Raízen Energia S.A.

Financial statements at March 31, 2016 and independent auditor's report

KPDS 152549

Contents

Independent auditors' report **3**

Statements of Financial position **5**

Statements of income **7**

Statements of other comprehensive income **8**

Statements of changes in equity **9**

Statements of cash flows **10**

Statements of added value **11**

Management's explanatory notes to the financial statements **12**

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Independent Auditors' Report

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), containing individual and consolidated financial statements prepared in accordance with the accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board - IASB)

To Directors and Shareholders
Raízen Energia S.A.
São Paulo - SP

We have audited the accompanying individual and consolidated financial statements of Raízen Energia S.A. ("the Company"), identified as Parent Company and Consolidated, respectively, which comprise the balance sheet as of March 31, 2016, the statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, as well as a summary of significant accounting policies and other explanatory information.

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

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

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

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

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policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements taken as whole.

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

Opinion
In our opinion, the aforementioned individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Raízen Energia S.A. as of March 31, 2016, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board – IASB.

Other matters

Comparative Information
The audit of the individual and consolidated financial statements as of and for the year ended March 31, 2015, prepared originally prior to the adjustments described in Note 2.3, was conducted under responsibility of other independent auditors who expressed an unmodified opinion on those financial statements on June 22, 2015. As part of our audit of the financial statements as of and for the year ended March 31, 2016, we also audited the adjustments described in Note 2.3, which were made to change the corresponding figures of March 31, 2015 of the statements of cash flows, which in our opinion are appropriate and have been properly applied, in all material respects. We were not engaged to audit, review, or apply any procedures to the financial statements of the Company as of and for the year ended March 31, 2015 and, for that reason, we do not express an opinion or any other form of assurance on corresponding information taken as whole.

Statement of added-value
We also audited the individual and consolidated statements of added-value (DVA) as of and for the year ended March 31, 2016, prepared under management`s responsibility, which presentation is required by Brazilian corporate law applicable to publicly-held companies, and as supplementary information by IFRS which do not require the presentation of DVA. These statements were submitted to the same audit procedures described previously and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as whole.

São Paulo, May 27, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6
(*originally signed in Portuguese*)
Ulysses M. Duarte Magalhães
Accountant CRC RJ-092095/O-8

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RAÍZEN ENERGIA S.A.

Financial position at March 31
(In thousands of Reais - R$)

	Note	Parent company		Consolidated	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	3	506,602	3,543,766	2,987,675	3,795,287
Restricted cash	4	759,032	85,482	811,487	131,311
Derivative financial instruments	24	513,987	704,752	566,477	759,306
Trade accounts receivable	5	130,696	107,770	457,795	331,638
Other financial assets	7	10,028	12,931	10,028	12,931
Inventories	6	324,669	193,169	505,420	354,862
Income and social contribution taxes recoverable	15.a.1	87,426	25,878	111,367	36,859
Recoverable taxes		146,400	87,709	195,924	157,304
Related parties	8	1,056,483	1,702,330	244,095	767,894
Dividends receivable	9	6,762	85,889	-	-
Other receivables		222,099	193,440	311,008	258,332
Total current assets		3,764,184	6,743,116	6,201,276	6,605,724
Non-current assets					
Derivative financial instruments	24	674,660	315,279	674,660	315,279
Other financial assets	7	1,430,176	957,821	1,445,442	968,420
Income and social contribution taxes recoverable	15.a.1	481,290	405,802	560,920	508,360
Recoverable taxes		8,285	12,395	23,854	32,184
Related parties	8	429,466	285,964	1,662,646	1,429,358
Deferred income and social contribution tax	15.b	180,678	252,186	186,665	299,314
Judicial deposits	16	117,626	94,118	231,652	205,797
Other receivables		82,605	85,134	112,993	102,064
Investments	9	4,781,965	3,989,382	210,425	210,586
Biological assets	10	2,132,422	1,662,597	2,463,488	1,959,859
Property, plant and equipment	11	3,796,144	3,861,330	7,537,931	7,615,059
Intangible assets	12	1,100,568	1,111,282	1,471,421	1,494,333
Total non-current assets		15,215,885	13,033,290	16,582,097	15,140,613
Total assets		18,980,069	19,776,406	22,783,373	21,746,337

See the accompanying notes to the financial statements.

Financial position at March 31
(In thousands of Reais – R$) **(continued)**

	Note	Parent company		Consolidated	
		2016	2015	2016	2015
Liabilities					
Current liabilities					
Loans and financing	14	506,559	965,310	1,619,259	1,377,898
Derivative financial instruments	24	459,252	194,108	490,650	224,078
Suppliers	13	569,053	331,640	891,846	568,296
Salaries and wages payable		333,963	277,554	382,263	321,116
Income and social contribution taxes payable	15.a.2	-	-	41,426	8,862
Taxes payable		81,490	56,884	160,366	99,537
Dividends and interest on own capital payable	18.b	134,865	51,066	134,865	51,066
Related parties	8	957,163	1,907,772	256,300	226,854
Advances from clients		66,833	22,642	105,912	132,138
Other liabilities		45,037	21,104	90,794	62,729
Total current liabilities		3,154,215	3,828,080	4,173,681	3,072,574
Non-current Liabilities					
Loans and financing	14	4,368,190	4,104,279	8,257,189	9,047,745
Derivative financial instruments	24	168,903	56,231	193,667	56,231
Taxes payable		161	134,125	4,445	169,116
Related parties	8	2,353,907	4,587,652	1,113,079	2,194,965
Provision for legal disputes	16	205,055	185,560	265,150	244,480
Deferred income and social contribution tax	15.b	-	-	89,066	76,914
Other liabilities		173,442	105,270	131,863	109,103
Total non-current liabilities		7,269,658	9,173,117	10,054,459	11,898,554
Total liabilities		10,423,873	13,001,197	14,228,140	14,971,128
Equity					
Share capital	18.a	6,423,054	4,923,054	6,423,054	4,923,054
Capital reserves	18.a	1,092,690	1,092,538	1,092,690	1,092,538
Equity valuation adjustment	18.c	(493,996)	15,248	(493,996)	15,248
Profit reserves		1,534,448	744,369	1,534,448	744,369
		8,556,196	6,775,209	8,556,196	6,775,209
Non-controlling interests		-	-	(963)	-
Total equity		8,556,196	6,775,209	8,555,233	6,775,209
Total liabilities and equity		18,980,069	19,776,406	22,783,373	21,746,337

See the accompanying notes to the financial statements.

RAÍZEN ENERGIA S.A.

Statements of income
Years ended March 31
(In thousands of Reais, except earnings per share)

	Note	Parent company		Consolidated	
		2016	2015	2016	2015
Net operating revenue	19	6,322,344	5,180,272	11,867,088	9,739,137
Cost of goods sold and services provided	21	(4,308,226)	(4,251,367)	(8,767,347)	(8,064,341)
Gross profit		2,014,118	928,905	3,099,741	1,674,796
Operating income (expenses)					
Selling	21	(507,344)	(434,867)	(656,247)	(564,863)
General and administrative expenses	21	(382,261)	(362,820)	(528,563)	(487,493)
Other operating income, net	22	22,745	24,131	49,885	71,340
Equity income of subsidiaries and associated companies	9	509,091	322,816	(73,260)	(33,938)
		(357,769)	(450,740)	(1,208,185)	(1,014,954)
Income before financial results, income tax and social contribution		1,656,349	478,165	1,891,556	659,842
Financial results					
Financial expenses	23	(892,247)	(546,066)	(969,697)	(655,939)
Financial income	23	609,043	530,129	664,798	467,777
Net exchange variation	23	(455,735)	(1,061,621)	(441,525)	(1,042,138)
Net effect of the derivatives	23	602,125	518,064	577,360	518,065
		(136,814)	(559,494)	(169,064)	(712,235)
Income (loss) before income tax and social contribution		1,519,535	(81,329)	1,722,492	(52,393)
Income tax and social contribution	15.a				
Current		(1)	(2)	(149,646)	(61,184)
Deferred		(333,890)	192,330	(387,202)	224,576
		(333,891)	192,328	(536,848)	163,392
Net income for the year		1,185,644	110,999	1,185,644	110,999
Net income per common share:					
Basic and diluted	18.f			0.177	0.016

See the accompanying notes to the financial statements.

RAÍZEN ENERGIA S.A.

Statements of other comprehensive income
Years ended March 31
(In thousands of Reais)

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Net income for the year	1,185,644	110,999	1,185,644	110,999
Comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial loss, net	(112)	(11,277)	(134)	(13,405)
Actuarial loss (reflected effect of subsidiaries)	(15)	(1,459)	-	-
Deferred taxes on actuarial gains (Note 15.c)	38	3,834	45	4,503
	(89)	(8,902)	(89)	(8,902)
Items that are or may be reclassified to profit or loss				
Net gain (loss) on financial instruments designated as hedge accounting (Note 24.e)	(771,555)	51,965	(771,555)	51,965
Effect of foreign currency translation - CTA	56	535	56	535
Deferred taxes on adjustments (Note 15.c)	262,344	(17,681)	262,344	(17,681)
	(509,155)	34,819	(509,155)	34,819
Other components of the comprehensive income for the year	(509,244)	25,917	(509,244)	25,917
Total of other comprehensive income for the year	676,400	136,916	676,400	136,916

See the accompanying notes to the financial statements.

RAÍZEN ENERGIA S.A.

Statements of changes in equity
Years ended March 31
(In thousands of Reais)

	Attributed to the shareholders of Parent company										
		Capital reserves			Profit reserves						
	Share capital	Capital reserve	Goodwill special reserve	Equity valuation adjustment	Tax incentive reserve	Legal	Profit retention	Retained earnings	Total	Interest of non-controlling shareholders	Total equity
Balances at April 1, 2014	4,752,078	1,012,812	241,107	(10,669)	30,256	44,561	574,364	-	6,644,509	-	6,644,509
Comprehensive income for the year											
Net income for the year	-	-	-	-	-	-	-	110,999	110,999	-	110,999
Equity evaluation adjustment - Hedge accounting (Note 24.e)	-	-	-	34,284	-	-	-	-	34,284	-	34,284
Effect of foreign currency translation - CTA	-	-	-	535	-	-	-	-	535	-	535
Equity evaluation adjustments - Actuarial liabilities	-	-	-	(8,902)	-	-	-	-	(8,902)	-	(8,902)
	-	-	-	25,917	-	-	-	110,999	136,916	-	136,916
Contributions made by (distributions to) Company shareholders											
Redemption of preferred shares - Class B	155,755	(164,377)	-	-	-	-	1,255	-	(7,367)	-	(7,367)
Effect of downstream merger of Curupay (Note 27.2.iii)	-	-	2,004	-	-	-	-	-	2,004	-	2,004
Effect of operations in associated companies	-	992	-	-	-	-	-	-	992	-	992
Dividends destined for class B and D preference shareholders	15,221	-	-	-	-	-	-	(16,012)	(791)	-	(791)
Minimum mandatory dividends (Note 18.b)	-	-	-	-	-	-	-	(1,054)	(1,054)	-	(1,054)
Formation of reserves (Note 18.b)	-	-	-	-	-	5,550	88,383	(93,933)	-	-	-
	170,976	(163,385)	2,004	-	-	5,550	89,638	(110,999)	(6,216)	-	(6,216)
Balance at March 31, 2015	4,923,054	849,427	243,111	15,248	30,256	50,111	664,002	-	6,775,209	-	6,775,209
Comprehensive income for the year											
Net income for the year	-	-	-	-	-	-	-	1,185,644	1,185,644	-	1,185,644
Equity evaluation adjustment - Hedge accounting (Note 24.e)	-	-	-	(509,211)	-	-	-	-	(509,211)	-	(509,211)
Equity evaluation adjustments - Actuarial liabilities	-	-	-	(89)	-	-	-	-	(89)	-	(89)
Effect of foreign currency translation - CTA	-	-	-	56	-	-	-	-	56	-	56
	-	-	-	(509,244)	-	-	-	1,185,644	676,400	-	676,400
Contributions made by (distributions to) Company shareholders											
Initial recognition of non-controlling interest	-	-	-	-	-	-	-	-	-	(963)	(963)
Capital increase (Note 18.a)	1,500,000	-	-	-	-	-	-	-	1,500,000	-	1,500,000
Formation of tax incentive reserve of subsidiaries (Note 18.d)	-	-	-	-	139,885	-	-	(139,885)	-	-	-
Payment of dividends (Note 18.b)	-	-	-	-	-	-	(385,700)	-	(385,700)	-	(385,700)
Formation of legal reserve (Note 18.b)	-	-	-	-	-	-	-	-	-	-	-
Minimum mandatory dividends (Note 18.b)	-	-	-	-	-	-	-	(9,865)	(9,865)	-	(9,865)
Formation of reserves (Note 18.b)	-	-	-	-	-	59,283	976,611	(1,035,894)	-	-	-
Other	-	152	-	-	-	-	-	-	152	-	152
	1,500,000	152	-	-	139,885	59,283	590,911	(1,185,644)	1,104,587	(963)	1,103,624
March 31, 2016	6,423,054	849,579	243,111	(493,996)	170,141	109,394	1,254,913	-	8,556,196	(963)	8,555,233

See the accompanying notes to the financial statements.

RAÍZEN ENERGIA S.A.

Statements of cash flows
Years ended March 31
(In thousands of Reais)

	Parent company		Consolidated	
	2016	2015 Restated	2016	2015 Restated
Cash flow from operating activities				
Income (loss) before income and social contribution taxes	1,519,535	(81,329)	1,722,492	(52,393)
Adjustments:				
Depreciation and amortization	1,383,092	1,434,440	1,876,896	1,908,125
Change in fair value of biological assets	(559,970)	30,280	(637,937)	32,697
Equity income of subsidiaries and associated companies	(509,091)	(322,816)	73,260	33,938
Capital gain on dilution of ownership interest in associated company	(15,121)	(30,333)	(15,583)	(30,333)
Interest, monetary and exchange variations, net	1,149,406	1,446,212	1,180,716	1,654,689
Result from disposal of property, plant and equipment	(6,060)	(8,679)	9,255	(10,868)
Formation (reversal) of allowance for doubtful accounts, net	1,302	(1,164)	5,025	(1,106)
Formation of provision for judicial disputes and contingencies, net	18,334	11,052	21,016	16,013
Unrealized gain on derivative transactions	(1,143,718)	(294,922)	(1,115,465)	(317,470)
Provision (reversal) for non-realization and obsolescence of inventories	(392)	5,466	377	6,163
Provision (reversal) for losses in property, plant and equipment and intangible assets, net	(1,497)	58,249	(1,869)	63,738
Income from investment grants - ICMS	-	-	(40,646)	(59,557)
Gain on the fair value of shares	-	(40,366)	-	(40,366)
Other	(18,197)	(300)	(44,763)	817
Changes in assets and liabilities				
Trade accounts receivable and advances from clients	(25,635)	25,353	(91,737)	161,051
Inventories	(37,808)	56,935	(74,186)	127,190
Restricted cash	(660,194)	109,754	(660,192)	121,249
Derivative financial instruments	560,385	(39,752)	560,384	(40,768)
Other financial assets	-	48,910	-	48,910
Judicial deposits	(46,987)	(44,207)	(48,639)	(48,366)
Suppliers and advances to suppliers	241,951	(21,166)	173,497	(92,445)
Recoverable and payable taxes	(11,064)	(163,236)	13,807	(83,506)
Related parties	(303,769)	16,803	93,029	(42,772)
Salaries and wages payable	56,410	25,472	40,579	28,647
Other assets and liabilities, net	(3,260)	6,684	39,404	(18,930)
Income and social contribution taxes on net income - paid	-	-	(36,137)	(43,165)
Net cash generated in operation activities	1,587,652	2,227,340	3,042,583	3,321,182
Cash flow from investing activities				
Capital reduction in subsidiary	-	400,000	-	-
Additions to the investment	(819,457)	(840,965)	(48,513)	(58,964)
Additions to property, plant and equipment and intangible assets	(676,036)	(981,473)	(992,548)	(1,389,802)
Dividends received from subsidiaries	85,889	304,434	-	-
Cash received upon disposal of property, plant and equipment	14,967	12,466	17,092	14,223
Additions to biological assets (planting and crop treatments costs)	(607,970)	(725,888)	(701,680)	(851,411)
Issue of PPE's - intragroup	-	-	-	(209,593)
Amortization of interest of PPEs issued - intragroup	-	-	22,090	13,745
Net cash used in investment activities	(2,002,607)	(1,831,426)	(1,703,559)	(2,481,802)
Cash flow from financing activities				
Loans and financing - third parties	685,045	2,308,504	1,461,957	4,593,149
Amortization of loans and financing - third parties	(1,154,693)	(1,843,297)	(2,693,820)	(3,518,466)
Payment of interests of loans and financing - third parties	(408,352)	(287,462)	(678,540)	(481,446)
Financial investments linked to financing (Restricted cash)	-	(676)	(108)	22,046
Capital increase	-	8,427	-	8,427
Dividends paid	(311,766)	(43,417)	(311,766)	(43,417)
Additions of PPE's - intragroup	-	1,393,159	-	1,073,258
Amortization of principal of PPEs obtained - intragroup	(709,882)	-	-	-
Amortization of interest of PPEs obtained - intragroup	(159,957)	(92,928)	(22,827)	(9,384)
Financial resource management, net - intragroup	(537,029)	83,426	98,902	(459,275)
Net cash generated (used) in financing activities	(2,596,634)	1,525,736	(2,146,202)	1,184,892
(Decrease) increase in cash and cash equivalents, net	(3,011,589)	1,921,650	(807,178)	2,024,272
Cash and cash equivalents at the beginning of the year	3,543,766	1,622,116	3,795,287	1,771,015
Effect of exchange variation on cash and cash equivalents	(25,575)	-	(434)	-
Cash and cash equivalents at the end of the year	506,602	3,543,766	2,987,675	3,795,287

See the accompanying notes to the financial statements.

RAÍZEN ENERGIA S.A.

Statements of added value
Years ended March 31
(In thousands of Reais)

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Income				
Gross sales of products and services	6,595,288	5,426,196	12,557,268	10,330,454
Sales returns, discounts and rebates	(6,303)	(6,780)	(10,198)	(18,883)
Reversal (formation) of allowance for doubtful accounts, net	(1,302)	1,164	(5,025)	1,105
Other operating income	22,745	24,131	49,885	71,340
	6,610,428	5,444,711	12,591,930	10,384,016
Inputs acquired from third parties				
Cost of goods sold and services provided	(2,210,932)	(1,542,302)	(5,981,389)	(4,636,197)
Materials, energy, outsourced services and other	(608,422)	(325,854)	(769,049)	(515,519)
Change in fair value of biological assets	559,970	(30,280)	637,937	(32,697)
Reversal (formation) of provision for obsolescence of inventories	392	(5,466)	(377)	(6,163)
	(2,258,992)	(1,903,902)	(6,112,878)	(5,190,576)
Gross added value	4,351,436	3,540,809	6,479,052	5,193,440
Depreciation and amortization	(1,383,092)	(1,434,440)	(1,876,896)	(1,908,125)
Net added value produced	2,968,344	2,106,369	4,602,156	3,285,315
Added value received as transfers				
Equity in income of subsidiaries and associates	509,091	322,816	(73,260)	(33,938)
Financial income	609,043	530,129	664,798	467,777
Foreign exchange variation	198,933	-	195,862	-
Gain on derivative operations	693,685	518,064	668,922	518,065
	2,010,752	1,371,009	1,456,322	951,904
Added value payable	4,979,096	3,477,378	6,058,478	4,237,219
Distribution of added value				
Personnel				
Direct remuneration	1,051,432	1,141,623	1,273,054	1,368,064
Benefits	128,579	189,138	236,691	228,785
FGTS	66,503	98,741	117,679	114,920
	1,246,514	1,429,502	1,627,424	1,711,769
Taxes, rates and contributions				
Federal	88,251	88,094	374,844	273,647
Deferred federal taxes	333,890	(192,330)	387,202	(224,576)
State	183,304	154,981	460,644	364,428
Municipal	1,936	1,868	2,572	2,825
	607,381	52,613	1,225,262	416,324
Third-party capital remuneration				
Financial expenses	892,247	546,066	969,697	655,939
Foreign exchange variation	654,668	1,061,621	637,387	1,042,138
Losses on derivative operations	91,560	-	91,562	-
Leases	301,082	276,577	321,502	300,050
	1,939,557	1,884,264	2,020,148	1,998,127
Remuneration of own capital				
Dividends and interest on own capital	9,865	17,066	9,865	17,066
Retained earnings	1,175,779	93,933	1,175,779	93,933
	1,185,644	110,999	1,185,644	110,999
Distributed added value	4,979,096	3,477,378	6,058,478	4,237,219

See the accompanying notes to the financial statements.

1. Operations

Raízen Energia S.A. (“Company”, “Group”, “Raízen Energia” or “RESA”) is a publicly held corporation headquartered in the state of São Paulo, Brazil. The Company was organized on June 1, 2011 and is indirectly and jointly controlled by Royal Dutch Shell (“Shell”) and Cosan Limited (“Cosan”). The Company was directly controlled by Raízen Energia Participações S.A. (“REPSA”) until November 30, 2012, when the downstream merger of its parent company took place.

The term Raízen, when mentioned, corresponds to the formation of the joint venture between Shell and Cosan, of the ethanol, sugar and energy segment.

The Company and its subsidiaries engage in producing and marketing sugar and ethanol, and the trading, both domestically and abroad through its subsidiaries Raízen Trading LLP and Raízen International Universal Corporation, and co-generating energy produced from bagasse at its 24 plants located in Brazil's Center-Southern Region.

Sugarcane farming requires a period ranging from 12 to 18 months for maturing and harvesting and generally starts between the months of April and May every year, and usually ends between November and December, period in which sugar and ethanol are also produced. Production is sold during the whole year and does not fluctuate over the seasons, but is affected by normal market supply and demand fluctuations. Because of its production cycle, the Company’s fiscal year starts on April 1 and ends on March 31.

During the year ended March 31 2016 and 2015, the Company and its subsidiaries underwent the following corporate restructurings: i) corporate restructuring involving net assets relating to the electricity cogeneration activity; ii) acquisition of Cerrado Açúcar e Álcool S.A. (“Cerrado”); and iii) corporate restructuring relating to the downstream merger of Curupay by TEAS. The details of these operations are described in Note 27.

At an Extraordinary General Meeting held on August 31, 2015, the shareholders Shell Brazil Holding BV (“Shell”) and Cosan Investimentos e Participações S.A. (“CIP”) deliberated on and approved a capital increase in the amount of R$ 1,500,000, through issuance of 1,340,687,564 new common nominative shares. The payment occurred through the redemption of part of the shares held by the shareholders in the corporation under common control of the Company, Raízen Combustíveis S.A. (“RCSA”). These operations occurred as part of the transfer of debt instruments and resources of the Company in the amount of R$ 1,711,772 to RCSA (see Notes 8 and 18.a).

2. Significant accounting policies

2.1. Basis of preparation

Individual and consolidated financial statements have been prepared and is being presented in conformity with accounting practices adopted in Brazil, which include the Corporate Law, standards issued by the Brazilian Securities and Exchange Commission (CVM) and pronouncements of the Accounting Pronouncements Committee (CPC), which are in accordance with the International Accounting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The presentation of the Statement of Added Value (SAV), individual and consolidated, is required by Brazilian Corporate Law and accounting practices adopted in Brazil applicable to public companies.

The IFRS do not require the submission of this statement. Therefore, under the IFRS, this statement is submitted as supplementary information, without prejudice to the set of financial statements.

The issuance of the financial statements was authorized by management on May 27, 2016.

a) Measuring basis

The individual and consolidated financial statements were prepared using historical cost as the value base, except, when applicable, for the valuation of some assets and liabilities such as financial instruments (including derivative instruments), agricultural products and biological assets, which are measured at fair value.

b) Functional currency and presentation currency

These individual and consolidated financial statements are being presented in Brazilian Reais, functional currency of the Company. All balances have been rounded to the nearest value, except otherwise indicated. The financial statements of each subsidiary included in the consolidation of the Company, as well as those utilized as a basis to account for investments under the equity method, are prepared based on the functional currency of each company. For the subsidiaries located abroad, the assets and liabilities financial statements have been translated into Reais based on the exchange rate in effect at the reporting date and to the income statement was determined by the average monthly rate during the year. Translation effects are recognized in shareholders' equity of these subsidiaries.

c) Significant judgments, estimates and assumptions

The preparation of Company's individual and consolidated financial statements requires Management to make judgments and estimates and adopt assumptions that affect the amounts presented for revenues, expenses, assets and liabilities in the base date of the financial statements.

