<b>(13,643)</b>	<b>(51,942)</b>

Description	Consolidated					
	2014			2013		
	Income tax	Social contribution	Total	Income tax	Social contribution	Total
<b>Assets:</b>						
Temporary differences:						
Taxes on non-benefitted activities	138	-	138	138	-	138
Provision for inventory adjustment	24	7	31	53	19	72
Provision for PPR	1,617	583	2,200	1,924	691	2,615
Provision for tax losses	500	180	680	500	180	680
Operations with derivatives	30,456	10,964	41,420	21,746	7,853	29,599
Provision for Senar	1,700	613	2,313	1,303	471	1,774
Others	2,515	905	3,420	2,919	1,024	3,943
Tax losses and negative basis	68,396	24,820	93,216	53,491	19,453	72,944
	<b>105,346</b>	<b>38,072</b>	<b>143,418</b>	<b>82,074</b>	<b>29,691</b>	<b>111,765</b>
<b>Liabilities:</b>						
Incentivized depreciation from rural activity*	101,296	36,370	137,666	94,576	33,944	128,520
Bargain gain on acquisition of equity interest	5,647	2,033	7,680	5,648	2,033	7,681
Deemed cost from property, plant and equipment	114,809	44,336	159,145	267,586	97,186	364,772
Operações com derivativos	10,352	3,728	14,080	17,710	6,377	24,087
	-	-	-	1,906	688	2,594
	<b>232,104</b>	<b>86,467</b>	<b>318,571</b>	<b>387,426</b>	<b>140,228</b>	<b>527,654</b>
	<b>(126,758)</b>	<b>(48,395)</b>	<b>(175,153)</b>	<b>(305,352)</b>	<b>(110,537)</b>	<b>(415,889)</b>
Total net	6,145	2,213	8,358	2,885	1,039	3,924
Classified as noncurrent liabilities	(132,903)	(50,608)	(183,511)	(308,237)	(111,576)	(419,813)

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

In 2014, motivated by corporate reorganization of the Group, the subsidiary "SLC Empreendimentos e Agricultura Ltda." which owned arable land in the amount of R\$ 880,739 was split in seven new subsidiaries, as described in Note 5. After the split, was elected to the deemed income taxation for a new subsidiaries with the main reason the potential reduction of taxes, as corporate purpose of the subsidiaries (sale of arable land and land lease).

Due to the change in the form of taxes on income, the estimate of realization of deferred taxes was also changed. For subsidiaries Fazenda Parnaguá Empreendimentos Agrícolas Ltda., Fazenda Pamplona Empreendimentos Agrícolas Ltda., Fazenda Planalto Empreendimentos Agrícolas Ltda., and SLC Paiaguás Empreendimentos Agrícolas Ltda. deferred taxes were recalculated taking as profit presumption based on a percentage of 12% for Income tax (IR) and 9% for Social Contribution on Net Income (CSLL). The impact of changes in estimates affected only the amount of deferred taxes allocated to the allocation of surplus value, the assets of those subsidiaries resulting from the adoption of deemed cost on January 1, 2009, resulting in the reduction of R \$ 184,530 in income tax and Deferred social contribution (liability) and an increase by the same amount in Patrimonial Valuation Adjustments (Equity).

The change in deferred tax estimates, the subsidiaries described above, did not affect the results of the period of components, considering that at the time of initial adoption of deemed cost and the corresponding deferred tax amounts were recorded directly in Equity Valuation Adjustments to Equity consolidated. To the Company's financial statements, the values affected the Investment balances and Valuation Adjustments in the Individual Company Equity. This change in the estimate had no effect on the Company's cash flows or its subsidiaries.

The Company and its subsidiaries, based on their expectations of generating future taxable income, based on a technical study prepared by the Management, recognized tax credits on tax losses, negative basis of social contribution and temporary differences, for which there is no statutory limitation period. The book value of deferred assets is reviewed annually by the Company, and the adjustments have not been significant as initially estimated by Management. The technical study considers investments and income tax reduction incentives of up to 75% on income from exploration of farms located in benefited regions.

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

	Parent Company		Consolidated	
	2014	2013	2014	2013
2014	-	38,193	-	43,387
2015	41,760	29,936	53,364	33,436
2016	30,595	12,219	44,197	25,967
2017	8,433	-	16,161	3,122
2018	5,981	-	11,334	5,853
2019	-	-	4,373	-
2020	-	-	3,899	-
2021	-	-	5,356	-
2022	-	-	4,734	-
	<b>86,769</b>	<b>80,348</b>	<b>143,418</b>	<b>111,765</b>

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

### Reconciliation of tax expenses with official rates

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

Reconcilement of the parent company's actual rate:

	Parent Company			
	2014		2013	
	IRPJ	CSLL	IRPJ	CSLL
Income before tax on profit	49,252	49,252	84,695	84,695
Income and social contribution taxes at the nominal rate from 25% to 9%, respectively	(12,313)	(4,433)	(21,174)	(7,623)
Adjustments for calculation of effective rate				
Equity income (loss)	28,516	10,266	30,193	10,869
Permanent additions or exclusions	(2,502)	(900)	(1,613)	(580)
Other	12	-	593	213
Value recorded in the income	13,713	4,933	7,999	2,879
Total income and social contribution taxes		18,646		10,878
Deferred taxes		18,674		10,878
Current taxes		(28)		-
Effective rate		-37.9%		-12.8%

## Reconciliation of the Consolidated actual rate:

	Consolidated			
	2014		2013	
	IRPJ	CSLL	IRPJ	CSLL
Income before tax on profit	89,072	89,072	125,584	125,584
Income and social contribution taxes at the nominal rate of 25% and 9%, respectively	(22,268)	(8,016)	(31,396)	(11,303)
Adjustments for calculation of effective rate				
Permanent exclusions	(5,826)	(2,097)	(5,123)	(1,845)
Permanent additions	2,785	-	3,802	-
Tax incentives of subsidiaries				
Income and social contribution taxes in companies taxed by the deemed profit system	12,599	4,535	11,512	4,130
Elimination Unrealized profit	(1,203)	(433)	(46)	(17)
Other	1,003	(8)	1,172	133
Value recorded in the income	(12,910)	(6,019)	(20,079)	(8,902)
Total income and social contribution taxes		(18,929)		(28,981)
Deferred taxes		24,591		17,460
Current taxes		(43,520)		(46,441)
Effective rate		21.3%		23.1%

## Reconciliation of deferred income tax and social contribution variation

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

Description	Parent Company			
	Balance in 2013	Recognized in income	Recognized in comprehensive income	Balance in 2014
Taxes on non-benefitted activities	138	-	-	138
Provision for inventory adjustment	53	(31)	-	22
Provision for PPR	1,916	(431)	-	1,485
Provision to tax losses	680	-	-	680
Operations with derivatives	19,416	1,739	4,915	26,070
Provision for Senar	1,023	239	-	1,262
Others	1,471	7	-	1,478
Tax losses and negative basis	55,651	(17)	-	55,634
Incentivized depreciation from rural activity*	(77,881)	6,372	-	(71,509)
Bargain gain on acquisition of equity interest	(7,533)	-	-	(7,533)
Deemed cost from property, plant and equipment	(33,200)	1,288	20,972	(10,940)
Fair value of biological assets	(11,984)	7,816	-	(4,168)
Capitalization of interest on borrowings	(1,692)	1,692	-	-
<b>Total</b>	<b>(51,942)</b>	<b>18,674</b>	<b>25,887</b>	<b>(7,381)</b>
<b>Non-current liability</b>	<b>(51,942)</b>			<b>(7,381)</b>

Description	Consolidated			
	Balance in 2013	Recognized in income	Recognized in comprehensive income	Balance in 2014
Taxes on non-benefitted activities	138	-	-	138
Provision for inventory adjustment	72	(41)	-	31
Provision for PPR	2,615	(415)	-	2,200
Provision to tax losses	680	-	-	680
Operations with derivatives	29,599	1,190	10,631	41,420
Provision for Senar	1,774	539	-	2,313
Others	3,943	(523)	-	3,420
Tax losses and negative basis	72,944	20,272	-	93,216
Incentivized depreciation from rural activity*	(128,520)	(9,146)	-	(137,666)
Bargain gain on acquisition of equity interest	(7,681)	1	-	(7,680)
Deemed cost from property, plant and equipment	(364,772)	113	205,514	(159,145)
Fair value of biological assets	(24,087)	10,007	-	(14,080)
Capitalization of interest on borrowings	(2,594)	2,594	-	-
	<b>(415,889)</b>	<b>24,591</b>	<b>216,145</b>	<b>(175,153)</b>
<b>Non-current assets</b>	<b>3,924</b>			<b>8,358</b>
<b>Non-current liabilities</b>	<b>(419,813)</b>			<b>(183,511)</b>

## 17 Securities payable – Consolidated

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

Changes to this caption are as follows:

	Indexed at Soybean bags	Fixed price	Indexed at IGP- M	Total
Balance at December 31, 2013	97,204	26,691	31,815	155,710
Payments	(55,393)	(14,305)	(28,322)	(98,020)
Monetary variation	(359)	-	-	(359)
Interest	621	8,485	3	9,109
<b>Balance at December 31, 2014</b>	<b>42,073</b>	<b>20,871</b>	<b>3,496</b>	<b>66,440</b>
<b>(-) Portion classified in current assets</b>	<b>(25,322)</b>	<b>(20,871)</b>	<b>(3,496)</b>	<b>(49,689)</b>
<b>Portion classified in non-current</b>	<b>16,751</b>	<b>-</b>	<b>-</b>	<b>16,751</b>

Accounts payable future minimum payments are summarized as follows:

The future minimum payments of securities payable, in Reais and sacks of soybean, when applicable, are summarized as follows:

	Consolidated	
	R\$	Bags
Fixed price payment	20,871	
Payments within one year	20,871	
Payments indexed to the IGP-M	3,496	
Payments within one year	3,496	
Payments indexed to the bag of soybeans	42,073	783,941
Payments within one year	25,322	461,658
Payments in more than one year and up to 2 years	11,231	216,081
Payments in more than two years and up to 3 years	5,520	106,202
Total	<u>66,440</u>	

## 18 Shareholders' equity

### a. Capital

On December 31, 2014, the subscribed capital, in the amount of R\$ 557,434 is represented by 98,897,500 nominative common shares, with no par value.

