

Raízen Energia S.A.

Interim financial information

December 31, 2018

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), containing individual and consolidated interim financial information prepared in accordance with CPC 21 (R1) – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by International Accounting Standards Board - IASB)

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Report on review of interim financial information

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), containing individual and consolidated interim financial information prepared in accordance with CPC 21 (R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board - IASB)

To the Directors and Shareholders of

Raízen Energia S.A.

São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Raízen Energia S.A. (the “Company”) contained in the Quarterly Information Form - ITR for the quarter ended December 31, 2018, which comprises the statement of financial position as of December 31, 2018 and the respective statements of income and comprehensive income for the three and nine-month periods then ended and changes in equity and cash flows for the nine-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation of this individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in accordance with standards issued by the Brazilian Securities and Exchange Commission (“CVM”), applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

**Conclusion on the individual and consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by IASB, applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission ("CVM").

Other matters - Statements of Value Added

The individual and consolidated interim financial information, related to statements of value added for the nine-month period ended December 31, 2018, prepared under the responsibility of the Company's management, presented as supplementary information for the purposes of IAS 34, were submitted to the review procedures followed together with the review of the Quarterly Information - ITR of the Company. In order to form our conclusion, we evaluated whether these statements are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, consistent with the individual and consolidated interim financial information taken as a whole.

São Paulo, February 14, 2019.

KPMG Auditores Independentes
CRC SP014428/O-6

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

RAÍZEN ENERGIA S.A.

Statements of financial position as of December 31 and March 31, 2018

(In thousands of reais – R\$)

	Note	Parent company		Consolidated	
		12/31/2018	03/31/2018	12/31/2018	03/31/2018
Assets					
Current assets					
Cash and cash equivalents	3	478,453	106,390	2,437,571	3,321,777
Restricted cash	4	40,054	25,748	106,801	91,109
Derivative financial instruments	24	517,170	169,317	1,370,780	243,538
Trade accounts receivable	5	235,676	215,994	1,061,297	602,365
Inventories	6	2,369,269	423,944	3,584,607	752,562
Biological assets	7	584,130	775,289	740,473	947,815
Recoverable income and social contribution taxes	15.a.1	406,232	554,599	438,698	584,435
Recoverable taxes		133,046	106,095	240,666	206,889
Other financial assets	8	238,660	408,379	278,906	408,379
Related parties	9	1,502,432	579,199	1,902,858	750,419
Dividends receivable	10.d.iv	6,581	93,641	-	-
Other receivables		189,108	246,803	246,297	308,231
Total current assets		6,700,811	3,705,398	12,408,954	8,217,519
Non-current assets					
Derivative financial instruments	24	547,036	213,614	585,836	242,541
Other financial assets	8	405,644	484,971	607,128	502,433
Recoverable income and social contribution taxes	15.a.1	388,813	275,513	414,229	300,930
Recoverable taxes		52,358	47,406	79,363	55,634
Related parties	9	321,478	312,079	3,421,571	3,019,804
Deferred income and social contribution taxes	15.b	285,325	145,350	226,604	82,766
Judicial deposits	16	240,495	216,313	377,956	349,586
Other receivables		224,960	140,383	254,647	169,457
Investments	10	5,677,145	5,427,452	567,785	346,461
Property, plant and equipment	11	5,336,781	5,676,639	8,900,798	9,432,324
Intangible assets	12	1,468,400	1,464,739	1,837,802	1,810,841
Total non-current assets		14,948,435	14,404,459	17,273,719	16,312,777
Total assets		21,649,246	18,109,857	29,682,673	24,530,296

See the accompanying notes to the interim financial information.

RAÍZEN ENERGIA S.A.

Statements of financial position as of December 31 and March 31, 2018

(In thousands of reais – R\$)

(Continued)

		Parent company		Consolidated	
	Note	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Liabilities					
Current liabilities					
Loans and financing	14	2,290,932	1,223,870	2,534,925	1,504,014
Derivative financial instruments	24	104,748	111,414	884,505	181,648
Suppliers	13	972,336	677,303	3,090,299	2,001,873
Payroll and related charges payable		293,399	367,128	343,670	429,569
Income and social contribution taxes payable	15.a.2	-	-	24,513	90,115
Taxes payable		66,044	82,619	199,936	174,118
Dividends payable		-	17,082	-	17,082
Related parties	9	2,177,929	652,945	1,502,869	491,234
Advances from clients	5	36,642	16,133	513,749	36,741
Other liabilities		200,076	87,405	218,063	147,665
Total current liabilities		6,142,106	3,235,899	9,312,529	5,074,059
Non-current liabilities					
Loans and financing	14	4,242,528	3,858,030	10,099,513	9,275,582
Derivative financial instruments	24	338,482	31,598	338,755	59,703
Taxes payable		169,229	162,134	178,837	173,226
Related parties	9	1,805,256	1,548,801	407,604	379,894
Provision for legal disputes	16	294,497	264,378	390,392	340,506
Deferred income and social contribution taxes	15.b	-	-	258,509	217,762
Other liabilities		168,332	183,880	170,387	185,397
Total non-current liabilities		7,018,324	6,048,821	11,843,997	10,632,070
Total liabilities		13,160,430	9,284,720	21,156,526	15,706,129
Equity					
Capital	18	6,505,526	6,505,526	6,505,526	6,505,526
Capital reserves		1,089,121	1,089,121	1,089,121	1,089,121
Equity valuation adjustments		51,753	(3,386)	51,753	(3,386)
Income reserves		513,312	1,233,876	513,312	1,233,876
Retained earnings		329,104	-	329,104	-
		8,488,816	8,825,137	8,488,816	8,825,137
Interest of non-controlling shareholders		-	-	37,331	(970)
Total equity		8,488,816	8,825,137	8,526,147	8,824,167
Total liabilities and equity		21,649,246	18,109,857	29,682,673	24,530,296

See the accompanying notes to the interim financial information.

RAÍZEN ENERGIA S.A.

Statements of income

Three and nine-month periods ended December 31

(In thousands of reais - R\$, except income per share)

		Parent company			
	Note	Oct- Dec/2018	Apr- Dec/2018	Oct- Dec/2017	Apr- Dec/2017
Net operating revenue	19	1,426,366	4,465,950	1,534,272	4,976,683
Costs of products sold and services provided	21	(1,243,635)	(4,048,206)	(1,232,474)	(4,272,593)
Gross income		182,731	417,744	301,798	704,090
Operating revenue (expenses)					
Selling	21	(133,597)	(480,198)	(163,408)	(521,613)
General and administrative	21	(121,757)	(358,350)	(111,976)	(338,989)
Other operating income (expenses), net	22	264,305	249,678	(7,144)	(4,010)
Equity accounting result	10	393,071	708,070	257,171	638,849
		402,022	119,200	(25,357)	(225,763)
Income before financial results and income and social contribution taxes		584,753	536,944	276,441	478,327
Financial results					
Financial expenses	23	(159,142)	(581,986)	(164,722)	(518,428)
Financial income	23	66,746	222,160	63,842	248,738
Exchange variation, net	23	81,475	(58,972)	(42,938)	(31,334)
Net effect of the derivatives	23	(62,460)	88,843	4,765	46,965
		(73,381)	(329,955)	(139,053)	(254,059)
Income before income and social contribution taxes		511,372	206,989	137,388	224,268
Income and social contribution taxes	15.a				
Current		-	-	40,879	25,437
Deferred		(64,032)	165,114	(645)	122,531
		(64,032)	165,114	40,234	147,968
Net income for the period		447,340	372,103	177,622	372,236

See the accompanying notes to the interim financial information.

RAÍZEN ENERGIA S.A.

Statements of income

Three and nine-month periods ended December 31

(In thousands of reais - R\$, except income per share)

		Consolidated			
	Note	Oct- Dec/2018	Apr- Dec/2018	Oct- Dec/2017	Apr- Dec/2017
Net operating revenue	19	5,741,997	15,285,610	3,293,603	10,239,444
Costs of products sold and services provided	21	(5,249,328)	(14,092,385)	(2,593,070)	(8,569,791)
Gross income		<u>492,669</u>	<u>1,193,225</u>	<u>700,533</u>	<u>1,669,653</u>
Operating revenue (expenses)					
Selling	21	(173,138)	(613,736)	(197,548)	(658,857)
General and administrative	21	(159,228)	(469,627)	(149,929)	(447,016)
Other operating (expenses) income, net	22	427,852	485,884	(9,996)	8,824
Equity accounting result	10	<u>35,063</u>	<u>26,296</u>	<u>(6,385)</u>	<u>(17,267)</u>
		<u>130,549</u>	<u>(571,183)</u>	<u>(363,858)</u>	<u>(1,114,316)</u>
Income before financial results and income and social contribution taxes		<u>623,218</u>	<u>622,042</u>	<u>336,675</u>	<u>555,337</u>
Financial results					
Financial expenses	23	(222,199)	(763,088)	(217,534)	(678,874)
Financial income	23	129,817	444,771	135,064	507,397
Exchange variation, net	23	89,290	(97,123)	(38,929)	(29,479)
Net effect of the derivatives	23	<u>(46,604)</u>	<u>139,495</u>	<u>11,091</u>	<u>72,117</u>
		<u>(49,696)</u>	<u>(275,945)</u>	<u>(110,308)</u>	<u>(128,839)</u>
Income before income and social contribution taxes		<u>573,522</u>	<u>346,097</u>	<u>226,367</u>	<u>426,498</u>
Income and social contribution taxes	15.a				
Current		(49,767)	(95,649)	(52,042)	(137,820)
Deferred		<u>(80,130)</u>	<u>125,797</u>	<u>3,297</u>	<u>83,558</u>
		<u>(129,897)</u>	<u>30,148</u>	<u>(48,745)</u>	<u>(54,262)</u>
Net income for the period		<u>443,625</u>	<u>376,245</u>	<u>177,622</u>	<u>372,236</u>
Attributable to:					
Company's controlling shareholders		447,340	372,103	177,622	372,236
Company's non-controlling shareholders		<u>(3,715)</u>	<u>4,142</u>	<u>-</u>	<u>-</u>
		<u>443,625</u>	<u>376,245</u>	<u>177,622</u>	<u>372,236</u>
Net income per common share:					
Basic and diluted	18.e	<u>0.062</u>	<u>0.051</u>	<u>0.024</u>	<u>0.050</u>

See the accompanying notes to the interim financial information.

RAÍZEN ENERGIA S.A.

Statements of comprehensive income Three and nine-month periods ended December 31 (In thousands of reais – R\$)

	Parent Company			
	Oct- Dec/2018	Apr- Dec/2018	Oct- Dec/2017	Apr- Dec/2017
Net income for the period	447,340	372,103	177,622	372,236
Comprehensive income				
Items that won't be reclassified to profit or loss				
Equity valuation adjustment - Actuarial losses	(1,218)	(1,218)	(428)	(428)
Equity valuation adjustment - Actuarial losses (effect of subsidiaries included)	(209)	(209)	(69)	(69)
Deferred taxes on adjustments (Nota 15.b)	414	414	145	145
	<u>(1,013)</u>	<u>(1,013)</u>	<u>(352)</u>	<u>(352)</u>
Items that are or may be reclassified to income or loss				
Net result from financial instruments designated as				
Hedge accounting	644,073	75,183	(147,639)	105,028
Effect of foreign currency translation - CTA	24,261	6,531	(147)	(587)
Deferred taxes on adjustments (Note 15.b)	<u>(218,984)</u>	<u>(25,562)</u>	<u>50,196</u>	<u>(35,710)</u>
	<u>449,350</u>	<u>56,152</u>	<u>(97,590)</u>	<u>68,731</u>
Other components of the comprehensive income (loss) for the period	<u>448,337</u>	<u>55,139</u>	<u>(97,942)</u>	<u>68,379</u>
Total comprehensive income for the period	<u><u>895,677</u></u>	<u><u>427,242</u></u>	<u><u>79,680</u></u>	<u><u>440,615</u></u>

See the accompanying notes to the interim financial information.

RAÍZEN ENERGIA S.A.

Statements of comprehensive income Three and nine-month periods ended December 31 (In thousands of reais – R\$)

	Oct- Dec/2018	Apr- Dec/2018	Oct- Dec/2017	Consolidated Apr- Dec/2017
Net income for the period	443,625	376,245	177,622	372,236
Comprehensive income				
Items that won't be reclassified to profit or loss				
Equity valuation adjustment - Actuarial losses	(1,525)	(1,525)	(529)	(529)
Deferred taxes on adjustment (Note 15.b)	512	512	177	177
	<u>(1,013)</u>	<u>(1,013)</u>	<u>(352)</u>	<u>(352)</u>
Items that are or may be reclassified to statement of profit or loss				
Net result from financial instruments designated as				
Hedge accounting (Note 24.e)	644,073	75,183	(147,639)	105,028
Effect of foreign currency translation - CTA	24,261	6,531	(147)	(587)
Deferred taxes on adjustments (Note 15.b)	<u>(218,984)</u>	<u>(25,562)</u>	<u>50,196</u>	<u>(35,710)</u>
	<u>449,350</u>	<u>56,152</u>	<u>(97,590)</u>	<u>68,731</u>
Other components of the comprehensive income (loss) for the period	<u>448,337</u>	<u>55,139</u>	<u>(97,942)</u>	<u>68,379</u>
Total comprehensive income for the period	<u>891,962</u>	<u>431,384</u>	<u>79,680</u>	<u>440,615</u>
Attributable to:				
Company's controlling shareholders	895,675	427,242	79,680	440,615
Company's non-controlling shareholders	<u>(3,713)</u>	<u>4,142</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>891,962</u>	<u>431,384</u>	<u>79,680</u>	<u>440,615</u>

See the accompanying notes to the interim financial information.

RAÍZEN ENERGIA S.A.

Statements of changes in equity Nine-month periods ended December 31 (In thousands of reais – R\$)

	Attributable to the parent company's shareholders										
	Capital reserves				Profit reserves						
	Capital	Capital reserve	Goodwill special reserve	Equity valuation adjustments	Tax incentive reserve	Legal	Profit retention	Retained earnings	Total	Interest of non-controlling shareholders	Total equity
Balances at March 31, 2018	6,505,526	846,010	243,111	(3,386)	310,190	203,122	720,564	-	8,825,137	(970)	8,824,167
First-time adoption of IFRS 9 (Note 2.3.d)	-	-	-	-	-	-	-	(163)	(163)	-	(163)
Balances at April 1, 2018	6,505,526	846,010	243,111	(3,386)	310,190	203,122	720,564	(163)	8,824,974	(970)	8,824,004
Comprehensive income for the period											
Net income for the period	-	-	-	-	-	-	-	372,103	372,103	4,142	376,245
Equity valuation adjustments - Hedge accounting (Note 24.e)	-	-	-	49,621	-	-	-	-	49,621	-	49,621
Equity valuation adjustments - Actuarial liabilities	-	-	-	(1,013)	-	-	-	-	(1,013)	-	(1,013)
Effect of foreign currency translation - CTA	-	-	-	6,531	-	-	-	-	6,531	-	6,531
	-	-	-	55,139	-	-	-	372,103	427,242	4,142	431,384
Distributions to Company's shareholders											
Business combination (Note 27.ii)	-	-	-	-	-	-	-	-	-	30,000	30,000
Capital increase (Note 10.d.i)	-	-	-	-	-	-	-	-	-	4,159	4,159
Payment of dividends (Note 18.b)	-	-	-	-	-	-	(720,564)	(42,836)	(763,400)	-	(763,400)
	-	-	-	-	-	-	(720,564)	(42,836)	(763,400)	34,159	(729,241)
Balance at December 31, 2018	6,505,526	846,010	243,111	51,753	310,190	203,122	-	329,104	8,488,816	37,331	8,526,147

See the accompanying notes to the interim financial information.

RAÍZEN ENERGIA S.A.

Statements of changes in equity Nine-month periods ended December 31 (In thousands of reais – R\$)

	Attributable to the parent company's shareholders										
	Capital reserves				Profit reserves						
	Capital	Capital reserve	Goodwill special reserve	Equity valuation adjustments	Tax incentive reserve	Legal	Profit retention	Retained earnings	Total	Interest of non-controlling shareholders	Total equity
Balances 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
Comprehensive income for the period											
Net income for the period	-	-	-	-	-	-	-	372,236	372,236	-	372,236
Equity valuation adjustments - Hedge accounting	-	-	-	69,318	-	-	-	-	69,318	-	69,318
Equity valuation adjustments - Actuarial liabilities	-	-	-	(352)	-	-	-	-	(352)	-	(352)
Effect of foreign currency translation - CTA	-	-	-	(587)	-	-	-	-	(587)	-	(587)
	-	-	-	68,379	-	-	-	372,236	440,615	-	440,615
Contributions made by (distributions to) Company shareholders											
Reversal of Class B dividends	(2,061)	-	-	-	-	-	2,061	-	-	-	-
Allocation of dividends from preferred shares - Class D	-	-	-	-	-	-	(597)	-	(597)	-	(597)
Payment of dividends	-	-	-	-	-	-	(1,043,500)	-	(1,043,500)	-	(1,043,500)
Reversal of minimum mandatory dividends	-	-	-	-	-	-	12,485	-	12,485	-	12,485
	(2,061)	-	-	-	-	-	(1,029,551)	-	(1,031,612)	-	(1,031,612)
Balance at December 31, 2017	6,454,285	846,010	243,111	24,905	235,457	170,982	447,172	372,236	8,794,158	(963)	8,793,195

See the accompanying notes to the interim financial information.

RAÍZEN ENERGIA S.A.

Statements of cash flows - indirect method Nine-month periods ended December 31 (In thousands of reais – R\$)

	Parent company		Consolidated	
	Apr-Dec/2018	Apr-Dec/2017	Apr-Dec/2018	Apr-Dec/2017
Cash flow from operating activities				
Income before income and social contribution taxes	206,989	224,268	346,097	426,498
Adjustments:				
Depreciation and amortization (Note 21.a)	1,062,308	1,179,533	1,420,260	1,566,465
Net loss arising from change in fair value and realization of fair value gain or loss of biological assets (Note 21.a)	209,768	344,313	235,333	340,074
Equity accounting result of subsidiaries and associated companies (Note 10)	(708,070)	(638,849)	(26,296)	17,267
Gain of capital by stock dilution (Note 22)	(110,394)	-	(110,394)	-
Interest, monetary and exchange-variations, net	345,078	378,074	275,827	405,968
Results from biological assets and property, plant and equipment sales	(3,049)	2,665	(2,084)	6,555
Results from commercial operations (Note 22)	(13,672)	15,630	(36,322)	15,247
Fair value of liability financial instruments (Note 23)	47,886	29,850	49,576	29,850
Net formation of estimated loss from allowance for doubtful accounts	777	145	4,100	937
Net formation of provision for legal disputes and contingencies	51,064	47,980	70,666	61,331
Unrealized net gain on derivative transactions	(64,524)	(399,324)	(195,092)	(415,873)
Credits from indemnity lawsuits (Note 22)	-	-	(221,373)	-
Recognition of extemporaneous tax credits, net (Note 22)	1,829	(32,856)	(1,352)	(46,014)
Reversal of estimate loss due to obsolescence and realization of inventories	(967)	(48,244)	(1,070)	(58,375)
Reversal for losses in fixed and intangible assets, net (Note 22)	(129,806)	(8,044)	(129,911)	(3,283)
Income from investment grants - ICMS	-	-	(18,306)	(18,280)
Other	118	6	3	(14,580)
Changes in assets and liabilities				
Trade accounts receivable and advances from clients	53,269	(228,823)	240,035	(270,610)
Inventories	(1,371,635)	(853,076)	(2,156,604)	(1,635,485)
Restricted cash	(8,885)	134,559	110,476	111,012
Derivative financial instruments	(217,745)	456,880	(194,581)	451,231
Judicial deposits	(14,274)	(19,644)	(15,971)	(23,448)
Suppliers and advances to suppliers	307,720	323,246	919,611	480,078
Recoverable and payable taxes	12,282	(101,658)	47,394	(73,311)
Related parties	208,507	304,233	(297,010)	210,856
Payroll and related charges payable	(73,729)	(17,035)	(85,950)	(16,032)
Provision for lawsuits	(26,884)	(13,994)	(32,697)	(20,786)
Other assets and liabilities, net	52,948	(19,704)	(103,289)	(15,644)
Payment of income and social contribution taxes on net income	-	-	(159,546)	(37,456)
Net cash (used in) generated by operating activities	(183,091)	1,060,131	(68,470)	1,474,192
Cash flow from investment activities				
Companies acquisitions, net of acquired cash	(19,872)	(784,199)	(51,888)	(784,199)
Cash obtained from business combination	-	-	19,287	-
Additions to investment (Note 10.d.i)	(71,366)	(118,882)	(25,732)	(118,882)
Additions to property, plant and equipment and intangible assets	(800,744)	(622,156)	(965,295)	(765,819)
Dividends received from subsidiaries	844,390	103,770	-	-
Cash received upon redemption of subsidiaries' capital	-	236,850	-	-
Cash received upon sales of property, plant and equipment	11,918	12,463	9,735	15,253
Additions to biological assets	(496,484)	(395,686)	(564,128)	(451,720)
Cash received in the sale of investment, net	-	-	3,662	-
Interest of PPEs obtained - intragroup	-	-	79,048	58,973
Net cash used in investment activities	(532,158)	(1,567,840)	(1,495,311)	(2,046,394)
Cash flow from financing activities				
Funding of loans and financing - Third-parties	2,470,500	1,151,804	2,486,372	1,321,616
Amortizations of principal of loans and financing - third-parties	(665,443)	(640,536)	(970,587)	(1,063,585)
Payment of interest on loans and financing - third-parties	(343,212)	(357,028)	(463,413)	(531,282)
Redemption of financial investments linked to financing (restricted cash)	(1,018)	-	13,057	429
Payment of dividends (Note 18.b)	(780,482)	(1,074,718)	(780,482)	(1,074,718)
Amortizations of interest of PPEs obtained – intragroup	(43,672)	(29,525)	-	-
Net asset management – intragroup	439,601	972,150	263,749	541,550
Net cash generated by (used in) financing activities	1,086,274	22,147	548,696	(805,990)
Net increase (decrease) in cash and cash equivalents	371,025	(485,562)	(1,015,085)	(1,378,192)
Cash and cash equivalents at the beginning of the period	106,390	555,852	3,321,777	3,437,612
Effect of exchange variation on cash and cash equivalents	1,038	(2,365)	130,879	9,937
Cash and cash equivalents at the end of the period	478,453	67,925	2,437,571	2,069,357

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

See the accompanying notes to the interim financial information.