These estimates and assumptions are reviewed in a continuous manner. Reviews in relation to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

Should there be a significant change in the facts and circumstances on which the estimates and assumptions made are based, there may be a material impact on the results and financial position of the Company and its subsidiaries.

The significant accounting estimates and assumptions are set out below:

Income tax, social contribution and other taxes payable

The Company is subject to income tax and social contribution in all countries in which it operates. Significant judgment is required to determine the provision for income taxes in these various countries.

In many operations, the final determination of the tax is uncertain. The Company also recognizes provisions to cover certain situations in which it is probable that additional tax amounts will be owed. When final result of such issues differs from initially estimated and recorded amounts, these differences affect current and deferred tax liabilities in the period in which definitive value is determined.

Investment grants - Value-added Tax on Sales and Services (ICMS)

The Company, through subsidiaries Raízen Centroeste and Raízen Caarapó, joined a tax incentive program in the form of financing of a portion of the ICMS due. The use of this investment grant by the Company is conditional on compliance with all the obligations established in the programs, the conditions of which refer to factors under the Company's control.

The income from these incentives is recorded in the statement of income for the year, as disclosed in Notes 21.a and 22.

Deferred income and social contribution tax

Deferred income tax and social contribution assets are recognized for all tax loss carryforwards not utilized to the extent that it is probable that there will be future taxable income to allow their use in the future. Substantial judgment from Management is required to determine the amount of the deferred income tax and social contribution assets that can be recognized, based on the reasonable term and amount of future taxable income, along with future tax rationalization.

Deferred income tax assets and liabilities are presented at net value in the statement of financial position only when there is the legal right and the intention of offsetting them upon calculation of current taxes, generally related to the same legal entity and the same tax authority. For further details on deferred taxes, see Note 15.

Biological assets and agricultural product

Biological assets are measured at fair value on the reporting date, and the effects of changes in fair value between the periods are recognized directly in the cost of products sold. For further information on the assumptions used, see Note 10.

The fair value of agricultural produce is calculated on the reporting date, through an analysis of the average production cost of the sugarcane harvested in relation to its market value.

Property, plant and equipment and intangible assets, including goodwill

The accounting treatment given to property, plant and equipment and intangible assets includes estimates to determine the useful life period for depreciation and amortization purposes, in addition to the fair value at acquisition date of the assets acquired through business combinations.

The Company performs the annual analysis of internal and external indicators that may affect the recoverable amount of assets without a defined useful life, particularly the goodwill based on future profitability.

The determination of the recoverable amount of the cash-generating unit to which the goodwill was allocated also includes the use of estimates and assumptions and requires a significant degree of Management's judgment.

Provision for tax, civil, environmental and labor contingencies

The Company and its subsidiaries recognize a provision for tax, civil and environmental claims. 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 internal and external attorneys. Such provisions are reviewed and adjusted to take into account changes in circumstances, such as statute of limitations applicable, tax inspection conclusions or additional exposures identified based on new matters or court decisions.

Fair value of financial instruments

When the fair value of the financial assets and liabilities presented in the financial position 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. For more details on financial instruments, see Note 24.

2.2. Consolidation basis

The consolidated financial statements include the financial statements of Raízen Energia and its subsidiaries in the years ended March 31, 2016 and 2015. The direct and indirect subsidiaries are listed below:

	2016		2015	
	Direct	**Indirect**	**Direct**	**Indirect**
Agrícola Ponte Alta Ltda.	99.99%	0.01%	99.99%	0.01%
Agropecuária Santa Hermínia Ltda.	-	100.00%	-	100.00%
América Trading Investments	-	100.00%	-	100.00%
Benálcool Açúcar e Álcool Ltda.	99.99%	0.01%	99.99%	0.01%
Bioenergia Araraquara Ltda.	-	100.00%	-	100.00%
Bioenergia Barra Ltda.	99.99%	0.01%	99.99%	0.01%
Bioenergia Caarapó Ltda.	-	100.00%	-	100.00%
Bioenergia Costa Pinto Ltda.	-	100.00%	-	100.00%
Bioenergia Gasa Ltda.	-	100.00%	-	100.00%
Bioenergia Jataí Ltda.	-	100.00%	-	100.00%
Bioenergia Maracaí Ltda.	-	100.00%	-	100.00%
Bioenergia Rafard Ltda.	-	100.00%	-	100.00%
Bioenergia Serra Ltda.	-	100.00%	-	100.00%
Bioenergia Tarumã Ltda.	-	100.00%	-	100.00%
Bioenergia Univalem Ltda.	-	100.00%	-	100.00%
Raízen Centroeste Açúcar e Álcool Ltda.	47.37%	52.63%	47.37%	52.63%
Raízen Araraquara Açúcar e Álcool Ltda.	99.99%	0.01%	99.99%	0.01%
Raízen Ásia PT Ltd.	-	100.00%	-	100.00%
Raízen Biotecnologia S.A.	100.00%	-	100.00%	-
Raízen Caarapó Açúcar e Álcool Ltda.	31.48%	68.52%	-	100.00%
Raízen Luxembourg S.A. (i)	100.00%	-	100.00%	-
Raízen Energy Finance Ltd.	100.00%	-	100.00%	-
Raízen International Universal Corp.	100.00%	-	100.00%	-
Raízen North América, Inc.	-	100.00%	-	100.00%
Raízen Paraguaçú Ltda.	-	100.00%	-	100.00%
Raízen Tarumã Ltda.	99.99%	0.01%	99.99%	0.01%
Raízen Trading LLP	-	100.00%	-	100.00%
TEAS Terminal Exp. de Álcool de Santos Ltda.	99.99%	0.01%	99.99%	0.01%
Unimodal Ltda	53.17%	20.24%	53.17%	20.24%
Raízen Açúcar Ltda. (ii)	99.00%	100.00%	-	-

(i) Previously named Raízen Cayman Limited.
(ii) A Company created on March 7, 2016 with the primary purpose of trading sugar.

The subsidiaries are fully consolidated from the date of control acquisition, and continue to be consolidated up to the date when control no longer exists. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies and, where necessary, adjustments are made to align the accounting policies with those of the Company.

All balances maintained between consolidated companies, income and expenses, unrealized gains and losses, arising from transactions between companies are eliminated as a whole.

A change in the ownership interest in a subsidiary which does not result in loss of control is accounted for as a transaction between stockholders in shareholders' equity.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is equal to the fair value of the assets transferred, liabilities incurred and equity instruments issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, when applicable. Acquisition-related costs are recorded in the statement of income as incurred. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. The Company shall measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. The measurement of the non-controlling interest is determined in each acquisition made.

The excess of the consideration transferred plus the acquisition-date fair value of any previous ownership interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. For acquisitions in which the Company attributes fair value to non-controlling interests, the determination of goodwill also includes the value of any non-controlling interest in the acquiree, and the goodwill is determined considering the Company's and non-controlling interests. When the consideration transferred is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the statement of income for the year.

2.3. Restatements of corresponding figures

The amounts corresponding to the consolidated statements of cash flow, for the year ended March 31, 2015, originally presented in the financial statements for that year, are being restated for reclassification of the balance of cash outflows from financing activities in the amount of R$ 195,848 for investment activities. This amount is related to export prepayment (“PPEs”) agreements between related parties, and was being presented as cash flow from financing, either at the company granting the loan or at the company receiving the funds. Additionally, there was an opening presentation of amounts in financing activities related to issuance, amortization and interest paid on PPEs between related parties.

These operations began to be presented in the statement of cash flows from investment when granted (outflow of cash) and in the cash flows from financing when received (inflow of cash).

2.4. Description of significant accounting policies

The accounting policies described below have been consistently applied to all the years presented in these individual and consolidated financial statements, except for the accounting policy of intragroup loans transaction disclosures which was changed in the year ended March 31, 2016, as disclosed in Note 2.3 above.

a) Revenue recognition

Revenues from sales of products or goods, including sales in the foreign market made by subsidiaries Raízen Trading LLP and Raízen International Universal Corporation, are recognized when the entity transfers to the buyer the significant risks and rewards of ownership of the products and goods, and when it is probable that future economic benefits will be received by companies of the Group. Selling prices are established based on purchase orders or contracts. Goods or services whose revenue is deferred are recognized within Other obligations and is accounted for as revenues upon delivery of the goods or render of the services.

The revenue from the sale of the electric power co-generated is recorded based on the assured energy and the tariffs specified in the supply agreement, or the current market price, according to each case. The electric power produced and sold through auctions is initially recognized as prepaid income, and is only recognized in the statement of income for the year when it is available to be used by the clients.

Revenue is presented net of taxes (Excise Tax (IPI), Value-added Tax on Sales and Services (ICMS), Social Integration Program (PIS), Social Contribution on Revenues (COFINS), National Institute of Social Security (INSS) and others), returns, rebates and discounts, as well as of sales eliminations between Group companies in the case of consolidated financial statements.

b) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or the dates of valuation when items are remeasured.

Monetary assets and liabilities denominated in a foreign currency are converted into Reais using the foreign exchange rates prevailing at the financial position date, and foreign exchange gains and losses arising from the settlement of these transactions and the translation at year-end exchange rates are recognized in the statement of income within Financial results, unless they qualify as hedge accounting, in which case they are recognized in comprehensive income.

Non-monetary items that are measured at the historical cost in a foreign currency are translated using the translation rate of the transaction start date. Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

c) Financial instruments - Initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

The Company's financial assets are classified in the following categories: at fair value through profit or loss or loans and receivables. The Company classifies its financial assets upon initial recognition.

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

The Company's financial assets are listed in Note 24.

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and assets designated in the initial recognition, as measured at fair value through profit or loss. They are classified as held-for-trading if they are originated with the purpose of being sold or repurchased in the short term. Derivatives are also measured at fair value through profit or loss, except for those designated as hedging instruments, which are maintained in equity and subsequently recognized in the statement of income, as described in item (v) below. Interest, monetary restatement and foreign exchange variation and variations arising from measurement at fair value in income (loss) when incurred, under Financial results.

Loans and receivables

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

Derecognition (write-off)

A financial asset is written off when:

- The rights to receive cash flows from the asset expire, and

- The Company transfers its rights to receive cash flows from the asset or assumes an obligation to pay the cash flows received in full without material delay to a third party under a ”pass-through” arrangement; and (a) the Company transfers substantially all risks and rewards of the assets, or (b) the Company neither transfers nor retains substantially all the risks and rewards related to the asset, but transfers the control over the asset.

Impairment of financial assets

The Company assesses, at the financial position dates, whether there is any evidence that determines that a financial asset or group of financial assets is impaired. The Company assesses, at the financial position dates, whether there is any evidence that determines that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the

initial recognition of the asset (known as a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets and can be reliably estimated.

The criteria used by the Company to determine whether there is objective evidence of an impairment loss include: (i) issuer or debtor's relevant financial difficulties; (ii) a breach of contract, such as a default or delay on payment of interest or the principal; (iii) The Company, due to economic or legal reasons relating to the financial difficulty of the borrower, assures the borrower a concession that the creditor would not consider; (iv) It is likely that the borrower will declare bankruptcy or other financial reorganization; (v) the disappearance of an active market for that financial asset due to the financial difficulties; or (vi) observable data indicating a measurable reduction in estimated future cash flows from a financial asset portfolio since the initial recognition of the assets, even if the decrease cannot yet be identified with the individual financial assets in the portfolio, including: (a) national or local economic conditions correlating with adverse changes in the payment situation of the portfolio's loan; and, (b) national or local economic conditions correlating with defaults on the portfolio's assets.

If, in a subsequent period, the value of the impairment loss decreases and the decrease is objectively be related to an event occurring after the impairment is recognized (such as, an improvement in the debtor's credit classification) the reversal of the previously recognized impairment loss will be recognized in the statement of income in the period that the event occurs.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified in the following categories: fair value through profit or loss, at amortized cost, or as derivatives classified as effective hedge instrument, as the case may be. The Company classifies its financial liabilities upon initial recognition.

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

The Company’s financial liabilities are presented in Note 24.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

They include financial liabilities usually traded before maturity, liabilities designated in the initial recognition at fair value by means of the result and derivatives, except for those designated as hedge instruments. Interest, monetary restatement, foreign exchange variation and variations arising from measurement at fair value, when applicable, are recognized in income when incurred.

Amortized cost

After initial recognition, loans and financing subject to interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement upon settlement of liabilities, as well as during the amortization process by the effective interest rate method.

Derecognition (write-off)

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

(iii) Offset of financial instruments - net presentation

Assets and liabilities are presented net in the statement of financial position if, and only if, there is a current legal and enforceable right to offset the recognized amounts and if the intention of offsetting, or realizing the asset and settling the liability simultaneously.

(iv) Fair value of financial instruments

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

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

An analysis of the fair value of financial instruments and more details on how they are calculated are presented in Note 24.

(v) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as non-deliverable forwards, commodity forward contracts and interest rate swaps to provide protection against the risk of variation in the foreign exchange rates, the risk of variation in the prices of commodities and the risk of variation in interest rates, respectively. The derivative financial instruments designated in hedging operations are initially recognized at fair value on the date on which the derivative is obtained, and are subsequently restated also at fair value. Derivatives are presented as financial assets when the fair value of the instrument is positive; and as financial liabilities when the fair value is negative.

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

For hedge accounting purposes, there are the following classifications:

- fair value hedge, in providing protection against exposure to changes in the fair value of recognized asset or liability or of unrecognized firm commitment, or of identified part of such asset, liability or firm commitment, which is attributable to a particular risk and may affect the result;

- cash flow hedge, in providing protection against the variation in the cash flows that is attributable to a particular risk associated with a recognized asset or liability or with a foreseen transaction that is highly likely and that might affect the result; or

- hedge of a net investment in a foreign operating unit.

On initial recognition of a hedge relationship, the Company formally classifies and documents the hedge relationship to which they wish to apply hedge accounting, as well as the objective and the risk management strategy of company management to put the hedge into effect.

The documentation includes: (i) the identification of the hedge instrument, (ii) the hedged item or transaction, (iii) the nature of the risk to be hedged, (iv) the prospective demonstration of the efficacy of the hedge relationship and (v) the way in which the Company intends to assess the efficacy of the hedge instrument for purposes of offsetting the exposure to changes in the fair value of the hedged item or cash flows related to the hedged risk. As regards cash flow hedge, the demonstration of the high probability of the foreseen transaction to be hedged, as well as the foreseen periods of transfer of the gains or losses resulting from the hedge instruments from shareholders' equity to income, are also included in the documentation of the hedge relationship.

These hedges are expected to be highly effective to offset changes in the fair value or cash flows. They will be permanently evaluated to verify whether they were indeed highly effective over the course of all the base periods for which they were intended.

Hedges that fulfill the criteria for their hedge accounting are recorded as follows:

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is initially recorded directly in equity or other comprehensive income, while any ineffective portion is recognized directly in financial results.

Amounts recognized in other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged income or interest expense is recognized, or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts recognized in equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in comprehensive income (loss) remains deferred in equity within reserve for other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

The types of derivative financial instruments designated as hedge accounting are presented in Note 24.

d) Inventories

Inventories are valued at the average acquisition or production cost, not exceeding net realizable amount, except for agricultural produce, which is measured at fair value. Costs of finished products and products in process include raw material, direct labor costs and other direct costs as well as respective direct production expenses (based on regular operating capacity) less loan costs. The net realizable value is the sales price estimated for the normal course of the businesses, less estimated completion execution costs and selling expenses.

At the point of harvest, sugarcane is considered agricultural produce and measured at fair value, less costs to sell, which is determined based on the amount disclosed by the Council of Sugarcane, Sugar and Ethanol Producers of the State of São Paulo (CONSECANA). The fair value of harvested sugarcane is the cost of the raw material used in the production of sugar and ethanol.

The provisions for slow-moving or obsolete warehouse inventories are constituted when these inventories have not moved for 2 years and are not considered strategic by the Management.

e) Related parties

The Raízen Group has a fully integrated system for the cash flow management of its companies and subsidiaries.

Some of the main instruments used for cash management between the companies of the Group include:

(i) Financial Resource Management (*Contrato de Gestão de Recursos Financeiros*, or "GRF") Agreement - an operation used between companies domiciled in Brazil

RESA, as centralizer of the Group's corporate activities, is responsible for cash management based on the agreement.

These operations are presented in the statement of cash flows, on a net basis, within Cash flows from financing activities.

(ii) Export Prepayment ("PPEs") Agreements - an operation used between companies domiciled in Brazil and companies domiciled abroad

In certain situations, companies from the Group domiciled abroad obtain funds in the international financial market then on-lend these funds to companies from the Group domiciled in Brazil, in the form of PPEs agreements. The PPEs agreements are formalized backed by sufficient export volumes to pay off the amounts owning under the agreements.

Such operations are presented in the cash flow statements when granted (outflow of funds) and received (inflow of funds), in the cash flows from investment and financing activities, respectively.

Transactions with related parties are carried out under reasonable and commutative terms, in line with those that prevail in the market or under which the Company would enter into agreements with third parties.

f) Investment in associated and subsidiary companies (individual financial statement)

Investments in entities over which the Company has significant influence or control are accounted for under the equity method. They are initially recognized at in the financial position at cost, plus any changes after the acquisition of the ownership interest.
The statement of income reflects the share in the results from operations of associated companies or subsidiaries based on the equity accounting method. When a change is directly recognized in the shareholders' equity of the associated company or subsidiary, the Company will recognize its share in the variations occurred and will disclose that fact and, where applicable, in the statement of changes in the shareholders' equity.

After applying the equity accounting method, the Company determines whether it is necessary to recognize additional impairment on the Company's investment in its associated company or subsidiary. The Company determines, at each financial position closing date, if there is objective evidence that investment in the associated company or subsidiary suffered impairment loss. If so, the Company calculates the amount of impairment loss as the difference between the recoverable amount of the associated company or subsidiary and the book value and recognizes the amount in the statement of income.

When there is loss of significant influence on the associated company, the Company evaluates and recognizes investment at fair value.

Unrealized gains from operations between the Company and its associated companies and joint ventures are eliminated in proportion to the Company's interest. Non-realized losses are also eliminated, unless the transaction shall provide evidence of loss (impairment) of the asset transferred. The accounting policies of the associated companies are changed when required in order to assure the consistency with the policies adopted by the Company.

g) Biological assets

Biological assets refer to sugarcane crops.

Sugarcane crop is measured at fair value, excluding the land on which they are located, under the discounted cash flow method.

For sugarcane, the Company uses future cash flows in accordance with the productivity cycle projected for each harvest, taking into consideration the estimated useful life of each crop, the prices of total recoverable sugar, estimated productivities, estimated costs to be incurred with production, harvesting, loading and transportation per planted hectare.

Changes in fair values between periods are allocated to the cost of products sold.

Any land belonging to the Company itself and its subsidiaries in which the biological asset is produced is recorded as fixed assets.

h) Property, plant and equipment

Property, plant and equipment items are stated at historical acquisition or construction cost less accumulated depreciation and impairment losses, when applicable.

The cost includes expenditures that are directly attributable to the acquisition of assets. The cost of assets built by the Company includes materials and direct labor, as well as any other costs attributable to bringing the assets to the location and condition requires for them to operate in the manner intended by Management, and borrowing costs on qualifying assets. Borrowing costs relating to funds raised for works in progress are capitalized until the projects are concluded.

The Company and its subsidiaries perform the main maintenance activities scheduled for their manufacturing units on an annual basis. This usually occurs between the months from January to March, with the objective of inspecting and replacing components.

The main annual maintenance costs include costs of labor, materials, outsourced services and overhead allocated during the off-season period. These costs are classified as frequent replacement parts and components, in property, plant and equipment, and are fully amortized in the following crop season.

The cost of an equipment item that must be replaced on an annual basis is accounted for as a component of the equipment costs and depreciated over the following crop. The costs of normal periodic maintenance are accounted for in expenses when incurred as the replaced components do not improve the production capacity of the asset or introduce refinements in the equipment. Lands are not depreciated.

On March 31, 2016 and 2015 depreciation of such assets was calculated based on estimated useful life wear and tear for each asset. The annual weighted average rates of depreciation are shown below:

Class of fixed assets	Weighted average rates
Buildings and improvements	2.31%
Machinery, equipment and facilities	4.55%
Furniture and fixtures	10.00%
IT equipment	18.27%
Vehicles, vessels and aircraft	6.91%

Residual values and the useful lives of material assets are reviewed and adjusted, if adequate, at the end of each year.

i) Leases

Whether a contract is, or contains, a lease is determined based on the substance of the contract at the inception date.

Under finance lease contracts where substantially all risks and rewards are transferred to the Company, incidental to ownership of the leased asset, they are capitalized at the inception of the lease at the fair value of the leased property, or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized within borrowing costs in the statement of income. A leased asset is depreciated over the useful life of the asset.

Operating lease agreements are recognized as operating expenses in the statement of income on a straight-line basis over the term of the lease.

j) Intangible assets

i) Goodwill

Goodwill is represented by the positive difference between the paid or payable amount for the acquisition of a business and the net fair value of assets and liabilities of the acquired company. Goodwill arising from acquisitions of subsidiaries is disclosed as "Intangible assets" in the consolidated financial statements. In case of finding a discount, this sum is stated as a gain in the fiscal year's income figures, on the acquisition date.

The goodwill is maintained at cost value, less possible impairment losses, when applicable. The goodwill is tested annually to verify impairment losses. For impairment testing purposes, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash-generating units of the Company that are expected to benefit from the combination, regardless of other assets or liabilities of the acquiree being allocated to those units.

ii) Intangible assets with defined useful life

Intangible assets with defined useful lives are carried at cost, less accumulated amortization and accumulated impairment losses, when applicable.

On March 31, 2016 and 2015 the weighted average amortization rates are as follows:

Class of intangible assets	Weighted average rates
Software license	20%
Land lease agreements	9%
Sugarcane supply agreements	10%
Public concession rights of use	20%
Other	38%

Residual values and the useful lives of material assets are reviewed and adjusted, if adequate, at the end of each year.

k) Impairment of non-financial assets:

The Company and its subsidiaries assess every year whether there are indicators of asset impairment. In the event such indicators are identified, the Company estimates the asset's recoverable amount. The recoverable value of an asset is the greater among: (a) fair value less costs that would be incurred to sell it and (b) its value in use. When required, value in use is usually determined based on the discounted cash flow (before taxes) from the continued use of the asset until the end of its useful life.

Regardless of the existence of impairment indicators, goodwill and intangible assets with an indefinite useful life, if any, are tested for impairment at least once a year.

When the carrying amount of an asset exceeds its recoverable amount, the loss is recognized as an operating expense in the statement of income.

l) Provisions

Provisions are recognized when: (i) the Company has a present or non-formalized obligation as a result of past events; (ii) it is likely that an outflow of funds will be required to settle the obligation; and (iii) the amount can be reliably estimated.

m) Employee benefits

The Company has a defined contribution and partial defined benefit plan, in which maintains a private pension plan for all of its employees.

The Company recognizes a liability based on a methodology that considers a number of factors determined by actuarial estimates, which employ assumptions for measuring net cost (revenue) for pension plans.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are stated directly in net assets as other comprehensive income, when they occur.

Past costs of services are immediately recognized in the income figures.

The Company recognizes a provision when it is contractually compelled or when there is a past practice that created a constructive obligation.

n) Income and social contribution taxes

Income (expenses) tax and social contribution expenses of the year include current and deferred taxes. Income taxes are recognized in the statement of income, except to the extent they are related to items directly recognized in shareholders' equity or comprehensive income, when applicable. In that case, the tax is also recorded in shareholders' equity or comprehensive income.

The current and deferred income tax and social contribution charge is calculated based on enacted, or substantially enacted, tax acts, at the financial position date of countries in which the Company's entities operate and generate taxable income. Management periodically evaluates the positions taken by the Company in the calculations of income tax with respect to situations in which applicable tax regulation is subject to interpretations; and establishes provisions when appropriate, on the basis of amounts expected to be paid to the tax authorities.

Income tax is computed on taxable income at the rate of 15%, plus a 10% surtax for income exceeding R$ 240 in the 12-month period, whereas social contribution is computed at the rate of 9% on taxable income, recognized on the accrual basis.

That is, on a compound basis, the Company is subject to a theoretical tax rate equivalent to 34%.

Deferred income tax and social contribution in connection with tax losses, negative basis of social contribution and temporary differences are shown as net in the financial position when there is a legal right and an intention to offset these on calculation current taxes related with the same legal entity and the same tax authority. Accordingly, deferred tax assets and liabilities in different entities or countries

are in general presented separately, and not at net value. Deferred taxes are calculated based on the tax rates in force when they are realized or reviewed annually.

