Raízen Energia S.A.

Consolidated financial statements
at March 31, 2014
and independent auditor's report

pwc

Independent auditor's report

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

We have audited the accompanying consolidated financial statements of Raízen Energia S.A. and its subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PricewaterhouseCoopers, Rua José Pires Neto 314, 10º, Campinas, SP, Brasil 13025-170, Caixa Postal 3136
T: (19) 3794-5400, F: (19) 3794-5454, www.pwc.com/br

Raízen Energia S.A.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Raízen Energia S.A. and its subsidiaries as at March 31, 2014, and their financial performance and their cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Emphasis of matter - Audit of comparative information

The consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year ended March 31, 2012, presented for comparison purposes, were audited by another firm of auditors, who issued, an unqualified opinion on those statements dated June 5, 2013. Our opinion is not qualified in respect of this matter.

Other matters - Restriction of use

This report is intended solely for the information and use of the management of Raízen Energia S.A. and certain financial institutions for their analysis of covenant compliance and is not intended to be and should not be used for other purposes.

Campinas, June 25, 2014

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

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

RAÍZEN ENERGIA S.A.

Financial Statements as of March 31, 2014

Table of contents

Consolidated balance sheet 2
Consolidated Statement of income 4
Consolidated Statement of comprehensive income 5
Consolidated Statement of changes in shareholders' equity 6
Consolidated Statement of cash flows 8
Notes to consolidated financial statements 9

Consolidated balance sheet in March 31
(in thousands of Reais)

	Note	2014	2013
Assets			
Current assets			
Cash and cash equivalents	3	1,771,015	1,759,501
Restricted cash	4	251,803	117,897
Derivative financial instruments	27	200,588	166,126
Trade accounts receivable, net	5	356,004	378,161
Recoverable income tax and social contribution	18.a.1	359,893	93,894
Recoverable taxes	6	145,903	207,987
Inventories	7	448,694	369,350
Advances to suppliers	8	209,251	233,676
Other financial assets	9	13,267	-
Related parties	10	192,574	335,647
Other receivables		57,529	52,006
		4,006,521	3,714,245
Non-current assets			
Other financial assets	9	890,680	727,221
Recoverable income tax and social contribution	18 a.1	-	35,403
Recoverable taxes	6	26,199	41,506
Advances to suppliers	8	21,841	29,711
Derivative financial instruments	27	1,109	-
Related parties	10	1,371,257	1,489,722
Deferred income tax and social contribution	18.b	256,611	247,707
Judicial deposits	19	282,416	236,385
Other receivables		30,884	26,818
Investments in associates and joint ventures	11	162,266	267,489
Biological assets	12	2,036,693	1,978,477
Property, plant and equipment	13	7,250,609	6,613,578
Intangibles	14	1,535,137	1,254,272
		13,865,702	12,948,289
Total assets		17,872,223	16,662,534

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

Consolidated balance sheet in March 31
(in thousands of Reais) **(continued)**

	Note	2014	2013
Liabilities and shareholders' equity			
Current liabilities			
Short-term debt	16	1,122,633	1,070,997
Derivative financial instruments	27	166,175	16,586
Trade accounts payable	15	637,863	491,797
Payroll and related charges		292,468	282,797
Income tax and social contribution payable	18 a.2	760	6,745
Taxes payable	17	156,572	113,877
Dividends payable	21.b	78,672	59,106
Related parties	10	127,370	863,311
Other liabilities		111,070	223,480
		2,693,583	3,128,696
Non-current liabilities			
Long-term debt	16	6,510,886	4,879,567
Taxes payable	17	667,374	626,688
Derivative financial instruments	27	12,105	-
Related parties	10	897,025	870,368
Provision for tax, civil and labor risks	19	343,274	336,274
Provision for unsecured liabilities of investments in associates	11	2,642	2,720
Deferred income tax and social contribution	18.b	21,394	38,676
Other liabilities		79,431	106,050
		8,534,131	6,860,343
Total liabilities		11,227,714	9,989,039
Shareholders' equity			
Capital	21.a	4,752,078	4,681,287
Capital reserves	21.a	1,284,175	1,275,019
Other comprehensive income	21.c	(10,669)	99,379
Retained earnings	21.d e 21.e	618,925	599,883
Equity attributable to controlling shareholders		6,644,509	6,655,568
Equity attributable to non-controlling interest		-	17,927
Total shareholders' equity		6,644,509	6,673,495
Total liabilities and shareholders' equity		17,872,223	16,662,534

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

Consolidated statement of income
Year ended March 31
(In thousands of Reais)

	Note	2014	2013	2012
Net sales	22	9,455,221	8,468,238	7,240,976
Cost of sales	24	(7,542,579)	(6,698,108)	(5,394,467)
Gross profit		1,912,642	1,770,130	1,846,509
Operating income (expenses)				
Selling expenses	24	(637,316)	(605,164)	(497,727)
General and administrative expenses	24	(539,857)	(490,149)	(442,735)
Other operating income, net	25	60,412	47,841	110,099
Share of losses of equity-accounted investees	11	(34,435)	(18,524)	(9,684)
		(1,151,196)	(1,065,596)	(840,047)
Operating income		761,446	704,134	1,006,462
Financial expense	26	(465,547)	(422,008)	(395,940)
Financial income	26	252,195	178,989	147,351
Foreign exchange losses, net	26	(292,073)	(266,136)	(265,042)
Derivatives, net	26	(67,506)	(55,662)	(13,144)
		(572,931)	(564,817)	(526,775)
Income before taxes		188,515	139,317	479,687
Current taxes	18.a	(29,070)	(104,620)	(31,686)
Deferred taxes	18.a	(18,562)	82,299	(144,954)
		(47,632)	(22,321)	(176,640)
Net income		140,883	116,996	303,047
Attributable to:				
Controlling shareholders		140,883	115,962	302,546
Non-controlling shareholders		-	1,034	501
		140,883	116,996	303,047
Earnings per share – basic and diluted (Note 21.e)		0.02	0.01	0.30

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

Consolidated statement of comprehensive income
Years ended March 31
(In thousands of Reais)

	2014	2013	2012
Net income	140,883	116,996	303,047
Other comprehensive income			
Gain (loss) on cash flow hedges (Note 27)	(168,292)	108,169	42,770
Currency translation differences	1,082	(240)	-
Deferred taxes (Note 18)	57,221	(36,778)	(14,542)
Other comprehensive income, net which may be reclassified to income in subsequent periods	(109,989)	71,151	28,228
Actuarial gains (losses) on pension and post-employment plans	(89)	-	-
Taxes on unrealized gains (losses) on pension post-employment plans	30	-	-
Other comprehensive income, net which will not impact income in subsequent periods	(59)	-	-
Total comprehensive income	30,835	188,147	331,275
Attributable to:			
Controlling shareholders	30,835	187,113	330,774
Non-controlling shareholders	-	1,034	501
	30,835	188,147	331,275

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

RAÍZEN ENERGIA S.A.

