Raízen Energia S.A.

Consolidated and condensed interim financial information as at December 31, 2016

KPDS 176304

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Independent auditors` report on review of consolidated and condensed interim financial information

To the Management and Shareholders of
Raízen Energia S.A.
São Paulo - SP

Introduction
We have reviewed the accompanying consolidated and condensed interim financial information of Raízen Energia S.A. ("the Company"), which comprises the consolidated balance sheet as at December 31, 2016, and the related consolidated statements of income, comprehensive income (loss), for the three and nine-months period ended December 31, 2016 and changes in equity and cash flows for the nine-month period ended December 31, 2016.

Management is responsible for the preparation and fair presentation of these consolidated and condensed interim financial information in accordance with the Technical Pronouncement CPC 21(R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB. Our responsibility is to express a conclusion on these consolidated and condensed interim financial information based on our review.

Scope of review
We conducted our review in accordance with the Brazilian and International Standards on Review Engagements (NBC TR 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards 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 explanatory notes 2.1 the consolidated and condensed interim final information of the Company does not present certain explanatory notes, as required by CPC 21(R1) and IAS 34 issued by IASB.

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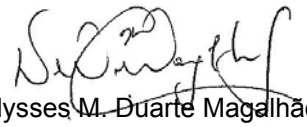
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Qualified conclusion
Based on our review, except for the matter described in the Basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the aforementioned accompanying consolidated and condensed interim financial information has not been prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 issued by IASB.

Restriction on use
Our report is intended only for the use and information of the management of the Company and the financial institutions specified in contract for the covenants compliance analysis and should not be used by other parties than the Company and the financial institutions specified in contract for the covenants compliance analysis.

São Paulo, February 14, 2017

KPMG Auditores Independentes
CRC 2SP014428/O-6



Ulysses M. Duarte Magalhães
Accountant CRC RJ-092095/O-8

RAÍZEN ENERGIA S.A.

Consolidated balance sheet as of December 31 and March 31, 2016
In thousand of Reais – R$

	December 31, 2016	March 31, 2016 (Restated)
Assets		
Current assets		
Cash and cash equivalents	2,787,588	2,987,675
Restricted cash	554,512	811,487
Derivatives and financial instruments	632,760	566,477
Trade accounts receivable	682,813	457,795
Inventories	2,376,690	505,420
Biological assets	1,119,623	973,373
Recoverable income and social contributions taxes	294,705	111,367
Recoverable taxes and contributions	135,442	195,924
Other financial statements	244,371	10,028
Related parties	791,016	244,095
Other receivables	138,572	311,008
Total current assets	9,758,092	7,174,649
Non-current assets		
Derivatives financial instruments	610,500	674,660
Other financial assets	1,192,176	1,445,442
Recoverable income and social contributions taxes	535,339	560,920
Recoverable taxes and contributions	52,458	23,854
Related parties	3,410,434	1,662,646
Deferred income and social contributions taxes	44,042	275,688
Judicial deposits	266,115	231,652
Other receivables	195,805	112,992
Investments	393,159	210,425
Property, plant and equipment	8,084,841	8,766,215
Intangibles assets	1,432,843	1,471,421
Total non-current assets	16,217,712	15,435,915
Total assets	25,975,804	22,610,564

The accompanying notes are integral part of the consolidated and condensed financial information.

Consolidated balance sheet as of December 31 and March 31, 2016
In thousand of Reais – R$