Tax credits are only recognized to the extent that it is probable that future taxable income will be available against which these temporary differences can be offset.

Prepayments or amounts that can be offset are presented in current and non-current assets, in accordance with their expected realization.

o) Capital and remuneration to shareholders

Equity capital is comprised of common shares and preferred shares. Incremental expenses attributed directly to share issues, if any, are shown as a deduction from shareholders' equity, as an additional capital contribution, net of tax effects.

The only existing class A preferred share as well as each common share, is entitled to one vote on resolutions by each Company's shareholders' meetings, as well as R$ 0.01 (one centavo) fixed annual dividends.

Class B and C preferred shares issued by the Company are intended to refund assets, chiefly represented by tax benefits contributed by shareholders Cosan as these are employed by the Company.

Class D preferred shares have no voting rights and are entitled to a fixed annual dividend to shareholder Shell.

Shareholder compensation will take place in the form of dividends and/or interest on own capital, based on the limitations defined in the Company's Bylaws and in legislation in force.

p) Business combinations

Business combinations are accounted for according to the acquisition method and, assets, liabilities and contingent liabilities identifiable of the company or acquired business are measured at fair value for the purposes of calculation and recognition of the goodwill arising on the transaction in accordance with effective accounting standards. Goodwill represents the surplus of acquisition cost in view of the Company's interest in fair value, net of identifiable assets, liabilities and contingent liabilities in the company acquired. If consideration is lower than fair value of assets, liabilities and contingent liabilities acquired, the difference must be recognized in statement of income.

q) Segment information

An operating segment is a component of the Company which engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Company. All operating results of the operating segments are frequently reviewed by the Company's CEO and by the Board of Directors for decisions regarding the resources to be allocated to the segment to be taken and to assess their performance, for which individual financial information is available.

The Company has a single business segment: Ethanol, Sugar and Bioenergy, as disclosed in Note 20.

r) Statement of added-value

The statement of value added was prepared in accordance with accounting pronouncement CPC 09 - Statement of Value Added, issued by the Accounting Pronouncements Committee.

2.5. New IFRS and IFRIC Interpretations (IASB Financial Reporting Interpretations Committee) applicable to financial statements

The following new standards and interpretations were issued by the IASB but are not yet effective for the year ended March 31, 2016. Early adoption of standards, although encouraged by the IASB, is not permitted in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

IFRS 9 - Financial instruments. It covers the classification, measuring and the recognition of financial assets and liabilities. The full version of IFRS 9 was published in July 2014, effective as of January 1, 2018. Management is evaluating the full impact of its adoption.

IFRS 15 - Income from contracts with clients. This new standard provides the principles that an entity applies to determine the measurement of revenue and when will be recognized. The standard will become effective as of January 1, 2018 and supersedes IAS 11 - Construction Contracts and IAS 18 - Income and their related interpretations. Management is evaluating the full impact of its adoption.

IAS 16 - Fixed Assets and IAS 41 - Agriculture. Main change is that bearer biological assets, such as fruit trees and sugarcane stubble are out of IAS 41 scope and must be accounted for in accordance with IAS 16, that is, cost less accumulated depletion and possible impairment losses. Consumable biological assets such as sugarcane and fruits in the field should be defined at fair value and continue in the scope of IAS 41. On April 1, 2016 a relevant restating is expected of Biological assets to Fixed assets, with regard to the values related to sugar-cane stubble. Moreover, the difference of the capital gain between April 1, 2014, date of transition of the abovementioned changes, and March 31, 2016, allocated to the sugar cane stubble, will be reversed against Retained earnings in Equity. The Company is working on determining the effects that will be presented in the first quarter of the 2016/2017 crop, tends to be between R$ 900.000 and R$ 1.400.000 to the assets reclassification and R$ 150.000 and R$ 250.000 to the fair value reversal.

IFRS 16 - Leasing. IFRS 16 requires that an entity should recognize that any leasing in which the Company is a lessee should be stated in the financial position. The new standard is applicable beginning on or after January 1, 2019 and replaces the IAS 17 - Leases.

There are no IFRS or IFRIC interpretations, except for the mentioned above, that are not yet effective and that are expected to have a significant impact on the Company.

The Accounting Pronouncements Committee has not yet issued any accounting pronouncement or amendments in current pronouncements corresponding to all new IFRS.

3. Cash and cash equivalents

	Parent company		Consolidated	
	2016	2015	2016	2015
Funds in banks and in cash	349,672	14,142	591,953	264,539
Values awaiting foreign exchange closure (1)	83,330	942	84,599	2,059
Interest earnings bank deposits:				
Investment Funds (2)	4,028	1,132,441	1,693,807	1,132,442
Bank Deposit Certificate (CDB) and Commitments (3)	67,390	2,234,988	437,174	2,234,988
Time deposit (4)	-	159,685	177,953	159,685
Other investments	2,182	1,568	2,189	1,574
	506,602	3,543,766	2,987,675	3,795,287
Domestic	157,004	3,372,463	2,225,218	3,391,488
Abroad	349,598	171,303	762,457	403,799
	506,602	3,543,766	2,987,675	3,795,287

(1) Refer basically to receiving foreign currency funds from overseas clients, for which obtaining foreign exchange from financial institutions was not yet concluded until the financial position date, and also refer to funds intended to settle debts related to export performance.
Amounts awaiting foreign exchange rate closure are funds available for immediate redemption without material change of value, and

(2) Refer to investment in fixed income funds managed by first-class financial institutions, divided into quotas with daily earnings. As of March 31, 2016, the average yield on investment funds was 99.6% of the Interbank Deposit Certificate (CDI) (99.9% in 2015).

(3) Refer to fixed income investments such as CDBs and Repurchase Agreements in first-class financial institutions and that yield on average 101.3% of the CDI (Interbank) rate (102.0% in 2015).

(4) These correspond to interbank deposits in the international market. They have a fixed term and non-negotiable to maturity. They are carried out with top institutions, with an average maturity of 10 days, paid at an average rate of 0.43% per year in foreign currency.

4. Restricted cash

	Parent company		Consolidated	
	2016	2015	2016	2015
Financial investments linked to financing (1)	-	-	52,455	45,829
Short-term investments related to derivative transactions (2)	107,582	54,831	107,582	54,831
Margin on derivative operations (3)	651,450	30,651	651,450	30,651
	759,032	85,482	811,487	131,311
Domestic	107,582	54,831	160,037	100,660
Abroad	651,450	30,651	651,450	30,651
	759,032	85,482	811,487	131,311

(1) Refer to LFT (*Letra Financeira do Tesouro*) with prime banks, held by virtue of BNDES financing and with redemption subject to payment of certain portions of the mentioned financing.

(2) Refer to short-term investments such as CDB and overseas public bonds with first-class financial institutions, employed in transactions with derivative financial instruments.

(3) Margin deposits in operations with derivatives are related to margin calls by counterparties in operations with derivative instruments and they are exposed to exchange rate of the US dollar (Note 24.g). The growing balance is a result of an increase in the volume of sugar set at 2,805 thousand tons on March 31, 2016 (1,483 thousand tons in 2015).

5. Trade accounts receivable

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Domestic	131,616	106,952	363,943	227,363
Abroad	2,749	8,136	118,907	129,471
Allowance for doubtful accounts	(3,669)	(7,318)	(25,055)	(25,196)
	130,696	107,770	457,795	331,638

The Company did not assign any notes as collateral. The maximum exposure to credit risk on the financial position date is the book value of each of the types of accounts receivable mentioned above.

The aging schedule of trade accounts receivable is as follows:

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Falling due	128,694	96,313	351,900	317,914
Overdue - in days				
Up to 30	1,505	10,715	21,973	12,943
31-90	365	415	45,985	453
91-180	66	-	40,517	543
>180	3,735	7,645	22,475	24,981
	5,671	18,775	130,950	38,920
	134,365	115,088	482,850	356,834

The provisions for allowance of doubtful was estimated based on credit risk analyses, that contemplates the historic losses, the situation of each customers, the situation of each economic group they belong, the guarantee in Reais for debts and law assessors evaluation, and it is considerate enough by Company Management to cover possible losses on accounts receivables.

Changes in the allowance for doubtful accounts are as follows:

	Parent	Consolidated
March 31, 2014	(3,531)	(23,380)
Provision	(5,996)	(13,069)
Reversal	2,209	11,253
March 31, 2015	(7,318)	(25,196)
Provision	(1,301)	(5,026)
Write-off	4,950	4,950
Foreign exchange variation	-	217
March 31, 2016	(3,669)	(25,055)

6. Inventories

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Finished goods:				
Sugar	23,928	18,112	40,460	34,996
Ethanol	136,818	47,839	242,773	157,747
Work in process	17,897	5,187	31,276	7,332
Storeroom and others	153,947	130,344	203,631	167,130
Provision for obsolescence of inventories	(7,921)	(8,313)	(12,720)	(12,343)
	324,669	193,169	505,420	354,862

	Parentmpany	Consolidated
March 31, 2015	(8,313)	(12,343)
Provision	-	(377)
Reversal	392	-
March 31, 2016	(7,921)	(12,720)

7. Other financial assets

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Credits from indemnity suits (1)	826,233	479,556	828,250	479,556
National Treasury Certificates (CTN) (2)	613,970	491,195	627,219	501,794
Other	1	1	1	1
	1,440,204	970,752	1,455,470	981,351
Current	(10,028)	(12,931)	(10,028)	(12,931)
Non-current	1,430,176	957,821	1,445,442	968,420

(1) Receivables from lawsuits on which a final judgment favorable to RESA was passed in February 2007, December 2013 and 2015, which are not part of the net assets contributed by Cosan to set up the Group. Therefore, RESA recognized a liability in the same amount, classified as current and non-current in the related parties account (Note 8.c), given that RESA has the obligation to reimburse those receivables to Cosan when they are actually collected. These credits yield IPCA-E (Special Amplified Consumer Price Index) and Selic rate variation plus annual interest of 6%. In December 2015, RESA recognized the sum of R$ 349,715 in connection with a credit from an indemnity suit and judicial bonds. This transaction did not and will not have any impact on RESA's results, see Note 8.c.

(2) Brazilian Treasury Certificates are government bonds issued by the Brazilian Treasury within the Special Agriculture Industry Securitization Program - PESA, with a 20-year original maturity (falling due between 2018 and 2025) and which pledged to secure its related financing transaction called PESA. These bonds bear annual compound interest of 12%, plus the IGP-M (General Market Price Index). Their value on maturity date will match the principal of the debt due under PESA and may be used for settlement.

8. Related parties

a) Summary of related party balances

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Assets				
Financial resource management (1)				
Raízen Combustíveis S.A. and its subsidiaries	12,114	619,406	12,114	619,406
Raízen Tarumã Ltda.	299,699	690,366	-	-
Raízen Centroeste Açúcar e Álcool Ltda.	215,844	-	-	-
Benálcool Açúcar e Álcool Ltda.	32,894	29,670	-	-
Bioenergia Barra Ltda. and its subsidiaries	770	88,135	-	-
Raízen Caarapó Açucar e Álcool Ltda.	-	87,438	-	-
Other	15,713	3,292	-	-
	577,034	1,518,307	12,114	619,406
Debentures (2)				
Raízen Combustíveis S.A. and its subsidiaries	270,567	-	270,567	-
Commercial operations (3)				
Raízen Combustíveis S.A. and its subsidiaries	31,312	16,546	43,748	10,199
Nova América Agrícola Caarapó Ltda.	-	-	74,645	69,787
Agroterenas S.A.	-	-	26,669	26,450
Rumo Logística Multimodal S.A. and its subsidiaries	20,423	8,867	20,816	9,139
Philipinas Shell Petroleum Corp.	-	-	5,958	4,240
Cosan S.A. Indústria e Comércio	5,855	5,732	6,680	6,545
Raízen International Universal Corporation	243,067	15,314	-	-
Raízen Trading LLP.	48,397	30,463	-	-
Raízen Tarumã Ltda	4,265	3,461	-	-
Raízen Araraquara Açucar e Álcool Ltda.	3,860	2,857	-	-
Unimodal Ltda.	3,617	3,617	-	-
Raízen Centroeste Açúcar e Álcool Ltda.	2,438	1,820	-	-
Raízen Caarapó Açúcar e Álcool Ltda.	363	1,229	-	-
Raízen Paraguaçu Ltda.	281	401	-	-
Shell Trading Rotterdam	-	-	-	2,464
Other	7,487	3,320	6,897	7,059
	371,365	93,627	185,413	135,883
Financial operations (4)				
Raízen Combustíveis S.A. and its subsidiaries	-	-	1,128,585	1,014,897
Framework operations (6)				
Cosan S.A Indústria e Comércio	266,960	376,360	310,039	427,066
Other	23	-	23	-
	266,983	376,360	310,062	427,066
	1,485,949	1,988,294	1,906,741	2,197,252
Current assets	(1,056,483)	(1,702,330)	(244,095)	(767,894)
Non-current assets	429,466	285,964	1,662,646	1,429,358

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Liabilities				
Financial resource management (1)				
Raízen Combustíveis S.A. and its subsidiaries	313	131,739	313	131,739
Teas Terminal Exportador de Alcool de Santos Ltda.	36,042	14,296	-	-
Bioenergia Barra Ltda. and its subsidiaries	34,969	214,838	-	-
Raízen Araraquara Açúcar e Álcool Ltda.	-	460,953	-	-
Raízen Centroeste Açúcar e Álcool Ltda.	-	312,370	-	-
Raízen Paraguaçu Ltda.	-	83,383	-	-
Other	350	-	-	-
	71,674	1,217,579	313	131,739
Commercial operations (3)				
Agroterenas S.A.	-	-	43,725	10,368
Raízen Combustíveis S.A. and its subsidiaries	29,907	2,653	50,894	3,462
Nova América Agrícola Ltda.	-	-	27,131	8,317
Rumo Logística Multimodal S.A. and its subsidiaries	18,975	10,348	21,134	11,225
Nova América Agrícola Caarapó Ltda.	-	-	17,963	7,069
Raízen Paraguaçu Ltda.	10,782	9	-	-
Raízen Tarumã Ltda.	6,543	154	-	-
Cosan S.A. Indústria e Comércio	5,579	5,141	5,590	5,153
Iogen Energy Corporation	4,511	-	4,511	-
Cosan Lubrificantes e Especialidades S.A.	3,575	1,974	4,657	2,503
Raízen Araraquara Açucar e Álcool Ltda.	3,063	577	-	-
Raízen Centroeste Açúcar e Álcool Ltda.	633	448	-	-
Shell Trading Rotterdam	-	-	14,898	-
Raízen Caarapó Açúcar e Álcool Ltda.	8	8	-	-
Other	20,042	11,087	15,934	5,476
	103,618	32,399	206,437	53,573
Financial operations (4)				
Raízen Combustíveis S.A. and its subsidiaries	-	1,465,178	-	1,465,178
Raízen Luxembourg S.A.	1,348,865	1,212,957	-	-
Raízen Energy Finance Limited	735,962	1,300,416	-	-
Other	9,672	9,672	9,672	9,672
	2,094,499	3,988,223	9,672	1,474,850
Capital increase (5)				
Centro de Tecnologia Canavieira S.A.	593	-	609	-
Agricola Ponte Alta Ltda.	-	300,600	-	-
Raízen Centroeste Açúcar e Álcool Ltda.	-	299,400	-	-
Other	-	6	-	-
	593	600,006	609	-
Framework operations (6)				
Cosan S.A. Indústria e Comércio	947,386	563,917	1,059,048	668,357
Preferred shares (7)				
Cosan S.A. Indústria e Comércio	89,762	89,762	89,762	89,762
Shell Brazil Holding B.V	3,538	3,538	3,538	3,538
	93,300	93,300	93,300	93,300
	3,311,070	6,495,424	1,369,379	2,421,819
Current liabilities	(957,163)	(1,907,772)	(256,300)	(226,854)
Non-current liabilities	2,353,907	4,587,652	1,113,079	2,194,965

(1) Financial resource management

On March 31, 2016, the amount recorded in assets of R$ 577,034 and R$ 12,114 (R$ 1,518,307 and R$ 619,406 in 2015), parent company and consolidated, respectively, is related to resources made available to the companies as a form of financial resource management. The Company recorded financial income on these operations in the amount of R$ 186,146 and R$ 52,299 (R$ 186,730 and R$ 83,133 in 2015) parent company and consolidated, respectively, due to financial cash management, under the terms of the financial resource management agreement.

On March 31, 2016, the amounts recorded in liabilities, R$ 71,674 and R$ 313 (R$ 1,217,579 and R$ 131,739 in 2015), parent company and consolidated, respectively, are related to resources received from the companies as a form of financial resource management. The Company recorded financial expenses on these operations in the amounts of R$ 96,511 and R$ 7,058 (R$ 37,862 and R$ 1,581 in 2015), parent company and consolidated, respectively, due to financial cash management, under the terms of the financial resource management agreement.

(2) Debentures

On March 31, 2016, the amount recorded in assets of R$ 270,567, parent company and consolidated, is related to the issue of private debentures, carried out on September 11, 2015 between RESA and Petróleo Sabbá S.A. ("Sabbá"), through the Private Instrument of Indenture of the 1st. Private Issue of Simple Debentures, whereby 250 simple, non-convertible, unsecured debentures were issued in a single series, with a unit par value of R$ 1,000, totaling R$ 250,000. The debentures have a term of 5 years and will mature on September 11, 2020. Of that amount, is subject to 110% of CDI. The Company recorded financial income on this operation in the amount of R$ 20,567.

(3) Commercial operations

On March 31, 2016, the amounts recorded in assets of R$ 371,365 and R$ 185,413 (R$ 93,627 and R$ 135,883 in 2015), parent company and consolidated, respectively, are related to business transactions involving the sale of products, such as: sugar, ethanol and other materials.

On March 31, 2016, the amounts recorded in liabilities of R$ 103,618 and R$ 206,437 (R$ 32,399 and R$ 53,573 in 2015), parent company and consolidated, respectively, are related to business transactions involving the services acquired and purchase of products such as: sugar, cane, diesel oil, ethanol and apportionment of agricultural costs.

(4) Financial operations

On March 31, 2016, the sum recorded in consolidated assets is related mainly to export prepayment ("PPE") agreements, in the amount of R$ 1,128,585 (R$ 1,014,897 in 2015), equivalent to US$ 319 million, to be paid off as follows:

- US$ 219 million on April 27, 2020. Said contract is subject to quarterly Libor interest plus annual fixed interest of 1.65%, resulting in effective average interest rate of 2.28% p.a.
- US$ 100 million, with US$ 50 million maturing on March 29, 2018 and US$ 50 million on March 29, 2019. Said contract is subject to quarterly Libor interest plus annual fixed interest of 1.55%, resulting in effective average interest rate of 2.17% p.a.

On March 31, 2016, the amount recorded in liabilities is related to export prepayment ("PPEs") agreements, in the amounts of R$ 2,094,499 and R$ 9,672 (R$ 3,988,223 and R$ 1,474,850 in 2015), parent company and consolidated, respectively, to be paid off as follows:

- R$ 1,465,178 in 2015, parent company and consolidated, equivalent to US$ 350 million and EUR$ 106 million, which was paid off in full on August 31, 2015, via assignment of financial instruments to RCSA, as disclosed in Note 1, representing the amount of R$ 1,711,772.

- R$ 735,962 (R$ 1,300,416 in 2015), parent company, equivalent to US$ 204 million, to be paid off on January 21, 2017, on which US dollar exchange rate variance and annual interest of 7.0% are levied.

- R$ 1,348,865 (R$ 1,212,957 in 2015), parent company, equivalent to US$ 381 million, to be paid off as follows:

i) US$ 231 million on April 27, 2020. Said contract is subject to quarterly Libor interest plus annual fixed interest of 1.65%, resulting in effective average interest rate of 2.28% p.a.

ii) US$ 150 million on March 29, 2019. Said contract is subject to quarterly Libor interest plus annual fixed interest of 1.55%, resulting in effective average interest rate of 2.17% p.a.

- On March 21, 2016 the Company made the prepayment of the installment of US$ 196 million, equivalent to R$ 710 million.

(5) Capital increase

On April 27, 2015, the Company paid the amounts of R$ 300,600 and R$ 299,400, in the subsidiaries Agrícola Ponte Alta and Raízen Centroeste, respectively.

(6) Framework operations (framework agreement)

On March 31, 2016, the amounts recorded in assets and liabilities are related to amounts spent or payable, fully reimbursable, due to the formation of Raízen (Note 1).

(7) Preferred shares

The balance of preference shares payable, recorded in liabilities, is related to:

- amount of tax benefits to be reimbursed to Cosan, when effectively utilized by the Company, determined based on NOLs and tax benefits on goodwill amortization ("GW").

- amount generated on the merger of Ispagnac Participações Ltda. ("IPL") by REPSA and subsequently by RESA, occurred on November 30, 2012, Class C preferred shares were issued in order to secure an exclusive dividend base for Shell, the benefit's exclusive originator.

b) Summary of related-party transactions

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Sale of products				
Raízen International Universal	2,093,316	682,933	-	-
Raízen Combustíveis S.A. and its subsidiaries	439,097	490,164	1,238,434	1,138,591
Raízen Trading LLP and subsidiaries	285,171	258,681	-	-
Raízen Tarumã Ltda.	44,917	74,397	-	-
Philipinas Shell Petroleum	-	-	99,736	82,396
Shell Western Supply and Trading	-	-	-	139,470
Other	23,710	17,692	122,262	156,016
	2,886,211	1,523,867	1,460,432	1,516,473
Purchases of goods and services rendered				
Raízen Combustíveis S.A. and its subsidiaries	(414,955)	(353,651)	(474,626)	(417,109)
Grupo Rumo (i)	(304,076)	(275,446)	(352,144)	(298,553)
Raízen Paraguaçu Ltda.	(97,365)	-	-	-
Raízen Araraquara Açúcar e Álcool Ltda.	(32,955)	(27,664)	-	-
Terminal Exportador de Álcool de Santos Ltda.	(24,694)	(23,947)	-	-
Agroterenas S.A.	-	-	(248,133)	(170,634)
Nova América Agrícola Ltda.	-	-	(182,914)	(143,867)
Nova América Agrícola Caarapó Ltda.	-	-	(110,230)	(94,897)
Cosan Lubrificantes e Especialidades S.A.	(18,927)	-	(24,137)	-
Other	(72,934)	(49,809)	(771)	(16,970)
	(965,906)	(730,517)	(1,392,955)	(1,142,030)
Renewed collection of shared expenses (1)				
Raízen Combustíveis S.A. and its subsidiaries	125,489	125,767	125,488	125,767
Companhia de Gás de São Paulo	26,264	23,221	26,264	23,221
Raízen Tarumã Ltda.	23,888	18,531	-	-
Grupo Rumo / ALL (i)	13,380	5,330	13,380	5,330
Raízen Centroeste Açúcar e Álcool Ltda.	7,539	7,605	-	-
Raízen Araraquara Açúcar e Álcool Ltda.	5,399	5,783	-	-
Cosan S.A. Indústria e Comércio	3,954	4,330	3,954	4,330
Other	22,486	14,480	7,688	6,342
	228,399	205,047	176,774	164,990
Land leases (2)				
Grupo Radar (iii)	(60,177)	(57,596)	(60,177)	(57,596)
Grupo Aguassanta (ii)	(26,803)	(32,386)	(26,803)	(32,386)
Grupo Tellus	(16,232)	-	(16,232)	-
Grupo Janus	(7,636)	-	(7,636)	-
	(110,848)	(89,982)	(110,848)	(89,982)
Financial income, net (3)				
Raízen Energy Finance Limited	(256,434)	(450,554)	-	-
Raízen Combustíveis S.A. and its subsidiaries	(164,228)	(319,723)	(28,100)	3,008
Raízen Luxembourg S.A.	(162,192)	(386,207)	-	-
Raízen International Universal	(66,281)	-	-	-
Raízen Centroeste Açúcar e Álcool Ltda.	(26,129)	(8,317)	-	-
Raízen Araraquara Açúcar e Álcool Ltda.	(14,970)	(4,875)	-	-
Shell Finance B.V.	(5,478)	(5,640)	(5,478)	(5,640)
Agroterenas S.A.	-	-	3,397	2,557
Nova América Agrícola Caarapó Ltda.	-	-	9,318	5,299
Raízen Tarumã Ltda.	94,608	65,048	-	-
Raízen Trading LLP	11,956	-	-	-
Other	(11,531)	38,678	(2,125)	(2,807)
	(600,679)	(1,071,590)	(22,988)	2,417

(i) The term Grupo Rumo refers to the railroad and port operations represented by the companies Rumo Logística Operadora Multimodal S.A., ALL - América Latina Logística S.A. and Logispot Armazéns Gerais S.A.