RAÍZEN ENERGIA S.A.

Statements of added value

Nine-month periods ended December 31

(In thousands of reais – R\$)

	Parent company		Consolidated	
	Apr-Dec/2018	Apr-Dec/2017	Apr-Dec/2018	Apr-Dec/2017
Income				
Gross sales of products and services	4,863,938	5,226,597	16,399,177	10,946,639
Sales returns, discounts and rebates	(14,847)	(16,843)	(31,986)	(20,351)
Net formation of estimated loss from allowance for doubtful accounts	(777)	(145)	(4,100)	(937)
Other operating income (expenses), net	119,872	(4,010)	355,973	8,824
	4,968,186	5,205,599	16,719,064	10,934,175
Inputs acquired from third parties				
Costs of products sold and services provided	(2,067,231)	(2,022,377)	(11,540,334)	(5,813,907)
Materials, energy, outsourced services and other	(585,894)	(628,732)	(714,807)	(767,713)
Net loss from change in the fair value and realization of the capital gain or loss of biological assets	(209,768)	(344,313)	(235,333)	(340,074)
Reversion of estimated loss in investments, fixed and intangible assets, net	129,806	8,044	129,911	3,283
Net reversal of estimated loss from obsolescence of inventories	967	48,244	1,070	58,375
	(2,732,120)	(2,939,134)	(12,359,493)	(6,860,036)
Gross added value	2,236,066	2,266,465	4,359,571	4,074,139
Depreciation and amortization	(1,062,308)	(1,179,533)	(1,420,260)	(1,566,465)
Net added value produced	1,173,758	1,086,932	2,939,311	2,507,674
Added value received as transfers				
Equity accounting result	708,070	638,849	26,296	(17,267)
Financial income	222,160	248,738	444,771	507,397
Gain from exchange-rate changes	81,475	27,980	89,290	23,242
Gain on derivative operations	151,304	128,905	186,099	131,345
	1,163,009	1,044,472	746,456	644,717
Added value to distribute	2,336,767	2,131,404	3,685,767	3,152,391
Distribution of added value				
Personnel				
Direct remuneration	469,326	539,136	688,528	728,528
Benefits	129,816	134,190	160,657	158,118
FGTS	51,377	62,224	62,833	70,350
	650,519	735,550	912,018	956,996
Taxes, duties and contributions				
Federal	181,793	75,753	731,471	479,767
Deferred Federal taxes	(165,114)	(122,531)	(125,797)	(83,558)
State	202,133	131,127	460,303	347,221
Municipal	6,854	5,482	8,766	6,908
	225,666	89,831	1,074,743	750,338
Third-party capital remuneration				
Financial expenses	581,986	518,428	763,088	678,874
Loss from exchange-rate variations	140,447	59,314	186,413	52,721
Loss on derivative operations	62,461	81,940	46,604	59,228
Rentals and leases	260,749	274,105	287,962	281,998
	1,045,643	933,787	1,284,067	1,072,821
Remuneration of own capital				
Dividends	42,836	-	42,836	-
Retained earnings	372,103	372,236	376,245	372,236
Non-controlling interest on retained loss	-	-	(4,142)	-
	414,939	372,236	414,939	372,236
Distributed added value	2,336,767	2,131,404	3,685,767	3,152,391

See the accompanying notes to the interim financial information.

RAÍZEN ENERGIA S.A.

Management notes to the interim financial information

December 31, 2018

(In thousands of reais, unless otherwise indicated)

1. Operations

Raízen Energia S.A. (“Company”, “Group”, “Raízen Energia” or “RESA”) is a publicly-held company enrolled in the Brazilian Securities and Exchange Commission (“CVM”) in Category B, headquartered at Brigadeiro Faria Lima Avenue, number 4.100, 11th floor, Part V, Itaim Bibi, São Paulo - SP. The Company was established 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 joint venture established between Shell and Cosan, in the ethanol, sugar and energy segment.

The Company and its subsidiaries are mainly engaged in producing and trading sugar and ethanol, including abroad, through its subsidiaries Raízen Trading LLP and Raízen International Universal Corporation. It is also engaged in energy co-generation from sugarcane bagasse in its 26 plants located in Brazil's Center-Southern Region, as well as in electricity trading.

Sugarcane farming requires a period ranging from 12 to 18 months for maturing, and harvesting generally starts between the months of April and May, 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.

2. Presentation of interim financial information and significant accounting policies

2.1. Preparation basis

The interim financial information was prepared in accordance with Technical Accounting Pronouncement CPC 21 (R1) - Interim Financial Reporting and the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, and is presented according to Brazilian Securities Commission standards applicable to the preparation of the Quarterly Financial Information - ITR.

This quarterly financial information was prepared according to preparation basis and accounting policies consistent with those adopted for the preparation of financial statements for March 31, 2018, and should be read along with those statements. Information from notes that haven't been significantly changed or were irrelevant when compared to March 31, 2018 were not repeated in full in this quarterly financial information. However, selected information was included to explain the main events and transactions that took place, in order to explain the changes in the Company's financial position and operating performance since the disclosure of the annual financial statements at March 31, 2018, as well as changes in accounting policies due to the adoption of new standards and interpretations in the nine-month period ended December 31, 2018, as described in Note 2.3.

In the preparation of this interim financial information, Management adopted judgments, estimates and assumptions that affect the Group's application of accounting policies and the reported values of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed continually, and did not suffer any material changes in the preparation of this interim financial information in comparison to the annual financial statements at March 31, 2018, except for the review of biological assets' assumptions, specially affected by the low productivity in sugarcane plantation foreseen for the 2018/2019 crop year due to the drought in the South-East region in Brazil.

RAÍZEN ENERGIA S.A.

Management notes to the interim financial information

December 31, 2018

(In thousands of reais, unless otherwise indicated)

Company's Management affirms that all relevant information characteristic of quarterly financial information, and only them, are being evidenced and correspond to those used by Management.

Presentation of the Statement of Added Value is required by Brazilian Corporate Law and accounting practices adopted in Brazil applicable to publicly-held companies. However, IFRS do not require the presentation of such statement, which is considered supplementary information, without prejudice to the set of quarterly financial information.

The issue of interim financial information was authorized by Management on February 14, 2019.

2.2. Basis of consolidation

The consolidated financial information includes quarterly information of RESA and its direct and indirect subsidiaries which are listed below:

	12.31.2018		03.31.2018	
	Direct	Indirect	Direct	Indirect
Agrícola Ponte Alta Ltda. ("Agrícola Ponte Alta")	91,21%	8,79%	91,21%	8,79%
Benálcool Açúcar e Alcool Ltda. ("Benálcool")	100,00%	-	100,00%	-
Bioenergia Araraquara Ltda. ("Bio Araraquara")	-	100,00%	-	100,00%
Bioenergia Barra Ltda. ("Bio Barra")	99,99%	0,01%	99,99%	0,01%
Bioenergia Caarapó Ltda. ("Bio Caarapó")	-	100,00%	-	100,00%
Bioenergia Costa Pinto Ltda. ("Bio Costa Pinto")	-	100,00%	-	100,00%
Bioenergia Gasa Ltda. ("Bio Gasa")	-	100,00%	-	100,00%
Bioenergia Jataí Ltda. ("Bio Jataí")	-	100,00%	-	100,00%
Bioenergia Maracá Ltda. ("Bio Maracá")	-	100,00%	-	100,00%
Bioenergia Rafard Ltda. ("Bio Rafard")	-	100,00%	-	100,00%
Bioenergia Serra Ltda. ("Bio Serra")	-	100,00%	-	100,00%
Bioenergia Tarumã Ltda. ("Bio Tarumã")	-	100,00%	-	100,00%
Bioenergia Univalem Ltda. ("Bio Univalem")	-	100,00%	-	100,00%
Raízen Centroeste Açúcar e Alcool Ltda. ("Raízen Centroeste")	47,37%	52,63%	47,37%	52,63%
Raízen Araraquara Açúcar e Alcool Ltda. ("Raízen Araraquara")	99,99%	0,01%	99,99%	0,01%
Raízen Ásia PT Ltd. ("Raízen Ásia")	-	100,00%	-	100,00%
Raízen Biotecnologia S.A. ("Biotecnologia")	100,00%	-	100,00%	-
Raízen Caarapó Açúcar e Alcool Ltda. ("Raízen Caarapó")	31,48%	68,52%	31,48%	68,52%
Raízen Energy Finance Ltd. ("Raízen Energy Finance")	100,00%	-	100,00%	-
Raízen Fuels Finance S.A. ("Raízen Fuels")	100,00%	-	100,00%	-
Raízen International Universal Corp. ("RIUC")	100,00%	-	100,00%	-
Raízen North América, Inc. ("Raízen North América")	-	100,00%	-	100,00%
Raízen Paraguaçu Ltda. ("Raízen Paraguaçu")	100,00%	-	100,00%	-
Raízen Trading LLP ("Raízen Trading")	100,00%	-	100,00%	-
São Joaquim Arrendamentos Agrícolas Ltda. ("São Joaquim")	-	100,00%	-	100,00%
Unimodal Ltda. ("Unimodal")	53,17%	20,24%	53,17%	20,24%
Raízen-Geo Biogás S.A. ("Biogás")	85,00%	-	85,00%	-
Raízen Biogás SPE Ltda. ("Raízen Biogás SPE")	99,90%	0,10%	99,90%	0,10%
Ryballa Participações Ltda. ("Ryballa") (ii)	100,00%	-	-	-
RWXE Participações S.A. ("RWXE") (i)	-	70,00%	-	-
WX Energy Comercializadora de Energia Ltda. ("WX Energy") (i)	-	70,00%	-	-
Raízen GD Ltda. (iii)	99,99%	0,01%	-	-

- (i) In July 5, 2018, the Company, through its subsidiary Bio Barra, has signed a shareholders' agreement with the company WX Energy Participações Ltda. ("WX Participações"), since which it holds 70% of RWXE's stocks. As a result, Company has an indirect participation of 70% on WX Energy, which is, in turn, fully controlled by RWXE, see Note 27.ii.
- (ii) In October 8, 2018, the Company has fully acquired Ryballa, through a purchase agreement with Agro Pecuária Furlan S.A., since which it holds 100% of direct participation of the same. For further details, see Note 27.iii.
- (iii) In November 13, 2018, the Company, through its subsidiaries Bio Barra and Raízen Araraquara, has signed a shareholders' agreement, since which it holds 100% participation on Raízen GD Ltd.

RAÍZEN ENERGIA S.A.

Management notes to the interim financial information

December 31, 2018

(In thousands of reais, unless otherwise indicated)

2.3. Changes in significant accounting policies due to the new IFRS / CPC and IFRIC / ICPC

Except as described below, accounting policies applied in this interim financial information are the same applied in the individual and consolidated financial statements of the Company in the year ended March 31, 2018.

Changes in accounting policies shall also be reflected in Company's individual and consolidated financial statements for the year ending March 31, 2019.

Since April 1, 2018, the Company adopted the following main standards, amendments to the standards and interpretations of the IFRS issued by the IASB: (a) IFRS 9 - Financial Instruments (CPC 48), (b) IFRS 15 - Revenue from Contracts with Customers (CPC 47) and (c) Interpretation IFRIC 22 - Foreign Currency Transactions and Advance Consideration (ICPC 21).

(a) IFRS 9 (CPC 48)

IFRS 9 (CPC 48) sets out, among others, new requirements for: classification and measurement of financial assets, measurement and recognition of impairment losses on financial assets, hedge accounting and disclosure.

In accordance with the transitional provisions of IFRS 9 (CPC 48), the Company did not restate its prior period financial statements and, when applicable, the differences in the book values of financial assets and financial liabilities resulting from the adoption of IFRS 9 (CPC 48) on April 1, 2018, were recognized in retained earnings in equity. See item (d) below.

(a.1) Impairment of financial assets

The main impact of the adoption is associated with the replacement of the "incurred loss" model of IAS 39 - Financial Instruments: *Recognition and Measurement* (CPC 38 - Financial Instruments: *Recognition and Measurement*) with an "expected credit loss" model. Such impairment model applies to financial assets measured at amortized cost, contractual assets and debt instruments measured at fair value through other comprehensive income, but is not applicable to investments in equity instruments.

The expected loss matrix adopted by the Company, considers the grouping of clients with similar default characteristics, by sales channel and rating (client risk rating, measured internally).

On April 1, 2018, the impact of the adoption of the new standard was R\$ 28 and R\$ 221, Parent Company and Consolidated, respectively.

(a.2) Classification and measurement of financial assets

IFRS 9 (CPC 48) retains a large part of the existing requirements of IAS 39 (CPC 38) for the classification and measurement of financial liabilities. However, it eliminates the old categories of IAS 39 (CPC 38) for financial assets: (i) held-to-maturity, (ii) loans and receivables and (iii) available for sale.

RAÍZEN ENERGIA S.A.

Management notes to the interim financial information

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(In thousands of reais, unless otherwise indicated)

The adoption of IFRS 9 (CPC 48) had no impact on accounting policies of the Group in connection with financial liabilities and derivative financial instruments. The impact of IFRS 9 (CPC 48) on classifications of financial assets did not generate any measurement impacts, as shown below based on the balances by class of financial assets on April 1, 2018, whose individual and consolidated balances are similar to that disclosed in the annual financial statements of March 31, 2018:

			Consolidated
Financial assets	Original classification in accordance with IAS 39 (CPC 38)	New classification in accordance with IFRS 9 (CPC 48)	
Cash and cash equivalents, except for investments	Loans and receivables	Amortized cost	969,570
Interest earnings bank deposits	Fair value through profit or loss	Fair value through profit or loss	2,352,207
Restricted cash, except for restricted financial investments	Loans and receivables	Amortized cost	15,418
Restricted financial investment	Fair value through profit or loss	Fair value through profit or loss	75,691
Trade accounts receivable	Loans and receivables	Amortized cost	602,365
Derivative financial instruments	Fair value through profit or loss or other comprehensive income (for those designated as hedge accounting)	Fair value through profit or loss or other comprehensive income (for those designated as hedge accounting)	486,079
Related parties	Loans and receivables	Amortized cost	3,770,223
Other financial assets	Loans and receivables	Amortized cost	910,812
			<u>9,182,365</u>

(a.3) Hedge accounting

The new hedge accounting requirements were applied prospectively. The cash flow hedge relationships of highly probable future exports or imports for the purposes of IAS 39 (CPC 38) were considered as continuous hedge relationships for the purposes of IFRS 9 (CPC 48), since they also qualify for hedge accounting in accordance with the new pronouncement.

(b) IFRS 15 (CPC 47)

IFRS 15 (CPC 47) introduces a comprehensive framework for determining whether, when, and for how much, income is recognized. IFRS 15 (CPC 47) replaces current guidelines for recognition of income in IAS 18 - Revenue (CPC 30), IAS 11 - Construction Contracts (CPC 17) and IFRIC 13 - Client Loyalty Programs.

As disclosed in the annual financial statements of March 31, 2018, the Company did not identify any material impacts on the recognition of its income.

(c) IFRIC 22 (ICPC 21)

IFRIC 22 (ICPC 21) defines that the date of transaction for effects of determination of the exchange rate should be the date on which the entity first recognizes the non-monetary asset or liability derived from the early payment or receipt.

The Company opted for the prospective adoption of the aforementioned standard, whose analysis indicated immaterial impacts on the adoption.

Management notes to the interim financial information
December 31, 2018
(In thousands of reais, unless otherwise indicated)

The table below summarizes the impacts on the adoption of IFRS 9 (CPC 48)

- | | Disclosed at
03/31/2018 | Adjustment due to first-
time adoption of IFRS 9 | Note | Parent company
Balance at
04/01/2018 |
|---|------------------------------------|---|-------------|---|
| Assets | | | | |
| Trade accounts receivable | 215,994 | (28) | 5 | 215,966 |
| Deferred income and social contribution taxes | 145,350 | 9 | 15.b.3 | 145,359 |
| Investments (reflex effect) | 5,427,452 | (144) | 10 | 5,427,308 |
| | 5,788,796 | (163) | | 5,788,633 |
| Equity | | | | |
| Retained earnings | - | (163) | | (163) |
| | - | (163) | | (163) |
| | | | | |
| | Disclosed at
03/31/2018 | Adjustment due to the first-
time adoption of IFRS 9 | Note | Consolidated
Balance at
04/01/2018 |
| Assets | | | | |
| Trade accounts receivable | 602,365 | (221) | 5 | 602,144 |
| Deferred income and social contribution taxes | 82,766 | 58 | 15.b.3 | 82,824 |
| | 685,131 | (163) | | 684,968 |
| | | | | |
| Equity | | | | |
| Retained earnings | - | (163) | | (163) |
| | - | (163) | | (163) |

- On April 1, 2018, there were no impacts on the statements of income, comprehensive income, changes in equity, cash flows and added value as a result of the amendments made by the new IFRSs and IFRIC mentioned above.

The following new standards and interpretations were issued by the IASB but are not yet in effect for the period ended December 31, 2018. The early adoption of standards, although accepted by the IASB, is not allowed in Brazil by the Accounting Pronouncement Committee (CPC).

IFRS 16 (CPC 06 (R2)) introduces a single model of accounting of leases in the statement of financial position to lessees. A lessee recognizes an asset of right of use that represents its right to use the leased asset, and a lease liability that 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 leases.

RAÍZEN ENERGIA S.A.

Management notes to the interim financial information

December 31, 2018

(In thousands of reais, unless otherwise indicated)

IFRS 16 (CPC 06 (R2)) replaces the current lease standards, including CPC 06 (IAS 17) - Commercial Lease Operations and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) - Complementary Aspects of Commercial Lease Operations and it will be in effect for fiscal periods starting on or after January 1, 2019 (in case of the Raízen Group, as of April 1, 2019). The early adoption in IFRSs is only allowed for entities that apply IFRS 15 (CPC 47) on or before the date of early adoption of IFRS 16 (CPC 06 (R2)).

Under the new accounting standards, the most significant impact identified is that the Company will recognize the lease liability and the right of use asset in the initial application date for leases previously classified as operational leases, retroactively, with cumulative effect. The Company will, as a practical measure, adopt a single discount rate to its lease portfolio with similar characteristics, considering, though, the residual useful life of each contract and the definition of whether the rate must be nominal or real.

There are still technical discussions that may relevantly impact the initial effects of the adoption of said standards, such as the classification of agricultural partnership contracts within the scope of IFRS 16 (CPC 06 (R2)) and tax credit in the determination liabilities. Considering the scenario that such contracts will be assessed and recognized as within IFRS 16 (CPC 06 (R2)) and Consecana adopted as the index under its provisions, initial mensuration of lease liabilities and right of use assets should be estimated between “R\$ 3.000.000 and R\$ 4.000.000”.

