Raízen Energia S.A.

Financial statements at March 31, 2017 and independent auditor's 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)

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

Opinion
We have audited the individual and consolidated financial statements of Raízen Energia S.A. ("the Company"), identified as Parent Company and Consolidated, respectively, which comprise the individual and consolidated balance sheet as at March 31, 2017, and the respective statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Raízen Energia S.A. as at March 31, 2017, and of its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for Opinion
We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("*Código de Ética Profssional do Contador*") and in the professional standards issued by the Brazilian Federal Accounting Council ("*Conselho Federal de Contabilidade*") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of derivative financial instruments and designation of hedge accounting (Note 24) - Parent Company and Consolidated
Due to the relevance of the estimates made to measure the fair value of derivative financial instruments and the judgments made by the Company in the initial determination of a hedge relationship and the impact that eventual changes in the assumptions and estimates used in the measurement of this amount would have in the individual and consolidated financial statements, we consider this matter to be significant in our audit.

How our audit addressed this matter
We evaluated the design, implementation and operational effectiveness of the Company's key internal controls related to the calculation of the fair value of derivative financial instruments and also the documentation prepared for the designation of hedge accounting.

We have evaluated, with the use of our specialists in financial instruments, the reasonableness of the main assumptions used by the Company to calculate the fair value of derivative financial instruments, such as: recent market transactions (with exemption of interests), reference to the current fair value of another similar instrument, discounted cash flow analysis and the Company's own credit risk.

We also evaluate the adequacy of the Company's disclosures, specifically in relation to the assumptions used to calculate the fair value of the derivative financial assets and liabilities and the determination of hedge accounting.

Valuation of biological assets and initial adoption of revised IAS 41 / CPC 29 and IAS 16 / CPC 27 (Notes 2.3 and 7) - Parent Company and Consolidated
Due to the relevance of the estimates made to measure the fair value of the Company's biological assets and the impact that eventual changes in the assumptions and estimates used in the measurement of this amount would have in the individual and consolidated financial statements, and, by the changes in accounting policies due to the adoption of modifications in the accounting standards of IAS 41 - Agriculture (CPC 29) and IAS 16 - Property, plant and equipment (CPC 27), we considered this matter significant in our audit.

How our audit addressed this matter
We evaluate the design, implementation and operational effectiveness of the Company's key internal controls related to the calculation of the fair value of biological assets.
We evaluate, with the use of our corporate finance specialists, the reasonableness of the main assumptions used by the Company to calculate the fair value of biological assets, such as: sugar price, productivity, estimated area and operating costs.

We also evaluate the adequacy of the Company's disclosures, specifically in relation to the assumptions used to calculate the fair value of biological assets.

Evaluation of recoverability of goodwill based on future profitability generated in business combinations (Note 12) - Parent Company and Consolidated
Business combinations that occurred in previous years resulted in the recognition of goodwill, which the recoverable amount should be evaluated annually. The evaluation of the recoverable value of the Company's cash generating units involves significant

judgments in determining the assumptions used in the projections of cash flows, including commodity prices such as sugar, exchange rates, growth and discount, and may result in a material impact in the individual and consolidated financial statements. For these reasons, we consider this matter significant in our audit.

How our audit addressed this matter
Our audit procedures included evaluating the design, implementation, and operational effectiveness of key internal controls related to the preparation and review of the business plan, budget, technical studies and impairment analyses provided by the Company.

With the assistance of our corporate finance specialists, we evaluate the assumptions and methodology used by the Company, especially those related to the discount rate, expectations of commodity sales prices, agricultural productivity, total recoverable sugar ("ATR") and operational and administrative costs.

We evaluated the sensitivity of results considering reasonably possible changes in the key assumptions and compared the budgets approved for the previous year with the actual amounts calculated in order to verify the Company's ability to project future results.

We compared the recoverable amount calculated based on the discounted cash flows per cash generating unit and we evaluated the adequacy of the Company's disclosures, mainly those related to the assumptions adopted in calculating the recoverable value of goodwill.

Realization of balance of deferred income and social contribution tax assets (Note 15) - Parent Company and Consolidated
The Company recognized deferred tax assets related to temporary differences, tax losses carry forwards and negative basis of social contribution considered recoverable based on the projection of future taxable income.

The estimate of generation of future taxable income requires judgment and interpretation of tax laws. The recoverable amount of the deferred tax assets recognized can vary significantly if different assumptions are applied to the projection of future taxable income and depends on the capacity to use tax losses carry forwards, which may materially impact in the individual and consolidated financial statements. For these reasons, we consider this matter significant in our audit.

How our audit addressed this matter
Our audit procedures included evaluating the design, implementation, and operational effectiveness of key internal controls related to the preparation and review of the business plan, budget, technical studies, and analysis of the projection of future taxable income made available by the Company.
With the assistance of our corporate finance specialists, we evaluate the assumptions and methodology used by the Company, especially those related to expectations of commodity sales prices, operating and administrative costs and the consistency of these assumptions with the business plans approved by the Board of Directors.

We evaluated the sensitivity of results considering reasonably possible changes in the key assumptions and compared the budgets approved for the previous year with the actual amounts calculated in order to verify the Company's ability to project future results.
Additionally, with the assistance of our tax specialists, we consider the appropriateness of applying tax laws and tax deductions.

At the date of the financial statements, we analysed the evidence that indicates the probability of recovery of deferred tax assets, as well as those that justify the estimated time periods for the Company to use them.

We also evaluated whether the projections of the Company indicated, for the portion of unused tax losses carry forwards and deductible temporary differences recognized as deferred tax assets, to be sufficient to allow its realization. We also evaluated the adequacy of the Company's disclosures, mainly those related to the expectation of realization of deferred tax assets.

Other matters

Statements of value added
The individual and consolidated statements of value added (DVA) for the year ended March 31, 2017, prepared under the responsibility of the Company's management and presented herein as supplementary information for IFRS purposes, have been subject to audit procedures jointly performed with the audit of the Company's financial statements. In order to form our opinion, we assessed whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether it format and contents is in accordance with criteria determined in the Technical Pronouncement 09 (CPC 09) - Statement of Value Added issued by the Committee for Accounting Pronouncements (CPC). In our opinion, the statement of value added has been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and is consistent with the overall individual and consolidated financial statements.

Financial statements of prior years audited by other independent auditors
The individual and consolidated balance sheet as at April 1, 2015 (derived from the financial statements as at and for the year ended March 31, 2015), prepared originally before the changes in the accounting policies due to the adoption of the changes in the IAS 16 - Property, Plant and Equipment (CPC 27) and IAS 41 - Agriculture (CPC 29), described in Note 2.3, were conducted under the responsibility of other independent auditors, who expressed an unmodified opinion on June 22, 2015. As part of our audit of the financial statements as at and for the year ended March 31, 2017, we audited the adjustments in the corresponding figures of the individual and consolidated balance sheet as at April 1, 2015 and in our opinion these adjustments were appropriated and have been properly applied in all material respects. We were not engaged to audit, review or apply any other procedures to the information related to the individual and consolidated balance sheet as at April 1, 2015 and, therefore we do not express an opinion or any other form of assurance on the financial statements taken as a whole.

Other Information accompanying the individual and consolidated financial statements and the auditor´s report
Management is responsible for the other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the management report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the management report and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material

misstatement of this management report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Individual and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the 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 individual and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 and its subsidiaries' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, as a consequence, for our audit opinion.

  We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, sand communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

  From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, June 14, 2017

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

RAÍZEN ENERGIA S.A.

Individual and consolidated balance sheets at March 31
(In thousands of Reais - R$)

	Note	Parent company			Consolidated		
		2017	2016 Restated	April 1, 2015 Restated	2017	2016 Restated	April 1, 2015 Restated
Assets							
Current assets							
Cash and cash equivalents	3	555,852	506,602	3,543,766	3,437,612	2,987,675	3,795,287
Restricted cash	4	151,067	759,032	85,482	234,200	811,487	131,311
Derivative financial instruments	24	372,926	513,987	704,752	422,055	566,477	759,306
Trade accounts receivable	5	114,305	130,696	107,770	371,930	457,795	331,638
Inventories	6	416,641	324,669	193,169	647,046	505,420	354,862
Biological assets	7	1,105,800	829,317	506,004	1,276,321	973,373	595,200
Recoverable income and social contribution taxes	15.a.1	491,994	87,426	25,878	564,271	111,367	36,859
Recoverable taxes		66,983	146,400	87,709	123,373	195,924	157,304
Other financial assets	8	11,048	10,028	12,931	11,048	10,028	12,931
Related parties	9	760,909	1,056,483	1,702,330	758,803	244,095	767,894
Dividends receivable	10	44,994	6,762	85,889	-	-	-
Other receivables		258,412	222,099	193,440	332,395	311,008	258,332
Total current assets		4,350,931	4,593,501	7,249,120	8,179,054	7,174,649	7,200,924
Non-current assets							
Derivative financial instruments	24	151,717	674,660	315,279	160,325	674,660	315,279
Other financial assets	8	1,207,258	1,430,176	957,821	1,222,820	1,445,442	968,420
Recoverable income and social contribution taxes	15.a.1	179,643	481,290	405,802	191,878	560,920	508,360
Recoverable taxes		43,124	8,285	12,395	48,506	23,854	32,184
Related parties	9	313,717	429,466	285,964	3,009,917	1,662,646	1,429,358
Deferred income and social contribution tax	15.b	45,962	257,861	247,175	19,562	275,688	299,137
Judicial deposits	16	151,909	117,626	94,118	275,766	231,652	205,797
Other receivables		129,327	82,605	85,134	158,875	112,992	102,064
Investments	10	5,629,786	4,758,982	3,980,000	244,429	210,425	210,586
Property, plant and equipment	11	4,952,965	4,872,240	5,032,661	8,826,627	8,766,215	8,980,240
Intangible assets	12	1,086,176	1,100,568	1,111,282	1,443,041	1,471,421	1,494,333
Total non-current assets		13,891,584	14,213,759	12,527,631	15,601,746	15,435,915	14,545,758
Total assets		18,242,515	18,807,260	19,776,751	23,780,800	22,610,564	21,746,682

See the accompanying notes to the financial statements.

Balance sheets at March 31
(In thousands of Reais – R$) **(continued)**

	Note	Parent company			Consolidated		
		2017	2016 Restated	April 1, 2015 Restated	2017	2016 Restated	April 1, 2015 Restated
Liabilities							
Current liabilities							
Loans and financing	14	638,228	506,559	965,310	1,005,578	1,619,259	1,377,898
Derivative financial instruments	24	260,404	459,252	194,108	294,094	490,650	224,078
Suppliers	13	545,779	569,053	331,640	948,360	891,846	568,296
Payroll and related charges payable		311,414	333,963	277,554	361,806	382,263	321,116
Income and social contribution taxes payable	15.a.2	-	-	-	28,227	41,426	8,862
Taxes payable		73,767	81,490	56,884	143,274	160,366	99,537
Dividends and interest on own capital payable	18.b	45,167	134,865	51,066	45,167	134,865	51,066
Related parties	9	360,739	957,163	1,907,772	325,168	256,300	226,854
Advances from clients		122,317	66,833	22,642	177,816	105,912	132,138
Other liabilities		47,057	45,037	21,104	92,857	90,794	62,729
Total current liabilities		2,404,872	3,154,215	3,828,080	3,422,347	4,173,681	3,072,574
Non-current liabilities							
Loans and financing	14	3,967,057	4,368,190	4,104,279	9,313,113	8,257,189	9,047,745
Derivative financial instruments	24	34,405	168,903	56,231	74,134	193,667	56,231
Taxes payable		157,383	161	134,125	169,747	4,445	169,116
Related parties	9	1,890,419	2,353,907	4,587,652	801,090	1,113,079	2,194,965
Provision for legal disputes	16	229,815	205,055	185,560	293,913	265,150	244,480
Deferred income and social contribution tax	15.b	-	-	-	185,706	89,066	76,914
Other liabilities		173,409	173,442	105,270	136,558	131,863	109,103
Total non-current liabilities		6,452,488	7,269,658	9,173,117	10,974,261	10,054,459	11,898,554
Total liabilities		8,857,360	10,423,873	13,001,197	14,396,608	14,228,140	14,971,128
Equity							
Capital	18.a	6,456,346	6,423,054	4,923,054	6,456,346	6,423,054	4,923,054
Capital reserves	18.a	1,089,121	1,092,690	1,092,538	1,089,121	1,092,690	1,092,538
Asset / liability valuation adjustment	18.c	(43,474)	(493,996)	15,248	(43,474)	(493,996)	15,248
Income reserves		1,883,162	1,361,639	744,714	1,883,162	1,361,639	744,714
		9,385,155	8,383,387	6,775,554	9,385,155	8,383,387	6,775,554
Non-controlling shareholders		-	-	-	(963)	(963)	-
Total equity		9,385,155	8,383,387	6,775,554	9,384,192	8,382,424	6,775,554
Total liabilities and equity		18,242,515	18,807,260	19,776,751	23,780,800	22,610,564	21,746,682

See the accompanying notes to the financial statements.

RAÍZEN ENERGIA S.A.

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

	Note	Parent company		Consolidated	
		2017	2016 (Restated)	2017	2016 (Restated)
Net operating revenue	19	6,115,030	6,322,344	12,180,692	11,867,088
Costs of products sold and services provided	21	(4,607,586)	(4,549,972)	(9,372,051)	(9,029,702)
Gross income		1,507,444	1,772,372	2,808,641	2,837,386
Operating income (expenses)					
Selling	21	(546,878)	(507,344)	(688,568)	(656,247)
General and administrative	21	(380,760)	(382,261)	(531,527)	(528,563)
Other operating income (expenses), net	22	(157,517)	22,745	(130,211)	49,885
Equity accounting result	10	750,862	495,489	(69,635)	(73,260)
		(334,293)	(371,371)	(1,419,941)	(1,208,185)
Income before financial results and income tax and social contribution		1,173,151	1,401,001	1,388,700	1,629,201
Financial results					
Financial expenses	23	(622,567)	(892,247)	(868,270)	(969,697)
Financial income	23	303,100	609,043	665,347	664,798
Foreign exchange variation, net	23	(67,505)	(455,735)	(68,164)	(441,525)
Net effect of the derivatives	23	763,665	602,125	736,068	577,360
		376,693	(136,814)	464,981	(169,064)
Income before income and social contribution taxes		1,549,844	1,264,187	1,853,681	1,460,137
Income and social contribution taxes	15.a				
Current		(164,301)	(1)	(327,156)	(149,646)
Deferred		19,036	(251,696)	(121,858)	(298,001)
		(145,265)	(251,697)	(449,014)	(447,647)
Net income for the year		1,404,579	1,012,490	1,404,667	1,012,490
Attributable to:					
Company's controlling shareholders		1,404,579	1,012,490	1,404,579	1,012,490
Company's non-controlling shareholders		-	-	88	-
		1,404,579	1,012,490	1,404,667	1,012,490
Net earnings per common share:					
Basic and diluted	18.f			0.190	0.152

See the accompanying notes to the financial statements.

RAÍZEN ENERGIA S.A.

Statements of comprehensive income
Years ended March 31
(In thousands of Reais - R$)

	Parent company		Consolidated	
	2017	2016 (Restated)	2017	2016 (Restated)
Net income for the year	1,404,579	1,012,490	1,404,667	1,012,490
Comprehensive income				
Items that will not be reclassified to profit or loss				
Asset / liability valuation adjustment - Actuarial losses	(2,633)	(112)	(3,175)	(134)
Asset / liability valuation adjustment - Actuarial losses (reflected effect of subsidiaries)	(373)	(15)	-	-
Deferred taxes on adjustments (Note 15.b.3)	895	38	1,064	45
	(2,111)	(89)	(2,111)	(89)
Items may be reclassified to profit or loss				
Net result from financial instruments designated as -				
Hedge accounting (Note 24.e)	681,858	(771,555)	681,858	(771,555)
Effect of foreign currency translation - CTA	2,605	56	2,605	56
Deferred taxes on adjustments (Note 15.b.3)	(231,830)	262,344	(231,830)	262,344
	452,633	(509,155)	452,633	(509,155)
Other components of the comprehensive income for the year	450,522	(509,244)	450,522	(509,244)
Total comprehensive income for the year	1,855,101	503,246	1,855,189	503,246
Attributable to:				
Company's controlling shareholders	1,855,101	503,246	1,855,101	503,246
Company's non-controlling shareholders	-	-	88	-
	1,855,101	503,246	1,855,189	503,246

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 - R$)

	Attributed to the shareholders of Parent company										
		Capital reserves			Income reserves						
	Capital	Capital reserve	Goodwill special reserve	Asset / liability valuation adjustment	Tax incentive reserve	Legal	Profit retention	Retained earnings	Total	Non-controlling shareholders	Total equity
Balances at April 1, 2015, as disclosed before	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 amendments to IAS 16 / CPC 27 and IAS 41 / CPC 29	-	-	-	-	-	-	345	-	345	-	345
Balances at April 1, 2015 (restated)	4,923,054	849,427	243,111	15,248	30,256	50,111	664,347	-	6,775,554	-	6,775,554
Comprehensive income for the year											
Net income for the year (restated)	-	-	-	-	-	-	(173,154)	1,185,644	1,012,490	-	1,012,490
Equity evaluation adjustment - Hedge accounting (Note 24.e)	-	-	-	(509,211)	-	-	-	-	(509,211)	-	(509,211)
Effect of foreign currency translation - CTA	-	-	-	56	-	-	-	-	56	-	56
Equity evaluation adjustments - Actuarial liabilities	-	-	-	(89)	-	-	-	-	(89)	-	(89)
	-	-	-	(509,244)	-	-	(173,154)	1,185,644	503,246	-	503,246
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.ii)	-	-	-	-	139,885	-	-	(139,885)	-	-	-
Payment of dividends (Note 18.b.i)	-	-	-	-	-	-	(385,700)	-	(385,700)	-	(385,700)
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
Balance at March 31, 2016 (restated)	6,423,054	849,579	243,111	(493,996)	170,141	109,394	1,082,104	-	8,383,387	(963)	8,382,424
Comprehensive income for the year											
Net income for the year	-	-	-	-	-	-	-	1,404,579	1,404,579	88	1,404,667
Equity evaluation adjustment - Hedge accounting (Note 24.e)	-	-	-	450,028	-	-	-	-	450,028	-	450,028
Equity evaluation adjustments - Actuarial liabilities	-	-	-	(2,111)	-	-	-	-	(2,111)	-	(2,111)
Effect of foreign currency translation - CTA	-	-	-	2,605	-	-	-	-	2,605	-	2,605
	-	-	-	450,522	-	-	-	1,404,579	1,855,101	88	1,855,189
Contributions made by (distributions to) Company shareholders											
Effect on the acquisition of Fuels (Note 27.1.ii.a)	-	(38)	-	-	-	-	-	-	(38)	(88)	(126)
Redemption and allocation of dividends to holders of preferred shares (Note 18.b)	33,292	(3,531)	-	-	-	-	(2,420)	(29,151)	(1,810)	-	(1,810)
Formation of tax incentive reserve of subsidiaries (Note 18.d.ii)	-	-	-	-	65,316	-	-	(65,316)	-	-	-
Payment of dividends and interest on own capital (Note 18.b)	-	-	-	-	-	-	(639,000)	(200,000)	(839,000)	-	(839,000)
Minimum mandatory dividends (Note 18.b)	-	-	-	-	-	-	-	(12,485)	(12,485)	-	(12,485)
Formation of reserves (Note 18.b)	-	-	-	-	-	61,588	1,036,039	(1,097,627)	-	-	-
	33,292	(3,569)	-	-	65,316	61,588	394,619	(1,404,579)	(853,333)	(88)	(853,421)
Balance at March 31, 2017	6,456,346	846,010	243,111	(43,474)	235,457	170,982	1,476,723	-	9,385,155	(963)	9,384,192

See the accompanying notes to the financial statements.

RAÍZEN ENERGIA S.A.