	December 31, 2016	March 31, 2016 (Restated)
Liabilities and equity		
Current liabilities		
Loans and financing	1,691,030	1,619,259
Derivatives financial instruments	682,202	490,650
Trade payable	1,359,964	891,846
Payroll and related charges payable	314,989	382,263
Income tax and social contributions payable	14,166	41,426
Tax payable	251,560	160,366
Dividends and interest on shareholders' equity payable	170,000	134,865
Related parties	767,487	256,300
Advance from clients	262,817	105,912
Other liabilities	75,855	90,794
Total current liabilities	5,590,070	4,173,681
Non-current liabilities		
Loans and financing	9,864,912	8,257,189
Derivatives financial instruments	106,991	193,667
Taxes and contributions payable	166,951	4,445
Related parties	877,351	1,113,079
Provisions for legal disputes	288,379	265,150
Deferred income and social contribution tax	127,147	89,066
Other liabilities	134,859	131,863
Total non- current liabilities	11,566,590	10,054,459
Total liabilities	17,156,660	14,228,140
Equity		
Share capital	6,424,393	6,423,054
Capital reserves	1,092,652	1,092,690
Equity valuation adjustment	(393,913)	(493,996)
Income reserves	958,028	1,534,448
Retained earnings (loss)	738,947	(172,809)
	8,820,107	8,383,387
Equity attributable to non-controlling shareholders	(963)	(963)
Total equity	8,819,144	8,382,424
Total liabilities and equity	25,975,804	22,610,564

The accompanying notes are integral part of the consolidated and condensed financial information.

RAÍZEN ENERGIA S.A.

Consolidated statements of income
Three and Nine-months periods ended December 31
(All amounts in thousand of Brazilian Reais, except for earnings per share)

	Oct-Dec, 2016	Apr-Dec, 2016	Oct-Dec, 2015 (Restated)	Apr - Dec, 2015 (Restated)
Net operating revenue	3,476,149	9,267,458	3,716,450	8,000,809
Cost of products sold and services provided	(2,447,207)	(7,065,624)	(2,731,580)	(6,440,091)
Gross income	1,028,942	2,201,834	984,870	1,560,718
Operate expenses				
Selling	(164,479)	(544,268)	(191,405)	(467,842)
General and administrative	(159,173)	(395,790)	(116,932)	(368,334)
Other operating expenses, net	(21,635)	(63,690)	(22,386)	(28,314)
Equity accounting result	(9,561)	(32,358)	(10,753)	(36,977)
	(354,848)	(1,036,106)	(341,476)	(901,467)
Income before financial results, income and contribution taxes	674,094	1,165,728	643,394	659,251
Financial income (loss)				
Financial expenses	(219,441)	(650,020)	(255,601)	(708,916)
Financial income	153,501	491,382	168,391	502,510
Net exchange variation	(438)	(42,777)	50,615	(426,351)
Net effect of derivatives	113,253	529,339	104,165	252,458
	46,875	327,924	67,570	(380,299)
Income before income and social contribution taxes	720,969	1,493,652	710,964	278,952
Income and social contribution taxes				
Current	(85,129)	(162,280)	(43,764)	(77,234)
Deferred	(78,044)	(219,528)	(203,656)	29,566
	(163,173)	(381,808)	(247,420)	(47,668)
Net income for the period	557,796	1,111,844	463,544	231,284
Attributable to:				
Controlling shareholders	557,796	1,111,756	463,544	231,284
Non - controlling shareholders	-	88	-	-
	557,796	1,111,844	463,544	231,284
Net income per common share				
Basic and diluted	0.074	0.148	0.071	0.036

The accompanying notes are integral part of the consolidated and condensed financial information.

RAÍZEN ENERGIA S.A.

Consolidated statements of comprehensive income (loss)
Three and Nine-months periods ended December 31
In thousand of Reais – R$

	Oct-Dec, 2016	Apr-Dec, 2016	Oct-Dec, 2015 (Restated)	Apr-Dec, 2015 (Restated)
Net income for the period	557,796	1,111,844	463,544	231,284
Comprehensive income				
Items that are or may be reclassified to income statement				
Equity valuation adjustment - Actuarial losses	(3,175)	(3,175)	(134)	(134)
Deferred taxes on adjustments	1,064	1,064	45	45
	(2,111)	(2,111)	(89)	(89)
Items that are or may be reclassified to income				
Net income from designated financial instruments hedge accounting	659,058	150,660	(537,060)	(727,654)
Effect of foreign currency translations - CTA	222	2,758	160	227
Deferred taxes on adjustments	(224,080)	(51,224)	182,601	247,416
	435,200	102,194	(354,299)	(480,011)
Other components of comprehensive income (loss) for the period	433,089	100,083	(354,388)	(480,100)
Total comprehensive income (loss) for the period	990,885	1,211,927	109,156	(248,816)
Attributable to:				
Controlling shareholders	990,885	1,211,839	109,156	(248,816)
Non-controlling shareholders	-	88	-	-
Total comprehensive income (loss) for the period	990,885	1,211,927	109,156	(248,816)

The accompanying notes are integral part of the consolidated and condensed financial information.