Discount rates to be used by Management under this accounting standard are as follows:

Contract nature	Reference	Rate
Lease agricultural partnership contracts, updated by the Consecana index.	Approximately 100% of CDI, due to similarity with the commodity market.	Nominal
No monetary correction clauses	Approximately 100% of CDI	Nominal
With monetary correction clauses	CDI deducted by Índice de Preços ao Consumidor - IPCA	Real

The Company has opted for the cumulative effect approach as transition methodology, that is, no need restate comparative information. Calculations will be based on the lease liability as of the date of transition.

Besides the aforementioned standards, there are no IFRS or IFRIC interpretations there are effective and as Management's current understanding may result in relevant impacts to the Group.

3. Cash and cash equivalents

	Index	Weighted Average		Parent company		Consolidated	
		12/31/2018	03/31/2018	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Funds in banks and in cash				191,374	42,240	1,141,696	906,245
Values awaiting foreign exchange closure				92,846	63,106	101,332	63,325
Interest earnings bank deposits							
Investment Funds	CDI	97.10%	99.11%	-	-	18,619	999,756
Bank deposit certificate (CDB) and commitments	CDI	99.84%	100.19%	452	437	982,143	1,351,844
Time deposit	pre-fixed	2.57%	-	193,781	-	193,781	-
Other investments	-	-	-	-	607	-	607
				478,453	106,390	2,437,571	3,321,777
Domestic (domestic currency)				65,809	61,962	1,079,800	2,423,919
Abroad (foreign currency) (Note 24.d)				412,644	44,428	1,357,771	897,858
				478,453	106,390	2,437,571	3,321,777

RAÍZEN ENERGIA S.A.

Management notes to the interim financial information

December 31, 2018

(In thousands of reais, unless otherwise indicated)

4. Restricted cash

	Index	Weighted average remuneration		Parent company		Consolidated	
		12/31/2018	03/31/2018	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Financial investments linked to financing	CDI	100.02%	100.02%	623	-	40,040	50,663
Investments related to derivative operations (Note 24.g)	CDI	101.30%	100.65%	26,983	25,028	26,983	25,028
Margin on derivative operations (Note 24.g)	-	-	-	12,448	720	39,778	15,418
				40,054	25,748	106,801	91,109
Domestic (domestic currency)				27,606	25,028	67,023	75,691
Abroad (foreign currency) (Note 24.d)				12,448	720	39,778	15,418
				40,054	25,748	106,801	91,109

5. Trade accounts receivable

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Domestic	206,829	217,899	930,289	452,856
Abroad (Note 24.d)	33,157	1,759	162,003	176,330
Estimated loss from allowance for doubtful accounts	(4,310)	(3,664)	(30,995)	(26,821)
	235,676	215,994	1,061,297	602,365

The Company did not pledge any trade as a guarantee. The maximum exposure to credit risk on the statement of financial position date is the book value of each class of trade accounts receivable.

The aging analysis of trade accounts receivable is as follows:

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Falling due	232,043	215,595	982,029	571,745
Overdue (days):				
Up to 30	3,079	129	36,559	3,771
31-90	583	270	22,073	24,340
91-180	-	35	13,678	2,452
>180	4,281	3,629	37,953	26,878
	7,943	4,063	110,263	57,441
	239,986	219,658	1,092,292	629,186

The changes in the estimated loss in allowance for doubtful accounts is as follows:

	Parent company	Consolidated
March 31, 2018	(3,664)	(26,821)
First-time adoption of IFRS 9 (Note 2.3.d)	(28)	(221)
Estimated loss, net	(618)	(3,368)
Exchange-rate change	-	(585)
December 31, 2018	(4,310)	(30,995)

RAÍZEN ENERGIA S.A.

Management notes to the interim financial information

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(In thousands of reais, unless otherwise indicated)

As of December 31, 2018, the Company had the amounts of R\$ 36,642 and R\$ 513,749 in Parent Company and Consolidated, respectively, (R\$ 16,133 and R\$ 36,741, in Parent Company and Consolidated, respectively as of March 31, 2018) recorded in current liabilities, under the “Advances from clients” caption, which substantially refer to the receipts from foreign clients for acquisition of sugar. When applicable, accounts receivable and advances from clients are presented net.

6. Inventories

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Finished goods:				
Sugar	1,191,669	26,380	1,462,887	55,215
Ethanol	960,455	255,451	1,860,886	521,225
Products in process	-	876	893	1,333
Warehouse and other	234,283	159,342	281,801	197,719
Estimated loss for net realizable value obsolescence	(17,138)	(18,105)	(21,860)	(22,930)
	<u>2,369,269</u>	<u>423,944</u>	<u>3,584,607</u>	<u>752,562</u>

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

	Parent company	Consolidated
Balance at March 31, 2018	(18,105)	(22,930)
Estimated loss	(5,808)	(5,951)
Reversal / Realization	6,775	7,021
Balance at December 30, 2018	<u>(17,138)</u>	<u>(21,860)</u>

7. Biological assets

The Company’s biological assets correspond to uncut cane cultivated in sugarcane crops that will be used as raw material for the production of sugar, ethanol and bioenergy at harvest time. Its fair value appraisal method, valuation model and qualitative sensitivity analysis are the same as those disclosed in the annual financial statements as of March 31, 2018.

The following assumptions were used in the determination of the fair value:

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Estimated harvest area (hectares)	376,781	391,017	430,031	447,277
Amount of ATR per hectare	9.88	10.16	10.04	10.27
Average ATR price per Kg projected (R\$/Kg)	0.61	0.60	0.61	0.60

As of December 31, 2018, cash flows were discounted at 7.17% (6.37% in March 31, 2018), which is the WACC (Weighted Average Capital Cost) of the Company.

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The Company periodically reviews assumptions used to calculate biological assets, adjusting it in case there are significant changes in relation previous projections. For further details, see Note 2.1.

Changes in biological assets (sugarcane) are detailed below:

	Parent company	Consolidated
Balance at March 31, 2018	775,289	947,815
Additions of sugarcane treatments	511,206	581,523
Absorption of harvested sugarcane costs	(494,885)	(563,554)
Change in fair value	(27,546)	28,662
Realization of fair value	(182,222)	(263,995)
Business combination (1)	2,288	10,022
Balance at December 31, 2018	584,130	740,473

(1) Refers to: i) Acquisition of Santa Cândida and Paraíso plants. For further details, see Note 27.i; ii) Acquisition of Ryballa for the amount of R\$ 7,734, see Note 27.iii.

8. Other financial assets

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Credits from indemnity suits - refundable (1)	90,609	83,769	90,609	83,769
Credits from indemnity suits - own (2)	-	-	221,373	-
National Treasury Certificates - CTN (3)	553,694	809,580	573,862	827,042
Other	1	1	190	1
	644,304	893,350	886,034	910,812
Current	(238,660)	(408,379)	(278,906)	(408,379)
Non-current	405,644	484,971	607,128	502,433

- (1) Receivables from final and unappealable judgment in favor of RESA, which were 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 liabilities in the related parties caption (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 change plus annual interest of 6% as applicable.
- (2) Receivables from a final and unappealable court ruling in favor of Raízen Araraquara, a subsidiary of the Company, relating to the lawsuit of the Instituto do Açúcar e do Alcool ("IAA") against the Federal Government, filed by Copersucar in 1990. The lawsuit involves the awarding of compensation for losses caused to the mills by the Federal Government when setting prices below market prices. The amount of R\$ 221,373 was recognized in the nine-month period ended December 31, 2018 under the heading of Other operating income (expenses), net (Note 22).
- (3) 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 tends to be equivalent to the principal value of the debt due under PESA and may be used for settlement. In the nine-month period ended December 31, 2018, the Company has redeemed R\$ 369,871 to settle PESA.

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9. Related parties

a) Summary of related party balances

	Parent Company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Ativo				
Assets classification per currency:				
Domestic (domestic currency)	1,403,836	803,832	1,209,177	916,444
Abroad (foreign currency) (Note 24.d)	420,074	87,446	4,115,252	2,853,779
	<u>1,823,910</u>	<u>891,278</u>	<u>5,324,429</u>	<u>3,770,223</u>
Assets management (1)				
Raízen Combustíveis S.A and its subsidiaries	296,860	12,160	296,860	12,160
Bioenergia Barra Ltda.	348,866	27,429	-	-
Raízen Paraguaçu Ltda	-	3,622	-	-
Agrícola Ponte Alta Ltda.	-	1,932	-	-
Other	23,628	2,863	-	-
	<u>669,354</u>	<u>48,006</u>	<u>296,860</u>	<u>12,160</u>
Commercial and administrative operations (2)				
Raízen Combustíveis S.A and its subsidiaries	112,523	125,040	1,285,322	408,632
Nova América Agrícola Caarapó Ltda.	-	-	108,420	119,694
Agroterenas S.A.	-	-	26,672	39,324
Grupo Rumo	17,100	20,459	17,155	20,609
Cosan S.A. Indústria e Comércio	12,140	9,726	12,140	9,726
Philipinas Shell Petroleum Corp.	-	-	5,394	4,007
Raízen and Wilmar Sugar Pte. Ltd.	-	-	2,062	825
Shell Trading US Company	-	-	1,244	1,265
Iogen Energy Corporation	-	-	298	2,493
Raízen International Universal Corporation	239,859	86,827	-	-
Raízen Trading LLP	179,940	407	-	-
Raízen Paraguaçu Ltda.	36,742	61,231	-	-
Raízen Araraquara Açúcar e Alcool Ltda.	15,452	7,363	-	-
Raízen Centroeste Açúcar e Alcool Ltda.	5,617	4,273	-	-
Ryballa Participações Ltda	4,982	-	-	-
Unimodal Ltda.	3,617	3,617	-	-
Other	29,301	22,160	26,481	16,962
	<u>657,273</u>	<u>341,103</u>	<u>1,485,188</u>	<u>623,537</u>
Financial operations (3)				
Raízen Combustíveis S.A e suas controladas	-	-	2,977,895	2,572,495
Corporate restructuring				
Geo Energética Participações S.A (Nota 10.d.i)	-	-	1,663	-
Framework agreement (4)				
Cosan S.A Indústria e Comércio	497,008	501,957	562,548	561,819
Shell Brazil Holding B.V	275	212	275	212
	<u>497,283</u>	<u>502,169</u>	<u>562,823</u>	<u>562,031</u>
	<u>1,823,910</u>	<u>891,278</u>	<u>5,324,429</u>	<u>3,770,223</u>
Current assets	<u>(1,502,432)</u>	<u>(579,199)</u>	<u>(1,902,858)</u>	<u>(750,419)</u>
Non-current assets	<u>321,478</u>	<u>312,079</u>	<u>3,421,571</u>	<u>3,019,804</u>

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	Parent Company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Liabilities				
Liabilities Classification per currency:				
Domestic (domestic currency)	1,744,146	746,536	1,353,162	753,119
Abroad (foreign currency) (Note 24.d)	2,239,039	1,455,210	557,311	118,009
	<u>3,983,185</u>	<u>2,201,746</u>	<u>1,910,473</u>	<u>871,128</u>
Assets management (1)				
Raízen Combustíveis S.A and its subsidiaries	658,488	103,403	658,488	103,403
Agrícola Ponte Alta Ltda.	189,365	-	-	-
Bioenergia Barra Ltda. and its subsidiaries	174,632	101,115	-	-
Raízen Paraguaçu Ltda.	116,117	10,269	-	-
Raízen Centrooeste Açúcar e Alcool Ltda.	112,780	533	-	-
Raízen Araraquara Açúcar e Alcool Ltda.	18,662	451	-	-
Raízen Caarapó Açúcar e Alcool Ltda.	18,119	10,269	-	-
WX Energy Comercializadora de Energia Ltda.	10,825	-	-	-
Benácool Açúcar e Alcool Ltda.	1,477	-	-	-
	<u>1,300,465</u>	<u>215,771</u>	<u>658,488</u>	<u>103,403</u>
Commercial and administrative operations (2)				
Raízen and Wilmar Sugar Pte. Ltd	-	-	480,724	299
Shell Trading US Company	-	-	76,587	114,143
Nova América Agrícola Caarapó Ltda.	-	-	62,784	9,731
Agroterenas S.A.	-	-	51,495	12,934
Nova América Agrícola Ltda.	-	-	41,258	9,428
Raízen Combustíveis S.A and its subsidiaries	14,342	30,635	23,248	43,829
Grupo Rumo	17,924	21,371	19,328	24,014
Propriedades Agrícola Radar and its subsidiaries	8,489	5,778	8,489	5,778
Cosan S.A. Indústria e Comércio.	819	7,094	819	7,094
Raízen Internacional Universal Corporation	658,748	7,595	-	-
Raízen Trading LLP.	54,096	157,001	-	-
Raízen Paraguaçu Ltda.	18,211	21,841	-	-
Agrícola Ponte Alta Ltda.	-	19,665	-	-
Outros	25,075	16,977	16,538	10,775
	<u>797,704</u>	<u>287,957</u>	<u>781,270</u>	<u>238,025</u>
Financial operations (3)				
Shell Finance B.V.	-	3,567	-	3,567
Cosan S.A. Indústria e Comércio	-	3,032	-	3,032
Raízen Fuels Finance Limited	1,526,195	1,287,047	-	-
	<u>1,526,195</u>	<u>1,293,646</u>	<u>-</u>	<u>6,599</u>
Corporate restructuring				
Logum Logística S.A. (Note 10.d.iii)	-	61,457	-	61,457
Uniduto Logística S.A. (Note 10.d.iii)	-	14,281	-	14,281
Raízen Biogás Ltda. (Note 10.d.i)	9,426	-	-	-
	<u>9,426</u>	<u>75,738</u>	<u>-</u>	<u>75,738</u>
Framework agreement (4)				
Cosan S.A Indústria e Comércio	336,652	315,891	459,887	436,535
Agrícola Ponte Alta S.A.	1,915	1,915	-	-
	<u>338,567</u>	<u>317,806</u>	<u>459,887</u>	<u>436,535</u>
Preferred shares(5)				
Cosan S.A Indústria e Comércio	10,828	10,828	10,828	10,828
	<u>3,983,185</u>	<u>2,201,746</u>	<u>1,910,473</u>	<u>871,128</u>
Current liabilities	<u>(2,177,929)</u>	<u>(652,945)</u>	<u>(1,502,869)</u>	<u>(491,234)</u>
Non-current liabilities	<u>1,805,256</u>	<u>1,548,801</u>	<u>407,604</u>	<u>379,894</u>

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(1) Asset management

The amount recorded in assets refers to funds made available to companies as a form of managing financial resources. On these transactions, the Company recorded financial income in the amount of R\$ 30,039 and R\$ 17,336 (R\$ 39,757 and R\$ 31,657 in the nine-month period ended December 31, 2017), Parent Company and Consolidated, respectively, under the terms of the resource management agreement.

The amount recorded in liabilities refers to funds received from the companies as a form of managing financial resources. On these transactions, the Company recorded financial expenses in the amount of R\$ 47,184 and R\$ 17,372 (R\$ 45,853 and R\$ 10,673 in the nine-month period ended December 31, 2017), Parent Company and Consolidated, respectively, due to the cash financial management, under the terms of the resource management agreement.

(2) Commercial operations

Amount recorded in assets refers to commercial transactions for sale of products such as: sugar, ethanol and other materials, as well as advances for acquisition of sugar cane and port lifting transactions.

Amount recorded in liabilities refers to reimbursement of administrative expenses, rendering of services, advances from clients for export of sugar and purchase of products such as: sugar, sugarcane, diesel, and ethanol.

(3) Financial operations

As of December 31, 2018, the amount recorded in assets refers to export prepayment agreements ("PPE") receivable from Raízen Combustíveis S.A., as stated below:

Contract	Currency	Principal value in foreign currency	Maturity	Annual effective average interest rate	Index	Consolidated	
						12/31/2018	03/31/2018
PPE	Dollar (US\$)	219,000	04/27/2020	4.06%	Libor	849,007	725,140
PPE	Dollar (US\$)	350,000	01/20/2027	5.49%	-	1,389,271	1,175,749
		569,000				2,238,278	1,900,889
PPE	Euro (€)	66,000	10/15/2021	3.09%	-	294,905	271,996
PPE	Euro (€)	40,000	01/20/2022	1.89%	Euribor	178,212	160,664
PPE	Euro (€)	60,000	01/21/2022	2.18%	Euribor	266,500	238,946
		166,000				739,617	671,606
						2,977,895	2,572,495
					Current	(36,265)	(17,407)
					Non-current	2,941,630	2,555,088

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As of December 31, 2018, the amount recorded in liabilities refers mainly to export prepayment agreements ("PPE") to pay for Raízen Fuels as shown below:

Contract	Currency	Principal value in foreign currency	Maturity	Annual effective average interest rate	Index	Parent company	
						12/31/2018	03/31/2018
PPE (1)	Dollar (US\$)	231,000	04/27/2020	4.06%	Libor	896,818	762,904
PPE	Dollar (US\$)	25,000	01/20/2027	5.49%	-	89,334	273,718
PPE (1)	Dollar (US\$)	125,000	01/20/2027	5.49%	-	540,043	250,425
		381,000				1,526,195	1,287,047
					Current	(14,607)	(5,747)
					Non-current	1,511,588	1,281,300

- (1) The Company assigns certain PPE as liability measured at fair value through profit or loss. Accordingly, said PPE is increased by the fair value evaluation in the amount of R\$ 35,656 (R\$ 20,253 on March 31, 2018), with a negative impact in the profit or loss of R\$ 15,403 (negative R\$ 25,310 as of March 31, 2018), see Note 23.

(4) Framework agreement

As of December 31, 2018, amounts recorded in assets and liabilities refer to amounts spent or payable, fully reimbursable, resulting from establishment of Raízen (Note 1).

(5) Preferred shares

The balance of preferred shares payable, recorded in liabilities, refers to tax benefit amounts to reimburse Cosan, when effectively utilized by the Company, determined at balances of tax losses and negative basis of social contribution ("NOL") and tax benefit on amortization of goodwill ("GW").

b) Summary of related-party transactions

	Parent company			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Sales of products, net of returns				
Raízen International Universal	127,790	1,025,194	400,497	1,636,019
Raízen Trading LLP	270,971	929,891	96,145	509,769
Raízen Combustíveis S.A. and its subsidiaries	228,991	422,332	39,766	49,197
Raízen Paraguaçu Ltda.	61,557	128,671	728	2,796
Shell Trading US Company	-	-	97,077	139,777
Outros	19,637	109,498	9,699	25,620
	708,946	2,615,586	643,912	2,363,178
Purchase of goods and services				
Raízen Combustíveis S.A. and its subsidiaries	(133,585)	(505,544)	(124,309)	(433,197)
Raízen Trading LLP	(168,502)	(201,257)	-	(12,152)
Grupo Rumo (i)	(35,014)	(186,495)	(87,925)	(276,673)
Raízen Araraquara Açúcar e Alcool Ltda.	(28,136)	(87,098)	(5,130)	(33,700)
Cosan Lubrificantes e Especialidades S.A.	(2,833)	(12,366)	(3,014)	(11,968)
CTC - Centro de Tecnologia Canavieira Ltda.	(8,247)	(10,680)	(5,511)	(5,510)
Shell Brasil Petróleo	(1,825)	(5,835)	(1,435)	(4,318)
Raízen Paraguaçu Ltda.	(403)	(2,309)	(38,767)	(61,920)
Other	(4,786)	(22,270)	(19,782)	(58,257)
	(383,331)	(1,033,854)	(285,873)	(897,695)