(ii) The term Aguassanta Group refers to land lease operations for sugarcane crops with companies Aguassanta Agrícola Ltda., Aguassanta Participações S.A., Aguapar Agrícola Ltda., Palermo Agrícola S.A. and Vila Santa Empreendimentos Imobiliários Ltda.

(iii) The term Radar Group refers to land lease operations for sugarcane crops, and the main companies of the group are Radar Propriedades Agrícolas S.A., Nova Agrícola Ponte Alta S.A., Nova Amaralina S.A., Terras da Ponte Alta, Nova Santa Barbara Agrícola S.A., Radar II Propriedades Agrícolas S.A., Vale da Ponte Alta S.A., Proud Participações S.A. and Bioinvestments Negócios S.A.

(1) Expenses incurred by shared corporate, managerial and operating costs reimbursed from related parties;

(2) Expenses incurred with land leased from related parties outside Raízen Group;

(3) It mainly refers to charges produced by the companies as a way of administering financial resources, due to the financial management of cash and prepaid export contract ("PPEs").

c) Summary of recoverable and chargeable balances to Cosan's shareholder

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Current assets				
Other financial assets (Note 7)	10,028	12,931	10,028	12,931
Other receivables	22,803	13,410	28,309	15,584
	32,831	26,341	38,337	28,515
Non-current assets				
Judicial deposits (Note 16)	76,334	70,184	178,608	172,450
Other financial assets (Note 7)	816,205	466,625	818,222	466,625
Other receivables (i)	22,016	767	23,881	767
	914,555	537,576	1,020,711	639,842
Total assets	947,386	563,917	1,059,048	668,357
Current liabilities				
Taxes payable (ii)	21	15,626	3,491	18,510
Other payables	109,563	74,771	120,777	82,170
	109,584	90,397	124,268	100,680
Non-current liabilities				
Taxes payable (ii)	162	134,124	4,399	150,901
Provision for legal disputes (Note 16)	157,236	151,839	181,392	175,485
	157,398	285,963	185,791	326,386
Total liabilities	266,982	376,360	310,059	427,066

(i) The main variation occurred in the year of R$ 21,249 and R$ 23,114, for parent company and consolidated, respectively, refer to rights to refund of unduly withheld PAES and IPI taxes, approved by the tax authorities for this year.

(ii) The decrease reported for the year is related mostly to installment payments of collectible tax debts (Refis IV), amounting to R$ 149,567 and R$ 161,521, for parent company and consolidated, respectively, pre-existing to the establishment of Raízen, which were carried out for the year through writs of payment of Aguassanta Participações S.A. assigned by Cosan, according to article 43, §§1º and 2º, of Law 12.431/2011, as amended by section 37 of Law 13.043/2014.

d) Other significant information involving related parties

Committed Back-up Credit Facility Agreement

The Company is a beneficiary of a US$ 500,000 Revolving Committed Back-up Credit Facility Agreement granted by Shell Finance (Netherlands) B.V. and Cosan S.A Indústria e Comércio. Until the period's end on March 31, 2016 the mentioned credit facility had not been used.

e) Directors and members of the Board of Directors

Fixed and variable compensation pay to key management personnel, including directors and members of the Board of Directors that is recognized in the statement of profit or loss is as follows:

	2016	2015
Regular remuneration	42,362	42,226
Bonuses and other variable compensation	63,461	31,488
Total compensation	105,823	73,714

The Company shares the structure and corporate, managerial and operating costs with its related party Raízen Combustíveis S.A. ("RCSA"). Key management personnel and other administrative positions mostly consist of employees of the Company itself. Thus, as of March 31, 2016, RCSA reimbursed RESA the Company for all the structure shared, including the key management personnel and other employees, totaling R$ 55,868 (R$ 55,555 in 2015).

9. Investments

a) Parent company

	Country	Business	Percentage of Interest	Investments (1) 2016	Investments (1) 2015	Equity in net income of subsidiaries 2016	Equity in net income of subsidiaries 2015
Book value							
Agrícola Ponte Alta Ltda.	Brazil	Holding	99.99%	885,387	806,704	78,842	28,076
Benálcool Açúcar e Álcool Ltda.	Brazil	Holding	99.99%	46,832	20,868	9,907	(16,310)
Centro de Tecnologia Canavieira S.A.	Brazil	R&D	19.93%	86,024	68,574	1,795	1,962
Codexis Inc. (4)	United States of America	R&D	-	-	-	-	(6,684)
Raízen Caarapó Açúcar e Álcool Ltda.	Brazil	Sugar and ethanol plant	31.48%	176,735	-	11,364	-
Raízen Centroeste Açúcar e Álcool Ltda.	Brazil	Sugar and ethanol plant	47.37%	798,932	796,818	79,057	22,067
Logum Logística S.A.	Brazil	Logistics	20.00%	53,687	64,370	(46,829)	(29,053)
Raízen Araraquara Açúcar e Álcool Ltda. (3)	Brazil	Sugar and ethanol plant	99.99%	729,950	683,244	46,708	805
Raízen Luxembourg S.A.	Luxembourg	Financing	100.00%	3,900	1,012	2,812	399
Raízen Energy Finance Ltd	Cayman Islands	Financing	100.00%	37,741	38,441	(5,003)	(1,768)
Raízen International Universal Corporation	British Virgin Islands.	Ethanol and sugar trade	100.00%	-	19,142	(13,511)	7,171
Raízen Tarumã Ltda. (3)	Brazil	Sugar and ethanol plant	99.99%	697,235	579,887	131,497	50,119
TEAS - Terminal Exportador de Alcool de Santos Ltda.	Brazil	Port Terminal	99.99%	106,432	68,975	37,816	5,327
Bionergia Barra Ltda.	Brazil	Co-generation of energy	99.99%	758,637	425,111	259,057	261,962
Uniduto Logística S.A. (5)	Brazil	Logistics	46.48%	12,740	30,587	(25,514)	(161)
Other	-	-	-	-	-	(2,757)	-
Subtotal				4,394,232	3,603,733	565,241	323,912
Goodwill on investment:							
Benálcool Açúcar e Álcool Ltda.			99.99%	49,202	49,202	-	-
Raízen Araraquara Açúcar e Álcool Ltda.			99.99%	197,013	197,013	-	-
Raízen Tarumã Ltda.			99.99%	92,379	92,379	-	-
Uniduto Logística S.A.			46.48%	5,676	5,676	-	-
Centro de Tecnologia Canavieira S.A.			19.93%	43,463	41,379	-	-
Subtotal				387,733	385,649	-	-
Total investments				4,781,965	3,989,382	565,241	323,912
Provision for negative equity in subsidiaries and associated companies (2)							
Benálcool Açúcar e Álcool Ltda.	Brazil	Holding	99.99%	-	-	-	(1,088)
Raízen International Universal Corporation	British Virgin Islands.	Ethanol and sugar trade	100.00%	(43,205)	-	(56,150)	-
Unimodal Ltda.	Brazil	Logistics	53.17%	(1,923)	(1,923)	-	(8)
Other	Brazil	-		(2)	(1)	-	-
Total provision for negative equity				(45,130)	(1,924)	(56,150)	(1,096)
						509,091	322,816

(1) Investments accounted for under the equity method; (2) Classified under non-current liabilities under Other liabilities; (3) On March 31, 2016, the balances of investments include allocated portion of goodwill produced by the merger of Curupay and the acquisition of Usina Zanin, amounting to R$ 124,868 and R$ 49,791 (negative) (R$ 136,069 and R$ 42,515 (negative) in 2015, respectively. The amortization of capital gain of such allocations, classified in the Parent Company as a result of equity income (loss) totaled R$ 11,205 and R$ 7,278 (R$ 12,700 and R$ 7,990 in 2015), respectively; (4) As of March 10, 2015, the Company sold all of its Codexis shares. (See Note 22.2); and (5) On March 31, 2016, the amount of R$ 25,375 was recognized as loss of equity income (loss) at Uniduto, arising from restatement of the results in the period of this investee generated mainly by investments that had not previously been accounted for using the equity income (loss).

(b) Consolidated

				Investments (1)		Equity in net income of subsidiaries	
	Country	Business	Percentage of Interest	2016	2015	2016	2015
Book value							
Centro de Tecnologia Canavieira S.A.	Brazil	R&D	20.50%	88,483	68,574	1,840	1,962
Codexis Inc. (2)	Brazil	R&D	-	-	-	-	(6,684)
Logum Logística S.A.	Brazil	Logistics	20.00%	53,687	64,370	(46,829)	(29,054)
Uniduto Logística S.A. (4)	Brazil	Logistics	46.48%	12,740	30,587	(25,514)	(161)
Other	-	-	-	-	-	(2,757)	-
Subtotal				154,910	163,531	(73,260)	(33,937)
Goodwill on investment (3):							
Uniduto Logística S.A.			46.48%	5,676	5,676	-	-
Centro de Tecnologia Canavieira S.A.			20.50%	49,839	41,379	-	-
Subtotal				55,515	47,055	-	-
Total investments				210,425	210,586	(73,260)	(33,937)
Provision for negative equity in subsidiaries and associated companies (2)							
Unimodal Ltda.	Brazil	Logistics	73.41%	-	(2,653)	-	(1)
Total provision for negative equity				-	(2,653)	-	(1)
						(73,260)	(33,938)

(1) Investments accounted for under the equity method; (2) As of March 10, 2015, the Company sold all of its Codexis shares (See Note 22.2): (3) Goodwill on acquisition and transfer of shares; and (4) On March 31, 2016, Uniduto's equity loss of R$ 25,375 was recognized, arising from updated results in the period of this enterprise, produced mainly by investments that had not previously been accounted for through the equity method.

Changes in interest in subsidiaries and affiliated companies:

	Parent company	Consolidated
Balance at March 31, 2014	2,679,946	162,266
Equity in net income of subsidiaries	323,912	(33,937)
Additions to the investment	1,461,525	58,964
Additions by merger (Note 27.2.i)	303,567	-
Write-off by merger (Note 27.2.i)	(32,758)	-
Capital decrease (Note 27.2.iii)	(419,596)	-
Effect of downstream merger (Note 27.2.iii)	4,486	-
Goodwill write-off by downstream merger (Note 27.2.iii)	(7,301)	-
Transfer to "Other financial assets"	(8,147)	(8,147)
Dividends and interest on own capital declared	(362,158)	-
Transfer - unsecured liabilities	(1,047)	-
Capital gain due to dilution of corporate interest	30,333	30,333
Other	16,620	1,107
Balance at March 31, 2015	3,989,382	210,586
Equity in net income of subsidiaries	565,241	(73,260)
Additions to investments (Note 9.d)	217,965	48,914
Goodwill on investments (Note 9.d.)	2,084	8,458
Transfer - unsecured liabilities	(7,928)	-
Dividends declared	(6,762)	-
Capital gain on dilution of ownership interest (Note 9.d)	15,121	15,583
Other	6,862	144
Balance at March 31, 2016	4,781,965	210,425

Changes in the provision for negative equity in subsidiaries and associated companies:

	Parent company	Consolidated
Balance at March 31, 2014	(1,916)	(2,642)
Equity in net income of subsidiaries	(1,096)	(1)
Transfers and restatements	1,047	-
Other	41	(10)
Balance at March 31, 2015	(1,924)	(2,653)
Equity in net income of subsidiaries	(56,150)	-
Consolidation addition - control obtained over Unimodal Ltda.	-	2,653
Transfers and restatements	7,928	-
Other	5,016	-
Balance at March 31, 2016	(45,130)	-

There are no cross-shareholdings between the parent company and the investees.

c) Summary financial information of associated companies

- March 31, 2016

	Logum Logística S.A. (1)/(2)	Uniduto Logística Ltda. (1)/(2)	Centro de Tecnologia Canavieira S.A. (2)/(4)	Iogen Energy Corporation (3)
Assets	2,505,051	85,080	695,961	39,950
Liabilities	(2,236,615)	(3,068)	(265,120)	(293,184)
Equity	268,436	82,012	430,841	(253,234)
Net operating income	120,041	-	78,332	-
Net income (loss) for the year	(234,147)	(299)	3,021	(4,972)

- March 31, 2015

	Logum Logística S.A. (1)/(2)	Uniduto Logística Ltda. (1)/(2)	Centro de Tecnologia Canavieira S.A. (2)/(4)	Unimodal Ltda. (4)	Iogen Energy Corporation (3)
Assets	2,049,903	65,810	454,036	-	48,652
Liabilities	(1,728,055)	(4)	(126,403)	(3,617)	(283,746)
Equity	321,848	65,806	327,633	(3,617)	(235,094)
Net operating income	41,479	-	75,093	-	-
Net income (loss) for the year	(145,266)	(346)	499	(15)	(15,377)

(1) The fiscal year of these investees ends on December 31;

(2) Significant influence over these companies has been defined mainly based on the Company's right to elect key management personnel and to decide on their significant operational and strategic issues.

(3) Jointly controlled entity in which the Company interest is 50% in common shares, whose fiscal year ends on August 31. The Company did not recognize a provision for shareholders' deficit or share of loss of equity-accounted investees, given that it has no legal or constructive obligations to make payments on account of that company

(4) Year ended March 31.

d) 2016 transactions

i) Additions to the investment

Capital increase in Raízen Caarapó Açúcar e Álcool Ltda. (“Caarapó”)

On October 30, 2015, the Company contributed capital in the subsidiary Caarapó through the subscription of 155,000,000 new shares in the amount of R$ 155,000, as described in the Private Instrument of the 2nd Amendment of the Company's Articles of Association. Therefore, the Company now holds 31.48% of equity interest in Caarapó while Company’s subsidiary Raízen Tarumã holds 68.52%. The termination of Raízen Araraquara partnership with Caarapó was formalized in the same instrument through the sale of its unique Company quota are with a par value of R$ 1.00.

Capital increase in Logum Logística S.A. ("Logum")

During the period ended on March 31, 2016 capital increases by the Company were resolved and approved totaling R$ 180,000 by means of cash contributions. The amounts subscribed and paid for by the Company in these transactions totaled R$ 36,000.

In these operations, there were no variations in the percentage of participation in the share capital of the investee, since all shareholders effected capital contributions in proportion to their existing holding.

Capital increase in Uniduto Logística S.A. ("Uniduto")

During the period ended on March 31, 2016 capital increases by the Company were resolved and approved totaling R$ 16,500 by means of cash contributions. The amounts subscribed and paid for by the Company in these transactions totaled R$ 7,668.

In these operations, there were no variations in the percentage of participation in the share capital of the investee, since all shareholders effected capital contributions in proportion to their existing holding.

Capital increase in Benálcool Açúcar e Álcool Ltda.

On April 9, 2015 the Company made a R$ 16,000 capital contribution to this subsidiary, fully subscribed and paid-in in local currency.

Centro de Tecnologia Canavieira ("CTC)

i) Share transfers

On April 13, 2015, subsidiary Raízen Tarumã, through the company Sabarálcool S.A. - Açúcar e Álcool, received a transfer of 4,236 shares from CTC, valued at R$ 8,250, as a partial payment of a debt that had with Raízen Tarumã, and the CTC's interest in share capital now totals 0.5899%. Therefore, Raízen Tarumã recognized an increase in its investment and goodwill in the amount of R$ 1,933 and R$ 6,317, respectively under "Investments".

After the transaction, the Company has a direct and indirect participation in the share capital of CTC of 21.52%.

ii) Capital increase

During the Special Shareholders' Meeting held on February 24, 2016 a R$ 94,589 capital increase was approved by CTC shareholders, through an issue of 41,869 new common shares. The sum underwritten by the Company for this transaction totaled R$ 2,624 equal to 1,151 common shares, with R$ 2,031 paid in on March 28, 2016 and R$ 593 paid in on April 1, 2016. Therefore, the Company recognized investment and goodwill totaling R$ 540 and R$ 2,084 respectively in the item Investments.

As provided for in the CTC shareholders' agreement, in this transaction the Company and all other shareholders waived 89.83% of their pre-emptive rights to underwrite CTC shares. Therefore, its ownership interest in the share capital of this investee dropped from 20.93% to 19.92%, thus creating a R$ 15,121 capital gain by diluting the corporate interest, stated in the item Other operating income (expenses), net (Note 22).

iii) Capital increase by subsidiary Raízen Tarumã

In the CTC capital increase dated February 24, 2016 as shown in item ii) above, Tarumã underwrote R$ 73 equal to 32 common shares, with R$ 57 paid in on March 28, 2016 and R$ 16 paid in on April 1, 2016. Therefore, Tarumã recognized investment and goodwill totaling R$ 16 and R$ 57 respectively in the item Investments.

Based on the waiver of pre-emptive rights to underwrite CTC shares, also mentioned above in ii), Tarumã reduced its ownership interest in CTC from 0.59% to 0.57%, thus creating a R$ 462 share capital gain by diluting the corporate interest, stated in the item Other operating income (expenses), net (Note 22).

Capital increase in Iogen Energy Corporation

On March 8, 2016 the Company made a R$ 2,757 capital contribution to this associated company, equal to CAD 1,000 thousand and entirely underwritten and paid-in in local currency.

10. Biological assets

As described in Note 2.1.g, the Company reviews assumptions used to calculate the fair value biological assets at each reporting date. The most recent change in pricing assumptions occurred on December 31, 2015 (and remained flat for the year end March 31, 2016 remeasurement), mainly due to increasing ATR ("Total Recoverable Sugar") average price expectations (from R$ 0.52/kg on March 31, 2015 to R$ 0.63/kg on March 31, 2016 - a weighted average of all cash flows), pursuant to sugar price and US dollar expectations.

Changes in biological assets (sugar cane) are detailed below:

	Parent	Consolidated
Balance at March 31, 2014	1,715,360	2,036,693
Additions with crops (1)	331,659	385,102
Additions with sugar-cane care treatments (1)	456,833	541,531
Absorption of harvested sugar-cane costs	(812,212)	(972,128)
Change in fair value	(29,043)	(31,339)
Balance at March 31, 2015	1,662,597	1,959,859
Additions with crops (1)	224,006	249,478
Additions with sugar-cane care treatments (1)	437,641	515,437
Absorption of harvested sugar-cane costs	(780,644)	(928,282)
Change in fair value	559,307	637,481
Transfers and restatements	29,515	29,515
Balance at March 31, 2016	2,132,422	2,463,488

(1) Such expenses include the amounts of R$ 53,677 and R$ 63,235 (R$ 62,604 and R$ 75,222 in 2015), parent company and consolidated, arising from the depreciation of agricultural assets which make up the cost of biological assets.

Sugar cane stubble

Planted areas refer only to sugarcane plantations, and do not consider planted land. The fair value of biological assets is classified as level 3 and the following assumptions were used to determine the fair value using the discounted cash flow approach (parent company and consolidated):

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Estimated harvest area (hectares)	371,904	355,041	427,768	412,738
Productivity expected (tons of sugar-cane per hectare)	79.37	74.68	80.04	75.30
Amount of ATR (kg)	130.19	132.67	130.12	132.60
Average ATR price per Kg projected (R$/Kg)	0.63	0.52	0.63	0.52

As of March 31, 2016, the discount rate used in the calculation was 7.48% per year (7.73% in 2015).

The Company's sugarcane planting operations are exposed to variations from climate changes, pests and diseases, forest fires and other forces of nature. Weather conditions may historically cause fluctuations in the ethanol and sugar industries and therefore in Companies operating results because they affect crops by means of increasing or reducing harvests. Moreover, Company’s businesses are subject to seasonal fluctuations determined by the sugar cane growth cycle in Brazil's Center-Southern region.

Sugarcane usually starts to be harvested in Brazil's Center-Southern region between April and May every year and harvesting ends in November and December. This causes fluctuations in inventories, which are usually higher in November and December to cover off season sales (from December to April) and in gross profit, which is likely to be lower in the last quarter of the fiscal year (from October to December).

11. Property, plant and equipment

a) Parent company

	Lands and rural properties	Buildings and improvements	Machinery, equipment and facilities	Aircrafts and vehicles	Furniture, fixtures and IT equipment	Works in progress	Frequently replaced parts and accessories	Other	Total
Cost:									
March 31, 2014	8,979	730,581	4,528,270	388,225	101,424	455,548	792,906	20,326	7,026,259
Additions	-	-	18,270	-	-	485,545	481,920	-	985,735
Capital transfer in subsidiary	-	(140,130)	(1,296,435)	-	(557)	-	-	-	(1,437,122)
Write-offs	-	(1)	(141,930)	(14,396)	(3,210)	-	-	-	(159,537)
Transfers	350	26,965	373,273	59,193	14,581	(494,819)	(411,829)	349	(431,937)
Provision for loss (2)	-	-	(3,189)	-	-	-	-	-	(3,189)
March 31, 2015	9,329	617,415	3,478,259	433,022	112,238	446,274	862,997	20,675	5,980,209
Additions	-	-	13,564	2,408	270	246,835	407,880	-	670,957
Write-offs	-	(132)	(34,702)	(16,142)	(2,300)	-	-	(1)	(53,277)
Transfers (1)	-	67,893	312,123	34,638	18,172	(444,893)	-	578	(11,489)
Transfer between cost and depreciation	-	-	-	-	-	-	(455,765)	-	(455,765)
Provision for loss (2)	-	-	1,668	(3)	(168)	-	-	-	1,497
March 31, 2016	9,329	685,176	3,770,912	453,923	128,212	248,216	815,112	21,252	6,132,132
Accumulated depreciation:									
March 31, 2014	-	(193,140)	(1,411,331)	(174,273)	(62,664)	-	(411,829)	(17,912)	(2,271,149)
Depreciation expense for the year	-	(18,858)	(183,594)	(26,073)	(13,091)	-	(455,765)	(2,087)	(699,468)
Capital transfer in subsidiary	-	20,653	259,581	-	118	-	-	-	280,352
Write-offs	-	1	139,344	13,223	3,182	-	-	-	155,750
Transfers	-	(93)	35	(77)	4,446	-	411,829	(504)	415,636
March 31, 2015	-	(191,437)	(1,195,965)	(187,200)	(68,009)	-	(455,765)	(20,503)	(2,118,879)
Depreciation expense for the year	-	(19,475)	(176,828)	(27,932)	(13,467)	-	(480,476)	(186)	(718,364)
Write-offs	-	117	30,125	13,283	1,964	-	-	1	45,490
Transfers (1)	-	(138)	3,815	(3,415)	(262)	-	-	-	-
Transfer between cost and depreciation	-	-	-	-	-	-	455,765	-	455,765
March 31, 2016	-	(210,933)	(1,338,853)	(205,264)	(79,774)	-	(480,476)	(20,688)	(2,335,988)
Net residual value:									
March 31, 2016	9,329	474,243	2,432,059	248,659	48,438	248,216	334,636	564	3,796,144
March 31, 2015	9,329	425,978	2,282,294	245,822	44,229	446,274	407,232	172	3,861,330

(1) Includes transfer of current assets, in the amount of R$ 1,102 consisting of non-recoverable Value-Added Tax on Sales and Services (ICMS) credits and transfer to intangible assets (software) in the amount of R$ 12,591, corresponding to software license.