Consolidated statements of changes in equity
Nine-months periods ended December 31
In thousands of Reais – R$

	Attributable to controlling shareholders										
		Capital reserves			Profit reserves						
	Share capital	Capital reserve	Goodwill special reserve	Equity valuation adjustment	Tax incentive reserve	Legal reserve	Profit retention	Retained earnings (loss)	Total	Interest of non-controlling shareholders	Total equity
Balances as at April 1, 2016, according previously disclosed	6,423,054	849,579	243,111	(493,996)	170,141	109,394	1,254,913	-	8,556,196	(963)	8,555,233
Impact of the adoption application in changes of IAS 16/CPC 27 and 41/CPC 29 reviewed	-	-	-	-	-	-	-	(172,809)	(172,809)	-	(172,809)
At April 1, 2016 (Restated)	6,423,054	849,579	243,111	(493,996)	170,141	109,394	1,254,913	(172,809)	8,383,387	(963)	8,382,424
Comprehensive income for the period:											
Net income for the period	-	-	-	-	-	-	-	1,111,756	1,111,756	88	1,111,844
Equity valuation adjustment instruments - hedge accounting	-	-	-	99,436	-	-	-	-	99,436	-	99,436
Adjustment of equity valuation - actuarial liability	-	-	-	(2,111)	-	-	-	-	(2,111)	-	(2,111)
Effect of currency translation adjustments - CTA	-	-	-	2,758	-	-	-	-	2,758	-	2,758
	-	-	-	100,083	-	-	-	1,111,756	1,211,839	88	1,211,927
Contributions made by (distributions to) shareholders											
Effect of Raízen Fuels acquisition	-	(38)	-	-	-	-	-	-	(38)	(88)	(126)
Destination of dividends to shareholders to owners of preferred shares	1,339	-	-	-	-	-	(2,420)	-	(1,081)	-	(1,081)
Dividends payment and interest on own capital	-	-	-	-	-	-	(574,000)	(200,000)	(774,000)	-	(774,000)
	1,339	(38)	-	-	-	-	(576,420)	(200,000)	(775,119)	(88)	(775,207)
At December 31, 2016	6,424,393	849,541	243,111	(393,913)	170,141	109,394	678,493	738,947	8,820,107	(963)	8,819,144

The accompanying notes are integral part of the consolidated and condensed financial information.

Consolidated statements of changes in equity
Nine-months periods ended December 31
In thousands of Reais – R$

	Attributable to controlling shareholders										
		Capital reserves			Profit reserves						
	Share capital	Capital reserve	Goodwill special reserve	Equity valuation adjustment	Tax incentive reserve	Legal reserve	Profit retention	Retained earnings	Total	Interest of non-controlling shareholders	Total equity
Balances as at April 1, 2015, according previously disclosed	4,923,054	849,427	243,111	15,248	30,256	50,111	664,002	-	6,775,209	-	6,775,209
Impact of the adoption of changes reviewed IAS 16/CPC 27 and 41/CPC 29	-	-	-	-	-	-	-	345	345	-	345
At April 1, 2015 (Restated)	4,923,054	849,427	243,111	15,248	30,256	50,111	664,002	345	6,775,554	-	6,775,554
Comprehensive income (loss) for the period:											
Net income for the period	-	-	-	-	-	-	-	231,284	231,284	-	231,284
Net loss with financial instruments designated as hedge accounting	-	-	-	(480,238)	-	-	-	-	(480,238)	-	(480,238)
Adjustment of equity valuation - actuarial liability	-	-	-	(89)	-	-	-	-	(89)	-	(89)
Effect of currency translation adjustments - CTA	-	-	-	227	-	-	-	-	227	-	227
	-	-	-	(480,100)	-	-	-	231,284	(248,816)	-	(248,816)
Contributions made by (distributions to) shareholders											
Non-controlling shareholders	-	-	-	-	-	-	-	-	-	(963)	(963)
Increase of capital	1,500,000	-	-	-	-	-	-	-	1,500,000	-	1,500,000
Reflective effect of operations in subsidiaries	-	152	-	-	-	-	-	-	152	-	152
	1,500,000	152	-	-	-	-	-	-	1,500,152	(963)	1,499,189
At December 31, 2015 (Restated)	6,423,054	849,579	243,111	(464,852)	30,256	50,111	664,002	231,629	8,026,890	(963)	8,025,927

The accompanying notes are integral part of the consolidated and condensed financial information.