Nominative common shares are distributed among shareholders as follows:

Shareholder	Quantity of shares	
	2014	2013
SLC Participações S.A.	50,469,371	50,469,371
Management	204	4,404
Treasury shares	1,866,301	415,285
Other	46,561,624	48,008,440
Total shares of paid-in capital	98,897,500	98,897,500
(-) Treasury shares	(1,866,301)	(415,285)
Total shares - ex-treasury	97,031,199	98,482,215

### b. Capital reserve – goodwill in the issue of shares

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

### c. Treasury shares

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

The balance of treasury stock on December 31, 2014 is R\$32,847 and is composed of 1,866,301 shares (R\$7,019 on December 31, 2013, composed of 415,285 shares).

The net goodwill in the realization of the treasury stock for the year ended December 31, 2014 was R\$69 (R\$469 on December 31, 2013). The market value of the treasury stock, calculated with a basis on the last exchange quote, prior to the closing date of the fiscal year, was R\$26,315 (R\$14.10 per share) on December 31, 2014 and R\$8,472 (R\$20.40 per share) on December 31, 2013.

### d. Legal reserve

The reserve was recorded at the rate of 5% of the net profit for the year, up to the limit of 20% of the capital. The reserve was recorded at the rate of 5% of the net profit for the year, up to the limit of 20% of the capital. As provided for in Article 35, item a, of the Bylaws, in the year when legal reserve balance plus the value of capital reserve, addressed by Paragraph 1 of Article 182 of the Brazilian Corporate Law, exceeds 30% of capital, it will not be mandatory to assign a portion of net income for the year to the legal reserve. Thus, the Company did not form legal reserve for the year ended December 31, 2014.

**e. Expansion reserve**

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

On April 16, 2014, the participants of an Ordinary General Meeting approved the allocation of the amount of R\$81,441 to the Expansion Reserve.

**f. Profit retention reserve**

The balance on December 31, 2014 refers to the remaining balance of accumulated results of the year 2007, which was retained as a revenue retention reserve for the performance of new investments, provided for in a capital budget, in compliance with article 196 of Corporation Law.

**g. Dividends**

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

On April 16, 2014, the participants of an Ordinary General Meeting approved the distribution of dividends, relating to the year ended December 31, 2013, in the total amount of R\$38,229, equivalent to 40% of the adjusted net income, corresponding to R\$0.38818 for each common share, based on the total number of shares (98,897,500) subtracted from the total number of treasury shares (415,285).

Dividends were calculated as follows:

	<u>2014</u>	<u>2013</u>
Net income for the year	67,898	95,573
Appropriation of legal reserve	-	-
Calculation base for the dividends proposed	67,898	95,573
Minimum compulsory dividend	16,975	23,893
Additional dividend proposed	10,185	14,336
Proposed dividends	27,160	38,229
% on the basis	40%	40%

**h. Net earnings per share**

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

The Company has one category of dilutive potential ordinary shares that relate to stock option plans. For these plans, stock options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached plans of action adopted from 2007 options. The

number of shares calculated as above is compared with the number of shares outstanding, assuming the exercise of stock options plans.

	Parent Company		Consolidated	
	2014	2013	2014	2013
<b>Numerator</b>				
Net income for the year (a)	67,898	95,573	67,898	95,573
<b>Denominator</b>				
Weighted average of common shares (b)	97,847,193	98,419,162	97,847,193	98,419,162
Weighted average of common shares considering dilutive effects (c)	98,037,670	98,986,060	98,037,670	98,986,060
<b>Basic income (loss) per common share (a/b)</b>	<b>0.694</b>	0.971	<b>0.694</b>	0.971
<b>Diluted income (loss) per common share (a/c)</b>	<b>0.693</b>	0.966	<b>0.693</b>	0.966

## i. Deemed cost adjustment

The Company identify differences related to quantity that were transferred of asset valuation adjustment to retained earnings in the quarter ended September 30, 2014, and your tax effects related to realization value of deemed cost to PP&E on January 1, 2009. Those adjustments affected R\$ 30,203 of asset valuation adjustments to retained earnings for the period and deferred tax effect in amount of R\$11,136 accumulated until September 30, 2014. The adjustments mainly refer to Company's control improvement related to the amounts appropriations made from the account assets valuation adjustments and retained earnings in equity, which were being made based on the best available estimates. Those adjustments made directly in equity does not have material effects on the financial position, results and cash flows of the Company and does not affect the significant performance indicators, or distribution dividend policy.

## 19 Financial income (loss)

	Parent Company		Consolidated	
	2014	2013	2014	2013
Financial expenses:				
Interest paid	(64,231)	(45,715)	(99,137)	(58,086)
Foreign exchange	(52,434)	(23,473)	(88,448)	(37,990)
Monetary variation	(9,077)	(20,164)	(21,011)	(64,301)
Losses with derivative operations	(23,520)	(15,961)	(27,085)	(11,443)
Others	(1,591)	(2,216)	(4,590)	(3,774)
	<b>(150,853)</b>	<b>(107,529)</b>	<b>(240,271)</b>	<b>(175,594)</b>
Financial income:				
Income from interest-earning bank deposits	11,790	9,103	33,303	19,818
Foreign exchange	33,176	19,610	56,193	34,733
Monetary variation	11,274	31,649	22,748	82,049
Gains with derivative operations	13,138	13,067	24,821	13,540
Others	457	533	1,480	559
	<b>69,835</b>	<b>73,962</b>	<b>138,545</b>	<b>150,699</b>
Financial income (loss)	<b>(81,018)</b>	<b>(33,567)</b>	<b>(101,726)</b>	<b>(24,895)</b>

## 20 Commitments

### 20.1 Non-deliverable forward contracts

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

Parent Company					
Product	Delivery Date	Quantity	Agreements	Unit	Price
<b><u>2013/14 crop</u></b>					
Cotton	Jan - May	40,916	25	ton	\$1,888.82
<b><u>2014/15 crop</u></b>					
Cotton	Aug - Dec	21,000	8	ton	\$1,704.01
Corn	Apr - Dec	103,740	46	sc	\$25.54
Soybean	Jan - Apr	2,412,433	36	sc	R\$ 21.69

Consolidated					
Product	Delivery Date	Quantity	Agreements	Unit	Price
<b><u>2013/14 crop</u></b>					
Cotton	Jan - May	46,556	39	ton	\$1,827.79
<b><u>2014/15 crop</u></b>					
Cotton	Aug - Dec	30,752	13	ton	\$1,70..90
Corn	Apr - Dec	157,320	56	sc	\$22.10
Soybean	Jan - Apr	7,007,522	76	sc	R\$ 20.57

### 20.2 Leases of third parties

On December 31, 2014, the Company and its subsidiaries have contracted 125,833 hectares for leasing from third parties, distributed as follows:

Unit	Location	Leased area (in ha)	Maturities of the contracts	Value (in bags of soybeans/ha/year)	Type of Lease
Pamplona Farm	Cristalina-GO	3,952	2014 to 2023	10.33	Operational
Planalto Farm	Costa Rica-MS	1,603	2014 to 2016	17.58	Operational*
Planeste Farm	Balsas-MA	15,976	2014 to 2023	1 to 11	Operational
Panorama Farm	Correntina-BA	14,404	2014 to 2023	7.97 to 11	Operational
Piratini Farm	Jaborandi-BA	5,000	2021	3.72 to 8.00	Operational
Palmares Farm	Barreiras-BA	18,943	2023	9 a 10.10	Operational
Parnaíba Farm	Tasso Fragoso-MA	28,181	2025	2 to 10	Operational
Paiguás Farm	Diamantino-MT	10,449	2014 to 2020	8.5 to 9.5	Operational
Parceiro Farm	Formosa do Rio Preto – BA	5,428	2020	2 to 7	Operational
Paladino Farm	São Desidério – BA	21,897	2023	5	Operational
<b>Total</b>		<b>125,833</b>			

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

In addition to the lease of crop land, the Company contracted the operating lease of a cotton processing unit in Farm Palmares (in Barreiras, Bahia State (BA) for R\$1,600 per annum until 2015).

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

	<b>Parent Company</b>	<b>Consolidated</b>
Payments within one year	937	54,988
Payments in more than one year and up to 5 years	153,158	272,878
Payments in more than 5 years	104,845	196,952
Total future minimum payments of leases	<b>258,940</b>	<b>524,818</b>

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

As regards lease contracts with third parties, we also inform that: (i) they have no contingent payment clauses; (ii) there are no renewal or purchase option clauses, except for the contract of Farm Planalto, referring to 603 ha, which is renewed on an annual basis; (iii) our contracts are indexed at soy bag price variation, as disclosed above, and there is no other adjustment clause; (iv) there are no enforced restrictions, such as those related to dividends and interest on capital, additional debt or any other requiring additional disclosure.

## 21 Management of risks and financial instruments

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

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

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

The fair value estimated for the long-term loans of the Parent Company and of the Consolidated Statement, on December 31, 2014, was, respectively, R\$470,728 and R\$516,872, calculated at current market rates, considering nature, term and risks similar to those of the registered contracts, and can be compared with the book value of R\$491,282 and R\$551,237 (note 14).