Statements of cash flows - indirect method
Years ended March 31
(In thousands of Reais - R$)

	Parent company		Consolidated	
	2017	2016 Restated	2017	2016 Restated
Cash flow from operating activities				
Income before income and social contribution taxes	1,549,844	1,264,187	1,853,681	1,460,137
Adjustments:				
Depreciation and amortization	1,370,296	1,383,092	1,818,791	1,876,896
Gain arising from change in the fair value and realization of the capital gain or loss of biological assets	(272,992)	(318,224)	(304,621)	(375,582)
Equity accounting result of subsidiaries and associated companies	(750,862)	(495,489)	69,635	73,260
Capital gain due to dilution of corporate interest	(14,312)	(15,121)	(14,697)	(15,583)
Interest, monetary and exchange variations, net	355,409	1,149,406	409,920	1,180,716
Results determined in the retirement of fixed assets	(6,898)	(6,060)	1,979	9,255
Loss with commercial operations	19,349	16,756	16,741	59,464
Recognition of extempore credits	(10,219)	(34,945)	(6,737)	(38,406)
Formation of estimated loss for allowance for doubtful accounts, net	109	1,302	1,811	5,025
Formation of provision for legal disputes and contingencies, net	52,352	23,989	70,308	33,451
Unrealized loss (gain) on derivative operations	130,290	(1,143,718)	163,471	(1,115,465)
Formation (reversal) of estimated loss on realization and obsolescence of inventories	61,895	(392)	72,383	377
Formation (reversal) of estimated loss with investments, fixed and intangible assets, net	151,875	(1,497)	156,200	(1,869)
Income from investment subsidy - ICMS	-	-	(67,758)	(40,646)
Other	(2)	(8)	(24,327)	(65,821)
Changes in assets and liabilities				
Trade notes receivable from clients and advances from clients	59,222	(25,635)	146,600	(91,737)
Inventories	(104,420)	(37,808)	(160,803)	(74,186)
Restricted cash	623,635	(660,194)	588,321	(660,192)
Derivative financial instruments	637,343	560,385	616,172	560,384
Judicial deposits	(18,572)	(46,987)	(22,506)	(48,639)
Suppliers and advances to suppliers	(82,403)	241,951	(50,813)	173,497
Recoverable and payable taxes	(119,922)	(11,064)	(137,944)	13,807
Related parties	(82,966)	(303,769)	(322,820)	93,029
Provision for legal disputes	(18,103)	(5,655)	(32,615)	(12,435)
Payroll and related charges payable	(9,906)	56,410	(1,336)	40,579
Other assets and liabilities, net	(25,338)	(3,260)	30,558	39,404
Income and social contribution taxes on net income - paid	-	-	(75,050)	(36,137)
Net cash generated in operation activities	3,494,704	1,587,652	4,794,544	3,042,583
Cash flow from investment activities				
Acquisitions, net of cash acquired	(274)	-	(274)	-
Cash obtained from merger transaction	-	-	6,647	-
Additions to the investment	(206,502)	(819,457)	(144,709)	(48,513)
Additions to property, plant and equipment and intangible assets	(1,049,863)	(863,397)	(1,387,840)	(1,199,771)
Dividends received from subsidiaries	5,658	85,889	-	-
Cash received upon disposal of fixed assets	25,129	14,967	24,663	17,092
Additions to biological assets	(455,684)	(420,609)	(530,209)	(494,457)
Receipt of principal from loans and financing granted - intragroup	-	-	316,900	-
Interest received on PPE's granted - intragroup	-	-	59,547	22,090
Net cash used in investment activities	(1,681,536)	(2,002,607)	(1,655,275)	(1,703,559)
Cash flow from financing activities				
Capital contribution, including cash acquired	-	-	3,751	-
Loans and financing - third parties	90,217	685,045	2,526,974	1,461,957
Amortization of principal of loans and financing- third-parties	(383,059)	(1,154,693)	(3,432,129)	(2,693,820)
Payment of interest on loans and financing - third-parties	(377,766)	(408,352)	(651,257)	(678,540)
Financial investments linked to financing (Restricted cash)	-	-	10,413	(108)
Dividends paid	(976,285)	(311,766)	(976,285)	(311,766)
Amortization of PPE's principal obtained - intragroup	(646,664)	(709,882)	-	-
Amortizations of interest of PPEs obtained - intragroup	(76,439)	(159,957)	-	(22,827)
Asset management, net - intragroup	598,740	(537,029)	(135,706)	98,902
Net cash used in financing activities	(1,771,256)	(2,596,634)	(2,654,239)	(2,146,202)
Increase (decrease) in cash and cash equivalents, net	41,912	(3,011,589)	485,030	(807,178)
Cash and cash equivalents at the beginning of the year	506,602	3,543,766	2,987,675	3,795,287
Effect of exchange variation on cash and cash equivalents	7,338	(25,575)	(35,093)	(434)
Cash and cash equivalents at the end of the year	555,852	506,602	3,437,612	2,987,675

Supplementary information to the cash flow is shown in Note 28.

See the accompanying notes to the financial statements.

RAÍZEN ENERGIA S.A.

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

	Parent company		Consolidated	
	2017	2016 (Restated)	2017	2016 (Restated)
Income				
Gross sales of products and services	6,398,882	6,595,288	12,900,645	12,557,268
Sales returns, discounts and rebates	(8,878)	(6,303)	(11,257)	(10,198)
Formation of estimated loss for allowance for doubtful accounts, net	(109)	(1,302)	(1,811)	(5,025)
Other operating income (expenses), net	(5,642)	21,248	25,989	48,016
	6,384,253	6,608,931	12,913,566	12,590,061
Inputs acquired from third parties				
Costs of products sold and services provided	(2,079,593)	(2,210,932)	(6,124,579)	(5,981,389)
Materials, energy, outsourced services and other	(659,555)	(608,422)	(809,235)	(769,049)
Gain arising from change in the fair value and realization of the capital gain or loss of biological assets	272,992	318,224	304,621	375,582
Formation (reversal) of estimated loss with investments, fixed and intangible assets, net	(151,875)	1,497	(156,200)	1,869
Reversal (formation) of estimated loss for obsolescence of inventories	(61,895)	392	(72,383)	(377)
	(2,679,926)	(2,499,241)	(6,857,776)	(6,373,364)
Gross added value	3,704,327	4,109,690	6,055,790	6,216,697
Depreciation and amortization	(1,370,296)	(1,383,092)	(1,818,791)	(1,876,896)
Net added value produced	2,334,031	2,726,598	4,236,999	4,339,801
Added value received as transfers				
Equity in income of subsidiaries and associated companies	750,862	495,489	(69,635)	(73,260)
Financial income	303,100	609,043	665,347	664,798
Gain from foreign exchange changes	3,486	198,933	2,706	195,862
Gain on derivative operations	763,665	693,685	736,068	668,922
	1,821,113	1,997,150	1,334,486	1,456,322
Added value payable	4,155,144	4,723,748	5,571,485	5,796,123
Distribution of added value				
Personnel				
Direct remuneration	911,537	1,051,432	1,234,931	1,273,054
Benefits	222,840	128,579	276,800	236,691
FGTS	98,651	66,503	117,464	117,679
	1,233,028	1,246,514	1,629,195	1,627,424
Taxes, rates and contributions				
Federal	263,263	88,251	576,159	374,844
Deferred federal taxes	(19,036)	251,696	121,858	298,001
State	179,149	183,304	463,286	460,644
Municipal	6,364	1,936	8,158	2,572
	429,740	525,187	1,169,461	1,136,061
Third-party capital remuneration				
Financial expenses	622,567	892,247	868,270	969,697
Losses from foreign exchange changes	70,991	654,668	70,870	637,387
Losses on derivative operations	-	91,560	-	91,562
Rental and leases	394,239	301,082	429,110	321,502
	1,087,797	1,939,557	1,368,250	2,020,148
Remuneration of own capital				
Dividends and interest on own capital	211,636	9,865	211,636	9,865
Retained earnings	1,192,943	1,002,625	1,193,031	1,002,625
Minority interest in retained earnings	-	-	(88)	-
	1,404,579	1,012,490	1,404,579	1,012,490
Distributed added value	4,155,144	4,723,748	5,571,485	5,796,123

See the accompanying notes to the financial statements.

1. Operations

Raízen Energia S.A. ("Companhia", "Raízen Energia" ou "RESA") is a publicly-held company, enrolled in CVM (Securities Commission), category B. The address of its registered office is Av. Presidente Juscelino Kubitschek, 1327 - 5th floor - 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 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. 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, 2017, RESA and Wilmar International Limited created a joint venture named Raízen and Wilmar Sugar Pte. Ltd., or RAW, to meet growing global demand of VHP sugar from Brazil. RAW is a joint venture between Raízen and Wilmar (50% interest each), and will combine the strengths of the greatest Brazilian producer of VHP sugar with the greatest global trader of such commodity. All relevant regulatory approvals for establishing a joint venture were obtained.

During the years ended March 31, 2017 and 2016, the Company and its subsidiaries had the following corporate restructurings: i) downstream merger of Raízen Tarumã Ltda. ("Tarumã") into Raízen Paraguaçu Ltda. ("Paraguaçu"); ii) merger of Raízen Luxembourg S.A. ("Luxembourg") by Raízen Fuels Finance S.A. ("Fuels"); and iii) corporate restructuring involving net assets relating to the electricity cogeneration activity. Details of these transactions are described in Note 27.

2. Significant accounting policies

2.1. Preparation basis

The individual and consolidated financial statements have been prepared and is being presented in conformity with accounting practices adopted in Brazil, which include the Brazilian Corporation Law ("LSA"), the 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") and evidence all relevant information of the financial statements, and only them, is consistent with those used by Management in its Administration.

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 International Financial Reporting Standards (IFRS) do not require the submission of this statement. Accordingly, in conformity with IFRS, this statement is presented as supplementary information, without prejudice to financial statements as a whole.

The relevant information on the financial statements, and only these, are being evidenced and are the same as those employed by Company Management in Company's administration.

The issue of financial statements was authorized by the Management on June 14, 2017.

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 certain assets and liabilities such as financial instruments (including derivative instruments) 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 financial statements have been translated into Reais based on the foreign exchange rate in effect at the end of the year and the results were calculated by the average monthly rate during the year. Translation effects are recognized in 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 at the reporting date.

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, when applicable, 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. When applicable, 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 and income (loss) and comprehensive income 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 Açúcar e Álcool Ltda. ("Centroeste") and Raízen Caarapó, joined a tax incentive program in the form of financing of a portion of the ICMS due. The use of these investment grants is conditioned on compliance with all the obligations established under the program, which are controlled by the Company.

The income from these incentives is recorded in the statement of income for the year, as disclosed in Note 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. In addition, the Company recognized deferred taxes based on temporary differences determined based on tax basis and book value of certain assets and liabilities, using prevailing rates. 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 balance sheet 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
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 7.

Beginning as of year ended March 31, 2017, agricultural products' fair value started to substantially approximate fair value of biological asset realization, mainly due to the fact that cash flows quantity declined, and to the fact that only annual assumptions are used and long-term assumptions are no longer used for calculation of biological assets' fair value after adoption of changes in rules mentioned in Note 2.3.

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 annually tests the recoverable values of goodwill and intangible assets with indefinite useful lives. Fixed and intangible assets with defined life that are subject to depreciation and amortization are tested to for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
The determination of the recoverable value 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 legal disputes
The Company and its subsidiaries recognize a provision for tax, civil, environmental and labor contingencies. 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 balance sheet cannot be obtained from active markets, it is determined by using valuation techniques, including the discounted cash flow method. The data for these methods are based on those adopted by the market, when possible. However, when such data are not available, a certain level of judgment is required to establish the fair value. Judgment includes considerations on the data utilized, such as liquidity risk, credit risk and volatility. Changes in the assumptions related to these factors can affect the fair value presented for the financial instruments. For more details on financial instruments, see Note 24.

2.2. Basis of consolidation

The consolidated financial statements include the financial statements of Raízen Energia and its subsidiaries in the years ended March 31, 2017 and 2016. The direct and indirect subsidiaries are listed below:

	2017		2016	
	Direct	**Indirect**	**Direct**	**Indirect**
Agrícola Ponte Alta Ltda. (Note10.d.i)	91.21%	8.79%	99.99%	0.01%
Agropecuária Santa Hermínia Ltda.	-	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 S.A. (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%	-	-	100.00%
Raízen Tarumã Ltda. (iv)	-	-	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 e Wilmar Açúcar Ltda. (v)	99.00%	1.00%	99.00%	1.00%
Raízen Biogás Ltda. (vi)	99.90%	0.10%	-	-
Raízen Biogás SPE Ltda. (vi)	99.90%	0.10%	-	-

(i) Company dissolved on August 22, 2016, which assets, in the amount of R$ 34,111, was transferred to the parent company Paraguaçu with consequent write-off of the investment.
(ii) Company acquired on July 29, 2016 (Note 27.1.ii).
(iii) Company incorporated on September 15, 2016 by Fuels.
(iv) Company incorporated on June 1, 2016 by Paraguaçú.
(v) Previously named Raízen Açúcar Ltda.
(vi) Companies established on May 24 and October 31, 2016, respectively, with the main purpose of producing and trading industrial biogas, organic-mineral fertilizer and electricity from sugarcane waste.

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 required, adjustments are made to align the accounting policies with those of the Company.

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 shareholders in 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 assumed 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 and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes 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. Non-controlling interests to be recognized are determined for each acquisition carried out.

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 as bargain purchase.

2.3. Restatement of values from prior years

2.3.1. Changes in accounting policies due to the adoption of amendments in accounting standards

The Company adopted amendments to IAS 16 - Property and equipment (CPC 27) and IAS 41 - Agriculture (CPC 29) standards as of April 1, 2016. With such changes, bearer biological assets, in case of the Company, sugarcane roots are out of IAS 41 / CPC 29 scope and must be accounted for in accordance with IAS 16 / CPC 27, that is, cost less accumulated depletion and possible impairment loss. Consumable biological asset, in case of the Company, such as sugar cane, is measured at fair value and continues in the scope of IAS 41 / CPC 29.

The transition date of said standards was April 1, 2014, the beginning of the earliest comparative period of the financial statements, since the Company discloses three years of results in its annual financial statements filed in Security Exchange Commission (“SEC”) due to Rule 3-09 applicable to Cosan shareholder’s need. The Company decided to adopt the deemed cost to fixed assets on the transition date.

The impacts on the Company’s balance sheets on March 31, 2016 and April 1, 2015, and in the statement of income for the year ended March 31, 2016 and statements of added value for the year ended March 31, 2016, are as follow:

(i) Balance sheet

	Parent company					
	March 31, 2016			April 1, 2015		
	As previously disclosed	Adjustments in adoption of IAS 16/CPC 27 and IAS 41/CPC 29	Restated	As previously disclosed	Adjustments in adoption of IAS 16/CPC 27 and IAS 41/CPC 29	Restated
Assets						
Biological assets (Note 7)	-	829,317	829,317	-	506,004	506,004
Other	3,764,184	-	3,764,184	6,743,116	-	6,743,116
Current assets	3,764,184	829,317	4,593,501	6,743,116	506,004	7,249,120
Deferred income and social contribution taxes (Note 15)	180,678	77,183	257,861	252,186	(5,011)	247,175
Investments (note 10)	4,781,965	(22,983)	4,758,982	3,989,382	(9,382)	3,980,000
Biological assets	2,132,422	(2,132,422)	-	1,662,597	(1,662,597)	-
Property, plant and equipment (Note 11)	3,796,144	1,076,096	4,872,240	3,861,330	1,171,331	5,032,661
Other	4,324,676	-	4,324,676	3,267,795	-	3,267,795
Non-current assets	15,215,885	(1,002,126)	14,213,759	13,033,290	(505,659)	12,527,631
Total assets	18,980,069	(172,809)	18,807,260	19,776,406	345	19,776,751
Total liabilities	10,423,873	-	10,423,873	13,001,197	-	13,001,197
Equity						
Profit reserve	1,534,448	(172,809)	1,361,639	744,369	345	744,714
Other	7,021,748	-	7,021,748	6,030,840	-	6,030,840
Total equity	8,556,196	(172,809)	8,383,387	6,775,209	345	6,775,554
Total liabilities and equity	18,980,069	(172,809)	18,807,260	19,776,406	345	19,776,751

	Consolidated					
	March 31, 2016			April 1, 2015		
	As previously disclosed	Adjustments in adoption of IAS 16/CPC 27 and IAS 41/CPC 29	Restated	As previously disclosed	Adjustments in adoption of IAS 16/CPC 27 and IAS 41/CPC 29	Restated
Assets						
Biological assets (Note 7)	-	973,373	973,373	-	595,200	595,200
Other	6,201,276	-	6,201,276	6,605,724	-	6,605,724
Current assets	6,201,276	973,373	7,174,649	6,605,724	595,200	7,200,924
Deferred income and social contribution taxes (Note 15)	186,665	89,023	275,688	299,314	(177)	299,137
Investments (note 10)	210,425	-	210,425	210,586	-	210,586
Biological assets	2,463,488	(2,463,488)	-	1,959,859	(1,959,859)	-
Property, plant and equipment (Note 11)	7,537,931	1,228,284	8,766,215	7,615,059	1,365,181	8,980,240
Other	6,183,588	(1)	6,183,587	5,055,795	-	5,055,795
Non-current assets	16,582,097	(1,146,182)	15,435,915	15,140,613	(594,855)	14,545,758
Total assets	22,783,373	(172,809)	22,610,564	21,746,337	345	21,746,682
Total liabilities	14,228,140	-	14,228,140	14,971,128	-	14,971,128
Equity						
Profit reserve	1,534,448	(172,809)	1,361,639	744,369	345	744,714
Other	7,020,785	-	7,020,785	6,030,840	-	6,030,840
Total equity	8,555,233	(172,809)	8,382,424	6,775,209	345	6,775,554
Total liabilities and equity	22,783,373	(172,809)	22,610,564	21,746,337	345	21,746,682

(ii) Statement of income for the year

	From April 1, 2015 to March 31, 2016					
	Parent company			Consolidated		
	As previously disclosed	Adjustments in adoption of IAS 16/CPC 27 and IAS 41/CPC 29	Restated	As previously disclosed	Adjustments in adoption of IAS 16/CPC 27 and IAS 41/CPC 29	Restated
Net operating revenue	6,322,344	-	6,322,344	11,867,088	-	11,867,088
Costs of products sold and services provided (Note 21)	(4,308,226)	(241,746)	(4,549,972)	(8,767,347)	(262,355)	(9,029,702)
Gross income	2,014,118	(241,746)	1,772,372	3,099,741	(262,355)	2,837,386
Operating expenses (Note 10)	(357,769)	(13,602)	(371,371)	(1,208,185)	-	(1,208,185)
Financial income (loss)	(136,814)	-	(136,814)	(169,064)	-	(169,064)
Income before income and social contribution taxes	1,519,535	(255,348)	1,264,187	1,722,492	(262,355)	1,460,137
Income and social contribution taxes (Note 15.a)	(333,891)	82,194	(251,697)	(536,848)	89,201	(447,647)
Net income for the year	1,185,644	(173,154)	1,012,490	1,185,644	(173,154)	1,012,490

(iii) Statement of added-value

	From April 1, 2015 to March 31, 2016					
	Parent company			Consolidated		
	As previously disclosed	Adjustments in adoption of IAS 16/CPC 27 and IAS 41/CPC 29	Restated	As previously disclosed	Adjustments in adoption of IAS 16/CPC 27 and IAS 41/CPC 29	Restated
Income	6,610,428	-	6,610,428	12,591,930	-	12,591,930
Inputs acquired from third parties	(2,258,992)	(241,746)	(2,500,738)	(6,112,878)	(262,355)	(6,375,233)
Gross added value	4,351,436	(241,746)	4,109,690	6,479,052	(262,355)	6,216,697
Depreciation and amortization	(1,383,092)	-	(1,383,092)	(1,876,896)	-	(1,876,896)
Net added value produced	2,968,344	(241,746)	2,726,598	4,602,156	(262,355)	4,339,801
Added value received as transfers	2,010,752	(13,602)	1,997,150	1,456,322	-	1,456,322
Added value payable	4,979,096	(255,348)	4,723,748	6,058,478	(262,355)	5,796,123
Distribution of added value						
Personnel	1,246,514	-	1,246,514	1,627,424	-	1,627,424
Taxes, rates and contributions	607,381	(82,194)	525,187	1,225,262	(89,201)	1,136,061
Third-party capital remuneration	1,939,557	-	1,939,557	2,020,148	-	2,020,148
Remuneration of own capital	1,185,644	(173,154)	1,012,490	1,185,644	(173,154)	1,012,490
Distributed added value	4,979,096	(255,348)	4,723,748	6,058,478	(262,355)	5,796,123

The impacts on the statements of comprehensive income and changes in equity is limited to the net effect of aforementioned income for the year. The impacts on the statements of cash flows are restricted to the reclassification between the captions of operating activities, without, however, affecting the subtotals of operating, investing and financing activities.

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.

a) Revenue recognition

Revenues from sales of products or goods, including sales in the foreign market made by RESA's 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 income is deferred are recorded within Other obligations and accounted as income upon transfer of significant risks and goods of ownership to the client or provision of the service itself.

The income from the sale of the electric power co-generated is recorded based on the energy available in the network and the tariffs specified in the supply agreements, or the current market price, according to each case. Due to the billing flow, 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 etc.), 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 (the real) 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 balance sheet 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 Finance income (losses), unless they qualify as hedge accounting, in which case they are recognized in Statement of 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
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 liabilities 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 include 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 measured at fair value through profit or loss, except for those designated as hedging instruments, which are recognized in shareholders' 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 income (loss).

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 income (loss) 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 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 balance sheet dates, whether there is any evidence that determines that a financial asset or group of financial assets is impaired. The Company assesses, at the balance sheet 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, including derivatives classified as effective hedge instrument, as the case may be or amortized cost. 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 listed 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 and foreign exchange variation and variations arising from measurement at fair value, when applicable, are recognized in statement of 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.

Interest payments on loans and financing are classified as cash flows from financing activities.

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
ssets and liabilities are presented net in the balance sheet 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 balance sheet 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 provided 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, prices of commodities and 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 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 nature 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 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.

In practice, main hedges that meet accounting hedge criteria are 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 (loss), while any ineffective portion is recognized directly in financial income (loss).

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 book value 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 statement of income. 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 (loss) 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 cost of acquisition or production, not exceeding net realizable 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.

The estimated losses 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
Raízen Group, in which the Company is inserted, 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 Group's companies, applicable to the Company, we emphasize:

(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 this 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 PPE agreements. Such agreements are formalized backed by sufficient export volumes to pay off the amounts under the agreements.

These operations are presented in the statement of cash flows from investment when granted (outflow of funds) and when received (inflow of funds) in the statement of cash flows for financing.

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 companies and subsidiaries (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 balance sheet 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 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 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 balance sheet 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 value 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 recognizes investment at fair value.

Unrealized results from operations between the Company and its associated companies and joint ventures are eliminated in proportion to the Company’s interest. 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 crops are 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 in Statement of Income under "Cost of products sold" caption.

Any land belonging to the Company itself and its subsidiaries in which the biological asset is produced is recorded as Property, plant and equipment caption.

h) Property, plant and equipment

Property, plant and equipment items, sugarcane planting included, 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 loan costs on qualifiable 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, 2017 and 2016 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:

	Average annual interest	
Class of fixed assets	**2017**	**2016**
Buildings and improvements	2%	2%
Machinery, equipment and facilities	5%	5%
Furniture and fixtures	10%	10%
IT equipment	21%	18%
Vehicles, vessels and aircraft	8%	7%
Sugarcane planting	20%	20%

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 charges 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 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.

The goodwill is measured at cost, less possible impairment losses, when applicable, and the accounting test is carried out at least every year. 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 business 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, 2017 and 2016 the annual weighted average amortization rates are as follows:

Class of intangible assets	Average annual interest
Software license	20%
Agricultural partnership agreements	9%
Sugarcane supply agreements	10%
Public concession rights of use	20%
Technology	10%
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 an asset's loss of value. In the event such indicators are identified, the Company estimates the asset's recoverable value. 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 book value of an asset exceeds its recoverable value, 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 cost or revenue for pension plans.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are stated directly in equity as other comprehensive income, when they occur.
Past costs of services are immediately recognized in the income figures.

The Company recognizes an estimated loss 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 equity or comprehensive income, when applicable. In that case, the tax is also recorded in 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 balance sheet 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 balance sheet 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 assets 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

The capital is comprised of common and preferred shares. Incremental expenses attributed directly to share issues, if any, are shown as a deduction from 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 have no voting rights and 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 by-laws 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, 2017. Early adoption of standards, although accepted by the IASB, is not permitted in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

IFRS 9 (CPC 48) Financial Instruments

IFRS 9 (CPC 48) includes new models for the classification and measurement of financial instruments and measurement of expected credit losses for financial and contractual assets, and new requirements on hedge accounting.