RAÍZEN ENERGIA S.A.

Consolidated statements of cash flows – indirect method
Nine-months periods ended December 31
In thousands of Reais – R$

	Apr-Dec, 2016	Apr - Dec, 2015 (Restated)
Cash flows from operating activities		
Income before income and social contribution taxes	1,493,652	278,952
Adjustments:		
Depreciation and amortization	1,425,276	1,293,257
Gain arising from change in fair value and realization of the capital gain or loss of changes in fair value of biological assets	(216,327)	(133,697)
Equity accounting result	32,358	36,977
Capital gain by dilution of equity interest	(14,496)	-
Interest, monetary and exchange variation, net	232,976	1,152,053
Gain from sale of property, palant and equipment	(329)	(1,736)
Loss with commercial operations	30,829	34,648
Provision for allowance for doubtful accounts, net and write-offs of invoices	1,415	4,970
Provisions for legal disputes, net	31,625	15,675
Unrealized loss (gain) on derivative transactions	184,275	(749,543)
Recognition of extemporaneous credits	(448)	(11,118)
Provision for net realizable value and inventory obsolescence	16,911	844
Constitution (reversal) of provision for losses on fixed and intangible assets, net	11,880	(2,696)
Income from investments grants - ICMS	(11,655)	(6,304)
Others	(11,156)	(7,890)
Changes in assets and liabilities:		
Trade accounts receivable and advances from customers	(73,995)	(119,157)
Inventories	(1,465,299)	(1,394,601)
Restricted cash	262,397	(544,186)
Derivatives financial instruments	(30,136)	170,511
Judicial deposits	(42,546)	(29,497)
Trade payable and advances to suppliers	512,630	610,238
Recoverable and payable taxes, net	(75,675)	(87,200)
Related parties	(237,340)	(41,360)
Payroll and related change payable	(48,152)	(25,980)
Other assets and liabilities, net	(4,828)	(44,336)
Income tax and social contribution paid	(64,375)	(17,049)
Net cash generated in operating activities	1,939,467	381,775
Cash flows from investing activities		
Acquisitions, net of acquired cash (note 3.ii.b)	(274)	-
Cash obtained in merge operations	6,647	-
Additions to investments	(118,921)	(43,668)
Additions to property, plant and equipment, and other intangible assets	(595,901)	(480,223)
Cash received upon disposal of fixed assets	12,349	9,968
Additions to biological assets	(458,190)	(416,596)
Amortization of interests of PPEs - intragroup	42,799	15,375
Net cash used in investing activities	(1,111,491)	(915,144)
Cash flow from financing activities		
Capital increase	3,751	-
Loans and financing - third parties	995,991	1,342,511
Amortization of loans and financing - third parties	(714,423)	(1,285,859)
Payment of interests of loans and financing - third parties	(559,519)	(482,296)
Financial investments linked to financing (Restricted cash)	10,703	(144)
Dividends paid	(711,285)	(51,066)
Amortization of interests of PPE's - intragroup	-	(22,827)
Resource management, net intragroup	(30,285)	163,272
Net cash from financing activities	(1,005,067)	(336,409)
Decrease in cash and cash equivalents, net	(177,091)	(869,778)
Cash and cash equivalents at the beginning of period	2,987,675	3,795,287
Effect of exchange variation on cash and cash equivalents	(22,996)	69,986
Cash and cash equivalents at the end of period	2,787,588	2,995,495

The accompanying notes are integral part of the consolidated and condensed financial information.