	Parent Company			
	Book value		Fair Value	
	2014	2013	2014	2013
<b>Assets</b>				
<b><u>Loans and receivables</u></b>				
Cash and cash equivalents	121,081	82,284	121,081	82,284
CP Financial Investments	38,840	63,363	38,840	63,363
Trade accounts receivable	62,407	38,520	62,407	38,520
Loans and leases	2,971	12,551	2,971	12,551
Securities and credits receivable	13,430	18,908	12,210	16,602
<b>Subtotal</b>	<b>238,729</b>	<b>215,626</b>	<b>237,509</b>	<b>213,320</b>
<b><u>Fair value of hedge instruments</u></b>				
Operations with Derivatives	8,081	6,438	8,081	6,438
<b>Subtotal</b>	<b>8,081</b>	<b>6,438</b>	<b>8,081</b>	<b>6,438</b>
<b>Total assets</b>	<b>246,810</b>	<b>222,064</b>	<b>245,590</b>	<b>219,758</b>
<b>Liabilities</b>				
<b><u>Liabilities at the amortized cost</u></b>				
Loans and financing	921,937	918,150	896,331	845,226
Suppliers	154,568	137,893	154,568	137,893
Related party transactions	12,351	9,174	12,351	9,174
Other payable	79,785	49,280	79,785	49,280
<b>Subtotal</b>	<b>1,168,641</b>	<b>1,114,497</b>	<b>1,143,035</b>	<b>1,041,573</b>
<b><u>Fair value of hedge instruments</u></b>				
Derivatives payable	42,892	28,823	42,892	28,823
<b>Subtotal</b>	<b>42,892</b>	<b>28,823</b>	<b>42,892</b>	<b>28,823</b>
<b>Total liabilities</b>	<b>1,211,533</b>	<b>1,143,320</b>	<b>1,185,927</b>	<b>1,070,396</b>

	Consolidated			
	Book value		Fair Value	
	2014	2013	2014	2013
<b>Assets</b>				
<b><u>Loans and receivables</u></b>				
Cash and cash equivalents	239,141	232,354	239,141	232,354
CP Financial Investments	132,821	160,623	132,821	160,623
Trade accounts receivable	120,663	62,438	120,663	62,438
Securities and credits receivable	13,430	18,908	12,210	16,602
<b>Subtotal</b>	<b>506,055</b>	<b>474,323</b>	<b>504,835</b>	<b>472,017</b>
<b><u>Fair value of hedge instruments</u></b>				
Operations with Derivatives	10,265	7,216	10,265	7,216
<b>Subtotal</b>	<b>10,265</b>	<b>7,216</b>	<b>10,265</b>	<b>7,216</b>
<b>Total assets</b>	<b>516,320</b>	<b>481,539</b>	<b>515,100</b>	<b>479,233</b>
<b>Liabilities</b>				
<b><u>Liabilities at the amortized cost</u></b>				
Loans and financing	1,331,976	1,170,289	1,286,218	1,086,509
Suppliers	312,759	236,217	312,759	236,217
Other payable	107,003	66,126	107,003	66,126
Securities payable	66,440	155,710	62,410	131,693
<b>Subtotal</b>	<b>1,818,178</b>	<b>1,628,342</b>	<b>1,768,390</b>	<b>1,520,545</b>
<b><u>Fair value of hedge instruments</u></b>				
Derivatives payable	61,943	32,244	61,943	32,244
<b>Subtotal</b>	<b>61,943</b>	<b>32,244</b>	<b>61,943</b>	<b>32,244</b>
<b>Total liabilities</b>	<b>1,880,121</b>	<b>1,660,586</b>	<b>1,830,333</b>	<b>1,552,789</b>

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

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

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

	Parent Company			
	2014		2013	
	Level 1	Level 2	Level 1	Level 2
<b>Assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	121,081	-	82,284	-
CP Financial Investments	38,840	-	63,363	-
Trade accounts receivable	-	62,407	-	38,520
Loans and leases	-	2,971	-	12,551
Securities and credits receivable	-	12,210	-	16,602
<b>Subtotal</b>	<b>159,921</b>	<b>77,588</b>	<b>145,647</b>	<b>67,673</b>
<b>Fair value of hedge instruments</b>				
Operations with derivatives	-	8,081	-	6,438
<b>Subtotal</b>	<b>-</b>	<b>8,081</b>	<b>-</b>	<b>6,438</b>
<b>Total assets</b>	<b>159,921</b>	<b>85,669</b>	<b>145,647</b>	<b>74,111</b>

	Parent Company			
	2014		2013	
	Level 1	Level 2	Level 1	Level 2
<b>Liabilities</b>				
<b>Liabilities at the amortized cost</b>				
Loans and financing	609,849	286,482	509,062	336,164
Suppliers	-	154,568	-	137,893
Related party transactions	-	12,351	-	9,174
Other payable	-	79,785	-	49,280
<b>Subtotal</b>	<b>609,849</b>	<b>533,186</b>	<b>509,062</b>	<b>532,511</b>
<b>Fair value of hedge instruments</b>				
Derivatives payable	-	42,892	-	28,823
<b>Subtotal</b>	<b>-</b>	<b>42,892</b>	<b>-</b>	<b>28,823</b>
<b>Total liabilities</b>	<b>609,849</b>	<b>576,078</b>	<b>509,062</b>	<b>561,334</b>

	Consolidated			
	2014		2013	
	Level 1	Level 2	Level 1	Level 2
<b>Assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	239,141	-	232,354	-
CP Financial Investments	132,821	-	160,623	-
Trade accounts receivable	-	120,663	-	62,438
Securities and credits receivable	-	12,210	-	16,602
Subtotal	371,962	132,873	392,977	79,040
<b>Fair value of hedge instruments</b>				
Operations with derivatives	-	10,265	-	7,216
Subtotal	-	10,265	-	7,216
<b>Total assets</b>	<b>371,962</b>	<b>143,138</b>	<b>392,977</b>	<b>86,256</b>

	Consolidated			
	2014		2013	
	Level 1	Level 2	Level 1	Level 2
<b>Liabilities</b>				
<b>Liabilities at the amortized cost</b>				
Loans and financing	999,736	286,482	750,345	336,164
Suppliers	-	312,759	-	236,217
Other payable	-	107,003	-	66,126
Securities payable	-	62,410	-	131,693
Subtotal	999,736	768,654	750,345	770,200
<b>Fair value of hedge instruments</b>				
Derivatives payable	-	61,943	-	32,244
Subtotal	-	61,943	-	32,244
<b>Total Liabilities</b>	<b>999,736</b>	<b>830,597</b>	<b>750,345</b>	<b>802,444</b>

**a. Policy of use, objectives and strategies**

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

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

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

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

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

### c. Exchange risk

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

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

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

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

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

Description	Reference value (notional)			Fair value (MTM)			Value in curve (Accrual)		
	Currency	2013	2012	Currency	2013	2012	Currency	2013	2012
<b>Forward Contracts (NDF):</b>									
<b>Foreign currency - Short position</b>									
Maturity in 2014	USD	-	239,756	R\$	-	(25,820)	R\$	-	(21,998)
Maturity in 2015	USD	219,993	12,225	R\$	(49,216)	(722)	R\$	(50,658)	(607)
Maturity in 2016	USD	25,290	-	R\$	(6,344)	-	R\$	(6,223)	-
<b>TOTAL</b>	<b>USD</b>	<b>245,283</b>	<b>251,981</b>	<b>R\$</b>	<b>(55,560)</b>	<b>(26,542)</b>	<b>R\$</b>	<b>(56,881)</b>	<b>(22,605)</b>

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

<u>Counterparty</u>	<u>Type</u>	<u>Contracting rate</u>	<u>Notional US\$</u>	<u>Fair Value 2014</u>	<u>Foreign exchange variation <sup>1</sup></u>	<u>Book value</u>
Banco Itaú BBA S/A	NCE	R\$1.5611	15,000	40,175	(16,383)	41,038
Banco Itaú BBA S/A	NCE	R\$1.7800	30,000	80,349	(26,949)	81,473
Banco Itaú BBA S/A	NCE	R\$1.9418	50,000	133,915	(36,825)	138,275
Banco Bradesco S/A	PPE	R\$1.5713	6,250	16,739	(6,919)	17,290
Banco John Deere	Res. 2770	R\$2.0592	5,714	15,304	(3,486)	15,487
HSBC Bank Brasil S/A	PPE	R\$1.8210	-	-	-	-
<b>Total</b>			<b>106,964</b>	<b>286,482</b>	<b>(90,562)</b>	<b>293,563</b>

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

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

<u>Maturity</u>	<u>Currency</u>	<u>Forward Contracts (NDF)</u>	<u>Export prepayments (PPE)*</u>	<u>Export credit notes (CCE)*</u>	<u>Res 2770</u>	<u>Total</u>
To 03/31/2015	USD	(28,538)	-	-	-	(28,538)
To 06/30/2015	USD	(6,280)	-	-	-	(6,280)
To 09/30/2015	USD	(2,674)	-	-	-	(2,674)
To 12/31/2015	USD	(11,724)	(6,919)	-	-	(18,643)
To 03/31/2016	USD	(6,344)	-	(16,383)	-	(22,727)
To 03/31/2017	USD	-	-	(26,949)	-	(26,949)
To 06/30/2017	USD	-	-	-	(3,486)	(3,486)
To 06/30/2019	USD	-	-	(36,825)	-	(36,825)
<b>TOTAL</b>	<b>USD</b>	<b>(55,560)</b>	<b>(6,919)</b>	<b>(80,157)</b>	<b>(3,486)</b>	<b>(146,122)</b>

