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GRANOL EXPANDS RIO GRANDE DO SUL FACILITY

Granol, a domestic investment enterprise dedicated to grain, bran and vegetable oil production and marketing for domestic and foreign markets, will invest 44.5 million reais to increase soybean crushing capacity and biodiesel production in the facility in Cachoeira do Sul (Rio Grande do Sul state). The mill can now process 1,200 tons of soybean per day. This volume represents 65% of the plant's demand. To meet the mill's need, Granol buys oil and beef tallow, which raises industrial costs and reduces operational profitability. The expansion will increase capacity to 2,000 tons/day. Biodiesel production will go up from 120,000 to 140,000 cubic meters/year. The bran resulting from crushing is exported through Rio Grande Port. Thirty five million reais (out of a total investment of 44.5 million reais) will be financed. Reported by newspaper Gazeta Mercantil.

SANTELISA VALE SEEKS DEBT-FOR-EQUITY SWAP

Santelisa Vale is expected to exchange over 2 billion reais of debt held by banks for an equity stake. Talks between the world's second-largest sugar and ethanol producer and more than ten financial institutions, led by Angra Partners, are going well and should end soon. According to sources familiar with the talks, the main creditors (Bradesco, Itau, Unibanco and HSBC) await approval for a supplementary operation: a 500 million-real loan from BNDES Participacoes. "Talks have not ended only because Santelisa Vale's main shareholders (Biagi and Junqueira families) do not want to lose control of the company", said a market source who refused to be identified. This person said Santelisa Vale may even have declined an offer by Cosan. Reported by newspaper Gazeta Mercantil.

BUNGE STOPS CURRENT INVESTMENT EXPANSION TO BUY PLANTS

Bunge, one of the biggest agribusinesses, has stopped investment expansion to have more funds available for acquisitions. The company has US\$1.5 billion in cash, triple-B rating, and is ready for opportunities. Bunge claims that it is not cutting jobs and that global investment worth US\$1 billion will be maintained. The firm is in talks with Brazilian sugar mills with a view to eventual acquisitions, with construction projects in three plants in Tocantins, within global plans for investment worth US\$1 billion per year. It has bought some mills in Minas Gerais and Mato Grosso do Sul state in the past two years. Santa Juliana, in Minas Gerais, has started operating and will process 1.5 million tons this year. The Mato Grosso do Sul plant will enter into operation in 2010 and one of the Tocantins projects is expected to start working in 2011. Reported by newspaper Valor Economico.

TEREOS MAY HOLD 76% STAKE IN GUARANI

French group Tereos, which, together with its other owned enterprise, French Berneuil Participations, owns a 62.43 percent stake in Acucar Guarani, may hold a 76.17 percent stake if minority shareholders do not finance the capital increase, on which company shareholders will vote on February 2. The firm, Brazil's second sugar producer behind Cosan S.A., says it intends to make a stock offering to shareholders, with a view to raising 193-309 million reais. In a press release, the company says the price of its shares will be 2 reais, based on a simple average of its stock quotations in the last 90 BM&F Bovespa bids with a 25.4% discount. According to the company, the aim of this discount is to encourage minority shareholders to take part in this process. Reported by newspaper Gazeta Mercantil.

FORECAST LOSS OF 1.3 BILION REAIS IN DERIVATIVES KNOCKS DOWN SADIA'S SHARES

In addition to the losses in foreign exchange derivatives announced by September 30, 2008 (653 million reais), Sadia S.A. is expected to close foreign exchange futures positions for another 1.3 billion reais between October 2008 and September 2009. Losses in fiscal year 2008 are estimated at around 1.5 billion reais as the company's next balance sheet will have to include foreign exchange derivatives as well. Estimated losses, which have no cash effect in the fourth quarter, may change if the exchange rate changes. However, so far the dollar value is estimated to be 2.40 reais in 2009 and reach 2.35 reais in end-2009, according to the second forecast of MCM Consultores. Reported by website AviSite.