1 Operations

1.1 General Information

Raízen Energia S.A ("Company", "Group", "Raízen Energia" or "RESA") is a Public Corporation with its headquarters in the city of São Paulo, Brazil. The Company was formed on June 1, 2011 as a joint venture controlled indirectly 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, at which time REPSA was reverse merged into the Company.

The term Raízen, when mentioned, it is about the joint venture between Shell and Cosan, ethanol, sugar and energy segment.

The main business activities of the Company are the production and trading of sugar and ethanol in Brazil and overseas (where it operates through Raízen Trading LLP and Raízen International Universal Corporation), and the cogeneration of energy produced from sugarcane bagasse on its 24 plants, which are located in the central southern region of Brazil.

The planting of sugarcane requires a period of from 12 to 18 months for the crop to develop. The harvest starts in the months of April or May each year and ends in November or December, at which time sugar and ethanol is produced. The production is sold throughout the year with no seasonal variations, subject to normal market variations in supply and demand. Due to its production cycle, the Company's fiscal year begins on April 1 and ends on March 31 of each year.

This can create stock variations, which are generally higher in November and December, to cover sales in the off-season (December to April), and can generate a degree of seasonality in the quarterly results.

In October 2016, Raízen Energia and Wilmar International Limited created a new joint venture called Raízen and Wilmar Sugar Pte. Ltd., or RAW, to meet the growing global demand for Brazilian very high polarization, or VHP, sugar. RAW is a 50-50 joint venture between Raízen and Wilmar, and will combine the strengths of Brazil's largest producer of VHP sugar with the world's leading trader of the commodity. All relevant regulatory approvals for the establishment of the joint venture have been obtained. We expect that RAW will be in operation on April 1, 2017.

During the 9-month period ended December 31, 2016, the Company and its subsidiaries performed a corporate restructure referring: i) reversal incorporation of "Raízen Tarumã Ltda. ("Tarumã") by "Raízen Paraguaçú Ltda. ("Paraguaçú"); and ii) Raízen Luxembourg S.A. "Luxembourg" reversal incorporation by Raízen Fuels Finance S.A. "Fuels". The details of this operation is described in Note 3.

2 Significant accounting policies

2.1 Presentation of the consolidated and condensed interim financial

The consolidated and condensed interim financial information have been prepared in accordance with the accounting pronouncement CPC 21(R1) - Interim Financial Reporting and IAS 34- Interim Financial Reporting, issued by the International Accounting Standards Board - IASB.

The consolidated and condensed interim financial information have been prepared solely for the use of the Management of Raízen Energia and Financial Institutions in its covenant compliance analysis. This financial information does not include all the information required to be presented and disclosed by CPC 21(R1) and IAS 34 issued by IASB.

2.2 Basis of preparation and accounting policies

The consolidated and condensed interim financial information has been prepared accordingly to the basis of preparation and accounting policies adopted in the statutory financial statements as of and for March 31, 2016, prepared in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB), authorized and issued by the Board on May 27,2016 and should be read in conjunction with those information.

Except for the adoption of the new biological assets standard (see Note 2.4.1), the preparation of the consolidated and condensed interim financial information, Management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed constantly and remain unchanged in the preparation of this financial information regarding the statutory financial statements as of and for March 31, 2016.

In preparing these interim financial information, Management used judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed continuously and have not undergone any relevant changes in the preparation of this interim financial information in relation to the financial statements as of March 31, 2016.

The Company's Management confirms that all relevant information specific to the quarterly information, and only it, is being evidenced, and that correspond to those used by it in its management.

The management notes necessary for the understanding of this consolidated and condensed interim financial information can be verified in interim financial information as of December, 31, 2016 and statutory financial statements as of March 31, 2016, available on the following website: http://ri.raizen.com.br.

The consolidated and condensed interim financial information were approved for issue by the Company's Management on February 14, 2017.