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	Parent company			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Rechargeable shared expenses (1)				
Raízen Combustíveis S.A. and its subsidiaries	31,842	98,300	36,739	104,972
Companhia de Gás de São Paulo	9,384	27,560	9,535	25,034
Grupo Rumo (i)	6,864	20,133	6,930	19,735
Raízen Paraguaçu Ltda.	5,330	16,893	6,365	18,217
Bioenergia Barra Ltda and its subsidiaries	2,279	6,885	2,118	6,076
Raízen Caarapó Açúcar e Álcool Ltda.	1,848	5,536	1,056	3,050
Cosan Lubrificantes e Especialidades S.A.	1,764	4,780	1,657	5,330
Other	5,088	16,152	5,195	15,443
	64,399	196,239	69,595	197,857
Land leases (2)				
Grupo Radar (iii)	(18,436)	(54,020)	(18,369)	(58,190)
Grupo Janus	(7,164)	(22,147)	(10,240)	(26,080)
Grupo Tellus	(5,280)	(16,485)	(5,737)	(17,614)
Grupo Aguassanta (ii)	(3,118)	(8,973)	(2,780)	(8,837)
Barrapar Participações S.A.	-	(20)	(15)	(48)
	(33,998)	(101,645)	(37,141)	(110,769)
Financial results, net (3)				
Raízen Internacional Universal	(6,940)	7,917	2,587	13,172
Shell Finance B.V.	1,183	3,567	2,197	(2,263)
Bioenergia Barra Ltda and its subsidiaries	3,373	709	(9,428)	(19,804)
Raízen Combustíveis S.A. and its subsidiaries	(3,866)	(36)	2,182	20,983
Cosan S.A. Indústria e Comércio	64	(2,132)	(2,076)	(5,868)
Raízen Trading LLP	(2,372)	(11,012)	1,362	(5,033)
Raízen Fuels Finance Limited	43,177	(281,360)	(66,581)	(102,312)
Other	(4,413)	(18,652)	527	(5,905)
	30,206	(300,999)	(69,230)	(107,030)
				Consolidated
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Sales of products, net of returns				
Raízen Combustíveis S.A. and its subsidiaries	1,998,397	4,712,827	396,647	1,482,255
Raízen and Wilmar Sugar Pt	7,617	926,028	458,866	1,771,643
Shell Trading US Company	909	221,128	130,498	263,285
Shell Brasil Petroleo	14,332	47,132	-	-
Shell Trading Rotterdam	-	-	-	20,118
Philipinas Shell Petroleum	-	-	1,957	1,957
Other	2,859	11,632	4,840	24,188
	2,024,114	5,918,747	992,808	3,563,446
Purchase of goods and services				
Shell Trading US Company	(543,619)	(1,360,961)	(97,513)	(358,425)
Raízen Combustíveis S.A. and its subsidiaries	(151,491)	(568,631)	(139,998)	(491,184)
Rumo Group(i)	(40,711)	(209,284)	(100,501)	(315,475)
Agroterenas S.A.	(41,667)	(199,271)	(47,188)	(220,748)
Nova América Agrícola Caarapó Ltda.	(55,438)	(128,218)	(36,795)	(113,830)
Nova América Agrícola Ltda.	(40,364)	(126,575)	(20,901)	(134,136)
Cosan Lubrificantes e Especialidades S.A.	(3,896)	(16,980)	(3,828)	(15,475)
Shell Energy do Brasil Ltda	-	(11,377)	-	-
Nova América Terras Ltda.	(2,622)	(8,215)	(2,356)	(9,025)
Shell Brasil Petróleo	(2,259)	(7,061)	(1,671)	(5,221)
Agroterenas S.A. Terra	(2,581)	(6,609)	(2,204)	(7,649)
Palermo Agrícola S.A.	(1,439)	(4,374)	(84)	(3,006)
Iogen Energy Corporation	-	-	(73)	(5,525)
Other	(12,398)	(16,963)	(16,500)	(32,408)
	(898,485)	(2,664,519)	(469,612)	(1,712,107)

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	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Consolidated Apr-Dec/2017
Rechargeable shared expenses (1)				
Raízen Combustíveis S.A. and its subsidiaries	31,842	98,300	36,739	104,972
Companhia de Gás de São Paulo	9,384	27,560	9,535	25,034
Rumo Group(i)	6,864	20,133	6,930	19,736
Cosan Lubrificantes e Especialidades S.A.	1,764	4,780	1,657	5,330
Cosan S.A. Indústria e Comércio	144	1,277	1,009	3,200
Other	1,036	3,187	905	2,666
	51,034	155,237	56,775	160,938
Land leases(2)				
Radar Group (iii)	(18,436)	(54,020)	(18,369)	(58,190)
Janus Group	(7,164)	(22,147)	(10,240)	(26,080)
Tellus Group	(5,280)	(16,485)	(5,737)	(17,614)
Aguassanta group(ii)	(3,118)	(8,973)	(2,780)	(8,837)
Barrapar Participações S.A.	-	(20)	(15)	(48)
	(33,998)	(101,645)	(37,141)	(110,769)
Financial results, net (3)				
Raízen Combustíveis S.A. and its subsidiaries	(82,153)	484,408	160,781	304,429
Nova América Agrícola Caarapó Ltda.	1,218	4,939	1,743	6,354
Shell Finance B.V.	1,183	3,567	2,198	(2,263)
Agroterenas S.A.	136	516	245	1,199
Cosan S.A. Indústria e Comércio	64	(2,132)	(2,076)	(5,868)
Other	9	20	1,026	1,528
	(79,543)	491,318	163,917	305,379

(i) The term Rumo Group refers to the railway and port operations represented by the companies Rumo S.A., Elevações Portuárias S.A., Logisport Armazéns Gerais S.A., Rumo Malha Sul S.A., Rumo Malha Oeste S.A., Rumo Malha Paulista S.A., Rumo Malha Norte S.A., ALL América Latina Logística Rail Management, Portofer Transporte Ferroviário Ltda. and Brado Logística S.A.

(ii) The term Aguassanta Group refers to land lease transactions for the planting of sugarcane with entities Aguassanta Agrícola Ltda., Aguassanta Participações S.A., Aguapar Agrícola Ltda., Palermo Agrícola S.A. and Vila Santa Empreendimentos Imobiliários Ltda.

(iii) The term Radar Group refers to land lease transactions for the planting of sugarcane. Main entities in 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, management 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 between said entities as a way of administering financial resources, due the financial management of cash and PPE.

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

RAÍZEN ENERGIA S.A.

Management notes to the interim financial information

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(In thousands of reais, unless otherwise indicated)

c) Summary of shareholder Cosan's refundable and rechargeable balances

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Current assets				
Other financial assets (Note 8)	-	11,967	-	11,967
Other receivable (i)	53,789	47,252	63,113	55,503
	53,789	59,219	63,113	67,470
Non-current assets				
Judicial deposits (Note 16)	127,242	121,436	239,168	231,865
Other financial assets (Note 8)	90,609	71,802	90,609	71,802
Other receivable (i)	65,012	63,434	66,997	65,398
	282,863	256,672	396,774	369,065
Total assets	336,652	315,891	459,887	436,535
Current liabilities				
Tax credits to be reimbursed	7,961	2,770	10,387	5,144
Other payable (ii)	167,820	187,368	192,025	205,429
	175,781	190,138	202,412	210,573
Non-current liabilities				
Tax credits to be reimbursed (ii)	169,228	165,050	178,646	175,910
Provision for legal disputes (Note 16)	151,999	146,769	181,490	175,336
	321,227	311,819	360,136	351,246
Total liabilities	497,008	501,957	562,548	561,819

(i) Refer mainly to legal expenses receivable from the shareholder.

(ii) Refer mainly to tax credits to be reimbursed to shareholder.

d) Other significant information involving related parties

Committed Back-up Credit Facility Agreement

The Company is a beneficiary of a US\$ 700,000 Revolving Committed Back-up Credit Facility Agreement granted by Shell Finance (Netherlands) B.V. and Cosan S.A. Indústria e Comércio. Said credit facility had not been used by the end of the nine-month period ended December 31, 2018. Furthermore, this facility was renewed and its new maturity is May 2021.

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Management notes to the interim financial information

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(In thousands of reais, unless otherwise indicated)

e) Directors and members of the Board of Directors

Fixed and variable remuneration to key management personnel, including statutory officers and members of the Board of Directors that is recognized in profit or loss for the period is as follows:

	<u>Apr-Dec/2018</u>	<u>Apr-Dec/2017</u>
Regular remuneration	(41,647)	(38,603)
Bonuses and other variable remuneration	<u>(25,789)</u>	<u>(25,930)</u>
Total remuneration	<u><u>(67,436)</u></u>	<u><u>(64,533)</u></u>

The Company shares the corporate, managerial and operational structures and costs of its related party Raízen Combustíveis S.A. ("RCSA"). Key management personnel and other administrative jobs are performed mainly by employees of the Company. Accordingly, as of December 31, 2018, RCSA reimbursed to the Company, for the shared structure, including key management personnel and other employees, the amount of R\$ 39,935 (R\$ 47,739 in the nine-month period ended December 31, 2017).

f) Other significant information involving related parties

The Company is the guarantor of certain debts and derivative financial instruments of its related party RCSA.

RAÍZEN ENERGIA S.A.

Management notes to the interim financial information December 31, 2018 (In thousands of reais, unless otherwise indicated)

10. Investments

a) Parent company

				Investments (1)		Equity accounting results	
	Country	Business	Equity interest Percentage	12/31/2018	03/31/2018	Apr-Dec/2018	Apr-Dec/2017
<u>Book value</u>							
Agrícola Ponte Alta Ltda.	Brazil	Ethanol trade	91.21%	843,536	912,330	57,084	44,470
Benálcool Açúcar e Álcool Ltda.	Brazil	Holding	100.00%	3,627	54,318	1,309	109,411
Centro de Tecnologia Canavieira S.A.	Brazil	R&D	19.04%	110,525	107,928	2,588	1,915
Raízen Caarapó Açúcar e Álcool Ltda.	Brazil	Sugar and ethanol plant	31.48%	219,388	211,580	7,812	6,509
Raízen Centroeste Açúcar e Álcool Ltda.	Brazil	Ethanol plant	47.37%	633,336	684,613	19,790	34,823
Logum Logística S.A. (7)	Brazil	Logistics	30.00%	313,526	132,986	(20,144)	(25,480)
Raízen Araraquara Açúcar e Álcool Ltda. (3)	Brazil	Sugar and ethanol plant	99.99%	1,026,020	824,956	201,119	12,722
Raízen Fuels Finance S.A.	Luxembourg	Financing	100.00%	52,941	39,887	6,219	5,708
Raízen International Universal Corporation	British Virgin Islands	Sugar and ethanol trade	100.00%	49,880	-	43,205	-
Raízen and Wilmar Sugar PTE Ltd.	Singapore	Sugar trading	50.00%	33,943	13,448	17,657	12,798
Raízen Energy Finance Ltd.	Cayman Islands	Financing	100.00%	37,956	32,566	(9)	(2)
Raízen Paraguaçu Ltda. (3)	Brazil	Sugar and ethanol plant	100.00%	930,906	999,354	71,658	74,648
TEAS - Terminal Exportador de Alcool de Santos Ltda. (5)	Brazil	Port terminal	-	-	-	-	2,798
Bionergia Barra Ltda.	Brazil	Cogeneration of energy	99.99%	738,100	810,408	237,861	327,914
Uniduto Logística S.A.	Brazil	Logistics	46.48%	49,035	31,416	26,121	(6,552)
Raízen-Geo Biogás S.A. (Nota 10.d.i)	Brazil	Biogas Plant	85.00%	22,391	-	(1,045)	-
Raízen Trading LLP	United Kingdom	Trading	100.00%	189,019	181,878	35,718	-
Ryballa Participações Ltda. (6)	Brazil	Sugar and ethanol plant	100.00%	27,832	-	1,215	-
Subtotal				5,281,961	5,037,668	708,158	601,682
<u>Investment goodwill (4)</u>							
Na Benálcool Açúcar e Álcool Ltda.			100.00%	49,202	49,202	-	-
Na Raízen Araraquara Açúcar e Álcool Ltda.			99.99%	197,013	197,013	-	-
Na Raízen Tarumã Ltda.			100.00%	92,379	92,379	-	-
Na Uniduto Logística S.A.			46.48%	5,676	5,676	-	-
No Centro de Tecnologia Canavieira S.A.			19.93%	45,514	45,514	-	-
Na Ryballa Participações Ltda. (6)			100.00%	5,400	-	-	-
Subtotal				395,184	389,784	-	-
Total do investimento				5,677,145	5,427,452	708,158	601,682
<u>Provision for negative equity in subsidiary and associated companies (2)</u>							
Raízen International Universal Corporation	British Virgin Islands	Sugar and ethanol trading	100.00%	-	(118)	-	37,295
Unimodal Ltda.	Brazil	Logistics	53.17%	(1,923)	(1,923)	-	-
Raízen-Geo Biogás S.A.	Brazil	Biogas plant	85.00%	-	(41)	(88)	(127)
Other	Brazil	-	-	(3)	(3)	-	(1)
Total provision for shareholders' deficit				(1,926)	(2,085)	(88)	37,167
						708,070	638,849

(1) Investments assessed under the equity method; (2) Classified as Non-current liabilities under the "Other obligations" caption; (3) As of December 31, 2018, balances of investments include a portion allocated to goodwill from the merger of Curupay and the acquisition of Usina Zanin in the amounts of R\$ 97,019 and R\$ 61,974 (negative) (R\$ 103,383 and R\$ 59,105, negative, in March 31, 2018), respectively. Goodwill amortizations of said recognitions, classified in Parent company as equity in investees, totaled R\$ 6,362 and R\$ 2,867 (R\$ 3,331 and R\$ 1,849 in December 31, 2017), respectively. (4) Goodwill in stock acquisition; (5) In March 29 2018, TEAS was sold to Grupo Ultra; (6) In October 8, 2018, the Company has fully acquired Ryballa through a purchase agreement with Agro Pecuária Furlan S.A., since when it detains 100% of direct interest in it, see Note 27.iii; (7) As of December, 2018, included the reversal of estimated impairment loss on the investment in the amount of R\$ 131,792, as mentioned in Note 10.d.ii..

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Management notes to the interim financial information December 31, 2018 (In thousands of reais, unless otherwise indicated)

(b) Consolidated

				Investments (1)		Equity accounting results	
	Country	Business	Equity interest percentage	12/31/2018	03/31/2018	Apr-Dec/2018	Apr-Dec/2017
Book value							
Centro de Tecnologia Canavieira S.A.	Brazil	R&D	19.58%	113,659	110,989	2,662	1,969
Logum Logística S.A. (3)	Brazil	Logistics	20.78%	313,526	132,986	(20,144)	(25,480)
Uniduto Logística S.A.	Brazil	Logistics	46.48%	49,035	31,416	26,121	(6,552)
Raizen and Wilmar Sugar Pte. Ltd.	Singapore	Trading	50.00%	33,943	13,448	17,657	12,796
Subtotal				510,163	288,839	26,296	(17,267)
<u>Investment goodwill (2)</u>							
Uniduto Logística S.A.			46.48%	5,676	5,676	-	-
Centro de Tecnologia Canavieira S.A.			19.58%	51,946	51,946	-	-
Subtotal				57,622	57,622	-	-
Total investments				567,785	346,461	26,296	(17,267)

(1) Investments assessed under the equity method; (2) Goodwill on the purchase of shares; (3) As of December 31, 2018, included the reversal of estimated impairment loss on the investment in the amount of R\$ 131,792, as mentioned in Note 10.e.ii.

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Management notes to the interim financial information December 31, 2018 (In thousands of reais, unless otherwise indicated)

Movement in interest in subsidiaries and associated companies:

	Parent company	Consolidated
Balance at March 31, 2018	5,427,452	346,461
Equity accounting results	708,158	26,296
Additions to investment (Note 10.d.i)	81,313	25,732
Dividends declared (Note 10.d.iv)	(757,330)	-
Effect of foreign currency translation - CTA	50,836	-
Investment revaluation (Note 10.d.ii)	242,186	242,186
First-time adoption of IFRS 9 (Note 2.3.d)	144	-
Investment reductions (Note 10.d.iii)	(75,855)	(75,738)
Other	241	2,848
Balance at December 31, 2018	5,677,145	567,785

Movement in provision for negative equity in subsidiaries and associated companies:

	Parent company
Balance at March 31, 2018	(2,085)
Equity accounting results	(88)
Other	247
Balance at December 31, 2018	(1,926)

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

c) Summarized financial information of associated companies, considering adjustments to equity value, when applicable.

- December 31, 2018

	Logum Logística S.A. (1)/(2)	Uniduto Logística Ltda. (1)/(2)	Centro de Tecnologia Canavieira S.A. (2)/(4)	Iogen Energy Corporation (3)	Raízen and Wilmar Sugar PTE Ltd. (4)
Assets	2,092,473	105,519	804,103	28,126	728,917
Liabilities	(1,047,387)	(12)	(223,708)	(288,298)	(661,032)
Equity	1,045,086	105,507	580,395	(260,172)	67,885
Nine-month period ended December 31, 2018					
Net operating revenue	140,892	-	130,161	-	1,383,639
Net(loss) income	(92,600)	(32)	13,590	(845)	35,911
Nine-month period ended December 31, 2017					
Net operating revenue	93,834	-	90,011	-	2,103,541
Net (loss) income	(121,086)	(176)	10,057	(1,048)	25,547

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- March 31, 2018

	Logum Logística S.A. (1)/(2)	Uniduto Logística Ltda. (1)/(2)	Centro de Tecnologia Canavieira S.A. (2)/(4)	Iogen Energy Corporation (3)	Raízen and Wilmar Sugar PTE Ltd. (4)
Assets	2,287,895	98,340	801,551	34,594	93,584
Liabilities	(1,015,609)	(30,743)	(234,701)	(265,464)	(66,688)
Equity	<u>1,272,286</u>	<u>67,597</u>	<u>566,850</u>	<u>(230,870)</u>	<u>26,896</u>

- (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 an estimated loss for equity in net income of subsidiaries, given that it has no legal or constructive obligations to make payments on account of that company.
- (4) Year ended March 31, every year.

d) Transactions occurred up to December 31, 2018

i) Additions to investment

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

In the nine-month period ended December 31, 2018, capital increase was resolved, approved and subscribed, amounting to R\$ 104,400. Values subscribed by the Company in these operations totaled R\$ 20,880, fully paid for in cash.

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

In the nine-month period ended December 31, 2018, capital increase was resolved, approved and subscribed, amounting to R\$ 10,440. Values subscribed by the Company in these operations totaled R\$ 4,852, fully paid for in cash.

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

Capital increase at Biogás

As of August 31, 2018, Company's capital increase was resolved, approved and subscribed, amounting to R\$ 27,724. Of this amount, R\$ 521 were paid in by the Company on the same date as contribution of assets; R\$ 7,796 (R\$ 6,548 for the Company and R\$ 1,248 for the minority shareholder) were paid in on September 15, 2018 through direct deposit; R\$ 8,318 (R\$ 7,070 by the Company and R\$ 1,248 by the minority shareholder) will be paid in by October 15, 2018, and R\$ 11,089 (R\$ 9,426 by the Company and R\$ 1,663 by the minority shareholder) will be paid in by April 1, 2019, see Note 9.

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Management notes to the interim financial information

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(In thousands of reais, unless otherwise indicated)

Acquisition of Ryballa

As of October 8, 2018, RESA has acquired from Agro Pecuária Furlan S.A. its investee Ryballa, for R\$ 32,016. Investment value and goodwill were R\$ 26,616 and R\$ 5,400, respectively. For further details, see Note 27.iii.

ii) Investment revaluation

Consonant with annual accounting assessment of investment recoverability at Logum, under IAS 36 (CPC 01) - Impairment of assets and IAS 28 (CPC 18) - Investments in associates and joint ventures, as of December 31, 2018, the Company has recognized a reversal of loss by impairment, previously recorded, in the amount of R\$ 162,384, as a counterpart to period's result, of which R\$ 131,792 in the caption "Other operating income (expenses), net" (Note 22), related to direct interest in Logum, and R\$ 30,592 under the caption "Equity in accounting result", related to RESA's indirect interest in Logum through its subsidiary Uniduto.

During 2018, Logum has obtained capital contributions from the shareholders, concluded its corporate restructuring and concluded a long term loan contract. These main factors allow Logum to implement and develop Phase I of the project, though the balance between the capacities of capture and delivery of fuels and access to the country's largest consuming center, the metropolitan region of São Paulo. Additionally, Logum has renegotiated supply deals and signed contracts with Petrobras for the use of Transpetro's infrastructure. Thus, current project infrastructure, which serves as the backbone of the project's next phases, which will increase volumes as the system gains capillarity, connecting ethanol producers and consumers.

These factors and assumptions were deemed sufficient and resulted in a cash positive cash flow projection, superior to accounting results for the investment.

With the completion of the corporate restructuring, RESA obtained an additional interest from former Logum shareholders, with no cash consideration, causing a gain of R\$ 110,394, recognized with a corresponding entry in the income statement for the period, under the caption "Other operating income (expenses)", see Note 22.

By the end of these operations, the Company holds 30% and 34.65% of direct and indirect interest, respectively, in Logum (20.81% and 25.65% as of March 31, 2018).

iii) Investment reductions

Reduction of share capital to be paid-up, Logum

As of December 27, 2018, the shareholders, as a result of the corporate restructuring agreed upon, have decided to cancel Logum's capital subscribed but not yet paid-up. Accordingly, RESA recognized a reduction in its investment of R\$ 61,457. Impacts were registered under the caption "Related parties", see Note 9.