IFRS 9 (CPC 48) becomes effective for annual periods starting on or after January 1, 2018 (in the case of the Group, as from April 1, 2018) and replaces guidelines of IAS 39 (CPC 38) - Financial Instruments: Recognition and measurement (CPC 38). Early adoption of the standard is permitted only for financial statements in accordance with IFRS.

The effective impact of the adoption of IFRS 9 (CPC 48) on the Group's financial statements for 2018/19 crop cannot be estimated with confidence, as it will depend on the financial instruments held by the Group and the economic conditions in such years, as well as accounting decisions and judgment calls that the Group will make in the future. The new standard will require the Group to review its accounting procedures and internal controls related to the classification and measurement of financial instruments, and these changes are not yet finalized. However, the Group conducted a preliminary assessment of the potential impact of adopting IFRS 9 (CPC 48) based on its position at March 31, 2017 and the hedge relationships in 2017/18 crop in the scope of IAS 39 (CPC 38). Outcome of this evaluation is indicated in items below.

The Group will adopt IFRS 9 (CPC 48) in its financial statements for year ending March 31, 2019 and is evaluating the possibility of using prospective or retrospective approach, as is also evaluating if any practical device will be applicable to its operations and whether these will be used upon its adoption.

(i) **Classification - Financial assets**

IFRS 9 (CPC 48) contains a new approach to financial asset classification and measurement that reflects the business model in which the assets are managed and their cash flow characteristics.

IFRS 9 (CPC 48) contains three main classification categories for financial assets: measured at amortized cost, at fair value through other comprehensive income (FVTOCI) and at fair value through profit or loss (FVTPL). The standard eliminates the categories existing in IAS 39 (CPC 38) of held-to-maturity, loans and receivables, and available for sale.

Based on its preliminary assessment, the Group does not consider that the new classification requirements, if applied at March 31, 2017, would have a significant impact on the accounting of interest earning bank deposits, restricted cash, trade receivable from clients, derivative financial instruments, related parties and other financial assets.

On March 31, 2017, the Group had no equity investments classified as available for sale. Upon adoption of IFRS 9 (CPC 48), in case the Group has assets that may be classified as such, the Group may then decide to classify them as VJORA or VJR.

(ii) **Impairment - Financial and contractual assets**

IFRS 9 (CPC 48) replaces the "incurred losses" model of IAS 39 (CPC 38) with a prospective "expected credit losses" model. This will require a relevant judgment as to how changes in economic factors affect the expected credit losses, which will be determined based on weighted probabilities.

The new model of expected losses will be applied to financial assets measured at amortized cost or VFTOCI, with the exception of investments in equity instruments and contractual assets.

According to IFRS 9 (CPC 48), the provisions for expected losses will be measured on one of the following bases:

- Expected credit losses for 12 months, i.e., credit losses that result from potential delinquency events within 12 months after the reporting date; and
- Lifetime expected credit losses, i.e., credit losses that result from all possible delinquency events over the expected life of a financial instrument.

The measurement of lifetime expected credit losses applies if the credit risk of a financial asset at the reporting date has increased significantly since its initial recognition, and the 12-month credit loss measurement applies if the risk has not increased significantly since its initial recognition. An entity may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk on the reporting date. However, the measurement of lifetime expected credit losses always applies to trade accounts receivable and contractual assets without a significant financing component; an entity may opt to apply this policy also to trade accounts receivable and contractual assets with a significant financing component.

The Group believes that impairment losses tend to increase and become more volatile for assets in IFRS 9 (CPC 48) model, in case economic environment in which the Group's clients are inserted does not recover or remain at levels below Investment Level.
The Group has not yet finalized the methodology for impairment that it will apply under IFRS 9 (CPC 48), thus, no quantitative estimate was determined.

(iii) Classification - Financial liabilities

IFRS 9 (CPC 48) retains a large part of the requirements of IAS 39 (CPC 38) for the classification of financial liabilities.

However, according to IAS 39 (CPC 38), all changes in fair value of the liabilities designated as FVTPL are recognized in Income, whereas, according to IFRS 9 (CPC 48), these changes in fair value are generally reported as follows:

- the amount of the change in fair value that is attributable to changes in the credit risk of the financial liability is presented in OCI; and
- the remaining amount of the change in fair value is presented in income (loss).

As of March 31, 2017, the Group has designated certain the derivatives at fair value to hedge derivative financial instruments, reducing the accounting mismatch of the valuation of the jointly traded instruments. In the Group's preliminary evaluation, we understand that impacts from Group's own credit risk tend to be immaterial due to the fact that the Group has a low risk rating and a low volatility. relations with financial entities with good reputation in the market and small credit risk, and if the Group's credit risk does not significantly change. Accordingly, at the moment, no relevant impacts are expected on ORA, which, according to IAS 39 (CPC 38), are recognized in income (loss).

(iv) Hedge accounting

In the initial application of IFRS 9 (CPC 48), the Group may choose, as the accounting policy, to continue to apply the hedge accounting requirements of IAS 39 (CPC 38) instead of the new requirements of IFRS 9 (CPC 48). The Group's current plan is to opt to apply the requirements of IFRS 9 (CPC 48).

IFRS 9 (CPC 48) will require the Group to assure that hedge accounting relationships are aligned with the Group's risk management objectives and strategies, and that the Group applies a more qualitative and forward-looking approach to assessing the effectiveness of the hedge. IFRS 9 (CPC 48) also introduces new requirements for rebalancing hedging relationships and prohibits the voluntary discontinuation of hedge accounting. According to the new model, it is likely that more risk management strategies, particularly those of a hedge of a risk component (other than foreign currency risk) of a non-financial item, may qualify for hedge accounting. Currently, the Group does not hedge such risk components.

The Group uses forward foreign exchange contracts to hedge the variability of cash flows arising from changes in foreign exchange rates relating to loans, receivables, sales and purchases of inventories in foreign currency.

The Group is making a preliminary analysis of main impacts of IFRS 9 (CPC 48) on hedging transactions and, now, we are aware that possible new assignments may be made, mainly those that are in compliance with our risk management policies and that did not qualify for hedging relations due to effectiveness percentages provided for in IAS 39 (CPC 38) and deleted from IFRS 9 (CPC 48) scope.

(v) **Disclosures**

IFRS 9 (CPC 48) will require extensive new disclosures, specifically regarding hedge accounting, credit risk and expected credit losses. The Group is making a preliminary evaluation and will be prepared to meet new IFRS 9 (CPC 48) requirements upon its adoption.

IFRS 15 (CPC 47) - Income from Contracts with Clients (CPC 47)

IFRS 15 (CPC 47) introduces a comprehensive framework for determining whether and when income is recognized. IFRS 15 (CPC 47) will become effective for annual periods starting on or after January 1, 2018 (in case of Raízen, beginning as of April 1, 2018) and will replace current guidelines for recognition of revenue in IAS 18- Revenues, IAS 11 - Construction Contracts and IFRIC 13 - Client Loyalty Programs. Early adoption of the standard is permitted only for financial statements in accordance with IFRS.

The Group will adopt IFRS 15 (CPC 47) in its financial statements for year ending March 31, 2019 and is evaluating if it will use prospective or retrospective approach, as well as if some practical device will be applicable to its operations and if they will be used upon adoption.

The Group concluded an initial evaluation of possible impact of IFRS 15 (CPC 47) adoption on its financial statements, as follows:

(i) **Sale of products**

For sales of sugar and ethanol, income is currently recognized when the goods are delivered to the client's location or removed by them in Group's warehouses, considered as the time when the client accepts the goods and the risks and benefits related to ownership are transferred. Income is recognized at this time, provided that the income and costs can be measured reliably, receipt of consideration is probable, and there is no continuous involvement of Management with the products.

According to IFRS 15 (CPC 47), income must be recognized when the client obtains control of the products. Accordingly, relevant changes in measurement and recognition of income are not expected with adoption of mentioned new accounting rule.

(ii) **Sale of electricity**

The revenue from the sale of the electric power is currently 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.

In accordance with IFRS 15 (CPC 47), relevant changes in measurement and recognition of income from sale of electric power are not expected, since, currently, revenues are already recognized when clients obtain control over electric power made available in electric network.

(iii) Returns from clients

After the client formally confirms receipt of products, when quality of products is measured and accepted, there are no negotiations that would allow the client to return merchandise. So, currently, there is no recognition of returns that may be made by clients in the future.

IFRS 16 Leases

IFRS 16 introduces a single model for accounting of leases in the balance sheet for leaseholders. A leaseholder recognizes an asset of right of use which represents its right to use the leased asset and a lease liability which represents its obligation to make lease payments. Optional exemptions are available for short-term leases and low value items. The lessor's accounting remains similar to the current standard, that is, lessors continue to classify leases as financial or operating.

IFRS 16 replaces the existing lease standards, including the IAS 17 Leases and IFRIC 4, SIC 15 and SIC 27 Supplementary aspects of lease transactions.

The standard will become effective for annual periods starting on or after January 1, 2019 (in the case of the Raízen, as from April 1, 2019). The early adoption is only permitted for financial statements in accordance with IFRSs andonly to entities that adopt IFRS 15 (CPC 47) Income from Agreements with Clients on or before the date of first adoption of IFRS 16.

The Group started an initial evaluation of possible impact on its financial statements. Up to now, the most significant impact identified is that the Group will recognize new assets and liabilities for operating leases from land, machinery and vehicles. In addition, nature of expenses related to these leases will be changed, as IFRS 16 replaces linear operating lease expenses by expenses with depreciation of right of use and interest on lease liabilities. The Group has not decided if it will use optional exemptions.

There are no IFRS or IFRIC interpretations other than the aforementioned, that are not yet effective and that are expected to have a significant impact on the Company.

The Accounting Pronouncement Committee has not yet issued any accounting pronouncement or amendments in current pronouncements corresponding to the new IFRS 16.

3. Cash and cash equivalents

	Parent company		Consolidated	
	2017	2016	2017	2016
Funds in banks and in cash	15,055	349,672	309,961	591,953
Values awaiting foreign exchange closure (1)	171,674	83,330	171,674	84,599
Interest earning bank deposits:				
Investment Funds (2)	-	4,028	838,512	1,693,807
Bank deposit certificate (CDB) and commitments (3)	368,544	67,390	2,116,886	437,174
Time deposit (4)	-	-	-	177,953
Other investments	579	2,182	579	2,189
	555,852	506,602	3,437,612	2,987,675
Domestic (domestic currency)	455,688	157,004	3,057,125	2,225,218
Abroad (foreign currency) (Note 24.d)	100,164	349,598	380,487	762,457
	555,852	506,602	3,437,612	2,987,675

(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 balance sheet date, and also refer to foreign funds intended to settle debts related to export performance.

(2) Refer to investment in fixed income funds managed by first-class financial institutions, divided into quotas with daily earnings and liquidity. As of March 31, 2017, the average yield on investment funds was 99.4% of the Interbank Deposit Certificate (CDI) (99.6% in 2016).

(3) Refer to fixed income investments such as CDBs (Bank Certificates of Deposits) and Repurchase Agreements in first-class financial institutions and that yield on average 101.1% of the CDI (101.3% in 2016) with daily yield and liquidity.

(4) Refer to interbank deposits in the overseas market. Are subject to fixed terms and are not negotiable to maturity. These are held in prime line institutions, have an average 10-day term. As of March 31, 2016, the average remuneration of such deposits corresponded to 0.43% per annum in foreign currency.

4. Restricted cash

	Parent company		Consolidated	
	2017	2016	2017	2016
Financial investments linked to financing (1)	-	-	47,206	52,455
Short-term investments related to derivative operations (Note 24.g) (2)	28,246	107,582	28,246	107,582
Margin on derivative operations (Note 24.g) (3)	122,821	651,450	158,748	651,450
	151,067	759,032	234,200	811,487
Domestic	28,246	107,582	75,452	160,037
Abroad	122,821	651,450	158,748	651,450
	151,067	759,032	234,200	811,487

(1) Correspond to LFTs (*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. As of March 31, 2017 and 2016, such securities had an average remuneration of 100.1% of CDI.

(2) Refer to short-term investments such as CDBs and overseas public bonds with first-class financial institutions, employed in transactions with derivative financial instruments. As of March 31, 2017, the average yield on such investments was equivalent to 101.2% (101.1% in 2016).

(3) Margin deposits in derivative operations refer to margin requirements by counterparts in transactions with derivative instruments, and are exposed to US dollar exchange fluctuations (Note 24.g).

5. Trade accounts receivable

	Parent company		Consolidated	
	2017	**2016**	**2017**	**2016**
Domestic	95,116	131,616	257,901	363,943
Abroad	22,967	2,749	140,499	118,907
Estimated loss from allowance for doubtful accounts	(3,778)	(3,669)	(26,470)	(25,055)
	114,305	130,696	371,930	457,795

The Company did not assign any notes as collateral. The maximum exposure to credit risk on the balance sheet 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	
	2017	**2016**	**2017**	**2016**
Falling due	105,723	128,694	271,216	351,900
Overdue - in days				
Up to 30	5,592	1,505	94,895	21.973
31-90	2,928	365	4,214	45,985
91-180	63	66	212	40,517
>180	3,777	3,735	27,863	22,475
	12,360	5,671	127,184	130,950
	118,083	134,365	398,400	482,850

The estimated loss in allowance for doubtful accounts was estimated based on credit risk analysis, which contemplates loss history, individual situation of clients, situation of the corporate group to which they belong, real guarantees for debts and the assessment of the legal advisors. Allowance for doubtful accounts is considered sufficient by Company's Management to cover possible losses on amounts receivable; changes are as follows:

	Parent company	Consolidated
March 31, 2015	(7,318)	(25,196)
Estimated loss	(1,301)	(5,026)
Write-off	4,950	4,950
Foreign exchange variation	-	217
March 31, 2016	(3,669)	(25,055)
Estimated loss	(533)	(3,211)
Write-off	424	1,401
Foreign exchange variation	-	395
March 31, 2017	(3,778)	(26,470)

On March 31, 2017, the Company had R$ 122,317 and R$ 177,816 (R$ 66,833 and R$ 105,912), in the Company and consolidated, respectively, recorded in current liabilities in the item Advances from clients, which refer, substantially, to the receipts of customers abroad for the acquisition of sugar.

6. Inventories

	Parent company		Consolidated	
	2017	2016	2017	2016
Finished goods:				
Sugar	143,549	23,928	204,923	40,460
Ethanol	189,109	136,818	327,489	242,773
Work in process	2,965	17,897	4,695	31,276
Storeroom and others	143,586	153,947	187,146	203,631
Estimated loss with obsolescence and realization of inventories	(62,568)	(7,921)	(77,207)	(12,720)
	416,641	324,669	647,046	505,420

The changes in estimated loss for net realizable value and obsolescence is as follows and was calculated in the statement of income under the caption Cost of products sold and services rendered:

	Parent company	Consolidated
March 31, 2015	(8,313)	(12,343)
Estimated loss	-	(377)
Reversal	392	-
March 31, 2016	(7,921)	(12,720)
Estimated loss (1)	(61,895)	(72,384)
Reversal	7,248	7,897
March 31, 2017	(62,568)	(77,207)

(1) On March 31, 2017, amount recorded as estimated losses refer mainly to impairment losses with ethanol inventories.

7. Biological assets

The Company's biological assets correspond to the agricultural products under development (standing-sugarcane) produced in sugarcane plantations, which will be used as a raw material for the production of sugar, ethanol and bioenergy at the time of harvest. Fair value is evaluated using the discounted cash flow method. Valuation model considers present value of cash flows to be generated, including

two-year projections, that is, for 2017/18 and 2018/19 crops depending on which crop sugarcane is expected to be harvested.

Planted areas refer only to sugarcane plantations, and do not consider planted land and sugarcane roots. The following assumptions were used in the determination of the fair value:

	Parent company		Consolidated	
	2017	**2016**	**2017**	**2016**
Estimated harvest area (hectares)	360,732	371,904	415,095	427,768
Productivity expected (tons of sugar-cane per hectare)	76.70	79.37	77.06	80.04
Amount of ATR (kg)	132.30	130.19	132.30	130.12
Average ATR price per Kg projected (R$/Kg)	0.70	0.63	0.70	0.63

Cash flows were discounted at 6.08% (7.48% in 2016) which is the WACC (Weighted Average Capital Cost) of the Company.

The Company periodically reviews assumptions used to calculate biological assets, adjusting it in case there are significant variations in relation to those previously projected. In the year ended March 31, 2017, the need to review the assumptions was identified, chiefly due to growing ATR (weighted average of all cash flows of R$ 0.63/kg as of March 31, 2016 to R$ 0.70/kg as of December 31, 2016, was maintained in the same level as of March 31, 2017), pursuant to sugar price and US dollar market expectations.

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

	Parent Company	Consolidated
Balance at March 31, 2015 (Restated)	506,004	595,200
Additions of cultural treatments (1)	437,642	515,437
Absorption of harvested sugar-cane costs	(434,788)	(515,289)
Change in fair value	280,702	336,035
Realization of fair value	36,860	39,093
Transfers and restatements	2,897	2,897
Balance at March 31, 2016 (Restated)	829,317	973,373
Additions of cultural treatments (1)	468,118	545,134
Absorption of harvested sugar-cane costs	(464,868)	(547,109)
Change in fair value	565,581	652,984
Realization of fair value	(292,348)	(348,061)
Balance at March 31, 2017	1,105,800	1,276,321

(1) The expenses include the amounts of R$ 12,434 and R$ 14,925 (R$ 17,033 and R$ 20,980 in 2016), Parent Company and Consolidated, arising from the depreciation of agricultural assets which make up the cost of biological assets.

Fair value estimate could increase (decrease) if:

- Estimated ATR price were higher (lower);
- Estimated productivity (tons per hectare and ATR quantity) were higher (lower);
- Discount rate were lower (higher)

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 sugar and alcohol industry and therefore in Companies operating income 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).

8. Other financial assets

	Parent company		Consolidated	
	2017	2016	2017	2016
Credits from indemnity suits (1)	496,779	826,233	496,779	828,250
National Treasury Certificates (CTN) (2)	721,526	613,970	737,088	627,219
Other	1	1	1	1
	1,218,306	1,440,204	1,233,868	1,455,470
Current	(11,048)	(10,028)	(11,048)	(10,028)
Non-current	1,207,258	1,430,176	1,222,820	1,445,442

(1) Receivables from legal disputes 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 9.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%.

As of December 28, 2016, by means of the indenture for assignment of receivables, RESA performed with third parties the credits from indemnity suits of Açucareira Corona S.A., for the amount of R$ 233,570. The negotiated amount was received on January 6, 2017, and passed on, on the same date, to the shareholder Cosan. Such transactions neither did nor will produce impact on the RESA's income (loss).

(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.

9. Related parties

a) Summary of related party balances (8)

	Parent company		Consolidated	
	2017	2016	2017	2016
Assets				
Asset management (1)				
Raízen Combustíveis and its subsidiaries	339,404	12,114	339,404	12,114
Raízen Centroeste Açúcar e Álcool Ltda.	6,561	215,844	-	-
Benálcool Açúcar e Álcool Ltda.	309	32,894	-	-
Raízen Tarumã Ltda.	-	299,699	-	-
Agrícola Ponte Alta Ltda.	-	8,169	-	-
Other	1,172	8,314	-	-
	347,446	577,034	339,404	12,114
Debentures (2)				
Raízen Combustíveis S.A. and its subsidiaries	-	270,567	206,916	270,567
Commercial operations (3)				
Raízen Combustíveis and its subsidiaries	22,826	31,312	180,291	43,748
Nova América Agrícola Caarapó Ltda.	-	-	102,289	74,645
Agroterenas S.A.	85	-	49,183	26,669
Grupo Rumo / ALL	26,679	20,423	26,828	20,819
Philipinas Shell Petroleum Corp.	-	-	4,241	5,958
Cosan S.A. Indústria e Comércio	3,623	5,855	3,623	6,680
Raízen International Universal Corporation	202,282	243,067	-	-
Raízen Trading LLP	3,755	48,397	-	-
Other	30,352	22,311	10,779	6,894
	289,602	371,365	377,234	185,413
Financial operations (4)				
Raízen Combustíveis and its subsidiaries	-	-	2,355,347	1,128,585
Corporate restructuring				
Logum Logística S.A.	1,714	-	1,714	-
Framework operations (6)				
Cosan S.A. Indústria e Comércio	435,806	266,960	488,047	310,039
Other	58	23	58	23
	435,864	266,983	488,105	310,062
	1,074,626	1,485,949	3,768,720	1,906,741
Current assets	(760,909)	(1,056,483)	(758,803)	(244,095)
Non-current assets	313,717	429,466	3,009,917	1,662,646

	Parent company		Consolidated	
	2017	2016	2017	2016
Liabilities				
Asset management (1)				
Raízen Combustíveis and its subsidiaries	96,583	313	96,582	313
Agrícola Ponte Alta Ltda.	26,181	-	-	-
Bioenergia Barra Ltda. and its subsidiaries	16,179	34,969	-	-
Raízen Caarapó Açúcar e Álcool Ltda.	16,402	350	-	-
Teas Terminal Exportador de Alcool de Santos Ltda.	9,225	36,042	-	-
Other	1,554	-	-	-
	166,124	71,674	96,582	313
Commercial operations (3)				
Agroterenas S.A.	-	-	17,568	43,725
Cosan S.A. Indústria e Comércio	17,073	5,579	18,410	5,590
Nova América Agrícola Caarapó Ltda.	-	-	19,299	17,963
Propriedades Agrícola Radar and its subsidiaries	12,431	4,336	12,431	4,336
Nova América Agrícola Ltda.	-	-	9,172	26,077
Grupo Rumo / ALL	8,117	18,975	8,250	21,134
Raízen Combustíveis and its subsidiaries	3,760	29,907	4,984	50,894
Cosan Lubrificantes e Especialidades	2,577	3,575	3,162	4,657
Comgás Companhia de Gás de São Paulo	309	3,644	309	3,644
Nova America Terras Ltda.	-	-	616	1,054
Iogen Energy Corporation	107	4,511	107	4,511
Agrícola Ponte Alta Ltda.	5,784	-	-	-
Bioenergia Barra Ltda. and its subsidiaries	3,933	3,892	-	-
Raízen Paraguaçu Ltda.	2,897	10,782	-	-
Raízen Araraquara Açucar e Álcool Ltda.	1,165	3,063	-	-
Raízen Tarumã Ltda.	-	6,543	-	-
Other	4,819	8,811	1,017	22,852
	62,972	103,618	95,325	206,437
Financial operations (4)				
Raízen Fuels Finance S.A.	1,203,365	-	-	-
Raízen Luxembourg S.A.	-	1,348,865	-	-
Raízen Energy Finance Limited	-	735,962	-	-
Other	5,322	9,672	5,322	9,672
	1,208,687	2,094,499	5,322	9,672
Corporate restructuring (5)				
Logum Logística S.A.	61,457	-	61,457	-
Uniduto Logística S.A.	14,281	-	14,281	-
Centro de Tecnologia Canavieira S.A.	-	593	-	609
	75,738	593	75,738	609
Framework operations (6)				
Cosan S.A. Indústria e Comércio	677,629	947,386	793,283	1,059,048
Preferred shares (7)				
Cosan S.A. Indústria e Comércio	60,008	89,762	60,008	89,762
Shell Brazil Holding B.V.	-	3,538	-	3,538
	60,008	93,300	60,008	93,300
	2,251,158	3,311,070	1,126,258	1,369,379
Current liabilities	(360,739)	(957,163)	(325,168)	(256,300)
Non-current liabilities	1,890,419	2,353,907	801,090	1,113,079

(1) Asset management
On March 31, 2017, the amounts recorded in assets of R$ 347,446 and R$ 339,404 (R$ 557,034 and R$ 12,114 in 2016), parent company and consolidated, respectively, is related to resources made available to the companies as a form of asset managements. The Company recorded financial income on these operations in the amount of R$ 19,044 and R$ 12,420 (R$ 186,146 and R$ 52,299 in 2016) parent company and consolidated, respectively, due to financial cash management, under the terms of the asset management agreement. The reduction in the Parent company's balance during the year is mainly related to the payment made by Tarumã in May 2016, due to the merger of the company by Paraguaçu in the amount of R$ 299,699, and to the payment made by Centroeste in the amount of R$ 209,283.