(2) Refers to net reversal of inventory loss provision recognized in the income statement under Other operational income (expenses), net (Note 22).

b) Consolidated

	Lands and rural properties	Buildings and improvements	Machinery, equipment and facilities	Aircrafts and vehicles	Furniture, fixtures and IT equipment	Works in progress	Frequently replaced parts and accessories	Other	Total
Cost:									
March 31, 2014	26,377	987,605	6,850,696	469,373	120,052	891,336	1,047,437	36,138	10,429,014
Additions	-	-	34,728	22	490	749,924	624,883	-	1,410,047
Write-offs	(2)	(170)	(143,332)	(14,792)	(3,214)	(71)	-	-	(161,581)
Transfers	8,836	74,867	534,816	79,163	16,973	(736,966)	(553,340)	4,268	(571,383)
Provision for loss (2)	-	-	(3,189)	-	-	(5,489)	-	-	(8,678)
Other	-	-	-	-	682	-	-	-	682
March 31, 2015	35,211	1,062,302	7,273,719	533,766	134,983	898,734	1,118,980	40,406	11,098,101
Additions	-	-	26,667	2,699	279	441,406	528,873	-	999,924
Write-offs	-	(133)	(62,895)	(17,715)	(2,074)	-	-	(1)	(82,818)
Transfers (1)	-	188,479	485,431	35,449	23,423	(743,961)	-	638	(10,541)
Transfer between cost and depreciation	-	-	-	-	-	-	(596,376)	-	(596,376)
Provision for loss (2)	-	-	1,659	(4)	(174)	388	-	-	1,869
Other	-	-	-	-	132	-	-	-	132
March 31, 2016	35,211	1,250,648	7,724,581	554,195	156,569	596,567	1,051,477	41,043	11,410,291
Accumulated depreciation:									
March 31, 2014	-	(272,485)	(2,048,343)	(207,603)	(73,669)	-	(553,340)	(22,965)	(3,178,405)
Depreciation expense for the year	-	(13,096)	(356,379)	(33,364)	(15,911)	-	(596,376)	(4,837)	(1,019,963)
Write-offs	-	170	141,200	13,627	3,229	-	-	-	158,226
Transfers	-	(767)	407	256	4,368	-	553,340	(504)	557,100
March 31, 2015	-	(286,178)	(2,263,115)	(227,084)	(81,983)	-	(596,376)	(28,306)	(3,483,042)
Depreciation expense for the year	-	(32,073)	(345,066)	(34,658)	(16,826)	-	(611,755)	(2,907)	(1,043,285)
Write-offs	-	116	39,566	15,895	2,013	-	-	1	57,591
Transfers (1)	-	(19,590)	23,289	(3,435)	(264)	-	-	-	-
Transfer between cost and depreciation	-	-	-	-	-	-	596,376	-	596,376
March 31, 2016	-	(337,725)	(2,545,326)	(249,282)	(97,060)	-	(611,755)	(31,212)	(3,872,360)
Net residual value:									
March 31, 2016	35,211	912,923	5,179,255	304,913	59,509	596,567	439,722	9,831	7,537,931
March 31, 2015	35,211	776,124	5,010,604	306,682	53,000	898,734	522,604	12,100	7,615,059

(1) Includes transfer of current assets, in the amount of R$ 2,767 consisting of non-recoverable Value-Added Tax on Sales and Services (ICMS) credits and transfer to intangible assets (software) in the amount of R$ 13,308, corresponding to software license.

(2) Refers to net reversal of inventory loss provision recognized in the income statement under Other operational income (expenses), net (Note 22).

Works in progress

The balance of works in progress refers mainly to: i) stillage concentration project; ii) increased sugar cane crushing investments; iii) design for the reception of chopped cane and separation of straw for energy coproduction; iv) installation of tanks for expanded ethanol storage capacity; and, v) investments in maintenance and industrial improvement, agricultural automation, Safety, Health and Environment and administrative investments.

Several projects have been concluded during the year ended March 31, 2016, substantially, E2G and the expansion of the Raízen Paraguaçu plant in the amounts of R$ 179,784 and R$ 252,717, respectively.

Borrowing cost capitalization

During the year ended on March 31, 2016, the costs of loans capitalized, in the parent company and consolidated, were R$ 13,139 and R$ 25,175 (R$ 16,512 and R$ 30,951 in 2015), respectively. The annual weighted average of debt charges, for the parent company and consolidated, used for capitalization of interest in the balance of construction in progress was 5.53% and 5.41% in 2016 (1.66% and 6.40% in 2015), respectively.

Financial lease

As of March 31, 2016, the aircraft class includes net residual values of R$ 5,162 (R$ 5,694 in 2015), Parent Company and Consolidated, in which the Company is the lessee under a finance lease.

Property, plant and equipment pledged

As of March 31, 2016, loans and financing are secured by land, building and machinery in the total amount of R$ 499,713 and R$ 1,581,647 (R$ 596,182 and R$ 1,957,387 in 2015) in the Parent company and Consolidated, respectively.

12. Intangible assets

a) Parent company

	Software license (2)	Goodwill	Agricultural Partnership Agreements	Sugarcane supply agreements	Public concession rights of use	Technology (3)	Total
Cost or evaluation:							
March 31, 2014	88,351	1,217,542	6,107	22,781	12,543	234,936	1,582,260
Final allocation of the Cerrado acquisition	-	(9,003)	12,303	3,230	-	-	6,530
Capital transfer in subsidiaries	(241)	-	-	-	(12,543)	-	(12,784)
Additions	13,908	-	-	-	-	-	13,908
Disposals	(2)	-	1	-	-	-	(1)
Transfers	28,208	4,818	-	-	-	-	33,026
Provision for loss (4)	-	-	-	-	-	(55,060)	(55,060)
March 31, 2015	130,224	1,213,357	18,411	26,011	-	179,876	1,567,879
Additions	18,689	-	-	-	-	-	18,689
Disposals	(4,256)	-	-	-	-	-	(4,256)
Transfers (1)	12,591	-	-	-	-	-	12,591
March 31, 2016	157,248	1,213,357	18,411	26,011	-	179,876	1,594,903
Accumulated amortization:							
March 31, 2014	(59,839)	(368,026)	(1,759)	(3,919)	(3,310)	-	(436,853)
Capital transfer in subsidiaries	177	-	-	-	3,937	-	4,114
Amortization expenses for the year	(12,302)	-	(4,044)	(3,078)	(627)	-	(20,051)
Disposals	1	-	-	-	-	-	1
Transfers	(3,808)	-	-	-	-	-	(3,808)
March 31, 2015	(75,771)	(368,026)	(5,803)	(6,997)	-	-	(456,597)
Amortization expenses for the year	(16,794)	-	(3,223)	(2,869)	-	(17,988)	(40,874)
Disposals	3,136	-	-	-	-	-	3,136
March 31, 2016	(89,429)	(368,026)	(9,026)	(9,866)	-	(17,988)	(494,335)
Net residual value:							
March 31, 2016	67,819	845,331	9,385	16,145	-	161,888	1,100,568
March 31, 2015	54,453	845,331	12,608	19,014	-	179,876	1,111,282

(1) Refers to transfers of property, plant and equipment.

(2) As of March 31, 2015, the software license recognized as property, plant and equipment includes net residual amounts of R$ 1,421, parent company and consolidated, in which the Company is the lessee under a finance lease.

(3) Refers to technology developed by Iogen and Codexis to produce second-generation ethanol ("E2G"). These technologies are represented by contractual rights including, among others, RESA's exclusive marketing of those rights in the locations where it operates. The average period of amortization will be 10 years, which is the expected return period of the technologies developed for the production of E2G.

(4) On March 31, 2015, the Company estimated losses related to intangible assets recognized for the potential benefit arising from the technology of Codexis due to uncertainty surrounding its use. Thus, an additional loss provision of R$ 55,060 was made and recognized in the statement of income under Other operational income (expenses), net (Note 22).

b) Consolidated

	Software license (3)	Goodwill	Agricultural Partnership Agreements	Sugarcane supply agreements	Public concession rights of use	Technology (4)	Other (1)	Total
Cost or evaluation:								
March 31, 2014	107,851	1,549,932	6,107	178,286	12,543	234,936	20,245	2,109,900
Additions	13,991	-	-	-	-	-	-	13,991
Business combinations	-	(9,003)	12,303	3,230	-	-	-	6,530
Disposals	(2)	-	1	-	(2)	-	-	(3)
Transfers	28,335	(2,483)	-	-	-	-	-	25,852
Provision for loss (5)	-	-	-	-	-	(55,060)	-	(55,060)
Other	-	-	-	-	-	-	3,775	3,775
March 31, 2015	150,175	1,538,446	18,411	181,516	12,541	179,876	24,020	2,104,985
Additions	18,721	-	-	-	-	-	-	18,721
Disposals	(4,256)	-	-	-	-	-	-	(4,256)
Transfers (2)	13,308	-	-	-	-	-	-	13,308
Other	-	-	-	-	-	-	1,513	1,513
March 31, 2016	177,948	1,538,446	18,411	181,516	12,541	179,876	25,533	2,134,271
Accumulated amortization:								
March 31, 2014	(79,432)	(431,380)	(1,759)	(44,236)	(3,309)	-	(14,647)	(574,763)
Amortization expenses for the year	(12,621)	-	(4,044)	(11,718)	(2,466)	-	(1,283)	(32,132)
Disposals	-	-	-	-	3	-	-	3
Transfers (2)	(3,760)	-	-	-	-	-	-	(3,760)
March 31, 2015	(95,813)	(431,380)	(5,803)	(55,954)	(5,772)	-	(15,930)	(610,652)
Amortization expenses for the year	(17,104)	-	(3,223)	(11,508)	(2,506)	(17,988)	(3,005)	(55,334)
Disposals	3,136	-	-	-	-	-	-	3,136
March 31, 2016	(109,781)	(431,380)	(9,026)	(67,462)	(8,278)	(17,988)	(18,935)	(662,850)
Net residual value:								
March 31, 2016	68,167	1,107,066	9,385	114,054	4,263	161,888	6,598	1,471,421
March 31, 2015	54,362	1,107,066	12,608	125,562	6,769	179,876	8,090	1,494,333

(1) Intangible assets recognized by Raízen Trading, consisting of client portfolio and operating licenses in Europe and United States.

(2) Refers to transfers of property, plant and equipment.

(3) As of March 31, 2015, the software license recognized as property, plant and equipment includes net residual amounts of R$ 1,421, parent company and consolidated, in which the Company is the lessee under a finance lease.

(4) Refers to technology developed by Iogen and Codexis to produce second-generation ethanol ("E2G"). These technologies are represented by contractual rights including, among others, RESA's exclusive marketing of those rights in the locations where it operates. The average period of amortization will be 10 years, which is the expected return period of the technologies developed for the production of E2G.

(5) On March 31, 2015, the Company estimated losses related to intangible assets recognized for the potential benefit arising from the technology of Codexis due to uncertainty surrounding its use. Thus, an additional loss provision of R$ 55,060 was made and recognized in the statement of income under Other operational income (expenses), net (Note 22).

Goodwill

Refers to goodwill paid for expected future profitability, amortized on a straight-line basis up to March 31, 2009, when, as required by IAS 38 - Intangible Assets, it was no longer amortized. On March 31, 2016 and 2015, goodwill balance is as follows:

	Parent company		Consolidated	
Goodwill:	**2016**	**2015**	**2016**	**2015**
On acquisition:				
Costa Rica Canavieira Ltda.	57,169	57,169	57,169	57,169
Cerrado Açúcar e Álcool S.A.	24,660	24,660	24,660	24,660
former Cosan S.A. Açúcar e Álcool (current RESA)	558	558	558	558
Univalem S.A. Açúcar e Álcool	5,018	5,018	5,018	5,018
Usina Açucareira Bom Retiro S.A.	81,575	81,575	81,575	81,575
Usina Benálcool	100,046	100,046	149,247	149,247
Usina Santa Luíza	42,348	42,348	42,348	42,348
Usina Zanin Açúcar e Álcool	-	-	98,380	98,380
Vertical	-	-	4,313	4,313
Shares of TEAS	4,818	4,818	4,818	4,818
Grupo Corona	380,003	380,003	380,003	380,003
Grupo Destivale	42,494	42,494	42,494	42,494
Grupo Mundial	87,435	87,435	87,435	87,435
On establishing the: FBA - Franco Brasileira S.A. Açúcar e Álcool	4,407	4,407	4,407	4,407
On merging the: Curupay S.A. Participações	-	-	109,841	109,841
On paying the: capital in the Mundial	14,800	14,800	14,800	14,800
	845,331	845,331	1,107,066	1,107,066

Impairment analysis for cash generating units containing goodwill

The Company tests goodwill for impairment at least once a year.

Goodwill is applied to cash-generating units ("CGU") identified according to the operating region, as follows:

	Consolidated	
Operating region	**2016**	**2015**
Piracicaba	138,744	138,744
Jaú	558	558
Araraquara	545,391	545,391
Araçatuba	303,401	303,401
Assis	109,841	109,841
Independent and others	9,131	9,131
	1,107,066	1,107,066

Long-lasting non-financial assets that are not subject to depreciation or amortization are reviewed whenever there are indications that accounting value will not be recovered.

The Company, to determine recoverable value, uses the value in use method, which is based on projection of expected discounted cash flows of cash generating units determined by Management based on budgets that take into consideration assumptions related to each CGU using information available in the market and prior performances. Discounted cash flows were prepared for a period of 20 years without considering real growth rate, based on past performance and on expected market development. Rate used corresponds to average market rate of the companies of the industry, calculated as 7.48% p.a.

Main assumptions used were: expected sales price of commodities in the long-term, productivity of agricultural areas, performance of Total Recoverable Sugar (ATR), and operating and administrative costs.

Every future cash flow was discounted at rates that reflect specific risks related to relevant assets in each CGU.

As a result of annual tests, no significant expenses from impairment of assets and goodwill was recognized in years ended March 31, 2016 and 2015. Determination of assets recoverability depends on the accomplishment of certain assumptions that are influenced by market, technological, and economic conditions prevailing at the time in which recoverability is tested and, therefore, it is not possible to determine if recoverability losses will occur in the future and, in case they occur, if they will be material.

13. Suppliers

	Parent company		Consolidated	
	2016	2015	2016	2015
Materials and services (i)	353,410	230,653	596,635	438,656
Sugarcane (i)	176,159	100,987	233,346	129,640
Suppliers - Agreement (ii)	39,484	-	61,865	-
	569,053	331,640	891,846	568,296

(i) The balance payable to suppliers of materials and services mostly consists of the acquisition of machinery and equipment for the ethanol, sugar and bioenergy production facilities for resale.

(ii) Sugar cane harvesting, which usually takes place between April and December every year, in general, has a direct impact on the seasonality of balance of trade payables to sugar cane suppliers and for cutting, loading and transportation services.

(iii) The Company has Agreements Related to Payments and Other Covenants (“Agreement”) that permit certain suppliers to advance their receivables referring to products and services provided to the Company, directly with Financial Institution. In said Agreement, supplier may choose to grant or not and the bank decides whether to acquire or not said credit, without interference from the Company. The utilization of the Agreement does not imply any change in notes issued by the supplier, and the same original value and average payment term conditions are maintained, which, as average, is around 60 to 90 days, period that is consistent with the Company’s recurring operating cycle.

14. Loans and financing

			Financial charges Annual effective average interest rate (1)		Parent company		Consolidated	
Purpose	**Final maturity**	**Index**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Classification of debts per currency:								
Denominated in Reais					4,457,531	4,126,732	6,002,578	5,856,201
Denominated in U.S. Dollars and Euros					445,197	963,391	3,925,950	4,619,226
					4,902,728	5,090,123	9,928,528	10,475,427
Type of debts (2):								
BNDES	Oct 25	URTJLP	10.0%	8.0%	227,671	258,293	1,127,939	1,306,322
BNDES	Jul 24	Pre-fixed	4.1%	4.1%	653,813	697,863	1,169,293	1,218,098
BNDES	Apr 24	UMBND	6.6%	6.6%	19,481	19,660	80,261	81,657
Debentures	Oct 18	CDI	15.2%	13.7%	475,446	471,020	475,447	471,020
Debentures	Oct 20	IPCA + interests	14.2%	15.1%	384,812	350,187	384,812	350,187
Prepayments	Dec 20	Dollar (US$) + *Libor*	2.3%	1.7%	445,197	863,123	624,488	863,123
Term Loan Agreement	Apr 20	Dollar (US$) + *Libor*	1.9%	1.5%	-	-	2,495,537	2,248,675
Senior Notes due 2017	Feb 17	Dollar (USA)	7.0%	7.0%	-	-	734,550	1,297,921
Resolution 2471 (PESA)	Apr 23	IGP-M	11.90%	10.70%	902,217	808,787	928,344	832,213
Resolution 2471 (PESA)	Oct 25	Pre-fixed	3.00%	3.00%	76	84	76	84
Credit Notes	Oct 20	CDI	15.20%	13.00%	264,882	717,478	264,882	717,478
Finame/Leasing	Nov 24	Pre-fixed	5.20%	4.90%	52,165	50,152	93,225	96,610
Rural credit	Jun 16	Pre-fixed	6.50%	6.50%	62,726	35,472	62,726	67,176
Certificate of Agribusiness Receivables ("CRA")	Jun 21	CDI	14.10%	12.6%	1,294,466	607,489	1,295,797	605,109
Certificate of Agribusiness Receivables ("CRA")	Dec 21	IPCA + interests	13.40%	14.30%	119,776	110,247	119,776	110,247
Other	Other	Dollar (US$)	-	-	-	100,268	71,375	209,507
					4,902,728	5,090,123	9,928,528	10,475,427
Expenses incurred with the placement of the securities:								
BNDES					(2,904)	(2,356)	(4,663)	(4,379)
CRA					(21,331)	(11,619)	(21,336)	(11,619)
Rural credit					(75)	-	(75)	(68)
Debentures					(3,455)	(4,532)	(3,455)	(4,532)
Prepayments					(214)	(1,717)	(2,129)	(1,717)
Term Loan Agreement					-	-	(18,859)	(20,716)
Senior Notes due 2017					-	-	(1,563)	(6,443)
Credit Notes					-	(310)	-	(310)
					(27,979)	(20,534)	(52,080)	(49,784)
					4,874,749	5,069,589	9,876,448	10,425,643
Current					(506,559)	(965,310)	(1,619,259)	(1,377,898)
Non-current					4,368,190	4,104,279	8,257,189	9,047,745

(1) The annual effective interest rate is the contract rate plus, Libor, URTJLP, IGP-M, UMBND, IPCA e CDI, where applicable.

(2) Loans and financing are usually secured by the Company's promissory notes. In some cases, they rely on guarantees of their subsidiaries, Raízen Combustíveis S.A. or shareholders, in addition to collateral, such as: i) receivables from energy trading contracts (BNDES); ii) CTN (Note 7) and land mortgage (PESA); iii) fixed assets (Note 11); and iv) chattel mortgage on financed assets (*Finame*).

Installments falling due in the long term, less the amortization of expenses incurred with the placement of securities, have the following schedule:

	Parent company		Consolidated	
In months:	2016	2015	2016	2015
13-24	551,863	629,548	1,294,054	2,194,832
25-36	1,033,564	507,168	1,731,140	1,183,603
37-48	1,268,432	982,660	1,467,527	1,625,948
49-60	641,481	1,205,262	2,573,410	1,396,340
61-72	789,436	585,267	914,684	2,170,176
73-84	63,997	119,661	152,814	232,881
85-96	17,804	58,685	98,999	134,536
From 97	1,613	16,028	24,561	109,429
	4,368,190	4,104,279	8,257,189	9,047,745

PESA - Resolution 2471

In the period from 1998 to 2000, the Company and subsidiaries renegotiated with several financial institutions its debts related to financing of agricultural costs, reducing their financial cost to annual interest rates lower than 11.9%, ensuring amortization of debt with granting and transfer of National Treasury Certificates, redeemable upon debt settlement, using incentive promoted by Brazilian Central Bank Resolution no. 2,471, of February 26, 1998. Said debt is settled through redemption of CTN's and compliance with contract provisions, as mentioned in Note 7.

Senior notes due 2017

On January 26, 2007, subsidiary Raízen Energy Finance Limited, issued Senior Notes in the international market according to "Regulations S and 144A", in the amount of US$ 400,000 thousand, which are subject to interest of 7% p.a., payable on a half-annual basis in February and August every year. In the year ended March 31, 2016, through the repurchase offer (Tender Offer), the Company paid in advance principal and interest amounting to US$ 195,943 thousand and US$ 29,943 thousand, respectively.

BNDES

Correspond to funds raised by the Company and its direct and indirect subsidiaries destined to financing co-generation, greenfield, renewal and implementation projects of new sugarcane fields (*Prorenova*) and construction of plant for E2G production.

On March 31, 2016, the Company and its subsidiaries had available credit facilities of financing from BNDES, unused, amounting to R$ 210,059 (R$ 510,167 in 2015). The use of these credit facilities depends on the fulfillment of certain contractual conditions.

Credit Notes

Credit notes will be settled through exports to be made up to 2020 and are subject to average interest of 15.2% p.a. payable on a half-annual basis and on maturity.

The amounts of R$ 450,000 (principal) and R$ 99,824 (interest) were paid in March 2016.

Finame

Refers to financings of machinery and equipment through several financial institutions, intended for fixed asset investments. These financings are subject to effective interest of 5.2% p.a., monthly paid and are guaranteed by mortgage of the financed assets.

Term Loan Agreement (unionized loan)

On April 8, 2014, indirect subsidiary Raízen Luxembourg S.A. contracted a loan of US$ 250,000 thousand under the Syndicated Loan mode, with several financial institutions. Said contract is subject to North-American dollar exchange rate variation and quarterly Libor interest plus annual fixed interest of 1.4%, resulting in effective average interest rate of 2.02% p.a. with maturity in March 2019.

On March 30, 2015, indirect subsidiary Raízen Luxembourg S.A. contracted a loan from a syndicate comprised of several global commercial banks in the amount of US$ 450,000 thousand. Said contract is subject to North-American dollar exchange rate variation and quarterly Libor interest plus annual fixed interest of 1.2%, resulting in effective average interest rate of 1.83% p.a. with quarterly maturity, and deadline matures on April 27, 2020. Through this syndicate, the Company also obtained a Revolving Credit Facility of US$ 285,000 thousand, also maturing on April 27, 2020.

PPEs

In 2013, RESA entered into PPEs contracts with several institutions for financing of future sugar export. Said contracts are subject to North-American dollar exchange rate variation and quarterly Libor interest resulting in effective average interest rate of 2.13% p.a. with final maturity in September 2017.

As of December 15, 2015, RESA, through its subsidiary Tarumã, signed a new loan agreement in the amount of R$ 192,740, equivalent to US$ 50,000 thousand. This PPEs bears half-annual Libor interest (semi-annually) plus annual interest of 1.80%, resulting in effective average interest rate of 2.55% p.a., with final maturity on December 15, 2020.

Issue of Certificate of Agribusiness Receivables - CRA

In October 2014, Raízen Energia issued CPR (Rural Producer Note) linked to Public Distribution of the 1st and 2nd series of 10th issuance of CRA's of Gaia Agro Securitizadora S.A., in the total amount of R$ 675,000 and maturity in December 2021.

In June 2015, RESA issued CPRs (Rural Producer Notes) linked to Public Distribution of the 14thissuance of CRA's of Gaia Agro Securitizadora S.A., in the amount of R$ 675,000 and maturity in December 2021, restated at 100% of CDI. About such operation, issuing costs in the amount of R$ 11,888 will amortized by the maturity date.

Final destination of funds raised will be Raízen Energia and its subsidiaries' activities, which are exclusively related to agribusiness, in the ordinary course of its business, which is understood as transactions, investments and financing needs related to production, trading, processing or industrialization of agricultural products and inputs or of machinery and equipment used in agricultural activity, pursuant to the terms of single paragraph of Article 23 of Law no. 11.076.

Debentures

In October 2013, CVM granted to the Company, registration of its 1st Public Issuance of Simple Debentures through which 750,000 simple, unsecured debentures, not convertible into shares were issued in three series, with par value of R$ 1,000, totaling R$ 750,000.

The net proceeds from the issuance of debentures in the amount of R$ 747,710 were fully used for: (i) strengthen the Company's cash in relation to 1st-series debentures and 2nd-series debentures; and (ii) pay part of Company's investment costs related to 2013/2014 crop both in agricultural and industrial areas, pursuant to the terms of Law no. 12.431, in relation to 3rd series debentures.

	Index	Annual interest rate	Effective average annual interest rate	Principal	Date of receipt	Maturity
1st Serie	CDI	0.89%	15.2%	105,975	10/25/2013	Oct 18
2nd Serie	CDI	0.94%	15.2%	340,000	10/28/2013	Oct 18
3rd Serie	IPCA	6.38%	14.2%	304,025	10/29/2013	Oct 20

Covenants

The Company and its subsidiaries are not subject to comply with financial ratios, being subject only to certain covenants in loans and financing contracts, such as "cross-default" and "negative pledge", which are being fully complied with.

Fair value

As of March 31, 2016 and 2015, the fair value of the Senior Notes Due 2017 is based on the price quotations in the secondary market at the financial position date (Note 24i), and the book value and fair value of such loan are as follows:

	Book value		Fair value	
	2016	2015	2016	2015
Senior notes due 2017	732,987	1,291,478	758,641	1,385,577

Other loans and financing do not have a value quoted, but their fair value is close to the book value due to their exposure to variable interest rates and insignificant changes in the Company's credit risk, which are shown by comparison to the quoted instruments presented above (Note 24.i).