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(In thousands of reais, unless otherwise indicated)

Reduction of share capital to be paid-up, Uniduto

As of December 27, 2018, Logum's shareholders, as a result of the corporate restructuring agreed upon, have decided to cancel Uniduto's capital subscribed but not yet paid-up. Accordingly, RESA's obligation to subscribe due to its interest in Logum was also cancelled, which represents a reduction in RESA's investment in Uniduto of R\$ 14,281. Impacts were registered under the caption "Related parties", see Note 9.

iv) Dividends declared

Subsidiary	Determination period	Assigned	Received	Allocation date	Receipt date	Dividends
						Receivable
Raízen trading	2017/2018 crop	87,060	(87,060)	03/31/2018	06/22/2018	-
Bio Barra	2017/2018 crop	3,347	-	03/31/2018	-	3,347
Raízen Paraguaçu	2017/2018 crop	1,406	-	03/31/2018	-	1,406
Agrícola Ponte Alta	2017/2018 crop	801	-	03/31/2018	-	801
Benálcool	2017/2018 crop	533	-	03/31/2018	-	533
Raízen Centroeste	2017/2018 crop	472	-	03/31/2018	-	472
Raízen Caarapó	2017/2018 crop	22	-	03/31/2018	-	22
Raízen Trading	2017/2018 crop	58,407	(58,407)	06/22/2018	06/22/2018	-
Benálcool	2017/2018 crop	52,000	(52,000)	09/28/2018	09/28/2018	-
Bio Barra	2017/2018 crop	310,000	(310,000)	09/28/2018	10/23/2018	-
Raízen Paraguaçu	2017/2018 crop	140,000	(140,000)	09/28/2018	10/25/2018	-
Raízen Centroeste	2017/2018 crop	71,055	(71,055)	09/28/2018	10/24/2018	-
Agrícola Ponte Alta	2017/2018 crop	125,868	(125,868)	10/29/2018	10/30/2018	-
		<u>850,971</u>	<u>(844,390)</u>			<u>6,581</u>

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(In thousands of reais, unless otherwise indicated)

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	Constructions in progress	Frequently replaced parts and accessories	Sugarcane planting	Other	Total
Cost:										
March 31, 2018	14,915	825,431	4,267,850	514,758	148,215	391,323	962,191	4,279,863	19,010	11,423,556
Additions	-	1,067	14,272	908	1,426	282,495	161,728	400,955	-	862,851
Business combination (1)	-	-	(6,362)	(3,217)	-	(521)	-	72	-	(10,028)
Write-offs	-	-	(15,424)	(20,724)	(601)	-	-	-	-	(36,749)
Transfers (2)	-	69,787	191,023	35,864	22,353	(343,406)	-	-	-	(24,379)
Estimated loss (3)	-	(4)	(1,200)	(253)	(529)	-	-	-	-	(1,986)
December 31, 2018	14,915	896,281	4,450,159	527,336	170,864	329,891	1,123,919	4,680,890	19,010	12,213,265
Accumulated depreciation:										
March 31, 2018	-	(254,078)	(1,546,598)	(233,145)	(96,650)	-	(510,410)	(3,087,026)	(19,010)	(5,746,917)
Depreciation expense in the period	-	(23,919)	(216,157)	(38,542)	(14,562)	-	(504,674)	(359,654)	-	(1,157,508)
Write-offs	-	-	12,843	14,470	567	-	-	-	-	27,880
Transfers (2)	-	(3,192)	5,449	(1,918)	(278)	-	-	-	-	61
December 31, 2018	-	(281,189)	(1,744,463)	(259,135)	(110,923)	-	(1,015,084)	(3,446,680)	(19,010)	(6,876,484)
Net residual value:										
December 31, 2018	14,915	615,092	2,705,696	268,201	59,941	329,891	108,835	1,234,210	-	5,336,781
March 31, 2018	14,915	571,353	2,721,252	281,613	51,565	391,323	451,781	1,192,837	-	5,676,639

(1) Refers to: i) the final adjustments in the allocation of the acquisition price of Santa Cândida and Paraíso plants, in the amount of (R\$ 9,507), see Note 27.i; and ii) Contribution of capital in Raízen Biogás through the transfer of assets in the amount of (R\$ 521), see Note 10.d.i.

(2) Relates to the transfers between classes of property, plant and equipment and of intangible assets.

(3) Refers to net formation of estimated loss in fixed assets, recognized in profit or loss for the period under "Other operating income (expenses), net" caption (Note 22).

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b) Consolidated

	Lands and rural properties	Buildings and improvements	Machinery, equipment and facilities	Aircrafts, vessels and vehicles	Furniture, fixtures and IT equipment	Constructions in progress	Frequently replaced parts and accessories	Sugarcane planting	Other	Total
Cost:										
March 31, 2018	37,926	1,480,011	8,554,170	585,897	178,660	528,258	1,245,901	4,976,918	29,145	17,616,886
Additions	-	1,307	19,724	1,337	2,026	367,649	204,702	442,252	4	1,039,001
Business combination (1)	-	66	(6,349)	(3,217)	79	-	-	21,020	-	11,599
Write-offs	-	-	(19,075)	(19,640)	(679)	-	-	-	-	(39,394)
Transfers (2)	-	115,538	241,116	39,433	24,197	(449,951)	-	-	5,169	(24,498)
Estimated loss (3)	-	(2)	(989)	(361)	(529)	-	-	-	-	(1,881)
Other	-	-	-	-	67	-	-	-	-	67
December 31, 2018	37,926	1,596,920	8,788,597	603,449	203,821	445,956	1,450,603	5,440,190	34,318	18,601,780
Accumulated depreciation:										
March 31, 2018	-	(403,679)	(3,055,919)	(271,904)	(116,034)	-	(665,301)	(3,644,899)	(26,826)	(8,184,562)
Depreciation expense in the period	-	(38,739)	(399,259)	(43,737)	(17,286)	-	(648,027)	(400,040)	(1,137)	(1,548,225)
Write-offs	-	-	15,517	15,603	623	-	-	-	-	31,743
Transfers (2)	-	(6,347)	9,316	(2,430)	(476)	-	-	-	(1)	62
December 31, 2018	-	(448,765)	(3,430,345)	(302,468)	(133,173)	-	(1,313,328)	(4,044,939)	(27,964)	(9,700,982)
Net residual value:										
December 31, 2018	37,926	1,148,155	5,358,252	300,981	70,648	445,956	137,275	1,395,251	6,354	8,900,798
March 31, 2018	37,926	1,076,332	5,498,251	313,993	62,626	528,258	580,600	1,332,019	2,319	9,432,324

(1) Refers to: i) Final adjustments in the allocation of the acquisition price of the Santa Candida and Paraíso plants in the amount of (R\$ 9,507), see Note 27.i;ii); Acquisition of RWXE in the amount of R\$ 158, see Note 27.ii; iii) Acquisition of Ryballa in the amount of R\$ 20,948, see Note 27.iii.

(2) Relates to the transfers between classes of property, plant and equipment and of intangible assets.

(3) Refers to net formation of estimated loss in fixed assets, recognized in profit or loss for the period under “Other operating income (expenses), net” caption (Note 22).

RAÍZEN ENERGIA S.A.

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Constructions in progress

The balance of constructions in progress refers mainly to: i) stillage concentration project; ii) project for reception of chopped sugarcane and separation of straw for co-generation of energy; iii) installation of tanks to expand ethanol storage capacity; and iv) investments to maintain and improve processing, agricultural automation, as well as in Security, Health and Environment (“SSMA”).

During the nine-month period ended December 31, 2018, several projects were completed, namely: i) investments for processing maintenance and improvement and agricultural automation, in the amount of R\$ 309,677; ii) SSMA in the amount of R\$ 104,842; and iii) administrative investments of units in the amount of R\$ 28,649.

Borrowing cost capitalization

In the nine-month period ended December 31, 2018, borrowing costs capitalized in Parent company and Consolidated reached R\$ 16,863 and R\$ 22,177 (R\$ 13,726 and R\$ 25,078 in the nine-month period ended December 31, 2017), respectively. The annual weighted average rates of debt financial charges for the Parent Company and Consolidated, used for capitalization of interest in the balance of construction in progress were 6.51% and 6.68% as of December 31, 2018 (7.05% and 7.38% as of December 31, 2017), respectively.

Financial lease

As of December 31, 2018, the machinery and equipment, vehicles and aircraft classes include net residual values of R\$ 14,736 (R\$ 24,344 as of March 31, 2018), Parent Company and Consolidated, in which the Company is the lease under a financial lease, guaranteed by promissory note in the amount of R\$ 13,076.

Property, plant and equipment pledged

As of December 31, 2018, loans and financing are secured by land, building and machinery in the total amount of R\$ 509,243 and R\$ 922,895 (R\$ 642,821 and R\$ 1,093,646 as of March 31, 2018), in the Parent Company and Consolidated, respectively.

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12. Intangible assets

a) Parent company

	Software license	Goodwill	Agricultural partnership agreements	Sugarcane supply agreements	Technology	Total
Cost or evaluation:						
March 31, 2018	202,231	1,618,676	18,411	26,011	183,729	2,049,058
Additions	6	-	-	-	-	6
Business combinations (1)	-	21,135	-	-	-	21,135
Transfers (2)	24,379	-	-	-	-	24,379
December 31, 2018	226,616	1,639,811	18,411	26,011	183,729	2,094,578
Accumulated amortization:						
March 31, 2018	(131,249)	(368,026)	(15,476)	(15,606)	(53,962)	(584,319)
Amortization expense in the period	(21,010)	-	(2,686)	(3,405)	(14,697)	(41,798)
Transfers (2)	(61)	-	(249)	249	-	(61)
December 31, 2018	(152,320)	(368,026)	(18,411)	(18,762)	(68,659)	(626,178)
Net residual value:						
December 31, 2018	74,296	1,271,785	-	7,249	115,070	1,468,400
March 31, 2018	70,982	1,250,650	2,935	10,405	129,767	1,464,739

(1) Refers to the final adjustments in the allocation of the acquisition price of Santa Candida and Paraíso plants, amounting to R\$ 21,135; see Note 27.i.

(2) Refers to the transfers between classes of property, plant and equipment and of intangible assets.

b) Consolidated

	Software license	Goodwill	Agricultural partnership agreements	Sugarcane supply agreements	Public concession rights of use	Technology	Other	Total
Cost or evaluation:								
March 31, 2018	222,948	1,943,765	18,411	181,516	12,541	183,729	24,756	2,587,666
Additions	82	-	-	-	-	-	(75)	7
Business combination (1)	3	51,161	-	-	-	-	-	51,164
Transfers (2)	24,425	-	-	-	-	-	73	24,498
Other	-	-	-	-	-	-	1,306	1,306
December 31, 2018	247,458	1,994,926	18,411	181,516	12,541	183,729	26,060	2,664,641
Accumulated amortization:								
March 31, 2018	(151,410)	(431,380)	(15,476)	(91,195)	(12,195)	(53,963)	(21,206)	(776,825)
Amortization expense in the period	(21,257)	-	(2,686)	(10,966)	(346)	(14,697)	-	(49,952)
Transfers (2)	(62)	-	(249)	249	-	-	-	(62)
December 31, 2018	(172,729)	(431,380)	(18,411)	(101,912)	(12,541)	(68,660)	(21,206)	(826,839)
Net residual value:								
December 31, 2018	74,729	1,563,546	-	79,604	-	115,069	4,854	1,837,802
March 31, 2018	71,538	1,512,385	2,935	90,321	346	129,766	3,550	1,810,841

(1) Refers to: i) Final adjustments in the allocation of the acquisition price of Santa Candida and Paraíso plants, amounting to R\$ 21,135; see Note 27.i; ii) Acquisition of RWXE for the amount of R\$ 24,629, see Note 27.ii; iii) Acquisition of Ryballa for the amount of R\$ 5,400; see Note 27.iii.

(2) Relates to the transfers between classes of property, plant and equipment and of intangible assets.

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(In thousands of reais, unless otherwise indicated)

13. Suppliers

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Materials and services	330,477	419,437	1,410,547	998,682
Sugarcane	526,017	155,140	636,742	196,393
Suppliers - agreement	115,842	102,726	1,043,010	806,798
	<u>972,336</u>	<u>677,303</u>	<u>3,090,299</u>	<u>2,001,873</u>
Domestic (domestic currency)	970,018	676,570	1,459,090	903,780
Abroad (foreign currency) (Note 24.d)	2,318	733	1,631,209	1,098,093
	<u>972,336</u>	<u>677,303</u>	<u>3,090,299</u>	<u>2,001,873</u>

The suppliers' characteristics are the same as those disclosed in the annual financial statements of March 31, 2018, no change has occurred in the recognition procedures, measurement and accounting records, nor significant changes in the credit risk of counterparties involved in balances.

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14. Loans and financing

Description	Final maturity	Index	Financial charges		Parent company		Consolidated	
			Annual effective average interest rate		12/31/2018	03/31/2018	12/31/2018	03/31/2018
			12/31/2018	03/31/2018				
Classification of debts per currency:								
Denominated in Reais					4,482,451	5,115,058	5,881,642	6,798,773
Denominated in US Dollar and Euro (Note 24.d)					2,069,372	-	6,774,388	4,045,946
					6,551,823	5,115,058	12,656,030	10,844,719
Type of debts (1):								
BNDES	Oct 2025	URTJLP	9,32%	9,28%	59,504	147,552	427,472	743,555
BNDES	Aug 2030	Pre-fixed	4,00%	3,94%	382,801	430,773	634,741	742,341
BNDES	Apr 2024	UMBND	6,68%	6,79%	12,490	12,688	37,291	45,589
Debentures	Oct 2018	CDI	-	7,38%	-	406,691	-	406,691
Debentures	Oct 2020	IPCA + interest	10,31%	10,17%	419,640	413,677	419,640	413,677
PPE	Aug 2025	Dollar (US\$) + Libor	3,98%	3,56%	1,101,512	-	1,288,645	167,930
Term Loan Agreement	Apr 2020	Dollar (US\$) + Libor	4,02%	3,49%	-	-	1,753,515	1,496,434
Senior Notes Due 2027 (“Senior 2027”)	Jan 2027	Dollar (USA)	5,30%	5,30%	-	-	2,017,402	1,699,276
Resolution 2471 (PESA)	Apr 2023	IGP-M	12,42%	8,67%	632,862	947,779	661,702	975,224
PESA	Oct 2025	Pre-fixed	3,00%	3,00%	53	61	53	61
Credit Notes	Oct 2020	CDI	6,86%	6,85%	168,476	257,355	168,476	257,355
Finame/Leasing	Jan 2025	Pre-fixed	6,66%	6,73%	55,208	68,504	84,085	102,392
Finame/Leasing	Mar 2021	URTJLP	10,27%	10,02%	100	133	100	133
Rural credit	Apr 2020	Pre-fixed	6,05%	-	364,989	-	364,989	-
Certificate of Agribusiness Receivables (CRA)	Apr 2023	CDI	6,30%	6,29%	2,002,956	2,054,205	2,467,462	2,508,072
CRA	Apr 2024	IPCA + interest	9,37%	9,23%	383,371	375,640	615,631	603,685
Advance on currency exchange contracts	Mar 2019	Dollar (US\$)	3,24%	-	967,861	-	967,861	-
Schuldschein	Oct 2021	Fixed - EUR	2,88%	2,88%	-	-	294,727	273,159
Schuldschein	Sep 2022	Euribor	1,87%	1,85%	-	-	444,625	409,145
Other	Diverse	Dollar (US\$)	-	-	-	-	7,613	-
					6,551,823	5,115,058	12,656,030	10,844,719
Expenses incurred with the placement of the securities:								
BNDES					(1,836)	(2,124)	(2,774)	(3,278)
CRA					(15,899)	(29,729)	(15,899)	(38,989)
Debentures					(628)	(1,266)	(628)	(1,266)
PPE					-	(39)	(174)	(1,317)
Term Loan Agreement					-	-	(635)	(7,155)
Senior Notes Due 2027					-	-	(1,482)	(2,035)
Schuldschein					-	-	-	(11,083)
					(18,363)	(33,158)	(21,592)	(65,123)
					6,533,460	5,081,900	12,634,438	10,779,596
Current					(2,290,932)	(1,223,870)	(2,534,925)	(1,504,014)
Non-current					4,242,528	3,858,030	10,099,513	9,275,582

- (1) Loans and financing are usually secured by Company's promissory notes. In certain cases, they are also guaranteed by its subsidiaries and Raizen Combustíveis S.A., in addition to collaterals, such as: i) credit rights deriving from contracts for energy trading (BNDES); ii) CTN (note 8) and land mortgage (PESA); iii) fixed assets (Note 11); and iv) financed assets pledged in guarantee (Finame).

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

Months:	12/31/2018	
	Parent company	Consolidated
13-24	1,209,309	3,310,652
25-36	819,130	1,241,424
37-48	76,717	1,085,236
49-60	986,679	1,314,347
61-72	814,218	836,004
73-84	324,669	328,491
85-96	2,639	2,443
>97	9,167	1,980,916
	<u>4,242,528</u>	<u>10,099,513</u>

a) Advance on exchange contract ("ACC")

Engagement	Bank	Purpose	Interest rate	Maturity	Amount	
					R\$	US\$
05/30/2018	BNP Paribas Brasil S.A.	Export of goods	3.39% p.a. + US Dollar	Mar 2019	186,310	50,000
07/19/2018	Banco Santander Brasil S.A.	Export of goods	3.04% p.a. + US Dollar	Jan 2019	192,955	50,000
08/24/2018	BNP Paribas Brasil S.A.	Export of goods	3.22% p.a. + US Dollar	Feb 2019	285,166	70,000
09/17/2018	Banco do Brasil S.A.	Export of goods	3.27% p.a. + US Dollar	Mar 2019	125,961	30,000
12/13/2018	Banco Santander Brasil S.A.	Export of goods	3.30% p. a. + US Dollar	Mar 2019	183,906	47,000

b) Rural credit

On April 18, 2018, the Parent Company entered into several agricultural credit agreements in the amount of R\$ 350,000 with Banco Bradesco S.A. for use in soil preparation, planting and crop treatments. Interest of 6.05% p.a., with maturity as of April 2020, is levied on contracts.

c) PPE

On August 24 and 29, 2018, the Parent Company contracted new loans in the amount of R\$ 613,378 and R\$ 515,675, equivalent to US\$ 150,000 thousand and US\$ 125,000 thousand, respectively. Export prepayments - PPEs bear quarterly Libor interest plus annual interest of 1.25% and 1.10%, resulting in effective average interest rate of 3.90% and 3.79% p.a., respectively, and with final maturity on August 22, 2024 and August 27, 2025.

d) PESA

In the nine-month period ended December 31, 2018, Company has compensated PESA contracts concluded in October 1, 1988, amounting to R\$ 369,871 through CTN redemption; see Note 8.

e) Debentures

On October 11, 2018, Company has liquidated debenture concluded in October 2013, in the amount of R\$ 433,272, of which R\$ 392,988 are principal, and R\$ 40,284 are interest.

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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 by the Company.

Revolving Credit Facility

Through the Term Loan Agreement union, the Company has obtained a revolving credit facility of USD 285,000, also due in April 27, 2020. Up to the end of nine-month period ended December 31, 2018, such line had not been used.

Fair value

As of December 31 and March 31, 2018, book value and fair value of loans are as follows:

Description	Classification	Book value		Fair value(3)		Parent company Financial results (2)	
		12/31/2018	03/31/2018	12/31/2018	03/31/2018	Apr-Dec 2018	Apr-Dec 2017
PPE	Fair value through profit or loss	1,069,957	-	1,101,648	-	(31,691)	-
CRA	Fair value through profit or loss	382,580	-	383,372	-	(792)	-
		<u>1,452,537</u>	<u>-</u>	<u>1,485,020</u>	<u>-</u>	<u>(32,483)</u>	<u>-</u>

Description	Classification	Book value		Fair value (3)		Consolidated Financial results (2)	
		12/31/2018	03/31/2018	12/31/2018	03/31/2018	Apr-Dec 2018	Apr-Dec 2017
Senior 2027 (1)	Fair value through profit or loss	496,168	209,921	530,533	230,174	(14,111)	(29,850)
PPE	Fair value through profit or loss	1,264,051	-	1,296,569	-	(32,519)	-
CRA	Fair value through profit or loss	613,975	-	615,633	-	(1,658)	-
Term Loan Agreement	Fair value through profit or loss	895,527	-	896,815	-	(1,288)	-
		<u>3,269,721</u>	<u>209,921</u>	<u>3,339,550</u>	<u>230,174</u>	<u>(49,576)</u>	<u>(29,850)</u>

(1) The fair value of Senior 2027 is based on the price quotation on the secondary market. On December 31, 2018, face value is 97.26% (101.23% on March 31, 2018).

(2) Refers to the impact of fair value on financial results, as shown in Note 23.

(3) To such debts are added fair value evaluations amounting to R\$ 32,483 and R\$ 69,829 (zero and R\$ 20,253 as of March 31 2018), Parent company and Consolidated, respectively.

The amount of such debts after fair value in consolidated totals R\$ 3,339,550 (R\$ 230,174 as of March 31, 2018) (Note 24.i).

Other loans and financing do not have a value quoted, but the 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 may be accrued by comparing aforementioned securities quoted.

