Raízen Energia S.A.

Consolidated condensed interim financial statements at September 30, 2013 and report on review

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Report on review of consolidated condensed interim financial statements

To the Board of Directors and Shareholders of
Raízen Energia S.A.

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Raízen Energia S.A. and its subsidiaries as at September 30, 2013, and the related consolidated condensed interim statements of income, comprehensive income, changes in equity and of cash flows for the six-month period then ended, and explanatory notes.

Management is responsible for the preparation and presentation of these consolidated condensed interim financial statements in accordance with accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Basis for qualified conclusion – omission of disclosures

As stated in note 2.1 to the consolidated condensed interim financial statements, the accompanying consolidated condensed interim financial statements do not include most of the explanatory notes as required by CPC 21 Interim Financial Reporting.

Qualified conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements referred to above are not prepared, in all material respects, in accordance with accounting standard CPC 21.

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Raízen Energia S.A.

Other matters - Restriction of use

This report is intended solely for the information and use of the management of Raízen Energia S.A. and Financial Institutions in its covenant compliance analysis and is not intended to be and should not be used for other purposes.

Campinas, November 4, 2013

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F"

Valdir Augusto de Assunção
Contador CRC 1SP135319/O-9

Raízen Energia S.A.

Consolidated Condensed Balance Sheet
All amounts in thousands of reais

Assets	September 30, 2013	March 31, 2013	Liabilities and equity	September 30, 2013	March 31, 2013
Current assets			Current liabilities		
Cash and cash equivalents	1,246,573	1,759,501	Loans and financing	907,421	1,070,997
Restricted cash	173,182	117,897	Derivative financial instruments	121,960	16,586
Derivatives financial instruments	156,344	166,126	Suppliers	730,321	491,797
Trade accounts receivable	494,724	378,161	Wages and salaries payable	308,253	282,797
Recoverable income tax and social contribution	216,224	93,894	Income tax and social contributions payable	1,020	6,745
Taxes and contributions recoverable	281,066	207,987	Taxes and social contributions payable	143,263	113,877
Inventories	1,671,377	369,350	Dividends	1,102	59,106
Advances to suppliers	167,942	233,676	Related parties	511,039	863,311
Related parties	243,327	335,647	Other liabilities	118,266	223,480
Other receivables	90,124	52,006		2,842,645	3,128,696
	4,740,883	3,714,245	Non-current liabilities		
			Loans and financing	6,113,349	4,879,567
Non-current assets			Taxes and social contributions payable	619,378	626,688
Recoverable income tax and social contribution	35,403	35,403	Related parties	875,934	870,368
Taxes and contributions recoverable	38,684	41,506	Provision for claims	324,835	336,274
Advances to suppliers	67,829	29,711	Provision for unsecured liabilities of subsidiaries and affiliated companies	2,641	2,720
Other financial assets	764,659	727,221	Deferred income tax and social contribution	4,937	38,676
Related parties	1,504,293	1,489,722	Other liabilities	118,561	106,050
Deferred income tax and social contribution	247,099	247,707		8,059,635	6,860,343
Judicial deposits	265,087	236,385	Total liabilities	10,902,280	9,989,039
Other receivables	24,557	26,818			
Investments	257,095	267,489	Equity		
Biological assets	1,936,168	1,978,477	Attributable to Parent Company's shareholders		
Property, plant and equipment	6,326,633	6,613,578	Capital stock	4,688,203	4,681,287
Intangible	1,267,334	1,254,272	Capital reserves	1,269,936	1,275,019
			Carrying value adjustments	13,582	99,379
	12,734,841	12,948,289	Revenue reserves	592,972	599,883
			Retained earnings	8,751	-
				6,573,444	6,655,568
			Interests of non-controlling shareholders	-	17,927
				6,573,444	6,673,495
			Total equity		
Total assets	17,475,724	16,662,534	Total liabilities and equity	17,475,724	16,662,534

The accompanying notes are an integral part of these consolidated condensed financial statements.