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

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

Description	Reference value (notional)			Fair value		
	Currency	2014	2013	Currency	2014	2013
Banco Itaú BBA S/A	USD	53,898	49,531	R\$	(12,133)	(5,676)
Citibank S/A	USD	16,560	8,180	R\$	(2,815)	(978)
Deutsche Bank Suiss S/A	USD	3,060	15,900	R\$	(523)	(542)
HSBC Bank Brasil S/A	USD	14,995	9,530	R\$	(3,913)	(2,106)
Banco Bradesco S/A	USD	44,630	42,968	R\$	(10,470)	(3,949)
Banco Votorantim S/A	USD	20,995	25,480	R\$	(4,599)	(3,275)
Morgan Stanley S/A	USD	160	-	R\$	(21)	-
Banco J.P. Morgan S/A	USD	41,435	48,343	R\$	(12,130)	(5,004)
BofA Merrill Lynch S/A	USD	-	5,550	R\$	-	(871)
Banco Santander Brasil S/A	USD	44,470	26,879	R\$	(8,242)	(1,905)
Banco ABC Brasil S.A.	USD	3,400	14,940	R\$	(488)	(2,188)
Banco Indusval & Partners	USD	1,680	4,680	R\$	(226)	(48)
<b>Total</b>	<b>USD</b>	<b>245,283</b>	<b>251,981</b>	<b>R\$</b>	<b>(55,560)</b>	<b>(26,542)</b>

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

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

#### **Foreign exchange rate variation risks**

The Company projected possible impact of transactions intended to hedge foreign exchange and indebtedness in dollars in 5 different scenarios for 2015 and 2016, as follows:

- Probable scenario: Based on FOCUS (BACEN) report disclosed on December 26, 2014, we defined the probable scenario with dollar quotation of R\$2.8000 with currency variation of day December 31, 2014 approximately R\$ 2.6562.
- 25% decrease in foreign exchange rate: in this scenario, transactions would be settled at quotation of R\$ 2.100, which is 25% lower than Probable Scenario Quotation.
- 50% decrease in foreign exchange rate: in this scenario, transactions would be settled at quotation of R\$ 1.400, which is 50% lower than Probable Scenario Quotation.
- 25% increase in foreign exchange rate: in this scenario, transactions would be settled at quotation of R\$ 3.500, which is 25% higher than Probable Scenario Quotation.
- 50% increase in foreign exchange rate: in this scenario, transactions would be settled at quotation of R\$ 4.200, which is 50% higher than Probable Scenario Quotation.

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

#### Parent Company

Description	Remote scenario Quotation - R\$ 1.4000	Possible scenario Quotation - R\$ 2.1000	Probable scenario Quotation - R\$ 2.8000	Possible scenario Quotation - R\$ 3.5000	Remote scenario Quotation - R\$ 4.2000
<b>Year 2015</b>					
Probable revenue in USD (1)	(290,608)	(145,304)	(29,850)	145,304	290,608
Estimated commitments in USD (2)	78,582	39,291	8,071	(39,291)	(78,582)
Forward Contracts (NDF) (3)	115,115	57,558	11,824	(57,558)	(115,115)
Trade Finance (debt dollars) (4)	39,950	19,975	4,103	(19,975)	(39,950)
<b>Net exposure in USD (1)-(2)-(3)-(4)</b>	<b>(56,961)</b>	<b>(28,480)</b>	<b>(5,852)</b>	<b>28,480</b>	<b>56,961</b>
<b>Exercício 2016</b>					
Probable revenue in USD (1)	(297,480)	(148,740)	(30,555)	148,740	297,480
Estimated commitments in USD (2)	10,990	5,495	1,129	(5,495)	(10,990)
Forward Contracts (NDF) (3)	19,096	9,548	1,961	(9,548)	(19,096)
Trade Finance (debt dollars) (4)	41,700	20,850	4,283	(20,850)	(41,700)
<b>Net exposure in USD (1)-(2)-(3)-(4)</b>	<b>(225,694)</b>	<b>(112,847)</b>	<b>(23,182)</b>	<b>112,847</b>	<b>225,694</b>
<b>Total</b>	<b>(282,655)</b>	<b>(141,327)</b>	<b>(29,034)</b>	<b>141,327</b>	<b>282,655</b>

#### Consolidated

Description	Remote scenario Quotation - R\$ 1.4000	Possible scenario Quotation - R\$ 2.1000	Probable scenario Quotation - R\$ 2.8000	Possible scenario Quotation - R\$ 3.5000	Remote scenario Quotation - R\$ 4.2000
<b>Year 2015</b>					
Probable revenue in USD (1)	(587,913)	(293,957)	(60,387)	293,957	587,913
Estimated commitments in USD (2)	127,705	63,853	13,117	(63,853)	(127,705)
Forward Contracts (NDF) (3)	180,285	90,143	18,518	(90,143)	(180,285)
Trade Finance (debt dollars) (4)	39,950	19,975	4,103	(19,975)	(39,950)
<b>Net exposure in USD (1)-(2)-(3)-(4)</b>	<b>(239,973)</b>	<b>(119,986)</b>	<b>(24,649)</b>	<b>119,986</b>	<b>239,973</b>
<b>Exercício 2016</b>					
Probable revenue in USD (1)	(609,631)	(304,816)	(62,618)	304,816	609,631
Estimated commitments in USD (2)	16,310	8,155	1,675	(8,155)	(16,310)
Forward Contracts (NDF) (3)	19,096	9,548	1,961	(9,548)	(19,096)
Trade Finance (debt dollars) (4)	41,700	20,850	4,283	(20,850)	(41,700)
<b>Net exposure in USD (1)-(2)-(3)-(4)</b>	<b>(532,525)</b>	<b>(266,263)</b>	<b>(54,699)</b>	<b>266,263</b>	<b>532,525</b>
<b>Total</b>	<b>(772,498)</b>	<b>(386,249)</b>	<b>(79,348)</b>	<b>386,249</b>	<b>772,498</b>

Net foreign exchange exposure is as follows:

	Parent Company			
	2014		2013	
	Amount in Reais (R\$)	Amount in USD	Amount in Reais (R\$)	Amount in USD
Trade accounts receivable (Note 7)	48,421	18,229	30,833	13,162
Suppliers	(126,711)	(47,310)	(103.969)	(44.382)
Trade Finance (Indebtedness in Dollars)	(284,118)	(106,964)	(339,756)	(143,500)
<b>Net exposure of the shareholders' equity</b>	<b>(362,408)</b>	<b>(136,045)</b>	<b>(412.892)</b>	<b>(174,720)</b>

	Consolidated			
	2014		2013	
	Amount in Reais (R\$)	Amount in USD	Amount in Reais (R\$)	Amount in USD
Trade accounts receivable (Note 7)	98,083	36,926	50,695	21,640
Suppliers	(255.933)	(95,558)	(169.276)	(72.260)
Trade Finance (Indebtedness in Dollars)	(284,118)	(106,964)	(339,756)	(143,500)
<b>Net exposure of the shareholders' equity</b>	<b>(441.968)</b>	<b>(165,596)</b>	<b>(458,337)</b>	<b>(194.120)</b>

#### d. Price risk

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

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

We show, in the chart below, derivative financial instruments contracted to hedge against commodities prices variation, that effects were recorded in equity because the financial instrument was treated as hedge accounting.

Description	Reference value (notional)			Fair value		
	Currency	2014	2013	Currency	2014	2013
<b>Financial Operations</b>						
Commodities - Cotton	USD	35,755	32,224	R\$	5,928	343
Commodities - Corn	USD	10,427	574	R\$	(1,034)	45
Commodities - Soybeam	USD	3,424	10,644	R\$	61	2,036
<b>Total</b>	<b>USD</b>	<b>49,606</b>	<b>43,442</b>	<b>R\$</b>	<b>4,955</b>	<b>2,424</b>

Derivative financial instruments not recognized as hedge accounting:

Description	Reference value (notional)	Fair value
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	Currency	2014	2013	Currency	2014	2013
<b>Financial Operations</b>						
Commodities – Cotton	USD	15,146	-	R\$	763	-
<b>Total</b>	<b>USD</b>	<b>15,146</b>	<b>-</b>	<b>R\$</b>	<b>763</b>	<b>-</b>

All the transactions with agricultural commodities were carried out in an exchange or over-the-counter environment with the following counterparties: Banco ABC Brasil, Cargill, Banco Citibank S/A, Deutsche Bank AG, Goldman Sachs, JP Morgan, Macquarie Bank Limited. The fair value of these operations was provided by the institution.

#### **Variation risks for the commodities' price**

The Company projected the impact of transactions intended to hedge commodities prices in 4 different scenarios for 2015, in dollars per pound (USD/pound) cotton and in dollars per bushel (USD/Bushel) soy, as in the chart below:

Description	Risk	Remote scenario -50%	Possible scenario -25%	Current Scenario	Possible scenario +25%	Remote scenario +50%
<b>Agreements</b>						
CTH5 (Cotton - March/15)*	Price variation	0.30	0.45	0.60	0.75	0.90
CTK5 (Cotton - May/15)*	Price variation	0.31	0.46	0.61	0.76	0.92
CTZ5 (Cotton - December/15)*	Price variation	0.32	0.48	0.64	0.81	0.97
SYK5 (Soybean - May/15)**	Price variation	5.15	7.73	10.31	12.88	15.46
COH5(Corn - March/15)**	Price variation	1.99	2.98	3.97	4.96	5.96
COK5(Corn - May/15)**	Price variation	2.03	3.04	4.06	5.07	6.09
CON5(Corn - Julho/15)**	Price variation	2.06	3.09	4.13	5.16	6.19
COU5(Corn - September/15)**	Price variation	2.08	3.11	4.15	5.19	6.23
COZ5(Corn - December/15)**	Price variation	2.11	3.16	4.21	5.26	6.32

\*Values in USD/Pound sterling

\*\*Values in USD/Bushel

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

Descrição	Risco	Remote scenario -50%	Possible scenario -25%	Current Scenario	Possible scenario +25%	Remote scenario +50%
<b>Year 2015</b>						
Revenue	Price variation	(4,578)	(2,320)	(61)	2,197	4,455
Soybean - Financial operations	Price variation	4,578	2,320	61	(2,197)	(4,455)
Subtotal		-	-	-	-	-
Revenue	Price variation	(73,998)	(43,398)	(12,791)	17,812	45,815
Cotton - Financial operations	Price variation	73,998	43,398	12,791	(17,812)	(45,815)
Subtotal		-	-	-	-	-
Revenue	Price variation	(13,331)	(6,149)	1,034	8,216	15,399
Corn - Financial operations	Price variation	13,331	6,149	(1,034)	(8,216)	(15,399)
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

The Company has a balance of R\$ 66,440 of securities payable, linked to land purchase contracts and indexed by soybean quotation, as described in Note 17. The Company believes that potential gains or losses relating to variation of soybean for 2015 are not significant, considering the sensitivity of possible scenarios and remote and potential future sales soybeans, which outweigh these potential effects on income.