On March 31, 2017, the amounts recorded in liabilities, R$ 166,124 and R$ 96,583 (R$ 71,674 and R$ 313 in 2016), parent company and consolidated, respectively, are related to funds received from the companies as a form of financial fund management. The Company recorded financial expenses on these operations in the amounts of R$ 41,212 and R$ 14,129 (R$ 96,511 and R$ 7,058 in 2016), parent company and consolidated, respectively, due to financial cash management, under the terms of the asset management agreement.

(2) Debentures
On March 31, 2017, the amounts recorded in assets of zero and R$ 206,916 (R$ 270,567 in 2016), Parent Company and consolidated, respectively, is related to the following transactions:

i) On December 28, 2016 Petróleo Sabbá S.A. ("Sabbá") settled the private debenture entered into on September 11, 2015 with RESA, in the amount of R$ 301,372, of which R$ 250,000 as principal and R$ 51,372 as interest.

ii) Also on December 28, 2016, a new issuance of debentures between Centroeste and Sabbá was carried out by means of a Private Deed of the 1st Issue of Simple Debentures of Sabbá, whereby 200 simple, non-convertible, unsecured debentures were issued in a single series, with a unit par value of R$ 1,000, totaling R$ 200,000. The debentures have a term of 5 years and will mature on December 28, 2021. The principal value will be restated at 110% of the CDI. In the year ended March 31, 2017, the Company recoded financial income in the amount of R$ 6,916.

(3) Commercial operations
On March 31, 2017, the amounts recorded in assets of R$ 289,602 and R$ 377,234 (R$ 371,365 and R$ 185,413 in 2016), Parent Company and Consolidated, respectively, are related to business transactions involving the sale of products, such as: sugar, ethanol and other materials as well as advances for purchase of sugarcane.

On March 31, 2017, the amounts recorded in liabilities of R$ 62,972 and R$ 95,325 (R$ 103,618 and R$ 206,437 in 2016), Parent Company and Consolidated, respectively, are related to business transactions involving the rendering of services and purchase of products such as: sugar, cane, diesel oil and ethanol.

(4) Financial operations
On March 31, 2017, the amount recorded in consolidated assets is related mainly to export prepayment ("PPE") agreements, in the amount of R$ 2,355,347 (R$ 1,128,585 in 2016), equivalent to US$ 569 million and € 166 million. The variation of R$ 1,226,762 for the year refers to:
(i) R$ 316,900, corresponding to US$ 100 million, PPE that Raízen Combustíveis settled with Fuels on January 25, 2017;

(ii) R$ 1,692,611, corresponding to US$ 527 million related to the corporate restructuring of Fuels, as described in Note 27.ii. The amounts of PPE's will be settled as follows:

- US$ 219 million on April 27, 2020. Said contract is subject to quarterly Libor interest plus annual fixed interest of 1.69%, resulting in effective average interest rate of 2.84% p.a.

- US$ 350 million on January 20, 2027. Said contract is subject to North-American dollar exchange rate variation plus annual interest of 5.49%.

- € 66 million, on October 15, 2021. The mentioned agreement yields 3.09% in pre-fixed annual interest.

- € 40 million, on January 20, 2022. Said contract is subject to quarterly Libor interest plus annual fixed interest of 2.21%, resulting in effective average interest rate of 1.88% p.a.

- € 60 million, to be settled on January 21, 2022. Said contract is subject to quarterly Libor interest plus annual fixed interest of 2.50%, resulting in effective average interest rate of 2.17% p.a.

On March 31, 2017, the amounts recorded in liabilities are substantially related to export prepayment ("PPE") agreements, in the amounts of R$ 1,208,687 and R$ 5,322 (R$ 2,094,499 and R$ 9,672 in 2016), Parent Company and Consolidated, respectively. On January 25, 2017, the Parent Company settled the amount of R$ 646,657, equivalent to US $ 204 million, on which annual interest of 7.0% was charged.

The main remaining balance in the amount of R$ 1,203,365, Parent company, equivalent to US$ 381 million, will be settled as follows:

- US$ 231 million on April 27, 2020. Said contract is subject to quarterly Libor interest plus annual fixed interest of 1.69%, resulting in effective average interest rate of 2.84% p.a.

- US$ 150 million on January 20, 2027. Said contract is subject to quarterly Libor interest plus annual fixed interest of 1.69%, resulting in effective average interest rate of 2.84% p.a.

(5) Corporate restructuring
As at March 31, 2017, the amounts recorded in liabilities, Parent Company and Consolidated, refer to the capital subscription that RESA has to pay to its associated companies Logum Logística S.A and Uniduto Logística S.A., in the amounts of R$ 61,457 and R$ 14,281, respectively. The period for paying-in the capital is December 31, 2017.

(6) Framework agreement
As of March 31, 2017, the sums recorded in assets and liabilities are related to amounts spent or payable, fully reimbursable, due to the formation of Raízen Group. Main changes occurred during the year were:

(i) assets - RESA and Paraguaçu recorded balances re-collectible from Cosan in the amounts of R$ 154,182 and R$ 9,594, respectively, related to the recognition of tax debts in the scope of the tax recovery program (REFIS IV), Law No. 11.941/09, approved by the Brazilian government.

(ii) liabilities - On December 28, 2016, the Company entered into an agreement for the assignment of claims for indemnification shares to third parties in the amount of R$ 140,833, whose the face value was R $ 233,570. The Company received and passed on the same amount to the shareholder on 6 January 2017, see Note 8.

(7) Preferred shares
The balance of preferred shares payable, recorded in liabilities, is related to:

- tax benefits to be reimbursed to Cosan, when effectively utilized by the Company, determined based on NOLs and tax benefits on goodwill amortization ("GW") of prior years, before the establishment of Raízen Group.

- amount generated on the merger of Ispagnac Participações Ltda. ("IPL") by Raízen Energia Participações S.A. ("REPSA") and subsequently by the Company, 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 holder.

In the Special Shareholders' Meeting held on July 29, 2016, the Company' shareholders discussed and approved dividends to holders of preferred shares of R$ 2,420, as follow: (i) R$1,332 to holders of preferred shares class B, to be fully credited to shareholder Cosan; and (ii) R$ 7 and R$ 1,081 to holders of Class C and D preferred shares, respectively, to be credited to shareholder Shell. All payments were made on September 28, 2016.

In the year ended March 31, 2017, the Company allocated to dividends the entire amount of outstanding Class C preferred shares, belonging to Shell, to be paid during year ending March 31, 2018, in the amount of R$ 3,531. In addition, RESA proposed destination of R$ 28,422 of dividends to holders of Class B preferred shares payable to Cosan.

The reduction in the balance refers to dividend payments during the year ended March 31, 2017 and 2016, as described in Note 18.a and 18.b.

(8) Foreign exchange exposure
As of March 31, 2017, net values recorded with related parties that presented foreign exchange exposure correspond to (R$ 1,002,032) and R$ 2,483,722 [(R$ 1,807,357) and R$ 1,083,422 in 2016], Parent company and Consolidated, respectively.

b) Summary of related-party transactions (4)

	Parent company		Consolidated	
	2017	**2016**	**2017**	**2016**
Sale of products				
Raízen International Universal	3,531,136	2,093,316	-	-
Raízen Combustíveis S.A. and its subsidiaries	465,590	439,097	2,016,786	1,238,434
Raízen Trading LLP. and subsidiaries	458,157	285,171	-	-
Shell Trading US Company	-	-	154,278	67,728
Philipinas Shell Petroleum	-	-	86,081	99,736
Raízen Tarumã Ltda.	1,342	44,917	-	-
Other	27,224	23,710	7,254	54,534
	4.483.449	2.886.211	2.264.399	1.460.432
Purchases of goods and services				
Shell Trading US Company	-	-	(621,445)	-
Raízen Combustíveis S.A. and its subsidiaries	(439,199)	(414,955)	(499,023)	(474,626)
Grupo Rumo / ALL (i)	(323,027)	(304,076)	(355,845)	(352,144)
Raízen Araraquara Açúcar e Álcool Ltda.	(61,328)	(32,955)	-	-
Terminal Exportador de Álcool de Santos Ltda.	(24,281)	(24,694)	-	-
Raízen Paraguacu Ltda.	(15,374)	(97,365)	-	-
Agroterenas S.A.	-	-	(279,953)	(248,133)
Nova América Agrícola Caarapó Ltda.	-	-	(199,587)	(110,230)
Nova América Agrícola Ltda.	-	-	(160,919)	(182,914)
Cosan Lubrificantes e Especialidades S.A.	(18,430)	(18,927)	(22,978)	(24,137)
Other	(50,351)	(72,934)	(62,129)	(13,831)
	(931,990)	(965,906)	(2,201,879)	(1,406,015)
Renewed collection of shared expenses (1)				
Raízen Combustíveis S.A. and its subsidiaries	148,270	125,489	148,270	125,488
Companhia de Gás de São Paulo	31,104	26,264	31,104	26,264
Grupo Rumo / ALL (i)	27,375	13,380	27,375	13,380
Raízen Centroeste Açúcar e Álcool Ltda.	7,537	7,539	-	-
Raízen Araraquara Açúcar e Álcool Ltda.	6,015	5,399	-	-
Cosan S.A. Indústria e Comércio	4,335	3,954	4,335	3,954
Raízen Tarumã Ltda.	2,330	23,888	-	-
Other	47,816	22,486	9,900	7,688
	274,782	228,399	220,984	176,774
Land leases (2)				
Radar Group (iii)	(83,480)	(60,177)	(83,480)	(60,177)
Grupo Aguassanta (ii)	(27,063)	(26,803)	(27,063)	(26,803)
Grupo Tellus	(25,116)	(16,232)	(25,116)	(16,232)
Grupo Janus	(16,491)	(7,636)	(16,491)	(7,636)
	(152.150)	(110.848)	(152.150)	(110.848)
Net financial results (3)				
Raízen Luxembourg S.A.	107,114	(162,192)	-	-
Raízen Energy Finance Limited	43,562	(256,434)	-	-
Raízen Combustíveis S.A. and its subsidiaries	31,375	(164,228)	19,992	(28,100)
Raízen International Universal	(55,922)	(66,281)	-	-
Raízen Centroeste Açúcar e Álcool Ltda.	(6,090)	(26,129)	-	-
Raízen Araraquara Açúcar e Álcool Ltda.	(3,455)	(14,970)	-	-
Shell Finance B.V.	(3,970)	(5,478)	(3,970)	(5,478)
Agroterenas S.A.	-	-	3,148	3,397
Nova América Agrícola Caarapó Ltda.	-	-	10,299	9,318
Raízen Tarumã Ltda.	3,264	94,608	-	-
Raízen Trading LLP.	(8,791)	11,956	-	-
Other	(13,398)	(11,531)	(3,523)	(2,125)
	93,689	(600,679)	25,946	(22,988)

(i) The term Grupo Rumo (Rumo Group) 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., 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 (PPE).

(4) Transactions with related parties are entered into under reasonable and cumulative conditions, in line with those prevailing in the market or that the Company would contract with third parties.

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

	Parent company		Consolidated	
	2017	**2016**	**2017**	**2016**
Current assets				
Other financial assets (Note 8)	11,048	10,028	11,048	10,028
Other credits (i)	34,665	22,803	41,153	28,309
	45,713	32,831	52,201	38,337
Non-current assets				
Judicial deposits (Note 16)	85,328	76,334	192,570	178,608
Other financial assets (Note 8)	485,731	816,205	485,731	818,222
Other credits (i)	60,857	22,016	62,781	23,881
	631,916	914,555	741,082	1,020,711
Total assets	677,629	947,386	793,283	1,059,048
Current liabilities				
Taxes payable	23	21	2,939	3,491
Other liabilities (ii)	123,780	109,563	136,374	120,777
	123,803	109,584	139,313	124,268
Non-current liabilities				
Taxes payable (ii)	157,383	140	169,747	4,379
Provision for legal disputes (Note 16)	154,620	157,236	178,987	181,392
	312,003	157,376	348,734	185,771
Total liabilities	435,806	266,960	488,047	310,039

(i) Refers substantially to legal expenses receivable from the shareholder.

(ii) Refers substantially to tax credits to be reimbursed to the shareholder.

d) Other significant information involving related parties

Committed Back-up Credit Facility Agreement
The Company is a beneficiary of a US$ 700 millions Revolving Committed Back-up Credit Facility Agreement granted by Shell Finance (Netherlands) B.V. and Cosan S.A. Indústria e Comércio. Until the closing of the year ended on March 31, 2017 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 statutory directors and members of the Board of Directors that is recognized in the statement of profit or loss is as follows:

	2017	2016
Regular remuneration	(46,983)	(42,362)
Bonuses and other variable compensation	(45,207)	(63,461)
Total compensation	(92,190)	(105,823)

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, 2017, RCSA reimbursed RESA the Company for all the structure shared, including the key management personnel and other employees, totaling R$ 71,909 (R$ 55,868 in 2016).

10. Investments

a) Parent company

				Investments (1)			Equity pick-up on subsidiaries	
	Country	Business	Percentage of Interest	2017	2016 (Restated)	April 1, 2015 (Restated)	2017	2016 (Restated)
Book value								
Agrícola Ponte Alta Ltda.	Brazil	Ethanol trade	91.21%	956,282	869,307	792,932	93,926	76,533
Benálcool Açúcar e Álcool Ltda.	Brazil	Holding	99.99%	212,504	46,832	20,868	129,420	9,907
Centro de Tecnologia Canavieira S.A.	Brazil	P&D	19.04%	105,145	86,024	68,574	4,105	1,795
Raízen Caarapó Açúcar e Álcool Ltda.	Brazil	Sugar and ethanol plant	31.48%	199,188	176,735	-	22,629	11,364
Raízen Centroeste Açúcar e Álcool Ltda.	Brazil	Ethanol plant	47.37%	872,794	784,459	784,423	88,847	76,978
Logum Logística S.A. (9)	Brazil	Logistics	21.28%	62,906	53,687	64,370	(35,074)	(46,829)
Raízen Araraquara Açúcar e Álcool Ltda. (3)	Brazil	Sugar and ethanol plant	99.99%	799,979	737,520	700,029	56,087	37,494
Raízen Luxembourg S.A. (7)	Luxembourg	Financing	100.00%	-	3,900	1,012	1,137	2,812
Raízen Fuels Finance S.A. (8)	Luxembourg	Financing	100.00%	30,475	-	-	14,870	-
Raízen International Universal Corporation	British Virgin Islands.	Sugar trade	100.00%	-	-	19,142	-	(13,511)
Raízen Energy Finance Ltd.	Cayman Islands	Financing	100.00%	31,055	37,741	38,441	(2,654)	(5,003)
Raízen Paraguaçu Ltda. (3) (5)	Brazil	Sugar and ethanol plant	99.99%	844,851	-	-	150,755	-
Raízen Tarumã Ltda. (3) (4)	Brazil	Sugar and ethanol plant	99.99%	-	697,235	579,887	19,968	131,497
TEAS - Terminal Exportador de Alcool de Santos Ltda.	Brazil	Port Terminal	99.99%	109,958	106,432	68,975	3,561	37,816
Bionergia Barra Ltda.	Brazil	Co-generation of energy	99.99%	999,092	758,637	425,111	242,952	259,057
Uniduto Logística S.A. (6)	Brazil	Logistics	46.48%	15,773	12,740	30,587	(38,783)	(25.514)
Other	-	-	-	-	-	-	-	(2,757)
Sub-total				5,240,002	4,371,249	3,594,351	751,746	551,639
Goodwill on investment:								
Benálcool Açúcar e Álcool Ltda.			99.99%	49,202	49,202	49,202	-	-
Raízen Araraquara Açúcar e Álcool Ltda.			99.99%	197,013	197,013	197,013	-	-
Raízen Tarumã Ltda.			99.99%	92,379	92,379	92,379	-	-
Uniduto Logística S.A.			46.48%	5,676	5,676	5,676	-	-
Centro de Tecnologia Canavieira S.A.			19.04%	45,514	43,463	41,379	-	-
Sub-total				389,784	387,733	385,649	-	-
Total investments				5,629,786	4,758,982	3,980,000	751,746	551,639
Provision for negative equity in subsidiaries and associated companies (2)								
Raízen International Universal Corporation	British Virgin Islands.	Ethanol and sugar trade	100.00%	(38,888)	(43,205)	-	(884)	(56,150)
Unimodal Ltda.	Brazil	Logistics	53.17%	(1,923)	(1,923)	(1,923)	-	-
Other	Brazil	-		(2)	(2)	(1)	-	-
Total provision for negative equity				(40,813)	(45,130)	(1,924)	(884)	(56,150)
							750,862	495,489

(1) Investments accounted for under the equity method; (2) Classified under non-current liabilities under "Other liabilities"; (3) On March 31, 2017, the balances of investments include allocated portion of goodwill produced by the merger of Curupay and the acquisition of Usina Zanin, amounting to R$ 115,251 and R$ 55,391 (negative) (R$ 124,868 and R$ 49,971 (negative) in 2016, respectively. The amortization of capital gain of such allocations, classified in the Parent Company as a result of equity income (loss) totaled R$ 9,616 and R$ 5,600 (R$ 11,205 and R$ 7,278 in 2016), respectively; (4) Company merged on June 1, 2016 by Paraguaçú; (5) Interest acquired after merger of Tarumã. See further details on Note 27; (6) In March 31, 2017, investment balance includes the amount of R$14,281 (zero in 2016), referring to capital contributions, according to note 9a.5; (7) Company incorporated on September 15, 2016 by Fuels. See further details in Note Nota 27.1.ii; (8) Company acquired on July 29, 2016. For further details see Note 27.1.ii, and (9) As of March 31, 2017, the estimated impairment loss is included in the investment, see Note 10.d.ii.

(b) Consolidated

				Investments (1)		Equity pick-up on subsidiaries	
	Country	Business	Percentage of Interest	2017	2016	2017	2016
Book value							
Centro de Tecnologia Canavieira S.A.	Brazil	P&D	19.58%	108,128	88,483	4,222	1,840
Logum Logística S.A. (4)	Brazil	Logistics	21.28%	62,906	53,687	(35,074)	(46,829)
Uniduto Logística S.A. (3)	Brazil	Logistics	46.48%	15,773	12,740	(38,783)	(25,514)
Other	-	-	-	-	-	-	(2,757)
Sub-total				186,807	154,910	(69,635)	(73,260)
Investment goodwill (2)							
Uniduto Logística S.A.			46.48%	5,676	5,676	-	-
Centro de Tecnologia Canavieira S.A.			19.58%	51,946	49,839	-	-
Sub-total				57,622	55,515	-	-
Total investments				244,429	210,425	(69,635)	(73,260)

(1) Investments accounted for under the equity method; (2) Goodwill on acquisition and transfer of shares; (3) On March 31, 2017, investment balance includes the amount of R$14,281 (zero in 2016), referring to capital contributions, according to Note 9a.5; and (4) As of March 31, 2017, the estimated impairment loss was included in the investment, see Note 10.d.ii.

Changes in interest in subsidiaries and associated companies:

	Parent company	Consolidated
Balance at March 31, 2015 (Restated)	3,980,000	210,586
Equity pick-up on subsidiaries	551,639	(73,260)
Additions to the investment	217,965	48,914
Investment goodwill	2,084	8,458
Transfer - negative equity	(7,928)	-
Dividends declared	(6,762)	-
Capital gain due to dilution of corporate interest	15,121	15,583
Other	6,863	144
Balance at March 31, 2016 (Restated)	4,758,982	210,425
Equity pick-up on subsidiaries	751,746	(69,635)
Additions to investments (Note 10.d.i)	286,438	219,838
Write-off (Note 27.2.ii)	(4,555)	-
Estimated investment impairment loss (Note 10.d.ii)	(131,792)	(131,792)
Dividends declared	(43,890)	-
Capital gain on dilution of ownership interest (Note 10.d.i)	14,312	14,697
Other	(1,455)	896
Balance at March 31, 2017	5,629,786	244,429

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

	Parent company	Consolidated
Balance at March 31, 2015	(1,924)	(2,653)
Equity pick-up on subsidiaries	(56,150)	-
Consolidation addition - control obtained over Unimodal Ltda.	-	2,653
Effect of foreign currency translation - CTA	5,016	-
Transfers and restatements	7,928	-
Balance at March 31, 2016	(45,130)	-
Equity pick-up on subsidiaries	(884)	-
Effect of foreign currency translation - CTA	5,201	-
Balance at March 31, 2017	(40,813)	-

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

c) Summarized financial information of associated companies considering Asset / liability valuation adjustments, when applicable.