	Six-month period ended September 30, 2013	Six-month period ended September 30, 2012
Net operating revenue	4,724,989	3,512,461
Cost of products sold and services provided	(3,696,618)	(2,670,953)
Gross profit	1,028,371	841,508
Operating revenues (expenses)		
Selling	(336,901)	(248,303)
General and administrative	(260,240)	(231,661)
Other operating revenues, net	(3,869)	12,226
	(601,010)	(467,738)
Income before financial results and income taxes	427,361	373,770
Finance costs	(218,441)	(235,931)
Finance income	121,713	98,899
Foreign exchange losses, net	(243,546)	(280,971)
Result from derivatives	(59,180)	(68,672)
Finance result	(399,454)	(486,675)
Income (loss) before the equity accounting result	27,907	(112,905)
Equity accounting result	(12,337)	(6,780)
Income (loss) before income tax and social contribution	15,570	(119,685)
Income tax and social contribution		
Current	(9,469)	(33,671)
Deferred	2,650	93,186
	(6,819)	59,515
Net income (loss) for the period	8,751	(60,170)
Attributable to:		
Controlling shareholders	8,751	(60,910)
Non-controlling shareholders	-	740
	8,751	(60,170)
Losses per common share (Note 5):		
Basic and diluted	(0,003)	(0,012)

The accompanying notes are an integral part of these consolidated condensed financial statements.

	Six-month period ended September 30, 2013	Six-month period ended September 30, 2012
Net income (loss) for the period	8,751	(60,170)
Other comprehensive income (loss)		
Items that will never be reclassified to profit or loss:		
Plan actuarial losses	(918)	-
Tax on items that will not be reclassified to profit loss	312	-
	(606)	-
Items that are or may be reclassified subsequently to profit or loss:		
Net gain (loss) with derivative financial instruments - Hedge accounting	(136,515)	124,486
Foreign currency translation differences – CTA	4,909	-
Tax on items that are may be reclassified subsequently to profit or loss	46,415	(42,325)
	(85,191)	82,161
Other components of comprehensive income (loss) for the period	(85,797)	82,161
Total comprehensive income (loss) for the period	(77,046)	21,991
Attributable to:		
Controlling shareholders	(77,046)	21,251
Non-controlling shareholders	-	740

The accompanying notes are an integral part of these consolidated condensed financial statements.

Consolidated Condensed Interim Statement of changes in equity

All amounts in thousands of reais

	Capital stock		Capital reserves			Revenue reserves					
	Common shares	Redeemable preferred shares	Capital reserves	Special reserve for goodwill	Carrying value adjustments	Retained earnings	Legal reserve	Accumulated losses	Total	Non-controlling interests	Total equity
At March 31, 2012	4,818,583	-	221,113	-	28,228	31,719	520,332	-	5,619,975	16,893	5,636,868
Additional dividends	-	-	-	-	-	-	(151)	-	(151)	-	(151)
Effect from subsidiaries	-	-	149	-	-	-	-	-	149	-	149
	-	-	149	-	-	-	(151)	-	(2)	-	(2)
Comprehensive income for the period											
Loss for the period	-	-	-	-	-	-	-	(60,910)	(60,910)	740	(60,170)
Hedge accounting, net of tax effects	-	-	-	-	82,161	-	-	-	82,161	-	82,161
	-	-	-	-	82,161	-	-	(60,910)	21,251	740	21,991
At September 30, 2012	4,818,583	-	221,262	-	110,389	31,719	520,181	(60,910)	5,641,224	17,633	5,658,857

The accompanying notes are an integral part of these consolidated condensed financial statements.

	Capital stock		Capital reserves			Revenue reserves					
	Common shares	Redeemable preferred shares	Capital reserves	Special reserve for goodwill	Carrying value adjustments	Retained earnings	Legal reserve	Retained earnings	Total	Non-controlling interests	Total equity
At March 31, 2013	5,007,927	(326,640)	1,033,912	241,107	99,379	37,517	562,366	-	6,655,568	17,927	6,673,495
Goodwill on acquisition of additional interest in subsidiary (TEAS)	-	-	-	(5,973)	-	-	-	-	(5,973)	-	(5,973)
Reduction of minority interest (TEAS)	-	-	-	-	-	-	-	-	-	(17,927)	(17,927)
Additional dividends	-	6,916	-	-	-	-	(6,916)	-	-	-	-
Effect from subsidiaries	-	-	895	-	-	-	-	-	895	-	895
	-	6,916	895	(5,973)	-	-	(6,916)	-	(5,078)	(17,927)	(23,005)
Comprehensive income for the period											
Income for the period	-	-	-	-	-	-	-	8,751	8,751	-	8,751
Hedge accounting, net of tax effects	-	-	-	-	(90,100)	-	-	-	(90,100)	-	(90,100)
Currency translation adjustments	-	-	-	-	4,909	-	-	-	4,909	-	4,909
Adjustments to equity - Actuarial liabilities	-	-	-	-	(606)	-	-	-	(606)	-	(606)
	-	-	-	-	(85,797)	-	-	8,751	(77,046)	-	(77,046)
Transfer between reserves	-	-	(5)	-	-	5	-	-	-	-	-
At September 30, 2013	5,007,927	(319,724)	1,034,802	235,134	13,582	37,522	555,450	8,751	6,573,444	-	6,573,444

The accompanying notes are an integral part of these consolidated condensed financial statements.