**e. Interest rate risk**

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

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

Detailed swap transaction for interest rates and debts indexed to Libor rate is as follows:

<u>Counterparty</u>	<u>Hedge instrument</u>	<u>Hedged object</u>	<u>Adjustment</u> <u>Financial</u> <u>income</u> <u>(loss)</u>
Santander	Swap de R\$ 30MM (Ativo VC / Passivo CDI)	Dívida de USD 11,3MM a juros de 2,5075 aa.	95
Tokio-Mitsubishi	Swap de R\$ 159MM (Ativo VC / Passivo 100% CDI + taxa fixa)	Dívida de USD 60MM a juros de 3,12 aa.	(3,948)
Santander	Swap de R\$ 4MM (Ativo VC / Passivo Pré)	Dívida de USD 1,7MM a juros de 2,6130 aa.	136
Safra	Swap de R\$ 5MM (Ativo VC / Passivo Pré)	Dívida de USD 2,1MM a juros de 3,2380 aa.	294
Itaú	Swap de R\$ 58,8MM (Ativo VC+1% / Passivo 100% CDI)	Op. Compromissada de R\$ 58,8MM rentabilidade de 100% CDI	1,587
<b>Total</b>			<b><u>(1,836)</u></b>

**Variation risks of Interest rate**

For the purpose of verifying sensitivity of indices for the Company's debts, based on position at December 31, 2014, five different scenarios were defined. Based on FOCUS (Bacen) report of December 31, 2014, we defined indices for CDI and foreign exchange, while for Libor rate, we considered BM&F also on December 31, 2014, and for TJLP, rate valid on yearend was considered. Based on this information, we defined Probable Scenario for analysis and, based on it, variations of 25% and 50% were calculated.

For each scenario the Company considered the financial expense or gross financial expense, not taking into account the taxes levied and the flow of maturities of debts and redemptions for interest earning bank deposits scheduled to 2014. The portfolio's base date was December 31, 2014, projecting indices for one year and verifying their:

	Interest rate *	Balance in 2013	Decrease of 50%	Decrease of 25%	Probable scenario	Increase of 25%	Increase of 50%
<b>Debt in Reais - Prefixed rate</b>							
Rural credit	7.47%	277,993	N/A	N/A	N/A	N/A	N/A
Constitutional Funds	7.50%	299,204	N/A	N/A	N/A	N/A	N/A
BNDES	4.13%	96,656	N/A	N/A	N/A	N/A	N/A
Working Capital	12.78%	34,784	N/A	N/A	N/A	N/A	N/A
<b>Debt in Reais – Post-fixed rate</b>							
BNDES	TJLP	32,786	(1,756)	(2,166)	(2,575)	(2,985)	(3,395)
BNDES	UMBDES	21,684	(1,195)	(1,466)	(1,737)	(2,008)	(2,279)
Export financing	108.32%	73,712	(4,691)	(7,036)	(9,238)	(11,727)	(14,073)
<b>Debt in Dollar</b>							
NCE	Libor 6M + 2,48% a.a.(média)	260,786	(10,616)	(10,851)	(10,765)	(11,320)	(11,555)
PPE	Libor 6M + 3,09% a.a.(média)	178,109	(6,980)	(7,632)	(8,318)	(9,005)	(9,692)
Investment financing	Libor 6M + 5% a.a.	15,487	(802)	(816)	(830)	(844)	(858)
NCE	2.51%	30,315	N/A	N/A	N/A	N/A	N/A
Working Capital	2.41%	10,460	N/A	N/A	N/A	N/A	N/A
<b>Swaps - Dívidas em Dólares</b>							
Swap VC x CDI*	Assets: 3,12% a.a. Liability: CDI + 0,921% a.a.	158,507	(10,629)	(15,214)	(19,799)	(24,384)	(28,969)
Swap VC x CDI*	Assets: 2,5075 % a.a. Liability: CDI + 1,1% a.a.	30,028	(2,067)	(2,936)	(3,805)	(4,673)	(5,542)
Swap VC x Pré*	Assets: 2,613 % a.a. Liability: 12,89 % a.a.	4,559	N/A	N/A	N/A	N/A	N/A
Swap VC x Pré*	Assets: VC + 3,3380% a.a. Liability: 12,60 % a.a.	5,873	N/A	N/A	N/A	N/A	N/A
<b>Aplicações Financeiras</b>							
CDB e Debêntures	98,58% CDI	371,551	21,615	32,422	43,229	54,037	64,844

(\*) Average annual rates

## f. Credit risk

A substantial portion of the Company and its subsidiaries sales is made to selected and highly qualified clients: trading companies and weaving companies, among others that regularly acquire large volumes to guarantee local and international negotiation. The credit risk is managed by specific customer acceptance rules, credit analysis and setting of limits of exposure by the client. Historically, the Company and its subsidiaries have not recorded significant losses in trade accounts receivable.

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

	Parent Company			Consolidated		
	Currency	2014	2013	Currency	2014	2013
Cash and cash equivalents	R\$	121,081	82,284	R\$	239,141	232,354
CP Financial Investments	R\$	38,840	63,363	R\$	132,821	160,623
Trade accounts receivable	R\$	62,407	38,520	R\$	120,663	62,438
Derivatives receivable	R\$	8,081	6,438	R\$	10,265	7,216
	R\$	<u>230,409</u>	<u>190,605</u>	R\$	<u>502,890</u>	<u>462,631</u>

## g. Liquidity risk

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

		Parent Company							
		Book value	Contractual cash flow	up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	over 5 years
<b>December 31, 2014</b>									
<b>Financial liabilities</b>									
<b>Non-derivative</b>									
Loans and financing		921,937	1,000,722	446,205	198,917	132,162	98,105	99,193	26,140
Suppliers		154,568	154,568	154,568	-	-	-	-	-
		1,076,505	1,155,290	600,773	198,917	132,162	98,105	99,193	26,140
<b>Derivatives</b>									
Operations with derivatives		34,811	(34,811)	(26,608)	(4,255)	-	-	(3,948)	-
		<b>1,111,316</b>	<b>1,120,479</b>	<b>574,165</b>	<b>194,662</b>	<b>132,162</b>	<b>98,105</b>	<b>95,245</b>	<b>26,140</b>

		Consolidated							
		Book value	Contractual cash flow	up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	over 5 years
<b>December 31, 2014</b>									
<b>Financial liabilities</b>									
<b>Non-derivative</b>									
Loans and financing		1,331,976	1,437,371	810,949	211,099	143,262	109,703	106,271	56,087
Suppliers		312,759	312,759	312,759	-	-	-	-	-
Securities payable		66,440	66,440	49,689	11,231	5,520	-	-	-
		1,711,175	1,816,570	1,173,397	222,330	148,782	109,703	106,271	56,087
<b>Derivatives</b>									
Operations with derivatives		51,678	(51,678)	(42,715)	(5,015)	-	-	(3,948)	-
		<b>1,762,853</b>	<b>1,764,892</b>	<b>1,130,682</b>	<b>217,315</b>	<b>148,782</b>	<b>109,703</b>	<b>102,323</b>	<b>56,087</b>

		Parent Company							
		Book value	Contractual cash flow	up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	over 5 years
<b>December 31, 2013</b>									
<b>Liabilidades financeiros</b>									
<b>Non-derivative</b>									
Loans and financing		918,150	1,023,981	498,389	94,460	99,512	104,834	110,440	116,346
Suppliers		137,893	137,893	137,893	-	-	-	-	-
		1,056,043	1,161,874	636,282	94,460	99,512	104,834	110,440	116,346
<b>Derivatives</b>									
Operations with derivatives		22,385	22,385	23,646	676	(1,937)	-	-	-
		<b>1,078,428</b>	<b>1,184,259</b>	<b>659,928</b>	<b>95,136</b>	<b>97,575</b>	<b>104,834</b>	<b>110,440</b>	<b>116,346</b>

		Consolidated							
		Book value	Contractual cash flow	up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	over 5 years
<b>December 31, 2013</b>									
<b>Liabilidades financeiros</b>									
<b>Não derivAssets</b>									
Loans and financing		1,170,289	1,292,672	717,654	103,343	108,870	114,692	120,826	127,287
Suppliers		236,217	236,217	236,217	-	-	-	-	-
Securities payable		155,710	155,710	126,494	11,726	11,726	5,764	-	-
		1,562,216	1,684,598	1,080,365	115,069	120,596	120,456	120,826	127,287
<b>Derivatives</b>									
Operations with derivatives		25,028	25,028	26,156	809	(1,937)	-	-	-
		<b>1,587,244</b>	<b>1,709,627</b>	<b>1,106,521</b>	<b>115,878</b>	<b>118,659</b>	<b>120,456</b>	<b>120,826</b>	<b>127,287</b>