Consolidated statement of changes in shareholders' equity
Years ended March 31
(in thousands of Reais)

	Attributable to controlling shareholders									
		Capital reserves			Retained earnings					
	Capital Stock	Capital reserve	Special reserve for goodwill	Other comprehensive income	Legal	Profit retention	Accumulated profits (loss)	Total	Attributable to non-controlling shareholders	Total shareholders ' equity
Balance on March 31, 2011	2,766,402	-	-	-	16,592	188,974	-	2,971,968	-	2,971,968
Contributions from (distributions to) the shareholders										
Capital increase (Note 21.a)	2,052,181	291,597	-	-	-	-	-	2,343,778	16,392	2,360,170
Redemption of shares (Note 21.a)	-	(70,518)	-	-	-	-	-	(70,518)	-	(70,518)
Reversal of proposed dividends (Note 21.b)	-	-	-	-	-	46,813	-	46,813	-	46,813
Constitution of the legal reserve (Note 21.a)	-	-	-	-	15,127	-	(15,127)	-	-	-
Mandatory minimum dividends (Note 21.b)	-	-	-	-	-	-	(2,874)	(2,874)	-	(2,874)
Constitution of reserves	-	-	-	-	-	284,545	(284,545)	-	-	-
Cumulative translation adjustment related to subsidiaries	-	34	-	-	-	-	-	34	-	34
	2,052,181	221,113	-	-	15,127	331,358	(302,546)	2,317,233	16,392	2,333,625
Comprehensive income:										
Net income	-	-	-	-	-	-	302,546	302,546	501	303,047
Gain (loss) on cash flow hedge	-	-	-	28,228	-	-	-	28,228	-	28,228
	-	-	-	28,228	-	-	302,546	330,774	501	331,275
Balance on March 31, 2012	4,818,583	221,113	-	28,228	31,719	520,332	-	5,619,975	16,893	5,636,868
Contributions from (distributions to) shareholders of the Company										
Capital increase (Note 21.a)	189,344	817,418	-	-	-	-	-	1,006,762	-	1,006,762
Issuance of class B preferred shares (Note 21.a)	(389,979)	(4,929)	-	-	-	-	-	(394,908)	-	(394,908)
Issuance of class C preferred shares (Note 10.4 and Note 21.a)	(3,538)	-	-	-	-	-	-	(3,538)	-	(3,538)
Redemption of class B preferred shares (Note 21.a)	66,877	-	-	-	-	-	(66,877)	-	-	-
Constitution of deferred taxes on goodwill (Note 18 and 21.a)	-	-	241,107	-	-	-	-	241,107	-	241,107
Dividends paid in excess of the mandatory amount (Note 21.b)	-	-	-	-	-	(151)	-	(151)	-	(151)
Cumulative translation adjustment related to subsidiaries	-	310	-	-	-	-	-	310	-	310
Constitution of the legal reserve (Note 21.a)	-	-	-	-	5,798	-	(5,798)	-	-	-
Prepaid dividends (Note 21.b)	-	-	-	-	-	-				
Mandatory minimum dividends (Note 21.b)	-	-	-	-	-	-	(1,102)	(1,102)	-	(1,102)
Constitution of reserves	-	-	-	-	-	42,185	(42,185)	-	-	-
	(137,296)	812,799	241,107	-	5,798	42,034	(115,962)	848,480	-	848,480
Comprehensive income:										
Net income	-	-	-	-	-	-	115,962	115,962	1,034	116,996
Gain (loss) on cash flow hedge (Note 27)	-	-	-	71,391	-	-	-	71,391	-	71,391
Accumulated foreign currency translation adjustments	-	-	-	(240)	-	-	-	(240)	-	(240)
	-	-	-	71,151	-	-	115,962	187,113	1,034	188,147
Balance on March 31, 2013	4,681,287	1,033,912	241,107	99,379	37,517	562,366	-	6,655,568	17,927	6,673,495

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

RAÍZEN ENERGIA S.A.

Consolidated statement of changes in shareholders' equity
Years ended March 31
(in thousands of Reais)

	Attributable to controlling shareholders										
		Capital Reserves				Retained earnings					
	Capital Stock	Capital reserve	Tax Incentive Reserve	Special reserve for goodwill	Other comprehensive income	Legal	Profit retention	Accumulated profits (loss)	Total	Attributable to non-controlling shareholders	Total shareholders ' equity
Balance on March 31, 2013	4,681,287	1,033,912	-	241,107	99,379	37,517	562,366	-	6,655,568	17,927	6,673,495
Contributions from (distributions to) shareholders of the Company											
Capital increase (Note 21.a)	8,427	-	-	-	-	-	-	-	8,427	-	8,427
Supplemental amount paid in the acquisition of subsidiary (Note 21.a)	-	(5,973)	-	-	-	-	-	-	(5,973)	-	(5,973)
Reduction due to acquisition of subsidiary (Note 21.a)	-	-	-	-	-	-	-	-	-	(17,927)	(17,927)
Supplemental dividends payable to holders of preferred shares (Note 21.a)	6,916-	-	-	-	-	-	(6,916)	-	-	-	-
Accumulated foreign currency translation adjustments	-	(20,168)	-	-	-	-	-	-	(20,168)	-	(20,168)
Redemption of class B preferred shares (Note 21.a and b.)	55,448-	3,743	-	-	-	-	-	(43,636-	) 15,555	-	15,555
Allocation to tax incentive reserve	-	-	30,256	-	-	-	(16,221)	(14,035)	-	-	-
Cumulative translation adjustment related to subsidiaries	-	1,301	-	-	-	-	-	-	1,301	-	1,301
Interest on capital (Note 21.b)	-	-	-	-	-	-	-	(40,000)	(40,000)	-	(40,000)
Constitution of the legal reserve (Note 21.a)	-	-	-	-	-	7,044	-	(7,044)	-	-	-
Mandatory minimum dividends (Note 21.b)	-	-	-	-	-	-	-	(1,036)	(1,036)	-	(1,036)
Constitution of reserves	-			-	-	-	35,132	(35,132)	-	-	-
	70.791	(21,097)	30,256	-	-	7,044	11,995	(140,883)	(41,894)	(17,927)	(59,821)
Comprehensive income:											
Net profit	-	-	-	-	-	-	-	140,883	140,883	-	140,883
Gain (loss) on cash flow hedge (Note 27)	-	-	-	-	(111,071)	-	-	-	(111,071)	-	(111,071)
Accumulated foreign currency translation adjustments	-	-	-	-	1,082	-	-	-	1,082	-	1,082
Actuarial gains (losses) on post-employment benefit plans	-	-	-	-	(59)	-	-	-	(59)	-	(59)
	-	-	-	-	(110,048)	-	-	140,883	30,835	-	30,835
Reserve transfers	-	(3)	-	-	-	-	3	-	-	-	-
Balance on March 31, 2014	4,752,078	1,012,812	30,256	241,107	(10,669)	44,561	574,364	-	6,644,509	-	6,644,509

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

Consolidated statement of cash flows
Years ended March 31
(in thousands of Reais)