	Six-month period ended September 30, 2013	Six-month period ended September 30, 2012
Cash flows from operating activities		
Income (loss) before income tax and social contribution	15,570	(119,685)
Adjustments to reconcile net income to cash from operating activities		
Depreciation and amortization	905,523	803,467
Change in fair value of biological assets and agricultural product	9,749	14,132
Equity accounting	12,337	6,780
Derivatives	(91,192)	(60,620)
Provision for contingencies	13,205	515
Interest, indexation charges and exchange variation, net	375,689	469,116
Gain on sale of property, plant and equipment	(2,259)	(521)
Others	(448)	(1,364)
	1,238,174	1,111,820
Changes in assets and liabilities:		
Trade accounts receivable and advances from customers	(189,901)	(70,920)
Restricted cash	(55,285)	48,294
Inventories	(981,921)	(896,636)
Suppliers and advances to suppliers	270,457	201,950
Wages and salaries payable	25,456	73,242
Taxes and contributions	(158,413)	(115,067)
Derivative financial instruments	69,833	111,965
Others, net	(40,625)	20,113
	(1,060,399)	(627,059)
Income tax and social contribution on net income paid	(9,281)	(3,475)
Net cash provided by operating activities	168,494	481,286
Cash flows from investing activities		
Acquisition, net of acquired cash	(43,972)	(115,269)
Addition to property, plant and equipment, software and other intangible assets	(338,549)	(377,866)
Expenses with sugarcane planting and cultivation	(527,878)	(474,972)
Cash from sale of property, plant and equipment	3,718	4,307
Net cash used in investing activities	(906,681)	(963,800)
Cash flow from financing activities		
New loans and financing	1,359,429	871,565
Repayment of loans and financing (principal and interest)	(781,307)	(892,376)
Dividends paid	(64,920)	-
Related parties	(287.943)	673,947
Net cash provided by financing activities	225,259	653,136
Increase (decrease) in cash and cash equivalents, net	(512,928)	170,622
Cash and cash equivalents at beginning of period	1,759,501	1,200,483
Cash and cash equivalents at end of period	1,246,573	1,371,105
Additional information on cash flow:		
Capitalization of interest	22,844	22,451
Interest paid	147,783	140,835

The accompanying notes are an integral part of these consolidated condensed financial statements.

1. General Information

Raízen Energia S.A. (the “Company", "Raízen Energia" or “RESA”), formerly Cosan S.A. Açúcar e Álcool is, since October, 2013, a public entity with its headquarters in São Paulo, Brazil. The Company is a joint venture (“JV”) between Royal Dutch Shell ("Shell") and Cosan SA Indústria e Comércio ("Cosan"), with each partner holding 50% of the common shares. The Company was a direct subsidiary of Raízen Energia Participações S.A. (“REPSA”), until November 30, 2012, on which date REPSA was merged into the Company. With Raízen Combustíveis S.A., which operates mainly in the distribution and sale of oil and ethanol byproducts and other hydrocarbon and their byproducts segment, conforms the Raízen Group.

The primary activities of the Company and its subsidiaries are the production and sale of sugar and ethanol, including overseas through its subsidiary Raízen Trading LLP, as well as energy cogeneration from sugarcane bagasse, through its 24 plants located in the Brazilian Center-South region.

The cultivation of sugarcane requires a 12 to 18-month period to harvesting. The harvest begins between April and May and generally finishes in November and December, the period of production of sugar and ethanol. The sale of sugar and ethanol occurs throughout the year and is not affected by seasonality. However, it is affected by the variation on the supply and demand of the market. The Company’s financial year begins on April 1 and finishes on March 31 of each year.

These consolidated condensed interim financial statements were approved by the Company's Board of Directors on November 4, 2013.

2 Financial statement presentation and Significant accounting practices

2.1 Financial statement presentation

These consolidated condensed interim financial statements have been prepared solely for the use of the management of Raízen Energia S.A. and Bank of New York Mellon Corporation in its covenant compliance analysis. This financial information does not include all the information required to be disclosed by CPC 21 - "Interim Financial Reporting". These statements should be read together with the annual financial statements for the year ended March 31, 2013, which were prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC).