- March 31, 2017

	Logum Logística S.A. (1)/(2)	Uniduto Logística Ltda. (1)/(2)	Centro de Tecnologia Canavieira S.A. (2)/(4)	Iogen Energy Corporation (3)
Assets	2,603,854	32,818	824,612	29,855
Liabilities	(1,689,053)	(30,791)	(272,381)	(248,287)
Equity	914,801	2,027	552,231	(218,432)
Net operating revenue	123,871	-	120,917	-
Net income (loss) for the period	(162,633)	(83,387)	20,945	(1,505)

- 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	29,436	695,961	39,950
Liabilities	(2,236,615)	(3,068)	(265,120)	(293,184)
Equity	268,436	26,368	430,841	(253,234)
Net operating revenue	120,041	-	78,332	-
Net income (loss) for the period	(234,147)	(55,943)	3,021	(4,972)

(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 form a estimated loss 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) 2017 transactions

i) Additions to the investment

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

During the year ended on March 31, 2017 capital increases by the Company were resolved and approved totaling R$ 809,000. The amounts subscribed by Company in these operations totals R$ 176,086, of which R$ 114,629 paid-in in cash, and R$ 61,457 recorded as capital to be paid-in recognized in Related Parties, in current liabilities, which shall be paid-in until December 31, 2017.

At the end of this operation, the Company started to hold direct and indirect ownership interests of 21.28% and 26.23%, respectively, in Logum (20% and 24.65% in 2016).

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

Uniduto is Logum shareholder and became liable, by means of the commitments provided for in the Shareholders' Agreements and the announcements of subscriptions for capital increase of Logum, to pay-in the amount of R$ 88,043, in the year ended March 31, 2017.
In these operations, RESA subscribed the amount of R$ 40,922, pursuant to its interest, of which R$ 26,641 paid-in in cash, and R$ 14,281 recorded as capital to be paid-in in Related Parties, in current liabilities, which shall be paid-in until December 31, 2017.

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

Capital increase at Fuels

On July 29, 2016, the Company, by means of a corporate restructuring, acquired a 96.11% interest in Fuels through its subsidiary Luxembourg in the amount of R$ 4,555. This transaction was carried out at book value and generated a capital loss in the amount of R$ 38, recorded under Capital reserve.

On September 15, 2016, the Company acquired the remaining interest of 3.89%, in the amount of R$ 274, from RCSA. For further details, see Note 27.ii.a.

On March 17, 2017, a R$ 10,885 capital contribution was made in this subsidiary, equivalent to US$ 3,502 thousand, fully subscribed and paid-in.

Capital increase in Benálcool Açúcar e Álcool Ltda.

On May 19, 2016 the Company made a capital contribution to this subsidiary in the amount of R$ 51,000 , fully subscribed and paid-in in domestic currency.

Centro de Tecnologia Canavieira ("CTC")

a) Capital increase

During the Board of Directors' Meeting held on December 12, 2016 a R$ 98,802 capital increase was approved by members of CTC's Board of Directors, through an issue of 41,869 new common shares. The amount underwritten and paid in by the Company in this transaction totaled R$ 2,754, equal to 1,157 common shares. Hence, the Company recognized investment and goodwill totaling R$ 704 and R$ 2,050 respectively in the item Investments.

As provided in the CTC share underwriting agreement entered into between the shareholders in the CTC control block and BNDESPar, in this transaction Company and all other shareholders waived 89.83% of their pre-emptive rights to underwrite CTC shares to BNDES. Hence, its ownership interest in the capital of this investee dropped from 19.93% to 19.04%, thus creating a R$ 14,312 capital gain by diluting the corporate interest, stated in the item Other operating revenue (expenses), net (Note 22).

During the year ended March 31, 2017, the amounts of R$ 593 and R$ 609 were paid, Parent Company and Consolidated, respectively, according to the Shareholders' Meeting, on February 24, 2016.

b) Capital increase by subsidiary Paraguaçu

At CTC's capital increase on December 12, 2016, as shown above, Paraguaçu subscribed and paid-up R$ 76, corresponding to 32 common shares. Hence, Paraguaçú recognized investment and goodwill totaling R$ 19 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), Paraguaçu reduced its ownership interest in CTC from 0.57% to 0.54%, thus creating a R$ 385 capital gain by diluting the corporate interest, stated in the item Other operating (expenses) revenue, net (Note 22).

Capital increase in Agrícola Ponte Alta by the subsidiary Raízen Araraquara

On December 20, 2016, the subsidiary Araraquara subscribed 80,000,000 new shares issued in the amount of R$ 80,000, which were paid-up on February 2, 2017. The Company renounced its subscription right, now holding a 91.21% interest in Agrícola Ponte Alta, while Raízen Araraquara now holds 8.79%.

ii) Analysis of investment impairment losses

According to accounting test of investment recoverability at Logum pursuant to IAS 36 - Impairment of Assets and IAS 28 - Investments in Associates and Joint Ventures, on March 31, 2017, the Company recognized estimated impairment losses with Logum's investment in income for the year, in the amount of R$162,384, being R$131,792 accounted for in caption Other operating expenses, net (Note 22), referring to direct interest of 21.3% in Logum, and R$30,592 accounted for as equity in investees, referring to RESA's indirect interest of 4.9% in Logum via Uniduto.

Current infrastructure of Logum project is the backbone of the next business plan stages, which will increase volumes as system gains capillarity, connecting ethanol producers and consumers. However, for accounting test on March 31, 2017, we considered that it would be appropriate to use only current project stage cash flow, net of financial debts, without considering future stages and synergies that may be generated in the future. To the extent that investments are made in new project stages, accounting test will be remade and may indicate reversal of provision already recognized.

e) 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. Thus, 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.

11. Property, plant and equipment

a) Parent company

	Lands and rural properties	Buildings and improvements	Machinery, equipment and facilities	Aircrafts, vessels and vehicles	Furniture, fixtures and IT equipment	Works in progress	Frequently replaced parts and accessories	Sugarcane roots	Other	Total
Cost:										
As of April 1, 2015 (Restated)	9,329	617,415	3,478,259	433,022	112,238	446,274	862,997	3,196,934	20,675	9,177,143
Additions (1)	-	-	13,564	2,408	270	246,835	407,880	224,006	-	894,963
Write-offs	-	(132)	(34,702)	(16,142)	(2,300)	-	-	-	(1)	(53,277)
Transfer between cost and depreciation	-	-	-	-	-	-	(455,765)	-	-	(455,765)
Transfers	-	67,893	312,123	34,638	18,172	(444,893)	-	26,618	578	15,129
Estimated loss (3)	-	-	1,668	(3)	(168)	-	-	-	-	1,497
As of March 31, 2016 (Restated)	9,329	685,176	3,770,912	453,923	128,212	248,216	815,112	3,447,558	21,252	9,579,690
Additions (1)	-	641	13,250	10,763	394	288,389	481,920	288,885	-	1,084,242
Write-offs	-	(34)	(61,509)	(19,736)	(2,379)	-	-	-	(1,587)	(85,245)
Transfer between cost and depreciation	-	-	-	-	-	-	(480,476)	-	-	(480,476)
Transfers (2)	-	26,778	166,944	35,195	20,265	(260,498)	-	-	46	(11,270)
Estimated loss (3)	-	(33)	(19,166)	(206)	(678)	-	-	-	-	(20,083)
March 31, 2017	9,329	712,528	3,870,431	479,939	145,814	276,107	816,556	3,736,443	19,711	10,066,858
Accumulated depreciation:										
As of April 1, 2015 (Restated)	-	(191,437)	(1,195,965)	(187,200)	(68,009)	-	(455,765)	(2,025,603)	(20,503)	(4,144,482)
Depreciation expense for the year	-	(19,475)	(176,828)	(27,932)	(13,467)	-	(480,476)	(345,859)	(186)	(1,064,223)
Write-offs	-	117	30,125	13,283	1,964	-	-	-	1	45,490
Transfer between cost and depreciation	-	-	-	-	-	-	455,765	-	-	455,765
Transfers	-	(138)	3,815	(3,415)	(262)	-	-	-	-	-
As of March 31, 2016 (Restated)	-	(210,933)	(1,338,853)	(205,264)	(79,774)	-	(480,476)	(2,371,462)	(20,688)	(4,707,450)
Depreciation expense for the year	-	(22,998)	(183,418)	(25,543)	(15,043)	-	(343,417)	(363,632)	(320)	(954,371)
Write-offs	-	34	52,717	14,694	2,254	-	-	(4,273)	1,588	67,014
Transfer between cost and depreciation	-	-	-	-	-	-	480,476	-	-	480,476
Transfers (2)	-	(258)	4,825	(4,525)	380	-	-	-	16	438
March 31, 2017	-	(234,155)	(1,464,729)	(220,638)	(92,183)	-	(343,417)	(2,739,367)	(19,404)	(5,113,893)
Net residual value:										
March 31, 2017	9,329	478,373	2,405,702	259,301	53,631	276,107	473,139	997,076	307	4,952,965
As of March 31, 2016 (Restated)	9,329	474,243	2,432,059	248,659	48,438	248,216	334,636	1,076,096	564	4,872,240
As of April 1, 2015 (Restated)	9,329	425,978	2,282,294	245,822	44,229	446,274	407,232	1,171,331	172	5,032,661

(1) As of March 31, 2017, such additions include the amount of R$ 39,360 (36,645 in 2016), arising from depreciation and amortization of the assets of the agricultural area, which are part of the cost of property, plant and equipment.
(2) As of March 31, 2017, refers to transfers of intangible assets, specially related to software license. As of March 31, 2016, included 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.
(3) Refers to estimated net loss of fixed assets, recognized in the income (loss) under "Other operating revenue (expenses), net" (Note 22).

b) Consolidated

	Lands and rural properties	Buildings and improvements	Machinery, equipment and facilities	Aircrafts, vessels and vehicles	Furniture, fixtures and IT equipment	Works in progress	Frequently replaced parts and accessories	Sugarcane roots	Other	Total
Cost:										
As of April 1, 2015 (Restated)	35,211	1,062,302	7,273,719	533,766	134,983	898,734	1,118,980	3,774,268	40,406	14,872,369
Additions (1)	-	-	26,667	2,699	279	441,406	528,873	249,478	-	1,249,402
Write-offs	-	(133)	(62,895)	(17,715)	(2,074)	-	-	-	(1)	(82,818)
Transfer between cost and depreciation	-	-	-	-	-	-	(596,376)	-	-	(596,376)
Transfers	-	188,479	485,431	35,449	23,423	(743,961)	-	26,618	638	16,077
Estimated loss (3)	-	-	1,659	(4)	(174)	388	-	-	-	1,869
Other	-	-	-	-	132	-	-	-	-	132
As of March 31, 2016 (Restated)	35,211	1,250,648	7,724,581	554,195	156,569	596,567	1,051,477	4,050,364	41,043	15,460,655
Additions (1)	-	913	23,410	1,402	1,324	456,190	626,859	332,365	-	1,442,463
Write-offs	-	(34)	(78,807)	(33,082)	(2,455)	(1,694)	-	-	(1,590)	(117,662)
Transfer between cost and depreciation	-	-	-	-	-	-	(611,755)	-	-	(611,755)
Transfers (2)	-	51,516	329,683	30,703	21,968	(439,168)	-	-	(6,040)	(11,338)
Estimated loss (3)	-	(33)	(21,317)	(208)	(684)	(2,166)	-	-	-	(24,408)
Other	-	-	-	-	(122)	-	-	-	-	(122)
March 31, 2017	35,211	1,303,010	7,977,550	553,010	176,600	609,729	1,066,581	4,382,729	33,413	16,137,833
Accumulated depreciation:										
As of April 1, 2015 (Restated)	-	(286,178)	(2,263,115)	(227,084)	(81,983)	-	(596,376)	(2,409,087)	(28,306)	(5,892,129)
Depreciation expense for the year	-	(32,073)	(345,066)	(34,658)	(16,826)	-	(611,755)	(412,993)	(2,907)	(1,456,278)
Write-offs	-	116	39,566	15,895	2,013	-	-	-	1	57,591
Transfer between cost and depreciation	-	-	-	-	-	-	596,376	-	-	596,376
Transfers	-	(19,590)	23,289	(3,435)	(264)	-	-	-	-	-
As of March 31, 2016 (Restated)	-	(337,725)	(2,545,326)	(249,282)	(97,060)	-	(611,755)	(2,822,080)	(31,212)	(6,694,440)
Depreciation expense for the year	-	(35,790)	(352,928)	(31,758)	(18,036)	-	(452,743)	(426,874)	(1,847)	(1,319,976)
Write-offs	-	34	64,774	26,768	2,356	-	-	(4,500)	1,588	91,020
Transfer between cost and depreciation	-	-	-	-	-	-	611,755	-	-	611,755
Transfers (2)	-	(163)	2,493	(2,310)	395	-	-	-	20	435
March 31, 2017	-	(373,644)	(2,830,987)	(256,582)	(112,345)	-	(452,743)	(3,253,454)	(31,451)	(7,311,206)
Net residual value:										
March 31, 2017	35,211	929,366	5,146,563	296,428	64,255	609,729	613,838	1,129,275	1,962	8,826,627
As of March 31, 2016 (Restated)	35,211	912,923	5,179,255	304,913	59,509	596,567	439,722	1,228,284	9,831	8,766,215
As of April 1, 2015 (Restated)	35,211	776,124	5,010,604	306,682	53,000	898,734	522,604	1,365,181	12,100	8,980,240

(1) As of March 31, 2017, such additions include the amount of R$ 45,291 (42,255 in 2016), arising from depreciation and amortization of the assets of the agricultural area, which are part of the cost of property, plant and equipment.
(2) As of March 31, 2017, refers to transfers of intangible assets, specially related to software license. As of March 31, 2016, included 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.
(3) Refers to estimated net loss of fixed assets, recognized in the income (loss) under "Other operating revenue (expenses), net" (Note 22).

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

During the year ended March 31, 2017, several projects were concluded, as follows: i) investments for maintenance and industrial improvement and agricultural automation in the amount of R$ 205,794; ii) improvements in the E2G plant in the amount of R$ 30,536; iii) expansion of the Paraguaçu plant in the amount of R$ 34,453; and iv) expansion of the Raízen Caarapó plant in the amount of R$ 95,139.

Borrowing cost capitalization
During the year ended on March 31, 2017, the costs of loans capitalized, in the Parent company and Consolidated, were R$ 10,660 and R$ 22,426 (R$ 13,139 and R$ 25,175 in 2016), respectively. The annual weighted average rates of debt finance charges, for the Parent Company and Consolidated, used for capitalization of interest in the balance of construction in progress was 8.12% and 7.51% in 2017 (5.53% and 5.41% in 2016), respectively.

Financial lease
As of March 31, 2017, the aircraft class includes net residual values of R$ 4,194 (R$ 5,162 in 2016), Parent Company and Consolidated, in which the Company is the lessee under a finance lease, pledged by a promissory note in the amount of R$ 13,076.

Property, plant and equipment pledged
As of March 31, 2017, loans and financing are secured by land, building and machinery in the total amounts of R$ 418,862 and R$ 1,307,185 (R$ 499,713 and R$ 1,581,647 in 2016) in the Parent Company and Consolidated, respectively.

12. Intangible assets

a) Parent company

	Software license	Goodwill	Agricultural partnership agreements	Sugarcane supply agreements	Technology (2)	Total
Cost or evaluation:						
March 31, 2015	130,224	1,213,357	18,411	26,011	179,876	1,567,879
Additions	18,689	-	-	-	-	18,689
Write-offs	(4,256)	-	-	-	-	(4,256)
Transfers	12,591	-	-	-	-	12,591
March 31, 2016	157,248	1,213,357	18,411	26,011	179,876	1,594,903
Additions	16,834	-	-	-	-	16,834
Transfers (1)	11,053	-	-	-	-	11,053
March 31, 2017	185,135	1,213,357	18,411	26,011	179,876	1,622,790
Accumulated amortization:						
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)
Write-offs	3,136	-	-	-	-	3,136
March 31, 2016	(89,429)	(368,026)	(9,026)	(9,866)	(17,988)	(494,335)
Amortization expenses for the year	(17,976)	-	(3,225)	(2,870)	(17,987)	(42,058)
Transfers (1)	(221)	-	-	-	-	(221)
March 31, 2017	(107,626)	(368,026)	(12,251)	(12,736)	(35,975)	(536,614)
Net residual value:						
March 31, 2017	77,509	845,331	6,160	13,275	143,901	1,086,176
March 31, 2016	67,819	845,331	9,385	16,145	161,888	1,100,568

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

(2) Refers to technology developed by Iogen 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.

b) Consolidated

	Software license	Goodwill	Agricultural partnership agreements	Sugarcane supply agreements	Public concession rights of use	Technology (3)	Other (1)	Total
Cost or evaluation:								
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
Write-offs	(4,256)	-	-	-	-	-	-	(4,256)
Transfers	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
Additions	16.835	-	-	-	-	-	-	16.835
Transfers (2)	11,123	-	-	-	-	-	-	11,123
Other	-	-	-	-	-	-	(1,156)	(1,156)
March 31, 2017	205,906	1,538,446	18,411	181,516	12,541	179,876	24,377	2,161,073
Accumulated amortization:								
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)
Write-offs	3,136	-	-	-	-	-	-	3,136
March 31, 2016	(109,781)	(431,380)	(9,026)	(67,462)	(8,278)	(17,988)	(18,935)	(662,850)
Amortization expenses for the year	(18,291)	-	(3,224)	(11,508)	(2,509)	(17,987)	(1,443)	(54,962)
Transfers (2)	499	-	-	(719)	-	-	-	(220)
March 31, 2017	(127,573)	(431,380)	(12,250)	(79,689)	(10,787)	(35,975)	(20,378)	(718,032)
Net residual value:								
March 31, 2017	78,333	1,107,066	6,161	101,827	1,754	143,901	3,999	1,443,041
March 31, 2016	68,167	1,107,066	9,385	114,054	4,263	161,888	6,598	1,471,421

(1) Intangible assets recoded in Raízen Trading, controlled by RESA, consisting of client portfolio and licenses acquired in business combination for the operation in Europe and United States.

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

(3) Refers to technology developed by Iogen 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.

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, 2017 and 2016, goodwill balance is as follows:

Goodwill	Parent company		Consolidated	
	2017	2016	2017	2016
Upon acquisition of Costa Rica Canavieira Ltda.	57,169	57,169	57,169	57,169
Upon acquisition of Cerrado Açúcar e Álcool S.A.	24,660	24,660	24,660	24,660
Acquisition of former Cosan S.A. Açúcar e Álcool (current RESA)	558	558	558	558
Upon acquisition of Univalem S.A. Açúcar e Álcool	5,018	5,018	5,018	5,018
Upon acquisition of Usina Açucareira Bom Retiro S.A.	81,575	81,575	81,575	81,575
Upon acquisition of Usina Benálcool	100,046	100,046	149,247	149,247
Upon acquisition of Usina Santa Luíza	42,348	42,348	42,348	42,348
Upon acquisition of Usina Zanin Açúcar e Álcool	-	-	98,380	98,380
Upon acquisition of Vertical	-	-	4,313	4,313
Upon acquisition of TEAS' shares	4,818	4,818	4,818	4,818
Upon acquisition of Corona Group	380,003	380,003	380,003	380,003
Upon acquisition of Destivale Group	42,494	42,494	42,494	42,494
Upon acquisition of Mundial Group	87,435	87,435	87,435	87,435
Upon establishment of FBA - Franco Brasileira S.A. Açúcar e Álcool	4,407	4,407	4,407	4,407
Upon merger of Curupay S.A. Participações	-	-	109,841	109,841
Upon capital payment at 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 on an annual basis.

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

Operating region	Consolidated	
	2017	2016
Piracicaba	138,744	138,744
Jaú	558	558
Araraquara	545,391	545,391
Araçatuba	303,401	303,401
Assis	109,841	109,841
Other	9,131	9,131
	1,107,066	1,107,066

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, according to reasonable time for recovery of assets related to the activities of the Company's economic sector. It was not without considering real growth rate, based on past performance and on expected market development. The discount rate used in the calculation was 6.08% per year (7.48% in 2016).

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. All cash flow was discounted using

rates that reflect specific risks related to relevant assets in each cash generating unit.

As a result of annual tests, no significant expenses from impairment of assets and goodwill was recognized in years ended March 31, 2017 and 2016. As aforementioned, 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	
	2017	**2016**	**2017**	**2016**
Materials and services (i)	334,493	353,410	571,349	596,635
Sugarcane (i)	135,994	176,159	183,362	233,346
Suppliers - Agreements (ii)	75,292	39,484	193,649	61,865
	545,779	569,053	948,360	891,846
Domestic (domestic currency)	545,443	568,679	862,556	788,197
Abroad (foreign currency) (Note 24.d.)	336	374	85,804	103,649
	545,779	569,053	948,360	891,846

(i) The balance payable to suppliers of materials and services mostly consists of acquisitions of machinery and equipment for production facilities, as sourcing of products for resale.

Sugarcane 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.