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15. Income and social contribution taxes

a) Reconciliation of income and social contribution tax expenses:

	Parent company			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Income before income and social contribution taxes	511,372	206,989	137,388	224,268
Income tax and social contribution at nominal rate (34%)	(173,866)	(70,377)	(46,712)	(76,251)
Adjustments for calculation of effective rate:				
Special regime for the reintegration of tax amounts ("Reintegra")	225	4,013	6,669	25,191
Exchange variation on investees abroad	(2,897)	15,359	1,018	703
Gifts, donations, class association	(182)	(719)	(407)	93
Taxation at universal basis related to investments abroad	(20,936)	(22,927)	(6,916)	(17,040)
Equity accounting results	133,644	240,744	87,438	217,209
Other	(20)	(979)	(856)	(1,937)
Credit (expense) on income and social contribution taxes (current and deferred)	<u>(64,032)</u>	<u>165,114</u>	<u>40,234</u>	<u>147,968</u>
Effective rate	12,52%	-79,77%	-29,28%	-65,98%

	Consolidated			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Income before income and social contribution taxes	573,522	346,097	226,367	426,498
Income tax and social contribution at nominal rate (34%)	(194,997)	(117,674)	(76,964)	(145,009)
Adjustments for calculation of effective rate:				
Difference between deemed income and taxable income rates	6,944	38,174	20,122	62,006
Special regime for the reintegration of tax amounts - ("Reintegra")	248	4,073	7,304	26,800
Investment grants - ICMS	2,812	6,224	4,900	6,215
Exchange variation on investees abroad	(2,897)	15,360	4,861	4,203
Equity indemnity	-	-	-	4,142
Inventories' shortages and differences	(181)	(1,502)	(277)	(2,889)
Taxation at universal basis related to investments abroad	2,349	2,337	(4,925)	(4,414)
Equity accounting results	11,921	8,941	(2,169)	(5,871)
Credit with claims for damages	49,629	75,267	-	-
Other	(5,725)	(1,052)	(1,597)	555
Credit (expense) on income and social contribution taxes (current and deferred)	<u>(129,897)</u>	<u>30,148</u>	<u>(48,745)</u>	<u>(54,262)</u>
Effective rate	22.65%	-8.71%	21.53%	12.72%

a.1) Recoverable income and social contribution taxes

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Income tax ("IRPJ")	603,498	629,331	650,244	674,506
Social contribution (CSLL)	191,547	200,781	202,683	210,859
	795,045	830,112	852,927	885,365
Current	(406,232)	(554,599)	(438,698)	(584,435)
Non-current	388,813	275,513	414,229	300,930

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a.2) Income and social contribution taxes payable

	12/31/2018	Consolidated 03/31/2018
IRPJ	18,897	66,488
CSLL	5,616	23,627
	24,513	90,115

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

b.1) Parent company

	12/31/2018				03/31/2018
	Base	IRPJ 25%	CSLL 9%	Total	Total
<u>Non-current assets (liabilities)</u>					
Tax losses					
Tax losses	1,561,212	390,303	-	390,303	234,988
Negative basis for social contribution	1,571,167	-	141,405	141,405	84,596
Temporary differences:					
Provision for legal disputes	567,897	141,974	51,111	193,085	171,333
Exchange variation on the cash basis	642,179	160,545	57,796	218,341	172,256
Estimated loss for realization of assets	139,074	34,769	12,516	47,285	89,646
Remuneration and employee benefits	136,615	34,154	12,295	46,449	72,598
Sundry provisions and other temporary differences	205,047	51,262	18,454	69,716	59,152
Total deferred tax assets		813,007	293,577	1,106,584	884,569
Biological assets	(52,603)	(13,150)	(4,735)	(17,885)	(89,206)
Cost of capitalized loans	(126,753)	(31,688)	(11,408)	(43,096)	(41,989)
Result unrealized with derivatives	(644,615)	(161,154)	(58,015)	(219,169)	(107,848)
Fixed assets' useful life review	(906,915)	(226,728)	(81,623)	(308,351)	(269,323)
Amortized tax goodwill	(684,582)	(171,146)	(61,612)	(232,758)	(230,853)
Total deferred tax liabilities		(603,866)	(217,393)	(821,259)	(739,219)
Total deferred assets - Assets, net		209,141	76,184	285,325	145,350

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b.2) Consolidated

	12/31/2018			03/31/2018
	Base	IRPJ 25%	CSLL 9%	Total
Non-current assets (liabilities)				
Tax losses				
Tax losses	1,693,668	423,417	-	423,417
Negative basis for social contribution	1,703,622	-	153,326	153,326
Temporary differences:				
Provision for legal disputes	642,941	160,735	57,865	218,600
Exchange variation on the cash basis	648,150	162,038	58,333	220,371
Provision on write-off of goodwill	166,656	41,664	14,999	56,663
Estimated loss for realization of assets	206,259	51,565	18,563	70,128
Remuneration and employee benefits	147,929	36,983	13,313	50,296
Sundry provisions and other temporary differences	322,700	80,675	29,043	109,718
Total deferred tax assets		957,077	345,442	1,302,519
Biological assets	(126,721)	(31,680)	(11,405)	(43,085)
Cost of capitalized loans	(240,174)	(60,044)	(21,615)	(81,659)
Result unrealized with derivatives	(689,935)	(172,484)	(62,094)	(234,578)
Fixed assets' useful life review	(1,765,435)	(441,358)	(158,890)	(600,248)
Fair value of the fixed assets	(237,979)	(59,495)	(21,418)	(80,913)
Amortized tax goodwill	(864,532)	(216,133)	(77,808)	(293,941)
Total deferred tax liabilities		(981,194)	(353,230)	(1,334,424)
Total deferred taxes		(24,117)	(7,788)	(31,905)
Deferred taxes - Assets, net				226,604
Deferred taxes - Liabilities, net				(258,509)
Total deferred taxes				(31,905)

b.3) Net movement in deferred taxes:

	Apr-Dec/2018	
	Parent company	Consolidated
Balance at the beginning of the period	145,350	(134,996)
Income in profit or loss	165,114	125,797
Deferred taxes on other comprehensive income	(25,148)	(25,050)
First-time adoption of IFRS 9 / CPC 48 (Note 2.3.d)	9	58
Other	-	2,286
Balance at end of the period	285,325	(31,905)

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16. Provision for legal disputes and judicial deposits

Breakdown of legal disputes considered as of probable loss

As of December 31 and March 31, 2018, the balances of lawsuits are as follows:

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Tax	75,469	44,860	85,236	53,523
Civil	25,489	27,581	39,344	33,096
Labor	193,539	191,937	265,812	253,887
	<u>294,497</u>	<u>264,378</u>	<u>390,392</u>	<u>340,506</u>
Non-reimbursable legal disputes	142,498	117,609	208,902	165,170
Reimbursable legal disputes (Note 9.c)	151,999	146,769	181,490	175,336

When Raízen was setup it was agreed that Cosan would reimburse the Company for legal disputes that were ongoing before its formation, thus, Company should reimburse Cosan regarding the judicial deposits made on the date before its formation. As of December 31 and March 31, 2018, balances of judicial deposits are as follows:

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Tax	166,946	150,307	284,262	265,036
Civil	8,476	8,569	8,735	9,104
Labor	65,073	57,437	84,959	75,446
	<u>240,495</u>	<u>216,313</u>	<u>377,956</u>	<u>349,586</u>
Own judicial deposits	113,253	94,877	138,788	117,721
Refundable judicial deposits (note 9.c)	127,242	121,436	239,168	231,865

i) Non-reimbursable legal disputes

	Parent company			
	Tax	Civil	Labor	Total
March 31, 2018	8,893	4,460	104,256	117,609
Provision in the period	1,909	2,819	64,074	68,802
Write-offs/reversals (i)	-	(1,184)	(38,137)	(39,321)
Payments	(706)	(107)	(26,071)	(26,884)
Monetary restatement (ii)	8	1,331	20,953	22,292
December 31, 2018	<u>10,104</u>	<u>7,319</u>	<u>125,075</u>	<u>142,498</u>

(i) Includes the reversal of monetary restatement in the amount of R\$ 16,593, recognized in the profit or loss for the period under "Financial results" caption.

(ii) Recognized in the profit or loss for the period as financial results.

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	Consolidated		
	Tax	Civil	Labor
	Total		
March 31, 2018	16,103	5,712	143,355
Provision in the period	2,815	6,237	86,810
Write-offs/reversals (i)	-	(1,254)	(50,980)
Payments	(706)	(107)	(31,884)
Monetary restatement (ii)	108	4,247	28,446
December 31, 2018	18,320	14,835	175,747

(i) Includes the reversal of monetary restatement in the amount of R\$ 21,173, recognized in the profit or loss for the period under "Financial results" caption.

(ii) Recognized in the profit or loss for the period as financial result.

ii) Reimbursable legal disputes (i)

	Parent company		
	Tax	Civil	Labor
	Total		
March 31, 2018	35,967	23,121	87,681
Provisioned in the period	5,216	1,457	17,387
Write-offs / reversals (ii)	(29)	(7,281)	(30,111)
Payments	-	(1,503)	(18,079)
Monetary restatement	24,211	2,376	11,586
December 31, 2018	65,365	18,170	68,464

(i) The movement does not have and will never have effect on profit or loss, due to Company's right to reimbursement.

(ii) Includes the reversal of monetary restatement in the amount of R\$ 23,212.

	Consolidated		
	Tax	Civil	Labor
	Total		
March 31, 2018	37,420	27,384	110,532
Provisioned in the period	5,262	1,862	19,394
Write-offs / reversals (ii)	(29)	(7,282)	(34,242)
Payments	-	(1,503)	(19,000)
Monetary restatement	24,263	4,048	13,381
December 31, 2018	66,916	24,509	90,065

(i) The movement does not have and will never have effect on profit or loss, due to Company's right to reimbursement.

(ii) Includes the reversal of monetary restatement in the amount of R\$ 25,810.

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(iii) Total legal disputes

	Parent company			
	Tax	Civil	Labor	Total
March 31, 2018	44,860	27,581	191,937	264,378
Provisioned in the period	7,125	4,276	81,461	92,862
Write-offs/reversals	(29)	(8,465)	(68,248)	(76,742)
Payments	(706)	(1,610)	(44,150)	(46,466)
Monetary restatement	24,219	3,707	32,539	60,465
December 31, 2018	<u>75,469</u>	<u>25,489</u>	<u>193,539</u>	<u>294,497</u>
	Consolidated			
	Tax	Civil	Labor	Total
March 31, 2018	53,523	33,096	253,887	340,506
Provisioned in the period	8,077	8,099	106,204	122,380
Write-offs/reversals	(29)	(8,536)	(85,222)	(93,787)
Payments	(706)	(1,610)	(50,884)	(53,200)
Monetary restatement	24,371	8,295	41,827	74,493
December 31, 2018	<u>85,236</u>	<u>39,344</u>	<u>265,812</u>	<u>390,392</u>

a) Tax

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Social Security Charges ("INSS")	9	-	1,633	1,608
Value-added tax on sales and services (ICMS)	28,453	27,525	32,739	31,702
Excise tax ("IPI") (i)	29,108	854	29,391	1,137
Lawyers' fees	9,912	8,707	13,353	11,243
Other	7,987	7,774	8,120	7,833
	<u>75,469</u>	<u>44,860</u>	<u>85,236</u>	<u>53,523</u>
Non-reimbursable legal disputes	10,104	8,893	18,319	16,100
Reimbursable legal disputes	65,365	35,967	66,917	37,423

(i) IPI

In the nine-month period ended December 31, 2018, the Company recognized a notice of tax infraction in the amount of R\$ 25,027, previously rated as of possible loss, for the period from November 1992 to December 1995, related to the Excise tax. The subject was recently judged by the Brazilian Supreme Federal Court (STF) under the General Repercussion system (RE n. 592.145, subject 080), ruling it against the taxpayer.

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b) Civil and labor

The Company and its subsidiaries are parties to several civil lawsuits relating to (i) compensation for material and moral damages, (ii) disputes on contracts, (iii) executions, (iv) collection, (v) rendering of accounts, (vi) possessory and (vii) environmental public civil lawsuits.

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 of possible loss and, thus, no provision for lawsuits demands has been recognized in the financial statements

a) Tax

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
ICMS	1,738,522	1,679,209	2,104,121	2,029,314
INSS (i)	226,706	484,548	234,771	491,903
IPI	321,005	390,135	357,368	426,081
Income tax and Social Contribution taxes (IRPJ and CSLL) (ii)	777,419	839,096	1,015,871	1,002,904
PIS and COFINS	1,328,696	1,298,744	1,394,325	1,343,360
Offsets with IPI credit - IN 67/98	113,498	112,025	134,642	132,869
MP 470 - Installment payment of debt	185,236	181,541	185,236	181,541
Other (iii)	418,120	339,384	500,800	402,747
	<u>5,109,202</u>	<u>5,324,682</u>	<u>5,927,134</u>	<u>6,010,719</u>
Non-reimbursable legal disputes	2,424,120	2,414,289	2,811,897	2,678,404
Reimbursable legal disputes	2,685,082	2,910,393	3,115,237	3,332,315

(i) INSS

In the nine-month period ended December 31, 2018, Company revised the contingencies related to IN MPS/SRP n. 03/2005, referred to the period between 2005 and 2011, reclassifying it from “possible” to “remote”, due to probable recognition of the end of the limitation period. IN MPS/SRP n. 03/2005 has limited the constitutional immunity of social security contributions over export-based income, and since then export trades made through commercial and trading companies are taxed.

(ii) IRPJ and CSLL

In the nine-month period ended December 31, 2018, the Company has gone over the infraction notification related to the amortization of goodwill based on future expected rentability gloss, deducted from IRPJ and CSLL taxable base, in fiscal years 2013 and 2016, and concluded that there is no legal basis for the incidence of interest on arrears over the fine, which makes such a demand illegal. As such, the amount of R\$ 89,274 has been reclassified from “possible” to “remote”.

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The Company was notified by Brazilian Revenue Service (“RFB”) for supposed undue deductions of its real profit by monthly estimates with unapproved compensations in fiscal years 2013 and 2014. The Company has offered its defense, since current legislation and the technical opinion of the Office of the National Treasury Attorney (“PGFN”) 88/14 allow the charging of estimates in compensation processes. As such, the amount of R\$ 76,727 was classified as of “possible” loss.

(iii) Other

In the nine-month period ended December 31, 2018, Company was notified by the Brazilian Internal Revenue Service (RFB) for the non-approval of compensation requests related to administrative procedures of credits amounting to R\$ 87,176, due in November 2018. Such notification is based on article 74, § 17, of Federal Law n. 9.430/96. The Company has presented its administrative defense, since the fine applied is not related to illicit practices or damage to public treasury.

b) Civil and labor

	Parent company		Consolidated	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018
Civil	429,341	430,153	733,768	707,395
Labor	248,398	349,447	309,664	422,651
	<u>677,739</u>	<u>779,600</u>	<u>1,043,432</u>	<u>1,130,046</u>
Non-reimbursable legal disputes	235,570	284,544	411,858	450,757
Reimbursable legal disputes	442,169	495,056	631,574	679,289

17. Commitments (Consolidated)

As mentioned in note 17 to financial statements of March 31, 2018, the Company has entered into commitments to purchase and lease agreements. During the nine-month period ended December 31, 2018, no significant changes in those commitments occurred.

18. Equity

a) Capital and capital reserve

As of December 31 and March 31, 2018, capital totals R\$ 6,516,354. That caption does not include the balance of redeemable preferred shares - liability financial instruments in the amount of R\$ 10,828, totaling R\$ 6,505,526.

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

	Shareholders (shares in units)		
	Shell	CIP Cosan Investimentos e Participações S.A (“CIP”)	Cosan S.A. Indústria e Comércio (“Cosan S.A.”)
Common	3,621,641,599	3,621,641,599	-
Class-A preferred shares	-	-	1
Class-B preferred shares	-	-	133,242,457
Class-D preferred shares	100,000	-	-
Total as of December 31 and March 31, 2018	<u>3,621,741,599</u>	<u>3,621,641,599</u>	<u>133,242,458</u>
			<u>7,376,625,656</u>

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b) Dividends

December 31, 2018										
Company	Dividends	Year	Approval in Special Shareholders' Meeting and Annual and Special Shareholders' Meeting	Nature and type of share	Impact in equity	No impact in equity	Amounts paid	Recipient	Percentage	Payment date
RESA	Retained earnings	Mar 2018	06/20/2018	Common	330,200	-	330,200	Shell / CIP	50% each	06/28/2017
RESA	Minimum mandatory dividends	Mar 2018	07/31/2018	Common	-	5,241	5,241	Shell / CIP	50% each	08/28/2018
RESA	Retained earnings	Mar 2018	07/31/2018	Preferred B	-	10,355	10,355	CIP	100%	08/28/2018
RESA	Retained earnings	Mar 2018	07/31/2018	Preferred D	-	1,486	1,486	Shell	100%	08/28/2018
RESA	Retained earnings	Mar 2017	09/21/2018	Common	390,364	-	390,364	Shell / CIP	50% each	09/26/2018
RESA	Interim	Aug 2018	09/21/2018	Common	42,836	-	42,836	Shell / CIP	50% each	09/26/2018
					<u>763,400</u>	<u>17,082</u>	<u>780,482</u>			

c) Equity valuation adjustments

	03/31/2017	Comprehensive income	12/31/2017	03/31/2018	Comprehensive income	12/31/2018
Effect of foreign currency translation - CTA	4,038	(587)	3,451	273	6,531	6,804
Actuarial losses from defined benefit plans	(11,161)	(352)	(11,513)	(11,513)	(1,013)	(12,526)
Net (loss) gain on derivative financial instruments - hedge accounting	(36,351)	69,318	32,967	7,854	49,621	57,475
Total	<u>(43,474)</u>	<u>68,379</u>	<u>24,905</u>	<u>(3,386)</u>	<u>55,139</u>	<u>51,753</u>

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d) Interest of non-controlling shareholders

Corresponds to non-controlling shareholders' interest of 26.59% on equity of subsidiary Unimodal Ltda. and 15% on equity of subsidiary Biogás and 30% on equity of subsidiary RWXE.

e) Earnings per share

Basic and diluted:

	Oct- Dec/2018	Apr- Dec/2018	Oct- Dec/2017	Apr- Dec/2017
Numerator				
Net income for the period	447,340	372,103	177,622	372,236
Loss available to preferred shareholders	(1,417)	(4,250)	(1,347)	(7,099)
Income available to common shareholders	445,923	367,853	176,275	365,137
Denominator:				
Weighted average of outstanding common shares (in thousands)	7,243,283	7,243,283	7,243,283	7,243,283
Basic and diluted earnings per common share (Reais per share)	0,062	0,051	0,024	0,050

The Company does not have outstanding common shares that could cause dilution or debt convertible in common shares. Thus, basic and diluted earnings per share are equivalent.

19. Net operating revenue

	Parent company			
	Oct- Dec/2018	Apr- Dec/2018	Oct- Dec/2017	Apr- Dec/2017
Gross revenue from sale of products and services	1,586,864	4,863,938	1,631,392	5,226,597
Sales taxes	(150,708)	(383,141)	(94,740)	(233,071)
Returns and cancellations	(4,760)	(9,379)	(1,415)	(15,065)
Commercial discounts	(5,030)	(5,468)	(965)	(1,778)
Net operating revenue	1,426,366	4,465,950	1,534,272	4,976,683
	Consolidated			
	Oct- Dec/2018	Apr- Dec/2018	Oct- Dec/2017	Apr- Dec/2017
Gross revenue from sale of products and services	6,220,763	16,399,177	3,573,649	10,946,639
Sales taxes	(461,661)	(1,081,581)	(272,386)	(686,844)
Returns and cancellations	(5,559)	(11,904)	(3,092)	(9,703)
Commercial discounts	(11,546)	(20,082)	(4,568)	(10,648)
Net operating revenue	5,741,997	15,285,610	3,293,603	10,239,444

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The net operating revenue is segregated between the following components:

	Parent company			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Net revenue from sale of products and services	1,367,184	4,497,991	1,444,094	4,714,736
Results from financial instruments designated as hedge accounting	69,538	18,252	129,567	305,120
Results from commodity financial instruments not designated as hedge accounting	(10,356)	(50,293)	(39,389)	(43,173)
Net operating revenue	<u>1,426,366</u>	<u>4,465,950</u>	<u>1,534,272</u>	<u>4,976,683</u>
	Consolidated			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Net revenue from sale of products and services	5,690,573	15,319,546	3,203,425	9,977,497
Results from financial instruments designated as hedge accounting	69,538	18,252	129,567	305,120
Results from commodity financial instruments not designated as hedge accounting	(18,114)	(52,188)	(39,389)	(43,173)
Net operating revenue	<u>5,741,997</u>	<u>15,285,610</u>	<u>3,293,603</u>	<u>10,239,444</u>

20. Segment information

As mentioned in Note 20 to the annual financial statements of March 31, 2018, the Company defined the segment of ethanol, sugar and bioenergy ("EAB") as the only operational segment, in view of the strategic decision-making processes, in addition to assets that are equally used for the production of sugar, ethanol and bioenergy, and there is no separate disclosure of these assets. During the nine-month period ended December 31, 2018 no changes in those commitments occurred.