## h. Summary of the derivative transactions outstanding

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

Description	Currency	Reference value (notional)		Currency	Fair value recorded in assets		Fair value recorded in liabilities	
		2014	2013		2014	2013	2014	2013
<b>Operações de Proteção Cambial</b>								
Non Deliverable Forwards - 21.c	USD	245,283	251,981	R\$	166	1,093	55,726	27,635
Trade Finance Contracts <sup>1</sup> - 21.c	USD	106,964	143,500	R\$	-	-	90,562	78,860
<b>Subtotal</b>	<b>USD</b>	<b>352,247</b>	<b>395,481</b>	<b>R\$</b>	<b>166</b>	<b>1,093</b>	<b>146,288</b>	<b>106,495</b>
<b>Hedge operations for products</b>								
Cotton - Financial operations - 21.d	USD	50,901	32,224	R\$	6,691	968	-	625
Corn - Financial operations - 21.d	USD	10,427	574		-	45	1,034	-
Soybean - Financial operations - 21.d	USD	3,424	10,644	R\$	61	3,172	-	1,136
<b>Subtotal</b>	<b>USD</b>	<b>64,752</b>	<b>43,442</b>	<b>R\$</b>	<b>6,752</b>	<b>4,185</b>	<b>1,034</b>	<b>1,761</b>
<b>Interest Hedge Transactions</b>								
Swap Libor x Pré - 21.e	USD	-	24,000	R\$	-	-	-	660
Swap VC x Pré	USD	63,800	-	R\$	430	-	3,948	-
Swap VC+1 x CDI	USD	11,300	40,000	R\$	1,329	1,938	1,234	2,134
Swap CDI x VC+Pré	USD	22,137	20,000	R\$	1,587	-	-	54
<b>Subtotal</b>	<b>USD</b>	<b>97,237</b>	<b>84,000</b>	<b>R\$</b>	<b>3,346</b>	<b>1,938</b>	<b>5,182</b>	<b>2,848</b>
<b>Total</b>	<b>USD</b>	<b>514,236</b>	<b>522,923</b>	<b>R\$</b>	<b>10,264</b>	<b>7,216</b>	<b>152,504</b>	<b>111,104</b>
(-) Portion classified in current assets				<b>R\$</b>	<b>(8,936)</b>	<b>(5,278)</b>	<b>(58,570)</b>	<b>(36,808)</b>
Portion in noncurrent liabilities				<b>R\$</b>	<b>1,328</b>	<b>1,938</b>	<b>93,934</b>	<b>74,296</b>

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

## i. Financial income with derivative operations

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

Description	Gains and Losses recorded in the income				Gains and Losses recorded in Shareholders' equity	
	Allocated in the gross income at		Allocated in the financial income at		2014	2013
	2014	2013	2014	2013	2014	2013
<b>Foreign exchange hedge operations</b>						
Non Deliverable Forwards	(15,304)	(29,878)	(78)	224	(55,250)	(31,087)
Trade Finance Contracts	(25,096)	(23,744)	-	-	(90,562)	(78,860)
<b>Sub-total</b>	<b>(40,400)</b>	<b>(53,622)</b>	<b>(78)</b>	<b>224</b>	<b>(145,812)</b>	<b>(109,947)</b>
<b>Hedge operations for commodities</b>						
Agricultural commodities swap						
Cotton	14,080	-	484	190	5,433	343
Corn	-	-	-	-	462	45
Soybean	-	-	(2,791)	2,295	-	-
<b>Sub-total</b>	<b>14,080</b>	<b>-</b>	<b>(2,307)</b>	<b>2,485</b>	<b>5,895</b>	<b>388</b>
<b>Interest Hedge Transactions</b>						
Swap Libor x Pré	R\$	-	-	(2,024)	(612)	-
Swap VC x Pré	R\$	-	-	430	-	-
Swap VC x CDI	R\$	-	-	(927)	-	-
Swap CDI x VC+Pré	R\$	-	-	2,642	-	-
<b>Sub-total</b>	<b>R\$</b>	<b>-</b>	<b>-</b>	<b>121</b>	<b>(612)</b>	<b>-</b>
<b>TOTAL</b>	<b>R\$</b>	<b>(26,320)</b>	<b>(53,622)</b>	<b>(2,264)</b>	<b>2,097</b>	<b>(139,917)</b>

## j. Market values

On December 31, 2014, the market values of cash and cash equivalents, interest earning bank deposits, accounts receivable and payable, loans and financings are close to the book values due to their short-term nature or because they are subject to variable interest rates, respectively.

## k. Capital management

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

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

There was no change in the Company's dividends policy, objectives, policies or capital management processes in the years ended December 31, 2014 and 2013.

	Parent company		Consolidated	
	2013	2012	2013	2012
Short and long-term loans and financing	921,937	918,150	1,331,976	1,170,289
(-) Cash and cash equivalents and short-term interest earnings bank deposits	(159,921)	(145,647)	(371,962)	(392,977)
Net debt	762,016	772,503	960,014	777,312
Shareholders' equity	2,203,370	2,008,675	2,393,008	2,137,012
Financial leverage index	34.6%	38.5%	40.1%	36.4%

## 22 Gain-sharing program

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

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

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

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

	Parent Company		Consolidated	
	2014	2013	2014	2013
Profit sharing	4,174	5,250	6,184	7,290

## 23 Stock option plan

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

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

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

In Board of Directors meetings held on October 31, 2007, December 16, 2008, November 11, 2009, November 10, 2010, November 9, 2011, November 13, 2012 and November 13, 2013, Annual Programs for 2007, 2008, 2009, 2010, 2011, 2012 and 2013 were approved, with granting of 640,000, 720,000, 488,000, 805,000, 899,000, 809,000 and 933,000 options for purchase of shares, respectively.

Movement of shares granted in the Annual Program for 2007, 2008, 2009, 2010, 2011, 2012 and 2013 and respective exercise prices, in Reais, are as follows:

Grant year	Strike price - R\$	Quantity of shares			Balance in 2014
		Balance in 2013	Canceled	Exercised	
2009	R\$ 15.00	8,700	-	(8,700)	-
2010	R\$ 16.87	463,400	(36,000)	-	427,400
2011	R\$ 16.24	680,700	(31,401)	(44,899)	604,400
2012	R\$ 17.09	801,000	(57,000)	-	744,000
2013	R\$ 17.32	933,000	(45,000)	-	888,000
		<u>2,886,800</u>	<u>(169,401)</u>	<u>(53,599)</u>	<u>2,663,800</u>

Grant year	Strike price - R\$	Quantity of shares			Balance in 2014
		Balance in 2013	Canceled	Exercised	
2009	R\$ 15.00	203,600	-	(194,900)	8,700
2010	R\$ 16.87	549,400	-	(86,000)	463,400
2011	R\$ 16.24	777,400	-	(96,700)	680,700
2012	R\$ 17.09	809,000	-	(8,000)	801,000
2013	R\$ 17.32	-	933,000	-	933,000
		<u>2,339,400</u>	<u>933,000</u>	<u>(385,600)</u>	<u>2,886,800</u>

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

Exercise price of Annual Programs for 2008, 2009, 2012 e 2013 were defined based on average of 90 quotations of the Company's share at Bovespa, prior to plan approval, with discounts of 19.97%, 7.98%, 20% e 15%, respectively.

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

Grace periods counted as of grant date are as follows:

Grace periods beginning as of grant date	% of options released to be exercised	Maximum quantity of shares
As from – 08/11/2012	3%	73,600
As from– 09/11/2012	4%	99,000
As from– 12/11/2012	7%	174,000
As from– 08/11/2013	11%	288,400
As from– 11/11/2013	23%	615,400
As from– 13/11/2013	29%	759,400
As from– 10/11/2014	44%	1,175,800
As from– 13/11/2014	56%	1,503,400
As from– 13/11/2015	80%	2,131,000
As from– 13/11/2016	100%	2,663,800

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

	Grant						
	2007	2008	2009	2010	2011	2012	2013
Weighted average fair value	R\$ 21.25	R\$ 23.90	R\$ 21.39	R\$ 28.73	R\$ 21.75	R\$ 23.66	R\$24,47
Awards	R\$ 7.25	R\$ 9.10	R\$ 6.39	R\$ 11.86	R\$ 5.51	R\$ 6.57	R\$7,15
Dividends	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Volatility of share price	32.03%	76.05%	67.59%	60.40%	39.90%	36.56%	31.05%
Risk-free rate of return							
1st maturity	11.65%	13.70%	9.91%	11.40%	9.98%	7.31%	10.78%
2nd maturity	11.65%	13.87%	11.41%	11.92%	10.16%	7.90%	11.64%
3rd maturity	11.64%	14.01%	12.13%	11.88%	10.46%	8.38%	11.95%
Period expected up to the maturity							
1st maturity	1,097	1,096	365	365	365	365	365
2nd maturity	1,279	1,278	730	730	730	730	730
3rd maturity	1,462	1,461	1,097	1,097	1,097	1,095	1,096

In compliance with CPC 10 (R1), based on the grace periods presented, the company recognized in net income the amounts arising from the stock option plan according to the duration of the vesting period, with a contra entry in shareholders' equity in a specific capital reserve account in the amount of R\$4,354 (expense) on December 31, 2014 (R\$5,593 on December 31, 2013).