2.3 Consolidation basis

The consolidated financial information includes Raízen Energia and its subsidiaries, where Raízen Energia has direct or indirect control. The subsidiaries are listed below:

	12.31.2016		03.31.2016	
	Direct	**Indirect**	**Direct**	**Indirect**
Agrícola Ponte Alta Ltda.	91.21%	8.79%	99.99%	0.01%
Agropecuária Santa Hermínia Ltda.	0.01%	100.00%	-	100.00%
América Trading Investments (i)	-	-	-	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%	31.48%	68.52%
Raízen Energy Finance Ltd.	100.00%	-	100.00%	-
Raízen Fuels Finance (ii)	100.00%	-	-	-
Raízen International Universal Corp.	100.00%	-	100.00%	-
Raízen Luxembourg S.A. (iii)	-	-	100.00%	-
Raízen North América, Inc.	-	100.00%	-	100.00%
Raízen Paraguaçú Ltda.	100.00%	0.00%	-	100.00%
Raízen Tarumã Ltda. (iv)	-	-	99.99%	0.01%
Raízen Trading LLP	0.00%	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.	99.00%	1.00%	99.00%	1.00%
Raízen Biogás Ltda. (v)	99.90%	0.10%	-	-
Raízen Biogás SPE Ltda.	99.90%	0.10%	-	-

(i) Extinct company as August 22, 2016, whose assets, in the amount of R $ 34,111, was transferred to the parent company Raízen Paraguaçu Ltda. ("Paraguaçu"), with consequent write-off the investment.
(ii) Company acquired on July 29, 2016.
(iii) Company incorporated on September 15, 2016 by "Fuels".
(iv) Company incorporated on June 1, 2016 by "Paraguaçú".
(v) Companies established on May 24, 2016 and October 31, 2016, respectively, with the main purpose of production and trading industrial biogas, organomineral fertilizer and electric energy from sugarcane waste.

2.4 Restatement of corresponding figures

2.4.1 Changes in accounting policies due to the adoption of modification in the accounting standards

The Company adopted from April 1, 2016 to the changes to IAS 16 - Property and equipment (CPC 27) and IAS 41 - Agriculture (CPC 29). With the changes, biological assets for production (bearer biological assets), in the case of the Company, ratoon cane sugar, no longer are part of the scope of IAS 41 (CPC 27) and must be accounted for in accordance with IAS 16 (CPC 29), ie, cost less accumulated depletion and possible impairment. The biological assets consumable, in the case of the Company, standing cane, until they are harvested, they must be measured at fair value and remain within the scope of IAS 41 (CPC 27).

The transition date of those standards was April 1, 2014, beginning of the earliest comparative period of the financial statements, since the Company has three years of results in its annual financial statements. The Company decided to adopt the cost attributed to property, plant and equipment at the transition date.

The impact on the Company's balance sheet as of April 1, 2016, as well as in the statement of income for the quarter and nine-month period ended December 31, 2015, are as follows:

			April 1, 2016
	According previously disclosed	**Adjustments in application of IAS 41/CPC 29 and 16/CPC 27 reviewed**	**Restated**
Assets			
Biological assets	-	973,373	973,373
Others	6,201,276	-	6,201,276
Current assets	6,201,276	973,373	7,174,649
Deferred income and social contributions tax	186,665	89,023	275,688
Investments	210,425	-	210,425
Biological assets	2,463,488	(2,463,488)	-
Property, plant and equipment	7,537,931	1,228,284	8,766,215
Others	6,183,588	(1)	6,183,587
Non-current assets	16,582,097	(1,146,182)	15,435,915
Total assets	22,783,373	(172,809)	22,610,564
Liabilities			
Total liabilities	14,228,140	-	14,228,140
Equity			
Profit reserves	1,534,448	-	1,534,448
Acumulated losses	-	(172,809)	(172,809)
Others	7,020,785	-	7,020,785
Total of equity	8,555,233	(172,809)	8,382,424
Total liabilities and equity	22,783,373	(172,809)	22,610,564