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

	Consolidated			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Foreign market	921,452	3,439,208	1,421,536	4,861,381
Domestic market	4,820,547	11,846,402	1,872,067	5,378,063
Total	<u>5,741,999</u>	<u>15,285,610</u>	<u>3,293,603</u>	<u>10,239,444</u>

Detailing of net operating revenue per product is as follows:

	Consolidated			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Ethanol	2,465,712	6,145,745	1,676,284	5,020,091
Diesel (1)	1,149,454	3,314,376	69,936	151,245
Sugar	568,114	2,320,501	1,221,044	4,085,626
Energy (2)	1,241,737	2,727,665	279,677	843,202
Gasoline (1)	267,446	636,848	-	-
Other products and services	49,536	140,475	46,662	139,280
Total	<u>5,741,999</u>	<u>15,285,610</u>	<u>3,293,603</u>	<u>10,239,444</u>

(1) The increase in the sales of Diesel and Gasoline is mainly due to a higher volume of these products sold at Raízen Trading.

(2) The increase in the resale of electricity is mainly due to the increase in sales volume as a result of the acquisition of WX. For further details, see Note 27.ii.

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Percentage of net operating revenue per geographic area is as follows:

	Consolidated			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Brazil	83.09%	77.45%	67.33%	58.41%
Asia	7.50%	13.29%	21.71%	30.03%
North America	6.42%	6.44%	7.59%	8.42%
Europe	1.87%	2.26%	2.80%	2.63%
Other (1)	1.12%	0.56%	0.57%	0.51%
Total	100.00%	100.00%	100.00%	100.00%

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

The main EAB clients during the nine-month period ended December 31, 2018, which individually represented 5% or more of the Company's total revenues, are as follows:

Client	Consolidated			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Raízen Combustíveis S.A.	32.26%	28.74%	11.14%	13.57%
Petrobras Distribuidora S.A	5.08%	7.96%	4.95%	4.48%
Raízen and Wilmar Sugar	0.12%	5.61%	12.90%	16.17%

21. Costs and expenses by nature

Reconciliation of costs and expenses by nature

Costs and expenses are shown in the profit or loss by function. The reconciliation of results by nature for the nine-month periods ended December 31, 2018 and 2017 is detailed as follows:

a) Costs and expenses by nature:

	Parent company			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Raw material	(429,359)	(1,498,158)	(368,232)	(1,410,762)
Fuels	(29,832)	(117,731)	(29,273)	(103,858)
Depreciation and amortization	(317,245)	(1,062,308)	(401,773)	(1,179,533)
Personnel expenses	(225,393)	(603,705)	(247,375)	(670,800)
Cutting, loading and transportation (CCT)	(158,160)	(492,251)	(161,598)	(502,376)
Maintenance materials	(56,227)	(163,868)	(64,712)	(215,599)
Outsourced labor	(52,937)	(151,720)	(49,285)	(148,110)
Change in fair value of biological assets	22,290	(27,546)	160,962	211,325
Realization of fair value of biological assets	(44,794)	(182,222)	(148,171)	(555,638)
Rental and leases	(105,264)	(261,521)	(93,569)	(256,895)
Other expenses	(102,068)	(325,724)	(104,832)	(300,949)
	<u>(1,498,989)</u>	<u>(4,886,754)</u>	<u>(1,507,858)</u>	<u>(5,133,195)</u>

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			Consolidated	
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Raw material (1)	(1,622,381)	(4,778,667)	(1,409,847)	(4,800,412)
Fuels (2)	(1,437,674)	(3,976,482)	(72,243)	(154,241)
Depreciation and amortization	(447,840)	(1,420,260)	(534,704)	(1,566,465)
Personnel expenses	(333,360)	(879,827)	(341,472)	(918,034)
Cutting, loading and transportation (CCT)	(217,714)	(646,522)	(203,550)	(618,832)
Maintenance materials	(61,200)	(213,549)	(87,076)	(266,002)
Outsourced labor	(62,503)	(172,260)	(56,819)	(165,115)
Change in fair value of biological assets	52,452	28,662	234,365	289,634
Realization of fair value of biological assets	(68,757)	(263,995)	(167,257)	(629,708)
Rental and leases	(121,298)	(291,041)	(105,097)	(277,752)
Resale of energy (3)	(1,085,280)	(2,230,006)	(92,424)	(255,365)
Other expenses	(176,139)	(331,801)	(104,423)	(313,372)
	<u>(5,581,694)</u>	<u>(15,175,748)</u>	<u>(2,940,547)</u>	<u>(9,675,664)</u>

(1) It presents R\$ 18,306 (R\$ 18,280 as of December 31, 2017) regarding the ICMS tax incentive.

(2) The increase in the costs of Diesel and Gasoline is mainly due to a higher volume of these products sold at Raizen Trading.

(3) The increase in the cost of electricity is mainly due to the increase in sales volume as a result of the acquisition of WX. For further details, see Note 27.ii.

b) Classified as:

	Parent company			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Cost of products sold and services rendered	(1,243,635)	(4,048,206)	(1,232,474)	(4,272,593)
Selling expenses	(133,597)	(480,198)	(163,408)	(521,613)
General and administrative expenses	(121,757)	(358,350)	(111,976)	(338,989)
	<u>(1,498,989)</u>	<u>(4,886,754)</u>	<u>(1,507,858)</u>	<u>(5,133,195)</u>

	Consolidated			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Cost of products sold and services rendered	(5,249,328)	(14,092,385)	(2,593,070)	(8,569,791)
Selling expenses	(173,138)	(613,736)	(197,548)	(658,857)
General and administrative expenses	(159,228)	(469,627)	(149,929)	(447,016)
	<u>(5,581,694)</u>	<u>(15,175,748)</u>	<u>(2,940,547)</u>	<u>(9,675,664)</u>

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22. Other operating income (expenses), net

	Parent company			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Revenues from sales of scrap and waste	3,224	7,925	1,737	5,802
Net reversal of estimated loss in fixed assets (Notes 10 and 11)	131,637	129,806	346	8,044
Net recognition of extemporaneous tax credits	487	(1,829)	12,612	32,856
Results from the sale of property, plant and equipment	1,865	3,049	1,473	(2,754)
Capital gain by dilution of corporate participation (Note 10.d.ii)	110,394	110,394	-	-
Results from commercial operations	18,439	13,672	(13,534)	(15,630)
Net formation of provision for legal disputes and contingencies	(2,034)	(24,180)	(9,897)	(33,986)
Other (1)	293	10,841	119	1,658
	<u>264,305</u>	<u>249,678</u>	<u>(7,144)</u>	<u>(4,010)</u>

- (1) On December 31, 2018, this refers substantially to the bonus revenue in the amount of R\$ 10,025 with Banco Santander, due to the migration of employee accounts.

	Consolidated			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
Credits from indemnity suits (1)	145,967	221,373	-	-
Revenues from sales of scrap and waste	3,771	9,864	2,164	7,202
Net (formation) reversal of estimated loss in property, plant and equipment assets (Notes 10 and 11)	131,834	129,911	(5,384)	3,283
Recognition of extemporaneous tax credits, net (3)	380	1,352	14,480	46,014
Results from the sale of property, plant and equipment	1,901	2,084	1,529	(6,662)
Capital gain by increase of corporate participation (Note 10.d.ii)	110,394	110,394	-	-
Results from commercial operations	36,539	36,322	(13,151)	(15,247)
Net formation of provision for legal disputes and contingencies	(2,801)	(37,969)	(10,853)	(40,545)
Other (2)	(133)	12,553	1,219	14,779
	<u>427,852</u>	<u>485,884</u>	<u>(9,996)</u>	<u>8,824</u>

- (1) On December 31, 2018, composed of R\$ 221,373 pertaining to the recognition of Refundable credit from indemnity suits. For further details, see Note 8.
- (2) Refers mainly to: i) As of December 31, 2018, substantially comprised of income from bonus of R\$ 11,851 with Banco Santander 10 due to the migration of employees' accounts; ii) As of December 31, 2017, substantially comprised of R\$ 10,002 due to provisions of reimbursement by the insurance company on losses of assets, related to the fire occurred on October 20, 2016 in the subsidiary Centroeste.
- (3) Refers mainly to the recovery of tax credits arising from the Company's activities, recognized in income (loss) for the nine-month period as of December 31, 2017.

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23. Financial results

	Parent company			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
<u>Financial expenses</u>				
Interest	(124,287)	(415,659)	(136,045)	(423,831)
Monetary variation - liabilities	(20,363)	(101,276)	(22,659)	(58,672)
PIS and COFINS on financial income	(3,837)	(11,623)	(3,113)	(12,223)
Other	(1,191)	(22,405)	(3,190)	(7,578)
	(149,678)	(550,963)	(165,007)	(502,304)
Fair value of liability financial instruments (Notes 9 and 14)	(14,352)	(47,886)	(4,540)	(29,850)
Less: amounts capitalized on qualifying assets (Note 11)	4,888	16,863	4,825	13,726
	(159,142)	(581,986)	(164,722)	(518,428)
<u>Financial income</u>				
Interest	45,352	141,206	49,532	161,800
Yields from financial investments	4,903	11,733	2,086	39,457
Monetary variation - assets	16,491	69,221	12,219	47,315
Other	-	-	5	166
	66,746	222,160	63,842	248,738
Net exchange-rate change ⁽¹⁾	81,475	(58,972)	(42,938)	(31,334)
Net effect of the derivatives ⁽²⁾	(62,460)	88,843	4,765	46,965
	(73,381)	(329,955)	(139,053)	(254,059)
	Consolidated			
	Oct-Dec/2018	Apr-Dec/2018	Oct-Dec/2017	Apr-Dec/2017
<u>Financial expenses</u>				
Interest	(171,271)	(547,386)	(181,545)	(564,836)
Monetary variation - liabilities	(22,316)	(116,475)	(28,652)	(71,144)
PIS and COFINS on financial income	(5,862)	(18,465)	(5,695)	(21,357)
Other	(1,652)	(53,363)	(5,576)	(16,765)
	(201,101)	(735,689)	(221,468)	(674,102)
Fair value of liability financial instruments (Note 14)	(26,697)	(49,576)	(4,540)	(29,850)
Less: amounts capitalized on qualifying assets (Note 11)	5,599	22,177	8,474	25,078
	(222,199)	(763,088)	(217,534)	(678,874)
<u>Financial income</u>				
Interest	94,612	310,774	91,816	285,791
Yields from financial investments	18,086	62,950	30,761	172,875
Monetary variation - assets	17,116	71,044	12,480	48,562
Other	3	3	7	169
	129,817	444,771	135,064	507,397
Net exchange-rate change ⁽¹⁾	89,290	(97,123)	(38,929)	(29,479)
Net effect of the derivatives ⁽²⁾	(46,604)	139,495	11,091	72,117
	(49,696)	(275,945)	(110,308)	(128,839)

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

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

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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 risk measurement and management, and the Company's capital management.

b) Risk management structure

The Company has specific treasury and trading policies that set how risk management must be performed. The Company has two main committees to monitor activities and ensure policy compliance: (i) A risk committee whose members gather weekly to analyze the behavior of commodity (specially sugar, ethanol and oil by-products) and foreign exchange markets and decide on coverage positions and the strategy to fix the prices of exports and imports to reduce the negative effects of changes in prices and foreign exchange rate; (credit); (ii) Committee on ethanol, which meets on a monthly basis to evaluate risks related to trading of ethanol and adequacy to limits defined in risk policies, as well as to follow up the liquidity risks and counterparty; (iii) Committee on electric energy, which meets on a weekly basis to evaluate risks related to trading of energy and adequacy to limits defined in risk policies.

The Company and its subsidiaries are exposed to market risks, and main ones are: (i) fluctuations in sugar, electric power, by-products 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 December 31 and March 31, 2018, the fair values of transactions with derivative financial instruments for hedging and other purposes were measured at fair value determined according to observable data, such as prices quoted in active markets or discounted cash flows according to market curves and are presented below:

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	Parent company				Consolidated			
	Notional		Fair value		Notional		Fair value	
	12/31/2018	03/31/2018	12/31/2018	03/31/2018	12/31/2018	03/31/2018	12/31/2018	03/31/2018
<u>Price risk</u>								
Commodity derivatives								
Futures and options contracts	2,293,116	2,265,203	472,204	87,568	1,282,544	1,616,943	547,736	92,393
	2,293,116	2,265,203	472,204	87,568	1,282,544	1,616,943	547,736	92,393
<u>Foreign exchange rate risk</u>								
Foreign exchange rate derivatives								
Futures contracts	58,122	(67,307)	303	(1,613)	58,123	(67,307)	303	(1,613)
Forward contracts	5,742,917	3,441,898	3,892	(28,052)	5,742,917	3,441,898	3,892	(28,052)
FX swap	(1,315,724)	(51,254)	76,899	120,876	(1,539,975)	(248,793)	80,437	91,934
	4,485,315	3,323,337	81,094	91,211	4,261,065	3,125,798	84,632	62,269
<u>Interest rate risk</u>								
Interest derivatives	(338,162)	(338,162)	67,678	61,140	(553,020)	(553,019)	100,988	90,066
	(338,162)	(338,162)	67,678	61,140	(553,020)	(553,019)	100,988	90,066
Total			620,976	239,919			733,356	244,728
Current assets			517,170	169,317			1,370,780	243,538
Non-current assets			547,036	213,614			585,836	242,541
Total assets			1,064,206	382,931			1,956,616	486,079
Current liabilities			(104,748)	(111,414)			(884,505)	(181,648)
Non-current liabilities			(338,482)	(31,598)			(338,755)	(59,703)
Total liabilities			(443,230)	(143,012)			(1,223,260)	(241,351)

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c) Price risk

Price risks result from the possibility of fluctuations in the market prices of the products sold by the Company and its subsidiaries, mainly VHP sugar (sugar #11), refined sugar (sugar #5 or white sugar), ethanol, electric power and oil by-products. These price fluctuations may cause substantial alterations in the sales income of the Company. To mitigate these risks, the Company permanently monitors markets, seeking to anticipate price changes. In the table below we show the positions of derivative financial instruments to cover the risk of fluctuations in commodity prices, outstanding as of December 31, 2018:

Price risk: commodity derivatives, outstanding as of December 31, 2018							Consolidated
Derivatives	Purchased / Sold	Market	Contract	Maturity	Notional (units)	Nocional (R\$ thousands)	Fair value (R\$ thousands)
Future	Sold	NYSE LIFFE	Sugar#5	Feb/19-Jul/19	5,350 t	153.984	(62)
Future	Sold	ICE	Sugar#11	Feb/19-Sep/20	1,889,290 t	2.171.039	160.006
Options	Sold	ICE	Sugar#11	Feb/19-Sep/20	1,107 t	29	(28.956)
Options	Sold	OTC	Sugar#11	Apr/19-Sep/19	- t	-	1.544
Subtotal future sugar sold					1,895,747 t	2,325,052	132,532
Future	Purchased	NYSE LIFFE	Sugar#5	Feb/19-Jul/19	(5,400) t	(155.837)	44
Future	Purchased	ICE	Sugar#11	Feb/19-Feb/20	(514,222) t	(562.484)	(29.040)
Options	Purchased	ICE	Sugar#11	Feb/19-Feb/20	(1,006) t	(56)	33.470
Subtotal future sugar purchased					(520,628) t	(718,377)	4,474
Subtotal future sugar					1,375,119 t	1,606,675	137,006
Future	Sold	B3	Ethanol	Jan-19	10,320 m³	17.857	(112)
Future	Sold	CHGOETHNL	Ethanol	Feb/19-Dec/19	1,217,465 m³	1.052.320	269.419
Future	Sold	NYMEX	Ethanol	Jan/19-Dec/19	121,000 m³	232.508	(7.390)
Options	Sold	CHGOETHNL	Ethanol	Jan/19-Feb/19	11,129 m³	2.952	(708)
Options	Sold	OTC	Ethanol	Jan-19	662,761 m³	63.709	(65.789)
Subtotal future ethanol sold					2,022,675 m³	1,369,346	195,420
Future	Purchased	B3	Ethanol	Jan-19	(2,550) m³	(4.413)	33
Future	Purchased	CHGOETHNL	Ethanol	Feb/19-Dec/19	(1,284,639) m³	(1.092.371)	(276.768)
Future	Purchased	NYMEX	Ethanol	Jan/19-Dec/19	(110,600) m³	(212.279)	8.669
Options	Purchased	CHGOETHNL	Ethanol	Jan/19-Feb/19	(42,927) m³	(33.500)	(35)
Options	Purchased	OTC	Ethanol	Jan-19	(600,024) m³	(51.837)	53.965
Subtotal future de ethanol purchased					(2,040,740) m³	(1,394,400)	(214,136)
Physical fixed	Sold	CHGOETHNL	Ethanol	Jan/19-Dez/19	1,607,529 m³	2.921.639	82.473
Subtotal physical fixed ethanol sold					1,607,529 m³	2,921,639	82,473
Physical fixed	Purchased	CHGOETHNL	Ethanol	Jan/19-Dec/19	(2,278,747) m³	(3.687.483)	6.495
Subtotal physical fixed ethanol purchased					(2,278,747) m³	(3,687,483)	6,495
Subtotal future de ethanol					(689,283) m³	(790,898)	70.252
Future	Sold	NYMEX	Gasoline	Jan/19-Jun/19	647,782 m³	1.181.286	340.124
Option	Sold	OTC	Gasoline	Jan/19-Mar/20	702 m³	2.720	45.250
Subtotal future gasoline sold					648,484 m³	1,184,006	385,374
Future	Purchased	NYMEX	Gasoline	Jan/19-Nov/19	(346,173) m³	(493.152)	(54.843)
Subtotal future gasoline purchased					(346,173) m³	(493,152)	(54,843)
Subtotal future gasoline					302,311 m³	690,854	330,531
Physical fixed	Sold	CCEE/OTC	Energy	Jan/19-Dec/21	(4,999) mwh	(904.383)	(78.914)
Subtotal physical fixed energy sold					(4,999) mwh	(904,383)	(78.914)
Physical fixed	Purchased	CCEE/OTC	Energy	Jan/19-Dec/21	4,999 mwh	680.296	88,861
Subtotal physical fixed energy purchased					4,999 mwh	680,296	88,861
Subtotal physical fixed energy					- mwh	(224,087)	9,947
Net exposure of commodity derivatives as of December 31, 2018						1.282.544	547,736
Net exposure of commodity derivatives as of March 31, 2018						1.616.943	92,393

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d) Foreign exchange rate risk

Foreign exchange rate risks arise from the possibility of fluctuations in the exchange rates used by the Company for export income, imports, financing cash flows and other foreign currency assets and liabilities. The Company uses derivative transactions to manage cash flow risks resulting from export income denominated in US dollars, net of other cash flows also denominated in foreign currency. The table below shows the positions for derivative financial instruments used to cover exchange rate risks:

Price risk: outstanding foreign exchange derivatives as of December 31, 2018							Consolidated
Derivatives	Purchased / Sold	Market	Contract	Maturity	Nocional (US\$ thou.)	Nocional (R\$ thou.)	Valor justo (R\$ thou.)
Future	Sold	B3	Trade Dollar	Feb/19-Feb/19	368.250	1.426.895	5.374
Future	Sold	CME	Euro	Mar-19	6.500	25.186	(64)
Subtotal future sold					374.750	1.452.081	5.310
Future	Purchased	B3	Trade Dollar	Jan/19-Feb/19	(359.750)	(1.393.958)	(5.007)
Subtotal future purchased					(359.750)	(1.393.958)	(5.007)
Term	Purchased	OTC/Cetip	NDF	Jan/19-Feb/19	(182.200)	(705.989)	1.158
Term	Sold	OTC/Cetip	NDF	Jan/19-May/19	1.664.320	6.448.906	2.734
Subtotal term purchased/sold					1.482.120	5.742.917	3.892
FX Swap	Purchased	Fixed Dollar/OTC	FX Swap	Jan/19-Jan/27	(868.867)	(3.366.686)	402.416
FX Swap	Sold	Fixed Dollar/OTC	FX Swap	Oct/21-Jan/27	471.434	1.826.711	(321.979)
Subtotal swap					(397.433)	(1.539.975)	80.437
Net exposure of foreign exchange derivatives as of December 31, 2018					1.099.687	4.261.065	84.632
Net exposure of foreign exchange derivatives as of March 31, 2018					940.428	3.125.798	62.269

As of December 31 and March 31, 2018, the summary of quantitative data on Company's foreign exchange risk exposure was as follows:

	Consolidated	
	12/31/2018	
	R\$ (thou.)	US\$ (thou.)
Cash and cash equivalents (Note 3)	1,357,771	350,411
Restricted cash (Note 4)	39,778	10,266
Accounts receivable - Abroad (Note 5)	162,003	41,809
Related parties (Note 9)	3,557,941	918,226
Suppliers (note 13)	(1,631,209)	(420,979)
Loans and financing (Note 14)	(6,774,388)	(1,748,319)
Derivatives (Note 24.d) (*)		(1,099,687)
Net foreign exchange exposure	(3,288,104)	(1,948,273)
Derivatives settled in the month following the closing (**)		716,930
Net foreign exchange exposure, adjusted in 12/31/2018 (***)		(1,231,343)
Net foreign exchange exposure, adjusted in 03/31/2018 (***)		(848,491)

(*) Refers to the notional foreign exchange derivative transactions.