(ii) The Company has Agreements Related to Payments to financial institutions ("Agreements") that permit certain suppliers to advance their receivables referring to products and services rendered to the Company, directly with financial institutions. In said Agreements, supplier may choose to grant or not and the financial institutions decide whether to acquire or not said credit, without interference from the Company. Using the Agreements does not imply any change in notes issued by the supplier, and the same original value and 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

Purpose	Final maturity	Index	Finance charges – Annual effective average interest rate (1) 2017	Finance charges – Annual effective average interest rate (1) 2016	Parent company 2017	Parent company 2016	Consolidated 2017	Consolidated 2016
Classification of debts per currency:								
Denominated in reais					4,358,787	4,457,531	6,343,343	6,002,578
Denominated in U.S. Dollars and Euros					269,633	445,197	4,047,031	3,925,950
					4,628,420	4,902,728	10,390,374	9,928,528
Type of debts (2):								
BNDES	Oct 2025	URTJLP	10.10%	10.03%	202,690	227,671	955,802	1,127,939
BNDES	Jul 2024	Pre-fixed	4.03%	4.08%	546,582	653,813	960,242	1,169,293
BNDES	Apr 2024	UMBND	6.72%	6.55%	14,392	19,481	56,395	80,261
Debentures	Oct 2018	CDI	13.17%	15.19%	473,917	475,446	473,917	475,447
Debentures	Oct 2020	IPCA + interest	10.73%	14.15%	402,808	384,812	402,808	384,812
Prepayments	Dec 2020	Dollar (US$) + Libor	2.82%	2.25%	269,633	445,197	429,499	624,488
Term Loan Agreement	Apr 2020	Dollar (US$) + Libor	2.35%	1.90%	-	-	1,426,154	2,495,537
Senior notes due 2017	Feb 2017	Dollar (USA)	-	7.00%	-	-	-	734,550
Senior notes due 2027	Jan 2027	Dollar (USA)	5.30%	-	-	-	1,600,526	-
Resolution 2471 (PESA)	Apr 2023	IGP-M	8.48%	11.92%	946,084	902,217	973,477	928,344
Resolution 2471 (PESA)	Oct 2025	Pre-fixed	3.00%	3.00%	68	76	68	76
Credit Notes	Oct 2020	CDI	13.03%	15.19%	264,126	264,882	264,126	264,882
Finame/Leasing	Nov 2024	Pre-fixed	6.70%	5.22%	86,104	52,165	128,253	93,225
Finame/Leasing	Mar 2021	URTJLP	10.84%	-	132	-	132	-
Rural credit	-	Pre-fixed	-	6.50%	-	62,726	-	62,726
Certificate of Agribusiness Receivables ("CRA")	May 2022	CDI	12.06%	14.13%	1,296,483	1,294,466	1,780,644	1,295,797
Certificate of Agribusiness Receivables ("CRA")	May 2023	IPCA + interest	10.33%	13.41%	125,401	119,776	347,479	119,776
Schuldschein	Oct 2021	Pre-fixed - EUR	2.90%	-	-	-	226,658	-
Schuldschein	Sep 2022	*Euribor*	1.85%	-	-	-	339,507	-
Other	Other	Dollar (US$)	-	-	-	-	24,687	71,375
					4,628,420	4,902,728	10,390,374	9,928,528
Expenses incurred with the placement of the securities:								
BNDES					(2,501)	(2,904)	(3,936)	(4,663)
CRA					(18,180)	(21,331)	(29,261)	(21,336)
Rural credit					-	(75)	-	(75)
Debentures					(2,362)	(3,455)	(2,362)	(3,455)
Prepayments					(92)	(214)	(1,818)	(2,129)
Term Loan Agreement					-	-	(10,102)	(18,859)
Senior notes due 2017					-	-	-	(1,563)
Senior notes due 2027					-	-	(12,788)	-
Schuldschein					-	-	(11,416)	-
					(23,135)	(27,979)	(71,683)	(52,080)
					4,605,285	4,874,749	10,318,691	9,876,448
Current					(638,228)	(506,559)	(1,005,578)	(1,619,259)
Non-current					3,967,057	4,368,190	9,313,113	8,257,189

(1) The annual effective interest rate is the contract rate plus, Libor, URTJLP, IGP-M, UMBND, IPCA and 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 8) 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:	**2017**	**2016**	**2017**	**2016**
13-24	1,078,984	551,863	1,350,618	1,294,054
25-36	1,303,756	1,033,564	1,512,317	1,731,140
37-48	678,026	1,268,432	2,407,178	1,467,527
49-60	818,525	641,481	1,304,205	2,573,410
61-72	63,979	789,436	822,331	914,684
73-84	22,108	63,997	323,891	152,814
85-96	1,679	17,804	16,779	98,999
From 97	-	1,613	1,575,794	24,561
	3,967,057	4,368,190	9,313,113	8,257,189

As mentioned in Note 27.ii, during the year ended March 31, 2017, the Company took over Fuels control through its subsidiary Luxembourg. The breakdown of the net assets assumed included loans and financing in the amount of R$ 1,702,931, equivalent to US$ 530,541 thousand, detailed in items (i) and (ii) below:

(i) ***Term Loan Agreement*** **(syndicated loan)**

On April 8, 2014, indirect subsidiary Luxembourg S.A. contracted a loan of US$ 250,000 thousand under the Syndicated Loan mode, with several financial institutions. As of January 26, 2017, the contracted loan was settled in advance. The contract was subject to 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.

(ii) ***Schuldschein***

In October 2014, its subsidiary Fuels contracted financing in the amount of €66,000 thousand with fixed interest rate of 2.88% p.a. and final maturity on October 15, 2021.

In January 2015, a new financing was contracted in the amount of €40,000 thousand with fixed annual interest rate of 2% p.a. and quarterly Euribor interest, resulting in effective rate of 1.67% p.a. and final maturity on January 20, 2022.

On September 21, 2015, a financing was contracted in the amount of €60,000,000 with fixed annual interest rate of 2.30% p.a. and quarterly Euribor interest, resulting in effective average rate of 1.97% p.a. and final maturity on September 21, 2022.

a) ***Term Loan Agreement*** **(syndicated loan)**

On January 26, 2017, the loan contracted as of April 8, 2014 through its subsidiary Fuels was settled in advance, and was obtained from sundry financial institutions, in the amount of US$350,000 thousand. Said contract was subject to quarterly Libor interest plus fixed interest of 1.4% p.a., resulting in effective average interest rate of 2.02% p.a. with final maturity in March 2019.

On March 30, 2015, Luxembourg contracted a loan from a syndicate comprised of several global commercial banks in the amount of US$ 450,000 thousand. Said contract is subject quarterly Libor interest plus annual fixed interest of 1.2%, resulting in effective average interest rate of 2.35% p.a. with quarterly maturity and maturity date 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. Until the closing of the year ended on March 31, 2017 the mentioned credit facility had not been used.

b) 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 8.48%, 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 8.

c) Senior notes due 2017

On January 26, 2007, Finance issued Senior Notes in the international market according to "Regulations S and 144A", in the amount of US$ 400,000 thousand, which were subject to interest of 7% p.a., payable on a half-annual basis in February and August every year.

In year ended March 31, 2017, the Company settled the amounts US$ 204,057 thousand and US$ 7,142 thousand as principal and interest, respectively.

d) Senior notes due 2027

On January 20, 2017, Fuels issued Senior Notes in the international market according to "Regulations S and 144A", in the amount of US$ 500,000 thousand, which are subject to interest of 5.30% p.a., payable on a half-annual basis in January and July every year and payment of principal in January 2027.

As provided for in Offering Memorandum of the issuance, net funds obtained in the ambit of the Offer were used for prepayment of existing debts.

e) BNDES

Correspond to funds raised by the Company and its 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, 2017, the Company and its subsidiaries had available credit facilities of financing from BNDES, unused, amounting to R$ 168,665 (R$ 210,059 in 2016). The use of these credit facilities depends on the fulfillment of certain contractual conditions.

f) Credit Notes

Credit notes will be settled through exports to be made up to 2020 and are subject to average interest of 13.03% p.a. payable on a half-annual basis.

g) **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 6.71% p.a., monthly paid and guaranteed by mortgage of the financed assets.

h) PPEs

In 2013, RESA entered into PPE 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 2.66% 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 million. This PPE bears half-annual Libor interest (semi-annually) plus annual interest of 1.80%, resulting in effective average interest rate of 3.10% p.a., with final maturity in December 2020.

i) Issuance of Certificate of Agribusiness Receivables - CRA

In October 2014, RESA issued Rural Producer Note ("CPR") 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$675,000 and maturity in December 2021. About such operation, issuing costs in the amount of R$ 12,583 will amortized by the maturity date.

In June 2015, RESA issued CPRs linked to Public Distribution of the 14thissuance of CRA's of Gaia Agro Securitizadora S.A., in the amount of R$675,000 and maturity in December 2021, restated at 100% of CDI. About such operation, issuing costs in the amount of R$ 12,492 will amortized by the maturity date.

In May 2016, Tarumã issued a CPR (related to Public Distribution of 3rd and 4th series of the 1st issuance of CRAs of RB Capital Companhia de Securitização in the amount of R$ 675,000, of which R$ 465,706 maturing in May 2022, restated at 98% of CDI, and R$ 209,294 maturing in May 2023, restated at IPCA plus 6.17% per annum. About such operation, issuing costs in the amount of R$ 13,519 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 implements used in agricultural activities, pursuant to the sole paragraph of article 23 of Law No. 11.076.

j) 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.

Series	Index	Annual interest rate	Effective average annual interest rate	Principal	Date of receipt	Maturity
1st	CDI	0.89%	13.1%	105,975	10/25/2013	Oct 2018
2nd	CDI	0.94%	13.2%	340,000	10/28/2013	Oct 2018
3rd	IPCA	6.38%	10.7%	304,025	10/29/2013	Oct 2020

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, 2017 and 2016, the fair value of Senior Notes Due 2027 and Senior Notes Due 2017 is based on the price quotations in the secondary market at the balance sheet date (Note 24.i), and the book value and fair value of such loans are as follows:

	Book value		Fair value	
	2017	2016	2017	2016
Senior notes due 2017	-	732,987	-	758,641
Senior notes due 2027	1,587,738	-	1,615,143	-
Face value	-	-	101.73%	104.13%

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 is shown by comparison to the quoted instruments presented above (Note 24.i).

15. Income and social contribution taxes

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

	Parent company		Consolidated	
	2017	2016 (Restated)	2017	2016 (Restated)
Income before income and social contribution taxes	1,549,844	1,264,187	1,853,681	1,460,137
Income tax and social contribution at nominal rate (34%)	(526,945)	(429,821)	(630,252)	(496,447)
Adjustments for calculation of effective rate:				
Equity pick-up on subsidiaries	255,293	168,466	(23,676)	(24,908)
Gifts, donations, class association	(1,643)	(2,458)	(3,512)	(3,118)
Capital gain due to dilution of corporate interest	4,866	5,141	4,997	5,298
Special regime for the reintegration of tax amounts for exporting companies ("*Reintegra*")	9,040	8,434	9,243	9,404
Investment subsidy - ICMS (Note 18.d.ii)	-	-	23,038	13,825
Income (loss) from foreign company (i)	45,211	(526)	54,230	(23,904)
Difference between deemed income and taxable income rates (ii)	-	-	55,280	61,793
Interest on own capital	68,000	-	68,000	-
Other	913	(933)	(6,362)	10,410
Expense form income and social contribution taxes (current and deferred)	(145,265)	(251,697)	(449,014)	(447,647)
Effective rate	9.37%	19.91%	24.22%	30.66%

(i) Recognition of deferred income tax and social contribution on net income, accumulated through March 31, 2017, and on tax losses determined abroad by subsidiary Raízen International Universal Corporation.

(ii) Organizations with co-generation activities determined IRPJ and CSLL at deemed income. This type of taxation considers investments of a percentage of income as taxable income, as determined by the law, generating a difference in relation to IRPJ and CSLL nominal rate.

a.1) Income and social contribution taxes recoverable

	Parent company		Consolidated	
	2017	2016	2017	2016
Taxes on income ("IRPJ")	525,872	426,456	600,297	505,167
Social contribution ("CSLL")	145,765	142,260	155,852	167,120
	671,637	568,716	756,149	672,287
Current	(491,994)	(87,426)	(564,271)	(111,367)
Non-current	179,643	481,290	191,878	560,920

a.2) Income and social contribution taxes payable

	Parent company		Consolidated	
	2017	2016	2017	2016
IRPJ	-	-	25,882	30,917
CSLL	-	-	2,345	10,509
	-	-	28,227	41,426

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

b.1) Parent company

				2017	2016 (Restated)	April 1, 2015 (Restated)
	Base	IRPJ 25%	CSLL 9%	Total	Total	Total
Non-current assets (liabilities)						
Tax losses						
Tax losses	893,628	223,407	-	223,407	267,183	36,890
Negative basis for social contribution tax	893,633	-	80,427	80,427	96,186	13,280
Temporary differences:						
Tax goodwill deriving from downstream merger	106,371	26,593	9,573	36,166	84,387	132,608
Provisions for legal disputes	416,976	104,244	37,528	141,772	113,181	92,868
Foreign exchange variation on the cash basis	524,174	131,043	47,176	178,219	380,850	559,494
Estimated loss for assets realization	313,018	78,255	28,172	106,426	31,452	29,863
Remuneration and employee benefits	191,526	47,882	17,237	65,119	79,607	59,226
Other provisions and other temporary differences	106,279	26,569	9,565	36,135	24,473	38,354
Total deferred tax assets		637,993	229,678	867,671	1,077,319	952,583
Biological assets	(635,991)	(158,998)	(57,239)	(216,237)	(118,853)	(13,170)
Unrealized gain (loss) with derivatives	(308,668)	(77,167)	(27,780)	(104,947)	(244,705)	(292,766)
Cost of capitalized loans	(117,826)	(29,457)	(10,604)	(40,061)	(40,226)	(38,637)
Fixed assets' useful life review	(691,735)	(172,934)	(62,256)	(235,190)	(196,436)	(168,203)
Amortized tax goodwill	(662,571)	(165,643)	(59,631)	(225,274)	(219,238)	(192,632)
Total deferred tax liabilities		(604,199)	(217,510)	(821,709)	(819,458)	(705,408)
Total deferred taxes		33,794	12,168	45,962	257,861	247,175

b.2) Consolidated

				2017	2016	April 1, 2015
					(Restated)	(Restated)
	Base	IRPJ 25%	CSLL 9%	Total	Total	Total
Non-current assets (liabilities)						
Tax losses						
Tax losses	1,234,240	308,560	-	308,560	397,998	186,986
Negative basis for social contribution tax	1,234,244	-	111,082	111,082	143,279	67,319
Temporary differences:						
Tax goodwill deriving from downstream merger	114,512	28,628	10,306	38,934	87,866	136,798
Provisions for legal disputes	466,494	116,624	41,984	158,608	129,069	108,697
Estimated loss for	166,656	41,664	14,999	56,663	98,106	98,106
Foreign exchange variation on the cash basis	490,026	122,507	44,102	166,609	383,845	559,455
Estimated loss for assets realization	371,550	92,888	33,439	126,327	49,608	47,272
Remuneration and employee benefits	210,485	52,621	18,944	71,565	85,992	65,036
Other provisions and other temporary differences	89,032	22,258	8,013	30,271	41,247	44,885
Total deferred tax assets		785,750	282,869	1,068,619	1,417,010	1,314,554
Biological assets	(729,497)	(182,374)	(65,655)	(248,029)	(139,425)	(14,388)
Unrealized gain (loss) with derivatives	(277,547)	(69,387)	(24,979)	(94,366)	(236,285)	(292,766)
Cost of capitalized loans	(235,483)	(58,870)	(21,194)	(80,064)	(78,476)	(75,993)
Fair value of the fixed asset	(268,452)	(67,113)	(24,161)	(91,274)	(101,842)	(114,265)
Fixed assets' useful life review	(1,307,321)	(326,830)	(117,659)	(444,489)	(368,078)	(320,911)
Amortized tax goodwill	(813,356)	(203,339)	(73,202)	(276,541)	(306,282)	(274,008)
Total deferred tax liabilities		(907,913)	(326,850)	(1,234,763)	(1,230,388)	(1,092,331)
Total deferred taxes		(122,163)	(43,981)	(166,144)	186,622	222,223
Deferred taxes - Assets, net				19,562	275,688	299,137
Deferred taxes - Liabilities, net				(185,706)	(89,066)	(76,914)
Total deferred taxes				(166,144)	186,622	222,223

b.3) Net changes in deferred taxes:

	Parent company		Consolidated	
	2017	2016 (Restated)	2017	2016 (Restated)
Balance at the beginning of the year	257,861	247,175	186,622	222,223
Results income (expenses)	19,036	(251,696)	(121,858)	(298,001)
Deferred taxes on other comprehensive income (loss)	(230,935)	262,382	(230,766)	262,389
Other	-	-	(142)	11
Balance at the end of the year	45,962	257,861	(166,144)	186,622

b.4) 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. There is no validity period for using the balances of 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, 2017, the Company expects to realize deferred tax assets, including tax loss assets, negative basis and temporary differences:

Years:	Parent company	Consolidated
2017/2018 crop	454,923	504,718
2018/2019 crop	91,934	107,044
2019/2020 crop	90,708	101,495
2020/2021 crop	92,684	107,975
2021/2022 crop	81,120	96,562
From 2022	56,302	150,825
Total	867,671	1,068,619

As of March 31, 2017, subsidiaries Agrícola Ponte Alta Ltda. and Raízen Biotecnologia S.A. presented tax losses and social contribution negative bases' balance amounting to R$ 16,654 (R$ 15,371 as of March 31, 2016) 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, 2017 and 2016, balances of legal disputes are as follows:

	Parent company		Consolidated	
	2017	2016	2017	2016
Tax	33,683	24,368	44,133	30,824
Civil	26,783	31,694	29,396	34,242
Labor	169,349	148,993	220,384	200,084
	229,815	205,055	293,913	265,150
Non-reimbursable legal disputes	75,195	47,819	114,926	83,758
Refundable legal disputes (Note 9.c)	154,620	157,236	178,987	181,392

When Raízen was established, it was agreed that Cosan would reimburse the Company for legal disputes that were ongoing before its formation, thus, the Company should reimburse Cosan regarding the judicial deposits made on the date before its formation. On March 31, 2017 and 2016, balances of judicial deposits are as follow:

	Parent company		Consolidated	
	2017	2016	2017	2016
Tax	100,057	75,514	210,160	179,560
Civil	8,944	8,838	9,750	9,650
Labor	42,908	33,274	55,856	42,442
	151,909	117,626	275,766	231,652
Own judicial deposits	66,581	41,292	83,196	53,044
Refundable judicial deposits (Note 9.c)	85,328	76,334	192,570	178,608

i) Non-reimbursable legal disputes

	Parent company			
	Tax	**Civil**	**Labor**	**Total**
March 31, 2016	2,343	3,187	42,289	47,819
Reserves recorded for the year	2,763	754	53,584	57,101
Write-offs/reversals	(79)	(722)	(18,486)	(19,287)
Payments	-	(214)	(17,889)	(18,103)
Monetary restatement (i)	43	145	7,477	7,665
March 31, 2017	5,070	3,150	66,975	75,195

	Consolidated			
	Tax	**Civil**	**Labor**	**Total**
March 31, 2016	6,186	4,572	73,000	83,758
Reserves recorded for the year	4,270	1,284	79,180	84,734
Write-offs/reversals	(119)	(980)	(29,734)	(30,833)
Payments	-	(215)	(32,400)	(32,615)
Monetary restatement (i)	2,396	333	7,153	9,882
March 31, 2017	12,733	4,994	97,199	114,926

(i) Calculated in income (loss) for the year in the heading "Financial income (loss)".

ii) Reimbursable legal disputes (i)

	Parent company			
	Tax	**Civil**	**Labor**	**Total**
March 31, 2016	22,025	28,507	106,704	157,236
Reserves recorded for the year	4,233	8,360	28,009	40,602
Write-offs/reversals	(204)	(4,651)	(17,086)	(21,941)
Payments	-	(3,594)	(15,940)	(19,534)
Price-level restatement	2,559	(4,989)	687	(1,743)
March 31, 2017	28,613	23,633	102,374	154,620

	Consolidated			
	Tax	**Civil**	**Labor**	**Total**
March 31, 2016	24,638	29,670	127,084	181,392
Reserves recorded for the year	4,254	8,548	31,827	44,629
Write-offs/reversals	(227)	(4,924)	(19,534)	(24,685)
Payments	-	(3,594)	(17,473)	(21,067)
Price-level restatement	2,735	(5,298)	1,281	(1,282)
March 31, 2017	31,400	24,402	123,185	178,987

(i) The changes in 2017 have no effect on profit or loss of the year.

iii) Total legal disputes

	Parent company			
	Tax	**Civil**	**Labor**	**Total**
March 31, 2016	24,368	31,694	148,993	205,055
Reserves recorded for the year	6,996	9,114	81,593	97,703
Write-offs/reversals	(283)	(5,373)	(35,572)	(41,228)
Payments	-	(3,808)	(33,829)	(37,637)
Price-level restatement	2,602	(4,844)	8,164	5,922
March 31, 2017	33,683	26,783	169,349	229,815

	Consolidated			
	Tax	**Civil**	**Labor**	**Total**
March 31, 2016	30,824	34,242	200,084	265,150
Reserves recorded for the year	8,524	9,832	111,007	129,363
Write-offs/reversals	(346)	(5,904)	(49,268)	(55,518)
Payments	-	(3,809)	(49,873)	(53,682)
Price-level restatement	5,131	(4,965)	8,434	8,600
March 31, 2017	44,133	29,396	220,384	293,913

a) Tax

	Parent company		Consolidated	
	2017	**2016**	**2017**	**2016**
Social Security Charges ("INSS") (i)	792	732	2,590	2,311
Value-added tax on sales and services ("ICMS") (ii)	20,515	19,168	23,827	19,908
PIS and COFINS	204	197	204	197
Excise tax ("IPI")	817	758	2,726	2,567
Lawyers' fees	4,869	2,183	7,375	3,685
Other	6,486	1,330	7,411	2,156
	33,683	24,368	44,133	30,824
Non-reimbursable legal disputes	5,070	2,343	12,733	6,186
Reimbursable legal disputes	28,613	22,025	31,400	24,638

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 judicial deposits related to said lawsuit in the amount of R$ 275,177 (R$ 212,789 in 2016). Accordingly, both balances are presented net in these financial statements.

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.

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

a) Tax

	Parent company		Consolidated	
	2017	**2016**	**2017**	**2016**
ICMS (i)	1,620,452	1,006,318	1,909,687	1,229,396
INSS (ii)	483,175	448,696	496,956	461,618
IPI (iii)	401,966	390,319	440,872	427,788
IRPJ and CSSL (vi)	406,000	352,587	524,053	412,754
PIS and COFINS (v)	905,334	597,533	944,514	599,699
Offset with IPI credits - Regulatory Instruction no. 67/98 (vi)	109,323	105,217	129,618	124,737
IOF (iv)	41,941	39,985	41,941	39,985
MP 470 Debt in installments (vii)	174,765	-	174,765	-
Other	292,966	275,013	327,354	296,030
	4,435,922	3,215,668	4,989,760	3,592,007
Non-reimbursable legal disputes	1,520,245	657,071	1,718,076	715,936
Reimbursable legal disputes	2,915,677	2,558,597	3,271,684	2,876,071

If a reimbursed provision for these claims has to be recognized in the future because a change in the loss assessment, or for any other reason, the Company will record the amount receivable from the shareholders of equal amount at the same time and, therefore, there will not be an impact on the income of the Company. If the provision is non-reimbursed, the Company will register the legal claim against the income of the period in which the probability of loss has been changed.