	2014	2013	2012
Cash flows from operating activities			
Income before taxes	188,515	139,317	479,687
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	1,709,935	1,706,819	1,516,141
Change in fair value of biological assets	64,918	225,021	(111,087)
Change in fair value of sugarcane harvested (agricultural products)	8,443	2,725	
Share of loss in equity-accounted investees	34,435	18,524	9,684
Interest, indexation and exchange variation, net	655,018	584,611	629,150
(Gains) losses from sale of net assets	(33,813)	(3,459)	3,434
Provision (reversal) for tax, civil and labor risks	25,197	3,502	8,875
(Gains) losses from derivatives financial instruments	(40.770)	1,399	12,247
Impairment on property, plant and equipment and intangible assets	777	-	-
Net effect of the formation of the Joint Venture	-	-	(81,872)
Others	340	4,069	(14,601)
	2,612,995	2,682,528	2,451,658
Changes in operating assets and liabilities:			
Trade accounts receivable and advances from customers	(16,691)	95,231	(134,267)
Inventories	(147,487)	71,201	(196,188)
Restricted cash	(125,085)	40,316	44,454
Derivative financial instruments	(1,399)	(12,247)	(63,574)
Judicial deposits	(41,257)	(19,406)	24,219
Trade accounts payable and advances to suppliers	174,016	35,196	29,353
Taxes and contributions	(117,231)	(119,294)	13,301
Payroll and related charges	9,671	73,097	80,024
Others, net	(26,200)	37,015	(45,517)
	(291,659)	201,109	(248,195)
Income tax and social contribution paid	(10,758)	(13,658)	(75,554)
Net cash provided by operating activities	2,310,578	2,869,979	2,127,909
Investing activities:			
Capital contributions to associates	(57,131)	(80,340)	(46,170)
Acquisitions, net of acquired cash	(48,903)	(108,434)	-
Cash received from sale of net assets related to sugar retailing and others	-	-	145,861
Addition to property, plant and equipment, software and other intangible assets	(1,505,115)	(1,403,383)	(1,571,392)
Cash from sale of property, plant and equipment	53,648	16,251	6,528
Sugarcane planting and cultivation costs	(838,647)	(922,029)	(901,324)
Net cash used in investing activities	(2,396,148)	(2,497,935)	(2,366,497)
Financing activities			
Proceeds from debt issuance	2,398,715	1,342,906	2,091,989
Proceeds from debentures issuance, net of transaction costs	747,710	-	-
Repayment of debt	(2,274,314)	(1,836,379)	(1,664,341)
Financial investments related to financing (restricted cash)	3,155	(1,451)	(24,626)
Cash from merger	-	932	142,009
Capital increase	-	-	1,278,013
Prepaid dividends	(66,022)	(8,873)	-
Related parties	(712,160)	689,839	(629,623)
Net cash provided by financing activities	97,084	186,974	1,193,421
Effects on exchange rate changes on cash and cash equivalents	-	-	7,788
Net increase in cash and cash equivalents	11,514	559,018	962,621
At beginning of year	1,759,501	1,200,483	237,862
At end of year	1,771,015	1,759,501	1,200,483
Supplementary information:			
Investments and financing transactions which do not involve cash			
Depreciation of costs capitalized to biological assets	67,339	72,803	71,713
Financed purchase of property, plant equipment and other additions	-	(11,905)	-
Amounts capitalized on qualified assets (Notes 13 and 26)	44,296	41,940	57,472
Present value adjustment in property, plant and equipment	2,010	9,476	-
Capital increase made by Cosan and Shell through contribution of assets (Notes 1 and 21.a)	-	998,835	1,065,765
Capital payable (Notes 10 and 21.a)	8,427	7,927	-
Capital increase in subsidiary through contribution of assets	-	-	39,148
Financed acquisition of TEAS shares (Note 11.a)	-	(23,900)	-
Renewal of Term Loan Agreement (Note 16)	-	907,017	-

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

1. Operations

Raízen Energia S.A. (the "Company", "Raízen Energia" or "RESA"), formerly Cosan S.A Açúcar e Álcool, is a Brazilian Non-Public Corporation with its headquarters in the city of São Paulo, Brazil. The Company is registered at the Brazilian securities regulator, the *Comissão de Valores Mobiliarios* ("CVM"), although its common shares are not listed on any stock market. The Company is a joint venture ("JV") between Royal Dutch Shell ("Shell") and Cosan S.A Indústria e Comércio ("Cosan"), with each partner holding 50% of the common shares. The Company was a direct subsidiary of Raízen Energia Participações S.A. ("REPSA") until November 30, 2012, at which time REPSA was merged into the Company.

The main business activities of the Company and its subsidiaries are the production and trading of sugar and ethanol in Brazil and overseas (where it operates through Raízen Trading LLP) and the cogeneration of energy produced from sugarcane bagasse.

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

On October 21, 2013, the CVM approved the registration of the Company's first public issuance of non-convertible debentures, in three series, with a unit par value of R$ 1,000.00 (one thousand reais), in a total amount of R$ 750,000, with maturities of five years for the first and second series and seven years for the third series, beginning on October 15, 2013. The debentures are guaranteed by Raízen Combustíveis S.A.

Corporate restructuring in the year ended March 31, 2013

In November 2012, the shareholders approved at an "Extraordinary General Meeting" the merger of Ispagnac Participações Ltda. ("IPL"), a direct subsidiary of Shell, into REPSA, through the transfer of net assets of R$3,538, including its direct 28.1% interest in REPSA. The following net assets were merged:

Line items	Total
Cash and cash equivalents	932
Recoverable taxes	2,606
Merged net assets	3,538

Subsequently, at an "Extraordinary General Meeting" held in November 2012, the Company's shareholders approved the merger of REPSA, including IPL's net assets, into its subsidiary Raízen Energia, through the transfer of net assets amounting to R$998,835, as follows:

Line items	Total
Cash and cash equivalents	932
Related parties – REPSA	689,234
Related parties – Shell	167,360
Related parties – Cosan	22,119
Recoverable taxes	4,338
Investment and goodwill - Codexis, Inc.	113,100
Dividends receivable	3,025
Income tax and social contribution payable	(1,273)
Merged net assets	998,835

On December 31, 2012, at an Extraordinary General Meeting the shareholders approved the merger of the subsidiaries Raízen S.A. Bioenergia ("Raízen Bio") and Barra Bionergia S.A. ("Barra Bio"), into Raízen Energia, by cancelling its shares, without affecting the capital of RESA. The following net assets were merged:

Line items	Raízen Bio	Barra Bio	Total
Cash and cash equivalents	1,444	19,862	21,306
Restricted cash	14,795	52,487	67,282
Trade accounts receivable	33,006	80,070	113,076
Recoverable taxes	27,945	68,990	96,935
Related parties	105,380	124,889	230,269
Property, plant and equipment	268,086	1,184,391	1,452,477
Intangibles	6	9,944	9,950
Loans and financing	(189,674)	(894,081)	(1,083,755)
Suppliers	(25,373)	(67,227)	(92,600)
Income tax and social contribution payable	(20,069)	(48,392)	(68,461)
Deferred taxes	(17,699)	(41,915)	(59,614)
Others	(708)	(8,981)	(9,689)
Merged net assets	197,139	480,037	677,176

The consolidated financial statements were approved by the Board of Directors on June 13, 2014.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

a) Measurement basis

The consolidated financial statements were prepared using the historical cost basis, except for the following items which are measured at fair value:

- Derivatives and other financial instruments, measured at fair value through profit or loss;
- Employee benefits, and
- Biological assets.

b) Functional currency and presentation currency

The consolidated financial statements are presented in Brazilian Reais (R$), which is the Company's functional currency. The financial statements of each subsidiary included in consolidation are prepared using the currency of the main economic environment where it operates. All financial information presented in Brazilian Reais has been rounded to the nearest thousand, except where otherwise indicated.