(**) Settlement at PTAX on the last closing day of the month.

(***) The net foreign exchange exposure, this will be substantially offset by probable future income of export products.

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e) Hedge accounting effects

The Company formally designates its transactions subject to hedge accounting, documenting: (i) the hedging relationship, (ii) the Company's risk management purpose and strategy when entering into the hedging instrument, (iii) the identification of the financial instrument, (iv) the covered object or transaction, (v) the nature of the risk to be covered, (vi) the description of the hedging relationship and (vii) correlation between hedging and coverage object.

As of December 31, 2018, and March 31, 2018, the impacts recognized in the Company's equity and the estimated realization in profit or loss are shown below:

Financial instruments	Market	Risk	Period for realization			12/31/2018	03/31/2018
			2018/19	2019/20	>2021		
Future	OTC / ICE	Sugar#11	146,432	137,639	236	284.307	50.101
Future	B3 / NYMEX / OTC	Ethanol	213,996	8,918	-	222.914	(19.112)
Options	OTC / ICE	Sugar#11	-	(24,244)	3,038	(21.206)	-
NDF	OTC	FX	(49,242)	(34,608)	-	(83.850)	2.757
Swap	Debt	FX	-	-	(275,337)	(275.337)	(5.702)
PPE	Debt	FX	-	-	(39,744)	(39.744)	(16.147)
			311,186	87,705	(311,807)	87.084	11.897
(-) Deferred taxes			(105,803)	(29,820)	106,014	(29.609)	(4.043)
Effect on equity on December 31, 2018			205.383	57.885	(205,793)	57,475	7,854

We show below the movement in the balances of other comprehensive income during the period:

	12/31/2018
Balance at the beginning of the period	7,854
Gains/(losses) occurred in the period:	
Fair value on commodity futures designated as hedge accounting	605,683
Fair value loss on foreign exchange locks designated as hedge accounting	(488,642)
Exchange variation on debt contracts designated as hedge accounting	(23,606)
Results from commodities recognized in net operating revenue (Note 19)	(150,658)
Results from debt contracts recognized in net operating revenue (Note 19)	132,406
Total movements occurred in the period	75,183
Effect of deferred taxes on equity valuation adjustment	(25,562)
	49,621
Balance on December 31, 2018	57,475

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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 mitigate those risks. The table below shows the positions for derivative financial instruments used to cover exchange rate risks:

						Consolidated	
Price risk: interest derivatives, outstanding as of December 31, 2018							
Derivatives	Purchased / Sold	Market	Contract	Maturity	Notional (US\$ thou.)	Notional (R\$ thousand)	Fair value (R\$ thousand)
Interest rate swap	Sold	OTC	Interest rate swap	Oct/20	103,470	400,927	(13,728)
Interest rate swap	Purchased	OTC	Interest rate swap	Oct/20-Apr/24	(246,192)	(953,947)	114,716
Net exposure of interest derivatives as of December 31, 2018					(142,722)	(553,020)	100,988
Net exposure of interest derivatives as of March 31, 2018					(167,176)	(553,019)	90,066

g) Credit risk

A substantial part of the sales of the Company and its subsidiaries is made to a select group of highly qualified counterparties, such as trading companies, fuel distribution companies, electrical power distributors 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 based 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 period, and Management does not expect any loss from default by these counterparties in amounts higher than those already recognized.

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 foreign exchange rate and commodity derivative agreements at B3 and over-the-counter agreements, 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 of Consolidated deposited as of December 31, 2018 is R\$ 66,761 (R\$ 40,446 as of March 31, 2018), of which R\$ 26,983 (R\$ 25,028 as of March 31, 2018) in restricted financial investments and R\$ 39,778 (R\$ 15,418 as of March 31, 2018) in derivative transaction margins.

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

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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

It is the risk that 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 sully 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)	2,679,578	3,699,271	4,555,942	4,918,765	15,853,556
Suppliers (note 13)	3,090,299	-	-	-	3,090,299
Derivative financial instruments	884,505	16,776	52,316	269,663	1,223,260
Related parties (1)	1,544,946	-	-	407,604	1,952,550
December 31, 2018	8,199,328	3,716,047	4,608,258	5,596,032	22,119,665
March 31, 2018	4,276,909	1,670,129	5,991,929	5,166,806	17,105,773

(1) Undiscounted contractual cash flows.

i) Fair value

Procedures for the definition, measurement and recognition of the fair value of financial liabilities are the same disclosed on annual financial statements as of March 31, 2018, except for the classification and measurement of financial assets due to IFRS 9 (CPC 48). For further details, see Note 2.3.

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 has significant effect on the recorded fair value is observable, either directly or indirectly.
- Level 3: techniques that use data that have a significant effect on fair value that are not based on observable market data.

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Financial instruments are classified as follows:

Financial instruments valued at fair value	Consolidated			
	Level 1	Level 2	Level 3	Total
Interest earnings bank deposits (Note 3)	-	1,194,543	-	1,194,543
Restricted financial investments (Restricted cash) (Note 4)	-	67,023	-	67,023
Derivative financial instruments - assets	1,295,855	660,761	-	1,956,616
Loans and financing (Note 14)	-	(3,339,550)	-	(3,339,550)
Derivative financial instruments - Liabilities	(757,761)	(465,499)	-	(1,223,260)
December 31, 2018	538,094	(1,882,722)	-	(1,344,628)
March 31, 2018	92,819	2,351,672	(2,039)	2,442,452

As of December 31 and March 31, 2018, there were no transfers between said levels in order to determine the fair value 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 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 sundry effects in the fair value of the Company's financial instruments. The probable scenario was set according to the futures market curves of sugar and the US dollar extracted from the Bloomberg platform of financial operations as of December 31, 2018, corresponding to balance of fair value of derivatives on the date. Possible and remote scenarios were set considering impacts of 25% and 50% on sugar and US dollar price curves, which were considered as a basis for the probable scenario.

Sensitivity table

i) Sensitivity on change in fair value of financial instruments

		Impacts on profit or loss (*)				
		December 31, 2018				
	Risk factor	Probable scenario	Remote scenario + (25%)	Balance of fair value	Remote scenario + (50%)	Balance of fair value
Price risk						
Commodity derivatives						
Futures and options contracts						
Purchase and sale commitments	Sugar price increase	137,006	(399,450)	(262,444)	(798,900)	(661,894)
Purchase and sale commitments	Gasoline price increase	330,531	(112,528)	218,003	(225,056)	105,475
Purchase and sale commitments	Electric power price decrease	9,947	(7,424)	2,523	(14,848)	(4,901)
Purchase and sale commitments	Ethanol price decrease	70,252	(1,600)	68,652	(3,200)	67,052
		547,736	(521,002)	26,734	(1,042,004)	(494,268)

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		Impacts on profit or loss (*)				
		December 31, 2018				
	Risk factor	Probable scenario	Remote scenario + (25%)	Balance of fair value	Remote scenario + (50%)	Balance of fair value
Foreign exchange rate risk						
Foreign exchange rate derivatives						
Futures contracts:						
Purchase and sale commitments	USD increase	303	98,605	98,908	197,210	197,513
Forward contracts						
Purchase and sale commitments	USD increase	3,892	(733,581)	(729,689)	(1,467,162)	(1,463,270)
FX swaps:						
Purchase and sale commitments	USD increase	80,437	362,425	442,862	724,850	805,287
		84,632	(272,551)	(187,919)	(545,102)	(460,470)
Interest rate risk						
Swap, Term and Futures contracts	Write-off in interest rate	100,988	(65,280)	35,708	(130,560)	(29,572)
		100,988	(65,280)	35,708	(130,560)	(29,572)
Total		733,356	(858,833)	(125,477)	(1,717,666)	(984,310)

(*) Result projected to occur within 12 months from December 31, 2018.

ii) Net foreign exchange exposure

The probable scenario considers the position as of December 31, 2018. The effects of the possible and remote scenarios that would be recognized in the consolidated statement of income as income or expenses on exchange-rate change are as follows:

		Effect of exchange-rate changes			
		Scenarios			
Net foreign exchange exposure		+25%	+50%	-25%	-50%
December 31, 2018					
Cash and cash equivalents (Note 3)	1,357,771	339,443	678,886	(339,443)	(678,886)
Restricted cash (Note 4)	39,778	9,945	19,889	(9,945)	(19,889)
Accounts receivable - Abroad (Note 5)	162,003	40,501	81,002	(40,501)	(81,002)
Related parties (Note 9)	3,557,941	889,485	1,778,971	(889,485)	(1,778,971)
Suppliers (note 13)	(1,631,209)	(407,802)	(815,605)	407,802	815,605
Loans and financing (Note 14)	(6,774,388)	(1,693,597)	(3,387,194)	1,693,597	3,387,194
Impact on profit or loss the period		(822,025)	(1,644,051)	822,025	1,644,051

iii) Interest rate sensibility

As of December 31, 2018, the probable scenario considers the annual weighted average rate (5.98%) of floating interest of loans and financing of the Company, and for financial investments and as restricted cash, the CDI (6.40%) accumulated, realized 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:

		December 31, 2018			
		Interest rate sensibility			
	Probable scenario	25%	50%	-25%	-50%
Interest earnings bank deposits	68,924	17,231	34,462	(17,231)	(34,462)
Restricted cash	4,314	1,079	2,157	(1,079)	(2,157)
Loans and financing	(522,576)	(130,644)	(261,288)	130,644	261,288
Additional impact on profit or loss for the period	(449,338)	(112,334)	(224,669)	112,334	224,669

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k) Capital management

The Group Raízen 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 Group Raízen has relationships with large local and international rating agencies as show below:

Branch	Scale	Rating	Outlook	Date
Fitch	National	AAA (bra)	Stable	04.25.2018
	Global	BBB	Stable	04.25.2018
Moody's	National	Aaa.Br	Stable	04.10.2018
	Global	Ba1	Stable	04.10.2018
Standard & Poor's	National	brAAA	Stable	04.24.2018
	Global	BBB-	Stable	04.24.2018

The financial leverage ratios on December 31 and March 31, 2018 were calculated as follows:

	Consolidated	
	12/31/2018	03/31/2018
Third party capital		
Loans and financing (Note 14)	12,634,438	10,779,596
(-) Cash and cash equivalents (Note 3)	(2,437,571)	(3,321,777)
(-) Financial investments linked to financing (note 4)	(40,040)	(50,663)
(-) National Treasury Certificates - CTN (Note 8)	(573,862)	(827,042)
(-) Foreign exchange and interest rate derivatives (Note 24.b)	(185,620)	(152,335)
	9,397,345	6,427,779
Own capital		
Equity		
Attributable to the parent company's shareholders	8,488,816	8,825,137
Interest of non-controlling shareholders	37,331	(970)
	8,526,147	8,824,167
Total capital	17,923,492	15,251,946
Leverage ratio	52%	42%

25. Retirement supplementation plan and other employee benefits

(a) **Pension fund**

Defined contribution

During the nine-month period ended December 31, 2018, the contribution recognized as expenses amounted to R\$ 10,673 (R\$ 9,432 in the nine-month period ended December 31, 2017).

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(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

As mentioned in Note 26 of financial statements as of March 31, 2018, the Company and its subsidiaries have an insurance program and risk management that provides consistent coverage and protection for corporate assets and operations. During the nine-month period ended December 31, 2018 there were no significant changes in this insurance coverage.

27. Corporate restructuring

Transactions occurred during the nine-month period ended December 31, 2018.

i) Acquisition of Santa Cândida and Paraíso Plants - sugar and ethanol producing units of Tonon Group

On September 28, 2018, the Company concluded the allocation of the price of the assets acquired and liabilities assumed by the Company in the process of acquiring the Santa Cândida and Paraíso plants.

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

Changes	
Fair value of net assets	425,811
(-) Total cost of acquisition	835,948
Preliminary goodwill	410,137
(-) Fair value of biological assets (note 7)	(2,288)
(+) Property, plant and equipment (Note 11)	9,507
(+) Other liabilities	6,421
(+) Financial lease	7,495
(=) Goodwill adjustments (Note 12)	21,135
Final goodwill	431,272

ii) RWXE Participações S.A

On April 28, 2018, the Company, through its subsidiary Bio Barra, signed a shareholders agreement with the company WX Energy Participações Ltda. ("WX Participações"), which corresponded to the commitment to invest the approximate amount of R\$ 94.626 in RWXE, parent of the company WX Energy.

On July 5, 2018, the shareholders' agreement between Bio Barra and WX Participações was signed, formalizing the previous investment commitment. With this operation, the Company acquired a 70% stake in the share capital of RWXE, for the amount of R\$ 94,626, of which R\$ 44,626 was effectively settled on this date by the subsidiary Bio Barra. The residual amount will be paid up to July 05, 2021.

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RWXE is a company primarily engaged in participating, as partner or shareholder, in the share capital of other companies or ventures, constituted as a result of this business combination.

WX operates in the wholesale market of electric power, authorized by National Agency of Electrical Energy (ANEEL) and agent of Electric Energy Trading Chamber (CCEE).

Through these investments, the Company aims to expand its presence in electric energy trading and increase its product portfolio.

Pursuant to IFRS 3/CPC 15 - Business Combination, the preliminary fair value of acquired assets and assumed liabilities at the date of acquisition of RWXE, is as follows: The difference between the amount paid and the net assets at fair value resulted in the recognition of a preliminary goodwill for expectation of future returns.

Captions	Total
Cash and cash equivalents	63,912
Accounts receivable	187,442
Related parties	50,000
Financial instruments - Assets	712,117
Advances to suppliers	30
Recoverable taxes	73
Property, plant and equipment (Note 11)	158
Intangible assets (note 12)	3
Suppliers	(200,672)
Financial instruments - Liabilities	(712,119)
Taxes payable	(893)
Salaries payable	(51)
Net assets	<u>100,000</u>
Raízen Interest (70%)	70,000
(-) Acquisition cost	94,626
Preliminary goodwill (Note 12)	<u>24,626</u>

In the nine-month period ended December 31, 2018, the Company made preliminary recognition of acquisition price and final recognition is expected to be completed by July 2019.

iii) Ryballa Participações Ltda.

In August 13, 2018, after the Company announced, along with São Martinho S.A. ("São Martinho"), business plans that foresee the acquisition of biological assets from Usina Furlan, related to the Santa Bárbara d'Oeste (SP) plant, as well as the lease of lands owned by Usina Furlan and Agro Pecuária Furlan S.A. ("Transaction"), the operation was approved by the Brazilian Administrative Council for Economic Defense ("CADE").

In October 8, 2018, with the signing of the Transaction Conclusion Term, the Company and São Martinho have taken over the agricultural and supplying contracts, which total approximately one million tonnes of sugarcane. In return, they are obliged to make, independently, in the respective proportions of 2/3 and 1/3, the payment of approximately R\$ 117,000.

The conclusion of this Transaction is aligned with the strategy of sugarcane availability increase, for processing in Raízen's plants. As of October 11, 2018, the Company has already paid R\$ 68,751.

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Pursuant to IFRS 3/CPC 15 - Business combinations, the preliminary fair value of acquired assets and liabilities taken over as of Ryballa's acquisition date, is presented below. The difference between the value paid and fair value assets, net, resulted in the recognition of a preliminary goodwill by the expectation of future rentability.

Captions	Total
Cash and Cash equivalentes	1
Advances to suppliers	917
Biological assets (Note 7)	7,734
Property, plant and equipment (Note 11)	20,948
Suppliers	(917)
Related parties	(2,067)
Net asset value	<u>26,616</u>
(-) Acquisition cost	<u>32,016</u>
Preliminary goodwill (Note 10.d.i)	<u>5,400</u>

As of January 02, 2019, Ryballa was incorporated by RESA.

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28. Supplementary information to the cash flow

a) Reconciliation of financing activities from cash flows

We present the reconciliation of financing activities of cash flows for the nine-month period ended December 31, 2018 as follows:

(Assets) / Liabilities	Financial investments linked to financing	Loans and financing (1)	Related parties	Parent company	
				Dividends payable	Total
Opening balance	-	4,272,320	1,472,239	17,082	5,761,641
Transactions with an impact on the Financial Cash Flow ("FCF")					
Funding of loans and financing - Third-parties	-	2,470,500	-	-	2,470,500
Amortizations of principal of loans and financing - third-parties	-	(655,443)	-	-	(655,443)
Payment of interest on loans and financing - third-parties	-	(343,212)	-	-	(343,212)
Payment of interest on loans and financing - intragroup	-	-	(43,672)	-	(43,672)
Financial investments linked to financing	(1,018)	-	-	-	(1,018)
Payment of dividends (Note 18.b)	-	-	-	(780,482)	(780,482)
Net asset management - intragroup	-	-	439,601	-	439,601
	(1,018)	1,471,845	395,929	(780,482)	1,086,274
Other changes not affecting the financing cash flow					
Interest, monetary and exchange-variations, net	395	180,474	299,966	-	480,835
Fair value of liability financial instruments	-	32,483	-	-	32,483
Allocation of dividends (Note 18.b)	-	-	-	763,400	763,400
Other	-	22,644	-	-	22,644
	395	235,601	299,966	763,400	1,299,362
Closing balance	(623)	5,979,766	2,168,134	-	8,147,277

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	Consolidated				
(Assets) / Liabilities	Financial investments linked to financing	Loans and financing (1)	Related parties	Dividends payable	Total
Opening balance	(50,663)	9,952,554	(2,463,825)	17,082	7,455,148
Transactions with an impact on the Financial Cash Flow ("FCF")					
Funding of loans and financing - Third-parties	-	2,486,372	-	-	2,486,372
Amortizations of principal of loans and financing - third-parties	-	(970,587)	-	-	(970,587)
Amortizations of interest on loans and financing - third-parties	-	(463,413)	-	-	(463,413)
Payment of dividends (Note 18.b)	-	-	-	(780,482)	(780,482)
Financial investments linked to financing	13,057	-	-	-	13,057
Net asset management - intragroup	-	-	263,749	-	263,749
	13,057	1,052,372	263,749	(780,482)	548,696
Other changes not affecting the financing cash flow					
Interest, monetary and exchange-variations, net	(2,434)	1,051,413	(405,363)	-	643,616
Fair value of liability financial instruments	-	(49,576)	-	-	(49,576)
Allocation of dividends (Note 18.b)	-	-	-	763,400	763,400
Other	-	53,813	-	-	53,813
	(2,434)	1,055,650	(405,363)	763,400	1,411,253
Closing balance	(40,040)	12,060,576	(2,605,439)	-	9,415,097

(1) CTN liquid is presented.

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b) Main transactions not involving cash

	Parent company		Consolidated	
	Apr-Dec/2018	Apr-Dec/2017	Apr-Dec/2018	Apr-Dec/2017
Transactions not involving cash				
Depreciation of agricultural assets capitalized as biological assets (Note 7)	(14,722)	(13,666)	(17,395)	(15,912)
Estimated loss on doubtful accounts	159	-	732	-
Depreciation of agricultural assets capitalized as property, plant and equipment (Note 11)	(44,440)	(42,346)	(49,710)	(48,460)
Tax credits on fixed assets, including adjustment to present value of property, plant and equipment.	(810)	(1,004)	(1,829)	(2,631)
Interest capitalized in fixed assets (Notes 11 and 23)	(16,863)	(13,726)	(22,177)	(25,078)
Other liabilities	-	(73,224)	-	(73,224)
AFAC	-	(1,711)	-	(1,711)
Subscribed capital to be paid up (Note 10.d.i)	(9,426)	(465)	-	(465)
Other (Note 10.d.i)	(521)	-	-	-
	<u>(86,623)</u>	<u>(146,142)</u>	<u>(90,379)</u>	<u>(167,481)</u>