(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 tax on the output of crystallized sugar for export that, as understood by tax authorities, 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.

The increase of possible legal disputes carried out in the year ended March 31, 2017, substantially refers to: i) allegation of the supposed existence of the difference in the sugar and ethanol inventory; once the fact of the inexistence of the supposed differences was proved, the defenses were presented based on the effective legislation, and we are waiting for the judgment; ii) disallowance of the ICMS credit - diesel, the defense was presented because it is essential to Company's activities of based on article 155, paragraph 2, I of Federal Constitution and Complementary Law no. 87/96.

(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 Secretariat of the Federal Revenue Service ("SRFB") 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 SRFB.

(iv) IRPJ and CSLL / IOF

In December 2011, under recoverable legal disputes, the Company received infraction notices totaling R$ 427,204 (R$ 538,851 in 2016), 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$ 222,524 (R$ 267,701 in 2016) as a probable loss.

In addition, in February 2014, subsidiary Tarumã received tax assessment notices totaling R$ 53,958 (R$ 49,117 in 2016), 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.

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.

The increase occurred during the year ended March 31, 2017 refers to tax assessment notices re-collectible from shareholder Cosan, related to disallowances of goodwill amortization deductions for calendar years 2011 and 2012 (corporate action that generated the right to use goodwill occurred in 2006). The Company presented a challenge requesting full cancellation of tax assessment notice issued, extinguishing total required tax credits.

(v) PIS - Social Integration Program and COFINS - Contribution to Social Security Financing
They refer substantially to: i) PIS and CONFINS credits, in the non-cumulative system in 2012 and 2013, provided for in the Laws No. 10.637/2002 and 10.833/2003, respectively. These rejections arise, in summary, due to the restrictive interpretation of the SRFB 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. (ii) related to unconstitutionality of expansion of PIS and COFINS calculation basis brought by Law no. 9,718/98. It is important to emphasize that the Supreme Federal Court has already settled this matter, deciding that this taxation is unconstitutional; and (iii) PIS and COFINS difference determined as a result of deduction of CIDE settled through offset. For inspectors, this deduction could only be made in case CIDE had been paid.

(v) 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 SRFB dismissed requests for restitution as well as an offset. Therefore, 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

(vi) MP 470 - Debt in Installments
Federal Revenue Service partially rejected requests for payment of federal tax debts in installments made by the Company, with the argument that offered tax loss is not sufficient to settle respective debts. The Company and its legal counsel understand that the likelihood of loss is considered possible, as indicated losses existed and were available for such use.

b) Civil and labor

	Parent company		Consolidated	
	2017	**2016**	**2017**	**2016**
Civil	398,489	334,050	694,634	599,008
Labor	490,583	546,562	580,386	634,618
	889,072	880,612	1,275,020	1,233,626
Non-reimbursable legal disputes	287,843	241,144	444,120	376,363
Reimbursable legal disputes	601,229	639,468	830,900	857,263

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.

Sales commitments on March 31, 2017, are as follows:

	Consolidated			
	Sugar (in tons)	**Ethanol (in cubic meteres)**	**Electric energy (in MWh)**	**Steam (in tons)**
2017/2018 Crop	3,550,000	899,593	2,158,783	135,000
2018/2019 Crop	3,550,000	-	1,985,537	-
2019/2020 Crop	3,550,000	-	1,958,175	-
2020/2021 Crop	3,550,000	-	1,960,224	-
2021/2022 onwards	-	-	9,765,257	-
Total	14,200,000	899,593	17,827,976	135,000

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, 2017, are as follows:

	Consolidated
2017/2018 crop	29,809,970
2018/2019 crop	26,684,697
2019/2020 crop	22,459,339
2020/2021 crop	18,023,496
2021/2022 onwards	73,050,485
Total	170,027,987

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$ 28,807.

Contracts of partnership and land leasing

The Company and its subsidiaries have partnership and land leasing contracts for sugarcane plantations, which shall end up to 20 years.

Payments for these obligations are calculated by the accumulated price of ATR for 2016/2017 crop in the amount of R$ 0.6839/kg, 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:

Within one year	747,172
1-5 years	2,196,981
Over 5 years	1,277,716
Total	4,221,869

Warehousing services
The Company and its subsidiaries have stockpiling service contracts for fuels with third parties, in accordance with logistics and storage objectives of fuels in certain regions.

Stockpile commitments per crop, in cubic meters, on March 31, 2017, are as follows:

2017/18 Crop	1,870,500
2018/19 Crop	1,623,500
2019/20 Crop	1,800,000
2020/21 Crop	1,668,000
2021 onwards	5,151,000
Total	12,124,500

Transport and lift contracts for the export of sugar
The Company and its subsidiaries have exclusive contracts with the Rumo Group, related to transport services and lifting of sugar for export.

On March 31, 2017, the transport and lift commitments, whose minimum volumes, in tons, are as follows:

2017/18 Crop	2,000,000
2018/19 Crop	2,000,000
2019/20 Crop	2,000,000
2020 onwards	14,000,000
Total	20,000,000

18. Equity

a) Capital and capital reserve

In the Special 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.

As of March 31, 2017 and 2016, capital is R$ 6,516,354. That caption does not include the balance of redeemable preferred shares (financial instrument - liabilities) in the amount of R$ 60,008 (R$ 93,300 in 2016), totaling R$ 6,456,346 (R$ 6,423,054 in 2016).

Capital is fully subscribed for and paid in and is divided as follows:

	Shareholders (shares in units)			
	Shell	CIP Cosan Investimentos e Participações S.A. ("CIP") (1)	Cosan S.A. Indústria e Comércio ("Cosan S.A.")	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, 2017	3,622,405,075	3,621,641,599	133,242,458	7,377,289,132
Total at March 31, 2016	3,622,405,075	3,621,641,599	133,242,458	7,377,289,132

(1) In June 2014, Cosan S.A. contributed with all common shares issued by RESA and RCSA to CIP.

Redeemable preferred shares
Tax benefits resulting from NOL and GW recognized before the Raízen formation (Note 9.a.7), should be refund to the respective shareholders as Company uses 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.

As of March 31, 2017, the balance of preferred shares (Classes B and C) recognized as capital in shareholders' equity totals R$ 60,008 belongs to Cosan (R$ 93,300 in 2016, R$ 89,762 belongs to Cosan and R$ 3,538 to Shell), Note 9.a.7.

During the year ended March 31, 2017, the Company allocated the entire amount of outstanding Class C preferred shares in the amount of 3,531, belonging to Shell, as redemption, whose 663,476 Class C preferred shares will be canceled and withdrawn through payment to shareholder Shell to be held during the year ending March 31, 2018, using part of the balance of the capital reserve account, without reducing the capital of the Company.

Capital reserves

Capital reserve
Mostly consists of goodwill reserve arising from the portion of the issue price of the shares without par value that exceeded the amount allocated to the formation of the share capital. That reserve may only be used to increase capital, absorb losses, redeem, reimburse or purchase shares or to pay cumulative dividends to preferred shares.

During year ended March 31, 2017, the Company allocated remaining balance of redeemable preferred shares to holders of Class C shares, in the amount of R$ 3,531.

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, in equity, 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")

i) Dividends

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 LSA.

The amounts of legal reserves and dividends for the year ended March 31, 2017, and 2016, were determined as follows:

	2017	2016
Net income for the year	1,404,579	1,185,644
(-) Formation of legal reserve - 5%	(61,588)	(59,283)
(-) Effect of subsidiary tax incentives	(65,316)	(139,885)
Dividends to holders of Class B preferred shares	(28,422)	-
Dividends to holders of Class D preferred shares	(729)	-
Dividend distribution calculation basis	1,248,524	986,476
Minimum mandatory dividend of common shares - 1%	(12,485)	(9,865)
Redemption of preferred shares - Class C	(3,531)	-
Total provisioned dividends	(45,167)	(9,865)
Dividends and interest on own capital - remaining	-	(125,000)
Total in Parent company / Consolidated	(45,167)	(134,865)

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

Balance at 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 IRRF)	(34,000)
March 31, 2016	134,865
Complementary dividends in 2016	641,420
Current financial year's dividend	45,167
Current year's interest on own capital	170,000
Payments of dividends	(776,285)
Payments of interest on own capital (net of IRRF)	(170,000)
Balance at March 31, 2017	45,167

On July 29, 2016, at the "Special Shareholders' Meeting", the shareholders of RESA discussed and approved the minimum mandatory dividends in the amount of R$ 9,865, allocated on March 31, 2016, to be individually credited to the shareholders Shell and Cosan in the amount of R$ 4,932, each. On the same date, the shareholders of RCSA discussed and approved dividends to holders of preferred shares in the amount of R$ 2,420: i) R$1,332 to holders of preferred shares class B, to be fully credited to shareholder Cosan; and ii) R$7 and R$1,081 to holders of Class C and D preferred shares, respectively, to be credited to shareholder Shell. All payments were made on September 28, 2016.

On November 11, 2016, at the "Special Shareholders' Meeting", the shareholders of RESA discussed and approved the dividends of the retained earnings as of March 31, 2016, in the amount of R$ 223,000, to be individually credited to the shareholders Shell and Cosan in the amount of R$ 111,500, each. Payment was made on November 14, 2016.

On December 22, 2016, at the "Special Shareholders' Meeting", the shareholders of RESA discussed and approved the additional dividends as of March 31, 2016, in the amount of R$ 351,000, using the retained earnings partially to be individually credited to the shareholders Shell and Cosan in the amount of R$ 175,500, each. Payment was made on December 23, 2016.

On March 22, 2017, at the "Special Shareholders' Meeting", the shareholders of RESA discussed and approved the dividends related to retained earnings as of March 31, 2016, in the amount of R$ 65,000, to be individually credited to the shareholders Shell and Cosan in the amount of R$ 32,500, each. Payment was made on March 24, 2017.

During the year ended March 31, 2017, dividends in the amount of R$ 125,000, approved at the Extraordinary Shareholders' Meeting held on March 18, 2016 were paid to the shareholders holding common shares.

ii) Interest on own capital
At the Special Shareholders' Meeting held on December 31, 2016, the RESA's shareholders decided on and approved the declaration of interest on own capital calculated in the period from January 1 to December 31, 2016, in the amount of R$ 200,000, to be credited individually at the rate of 50% to each shareholder.

The payment of interest on own capital is subject to payment of withholding income tax of 15%, in the amount of R$ 30,000, subject to legal exceptions. Thus, net value paid to shareholders as of March 24, 2017 was R$ 170,000.

c) Asset / liability 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 PEPs.

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 Asset / liability valuation adjustments, net of taxes:

	2015	Comprehensive income	2016	Comprehensive income	2017
Effect of foreign currency translation - CTA	1,377	56	1,433	2,605	4,038
Actuarial losses arising from the defined benefit pension plan	(8,961)	(89)	(9,050)	(2,111)	(11,161)
Gain (loss) on derivative financial instruments -Hedge accounting	22,832	(509,211)	(486,379)	450,028	(36,351)
Total	15,248	(509,244)	(493,996)	450,522	(43,474)

d) Profit reserves

i) Legal reserve
As of March 31, 2017 and 2016, 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
As of March 31, 2017, the Company recorded the tax incentive recognized in indirect subsidiary, Raízen Caarapó Açúcar e Álcool Ltda. (“Caarapó”) in the amount of R$ 14,985 (R$ 18,669 in 2016), 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.

For the years ended March 31, 2017 and 2016, the value of tax incentives that had an impact on consolidated income (loss) was R$ 14,985 and R$ 9,328, respectively, recorded under the “Cost of products sold and services rendered” caption (Note 21).

On March 31, 2017, the Company recorded the recurring effect of the tax incentives through the subsidiary Centroeste amounting to R$ 50,331 (R$ 121,216 in 2016), 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 years ended March 31, 2017 and 2016, the value of tax incentives that had an impact on the consolidated result was R$ 52,773 and R$ 31,318, respectively, recorded under the caption Other operating income, net (Note 22).

The entire amount referring to these benefits was allocated to Tax Benefit Reserve.

iii) Profit retention reserve
The remaining balance of the Company's net income, 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 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 that follows reflects income and share data employed to calculate basic and diluted earnings per share for the period ended on March 31, 2017 and 2016 (in thousands, save for sums per share):

Basic and diluted:

	2017	2016 (Restated)
Numerator		
Net income for the year	1,404,667	1,012,490
Profit available for preferred shareholders	(29,151)	-
Profit available to common shareholders	1,375,516	1,012,490
Denominator:		
Weighted average of ordinary outstanding common shares (in thousands)	7,243,283	6,682,832
Basic and diluted earnings per common share (reais per share)	0.190	0.152

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	
	2017	2016	2017	2016
Gross income from sale of products and services	6,398,882	6,595,288	12,900,645	12,557,268
Taxes and sales deductions	(283,852)	(272,944)	(719,953)	(690,180)
Net operating revenue	6,115,030	6,322,344	12,180,692	11,867,088

The net operating revenue is segregated between the following components:

	Parent company		Consolidated	
	2017	2016	2017	2016
Gross income from sale of products and services	7,118,987	6,140,862	13,184,649	11,685,606
Gain (loss) on financial instruments designated as hedge accounting	(1,021,607)	165,106	(1,021,607)	165,106
Gains (losses) with commodities derivatives	17,650	16,376	17,650	16,376
Net operating revenue	6,115,030	6,322,344	12,180,692	11,867,088

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 Company's President and the Board of Directors, which is the chief operational and strategic decision-makers. 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.

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

	Consolidated	
	2017	**2016**
Foreign market (1)	6,136,473	6,916,192
Domestic market	6,044,219	4,950,896
Total	12,180,692	11,867,088

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

The details of net operating revenue by product is as follows:

	Consolidated	
	2017	**2016**
Ethanol	6,074,060	5,867,725
Sugar	5,240,209	5,108,965
Energy	517,685	586,071
Other goods and services	348,738	304,327
Total	12,180,692	11,867,088

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

	Consolidated	
	2017	**2016**
Brazil	45.03%	46.47%
Europe	10.67%	15.47%
Asia	31.03%	23.62%
North America	12.09%	13.37%
Central America	0.37%	0.17%
Other (1)	0.81%	0.90%
Total	100.00%	100.00%

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

EAB main clients for the years ended March 31, 2017 and 2016, which individually accounted for 4% or more of the Company's total revenues are as follows:

	Consolidated	
Client	**2017**	**2016**
Wilmar Sugar Pte Ltd	19.42%	10.14%
Raízen Combustíveis S.A.	15.63%	9.02%
Camil Alimentos S.A.	5.96%	4.77%
Mitsubishi International Corporation	5.67%	6.51%

21. Costs and expenses by nature

Reconciliation of costs and expenses by nature

Costs and expenses are shown in the income by function. The reconciliation of profit or loss by nature for the years ended March 31, 2017 and 2016 is as follows:

a) Costs and expenses by nature:

	Parent company		Consolidated	
	2017	**2016 (Restated)**	**2017**	**2016 (Restated)**
Raw material	(1,874,872)	(1,768,907)	(5,748,313)	(5,161,558)
Depreciation and amortization	(1,370,296)	(1,383,092)	(1,818,791)	(1,876,896)
Personnel expenses	(792,652)	(880,478)	(1,113,343)	(1,195,930)
Cutting, loading and transportation (CCT)	(545,826)	(591,145)	(682,378)	(748,782)
Maintenance materials	(239,853)	(252,825)	(429,943)	(382,278)
Outsourced labor	(157,785)	(151,247)	(182,046)	(178,922)
Change in fair value of biological assets	565,581	280,702	652,984	336,035
Realization of fair value of the biological assets	(292,589)	37,522	(348,363)	39,547
Rental and leases	(352,668)	(232,918)	(383,575)	(250,171)
Resale of energy	-	-	(61,593)	(61,688)
Other expenses (1) (2)	(474,264)	(497,189)	(476,785)	(733,869)
	(5,535,224)	(5,439,577)	(10,592,146)	(10,214,512)

(1) Totals R$ 14,985 (R$ 9,328 in 2016) related to the ICMS tax incentive (Note 18.d.ii).
(2) On March 31, 2017, it includes extemporaneous credits, in amounts of zero (R$ 14,146 and R$ 15,515 in 2016), Parent Company and Consolidated, respectively.

b) Classified as:

	Parent company		Consolidated	
	2017	**2016 (Restated)**	**2017**	**2016 (Restated)**
Cost of products sold and services provided	(4,607,586)	(4,549,972)	(9,372,051)	(9,029,702)
Sales expenses	(546,878)	(507,344)	(688,568)	(656,247)
General and administrative expenses	(380,760)	(382,261)	(531,527)	(528,563)
	(5,535,224)	(5,439,577)	(10,592,146)	(10,214,512)

22. Other operating income (expenses), net

	Parent company		Consolidated	
	2017	2016	2017	2016
Income from investment subsidy - ICMS	-	-	52,773	31,318
Capital gain on dilution of ownership interest (Note 10.d)	14,312	15,121	14,697	15,583
Income (loss) from sales of scrap and waste	9,158	5,260	11,341	7,010
Reversals of extempore credits	10,219	20,799	6,737	22,891
Income from sale of ratoons	1,473	1,975	1,543	1,975
Insurance claim reimbursement (1)	-	-	-	46,695
Income from breach of contract fines	-	5,467	-	7,011
Reversal (formation) of estimated loss with property, plant and equipment and investments (Notes 10 and 11)	(151,875)	1,497	(156,200)	1,869
Formation of provision for legal disputes and contingencies, net	(34,249)	(18,334)	(37,692)	(21,016)
Loss with commercial transaction (2)	(19,349)	(17,142)	(16,741)	(57,453)
Income from the sale of property, plant and equipment and investment	5,425	6,060	(3,522)	(9,255)
Other (3)	7,369	2,042	(3,147)	3,257
	(157,517)	22,745	(130,211)	49,885

(1) Refers to reimbursement of damages related to the fire that occurred in the Santos Terminal.
(2) Substantially refers to the result of the washout of certain business contracts, in the scope of the execution of the business strategy of the Company in the ordinary course of its businesses.
(3) As of March 31, 2017, comprised of R$ 13 million in provision for asset losses, related to the fire occurred on October 20, 2016 in subsidiary Centroeste. Raízen has insurance for the assets lost and is in the phase of investigation and gathering evidences and documentation to send them to the insurance company. The receivable from the insurance company will be recognized when the same confirm the amounts that will be reimbursed.

23. Financial income (loss)

	Parent company		Consolidated	
	2017	2016	2017	2016
Financial expenses				
Interest	(542,015)	(732,874)	(766,030)	(787,189)
Liability monetary variation	(67,300)	(141,621)	(80,693)	(157,597)
PIS and COFINS credits on financial income	(16,828)	(22,230)	(29,804)	(29,957)
Bank expenses	(7,084)	(8,661)	(14,169)	(20,129)
	(633,227)	(905,386)	(890,696)	(994,872)
Less: amounts capitalized on qualifying assets (Note 11)	10,660	13,139	22,426	25,175
	(622,567)	(892,247)	(868,270)	(969,697)
Financial income				
Interest	229,499	362,577	337,432	278,427
Yields from financial investments	41,138	182,467	288,837	318,373
Monetary variation - assets	31,412	60,147	32,171	61,447
Discounts obtained	1,051	3,852	6,907	6,551
	303,100	609,043	665,347	664,798
Foreign exchange variation, net(1)	(67,505)	(455,735)	(68,164)	(441,525)
Net effect of the derivatives(2)	763,665	602,125	736,068	577,360
	376,693	(136,814)	464,981	(169,064)

(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

a) Overview

The Company presents exposure to the following risks deriving from its operations, which are equalized and managed with the use of certain 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 framework

The Company has specific treasury and trading policies that set risk management guidelines. The Company has the following 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 in sugar and ethanol prices; (ii) fluctuations in foreign exchange rates; and, (iii) fluctuations in interest rates. 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, 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016	2017	2016
Price risk								
Commodity derivatives								
Futures contracts	2,018,131	2,708,843	68,984	(423,766)	1,997,655	2,730,412	84,459	(402,443)
	2,018,131	2,708,843	68,984	(423,766)	1,997,655	2,730,412	84,459	(402,443)
Foreign exchange rate risk								
Foreign exchange rate derivative								
Futures contracts	(298,622)	714,432	3,689	7,199	(298,622)	714,432	3,689	7,199
Forward contracts	3,922,885	3,439,300	67,593	357,138	3,922,885	3,439,300	67,593	357,138
Foreign exchange swap	(1,197,402)	(1,919,710)	74,758	626,637	(1,361,519)	(2,112,402)	34,993	601,642
	2,426,861	2,234,022	146,040	990,974	2,262,744	2,041,330	106,275	965,979
Interest rate risk								
Interest derivatives	745,842	(622,808)	14,810	(6,715)	(960,699)	(622,808)	23,418	(6,715)
	745,842	(622,808)	14,810	(6,715)	(960,699)	(622,808)	23,418	(6,715)
Total			229,834	560,493			214,152	556,821
Current assets			372,926	513,987			422,055	566,477
Non-current assets			151,717	674,660			160,325	674,660
Total assets			524,643	1,188,647			582,380	1,241,137
Current liabilities			(260,404)	(459,252)			(294,094)	(490,650)
Non-current liabilities			(34,405)	(168,903)			(74,134)	(193,667)
Total liabilities			(294,809)	(628,155)			(368,228)	(684,317)