	October 1 to December 31, 2015			April 1 to December 31, 2015		
	According previously disclosed	Adjustments in application of IAS 41/CPC 29 and 16/CPC 27	Restated	According previously disclosed	Adjustments in application of IAS 41/CPC 29 and 16/CPC 27	Restated
Net operating revenue	3,716,450	-	3,716,450	8,000,809	-	8,000,809
Cost of products sold and service	(2,560,310)	(171,270)	(2,731,580)	(6,157,006)	(283,085)	(6,440,091)
Gross profit	1,156,140	(171,270)	984,870	1,843,803	(283,085)	1,560,718
Operating expenses	(341,476)	-	(341,476)	(901,467)	-	(901,467)
Financial results	67,570	-	67,570	(380,299)	-	(380,299)
Loss before income tax and social contribution	882,234	(171,270)	710,964	562,037	(283,085)	278,952
Income tax and social contribution	(305,652)	58,232	(247,420)	(143,917)	96,249	(47,668)
Net income for the period	576,582	(113,038)	463,544	418,120	(186,836)	231,284

The impact on the statement of comprehensive income (loss) and statements of changes in equity is limited to the net effect of net income (loss) for the period shown above. The impact on the statement of cash flows are restricted to reclassification between captions within operating activities, without, however, any effect on the subtotals of operating, investing and financing activities.

2.4.2 Restatement of the consolidated statement of cash flows

The amounts corresponding to the Company`s consolidated cash flows for the nine-month period ended December 31, 2015 originally presented in the interim financial information of that period are being restated for the reclassification of the balance of cash outflows from financing activities in the amount of R$ 15,375 to investing activities. This amount is related to prepayment export contracts ("PPEs") between related parties, which was being presented as a financing cash flow, either in the company which granted the funds or in the company that received the funds. Additionally, the values were opening in financing activities related to issuance, amortization and payment of interest on PEPs contracts between related parties.

Such operations are now presented in the statement of investment cash flow when granted (cash outflow) and financing cash flow when received (inflow of funds).

2.5 New IFRS and IFRIC Interpretations (Committee for financial reporting interpretations of IASB) applicable to interim financial information

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

IFRS 9 - Financial instruments. It includes new models for the classification and measurement of financial instruments and the measurement of expected credit losses for financial and contractual assets, as well as new requirements on hedge accounting. The full version of IFRS 9 was published in July 2014, effective January 1, 2018. These changes will require the review of accounting processes and internal controls related to the classification and measurement of financial instruments. Management is evaluating the full impact of its adoption.

IFRS 15 - Revenue from contracts with customers. The changes sets out the principles that an entity will apply to determine the measurement of revenue and when it will be recognized. In accordance with IFRS 15, revenue must be recognized when the customer obtains control of the products. The standard takes effect on January 1, 2018 and replaces IAS 11 - Construction contracts and IAS 18 - Revenues and corresponding interpretations. Management is evaluating the full impact of its adoption.

IFRS 16 - Leases. The main change is that introduction of a single model of accounting for leases in the balance sheet for lessees. IFRS 16 requires all leases in which the Group is a lessee to be recognized in the balance sheet. The new standard is applicable as of or after January 1, 2019 and replaces IAS 17 - Leases. Management is evaluating the full impact of its adoption.

Disclosure Initiatives - IAS 7. The amendments require additional disclosures that allow users of financial statements to understand and evaluate changes in liabilities arising from financing activities, both changes arising from cash flows and other changes. The changes are effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted only for financial statements in accordance with IFRSs. Management will evaluate the full impact of its adoption.

There are no other IFRS or IFRIC interpretations, in addition to the aforementioned, have not yet entered into force and are expected to have a significant impact on the Company.

3 Internal reorganization and business

1) Transactions occurred during the nine-month ended in December 31, 2016

i) Reversal incorporation of Tarumã by Paraguaçú

On June 1, 2016, was approved a reverse merge of Tarumã by Paraguaçú. Due to this merge and considering that Tarumã was owner of 99,9999% of the Paragaçú's shared capital, a capital increase was registered in the latter entity, through the issuance of 247,433,845 new quotas, in the amount of R$ 247,434, already deducted the following amounts: (a) R$ 301,729 related to the Tarumã`s investment in Paraguaçú; and (b) R$ 43,049 corresponding the effect of tax incentive recognized on the subsidiary Raízen Caarapó Açúcar e Álcool Ltda. Therefore, the quotes on the Paraguaçu`s capital are now owned by Raízen Energia jointly with its subsidiary Raízen Araraquara, in the proportion of its respective shares in Paraguaçú's capital.