### Reconciliation of share options outstanding

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

	Weighted average of the exercise	Number of options	Weighted average of the exercise	Number of options
	2014	2014	2013	2013
Outstanding at January 1	R\$16.92	2,886,800	R\$16.57	2,339,400
Granted during the period	R\$17.32	-	R\$17.32	933,000
Exercised during the period	R\$16.04	(53,599)	R\$15.77	(385,600)
Canceled during the period	R\$16.95	(169,401)	-	-
Outstanding	R\$18.01	2,663,800	R\$16.92	2,886,800
Exercisable on December 31	R\$16.71	1,503,400	R\$16.73	843,400

The options outstanding at December 31, 2014 have an exercise price in the range of R\$ 15.00 to R\$ 17.32 (R\$ 15.00 to R\$ 17.32 at December 31, 2013) and weighted average contractual life of 2.8 years (3.8 years at December 31, 2013).

The weighted average share price on the vesting date for stock options exercised in the period ended December 31, 2014 was R\$16.04 (R\$15.77 in the period ended December 31, 2013).

## 24 Government subsidy and assistance

### a. Deferral and deemed credit ICMS

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

Governments of Mato Grosso do Sul and Goiás, by law number 9.716/99, of Goiás state, and by law number 13.506/99, granted ICMS deemed credit incentives in transactions with cotton fiber, a reduction 70% to 75% in ICMS payable through the adhesion of Farm Planalto to PDAGRO (Mato Grosso do Sul State) program and of Farm Pamplona to PROALGO (Goiás State) program. The Mato Grosso State grants presumed credit of 75% of ICMS on cotton sales, cotton seed and fibril. By opting for these programs the Company is prevented from appropriate credit for purchases of raw materials, inputs and fixed assets

In order to be entitled to participate in these incentives, the Company must forward an option term to State Departments, waive ICMS credits to which it would be entitled for procurement of inputs, raw materials and fixed assets provide accessory information on this tax waive and pay PDAGro to Mato Grosso do Sul State and Fialgo to Goiás State.

Deemed credits are credited to income in caption taxes on sales, as a contra entry to caption taxes payable. The amount of R\$3,357 of deemed ICMS credit was recognized at the parent company and in the consolidated statement in the year ended December 31, 2014.

## b. Incentive of Corporate Income Tax (IRPJ) reduction

The Company receives incentives in the subsidiary Planorte Farm, located in Mato Grosso States, which IRPJ tax incentives granted by SUDAM (Amazon Development Authority). The incentive comprises of the decrease of 75% of IRPJ and nonrefundable additional amounts:

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

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

The subsidiary Planorte Farm had earnings with IRPJ (Corporate Income Tax) reduction incentive in the amount of R\$2,785 in the period ended December 31, 2014.

## 25 Insurance coverage

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

Policy	Nature	Maturity	Coverage
33.31.15494459.0	Vehicles of SLC Agrícola	10/10/14 à 10/10/15	Against third parties
33.31.15494437.0	Vehicles of Fazenda Parnaíba	10/10/14 à 10/10/15	Against third parties
33.31.15503259.0	Vehicles of Fazenda Planorte	10/10/14 à 10/10/15	Against third parties
33.31.15494432.0	Vehicles of Fazenda Paiaguás I	10/10/14 à 10/10/15	Against third parties
33.31.15499139.0	Vehicles of Fazenda Paiaguás II	10/10/14 à 10/10/15	Against third parties
33.31.15494348.0	Vehicles of Fazenda Perdizes	10/10/14 à 10/10/15	Against third parties
33.31.15494350.0	Vehicles of Fazenda Pioneira	10/10/14 à 10/10/15	Against third parties
33.31.15513278.0	Vehicles of SLC-Mit	10/10/14 à 10/10/15	Against third parties
980.600.244.000011.0001	Machinery and equipment	08/10/14 à 08/10/15	R\$ 15,000,000.00
02.96.000025	Fixed assets	10/01/14 à 10/01/15	R\$ 24,000,000.00
1078/0006568/18	Administration	10/01/14 à 10/01/15	R\$ 835,000.00
37.51.4000216	General liabilities	02/12/14 à 02/12/15	R\$ 1,000,000.00
20.96.000031	Inventory	24/03/14 à 24/03/15	R\$ 40,000,000.00
01.10.4002143	General liabilities	28/06/14 à 28/06/15	R\$ 30,000,000.00
01.10.4002144	General liabilities	28/06/14 à 28/06/15	R\$ 30,000,000.00

The Company's management, which considers it to be sufficient to cover possible events.

## 26 Net sales

	Parent Company		Consolidated	
	2014	2013	2014	2013
Gross operating income	<b>821,263</b>	650,004	<b>1,567,503</b>	1,230,766
Sale of goods	<b>783,639</b>	642,696	<b>1,430,651</b>	1,138,096
Change in fair value of the biological assets	<b>57,175</b>	51,491	<b>163,171</b>	146,292
Income (loss) from hedge operations	<b>(19,551)</b>	(44,183)	<b>(26,319)</b>	(53,622)
Deductions, taxes and contributions	<b>(41,306)</b>	(29,813)	<b>(68,328)</b>	(49,246)
Net operating income	<b>779,957</b>	620,191	<b>1,499,175</b>	1,181,520

## 27 Expenses per type

	Parent Company		Consolidated	
	2014	2013	2014	2013
<b>Expenses according to the role</b>				
Cost of goods sold	<b>674,351</b>	548,847	<b>1,166,090</b>	920,234
Sales expenses	<b>48,026</b>	35,409	<b>85,335</b>	63,991
General and administrative expenses	<b>40,353</b>	38,990	<b>53,736</b>	47,729
Other operating expenses	<b>21,393</b>	16,210	<b>22,858</b>	18,987
	<b>784,123</b>	639,456	<b>1,328,019</b>	1,050,941
<b>Expenses per type</b>				
Depreciation and amortization	<b>64,728</b>	80,418	<b>99,919</b>	115,517
Personnel expenses	<b>101,767</b>	97,872	<b>169,637</b>	148,600
Raw material and material	<b>488,739</b>	408,762	<b>800,740</b>	622,451
CPV biological asset variation	<b>80,161</b>	18,362	<b>192,600</b>	114,026
Freight	<b>27,236</b>	17,824	<b>45,896</b>	33,274
Other expenses	<b>21,492</b>	16,218	<b>19,227</b>	17,073
	<b>784,123</b>	639,456	<b>1,328,019</b>	1,050,941

## 28 Segment information

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

- Agricultural production segment: plantation of cotton, soybean, corn, wheat and coffee.
- Land portfolio segment: acquisition and development of land for agriculture.

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

## Information on reportable segments

	Agricultural Production		Land		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
Net revenue	1,499,175	1,181,520	80,325	55,897	(80,325)	(55,897)	1,499,175	1,181,520
Products Costs	(1,099,365)	(970,230)	-	-	(66,725)	49,996	(1,166,090)	(920,234)
Gross income	399,810	211,290	80,325	55,897	(147,050)	(5,901)	333,085	261,286
Operating expenses/ income	(139,486)	(108,613)	(2,801)	(2,194)	-	-	(142,287)	(110,807)
Sales expenses	(85,335)	(63,991)	-	-	-	-	(85,335)	(63,991)
General and administrative expenses	(42,913)	(38,869)	(1,351)	(957)	-	-	(44,264)	(39,826)
Management compensation	(8,098)	(7,015)	(1,373)	(888)	-	-	(9,471)	(7,903)
Other operating income (expenses)	(3,140)	1,262	(77)	(349)	-	-	(3,217)	913
<b>Income (loss) before financial income (loss) and taxes</b>	<b>260,324</b>	<b>102,677</b>	<b>77,524</b>	<b>53,703</b>	<b>(147,050)</b>	<b>(5,901)</b>	<b>190,798</b>	<b>150,479</b>
Net financial income (loss)	(102,776)	(44,655)	1,050	19,760	-	-	(101,726)	(24,895)
<b>Income (loss) before income tax</b>	<b>157,548</b>	<b>58,022</b>	<b>78,574</b>	<b>73,463</b>	<b>(147,050)</b>	<b>(5,901)</b>	<b>89,072</b>	<b>125,584</b>
Income and social contribution taxes	(8,009)	(28,450)	(10,920)	(531)	-	-	(18,929)	(28,981)
<b>Consolidated Income / Loss for the Period</b>	<b>149,539</b>	<b>29,572</b>	<b>67,654</b>	<b>72,932</b>	<b>(147,050)</b>	<b>(5,901)</b>	<b>70,143</b>	<b>96,603</b>

	Agricultural Production		Land		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
Total assets								
Land	-	-	1,205,121	1,355,553	-	-	1,205,121	1,355,553
Adjustment to Fair Value – Land	-	-	641,616	499,960	(641,616)	(499,960)	-	-
Other assets	2,433,767	2,204,098	859,746	701,427	-	-	3,293,513	2,905,524
<b>Total assets</b>	<b>2,433,767</b>	<b>2,204,098</b>	<b>2,706,483</b>	<b>2,556,940</b>	<b>(641,616)</b>	<b>(499,960)</b>	<b>4,498,634</b>	<b>4,261,077</b>
Total liabilities	2,647,952	2,607,644	1,850,682	1,653,433	-	-	4,498,634	4,261,077
Tax effects on Fair Value – Land	-	-	423,467	329,974	(423,467)	(329,974)	-	-
<b>Total liabilities</b>	<b>2,647,952</b>	<b>2,607,644</b>	<b>2,274,149</b>	<b>1,983,407</b>	<b>(423,467)</b>	<b>(329,974)</b>	<b>4,498,634</b>	<b>4,261,077</b>

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

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

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

	2014	2013
Domestic market	<b>608,850</b>	408,588
Sale of goods	<b>471,998</b>	315,918
Change in fair value of the biological assets	<b>163,171</b>	146,292
Income (loss) from hedge operations	<b>(26,319)</b>	(53,622)
Foreign market	<b>958,653</b>	822,178
Sale of goods - indirect export	<b>380,551</b>	307,571
Sale of goods - direct export	<b>578,102</b>	514,607
Gross operating income	<b>1,567,503</b>	1,230,766
Deductions, taxes and contributions	<b>(68,328)</b>	(49,246)
Net operating income	<b>1,499,175</b>	1,181,520

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

	<u>2014</u>	<u>2013</u>
Ásia	<b>562,801</b>	505,085
América Latina	<b>10,708</b>	7,265
Europa	<b>4,593</b>	1,330
África	-	927
	<b><u>578,102</u></b>	<u>514,607</u>

The Company has Cargill Agrícola S.A. and ABC Indústria e Comércio S.A. as clients responsible for more than 19.2% of net revenues. The amount of income from these customers, representing sales of cotton and soybean, is: Cargill Agrícola SA: R\$159,621 (12.1%) and Indústria ABC Indústria e Comércio S.A.: R\$ 93,834 (7.1%).