2.2 Basis of preparation

The consolidated condensed interim financial statements have been prepared under the historical cost convention and financial assets and liabilities (including derivatives) at fair value through profit or loss.

The preparation of consolidated condensed interim financial statements requires the use of estimates to record certain assets, liabilities and other transactions. It also requires management to use its judgment when applying the Company's accounting policies. Therefore, the Company's interim financial statements include estimates related to the selection of the useful lives of property, plant and equipment, and intangible assets, biological assets, financial instruments, provisions for contingent liabilities, income taxes and other similar liabilities. The actual results may differ from the amounts estimated by management .

3 Consolidated financial statements and consolidation criteria

The consolidated financial statements include the financial statements of Raízen Energia S.A. and its subsidiaries. The subsidiaries are as follows:

	Direct and indirect ownership interest	
	September, 2013	**March, 2013**
Agrícola Ponte Alta Ltda	100.00%	100.00%
Agropecuária Santa Hermínia Ltda.	100.00%	100.00%
America Trading Investments	100.00%	100.00%
Benálcool Açúcar e Álcool Ltda	100.00%	100.00%
Cosan Centroeste S.A. Açúcar e Álcool Ltda	100.00%	100.00%
Costa Rica Canavieira Ltda	100.00%	100.00%
Curupay Agroenergia S.A.	100.00%	100.00%
Houghton Venture Capital Ltd.	100.00%	100.00%
Raízen Araraquara Açúcar e Álcool Ltda	100.00%	100.00%
Raízen Asia PT Ltd.	100.00%	100.00%
Raízen Biotecnologia S.A.	100.00%	100.00%
Raízen Caarapó Açúcar e Álcool Ltda	100.00%	100.00%
Raízen Cayman Limited	100.00%	100.00%
Raízen Energy Finance Ltd.	100.00%	100.00%
Raízen International Universal Corp.	100.00%	100.00%
Raízen North America, Inc.	100.00%	100.00%
Raízen Paraguaçú Ltda	100.00%	100.00%
Raízen Tarumã Ltda	100.00%	100.00%
Raízen Trading LLP	100.00%	100.00%
Teas Terminal Exportador de Álcool de Santos S.A.	100.00%	66.67%

The following procedures were adopted in the preparation of the consolidated condensed interim financial statements:

. Elimination of investments, balances of assets and liabilities and operating income and expenses from inter-company transactions.

. The subsidiaries' financial statements, which are the basis for the equity accounting adjustments and the consolidation, were adjusted to reflect the accounting practices of the parent company.

4 Business Combination

4.1 Acquisition of Costa Rica Canavieira Ltda. ("Costa Rica")

On June 28, 2012, through a Share Purchase and Sale Agreement, RESA acquired all of the shares of Costa Rica for R$ 115,000, as follows: i) R$ 100,000 paid in cash and ii) conditional payment of up to R$ 15,000 depending on meeting certain terms in the agreement.

On July 6, 2012, RESA paid the conditional tranche of R$ 8,435. Thus, at the end of the operation, the full amount paid for the acquisition of Costa Rica R$ 108,435.

During the six-month period ended September 30, 2013, the purchase price allocation was concluded, based on the fair value of assets acquired and liabilities assumed as follows:

	Total
Biological assets	20,827
Lease agreements for land	9,375
Supply contracts for cane	20,847
Deferred taxes on appreciation of assets	(17,357)
	33,692
Consideration transferred, net of cash received	108,434
Preliminary goodwill	74,742
Net effect of the sale of contractual rights of leases of land (i)	(17,573)
Final goodwill	57,169

(i) On September 26, 2012, Raízen Energia sold to São Martinho S.A. rights of certain agricultural agreements, acquired through a business combination with Costa Rica, in an amount of R$ 19,730.

The main differences between the preliminary and final goodwill are presented below:

Description	Total
Biological assets	20,827
Land leasing agreements	9,375
Partnership agricultural agreements (i)	19,730
	49,932
Consideration transferred, net of cash acquired	108,434
Preliminary goodwill	58,502
Sugarcane supply agreements	(1,117)
Deferred taxes on appreciation of assets	17.357
Net effect of the sale of contractual rights of leases of land (i)	(17,573)
Final goodwill	57,169

5 Losses per share

Basic earnings per share are calculated by dividing the net income attributable to the owners of the Company by the weighted average of common shares outstanding during the period.