The financial statements of foreign subsidiaries are translated into Brazilian Reais using the following criteria: (i) assets and liabilities are translated at the exchange rate in effect at the reporting date; (ii) the income and expenses are translated based on the monthly average exchange rates, and (iii) the cumulative effects of translation differences are recognized in Accumulated Foreign Currency Translation Adjustments component in Other comprehensive income.

The exchange rates in Brazilian Reais effective at the balance dates were as follows:

	03.31.2014	03.31.2013
Final rate		
U.S. Dollar (US$)	2.2630	2.0138
Canadian Dollar (CAN)	2.0472	-
Euro (EUR)	3.1175	2.5853
Average rates		
U.S. Dollar (US$)	2.2481	2.0120
Canadian Dollar (CAN)	2.1344	-
Euro (EUR)	3.0155	2.5889

c) Judgments, estimates and significant accounting assumptions

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about assumptions, estimation uncertainties that have a significant risk of resulting in material adjustment in the year ending March 31, 2014, and information about critical judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 11 – Acquisition of subsidiary, investments in associates and joint ventures: fair value measured on a provisional basis;
- Note 13 and 14 – Property plant and equipment and intangible assets, including goodwill: management makes estimates to determine their useful lives, for the purposes of depreciation and amortization;
- Note 13 and 14 – Impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 18.a – Income tax and social contribution: significant judgment is needed to determine the provision for income tax in these different countries;
- Note 18.b – Recognition of deferred tax assets: availability of future taxable profit against which tax loss carryforwards can offset;
- Note 19 - Provision for tax, civil, labor and environmental risks: key assumptions about the likelihood and magnitude of outflow of resources; and
- Note 28 – Post employment plans: key actuarial assumptions.

Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses, to the extent possible, observable market data. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 12 – Biological assets; and
- Note 27 – Financial instruments.

2.2 Basis of Consolidation

2.2.1 Business Combination

Business combinations are accounted for using the acquisition method when control is transferred to the Company. The cost of an acquisition is the sum of the consideration paid, evaluated based on the fair value at acquisition date, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets. Costs directly attributable to the acquisition expensed as incurred.

When acquiring a business, management evaluates the assets acquired and the liabilities assumed in order to classify and allocate them pursuant to the terms of the agreement, economic circumstances and the conditions at the acquisition date.

Goodwill is initially measured as the excess of the consideration paid over the fair value of the net assets acquired. If the consideration is lower than the fair value of the net assets acquired, the difference is recognized as a gain in profit or loss.

Subsequent to initial recognition, goodwill is measured at cost, net of any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination, is allocated at the acquisition date to each of the Company's cash generating units expected to benefit from the synergies of the business combination, regardless of whether other assets or liabilities of the acquiree are attributed to these units.

2.2.2 Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

2.2.3 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The subsidiaries' financial statements are prepared for the same disclosure period as those of the parent company and use consistent accounting policies.

The consolidated financial statements include Raízen Energia's financial statements and the financial statements from subsidiaries where Raízen has direct or indirect control. The table below summarizes the direct and indirect ownership interests of the Company:

	Direct and indirect interests	
	2014	2013
Agrícola Ponte Alta Ltda.	100,00%	100,00%
Agropecuária Santa Hermínia Ltda.	100,00%	100,00%
America Trading Investments	100,00%	100,00%
Benálcool Açúcar e Álcool Ltda.	100,00%	100,00%
Cosan Centroeste Açúcar e Álcool Ltda.	100,00%	100,00%
Curupay Agroenergia Ltda.	100,00%	100,00%
Houghton Venture Capital Ltd.	100,00%	100,00%
Raízen Araraquara Açúcar e Álcool Ltda.	100,00%	100,00%
Raízen Asia PT Ltd.	100,00%	100,00%
Raízen Biotecnologia S.A.	100,00%	100,00%
Raízen Caarapó Açúcar e Álcool Ltda.	100,00%	100,00%
Raízen Cayman Limited	100,00%	100,00%
Raízen Energy Finance Ltd.	100,00%	100,00%
Raízen International Universal Corp.	100,00%	100,00%
Raízen North America, Inc.	100,00%	100,00%
Raízen Paraguaçú Ltda.	100,00%	100,00%
Raízen Tarumã Ltda.	100,00%	100,00%
Raízen Trading LLP	100,00%	100,00%
TEAS Terminal Exportador de Álcool de Santos Ltda. (1)	100,00%	66,67%

(1) TEAS Terminal Exportador de Alcool de Santos Ltda. is a port terminal, and the Company, on April 24, 2013, acquired 33,33% of outstanding equity interests on TEAS through Curupay; thereby, increasing interest in TEAS to 100,00% (Note 20.a). Now, Raizen holds 39,477,357 of shares of TEAS (26,318,238 in 2013).

2.2.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.3 Summary of the significant accounting practices

The accounting practices described below have been applied consistently to the years presented in the consolidated financial statements.

a) Revenue recognition

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, collection is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts, volume rebates, and taxes.

Sales of energy cogeneration are recorded on the basis of the energy guaranteed, at the prices specified under the supply agreement or at the current market price, as the case may be. Electrical energy produced and sold at auction is recognized initially as deferred revenue, and is recognized in profit or loss for the year when consumed by customers.

b) Transactions in foreign currency

Transactions in foreign currency are translated to the respective functional currency of the Company at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate when the fair value is determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

However, foreign currency differences arising from the translation of the following item is recognized in Other Comprehensive Income:

- qualifying cash flow hedges to the extent that the hedges are effective.

c) Financial instruments

Financial assets and liabilities are recorded when the Company becomes party to the contractual provisions of the instruments.

(i) Financial Assets

Initial recognition and measurement

The Company classifies financial assets into the following categories: fair value through profit or loss, held to maturity, loans and receivables and available for sale. The Company determines the classification of the financial assets at the time of initial recognition.

Financial assets are initially recognized at fair value plus, in the case of investments not designated as fair value through profit or loss, any directly attributable transaction costs.

Financial assets include cash and cash equivalents, restricted cash, derivative financial instruments, trade accounts receivable, related parties and other financial assets.

Subsequent measurement

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

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

Derivatives also are measured at fair value through profit or loss, except for those designated as hedging instruments. Interest, monetary and foreign exchange variations and variations resulting from measurement at fair value are recognized in profit or loss as incurred as "Financial income".

Held-to-maturity financial assets

If the Company has the positive intent and ability to hold to maturity, such financial assets are classified as held-to-maturity. Held-to-maturity instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Interest, inflation adjustments, foreign currency variances, and impairment losses are recognized in profit or loss as finance income or expense as incurred.

Loans and receivables

Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses. The amortized cost is included in the consolidated statement of income as finance income or expenses as incurred.

Available-for-sale financial assets

Available-for-sale financial assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When an investment is derecognized, the accumulated gain or loss accumulated in equity is reclassified to profit or loss.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial asset that is created or retained by the Company is recognized as a separate asset or liability.