The net assets's details contributed into Paraguaçú are as follows:

Captions	Total
Cash and equivalents	262,626
Trade accounts receivables	119,741
Inventories	92,569
Advance to suppliers	6,675
Related parties	61,324
Dividends receivable	5,813
Recoverable income and social contributions tax	12,608
Judicial deposits	100,986
Investments	435,849
Property, plant and equipment	408,964
Intangible	17,707
Other receivables	27,607
Loans and financing	(881,276)
Trade payable	(43,443)
Payroll and related charges	(19,566)
Taxes and contributions payable	(13,590)
Taxes payable	(20,128)
Dividends payable	(1,228)
Related parties	(235,104)
Derivatives financial instruments	(26,445)
Provision for lawsuit	(13,847)
Deferred income tax	(3,649)
Tax incentive	(43,049)
Other payable	(3,710)
	247,434

ii) "Luxembourg's" incorporation by "Fuels"

a) Acquisition of additional society participation

On July 29, 2016, the Extraordinary General Meeting, the Company performed a capital increase in Fuels, a subsidiary of Raízen Combustíveis S.A., giving up the 100% stake in Luxembourg, amounting to R$ 4,555, equivalent to US$ 1.419 thousand, and getting a participation of 96.11% in Fuels, obtaining a direct control of this company, whose net assets totaled R$ 146, equivalent to US$ 45 thousand. Due to this transaction, the Company recognized loss on investment of Fuels in the amount of R$ 38, equivalent to US$ 12 thousand, recorded in equity in the capital reserve balance, as it is a capital transaction between shareholders.

The Fuels net assets' acquired by the Company are as follows:

Captions	US$	R$
Cash and equivalents cash	3,232	10,398
Related parties	527,326	1,692,611
Recoverable taxes and contributions	28	90
Loans and financing	(530,541)	(1,702,931)
Exchange rate on capital increase	-	(22)
	45	**146**

b) Acquisition of additional corporate participation

On September 15, 2016, the Company acquired 45.000 shares that Raízen Combustíveis owned on Fuels, in amount of R$ 274, equivalent to US$ 84 thousand, passing the Company to own 100% of corporate participation.

c) Luxembourg's incorporation by Fuels

On September 15, 2016, the merger of Luxembourg by Fuels was approved, whose net assets amounted to US$ 1,741 thousand. Thus, Fuels' investment in this company was replaced by the transferred equity, remaining capital unchanged, with the consequent extinction of Luxembourg.

4 Supplemental cash flow information

The transactions of investments and financing that do not involve cash are shown below:

	Apr - Dec 31, 2016	Apr - Dec 31, 2015 (Restated)
Non-cash investment transactions		
Depreciation of agricultural assets capitalized as biological assets	(11,080)	(15,496)
Depreciation of agricultural assets capitalized as property, plant and equipment	(29,085)	(31,762)
Tax credits on property, plant and equipment, including property, plant and equipment	(2,285)	(2,239)
Capitalized interest on fixed assets	(16,192)	(17,716)
Transfer of CTC shares as debt payment	-	(8,250)
Payment of capital payable	(81,390)	-
	(140,032)	(75,463)
Financing transactions that do not involve cash		
Interest on shareholders' equity payable	(170,000)	-
	(170,000)	-

The effects of transactions that do not involve cash relating to the acquisition of Raízen Fuels are is disclosed Note 3 ii).

5 Subsequent events

Issue of Notes - Bond

In January 2017, Fuels carried out the issuance and placement abroad of a Notes instrument, with remuneration of 5.3% (Interest paid semi-annually) p.a and maturing in 2027 (10 years), in the amount of up to US $ 500,000 thousand, offered to qualified institutional investors, residents and domiciled In the United States of America, based on the regulations issued by the Securities and Exchange Commission, specifically Rule 144A, and in other countries except Brazil and the United States of America, based on Regulation S. The financial settlement of US $ 500,000 thousand occurred on January 20, 2017.

Term Loan Agreement

On January 26, 2017, the Term Loan of US$ 600,000 thousand was fully paid up in advance, which was contracted on April 8, 2014 by Fuels, with original maturity in March 2019.