The table below sets out the data on net income and shares used to calculate basic and diluted earnings per share for the six mounths period ended September 30, 2013 and 2012 (in thousands, except amounts per share):

Basic and Diluted:

	September 30, 2013	September 30, 2012
Numerator		
Net income for the period	8,751	(60,910)
Profit available to preferred shareholders	(27,245)	-
Losses available to common shareholders	(18,494)	(60,910)
Denominator:		
Weighted average of number of outstanding common shares (in thousands)	5,902,596	5,007,947
Basic and diluted earnings per common share (reais per share)	(0.003)	(0.012)

The Company does not have outstanding common shares that may give rise to a dilution or debt convertible into common shares. Therefore, basic and diluted earnings per share are equal.

6 Subsequent events

- **Subscription of capital in Raízen Tarumã Ltda. ("Raízen Tarumã")**

  On October 7, 2013, the Company subscribed capital in its subsidiary Raízen Tarumã, in the amount of R$ 350,000, in cash, as per the capital increase agreed in the shareholder's meeting held on September 16, 2013.

- **Contribution of common shares of Iogen Energy Corporation ("Iogen") by Shell Brazil Holding BV ("Shell")**

  In the Extraordinary General Meeting held on October 15, 2013, a subscription of 126,052,108 common shares previously held by Shell was approved, through the contribution of 805,056.50 common shares of Iogen, which represents 50% of its capital, as stated in the Minutes of the Extraordinary General Meeting held on November 30, 2012.

  Management is assessing the potential impacts of this matter.

- **Grant of the register in the CVM – Brazilian Securities Exchange Commission and announcement of the beginning of public offering of debt ("debentures")**

  On October 21, 2013, the Company obtained its public company registration (type B) from the CVM. On the same date, the CVM granted to the Company the registration of its first public issuance of 750.000 non-convertible debt ("debentures"), unsecured , in three series, with a unit par value of R$ 1,000.00 (one thousand reais), in a total amount of R$ 750,000.

  The net proceeds from the placement of debentures will be used as follows (i) regarding the first and second series to reinforce the Company's cash; and (ii) regarding to the debentures of the third series to finance part of the investments of the Company related to crop year 2013/2014, both in the agricultural and industrial area, in the terms of the Law 12,431. The issuance of debentures was guaranteed by Raízen Combustíveis S.A. The Company issued 105,975 debentures of the first series, 340,000 debentures of the second series and 304,025 debentures of the third series, with a maturity period of five years to the first and second series and seven years to the third series, starting on October 15, 2013.

- **Agreement of purchase and sale of assets with São Martinho S.A. ("SMSA")**

  On October 30, 2013, the Brazilian Administrative Council for Economic Defense (Conselho Administrativo de Defesa Econômica or "CADE") approved, with no restrictions, the acquisition of the following assets: i) agreements of agricultural partnership and/or land leasing; ii) agreements of supply, purchase and sale of sugar cane; and, iii)all the planted sugarcane in the areas subject to the agricultural agreements, including the sugarcane plants and improvements, currently belonging to SMSA, according to the agreement of purchase and sale dated September 9, 2013, in the amount of R$ 47,500, which payment was conditional to such approval.

  Management is assessing the potential impacts of this matter.

- **Normative Rule No. 1397 of the Brazilian Internal Revenue Service (Receita Federal do Brasil)**

  On September 16, 2013, the Brazilian Internal Revenue Service issued the Instruction No. 1397, which states that the RTT – Transitional Tax Regime (Regime Tributário de Transição) many no longer be used to calculate the taxable income and the social contribution timing differences of a legal entity subject to the RTT, as defined by the article 15 of the Law 11,941/2009. According to the Normative Rule No. 1397, the accounting principles in effect on December 31, 2007 must be used to determine the calculation of exempt dividends, interest on equity and equity in subsidiaries.

  After a meeting with the Brazilian Internal Service Revenue to discuss this Normative Rule, representatives of the Federal Accounting Council (CFC), the Brazilian Association of Public Companies (ABRASCA), IBRACON – the Institute of Independent Auditors of Brazil and the Accounting Pronouncements Committee (CPC), issued a joint statement on October 3, 2013 affirming that a second set of accounting records will not be needed to determine taxation over dividends, interest on equity and equity in subsidiaries. The tax authorities will issue a Provisional Regulation to codify Instruction No. 1397,determining that will only be applied prospectively from 2014.

  Management is assessing the potential impacts of this matter.

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