Impairment of financial assets

Financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

i. default or delinquency by a debtor;
ii. restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
iii. indications that a debtor or issuer will enter bankruptcy;
iv. adverse changes in the payment status of borrowers or issuers;
v. the disappearance of an active market for a security; or
vi. observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

The Company considers evidence of impairment for financial assets measured at amortized cost at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

A financial asset or group of financial assets is considered to be impaired if, and only if, there is objective evidence that its value is unrecoverable as the result of one or more events that have taken place since the asset was first recognized (a "loss event") and this loss event affects the estimated future cash flow of the financial assets, or group of financial assets, to an extent that can be reasonably estimated.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

(ii) Financial liabilities

Initial recognition and measurement

The Company classifies financial liabilities on initial recognition into the following categories: financial liabilities at fair value through profit or loss, loans and financing and derivatives.

The Company initially recognizes financial liabilities on the date when they are originated, usually the trade date.

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs.

The Company's financial liabilities include loans and financing, derivative financial instruments, suppliers and related parties.

Subsequent measurement

Subsequent measurement of financial liabilities depends on their classification, which may be as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest, are recognized in profit or loss.

Loans and financing

Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Derecognition

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

(iii) Offset of financial instruments - net presentation

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iv) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are recognized initially at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

Derivatives are classified as:

- Fair value hedge to protect against exposure to changes in the fair value of assets and liabilities recognized, or unrecognized but committed, or in an identifiable part of such asset, liability or firm commitment, which can be attributed to a specific risk and could affect the results;

- Cash flow hedge to protect against changes in cash flows attributable to a specific risk associated with a recognized asset or liability, or with a proposed transaction that is likely to take place, and which could affect the results; or

- Net investment hedge in a foreign operating unit.

Upon the initial recognition of a hedge relationship, the Company makes a formal classification and documents the hedge relationship to which it intends to apply hedge accounting, and the purpose and risk management strategy used by Management for hedging purposes.

The documentation includes the identification of the hedge instrument, the item or transaction to which it applies, the nature of the risk hedged, details of the anticipated effectiveness of the hedge relationship and the way in which the Company will assess the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged item or the cash flows related to it. In the case of cash flow hedges, a demonstration that the proposed transaction to be hedged is likely to take place, and the anticipated timing of transfer of gains or losses on the hedging instruments from equity to the statement of income, are also included in the documentation of the hedge relationship.

It is expected that such hedges will be highly effective in offsetting changes in fair value or in cash flows, and they are assessed on an on-going basis to confirm that this is the case throughout all the base periods to which they apply.

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

Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss. When the hedged item is the cost of a non-financial asset or liability, the amounts in OCI are transferred to the initial carrying value of the non-financial asset or liability.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

The Company uses forward exchange contracts to protect against its exposure to exchange risk related to anticipated and highly probable future transactions and to firm commitments, and forward commodities contracts to protect against its exposure to volatility in commodity prices(Note 27).

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and highly liquid investments, with maturities of 90 days or less from the acquisition date which are readily convertible into a known amount of cash and subject to insignificant risk of change in fair value. The investments classified in this group, due to their nature, are measured at fair value through profit and loss.

e) Trade accounts receivable

Trade accounts receivable are recorded at the invoiced amount and adjusted to present value, when applicable, net of allowance for doubtful accounts.

The Company writes off uncollectible trade receivables when collection efforts have been exhausted. An allowance for doubtful accounts is determined through the aging of trade accounts receivable and assessment of collectability based on historical trends, the financial conditions of the Company's customers and evaluations of economic conditions.

If the maturity date is less than one year, the accounts receivable are classified as current assets. Otherwise, they are classified as non-current assets.

f) Inventories

Inventories are measured at the lower of cost or net realizable value based on the weighted average cost principle.

Finished goods and work in process costs comprise the project costs, raw material, direct labor, other direct costs and relevant direct production costs (based on usual production capacity), excluding the costs of loans. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion plus any costs necessary to conclude the sale.

Sugarcane at the time of harvesting is considered to be an agricultural product and is measured at fair value, less selling expenses, based on the quantities harvested valued at the accumulated CONSECANA (*Conselho dos Produtores de Cana-de-açúcar, Açúcar e Álcool do Estado de São Paulo*) price for the corresponding month. The fair value of sugarcane harvested becomes the cost of raw materials used in the sugar and ethanol production process.

Provisions for slow moving or obsolete inventories are recorded when necessary.

g) Investments in associates and joint ventures

The Company's interests in equity-accounted investees comprise interests in associates and a joint ventures.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. In addition to initial recognition, the consolidated financial statements include the Company's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

h) Biological assets

In accordance with IAS 41, the Company recognizes biological assets (sugarcane plantations) when it controls these assets as a result of a past event, it is probable that their future economic benefits will flow to the Company and fair value can be reliably estimated.

The cane crop is measured at fair value, excluding the land on which it is planted, by the discounted cash flow method.

Harvesting generally begins in April of each year, and ends in November or December.

For sugarcane, the Company uses projected future cash flows according to the production cycle forecast for each harvest, taking into account the estimated useful life of each plantation, the prices for total recoverable sugar, estimated productivity and the estimated costs of production, harvesting, loading and transport for each hectare planted.

Changes in fair value from year to year are allocated to the cost of products sold.

Any land owned by the Company and its subsidiaries on which the biological assets are produced is classified as property, plant and equipment in the books.

i) Property, plant and equipment

Items of property, plant and equipment are measured at cost of acquisition or construction, less accumulated depreciation and impairment losses, when applicable.

Cost includes expenditures that are directly attributable to the acquisition of an asset. The costs of assets constructed by the Company includes material and direct labor costs and any other costs incurred to put the asset in place and condition to operate. Borrowing costs are capitalized as a component of construction in progress, pursuant to IAS 23 using the weighted average interest rate of the Company's debt at the date of capitalization.

The Company performs scheduled maintenance activities on their facilities on a yearly basis, usually, from January through March, for the purpose of inspecting and replacing components. Primary maintenance costs include labor, materials, contractor costs and overhead expenses allocated during the inter-harvest season. Costs are capitalized as parts and components, in property, plant and equipment, being fully amortized in the next harvest season.

The cost of equipment that need to be replaced every year is recorded as part of the equipment cost and depreciated over the next harvest season. Regular maintenance costs are accounted as expenses when incurred since replaced components do not enhance crushing capacity nor introduce any improvements to equipment.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives of property, plant and equipment are as follows:

Property, plant and equipment	Annual rate
Buildings and improvements	4%
Machinery and equipment	4.38%
Furniture and fixtures	10%
IT equipment	20%
Vehicles, vessels and aircraft	9.95%

The Company opted not to value property, plant and equipment at deemed cost on the transition date to IFRS on April 1, 2009.

The gains or losses from disposals are determined as the difference between the proceeds and the net carrying value and are recognized in "Other operating income, net" in the statement of income.

j) Leasing

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets held under other leases are classified as operating leases and are not recognized in the Company's statement of financial position.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

k) Intangible

i) Goodwill

Goodwill is the positive difference between the amount paid and/or payable for the acquisition of a business and the net amount of the fair value of the assets and liabilities of the subsidiary acquired. Goodwill on the acquisition of subsidiaries is recorded as an intangible asset. If the acquisition involves a bargain purchase, the amount is registered as a gain in profit or loss on the acquisition date.

Subsequent to initial recognition, goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill is tested for impairment annually. For impairment testing, goodwill arising from a business combination is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

ii) Intangible assets with defined useful lives

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Goodwill is not amortized.