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), heated oil 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, 2017								
Derivatives	**Purchased / Sold**	**Market**	**Contract**	**Maturity**	**Notional (units)**		**Notional (R$ thousand)**	**Fair value (R$ thousand)**
Future	Sold	NYSE LIFFE	Sugar#5	Jun-Sep2017	47,500	t	55,865	6,341
Future	Sold	ICE	Sugar#11	Jul2017-Sep2018	1,929,831	t	2,310,719	12,746
Options	Sold	ICE	Sugar#11	Apr2017-Sep2018	525,448	t	38,449	(9,629)
Accumulator	Sold	OTC	Sugar#11	Apr2017-Sep2018	-	t	-	13,251
Sub-total sugar bought					2,502,779	t	2,405,033	22,709
Future	Purchased	NYSE LIFFE	Sugar#5	Jun-Sep2017	(20,300)	t	(32,744)	(2,121)
Future	Purchased	ICE	Sugar#11	Jul2017-Sep2018	(251,421)	t	(321,316)	(25,898)
Options	Purchased	ICE	Sugar#11	Apr2017-Sep2018	(474,646)	t	(37,580)	74,836
Sub-total sugar bought					(746,367)	t	(391,640)	46,817
Sub-total sugar					1,756,412	t	2,013,393	69,526
Future	Sold	B3	Ethanol	May-Aug2017	19,350	m³	29,816	74
Future	Sold	CHGOETHNL	Ethanol	Apr-Dec2017	73,293	m³	360	(9,668)
Future	Sold	NYMEX	Ethanol	Apr2017-Mar2018	102,500	m³	162,847	(305)
Options	Sold	CHGOETHNL	Ethanol	Aug-Dec2017	17,346	m³	288	(2,377)
Sub-total ethanol bought					212,489	m³	193,311	(12,276)
Future	Purchased	B3	Ethanol	Jul 2017	(16,230)	m³	(25,078)	(616)
Future	Purchased	CHGOETHNL	Ethanol	Apr-Sep2017	(183,246)	m³	(905)	27,677
Future	Purchased	NYMEX	Ethanol	Apr2017-Nov2018	(103,600)	m³	(165,235)	174
Options	Purchased	CHGOETHNL	Ethanol	Apr2017	(2,100)	m³	-	208
Sub-total ethanol bought					(305,176)	m³	(191,218)	27,443
Physical fixed	Sold	CHGOETHNL	Ethanol	Apr-Dec2017	736	m³	1,143,096	(470)
Sub-total physical fixed ethanol sold					736	m³	1,143,096	(470)
Physical fixed	Purchased	CHGOETHNL	Ethanol	Apr2017-Mar2018	(859)	m³	(1,160,927)	236
Sub-total physical fixed ethanol purchased					(859)	m³	(1,160,927)	236
Subtotal ethanol					(92,810)		(15,738)	14,933
Net exposure of derivatives of goods as of March 31, 2017							1,997,655	84,459
Net exposure of derivatives of goods as of March 31, 2016							2,730,412	(402,443)

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 for derivatives used to cover outstanding foreign exchange rate risks as of March 31, 2017 and 2016:

Consolidated							
Price risk: exchange derivatives outstanding on March 31, 2017							
Derivatives	**Purchased / Sold**	**Market**	**Contract**	**Maturity**	**Notional (US$ thou.)**	**Notional (R$ thousand)**	**Fair value (R$ thousand)**
Future	Sold	B3	Trade dollar	Apr-May2017	891,000	2,823,044	(27,125)
Subtotal future sold					891,000	2,823,044	(27,125)
Future	Purchased	B3	Trade dollar	Apr2017	(985,250)	(3,121,666)	30,814
Subtotal future bought					(985,250)	(3,121,666)	30,814
Term	Purchased	OTC/B3	NDF	Apr2017	(1,364,480)	(4,295,639)	23,331
Term	Sold	OTC/B3	NDF	Apr-Jun2017	2,587,884	8,218,524	44,262
Subtotal term bought/sold					1,223,404	3,922,885	67,593
Foreign exchange swap	Purchased	Fixed Dollar/OTC	Foreign exchange swap	Jun2017-Jan2022	(543,117)	(1,720,812)	(46,523)
Foreign exchange swap	Sold	Fixed Dollar/OTC	Foreign exchange swap	Oct2021-Jan2022	113,399	359,293	81,516
Swap subtotal					(429,718)	(1,361,519)	34,993
Net exposure of foreign exchange derivatives as of March 31, 2017					699,436	2,262,744	106,275
Net exposure of foreign exchange derivatives as of March 31, 2016					454,696	2,041,330	965,979

On March 31, 2017 and 2016, the summary of the quantitative data on accounting exposure to foreign exchange risk of the Company is presented below:

	Consolidated	
		2017
	R$	US$ (in thousands)
Cash and cash equivalents (Note 3)	380,487	120,088
Restricted cash (Note 4)	158,748	50,104
Trade notes receivable abroad (Note 5)	140,499	44,344
Related party transactions (note 9)	2,483,722	783,904
Suppliers (note 13)	(85,804)	27,081
Loans and financing (Note 14)	(4,047,031)	(1,277,311)
Derivatives (Note 24) (*)		(699,436)
Net foreign exchange exposure	(969,379)	(951,226)
Derivatives settled in the month before the closing (**)		134,539
Net foreign exchange exposure, adjusted in Mar/17 (***)		(816,687)
Net foreign exchange exposure, adjusted in Mar/16 (***)		(822,707)

(*) 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 framework 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, 2017 and 2016, the impacts recognized in the Company's equity and the estimated realization in profit or loss are shown below:

			Years for realization			
Derivatives	**Market**	**Risk**	**2017/18**	**2018/19**	**2017**	**2016**
Future	OTC / ICE	Sugar#11	(26,651)	7,760	(18,891)	(399,036)
Future	B3	Ethanol	222	-	222	1,771
Options (1)	OTC / ICE	Sugar#11	58,377		58,377	-
ACC and PPE	Debt	Foreign exchange	(94,787)	-	(94,787)	(339,670)
			(62,839)	7,760	(55,079)	(736,935)
(-) Deferred taxes			21,366	(2,638)	18,728	250,556
Effect on equity in 2017			(41,473)	5,122	(36,351)	(486,379)

(1) During the year ended March 31, 2017, the Company started to operate in market of commodities options "*Sugar#11*". The currently adopted strategy is zero cost collar, considering that such operations are designated as hedge accounting, accounting for the effect of the change in the intrinsic value of the option as cash flow hedge, deferring its effects in equity. Variation of options' extrinsic value is directly recognized in the Statement of Income under caption Net operating revenue.

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

	2017	**2016**
Balance at the beginning of the year	(486,379)	22,832
Gains/(losses) during the financial year:		
Fair value on commodity futures designated as hedge accounting	(474,563)	(260,796)
Foreign exchange variation on debt contracts designated as hedge accounting	134,814	(339,670)
Result from commodities in net operating revenue (Note 19)	911,538	(525,758)
Result of debt contracts in net operating revenue	110,069	360,652
Result of financial instruments. We considered as non-effective hedge accounting, recognized in financial income (loss)	-	(5,983)
Total changes during the year	681,858	(771,555)
Effect of deferred taxes on Asset / liability valuation adjustment	(231,830)	262,344
	450,028	(509,211)
Balance at the end of the year	(36,351)	(486,379)

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, 2017 and 2016 for derivatives used to cover interest rate risk:

					Consolidated		
					Price risk: interest derivatives, outstanding as of March 31, 2017		
Derivatives	Bought / Sold	Market	Contract	Maturity	Notional (US$ thou.)	Notional (R$ thousand)	Fair value (R$ thousand)
Interest rate swap	Purchased	OTC	Interest rate swap	Sep2017-Mar2023	(303,213)	(960,699)	23,418
Net exposure of interest derivatives as of March 31, 2017					(303,213)	(960,699)	23,418
Net exposure of interest derivatives as of March 31, 2016					(175,000)	(622,808)	(6,715)

g) Credit risk

A substantial part of the Company's sales is 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 estimated loss in 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, Chicago - CBOT 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 and over-the-counter agreements registered with B3, 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 B3) require guarantee margins. The total margin deposited as of March 31, 2017 is R$ 186,994 (R$ 759,032 in 2016), of which R$ 28,246 (R$ 107,582 in 2016) in restricted financial investments and R$ 158,748 (R$ 651,450 in 2016) in derivative transaction margins.

The Company's over-the-counter derivative transactions ("OTC") 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 may encounter difficulties in performing the obligations associated with its financial liabilities that are settled with 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 the liquidity management process, management prepares business plans and monitors their implementation, discussing positive and negative cash flow risks and assessing the availability of funds to support its operations, investments and refinancing needs.

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

	Consolidated				
	Up to 1 year	Up to 2 years	3-5 years	>5 years	Total
Loans and financing (1)	1,079,539	1,556,603	6,928,345	4,805,500	14,369,987
Suppliers (note 13)	948,360	-	-	-	948,360
Derivative financial instruments	294,094	303	73,831	-	368,228
Related parties (1)	336,884	-	-	801,090	1,137,974
March 31, 2017	2,658,877	1,556,906	7,002,176	5,606,590	16,824,549
March 31, 2016	3,382,736	1,617,284	7,895,182	3,071,462	15,966,664

(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 does 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. As of March 31, 2017, the market value of Senior Notes due 2027 (Note 14) was 101.73% (104.13% in 2016) of face value.

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 hedge object.

The categories of financial instruments are as follows:

		Consolidated			
		Book value		Fair value	
	Rating	2017	2016	2017	2016
Financial assets					
Cash and cash equivalents, except financial investment (Note 3)	Loans and receivables	481,635	676,552	481,635	676,552
Interest earning bank deposits (Note 3)	Fair value through profit or loss	2,955,977	2,311,123	2,955,977	2,311,123
Restricted cash, except for restricted financial investment (See Note 4)	Loans and receivables	158,748	651,450	158,748	651,450
Restricted financial investment (Note 4)	Fair value through profit or loss	75,452	160,037	75,452	160,037
Trade accounts receivable (Note 5)	Loans and receivables	371,930	457,795	371,930	457,795
Derivative financial instruments (2)	Fair value through profit or loss	582,380	1,241,137	582,380	1,241,137
Related party transactions (note 9)	Loans and receivables	3,768,720	1,906,741	3,768,720	1,906,741
Other financial assets (Note 8)	Loans and receivables	1,233,868	1,455,470	1,233,868	1,455,470
		9,628,710	8,860,305	9,628,710	8,860,305
Financial liabilities					
Loans and financing (1) (Note 14)	Amortized cost	(10,318,691)	(9,876,448)	(10,346,096)	(9,902,102)
Derivative financial instruments (2)	Fair value through profit or loss	(368,228)	(684,317)	(368,228)	(684,317)
Suppliers (note 13)	Amortized cost	(948,360)	(891,846)	(948,360)	(891,846)
Related party transactions (note 9)	Amortized cost	(1,126,258)	(1,369,379)	(1,126,258)	(1,369,379)
		(12,761,537)	(12,821,990)	(12,788,942)	(12,847,644)

(1) Reported net of expenses incurred with the placement of the securities
(2) As of March 31, 2017, the caption includes derivatives designated as hedging instruments in the amount of R$ (55,079) (R$ 736,935 in 2016).

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 earning bank deposits (Note 3)	-	2,955,977	-	2,955,977
Derivative financial instruments - assets	303,993	265,136	13,251	582,380
Derivative financial instruments - liabilities	(229,096)	(139,132)	-	(368,228)
March 31, 2017	74,897	3,081,981	13,251	3,170,129
March 31, 2016	(384,972)	3,263,188	(10,273)	2,867,943

As of March 31, 2017 and 2016 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 adverse effects 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, 2017 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, 2017				
	Risk factor	Probable scenario	Possible scenario (25%)	Balance of fair value	Remote scenario (50%)	Balance of the fair value
Price risk						
Commodity derivatives						
Futures contracts:						
Purchase and sale commitments	High sugar prices	69,526	(589,274)	(535,223)	(1,178,548)	(1,124,497)
Purchase and sale commitments	Ethanol price increase	14,933	(111,052)	(80,644)	(222,103)	(191,695)
		84,459	(700,326)	(615,867)	(1,400,651)	(1,316,192)
Foreign exchange rate risk						
Foreign exchange rate derivative						
Futures contracts:						
Purchase and sale commitments	Increase in foreign exchange rate R$/US$	3,689	(2,733)	956	(5,466)	(1,777)
Forward contracts:						
Purchase and sale commitments	Increase in foreign exchange rate R$/US$	67,593	(947,703)	(880,110)	(1,895,406)	(1,827,813)
Foreign exchange swaps:						
Purchase and sale commitments	Increase in foreign exchange rate R$/US$	34,993	278,846	313,839	557,692	592,685
		106,275	(671,590)	(565,315)	(1,343,180)	(1,236,905)
Interest rate risk						
Swap, Term and Futures Contracts	Low interest rate	23,418	(5,672)	17,746	(11,344)	12,074
		23,418	(5,672)	17,746	(11,344)	12,074
Total		214,152	(1,377,588)	(1,163,436)	(2,755,175)	(2,541,023)

(*) Result projected to occur within 12 months from March 31, 2017.

ii) Net foreign exchange exposure

The probable scenario considers the position as of March 31, 2017. 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 as of March 31, 2017		**Possible scenario +25%**	**Remote scenario +50%**	**Possible scenario -25%**	**Remote scenario +50%**
Cash and cash equivalents (Note 3)	380,487	95,122	190,244	(95,122)	(190,244)
Restricted cash (Note 4)	158,748	39,689	79,377	(39,689)	(79,377)
Trade notes receivable abroad (Note 5)	140,499	35,126	70,252	(35,126)	(70,252)
Related party transactions (note 9)	2,483,722	620,930	1,241,860	(620,930)	(1,241,860)
Suppliers (note 13)	(85,804)	(21,450)	(42,901)	21,450	42,901
Loans and financing (Note 14)	(4,047,031)	(1,011,759)	(2,023,517)	1,011,759	2,023,517
Impact on income (loss) for the year	(969,379)	(242,342)	(484,685)	242,342	484,685

iii) Interest rate sensibility

As of March 31, 2017, the probable scenario considers the annual weighted average rate of floating interests of loans and financing, and for financial investments and restricted cash, the CDI (13.75%) accumulated in the last 12 months. In both cases, simulations were run considering the increase and reduction by 25% and 50%. The consolidated results of this sensitivity are as follows:

		March 31, 2017			
		Interest rate sensibility			
	Probable scenario	**Possible scenario +25%**	**Remote scenario +50%**	**Possible scenario -25%**	**Remote scenario -50%**
Interest earning bank deposits	408,778	102,195	204,389	(102,195)	(204,389)
Restricted cash	10,425	2,606	5,213	(2,606)	(5,213)
Loans and financing	(625,490)	(156,373)	(312,745)	156,373	312,745
Impact on income (loss) for the year	(206,287)	(51,572)	(103,143)	51,572	103,143

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 rating agencies as show below:

Branch	**Scale**	**Rating**	**Outlook**	**Date**
Fitch	National	AAA (bra)	Stable	08/09/2016
Moody's	National	Aaa.Br	Negative	05/31/2017
Standard & Poor's	National	brAAA	Negative	05/15/2017

The financial leverage ratios on March 31, 2017, and 2016 were calculated as follows:

	Consolidated	
	2017	2016 (Restated)
Third party capital		
Loans and financing (Note 14)	10,318,691	9,876,448
(-) Cash and cash equivalents (Note 3)	(3,437,612)	(2,987,675)
(-) Financial investments linked to financing (note 4)	(47,206)	(52,455)
(-) National Treasury Certificates - CTN (Note 8)	(737,088)	(627,219)
(-) Foreign exchange and interest rate derivatives	(129,693)	(959,264)
	5,967,092	5,249,835
Own capital		
Equity		
Attributed to the parent company's shareholders	9,385,155	8,383,387
Interest of non-controlling shareholders	(963)	(963)
	9,384,192	8,382,424
Total capital	15,351,284	13,632,259
Leverage ratio	39%	39%

25. Retirement supplementation plan and other benefits to employees

(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, 2017, the contribution recognized as expense amounted to R$ 12,652 (R$ 10,021 in 2016).

(b) Profit sharing

The Company recognizes a liability and a profit sharing expense based on a methodology that considers pre-defined targets to employees. The Company recognizes a provision when it is contractually compelled or when there is a past practice that created non-formalized 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 activities of the Company and its subsidiaries. Main ones, on March 31, 2017, are as follows:

Insured property	Coverage	Amount of coverage
Operational risks	Fire, lightning, explosion and others	868,856
General liability	Third party complaints	250,000
		1,118,856

27. Corporate Internal reorganization and business combination

1) Transactions occurred during the year ended March 31, 2017

i) Downstream merger of Tarumã by Paraguaçu

On June 1, 2016, the downstream merger of Tarumã by Paraguaçú was approved. As a result of this merger, and considering that Tarumã held 99.9999% of the capital of Paraguaçú, there was a capital increase in that company through the issue of 247,433,845 new shares of R$ 247,434, net of the following amounts: (a) R$ 301,729 regarding the investment that Tarumã had in Paraguaçú; and (b) R$ 43,049 corresponding to the recurring effect of the tax incentive reserve recognized in the subsidiary Caarapó. Thus, the shares in the capital of Paraguaçu now belgons to Raízen Energia and its subsidiary Raízen Araraquara, in the proportion to their respective holdings.

Detailing of net assets contributed to Paraguaçú is as follows:

Accounts	Total
Cash and cash equivalents	262,626
Trade accounts receivable	119,741
Inventories	92,569
Related parties	61,324
Dividends receivable	5,813
Recoverable taxes	12,608
Judicial deposits	100,986
Investments	435,849
Property, plant and equipment	408,964
Intangible assets	17,707
Other receivables	34,282
Loans and financing	(881,276)
Suppliers	(43,443)
Payroll and related charges payable	(19,566)
Income and social contribution taxes payable	(13,590)
Taxes payable	(20,128)
Dividends payable	(1,228)
Related parties	(235,104)
Derivative financial instruments	(26,445)
Provision for legal disputes	(13,847)
Deferred income and social contribution tax	(3,649)
Tax incentive reserve	(43,049)
Other liabilities	(3,710)
	247,434

ii) Merger of Luxembourg by Fuels

a) Capital increase of Fuels made by Raízen Energia

On July 29, 2016, during a Special Shareholders' Meeting, the Company RESA made a capital contribution in Fuels, at the time RCSA's subsidiary, assigning 100% of its interest in Luxembourg, in the amount of R$ 4,555, equivalent to US$ 1,419,000, receiving an interest of 96.11% in Fuels investment, having now a direct control of Fuels, and net assets totaled R$ 146, equivalent to US$ 45,000. As a result of this transaction, the Company recognized Fuels' investment loss in the amount of R$ 38,000, equivalent to US$ 12,000, recorded in equity, under the caption Capital Reserve, since it is a capital transaction between shareholders. The aforementioned corporate restructuring was carried out under common control and, thus, recognized at book value.

The breakdown of net assets of Fuels assumed by the Company is as follows:

Accounts	US$	R$
Cash and cash equivalents	3,232	10,398
Related party transactions (note 9)	527,326	1,692,611
Recoverable taxes	28	90
Loans and financing (Note 14)	(530,541)	(1,702,931)
Exchange variation over contribution	-	(22)
	45	**146**

b) Acquisition of additional ownership interest

On September 15, 2016, the Company acquired the 45,000 shares that RCSA held from Fuels, in the amount of R$ 274,000 equivalent to US$ 84,000, and, as of this date, the Company holds a 100%-interest in Fuels.

c) Merger of Luxembourg by Fuels

On September 15, 2016, the merger of Luxembourg by Fuels was approved, whose net assets totaled US$ 1,741 thousand. In this way, Fuels' investment in this company was replaced by the equity, and capital remained unchanged, with the consequent termination of Luxembourg.

2) 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 Centroeste, direct subsidiary of the Company, which paid-up said 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, capital increase of Bio Jataí by subsidiary 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 said UTE is as follows:

Accounts	Centroeste
Property, plant and equipment	159,486
Other receivables	431
Payroll and related charges payable	(199)
Prepaid revenues	(11,005)
	148,713

On April 2, 2015, through 4th Amendment to the Bylaws of Bioenergia Barra Ltda. ("Bio Barra"), capital increase in Bio Barra by subsidiary 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	Centroeste
Investments	148,713
Loans and financing	(71,650)
	77,063

In addition, on April 30, 2015, subsidiary 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 capital, and the latter holds direct ownership interest of 99.999% in Bio Jataí's capital.

28. Cash flow supplementary information

Investment and financing transactions not involving cash are as follows:

	Parent company		Consolidated	
	2017	2016	2017	2016
Transaction investments:				
Depreciation of agricultural assets capitalized as biological assets (Note 7)	(12,434)	(17,033)	(14,925)	(20,980)
Depreciation of agricultural assets capitalized as property, plant and equipment (Note 11)	(39,360)	(36,645)	(45,291)	(42,255)
Tax credits on fixed assets, including adjustment at present value	(1,193)	(471)	(3,741)	(922)
Interest capitalized in fixed assets (Notes 11 and 23)	(10,660)	(13,139)	(22,426)	(25,175)
Transfer of CTC shares as payment of debt (note 9.d)	-	(8,250)	-	(8,250)
Subscribed, not paid-in capital (Note 10)	(75,738)	-	(75,738)	-
	(139,385)	(75,538)	(162,121)	(97,582)
Financing transactions not involving cash				
Dividends and interest on own capital payable (Note 18.b)	(45,167)	(134,865)	(45,167)	(134,865)
	(45,167)	(134,865)	(45,167)	(134,865)

29. Subsequent events

Issue of Certificate of Agribusiness Receivables - CRA
According to the Announcement of the End of the Public Distribution of the 6th and 7th Series of the 1st Issue of RB Capital Companhia de Securitização disclosed on May 5, 2017, Raízen Energia S.A. completed the issuance of CRAs to raise R$ 969,691, maturing in April 2024 (7th serie). Considering the total exercise of the Additional Lot Option (20%), pursuant to article 14, paragraph 2 of CVM Instruction 400 and partial exercise of the Supplementary Lot Option (9.3%), pursuant to article 24 of CVM Instruction 400. The financial settlement occurred on May 3, 2017.

Proposal for investment in Tonon
On June 13, 2017, RESA presented a binding proposal in a total amount of R$ 823 million for the acquisition of the Santa Cândida and Paraíso mills, in connection with the Court-supervised Reorganizations of Tonon Bioenergia S.A. - Under Court-supervised Reorganization, Tonon Holding S.A. - Under Court supervised Reorganization and Tonon Luxembourg S.A. - Under Court-supervised Reorganization.

The Santa Cândida and Paraíso mills will be organized as an Isolated Production Unit -UPI, and will be sold through a court-supervised auction with sealed proposals, in accordance with the request for proposals.

Until the issue of these financial statements there is no concrete result of the competitive bid process.