15. Income and social contribution taxes

a) Reconciliation of income (expense) of income and social contribution taxes:

	Parent company		Consolidated	
	2016	2015	2016	2015
Income (loss) before income and social contribution taxes	1,519,535	(81,329)	1,722,492	(52,393)
Income tax and social contribution at nominal rate (34%)	(516,640)	27,652	(585,648)	17,814
Adjustments for calculation of effective rate:				
Equity in net income of subsidiaries	173,091	109,758	(24,908)	(11,539)
Gifts, donations, class association	(2,458)	(2,201)	(3,118)	(2,373)
Capital gain due to dilution of corporate interest	5,141	10,313	5,298	10,313
Reintegra	8,434	16,822	9,404	17,442
Investment grant - ICMS (Note 18.d.iv)	-	-	13,825	20,249
Reversal of deferred tax liabilities upon corporate reorganization (i)	-	32,519	-	43,341
Difference between deemed income and taxable income rates (ii)	-	-	61,793	56,814
Interest on own capital	-	(3,474)	-	-
Other	(1,459)	939	(13,494)	11,331
Credit form income and social contribution taxes (current and deferred)	(333,891)	192,328	(536,848)	163,392
Effective rate	21.97%	-236.48%	31.17%	-311.86%

(i) Refers to the reversal of deferred tax liabilities on temporary differences due to the transition to IFRS standards produced at the time by reason of change in the useful life and the recognition of property, plant and equipment fair value. With the corporate restructuring involving the net energy coproduction assets (Note 27.2.i), these assets were transferred via capital investment to new companies, which are established under assumed income tax regime, with no possibility of achieving these deferred liabilities, given the chosen taxation regime.

(ii) Refers to deferred tax liabilities on temporary differences substantially produced by the change in the useful life of fixed assets, which were reversed in the contribution of net assets related to energy coproduction activity to UTEs due to the unlikely disbursement by reason of the assumed income tax regime adopted by these companies.

a.1) Income and social contribution taxes recoverable

	Parent company		Consolidated	
	2016	2015	2016	2015
Taxes on income (“IRPJ”)	426,456	328,062	505,167	404,499
Social contribution (“CSLL”)	142,260	103,618	167,120	140,720
	568,716	431,680	672,287	545,219
Current	(87,426)	(25,878)	(111,367)	(36,859)
Non-current	481,290	405,802	560,920	508,360

In August 2013, the Company and its subsidiaries opted for the taxation regime whereby income and social contribution taxes are prepaid on gross revenue estimates, leading to positive fluctuations in the balances of recoverable income tax, recorded in current and non-current assets (Note 15.a.1). Regarding this transaction, prepaid income and social contribution taxes are currently being offset against other federal taxes (PIS, COFINS and IOF).

a.2) Income and social contribution taxes payable

	Consolidated	
	2016	**2015**
IRPJ	30,917	6,432
CSLL	10,509	2,430
	41,426	8,862

b) Deferred income tax and social contribution in assets and liabilities:

b.1) Parent company

				2016	2015
	Base	**IRPJ 25%**	**CSLL 9%**	**Total**	**Total**
Non-current assets (liabilities)					
Tax losses					
Tax losses	1,068,732	267,183	-	267,183	36,890
Negative basis for social contribution tax	1,068,733	-	96,186	96,186	13,280
Temporary differences:					
Tax goodwill deriving from downstream merger	248,197	62,049	22,338	84,387	132,608
Provisions for legal disputes	332,885	83,221	29,960	113,181	92,868
Foreign exchange variation on the cash basis	1,120,147	280,037	100,813	380,850	559,494
Remuneration and employee benefits	234,138	58,535	21,072	79,607	59,226
Other provisions and other temporary differences	164,485	41,121	14,804	55,925	58,217
Total deferred tax assets	4,237,317	792,146	285,173	1,077,319	952,583
Biological assets	(576,576)	(144,144)	(51,892)	(196,036)	(8,159)
Unrealized gain (loss) with derivatives	(719,721)	(179,930)	(64,775)	(244,705)	(292,766)
Cost of capitalized loans	(118,312)	(29,578)	(10,648)	(40,226)	(38,637)
Fixed assets' useful life review	(577,753)	(144,438)	(51,998)	(196,436)	(168,203)
Amortized tax goodwill	(644,818)	(161,205)	(58,034)	(219,238)	(192,632)
Total deferred tax liabilities	(2,637,180)	(659,295)	(237,347)	(896,641)	(700,397)
Total deferred assets, net		132,851	47,826	180,678	252,186

b.2) Consolidated

	Base	IRPJ 25%	CSLL 9%	2016 Total	2015 Total
Non-current assets (liabilities)					
Tax losses					
Tax losses	1,591,992	397,998	-	397,998	186,986
Negative basis for social contribution tax	1,591,989	-	143,279	143,279	67,319
Temporary differences:					
Tax goodwill deriving from downstream merger	258,429	64,607	23,259	87,866	136,798
Provisions for legal disputes	379,615	94,904	34,165	129,069	108,697
Provision for goodwill write-off	288,547	72,137	25,969	98,106	98,106
Foreign exchange variation on the cash basis	1,128,956	282,239	101,606	383,845	559,455
Remuneration and employee benefits	252,918	63,230	22,763	85,992	65,036
Other provisions and other temporary differences	267,221	66,805	24,050	90,855	92,157
Total deferred tax assets	5,759,667	1,041,920	375,091	1,417,010	1,314,554
Biological assets	(671,906)	(167,977)	(60,472)	(228,448)	(14,211)
Unrealized gain (loss) with derivatives	(694,956)	(173,739)	(62,546)	(236,285)	(292,766)
Cost of capitalized loans	(224,629)	(56,157)	(20,217)	(76,374)	(75,993)
Fair value of the fixed asset	(305,718)	(76,430)	(27,515)	(103,944)	(114,265)
Fixed assets' useful life review	(1,082,582)	(270,646)	(97,432)	(368,078)	(320,911)
Amortized tax goodwill	(900,829)	(225,207)	(81,075)	(306,282)	(274,008)
Total deferred tax liabilities	(3,880,620)	(970,156)	(349,257)	(1,319,411)	(1,092,154)
Total deferred taxes		71,764	25,834	97,599	222,400
Deferred taxes - Assets, net				186,665	299,314
Deferred taxes - Liabilities, net				(89,066)	(76,914)
Total deferred taxes				97,599	222,400

c) Net changes in deferred taxes:

	Parent company		Consolidated	
	2016	2015	2016	2015
Balance at the beginning of the year	252,186	149,181	222,400	235,217
Results income (expenses)	(333,890)	192,330	(387,202)	224,576
Deferred taxes on other comprehensive income	262,382	(13,847)	262,389	(13,178)
Deferred taxes on final allocation of Cerrado acquisition (Note 27.2.ii)	-	(6,530)	-	(6,530)
Merger of subsidiaries (Note 27.2.i)	-	43,440	-	4,486
Use of tax losses and negative basis for social contribution for REFIS settlement	-	(112,390)	-	(202,677)
Interest	-	-	-	(19,815)
Other	-	2	12	321
Balance at the end of the year	180,678	252,186	97,599	222,400

d) Realization of deferred income and social contribution taxes:

When evaluating deferred taxes' recovery capacity, Management considers future taxable income projections and changes in temporary differences. A provision for non-realization shall be made when part or all of the tax non-realization is more likely. Possibility of using tax losses and negative bases' balances does not expire, but the use of these losses accumulated in prior years is limited to 30% of taxable annual income.

On March 31, 2016, the Company has the following expected realization of deferred tax assets, including tax losses of assets, negative bases and temporary differences:

Years:	Parent Company	Consolidated
2017	577,995	622,914
2018	64,618	113,157
2019	76,346	97,282
2020	96,134	124,356
2021	115,683	135,398
After 2021	146,543	323,903
Total	1,077,319	1,417,010

On March 31, 2016, subsidiaries Agrícola Ponte Alta Ltda. and Raízen Biotecnologia S.A. presented tax losses and social contribution negative bases' balance amounting to R$ 15,371 (R$ 5,608 on March 31, 2015) for which no deferred tax assets were established, as their recovery is not considered as probable.

16. Provision for legal disputes and judicial deposits

Breakdown of legal disputes classified as probable

On March 31, 2016 and 2015, balance of legal disputes is as follows:

	Parent company		Consolidated	
	2016	2015	2016	2015
Tax	24,368	26,211	30,824	31,190
Civil	31,694	28,366	34,242	33,081
Labor	148,993	130,983	200,084	180,209
	205,055	185,560	265,150	244,480
Non-reimbursable legal disputes	47,819	33,721	83,758	68,995
Refundable legal disputes (Note 8.c)	157,236	151,839	181,392	175,485

When Raízen was setup it was agreed that Cosan would reimburse the Company for legal disputes that were ongoing before its formation, as these disputes are actually settled. In turn, the Company shall reimburse to Cosan, when actually refunded, the amount of judicial deposits made before its formation. On March 31, 2016 and 2015, balance of judicial deposits is as follows:

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Tax	75,514	59,878	179,560	162,850
Civil	8,838	8,143	9,650	9,083
Labor	33,274	26,097	42,442	33,864
	117,626	94,118	231,652	205,797
Own judicial deposits	41,292	23,934	53,044	33,347
Refundable judicial deposits (Note 8.c)	76,334	70,184	178,608	172,450

i) Non-reimbursable legal disputes

	Parent company			
	Tax	**Civil**	**Labor**	**Total**
March 31, 2015	1,749	2,621	29,351	33,721
Provisio recorded for the year (i)	31,360	539	23,015	54,914
Write-offs/reversals	(33)	(393)	(14,498)	(14,924)
Offsetting (ii)	(46,645)	-	-	(46,645)
Interest (iii)	15,912	420	4,421	20,753
March 31, 2016	2,343	3,187	42,289	47,819

	Consolidated			
	Tax	**Civil**	**Labor**	**Total**
March 31, 2015	4,972	4,243	59,780	68,995
Provisions recorded for the year (i)	31,907	638	36,293	68,838
Write-offs/reversals	(42)	(792)	(27,903)	(28,737)
Offsetting (ii)	(46,644)	-	-	(46,644)
Interests (iii)	15,993	483	4,830	21,306
March 31, 2016	6,186	4,572	73,000	83,758

(i) Recorded in the statement of income under Other operating income, net (Note 22), except for the provision of INSS on income amounting to R$ 30,750 (R$ 31,546 in 2015), parent company and consolidated, respectively, reclassified from current liabilities taxes payable.
(ii) Includes the offset against judicial deposits;
(iii) Recorded in income (loss) for the year in the heading Financial results.

ii) Reimbursable legal disputes (i)

	Parent company			
	Tax	**Civil**	**Labor**	**Total**
March 31, 2015	24,462	25,745	101,632	151,839
Provisions recorded for the year	2,432	5,274	23,788	31,494
Write-offs/reversals	(5,025)	(5,852)	(25,441)	(36,318)
Offsetting (ii)	(2,857)	-	-	(2,857)
Interests	3,013	3,340	6,725	13,078
March 31, 2016	22,025	28,507	106,704	157,236

	Consolidated			
	Tax	**Civil**	**Labor**	**Total**
March 31, 2015	26,218	28,838	120,429	175,485
Provisions recorded for the year	2,808	5,784	27,724	36,316
Write-offs/reversals	(5,043)	(7,213)	(28,900)	(41,156)
Offsetting (ii)	(2,857)	-	-	(2,857)
Interests	3,512	2,261	7,831	13,604
March 31, 2016	24,638	29,670	127,084	181,392

(iv) (i) The changes in 2016 had no effect on profit or loss of the period.
(v) (ii) Includes the offset against judicial deposits.

iii) Total legal disputes

	Parent company			
	Tax	**Civil**	**Labor**	**Total**
March 31, 2015	26,211	28,366	130,983	185,560
Provisions recorded for the year	33,792	5,813	46,803	86,408
Write-offs/reversals	(5,058)	(6,245)	(39,939)	(51,242)
Offsetting (i)	(49,502)	-	-	(49,502)
Interests	18,925	3,760	11,146	33,831
March 31, 2016	24,368	31,694	148,993	205,055

	Consolidated			
	Tax	**Civil**	**Labor**	**Total**
March 31, 2015	31,190	33,081	180,209	244,480
Provisions recorded for the year	34,715	6,422	64,017	105,154
Write-offs/reversals	(5,085)	(8,005)	(56,803)	(69,893)
Offsetting (i)	(49,501)	-	-	(49,501)
Interests	19,505	2,744	12,661	34,910
March 31, 2016	30,824	34,242	200,084	265,150

(i) Includes the offset against judicial deposits.

a) Tax

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Social Security Charges ("INSS") (i)	732	676	2,311	2,166
Value-added tax on sales and services ("ICMS") (ii)	19,168	21,086	19,908	21,086
PIS and COFINS	197	892	197	892
Excise tax ("IPI")	758	699	2,567	2,389
Other	3,513	2,858	5,841	4,657
	24,368	26,211	30,824	31,190
Non-reimbursable legal disputes	2,343	1,749	6,186	4,972
Reimbursable legal disputes	22,025	24,462	24,638	26,218

i) The amount recorded as provision for INSS corresponds to amounts related to social security contributions levied on billing, pursuant to the terms of Article 22-A of Law no. 8.212/91, whose constitutionality is being challenged in a lawsuit. The Company made escrow deposits related to lawsuit in the amount of R$212,789. Accordingly, both balances are presented net in this financial information.

ii) Amount recorded as ICMS credits is substantially represented by: (a) infraction notices received, which, while defending in administrative or judicial spheres, the Company's legal advisors assume a probable loss; (b) using finance credits and finance charges in matters on which understanding of the Company's management and tax advisors differ from tax authorities' interpretations.

b) Civil and labor

The Company and its subsidiaries are parties to several civil claims related to (i) indemnity for property damage and pain and suffering, (ii) contractual disputes, (iii) execution, (iv) collections, (v) accountability, (vi) possessory actions and (vii) public civil actions and environmental annulment actions.

The Company and its subsidiaries are also parties to various labor lawsuits filed by former employees and employees of service providers who question, among others, payment of overtime, extra for night and dangerous work, rehiring to job position, return of amounts discounted on payroll such as confederation union dues, union dues, and others.

These legal disputes were considered as possible loss and, thus, no provision for lawsuits demands has been recognized in the financial statements

a) Tax

	Parent company		Consolidated	
	2016	2015	2016	2015
ICMS (i)	1,006,318	699,086	1,229,396	882,209
INSS (ii)	448,696	386,122	461,618	396,246
IPI (iii)	390,319	351,755	427,788	387,860
IRPJ and CSSL (vi)	352,587	267,669	412,754	324,330
PIS and COFINS (v)	597,533	459,577	599,699	462,021
Offset with IPI credits - Regulatory Instruction no. 67/98 (vi)	105,217	101,192	124,737	119,891
IOF (iv)	39,985	-	39,985	-
Other	275,013	234,201	296,030	250,711
	3,215,668	2,499,602	3,592,007	2,823,268
Non-reimbursable legal disputes	657,071	185,478	715,936	214,357
Reimbursable legal disputes	2,558,597	2,314,124	2,876,071	2,608,911

(i) ICMS - Value-Added Tax on Sales and Services

Refers substantially to: (i) part related to fine of tax assessment issued due to alleged lack of ICMS payment and non-compliance with accessory obligation, in agricultural partnership for on-demand industrialization in periods from May 2005 to March 2006 and from May 2006 to March 2007; (ii) ICMS levied on crystal sugar for export that, as understood by tax agent, is classified as semi-finished product and, in accordance with ICMS regulation, would be subject to taxation; (iii) ICMS levied on alleged divergences on sugar and ethanol inventories deriving from comparison between magnetic tax files and inventory registration books; (iv) tax assessment related to charge of ICMS rate difference deriving from ethanol sales to companies located in other states of the Federation, which had their state registrations canceled; and (v) requirement of ICMS deriving from disallowances of diesel credits used in agricultural-industrial production process.

(ii) INSS

Possible legal disputes related to INSS involve mainly: (i) Questioning about legality and constitutionality of MPS/SRP Regulatory Instruction no. 3 of 2005, which restricted constitutional immunity of social security contributions on revenues from export exclusively to direct sales and started to tax exports carried out through trading companies; (ii) Requirement of contribution to SENAR in direct and indirect export transactions for which Federal Revenue Service (“RFB”) understands that constitutional immunity does not apply; and, (iii) Mandatory payment of social security contribution on resale of merchandise in domestic market and to third parties that are not included in calculation basis of social contribution levied only on gross revenue from establishment production and not from acquired merchandise.

(iii) IPI - Excise tax

SRF Regulatory Instruction no. 67/98 supported procedure adopted by industrial establishments that made shipments without recording and paying IPI related to transactions with cane sugars: demerara, high-quality crystal, special crystal, extra special crystal, and granulated refined sugar carried out in the period from July 6, 1995 to November 16, 1997, and with refined amorphous sugar in the period from January 14, 1992 to November 16, 1997. This standard was carried into effect in the respective proceedings brought by RFB, whose likelihood of loss is classified as possible, according to the assessment of the Company's legal advisors.

(iv) IRPJ and CSLL / IOF

In December 2011, under recoverable legal disputes, the Company received infraction notices totaling R$ 538,851, issued by the RFB and charging income tax and social contribution on the 2006 to 2009 calendar years, questioning: (i) deductibility of amortization expenses of determined goodwill; (ii) offset of tax losses and a negative calculation base of CSLL; and (iii) the taxation on differences in the revaluation of assets comprising property, plant, and equipment. The Company presented its defense in January 2012 and, with its legal counsel, classified the amount of R$ 267,701 as a probable loss.

In addition, in February 2014, subsidiary Raízen Tarumã received tax assessment notices totaling R$ 49,117, issued by the Federal Revenue Service and charging income tax and social contribution on calendar years 2009 to 2012, questioning: (ii) amortization of goodwill; and (ii) offset of tax losses and a negative calculation base of CSLL. The Company presented its defense in January 2012 and, with its legal advisors, classified this case as a probable loss.

The remaining balance of income tax and social contribution contingencies totaling R$ 94,410 refers to various cases, which the management and its legal counsel classified as a probable loss.

In November 2014, under non-refundable legal disputes, the Company received decision-making orders from the Federal Revenue Service regarding the disallowance of PIS/COFINS noncumulative credits arising from goods and services purchased in the domestic market and offset against IRRF and CSLL / IRPJ. The disallowed claims are related to goods and services used in the Company's production chain, hence the disallowance is totally improper and illegal based on existing legislation (Law 10.637/02 and Law 10.833/03), thus the classification of probable loss.

(v) PIS and COFINS

This refers, substantially, the rejection of PIS and CONFINS credits, in the non-cumulative system, provided for in the Laws 10.637/2002 and 10.833/2003, respectively. These rejections arise, in summary, due to the restrictive interpretation of the Secretariat of the Federal Revenue Service in regard to the concept of “inputs” as well as differences regarding the interpretation of the referred to laws. Such questions are still at the administrative level.

(vi) Offsets with IPI credit - IN 67/98

SRF Regulatory Instruction Number 67/98 brought with it the possibility of a refund of IPI collected in the period from January 14, 1992, to November 16, 1997, on amorphous refined sugar. Accordingly, RESA, for the periods in which payment was made, it pleaded to offset amounts against other taxes due. However, the Federal Revenue Service dismissed requests for restitution as well as an offset. Thus, RESA administratively appealed against the dismissal.

After notification of payment of debts object to an offset in view of the changes introduced by IN SRF Number 210/02, RESA filed a writ of mandamus with an injunction request to suspend the enforceability of offset taxes, with the aim of impeding the Public Administration from executing these debts. The injunction was granted by the competent court. The Company's legal counsel sponsoring this case deems that there is probable loss.

b) Civil and labor

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Civil	334,050	199,408	599,008	437,997
Labor	546,562	410,050	634,618	489,963
	880,612	609,458	1,233,626	927,960
Non-reimbursable legal disputes	241,144	158,504	376,363	281,867
Reimbursable legal disputes	639,468	450,954	857,263	646,093

17. Commitments (Consolidated)

Sales

The Company is the parent company of entities that operate in the sugar, ethanol and electric energy cogeneration. Sales contracts are managed on a consolidated basis, associated with the business and are not tied to a specific entity. Thus, the Company itself in conjunction with its entities are responsible for all of the sales commitments.

Sales in the commodity market made substantially on the date of the sale price. However, the Company and its subsidiaries have several agreements in the market of sugar and ethanol committing itself to selling certain volumes in future crops.

Sugar sales commitments, in tons, on March 31, 2016 are as follows:

	Consolidated
Years	
Crop 2016/2017	2,450,414
Crop 2017/2018	514,000
Crop 2018/2019	514,000
Crop 2019/2020	514,000
	3,992,414

Ethanol sales commitments, in cubic meters, on March 31, 2016 are as follows:

	Consolidated
Years	
Crop 2016/2017	2,077,194
Crop 2017/2018	491,169
Total	2,568,363

Sale of electric energy commitments, in MWh, on March 31, 2016 are as follows:

	Consolidated
Years	
Crop 2016/2017	2,027,861
Crop 2017/2018	1,876,707
Crop 2018/2019	1,958,175
Crop 2019/2020	1,958,175
As of the 2020/2021 crop	11,725,481
Total	19,546,399

Purchasing

The Company and its subsidiaries have various purchase commitments for sugarcane with third parties in order to guarantee part of its production in subsequent harvests. The amount to be paid by the Company is determined at the end of each harvest, according to prices published by the CONSECANA.

Purchase commitments per crop, in tons, on March 31, 2016 are as follows:

	Consolidated
Years	
Crop 2016/2017	28,944,060
Crop 2017/2018	25,349,006
Crop 2018/2019	20,975,206
Crop 2019/2020	16,941,142
From 2021	72,875,184
Total	165,084,598

The Company and its subsidiaries have contracts to purchase industrial equipment with the purpose of maintenance and expansion of plants, as well as to meet the needs of electric energy cogeneration projects, totaling R$ 91,004.

Contracts of sharecropping and land leasing

The Company and its subsidiaries have sharecropping and land leasing contracts for sugarcane plantations, which shall end in 20 years.

Payments for these obligations are calculated by means of an ATR disclosed by CONSECANA and the volume of sugarcane per hectare as defined in the contract.

The expected, non-cancellable, payments on these contracts, are as follows:

	Consolidated
Years	
In years:	
1	614,809
1-5	1,671,469
>5	1,076,825
Total	3,363,103

18. Equity

a) Capital and capital reserve

In the Extraordinary Shareholders' Meeting held on August 31, 2015, Shell, Cosan and CIP shareholders decided and approved capital increase subscribed by Shell and CIP shareholders totaling R$ 1,500,000, through the issuance of 1,340,687,564 new normative common shares, without par value, at the unit issue price of R$ 1.118828906 (see Note 1).

As of March 31, 2016, share capital is R$ 6,516,354 (R$ 5,016,354 in 2015). That caption does not include the balance of redeemable preference shares (financial instrument - liabilities) in the amount of R$ 93,300, totaling R$ 6,423,054 (R$ 4,923,054 in 2015).

Share capital is fully subscribed for and paid in and is divided as follows:

	Shareholders (shares in units)			
	Shell	**CIP**	**Cosan**	**Total**
Common	3,621,641,599	3,621,641,599	-	7,243,283,198
Class A preferred shares	-	-	1	1
Class B preferred shares	-	-	133,242,457	133,242,457
Class C preferred shares	663,476	-	-	663,476
Class D preferred shares	100,000	-	-	100,000
Total at March 31, 2016	3,622,405,075	3,621,641,599	133,242,458	7,377,289,132
Total at March 31, 2015	2,952,061,293	2,951,297,817	133,242,458	6,036,601,568

Redeemable preferred shares

Tax benefits resulting from NOL and GW recognized before the Raízen formation (Note 8.b.7), should be refund to the shareholders as the Company use them as a decrease in balances of the taxes payable.

For the realization of these refunds, Class B preferred shares to Cosan and C and D classes to Shell with the purpose of compensating them through the payment of dividends in the amount of the tax benefit used by the Company from the period from January to December every year.

As of March 31, 2016 and 2015, the balance of preferred shares (Classes B and C) recognized as share capital in equity totaled R$ 93,300, of which R$ 89,762 belongs to Cosan shareholders, R$ 3,538 belongs to Shell shareholders (Note 8.a).

Capital reserves

Capital reserve
Mostly consists of goodwill resulting from the difference between the subscription price paid for the shares and their nominal values. That reserve may only be used to increase capital, absorb losses, redeem, reimburse or purchase shares or to pay cumulative dividends to preference shares.