The estimated useful lives are as follows:

Intangible asset	Annual rate
Software licenses	20%
Land lease agreements	9%
Sugarcane supply agreements	10%
Right to use public concessions	20%
Others	38%

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

As of March 31, 2014 and 2013, the Company has not identified any indications of impairment in property, plant and equipment.

m) Provisions

Provisions are recognized when the Company has a present obligation, formalized or not, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and its amount can be reliably estimated.

Provision for tax, civil and labor risks

The Company is party to various lawsuits, including, tax, labor and civil claims. The assessment of the likelihood of an unfavorable outcome in these lawsuits includes the analysis of the available evidence, the hierarchy of the laws, available former court decisions, the most recent court decisions and their importance to the Brazilian legal system, as well as the opinion of external legal counsel. The provisions are reviewed and adjusted to reflect changes of circumstances, such as applicable statutes of limitations, conclusions of tax inspections or additional exposures identified based on new claims or court decisions.

n) Employee benefits

The Company has a defined contribution plan to provide a supplementary private pension for all of its employees. The Company has no legal or constructive liability for the payment of additional contributions in the event that the fund does not hold sufficient assets to pay all the benefits due.

The Company recognizes a liability and a profit sharing expense on the basis of a system that takes pre-assigned targets for its employees into account. The Company records a provision when it is contractually liable, or when there is a precedent that has created a constructive obligation.

o) Income taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Income taxes in Brazil, are comprised of corporate income tax ("IRPJ") and social contribution ("CSLL"), which are calculated monthly on taxable income, at the rate of 15% plus 10% surtax for IRPJ, and 9% for CSLL, considering the offset of tax loss carryforwards, up to the limit of 30% of annual taxable income.

The income from foreign subsidiaries is subject to taxation of their jurisdictions, pursuant to the local tax rates and legislation.

Management periodically assesses the positions taken by the Company in calculating income tax in situations where the applicable tax regulations are open to interpretation, and makes provisions, when appropriate, based on the estimated amounts payable to the tax authorities.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

p) Capital and shareholders' compensation

Capital corresponds to the value obtained in the issuance of common and preferred shares. Additional costs directly attributable to the issuance of shares are recognized as a deduction from equity, net of taxes effects.

Class A preferred shares, like common shares, entitles the holder to one vote on resolutions at the Company general meetings, and to a fixed annual dividend of R$0.01 (one cent).

Class B and C preferred comprise shares issued by the Company intended as reimbursement for assets, represented mainly by tax benefits to be used by the Company contributed by the shareholders Cosan and Shell. The Company redeems the preferred shares as the tax benefits are used.

The declaration of dividends and interest on shareholders' equity made by the Company's Management, to the extent of the mandatory minimum dividend, is recorded in current liabilities, as it represents a legal obligation provided for in the Company's bylaws. Dividends that exceed the mandatory minimum dividend, declared by management before the reporting date, not yet approved by the shareholders, is recorded as an additional dividend proposed in shareholders' equity.

For financial statement presentation purposes, interest on shareholders' equity is recorded as an allocation of income directly in shareholders' equity.

q) Segment Information

An operating segment is a component of the Company that carries out business activities from which it generates revenues and incurs expenses, including revenues and expenses arising from intercompany transactions. The operating segments reflect how the Company's management reviews financial information to make decisions.

The Company has a single business segment: Ethanol, Sugar and Bioenergy, as indicated in Note 23.

r) Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the holders of common shares of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to the holders of common shares of the Company by the weighted average number of common shares during the year, after adjustment for the effects of all dilutive potential common shares.

2.4 Adoption of new IFRS and IFRIC Interpretations (International Financial Reporting Interpretations Committee) applicable to the consolidated financial statements.

New accounting pronouncements of the IASB and interpretations of the IFRIC have been published and/or revised. The most relevant of these for the Company are the following:

- **IFRS 9 - Financial Instruments - Classification and Measurement**

  IFRS 9 deals with the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010, and substitutes parts of IAS 39 relating to the classification and measurement of financial instruments. IFRS 9 requires that financial assets be classified in two categories: measured at fair value and measured at amortized cost. The category is determined at the time of initial recognition. The classification depends on the entity's business model and the contractual characteristics of the cash flow of the financial instruments. The standard maintains most of the requirements of IAS 39 in respect of financial liabilities. The main change is that in cases where the fair value option is adopted for financial liabilities, the portion of change in fair value that is due to the credit risk of the entity itself is registered in other comprehensive income instead of in the statement of income, except when this results in an accounting mismatch. The Company is assessing the impact of IFRS 9. The standard is applicable to reporting periods beginning on or after January 1, 2015.

- **IFRIC 21 – Levies**

  In May 2013, the IASB issued IFRIC 21, which provides guidance on when an entity should recognize a liability for a levy in accordance with laws and/or regulations in its financial statements, except for income taxes. The obligation should only be recognized when the event that triggers such obligation occurs. IFRIC 21 is an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. IAS 37 establishes criteria for the recognition of a liability, one of which is the requirement that the Company has a present obligation as a result of a past event, known as the obligating event. IFRIC 21 is effective for fiscal years ending on or after January 1, 2014. The Company does not expect the adoption of IFRIC 21 to have a material impact on its consolidated financial statements.

There are no other IFRS standards or IFRIC interpretations that have been issued and not yet adopted that might, in the opinion of Management, have a significant impact on the results or the equity disclosed by the Company.

3. Cash and cash equivalents

	2014	2013
Cash and banks	183,671	84,377
Cash in foreign currency	10,350	272,546
Financial investments:		
Investment fund (1)	545,988	1,246,537
Certificates of Deposit (2)	1,029,195	154,642
Other investments	1,811	1,399
	1,771,015	1,759,501

(1) Investment fund comprises of an investment in a fixed income fund managed by a highly-rated financial institution, operating on the basis of units with daily earnings. As of March 31, 2014, the average return on this fund was 100.9% (100.8%% in 2013) of the Interbank Deposit Certificate ("CDI").

(2) These are financial investments in Bank Deposit Certificate ("CDB-type") fixed income securities and repurchase agreements, with highly-rated financial institutions, remunerated at an average rate of 102.1% of the CDI (102.2% in 2013), available for immediate redemption.

4. Restricted cash

	2014	2013
Financial investments related to financing (1)	71,088	66,261
Financial investments related to transactions with derivatives (2)	61,826	51,636
Derivatives margins (3)	118,889	-
	251,803	117,897

(1) These are financial investments such as Financial Treasury Bills (LFT) with highly-rated financial institutions, which are held pursuant to collateral requirements of financing from *Banco Nacional do Desenvolvimento* ("BNDES"), with redemption being conditional on the repayment of specific installments of this financing.

(2) These are financial investments such as Bank Certificates of Deposit (CDB), with highly-rated financial institutions, used in derivate instruments transactions.

(3) The derivatives margins refers to derivatives margin calls from counter parties (Note 27).

5. Trade accounts receivable

	2014	2013
Domestic customers	216,827	229,279
Foreign customers	162,557	173,235
(-) Allowance for doubtful accounts	(23,380)	(24,353)
	356,004	378,161

The maximum exposure to credit risk as of the balance sheet date is the carrying value of each class of trade account receivables. The Company does not hold securities as guarantees to trade accounts receivable.