## OTHER INFORMATION THE COMPANY DEEMS TO BE RELEVANT

OWNERSHIP BREAKDOWN						
Balance on: 12/31/2014						
Shareholders	Common Shares (Unit)	%	Preferred Shares (Unit)	%	Total Shares (Unit)	%
<b>Controllers</b>	<b>50,469,371</b>	<b>51.03%</b>	-	-	<b>50,469,371</b>	<b>51.03%</b>
SLC Participações S.A.	50,469,371	51.03%	-	-	50,469,371	51.03%
<b>Board of Directors</b>	<b>204</b>	<b>0.00%</b>	-	-	<b>204</b>	<b>0.00%</b>
Conselho de Administração	204	0.00%	-	-	204	0.00%
Diretoria	-	-	-	-	-	-
<b>Shareholders over 5%</b>	<b>12,190,760</b>	<b>12.33%</b>	-	-	<b>12,190,760</b>	<b>12.33%</b>
Deutsche Bank	6,694,980	6.77%	-	-	6,694,980	6.77%
Credit Suisse Hedging Griffo	5,495,780	5.56%	-	-	5,495,780	5.56%
<b>Treasury Shares</b>	<b>1,866,301</b>	<b>1.89%</b>	-	-	<b>1,866,301</b>	<b>1.89%</b>
<b>Others Shareholders</b>	<b>34,370,864</b>	<b>34.75%</b>	-	-	<b>34,370,864</b>	<b>34.75%</b>
<b>Total</b>	<b>98,897,500</b>	<b>100.00%</b>	-	-	<b>98,897,500</b>	<b>100.00%</b>
<b>Free Float</b>	<b>46,561,624</b>	<b>47.08%</b>	-	-	<b>46,561,624</b>	<b>47.08%</b>

OWNERSHIP BREAKDOWN						
Balance on: 12/31/2013						
Shareholders	Common Shares (Unit)	%	Preferred Shares (Unit)	%	Total Shares (Unit)	%
<b>Controllers</b>	<b>50,469,371</b>	<b>51.03%</b>	-	-	<b>50,469,371</b>	<b>51.03%</b>
SLC Participações S.A.	50,469,371	51.03%	-	-	50,469,371	51.03%
<b>Board of Directors</b>	<b>4,404</b>	<b>0.00%</b>	-	-	<b>4,404</b>	<b>0.02%</b>
Board	4	0.00%	-	-	4	0.00%
Directors	4,400	0.00%	-	-	4,400	0.02%
<b>Shareholders over 5%</b>	<b>11,052,644</b>	<b>11.18%</b>	-	-	<b>11,052,644</b>	<b>11.18%</b>
Deutsche Bank	7,216,384	7.30%	-	-	7,216,384	7.30%
Credit Suisse Hedging Griffo	3,836,260	3.88%	-	-	3,836,260	3.88%
<b>Treasury Shares</b>	<b>415,285</b>	<b>0.42%</b>	-	-	<b>415,285</b>	<b>0.42%</b>
<b>Others Shareholders</b>	<b>36,955,796</b>	<b>37.37%</b>	-	-	<b>36,955,796</b>	<b>37.37%</b>
<b>Total</b>	<b>98,897,500</b>	<b>100.00%</b>	-	-	<b>98,897,500</b>	<b>100.00%</b>
<b>Free Float</b>	<b>48,008,440</b>	<b>48.54%</b>	-	-	<b>48,008,440</b>	<b>48.54%</b>

OWNERSHIP BREAKDOWN						
Balance on: 12/31/2012						
Shareholders	Common Shares (Unit)	%	Preferred Shares (Unit)	%	Total Shares (Unit)	%
<b>Controllers</b>	<b>50,469,371</b>	<b>51.03%</b>	-	-	<b>50,469,371</b>	<b>51.03%</b>
SLC Participações S.A.	28,948,584	29.27%	-	-	28,948,584	29.27%
Evaux Participações S.A.	21,520,787	21.76%	-	-	21,520,787	21.76%
<b>Board of Directors</b>	<b>5</b>	<b>0.00%</b>	-	-	<b>5</b>	<b>0.00%</b>
Board	5	0.00%	-	-	5	0.00%
Directors	0	0.00%	-	-	0	0.00%
<b>Shareholders over 5%</b>	<b>9,572,500</b>	<b>9.68%</b>	-	-	<b>9,572,500</b>	<b>9.68%</b>
Blackrock, INC	4,692,600	4.74%	-	-	4,692,600	4.74%
Credit Suisse Hedging Griffo	4,879,900	4.93%	-	-	4,879,900	4.93%
<b>Treasury Shares</b>	<b>554,385</b>	<b>0.56%</b>	-	-	<b>554,385</b>	<b>0.56%</b>
<b>Others Shareholders</b>	<b>38,301,239</b>	<b>38.73%</b>	-	-	<b>38,301,239</b>	<b>38.73%</b>
<b>Total</b>	<b>98,897,500</b>	<b>100.00%</b>	-	-	<b>98,897,500</b>	<b>100.00%</b>
<b>Free Flot</b>	<b>47,873,739</b>	<b>48.41%</b>	-	-	<b>47,873,739</b>	<b>48.41%</b>

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

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

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

## **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS**

To the Shareholders, Board Members and Directors of

SLC Agrícola S.A.

Porto Alegre - RS

We have examined the individual and consolidated financial statements of SLC Agrícola S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the balance sheet as of December 31, 2014 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows, for the year then ended, as well as the summary of the significant accounting practices and other explanatory notes.

### **Responsibility of management for the financial statements**

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

### **Responsibility of the Independent auditors**

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

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

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

### **Opinion on the individual financial statements**

In our opinion, the individual and consolidated aforementioned financial statements present fairly, in all material respects, the financial position of SLC Agrícola S.A. as of December 31, 2014, the performance of its operations and its cash flows, for the year then ended, in accordance with the accounting practices adopted in Brazil.

### **Opinion on the consolidated financial statements**

In our opinion, the individual aforementioned financial statements present fairly, in all material respects, the financial position of SLC Agrícola S.A. as of December 31, 2014, the performance of its operations and its cash flows, consolidated for the year then ended, in conformity with International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

### **Statements of added value**

We have also examined the individual and consolidated statements of value added (DVA) for the year ended December 31, 2014, prepared under responsibility of Company's management, whose presentation is required by Brazilian Corporate Law for publicly-held companies and as supplementary information under IFRS that do not require the presentation of a statement of value added. These statements were submitted to the same audit procedures previously described and, in our opinion, these supplementary statements are adequately presented, in all material respects, in relation to the basic financial statements taken as a whole.

Porto Alegre, February, 26, 2015

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

*(Original report in Portuguese signed by)*  
Cristiano Jardim Seguecio  
Accountant CRC 1SP244525/O-9-T-RS

## ***OPINION OF STATUTORY AUDIT COMMITTEE***

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The Statutory Audit Committee of SLC Agrícola SA , in compliance with legal and statutory provisions, examined the Management Report and the Financial Statements of SLC Agrícola SA prepared in accordance with accounting practices adopted in Brazil and the Consolidated Financial Statements prepared in accordance with standards International financial Reporting Standards (IFRS) issued by the International accounting Standards Board - IASB and the accounting practices adopted in Brazil, for the fiscal year ended December 31, 2014.

Based on the procedures executed, and also considering the report of KPMG Auditores Independentes, dated February 26, 2015, and the information and explanations received during the fiscal year, opines that these documents are able to be assessed and approved the Annual General Meeting of Shareholders .

Porto Alegre, State of Rio Grande do Sul, February 26, 2015 .

João Carlos Sfreddo

Chairman of Statutory Audit Committee

Paulo Roberto Kruse

Counselor

Mauricio Rocha Alves de Carvalho

Counselor

## ***DECLARATIONS BOARD OF EXECUTIVE OFFICERS ON THE FINANCIAL STATEMENTS***

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In compliance with the established in Article 25 of CVM Instruction No. 480/09 of 7 December 2009, the Board declares that reviewed, discussed and agreed with the Financial Statements (Parent Company and Consolidated) for the year ended December 31, 2014.

Porto Alegre, February, 26, 2015.

Aurelio Pavinato

Chief Executive Officer

Ivo Brum

CFO and Investor Relations

Gerson Trenhago

Director of Production

Aldo Roberto Tisott

Director of Sales

## ***DECLARATIONS BOARD OF EXECUTIVE OFFICERS ON THE REPORT OF INDEPENDENT AUDITORS***

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In compliance with the established in Article 25 of CVM Instruction No. 480/09 of 7 December 2009, the Board declares that reviewed, discussed and agreed with the opinion expressed in the Independent Auditors' Report, dated on February 26, 2015, on to the Financial Statements (Parent Company and Consolidated) for the year ended December 31, 2014.

Porto Alegre, February, 26, 2015.

Aurelio Pavinato

Chief Executive Officer

Ivo Brum

CFO and Investor Relations

Gerson Trenhago

Director of Production

Aldo Roberto Tisott

Director of Sales