Goodwill special reserve

Share premium results from downstream mergers in the Company, whose goodwill became deductible for income and social contribution tax purposes. Therefore, the Company recognized goodwill special reserve as an effect of downstream mergers and as an offsetting entry to deferred tax assets that is equivalent to the 34% tax benefit resulting from the amortization of this goodwill.

b) Dividends and interest on own capital ("JCP")

Bylaws of the Company assure shareholders a minimum mandatory dividend of 1% of net income at the end of fiscal year, adjusted pursuant to article 202 of Corporate Law.

i) Dividends

The amounts of legal reserves and dividends for the year ended March 31, 2016, and 2015, were determined as follows:

	2016	2015
Net income for the year	1,185,644	110,999
(-) Formation of legal reserve - 5%	(59,283)	(5,550)
(-) Effect of subsidiary tax incentives	(139,885)	-
Dividend distribution calculation basis	986,476	105,449
Common shares		
Minimum mandatory dividend - 1%	9,865	1,054
Dividends to holders of Class B preferred shares	-	15,221
Dividends to holders of Class D preferred shares	-	791
Total provisioned dividends	9,865	17,066
Dividends and interest on own capital - remaining	125,000	34,000
Total	134,865	51,066

Changes in balances of liabilities from dividends and interest on own capital is as follow:

Balance as of March 31, 2014	78,672
Current financial year's dividend	17,066
Payment of dividends	(43,416)
Other moviments	(1,256)
Balance as of March 31, 2015	51,066
Complementary dividends in 2015	385,700
Current financial year's dividend	9,865
Payments of dividends	(277,766)
Payments of interest on own capital (net of withholding income tax ("IRRF"))	(34,000)
Balance as of March 31, 2016	134,865

At the Extraordinary Shareholders' Meeting held on July 31, 2015, the shareholders of RESA discussed and approved the additional dividends in the amount of R$ 1,054, using the retained earnings partially to be individually credited to the shareholders Shell and Cosan in the amount of R$ 527 each. On the same date, the shareholders of RCSA discussed and approved dividends to holders of class B preferred shares, of R$ 15,221, to be credited in full to the Cosan shareholders. The dividends were settled as of October 23, 2015.

On August 12, 2015, the Company made a payment of allocated dividends for the holders of class D preferred shares, of R$ 791.

On January 13, 2016, at the Extraordinary Shareholders' Meeting, the shareholders of RESA discussed and approved the additional dividends in the amount of R$ 260,700, using the retained earnings partially to be individually credited to the shareholders Shell and Cosan in the amount of R$ 130,350, each. Dividends were paid on January 15, 2016.

On March 18, 2016, at the Extraordinary Shareholders' Meeting, the shareholders of RESA discussed and approved the additional dividends in the amount of R$ 125,000, using the retained earnings partially to be individually credited to the shareholders Shell and Cosan in the amount of R$ 62,500, each. Dividends were paid on April 1, 2016.

ii) Interest on own capital

At the Extraordinary Shareholders' Meeting held on October 22, 2015, the shareholders of RESA approved the payment of interest on own capital, discussed at the Special Shareholders' Meeting on December 31, 2013. Interest on own capital was individually credited to the shareholders Shell and Cosan in the global amount of R$ 40,000. Income tax at the rate of 15% shall be withheld, resulting in the payment of R$ 34,000, net. The dividends were paid as of October 23, 2015.

c) Equity valuation adjustment

i) Effect of foreign currency translation - CTA

Corresponds to conversion differences to the actual accounting information of investees with a functional currency different from the parent company.

ii) Net income from derivatives - hedge accounting

This refers to changes in fair value resulting from hedging cash flows of export income from VHP sugar, exchange fluctuations of ACCs and PPEs.

iii) Actuarial liability

It results from gains and losses and adjustment for experience and changes in actuarial assumptions on the defined benefit pension plan. This component is recognized in other comprehensive income and will not be reclassified to profit or loss in subsequent periods.

iv) Changes in equity valuation adjustments:

	2014	Comprehensive income	2015	Comprehensive income	2016
Effect of foreign currency translation - CTA	842	535	1,377	56	1,433
Actuarial losses arising from the defined benefit pension plan	(59)	(8,902)	(8,961)	(89)	(9,050)
Gain (loss) on financial instruments - Hedge accounting	(11,452)	34,284	22,832	(509,211)	(486,379)
Total	(10,669)	25,917	15,248	(509,244)	(493,996)

d) Profit reserves

i) Legal reserve

As of March 31, 2016 and 2015, the Company allocated 5% of net income for the year to the legal reserve, in accordance with the by-laws and in compliance with corporate law.

ii) Tax incentive reserve

The tax incentive reserve consists of incentives recognized in indirect subsidiary, Raízen Caarapó Açúcar e Álcool Ltda. (“Caarapó”) in the amount of R$ 18,669, arising from Agreement 331/2008 entered into between Caarapó and the state of Mato Grosso do Sul, whereby a tax benefit on the processing of sugar in that state is granted in an amount equivalent to 67% of the ICMS debt balance.

On March 31, 2016, the Company recorded the recurring effect of the incentives through the subsidiary Raízen Centroeste amounting to R$ 121,216, arising from the state incentive program in the State of Goias, in the form of financing part of the ICMS payment, named “Industrial Development Program of Goias - Produce", with the subsequent discharge of the amount financed.

For the financial years ended March 31, 2016, 2015 and 2015, the value of incentives that had an impact on the consolidated result was R$ 31,318 and R$ 50,217, respectively, recorded under the caption Other operating income, net (Note 22).

iii) Profit retention reserve

The remaining balance of the Company's profit, after the appropriations made to set up the legal reserve and to accrue dividends was recognized in this account. The Company’s By-Laws provides that up to 80% of the year's profit may be allocated to that reserve, to fund operations and to new investments and projects, which may not exceed the percentage of 80% of share capital.

e) Interest of non-controlling shareholders

Corresponds to the 26.59% stake of non-controlling shareholders in the equity of Unimodal Ltda.

f) Earnings per share

Basic earnings per share is calculated by dividing profit attributable to company shareholders by the weighted average number of common shares issued during the fiscal year.

The table below shows results and share data used in the calculation of basic and diluted earnings per share for the year ended March 31, 2016 and 2015 (in thousands, except per share amounts):

Basic and diluted:

	2016	2015
Numerator		
Net income for the year	1,185,644	110,999
Loss available to preferred shareholders	-	(16,012)
Profit available to common shareholders	1,185,644	94,987
Denominator:		
Weighted average of ordinary outstanding common shares (in thousands)	6,682,832	5,902,596
Basic and diluted earnings per common share (Reais per share)	0.177	0.016

The Company has no outstanding common shares that could cause dilution or debt convertible into common shares. Thus, basic and diluted earnings per share are equivalent.

19. Net operating revenue

	Parent company		Consolidated	
	2016	2015	2016	2015
Gross revenue from sales and services	6,595,288	5,426,196	12,557,268	10,330,454
Taxes and sales deductions	(272,944)	(245,924)	(690,180)	(591,317)
Net operating revenue	6,322,344	5,180,272	11,867,088	9,739,137

The net operating revenue is segregated between the following components:

	Parent company		Consolidated	
	2016	2015	2016	2015
Gross revenue from sales and services	6,140,862	5,144,437	11,685,606	9,703,302
Gain (loss) on financial instruments designated as hedge accounting	425,903	(609,011)	425,903	(609,011)
Gains (losses) with commodities derivatives	(244,421)	644,846	(244,421)	644,846
Net operating revenue	6,322,344	5,180,272	11,867,088	9,739,137

20. Segment information

The management of Raízen Energia defined ethanol, sugar and bioenergy ("EAB") as the only operating segment, based on the reports used by the CEO and the Board of Directors, which is the chief operational and strategic decision-maker. Performance evaluation targets are defined and monitored considering the EAB segment as a whole.

The EAB segment includes the production and sale of ethanol and sugar generated by sugarcane processing, as well as sugarcane bagasse burning-derived energy coproduction.

Given that assets are also used for the production of sugar, ethanol and bioenergy, there is no separate disclosure of these assets by business segment.

The Company monitors net operating revenue from the sale of its products in domestic and foreign markets, as follows:

	Consolidated	
	2016	**2015**
Foreign market (1)	6,916,192	5,626,797
Domestic market	4,950,896	4,112,340
Total	11,867,088	9,739,137

(1) Including sales to Brazilian customers in the export-equivalent category.

The breakdown of net operating income by product is as follows

	Consolidated	
	2016	**2015**
Sugar	5,108,965	4,242,437
Ethanol	5,867,725	4,682,031
Energy	586,071	604,003
Other goods and services	304,327	210,666
Total	11,867,088	9,739,137

The proportion of net operating income by geographic area is as follows:

	Consolidated	
	2016	**2015**
Brazil	49.36%	46.80%
Europe	23.71%	23.35%
Asia	18.88%	21.11%
North America	4.62%	5.57%
Central America	2.75%	2.07%
Other (1)	0.68%	1.10%
Total	100.00%	100.00%

(1) South America (except Brazil), Africa and Oceania.

EAB main customers for the years ended March 31, 2016 and 2015, which individually accounted for 4% or more of the Company's total revenues are as follows:

	Consolidated	
Client	**2016**	**2015**
Wilmar Sugar Pte Ltd	10.14%	13.51%
Raízen Combustíveis S.A.	9.02%	10.89%
Camil Alimentos S.A.	4.77%	5.60%
Sucden	4.16%	6.88%

21. Costs and expenses by type

Reconciliation of costs and expenses by nature

Costs and expenses are recognized in the statement of profit or loss by function. The reconciliation of income by nature for the years ended March 31, 2016 and 2015 is as follows:

a) Costs and expenses by type (i):

	Parent company		Consolidated	
	2016	2015	2016	2015
Raw material (ii)	(1,768,907)	(1,281,379)	(5,161,558)	(4,057,160)
Depreciation and amortization	(1,383,092)	(1,434,440)	(1,876,896)	(1,908,125)
Personnel expenses	(880,478)	(784,351)	(1,195,930)	(1,011,098)
Cutting, loading and transportation (CCT)	(591,145)	(563,121)	(748,782)	(685,931)
Maintenance materials	(252,825)	(277,679)	(382,278)	(359,254)
Outsourced labor	(151,247)	(144,390)	(178,922)	(167,579)
Change in fair value of biological assets	559,970	(30,280)	637,937	(32,697)
Leases	(232,918)	(184,988)	(250,171)	(201,741)
Resale of energy	-	-	(61,688)	(112,284)
Other expenses (ii)	(497,189)	(348,426)	(733,869)	(580,828)
	(5,197,831)	(5,049,054)	(9,952,157)	(9,116,697)

(i) On March 31, 2016, including gain from the recognition of tax credits amounting to R$ 14,166 and R$ 15,516, parent company and consolidated, respectively.
(ii) In the consolidated, this includes the income from investment subsidy - ICMS of R$ 9,328 (R$ 9,340 in 2015).

b) Classified as:

	Parent company		Consolidated	
	2016	2015	2016	2015
Cost of products sold and services rendered	(4,308,226)	(4,251,367)	(8,767,347)	(8,064,341)
Selling	(507,344)	(434,867)	(656,247)	(564,863)
General and administrative expenses	(382,261)	(362,820)	(528,563)	(487,493)
	(5,197,831)	(5,049,054)	(9,952,157)	(9,116,697)

22. Other operating income, net

	Parent company		Consolidated	
	2016	2015	2016	2015
Income from investment grant - ICMS	-	-	31,318	50,217
Capital gain on dilution of ownership interest (Note 9.d.i)	15,121	30,333	15,583	30,333
Income from breach of contract fines	5,467	-	7,011	-
Income from sales of scrap and waste	5,260	6,675	7,010	8,670
Income from sale of sugar cane stubble	1,975	3,356	1,975	3,444
Reversal (provision) for losses on fixed and intangible assets, net (Notes 11 and 12)	1,497	(58,249)	1,869	(63,738)
Formation of provision for judicial disputes and contingencies, net	(18,334)	(11,518)	(21,016)	(16,477)
Income from the sale of property, plant and equipment and investment	6,060	8,679	(9,255)	10,868
Gain in the fair value of shares (1)	-	40,366	-	40,366
Other	5.699	4,489	15.390	7,657
	22,745	24,131	49,885	71,340

(1) During the year ended March 31, 2015, the Company recognized the gain of the stock exchange value of shares held in Codexis.

23. Financial results

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Financial expenses				
Interest	(732,874)	(499,561)	(787,190)	(600,514)
Liability monetary variation	(141,621)	(54,632)	(157,597)	(71,644)
PIS and COFINS credits on financial income	(22,230)	-	(29,957)	-
Bank expenses	(8,661)	(8,385)	(20,128)	(14,732)
	(905,386)	(562,578)	(994,872)	(686,890)
Less: amounts capitalized on qualifying assets (Note 11)	13,139	16,512	25,175	30,951
	(892,247)	(546,066)	(969,697)	(655,939)
Financial income				
Interest income from financial investments	182,467	223,206	318,373	230,097
Interest	362,577	292,098	278,427	222,002
Monetary variation - assets	60,147	14,665	61,447	14,983
Discounts obtained	3,852	160	6,551	695
	609,043	530,129	664,798	467,777
Exchange variation, net (1)	(455,735)	(1,061,621)	(441,525)	(1,042,138)
Net effect of derivatives (2)	602,125	518,064	577,360	518,065
	(136,814)	(559,494)	(169,064)	(712,235)

(1) Includes foreign exchange, net losses on assets and liabilities denominated in foreign currency; and

(2) Includes realized results and unrealized with options, swaps and NDFs and other derivatives.

24. Financial instruments

Financial risk management

a) Overview

The Company is exposed to the following risks from the use of financial instruments:

- price risk
- foreign exchange rate risk
- interest rate risk
- credit risk
- liquidity risk

This note presents information on the Company's exposure to each one of the abovementioned risks, the Company's goals, policies and processes for the measurement and management of risk, and the Company's capital management.

b) Risk management structure

The Company has specific treasury and trading policies that set risk management guidelines. The Company has two main committees to monitor activities and ensure policy compliance: (i) A risk committee whose members gather weekly to analyze the behavior of commodity (mainly sugar) and foreign exchange markets and decide on coverage positions and the strategy to fix the prices of sugar exports to reduce the negative effects of changes in prices and exchange rates, as well as monitoring the liquidity and counterparty risk (credit); (ii) The ethanol committee meets monthly and evaluates the risks related to the marketing of ethanol and adapts to limits defined in the risk policies.

The Company and its subsidiaries are exposed to market risks, the main ones being: (i) fluctuations of diesel and ethanol prices; (ii) exchange rates fluctuations; and (iii) interest rates fluctuations. The purchases of financial instruments for hedging purposes are made according to an analysis of the risk exposure that Management intends to cover.

As of March 31, 2016 and 2015, the fair values of transactions with derivative financial instruments for hedging and other purposes were determined according to observable data, such as prices quoted in active markets or discounted cash flows according to market curves and are presented below:

	Parent company				Consolidated			
	Notional		Fair value		Notional		Fair value	
	2016	2015	2016	2015	2016	2015	2016	2015
Price risk								
Commodity derivatives								
Futures contracts	2,708,843	1,653,722	(423,766)	385,923	2,730,412	1,660,432	(402,443)	409,316
	2,708,843	1,653,722	(423,766)	385,923	2,730,412	1,660,432	(402,443)	409,316
Foreign exchange rate risk								
Exchange rate derivative								
Futures contracts	714,432	(616,923)	7,199	(2,558)	714,432	(616,923)	7,199	(2,558)
Forward contracts	3,439,300	(650,675)	357,138	134,478	3,439,300	(650,675)	357,138	134,478
Foreign exchange lock	-	-	-	-	-	(5,974)	-	1,191
Foreign exchange swap	(1,919,710)	(2,685,844)	626,637	256,170	(2,112,402)	(2,685,844)	601,642	256,170
	2,234,022	(3,953,442)	990,974	388,090	2,041,330	(3,959,416)	965,979	389,281
Interest rate risk								
Interest derivatives	(622,808)	(561,400)	(6,715)	(4,321)	(622,808)	(561,400)	(6,715)	(4,321)
	(622,808)	(561,400)	(6,715)	(4,321)	(622,808)	(561,400)	(6,715)	(4,321)
Total			560,493	769,692			556,821	794,276
Current assets			513,987	704,752			566,477	759,306
Non-current assets			674,660	315,279			674,660	315,279
Total assets			1,188,647	1,020,031			1,241,137	1,074,585
Current liabilities			(459,252)	(194,108)			(490,650)	(224,078)
Non-current Liabilities			(168,903)	(56,231)			(193,667)	(56,231)
Total liabilities			(628,155)	(250,339)			(684,317)	(280,309)

c) Price risk

Results from the possibility of fluctuations in the market prices of the products sold by the Company and its subsidiaries, mainly raw sugar (sugar #11), refined sugar (sugar #5 or white sugar) and ethanol. These price fluctuations may cause substantial alterations in the Company's sales income. In order to mitigate such risk, the Company permanently monitors market, trying to be ahead of price movements. The table below shows the positions of derivative instruments to cover the risk of fluctuations in commodity prices:

					Consolidated			
					Price risk: commodity derivatives open on March 31, 2016			
Derivatives	**Purchased / Sold**	**Market**	**Contract**	**Maturity**	**Notional (units)**		**Notional (R$ thousand)**	**Fair value (R$ thousand)**
Future	Sold	NYSE LIFFE	Sugar#5	Jul-Nov/16	32,650	t	43,437	(7,389)
Future	Sold	ICE	Sugar#11	Jun16-Jun17	2,861,394	t	3,072,006	(420,620)
Future	Sold	OTC	Sugar#11	Jun-Sep/16	-	t	-	(10,273)
Sub-total sugar future sold					2,894,044	t	3,115,443	(438,282)
Future	Purchased	NYSE LIFFE	Sugar#5	Feb-Apr/16	(2,250)	t	(3,144)	354
Future	Purchased	ICE	Sugar#11	Jun16-Sep17	(372,686)	t	(436,676)	13,933
Sub-total sugar future bought					(374,936)	t	(439,820)	14,287
Sub-total sugar future					2,519,108	t	2,675,623	(423,995)
Future	Sold	BM&FBovespa	Ethanol	Feb-Nov/16	61,950	m³	92,895	537
Future	Sold	CHGOETHNL	Ethanol	Apr-Sep/16	97,600	m³	503	2,650
Future	Sold	NYMEX	Ethanol	Apr-May/16	4,000	m³	7,469	624
Sub-total ethanol future sold					163,550	m³	100,867	3,811
Future	Purchased	BM&FBovespa	Ethanol	Feb-Sep/16	(36,990)	m³	(59,675)	(308)
Future	Purchased	CHGOETHNL	Ethanol	Apr-Sep/16	(108,000)	m³	(543)	1,751
Future	Purchased	NYMEX	Ethanol	Mar/16	(1,000)	m³	(1,940)	-
Sub-total ethanol future bought					(145,990)	m³	(62,158)	1,443
Physical fixed	Sold	CHGOETHNL	Ethanol	Apr-Sep/16	296,989	m³	498,000	(16,892)
Sub-total physical fixed ethanol sold					296,989	m³	498,000	(16,892)
Physical fixed	Purchased	CHGOETHNL	Ethanol	Apr-Sep/16	(311,724)	m³	(481,920)	33,190
Sub-total physical fixed ethanol purchased					(311,724)	m³	(481,920)	33,190
Sub-total ethanol future					2,825		54,789	21,552
Net exposure of derivatives of goods as of March 31, 2016							2,730,412	(402,443)
Net exposure of derivatives of goods as of March 31, 2015							1,660,432	409,316

d) Foreign exchange rate risk

Arises from the possibility of fluctuations in the exchange rates used by the Company for export revenues, imports, financing cash flows and other foreign currency assets and liabilities. The Company uses derivative transactions to manage cash flow risks resulting from export revenues denominated in US dollars, net of other cash flows also denominated in foreign currency. The table below shows the positions outstanding as of March 31, 2016 and 2015, for derivatives used to cover exchange rate risks:

						Consolidated	
						Price risk: exchange derivatives outstanding on March 31, 2016	
Derivatives	**Purchased / Sold**	**Market**	**Contract**	**Maturity**	**Notional (US$ thou.)**	**Notional (R$ thousand)**	**Fair value (R$ thousand)**
Future	Sold	BM&FBovespa	Trade dollar	Apr-May/16	326,750	1,171,751	15,385
Future	Sold	BM&FBovespa	DDI	Jan-17	93,000	330,978	(2,267)
Subtotal future sold					419,750	1,502,729	13,118
Future	Purchased	BM&FBovespa	Trade dollar	Apr-16	(128,500)	(457,319)	(8,186)
Future	Purchased	BM&FBovespa	DDI	Jan-17	(93,000)	(330,978)	2,267
Subtotal future bought					(221,500)	(788,297)	(5,919)
Term	Purchased	OTC/Cetip	NDF	Apr/16	(900,000)	(3,312,000)	(106,616)
Term	Sold	OTC/Cetip	NDF	Apr-May/16	1,750,000	6,751,300	463,754
Subtotal term bought/sold					850,000	3,439,300	357,138
Foreign exchange swap	Purchased	Fixed Dollar/OTC	Foreign exchange swap	Apr/16-Jan/22	(1,164,299)	(4,143,625)	510,537
Foreign exchange swap	Sold	Fixed Dollar/OTC	Foreign exchange swap	Mar/19-Jan/22	570,745	2,031,223	91,105
Swap subtotal					(593,554)	(2,112,402)	601,642
Net exposure of foreign exchange derivatives as of March 31, 2016					454,696	2,041,330	965,979
Net exposure of foreign exchange derivatives as of March 31, 2015					(1,261,693)	(3,959,416)	389,281

On March 31, 2016 and 2015, the summary of the quantitative data on accounting exposure to foreign exchange risk of the Company is presented below:

	Consolidated			
	2016		2015	
	R$	US$ (in thousands)	R$	US$ (in thousands)
Cash and cash equivalents (Note 3)	762,457	214,240	403,799	125,873
Restricted cash (Note 4)	651,450	183,048	30,651	9,555
Trade notes receivable abroad (Note 5)	118,907	33,411	129,471	40,359
Related parties	1,083,422	304,426	(450,282)	(140,362)
Loans and financing (Note 14)	(3,925,950)	(1,103,136)	(4,619,226)	(1,439,908)
Derivatives (Note 24) (*)	-	(454,696)	-	1,261,693
Net foreign exchange exposure	(1,309,714)	(822,707)	(4,505,587)	(142,790)
Derivatives settled in the month before the closing (**)		-		65,000
Net foreign exchange exposure, adjusted (***)		(822,707)		(77,790)

(*) Refers to the notional amount of foreign exchange derivative transactions.
(**) PTAX liquidation on the last day of the closing month.
(***) The net foreign exchange exposure, this will be substantially offset by probable future revenues of export products.

e) Hedge accounting effect

The Company formally designates its operations subject to hedge accounting, which aims at hedging cash flows of US Dollar income, related to the export of sugar and ethanol, describing: (i) the hedging relationship, (ii) the Company's risk management purpose and strategy when entering into the hedging instrument, (iii) the identification of the financial instrument, (iv) the covered object or transaction, (v) the nature of the risk to be covered, (vi) the description of the hedging relationship, (vii) the relation between the hedging instrument and the covered item, and (viii) the retrospective and prospective testing of the effectiveness of the hedging instrument.

As of March 31, 2016 and 2015, the impacts recognized in the Company's equity and the estimated realization in profit or loss are shown below:

			March 31, 2016		
			Years for realization		
Derivatives	Market	Risk	2016/17	2017/18	Total
Future	OTC / ICE	Sugar#11	(328,680)	(70,356)	(399,036)
Future	BMF&BOVESPA	Ethanol	1,771	-	1,771
ACC and PPEs	Debt	Foreign exchange	(339,670)	-	(339,670)
			(666,579)	(70,356)	(736,935)
(-) Deferred taxes			226,635	23,921	250,556
Effect on shareholders' equity in 2016			(439,944)	(46,435)	(486,379)

			March 31, 2015		
			Years for realization		
Derivatives	**Market**	**Risk**	**2015/16**	**2016/17**	**Total**
Future	OTC / ICE	Sugar#11	388,130	7,318	395,448
Future	BMF&BOVESPA	Ethanol	(178)	-	(178)
ACC and PPE	Debt	Foreign exchange	(360,652)	-	(360,652)
			27,300	7,318	34,618
(-) Deferred taxes			(9,298)	(2,488)	(11,786)
Effect on shareholders' equity in 2015			18,002	4,830	22,832

We show below the changes in the balances of other comprehensive income during the year:

	2016	2015
Balance at the beginning of the year	22,832	(11,452)
Gains (losses) during the financial year:		
Losses on the fair value of futures commodities contracts designated as hedge accounting	(260,796)	649,186
Losses on the fair value of foreign exchange contracts lock designated as hedge accounting	-	(1,780)
Losses on the foreign exchange variation of debt contracts designated as hedge accounting	(339,670)	(549,564)
Realization of losses on the income of commodities in net operating revenues	(525,758)	(231,740)
Realization of gain on the income of debt contracts in net operating revenues	360,652	190,693
Realization of losses on financial instruments considered not effective hedge accounting	(5,983)	(4,830)
Total effect of the changes	(771,555)	51,965
Effect of deferred taxes on equity valuation adjustment	262,344	(17,681)
	(509,211)	34,284
Balance at the end of the year	(486,379)	22,832

f) Interest rate risk

The Company monitors fluctuations in interest rates applied to certain debts, particularly those exposed to the Libor risk, and uses derivative instruments to minimize those risks. The table below shows the positions outstanding as of March 31, 2016 and 2015, for derivatives used to cover interest rate risks:

					Consolidated		
					Price risk: interest derivatives, outstanding as of March 31, 2016		
Derivatives	**Purchased / Sold**	**Market**	**Contract**	**Maturity**	**Notional (US$ thousand)**	**Notional (R$ thousand)**	**Fair value (R$ thousand)**
Interest rate swap	Purchased	OTC	Interest rate swap	Sep/17-Mar/19	(175,000)	(622,808)	(6,715)
Net exposure of interest derivatives as of March 31, 2016					(175,000)	(622,808)	(6,715)
Net exposure of interest derivatives as of March 31, 2015					(175,000)	(561,400)	(4,321)

g) Credit risk

A substantial part of the Company's sales are made to a select group if highly qualified counterparties, such as trading companies, fuel distribution companies and major supermarket chains.