The aging of trade accounts receivable is as follows:

	2014	2013
Current	329,604	282,499
Overdue:		
01 to 30 days	18,788	74,975
31 to 90 days	7,201	11,217
91 to 180 days	-	3,579
More than 180 days	23,791	30,244
	49,780	120,015
	379,384	402,514

The rollforward of allowance for doubtful accounts is presented below:

As of March 31, 2011	(2,544)
Capital Contributed upon formation of the Joint Venture	(23,962)
Reversals	127
Write-offs	3,140
As of March 31, 2012	(23,249)
Additions	(1,104)
As of March 31, 2013	(24,353)
Additions	(323)
Reversals	1,296
As of March 31, 2014	(23,380)

6. Recoverable taxes

	2014	2013
ICMS (Value-added Tax on Sales and Services)	103,371	132,048
COFINS (Social Contribution Tax)	42,139	74,559
PIS (Employees' Profit Participation Program)	22,156	26,509
Others	4,436	16,377
	172,102	249,493
Current	(145,903)	(207,987)
Non-current	26,199	41,506

The balance of taxes recoverable arises from trading operations and from advances, adjusted to present value when applicable (credits on purchases of property, plant and equipment).

ICMS credits on purchases of property, plant and equipment are offset against tax payable in accordance with corresponding tax legislation.

7. Inventories

	2014	2013
Finished goods:		
Sugar	49,743	62,204
Ethanol	238,443	128,845
Work in process	6,078	7,462
Fair value of the sugarcane harvested	(8,443)	(2,725)
Spare parts and maintenance materials	172,642	182,915
Provision for obsolescence	(9,769)	(9,351)
	448,694	369,350

The cost of inventories recognized in the consolidated statement of income as Cost of sales was R$7,542,579 in 2014 (R$6,698,108 in 2013).

As of March 31, 2014, the balance of inventories includes depreciation and amortization amounting to R$60,305 (R$59,250 in 2013).

The agricultural goods refers to the sugar cane harvested measured at fair value less selling expenses. The amount is determined by the amount harvested, valued by the price of Total Recoverable Sugar (ATR) issued by Producers of Sugar Cane, Sugar an Ethanol Counsel ("CONSECANA"). The fair value of sugar cane harvested becomes the cost of raw materials used in the agricultural process, and is amortized to the extent that the inventory is sold.

The increase of finished goods is due to higher volume of the sugar cane being harvested. The inventory will be substantially sold during the off-season.

The rollforward of the provision for obsolescence of inventory is presented below:

March 31, 2011	(10,074)
Capital Contributed upon formation of the Joint Venture	(9,040)
Provision	(10,748)
Reversal	22,391
March 31, 2012	(7,471)
Provision	(1,880)
March 31, 2013	(9,351)
Provision	(673)
Reversal	255
March 31, 2014	(9,769)

As of March 31, 2014, the reversal of provisions was the result of an internal review carried out by the Company's management of the criteria for calculating the provision, with changes in the term for classifying items as slow-moving, to better reflect the Company's operations.

8. Advances to suppliers

	2014	2013
Sugarcane	248,463	276,945
Material and services	972	4,035
Allowance for losses	(18,343)	(17,593)
	231,092	263,387
Current	(209,251)	(233,676)
Non-current	21,841	29,711

Advances to sugarcane suppliers represent amounts paid upon signing agreements or amendments. It is amortized when the sugarcane supplies are received. According to the amount of sugarcane to be delivered by the suppliers' estimate, the balances will be settled over a period of 12 harvests.

The allowance for losses is comprised of advances paid for which the Company does not expect the settlement of the contract by supplier.

9. Other financial assets

	2014	2013
Credits from action for damages (1)	469,580	366,845
National Treasury Certificate - CTN (2)	434,366	360,376
Others	1	-
	903,947	727,221
Current	(13,267)	-
Non-current	890,680	727,221

(1) On February 28, 2007, the Company recognized a gain of R$318,358, related to a lawsuit filed by a subsidiary against the federal government claiming indemnification for damages, since prices of its products at the time in the sector were subject to government control, imposed not observing the prevailing reality of the sector (created by government control itself). A final decision in favor of the Company was handed down. The gain was recorded in profit or loss for the year, against non-current assets in "Other financial assets".

The Company is awaiting the final ruling on the manner of payment. This payment will be made in the form of court-mandated government bonds which, once issued, will be settled within 10 years. When the subsidiary receives these credits, it will have to pay legal fees amounting to R$44,021 (R$42,956 in 2012). This liability is recorded in non-current liabilities under Other Liabilities.

In December 2013, the Company recognized a new award related to a favorable decision obtained in a lawsuit filed against the federal government of R$ 122,127. On January 15, 2014 the Company received R$ 32,391 from the federal government, which was reimbursed to Cosan. As of March 31, 2014 the balance receivable from the federal government in relation to this lawsuit was R$ 13,267 and R$ 79,600 classified as current and non-current assets, respectively.

The claim was not recognized within the net assets contributed by Cosan to Raízen at the time of the joint venture formation; therefore, upon recognition of the assets, the Company recognized a Related Party liability in the same amount as the amount must be repaid to Cosan (Note 10).

(2) Corresponding to government securities, issued by the Brazilian Treasury under the Special Agricultural Securitization Program ("PESA"), for an original term of 20 years, given in guarantee of the PESA financing program (Note 16). The yield on these securities is 12% per annum, adjusted annually by the price index (“IGPM”), which may be capitalized. The value of these securities at maturity will be equal to the principal amount of the PESA debt owed. If the debt is repaid early, the Company may hold it in treasury until maturity or apply for redemption.

10. Related parties

a) Summary of balances and transactions with related parties

	2014	2013
Assets		
Cosan Lubrificantes e Especialidades S.A.	3,900	2,147
Cosan S.A. Indústria e Comércio (2)	964,408	1,040,815
Raízen Combustiveis S.A. (3)	536,667	541,033
Shell Western Supply and Trading (4)	-	56,159
Nova America Agrícola Caarapó Ltda.(8)	34,480	-
Shell Brazil Holding B.V. (5)	-	167,360
Agroterenas S.A. (8)	11,894	-
Outros	12,482	17,855
	1,563,831	1,825,369
Current assets	(192,574)	(335,647)
Non-current assets	1,371,257	1,489,722

	2014	2013
Liabilities		
Cosan S.A. Indústria e Comércio (2)	931,050	882,164
Raízen Combustíveis S.A.(3)	56,777	816,874
Nova América Agrícola Ltda (8)	6,174	2,702
Nova América Agrícola Caarapó Ltda. (8)	3,466	2,490
Agroterenas S.A. (8)	7,693	3,488
Shell Brazil Holding B.V. (5)	3,538	3,538
Outros	15,697	22,423
	1,024,395	1,733,679
Current liabilities	(127,370)	(863,311)
Non-current liabilities	897,025	870,368