The Group manages credit risk by following specific client acceptance standards, analyzing client credit standing and setting exposure limits per client, requiring, when applicable, letters of credit of top tier banks and taking security interest in assets as security for payment of the credit facilities granted to clients. Management considers that the credit risk is substantially covered by the allowance for doubtful accounts.

Individual risk limits are determined with basis on internal or external classifications in accordance with limits determined by Company’s management. The use of credit limits is regularly monitored. No credit limit was exceeded during the year, and Management does not expect any loss from default by these counterparties in amounts higher than those already provided for.

The Company enters into commodity derivative agreements in futures markets and options at the New York Board of Trade - NYBOT and at the London International Financial Futures and Options Exchange - LIFFE, as well as in over-the-counter markets with selected counterparties. The Company enters into exchange rate and commodity derivative agreements at BM&FBovespa and over-the-counter agreements registered with CETIP, mainly with the leading local and foreign banks considered by global credit risk rating agencies to have investment level ratings.

Guarantee margins - Derivative transactions in commodity exchanges (NYBOT, LIFFE, and BM&FBovespa) require guarantee margins. The total margin deposited as of March 31, 2016 is R$ 759,032, of which R$ 107,582 in restricted financial investments and R$ 651,450 in derivative transaction margins. The total consolidated margin deposited as of March 31, 2015 is R$ 85,482, of which R$ 54,831 in restricted financial investments and R$ 30,651 in derivative transaction margins.

The Company's over-the-counter derivative transactions do not require a guarantee margin.

The credit risk on cash and cash equivalents is mitigated by the conservative distribution of investment funds and CDBs (Note 3), which make up the caption. The distribution follows strict criteria for allocation and exposure to counterparties that are major national and international banks, mainly considered investment grade by international rating agencies.

h) Liquidity risk

Liquidity risk is the risk of the Company encountering difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's approach in liquidity management is to guarantee, as much as possible, that it always has sufficient liquidity to perform its obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or with a risk of sullying the Company's reputation. As part of its liquidity management process, Management prepares a business plan and monitors its execution, discussing upside and downside risks to cash flows and assessing the availability of funding to support its operations, investments and refinancing requirements.

The table below shows the financial liabilities according to their aging schedules:

	Consolidated				
	Years				
	Up to 1	Up to 2	3-5	>5	Total
Loans and financing (1)	1,743,896	1,500,932	7,865,169	1,911,081	13,021,078
Suppliers	891,846	-	-	-	891,846
Derivative financial instruments	490,650	116,352	30,013	47,302	684,317
Related parties (1)	256,344	-	-	1,113,079	1,369,423
March 31, 2016	3,382,736	1,617,284	7,895,182	3,071,462	15,966,664
March 31, 2015	2,506,474	2,500,371	5,487,292	6,394,787	16,888,924

(1) Undiscounted contractual cash flows.

i) Fair value

Fair value of financial assets and liabilities is the value by which the instrument may be exchanged in a current transaction between parties that are willing to negotiate, and not in a forced sale or settlement. The methods and assumptions used to estimate the fair value are described below.

The fair value of cash and cash equivalents, accounts receivable, other financial assets, accounts payable, related parties and other short-term obligations are approximated to their accounting amount due to the short-term maturity of these instruments. Fair value of other long-term assets and liabilities do not significantly differ from their book values.

The fair value of loans and financing are approximated in most amounts recorded in the financial statements because these financial instruments are subject to variable interest rates (Note 14). The fair value of the tradable Senior Notes is based on prices quoted on the date of financial statements. On March 31, 2016, the market value of Senior Notes due 2017 (Note 14) was 104.13% (107.25% in 2015) of face value.

The fair value of financial assets available for sale is obtained through market prices quoted in active markets, if any.

Derivatives are valued using valuation techniques with observable market data and refer, mainly, to *swaps* of interest rates, foreign exchange forward contracts, and forward commodity contracts. The valuation techniques applied often include pricing models and swaps contracts, with present value calculations. The models incorporate various data, including the credit quality of counterparties, foreign exchange spot, and forward rates, interest rate curves, and forward rate curves of the object *c*ommodity.

The categories of financial instruments are as follows:

		Consolidated			
		Book value		Fair value	
	Rating	2016	2015	2016	2015
Financial assets					
Cash and cash equivalents, except financial investment (Note 3)	Loans and receivables	676,552	266,598	676,552	266,598
Interest earning bank deposits (Note 3)	Fair value through profit or loss	2,311,123	3,528,689	2,311,123	3,528,689
Restricted cash (Note 4)	Loans and receivables	811,487	131,311	811,487	131,311
Trade accounts receivable (Note 5)	Loans and receivables	457,795	331,638	457,795	331,638
Derivative financial instruments (2)	Fair value through profit or loss	1,241,137	1,074,585	1,241,137	1,074,585
Related parties (Note 8)	Loans and receivables	1,906,741	2,197,252	1,906,741	2,197,252
Other financial assets (Note 7)	Loans and receivables	1,455,470	981,351	1,455,470	981,351
		8,860,305	8,511,424	8,860,305	8,511,424
Financial liabilities					
Loans and financing (1) (Note 14)	Amortized cost	(9,876,448)	(10,425,643)	(9,902,102)	(10,519,742)
Derivative financial instruments (2)	Fair value through profit or loss	(684,317)	(280,309)	(684,317)	(280,309)
Suppliers (Note 13)	Amortized cost	(891,846)	(568,296)	(891,846)	(568,296)
Related parties (Note 8)	Amortized cost	(1,369,379)	(2,421,819)	(1,369,379)	(2,421,819)
		(12,821,990)	(13,696,067)	(12,847,644)	(13,790,166)

(1) Reported net of expenses incurred with the placement of the securities
(2) As of March 31, 2016, the caption includes derivatives designated as hedging instruments in the amount of R$ (736,935) (R$ 34,618 in 2015).

Fair value hierarchy

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments using the valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: other techniques for which all data that have a significant effect on fair value are observable, whether directly or indirectly; and,
- Level 3: techniques that use data that have a significant effect on fair value that are not based on observable market data.

Financial instruments are classified as follows:

				Consolidated
Financial instruments measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Interest earnings bank deposits (Note 3)	-	2,311,123	-	2,311,123
Derivative financial instruments - assets	103,445	1,137,692	-	1,241,137
Derivative financial instruments - liabilities	(488,417)	(185,627)	(10,273)	(684,317)
March 31, 2016	(384,972)	3,263,188	(10,273)	2,867,943
March 31, 2015	406,072	3,916,206	687	4,322,965

As of March 31, 2016 and 2015 no transfers were made between the levels to determine the fair values of financial instruments.

j) Sensitivity analysis

We present below the sensitivity analysis of the fair value of financial instruments according to the types of risk considered relevant by the Company, pursuant to the CVM Instruction No. 475, issued on March 17, 2008.

Assumptions for the sensitivity analysis

The Company has adopted three scenarios for the sensitivity analysis, one probable and two that may show the effects of deterioration in the fair values of the Company's financial instruments. The probable scenario was set according to the futures market curves of sugar and the US dollar as of March 31, 2016 and 2015 to determine the fair value balance of derivatives on those dates. Possible and remote adverse scenarios were set considering negative impacts of 25% and 50% on sugar and US dollar price curves, which were considered as a basis for the probable scenario.

Sensitivity tables

i) Sensitivity on change in fair value of financial instruments

		Impacts on income (*)				
		March 31, 2016				
	Risk factor	Probable scenario	Remote scenario + (25%)	Balance at fair value	Remote scenario + (50%)	Balance at fair value
Price risk						
Commodity derivatives						
Futures contracts:						
Purchase and sale commitments	High sugar prices	(423,995)	(772,336)	(1,196,331)	(1,544,672)	(1,968,667)
Purchase and sale commitments	Ethanol price increase	21,552	(15,914)	5,638	(31,828)	(10,276)
		(402,443)	(788,250)	(1,190,693)	(1,576,500)	(1,978,943)
Foreign exchange rate risk						
Exchange rate derivative						
Futures contracts:						
Purchase and sale commitments	Increase in foreign exchange rate R$/US$	7,199	(237,649)	(230,450)	(475,298)	(468,099)
Forward contracts:						
Purchase and sale commitments	Increase in foreign exchange rate R$/US$	357,138	(761,389)	(404,251)	(1,522,778)	(1,165,640)
Foreign exchange swaps:						
Purchase and sale commitments	Increase in foreign exchange rate R$/US$	601,642	438,357	1,039,999	876,714	1,478,356
		965,979	(560,681)	405,298	(1,121,362)	(155,383)
Interest rate risk						
Swap, Term and Futures Contracts	Low interest rate	(6,715)	(528)	(7,243)	(1,056)	(7,771)
		(6,715)	(528)	(7,243)	(1,056)	(7,771)
Total		556,821	(1,349,459)	(792,638)	(2,698,918)	(2,142,097)

(*) Result projected to occur within 12 months from March 31, 2016.

ii) Net foreign exchange exposure

The probable scenario considers the position as of March 31, 2016. The effects of the possible and remote scenarios that would be recognized in the consolidated statement of profit or loss as revenue or expenses on exchange rate fluctuation are as follows:

		Effect of exchange variation			
		Scenarios			
Net foreign exchange exposure March 31, 2016		**+25%**	**+50%**	**-25%**	**-50%**
Cash and cash equivalents (Note 3)	762,457	190,614	381,229	(190,614)	(381,229)
Restricted cash	651,450	162,863	325,725	(162,863)	(325,725)
Trade notes receivable abroad (Note 5)	118,907	29,727	59,454	(29,727)	(59,454)
Related parties	1,083,422	270,856	541,711	(270,856)	(541,711)
Loans and financing (Note 14)	(3,925,950)	(981,488)	(1,962,975)	981,488	1,962,975
Impact on income (loss) for the year	(1,309,714)	(327,428)	(654,856)	327,428	654,856

iii) Interest rate sensibility

The Company and its subsidiaries simulated the interest rates of floating rate loans and financing and the CDI yield on financial investments by applying increases and reduction of 25% and 50%. Consolidated results are presented below:

		March 31, 2016			
		Interest rate sensibility			
	Probable scenario	25%	50%	-25%	-50%
Interest earning bank deposits	292,586	73,146	146,293	(73,146)	(146,293)
Loans and financing	(656,709)	(164,177)	(328,355)	164,177	328,355

Interest rates sensitivity tables are only managed at the consolidated, and not Parent Company level.

k) Capital management

The Company's goal, when managing its capital structure, is to ensure that it will continue as a going concern and be able to finance investment opportunities, by keeping a healthy credit profile and offering an appropriate return to its shareholders.

The Company has relationships with large local and international banks and financial institutions, as presented below:

Agency	Scale	Rating	Outlook	Date
Fitch	National	AAA (bra)	Stable	10/15/2015
Moody's	National	Aaa.Br	Negative	05/11/2016
Standard & Poor's	National	brAAA	Negative	02/17/2016

The financial leverage ratios on March 31, 2016, and 2015 were calculated as follows:

	Consolidated	
	2016	2015
Third party capital		
Loans and financing (Note 14)	9,876,448	10,425,643
(-) Cash and cash equivalents (Note 3)	(2,987,675)	(3,795,287)
(-) Financial investments linked to financing (Note 4)	(52,455)	(45,829)
(-) National Treasury Certificates - CTN (Note 7)	(627,219)	(501,794)
(-) Foreign exchange and interest rate derivatives	(959,264)	(384,960)
	5,249,835	5,697,773
Own capital		
Equity		
Attributed to the parent company's shareholders	8,556,196	6,775,209
Interest of non-controlling shareholders	(963)	-
	8,555,233	6,775,209
Total capital	13,805,068	12,472,982
Leverage ratio	38%	46%

25. Retirement supplementation plan and other employee benefits

(a) Pension fund

Defined contribution

The Company sponsors the Plan Benefícios Raiz, administered by Raízprev - Private Pension Plan, which is a closed non-profit complementary Pension Plan Entity.

The Entity equipped with administrative, financial and equity autonomy, having as object the administration and implementation of benefit plans of security nature, as defined in the Regulations of Benefit Plans.

The Company has no legal or constructive obligations for further additional contributions if the plan has sufficient assets to pay all benefits or possible occurrence of a deficit.

During the year ended March 31, 2016, the contribution recognized as expense amounted to R$ 10,021 (R$ 11,361 in 2015).

The Company recognizes a liability and an expense for profit sharing based on a methodology that takes into account previously set goals to employees. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

26. Insurance

The Company and its subsidiaries have an insurance program and risk management that provides consistent coverage and protection for corporate assets and operations.

The coverage contracted is based on careful study of risks and losses, with the type of insurance contracted considered by Management sufficient to cover any losses that might occur, given the nature of the Company's activities. Main ones are as follows:

Insured property	Coverage	Amount of coverage
Operational risks	Fire, lightning, explosion and others	6,233,184
General liability*	Third party complaints	220,000
		6,453,184

(*) Policy contracted for Raízen Group.

27. Internal reorganization and business combination

1) Transactions occurred during the year ended March 31, 2016

i) Corporate restructuring involving net assets related to the co-generation of electricity

During year ended March 31, 2016, the Company and its subsidiaries were subject to corporate reorganization in which Bioenergia Jataí Ltda. ("Bio Jataí"), indirect subsidiary of the Company authorized to explore thermoelectric plants ("UTE"), had its capital increased with private contribution made by Raízen Centroeste, direct subsidiary of the Company, which paid-up said share capital increase with its net assets related to electric power co-generation activity at book value. Details of this reorganization are described below.

On April 1, 2015, through 2nd amendment to Bio Jataí Bylaws, share capital increase of Bio Jataí by subsidiary Raízen Centroeste was approved in the amount of R$148,713, which was accounted for under caption UTE capital. Said amounts correspond to net assets related to the plant's electric power co-generation activity. Detailing of net assets contributed to UTE is as follows:

Accounts	Raízen Centroeste
Prepaid expenses	402
Property, plant and equipment	159,486
Other receivables	29
Salaries and wages	(199)
Prepaid revenues	(11,005)
	148,713

On April 2, 2015, through 4th Amendment to the Bylaws of Bioenergia Barra Ltda. ("Bio Barra"), share capital increase in Bio Barra by subsidiary Raízen Centroeste was approved in the amount of R$ 77,063, which was accounted for under caption capital. Said amounts correspond to net assets related to ownership interest held in UTE due to capital contribution made on April 1, 2015, as previously mentioned, and debts with BNDES. Detailing of contributions to Bio Barra is as follows:

Accounts	Raízen Centroeste
Investments	148,713
Loans and financing	(71,650)
	77,063

In addition, on April 30, 2015, subsidiary Raízen Centroeste reduced its capital by partially canceling quotas of partner RESA, in the amount of R$ 77,063, granting in return to said capital reduction quotas issued by Bio Barra in the same value of canceled quotas.

At the end of said transaction, RESA holds direct ownership interest of 99.999% in Bio Barra's share capital, and the latter holds direct ownership interest of 99.999% in Bio Jataí's share capital.

2) Transactions occurred during the year ended March 31, 2015

i) Corporate restructuring involving net assets related to the co-generation of electricity

As mentioned in Note 1, during the year ended March 31, 2015, the Company and its subsidiaries underwent a corporate restructuring, in which 11 new companies were created as holders of permits for exploitation of UTEs, the Company and its subsidiaries underwent a capital increase of net assets at book value, relating to cogeneration of electric energy in 10 of these new companies. Details of this reorganization are described below.

On June 2, 2014, in a partners' meeting, the Company and its subsidiaries Raízen Araraquara Açúcar e Álcool Ltda. ("Raízen Araraquara"), Raízen Tarumã Ltda. ("Raízen Tarumã") and Raízen Caarapó Açúcar e Álcool Ltda. ("Raízen Caarapó") approved capital increase of R$ 573,077, of which R$ 443,762 was accounted for in caption share capital and R$ 129,315 in caption capital reserve of UTE's. Said amounts correspond to net assets related to electric power co-generation activity of nine plants. Detailing of net assets contributed to UTE's is as follows:

Accounts	Raízen Energia	Raizen Energia and its subsidiaries
Trade accounts receivable	22,113	25,339
Property, plant and equipment	475,961	575,773
Intangible assets	4,596	4,596
Other receivables	1,441	3,234
Suppliers	-	(2,546)
Salaries and wages	(1,686)	(2,615)
Other liabilities	(21,046)	(30,704)
	481,379	573,077

Net assets mentioned above were contributed to nine UTE's, as follows:

UTEs	Raízen Energia	Raizen Energia and its subsidiaries
Bioenergia Costa Pinto Ltda.	121,058	121,058
Bioenergia Gasa Ltda.	100,674	100,674
Bioenergia Serra Ltda.	10,505	10,505
Bioenergia Rafard Ltda.	70,221	70,221
Bioenergia Univalem Ltda.	178,921	178,921
Bioenergia Marcaraí Ltda.	-	19,440
Bioenergia Tarumã Ltda.	-	7,817
Bioenergia Caarapó Ltda.	-	53,837
Bioenergia Araraquara Ltda.	-	10,604
	481,379	573,077

On June 3, 2014, in a partners' meeting, the Company and its subsidiaries Raízen Araraquara, Raízen Tarumã and Raízen Caarapó approved capital increase in Bioenergia Barra Ltda. ("Bio Barra") in the amount of R$ 363,178, of which R$ 116,781 was accounted for in caption share capital and R$ 246,397 in caption capital reserve. Said amounts correspond to net assets related to electric power co-generation activity of three UTE's, to ownership interest in UTE's related to capital contributions made on June 2, 2014, as previously mentioned, and to debts with BNDES. Detailing of contributions to Bio Barra is as follows:

Accounts	Raízen energia	Raizen Energia and its subsidiaries
Restricted cash	73,240	73,240
Trade accounts receivable	22,943	22,943
Related parties	-	2,100
Investments	514,137	622,714
Property, plant and equipment	680,809	680,809
Intangible assets	4,074	4,074
Other receivables	472	472
Loans and financing	(939,774)	(973,965)
Salaries and wages	(904)	(904)
Deferred taxes - Liabilities	(43,440)	(60,315)
Other liabilities	(7,990)	(7,990)
	303,567	363,178

In addition, on June 30, 2014, subsidiaries Raízen Caarapó, Raízen Tarumã and Raízen Araraquara reduced their capital by partially cancelling their partner quotas, in the amounts of R$ 36,385, R$49,006 and R$ 10,605, respectively, granting to RESA, as a return to said capital reduction, quotas issued by Bio Barra, at the same amount of cancelled quotas.

At the end of said transaction, RESA holds direct ownership interest of 99.999% in Bio Barra's share capital, and the latter holds direct ownership interest of 99.999% in the share capital of those nine previously-mentioned UTE's.

ii) Acquisition of Cerrado Açúcar e Álcool S.A. ("Cerrado")

On December 17, 2013, the Raízen Energia acquired all of Cerrado's shares for R$ 47,500, plus R$ 1,403 for reimbursements of advances related to harvest suppliers of 2014/2015, paid in cash, calculating preliminary goodwill of R$ 33,663 for this operation. This acquisition was made to increase the supply of sugarcane and expected synergies arising from existing operations of the Company.

During the year ended March 31, 2015, the allocation of the purchase price was concluded by Management, based on the fair value of acquired assets and assumed liabilities, are as follows:

Accounts	**Total**
Biological assets	15,240
(-) Consideration transferred, net of cash received	48,903
Preliminary goodwill	33,663
Land lease agreements (Note 14)	4,184
Agricultural partnership agreements (Note 14)	8,119
Contracts for the supply of sugar cane (Note 14)	3,230
Deferred taxes on the appreciation of assets (Note 18.c)	(6,530)
	9,003
Final goodwill	42,666

Fair value of assets acquired and liabilities assumed is classified in level 3.

iii) Corporate restructuring regarding reverse merger of Curupay by TEAS

Capital reduction in Raízen Tarumã Ltda.

On October 29, 2014, the Company approved the capital reduction of its subsidiary Raízen Tarumã through the cancellation of 419,595,977 shares, amounting to R$ 419,596. The Company was repaid R$ 400,000 upon payment made on October 29, 2014, and received 23,999,999 quotas issued by Curupay Agroenergia Ltda. ("Curupay"), amounting to R$ 19,596, corresponding to the ownership interest of 100% of the share capital of that company.

Capital increase of RESA in Curupay

On October 30, 2014, the Company subscribed and paid-up 48,554,683 quotas issued by Curupay, in the amount of R$ 48,554, as follows: i) Transfer of all 26,318,238 quotas issued by TEAS that the Company held, corresponding to ownership interest of 66.67% in its share capital, in the amount of R$ 40,288, totaling ownership interest of 100% in TEAS' capital; ii) Goodwill generated upon acquisition of this

investee, in the amount of R$ 7,301, received as part of net assets contributed to establish JV (Note 1); and iii) Credits from related parties amounting to R$ 965.

Reverse merger of Curupay by TEAS

In addition, on October 30, 2014, the Company definitively approved the reverse merger of Curupay by TEAS. As a result of this merger, and considering that the Curupay holds 100% of the share capital of TEAS, there was a capital increase in the company through the issue of 420,432 new shares of R$ 421, with a net balance R$ 60,429 referring to the investment of Curupay in TEAS. Thus, the Company, together with its subsidiary Raizen Araraquara, started to hold quotas in the proportion of their respective interest in TEAS' capital.

During year ended March 31, 2015, the Company restored TEAS goodwill deriving from downstream merger of Curupay, determined as R$ 4,818 (Note 12).

As a result of this transaction, in accordance with provisions introduced by Technical Interpretation ICPC 09 (R1) - Individual financial statements, separate financial statements, consolidated financial statements and Application of the equity method, the Company recognized a reflex special goodwill reserve in the amount of R$ 2,004, equivalent to tax benefit of 34% which will derive from amortization of goodwill generated upon acquisition of TEAS' shares, fully written-off at the time of merger and accounted for in this company as deferred tax assets.

28. Supplementary information to the cash flow

Investment and financing transactions not involving cash are as follows:

	Parent company		Consolidated	
	2016	2015	2016	2015
Transaction investments:				
Depreciation of agricultural assets capitalized as biological assets (Note 10)	(53,677)	(62,604)	(63,235)	(75,222)
Interest capitalized in fixed assets (Notes 11 and 23)	(13,139)	(16,512)	(25,175)	(30,951)
Transfer of CTC shares as payment of debt (Note 9.d)	(8,250)	-	(8,250)	-
Tax credits on fixed assets, including adjustment at present value	(472)	(2,974)	(922)	(3,286)
	(75,538)	(82,090)	(97,582)	(109,459)
Transaction financing:				
Dividends and interest on own capital payable (Note 18.b)	(134,865)	(51,066)	(134,865)	(51,066)
	(134,865)	(51,066)	(134,865)	(51,066)

29. Subsequent events

Issue of Certificate of Agribusiness Receivables - CRA

According to the closure of the public distribution of the 3rd and 4th Series of the 1st Issue of RB Capital Companhia de Securitização released on May 6, 2016, Raízen Tarumã Ltda., a subsidiary of RESA, completed the issue of CRAs, raising R$ 675 million with a maturity in May 2023 (4th series), considering the full exercise of an Additional Lot Option (20%), in accordance with Article 14, Paragraph 2 of CVM Instruction Number 400 and full exercise of a Supplemental Lot Option (15%), in accordance with Article 24 of CVM Instruction Number 400. The financial settlement occurred on May 5, 2016.