	2014	2013	2012
Sale of products			
Cosan Lubrificantes e Especialidades S.A.	-	-	44,537
Docelar Alimentos e Bebidas S.A. (i)	-	318,696	502,026
Raízen Combustíveis S.A. (2)	1,534,355	562,765	696,063
Raízen Trading LLP.	-	-	172,201
Shell Western Supply and Trading (3)	248,294	347,254	67,076
Others	1,458	2,078	1,196
	1,784,107	1,230,793	1,483,099
Purchase of products			
Grupo Rumo (ii)	(362,023)	(292,051)	(248,519)
Raízen Combustíveis S.A. (2)	(413,646)	(358,531)	(255,514)
Raízen Trading LLP.	-	-	(141,097)
Agroterenas S.A.	(166,669)	(163,253)	(186,335)
Nova América Agrícola Caarapó Ltda.	(80,637)	(98,102)	(107,506)
Nova América Agrícola Ltda.	(139,346)	(140,943)	(144,770)
Others	(22,025)	(6,713)	(10,266)
	(1,184,346)	(1,059,593)	(1,094,007)
Recharge of shared expenses			
Cosan Lubrificantes e Especialidades S.A.	4,929	4,928	2,628
Cosan Indústria e Comércio (1)	4,247	-	7,566
Docelar Alimentos e Bebidas S.A. (i)	-	2,646	4,601
Grupo Rumo (ii)	5,723	5,765	5,401
Raízen Combustíveis S.A. (2)	116,568	104,195	51,636
Others	1,705	1,364	953
	133,172	118,898	72,785
Lease of land			
Grupo Aguassanta (iii)	(28,627)	(36,523)	(28,912)
Grupo Cosan	-	-	(14,431)
Grupo Radar (iv)	(54,945)	(52,558)	(42,908)
	(83,572)	(89,081)	(86,251)
Finance income (costs)			
Cosan S.A. Indústria e Comércio (1)	-	-	(25,980)
Raízen Combustíveis S.A. (2)	33,362	(7,711)	(47,217)
Agroterenas S.A. (5)	894	-	-
Nova América Agrícola Caarapó Ltda. (5)	1,481	-	-
Shell Brazil Holding B.V. (4)	12.516	-	-
Shell Finance B.V.	(4.361)	-	-
Others	1,945	(89)	(106)
	45,837	(7,800)	(73,303)
Total	695,198	193,217	302,323

(i) Docelar Alimentos e Bebidas S.A. refers to commercial transactions which occurred through October 2012, when the Company was controlled by Cosan, and then was sold to third parties.

(ii) Grupo Rumo refers to rail road and shipment operations made through the following companies: Rumo Logística Operadora Multimodal S.A. and Logispot Armazéns Gerais S.A..

(iii) Grupo Aguassanta represents lands leased for sugar cane harvest from the following entities: Aguassanta Agrícola Ltda., Aguassanta Participações S.A., Aguapar Agrícola Ltda, Palermo Agrícola S.A. e Vila Santa Empreendimentos Imobiliários Ltda.

(iv) Grupo Radar represents lands leased for sugar cane harvest from the following entities: Radar Propriedades Agrícolas S.A., Nova Agrícola Ponte Alta S.A., Nova Amaralina S.A., Proud Participações S.A. e Bioinvestments Negócios S.A..

(1) Cosan S.A. Indústria e Comércio

The amount recorded in consolidated current assets refers to payments or payable for the formation of the JV, which are reimbursable in full, as follows: i) reimbursement of payment in installments of tax refinnacings (Refis IV), of R$65,326 (R$52,117 in 2013) (Note 17); ii) reimbursement of legal and administrative expenses of R$8,804 (R$21,690 in 2013); iii) reimbursement of costs of court deposits amounting to R$31,012 (R$38,350 in 2013); iv) reimbursement of expenses of legal claims of R$13,408 (R$21,804 in 2013); and v) reimbursement of expenses of Health, Safety and the Environment ("SSMA") and other costs of R$1,021 (R$8,827 in 2013).

On February 7, 2014, the Company's' shareholders discussed and approved the capital increase of R$ 8,427, through the issuance of 7,818,300 new Class B preferred shares fully subscribed by Cosan, and to be paid on the next fiscal year (Note 21(a)).

The capital increase of R$7,927 (Note 21(a)) was received in full in the year ended March 31, 2014.

In addition, the remaining balance receivable from Cosan represents debit notes for shared expenses of 7,124 (R$8,760 in 2013).

The amount registered in consolidated non-current assets refers to liabilities of the Company before the JV was formed, which are to be fully reimbursed by Cosan, when paid, and which represent: i) provisions for legal claims of R$196,958 (R$248,040 in 2013) (Note 19); ii) installments of tax debts payable, especially Refis IV, of R$ 632,218 (R$589,001 in 2013) (Note 17); and iii) other reimbursable liabilities of R$110 (R$278 in 2013).

In March 31, 2014, the Company reversed the provision of legal fees related to action for indemnity, with no impact on the consolidated income statement, of R$ 44,765 (R$ 44,021 in 2013) as management understands that the liability is a Cosan obligation.

The amount of R$ 36,631 in consolidated current liabilities refers to a payment received from Destivale of R$ 13,267 (Note 9) regarding an action for indemnity which must be reimbursed to Cosan. The residual amount of R$ 23,364 (R$ 14,402 in 2013) corresponds to debit notes and financial transfers arising from the formation of the JV.

The amount registered in consolidated non-current liabilities refers to credits from actions for damages and judicial deposits of R$456,313 (R$366,845 in 2013) (Note 9) and R$177,368 (R$177,815 in 2013) (Note 19), respectively, existing before the JV was formed, which are to be reimbursed to Cosan when realized, since Cosan did not contribute these credits to the formation of the JV.

Preferred shares - Cosan

The Company also has recorded in non-current liabilities, the amount of tax benefits to be reimbursed to Cosan, when effectively used by the Company, totaling R$ 389,979, representing the balances of tax losses and negative base for social contribution, and tax benefits on the amortization of goodwill, transferred to the Company when REPSA was merged (Notes 1 and 21.a). Payment is to be made by an exclusive dividend distribution to the holders of Class B preferred shares. Currently, only Cosan holds this class of shares.

On February 28, 2013, the Company made an interim distribution of dividends amounting to R$ 8,873.

On March 31, 2013, the Company proposed to pay an additional sum of R$ 58,004 to holders of Class B preferred shares, making a total for the year of R$ 66,877, corresponding to the partial use of the tax benefit contributed by Cosan when the JV was formed.

On July 19, 2013, the shareholders approved additional preferred shares payment of R$ 6,916. On July 29, 2013, Company paid R$ 64,920 related to the preferred shares.

On March 31, 2014, the Company proposed to pay dividend distribution to the holders of Class B preferred shares of R$43,636, corresponding to the partial used of tax benefit during the fiscal year.

As of March 31, 2014, the Company reviewed the balance of preferred shares outstanding, and determined the reversal of R$ 11,812 of the obligation with Cosan. Therefore, the remaining balance of Class B preferred shares payable to Cosan on March 31, 2014 is R$ 260,738 (R$ 323,102 in 2013).

Summary of balances to be reimbursed to and collected from shareholder Cosan

When the JV was formed, it was agreed that Cosan should reimburse some assets and repay some liabilities which were previously in existence, at the time that they were actually realized or settled. As of March 31, 2014 and 2013, these balances are presented in the balance sheet under the following classifications:

	2014	2013
Current assets		
Other financial assets (Note 9)	13,267	-
	13,267	-
Non-current assets		
Court deposits (Note 19)	177,368	177,815
Other financial assets (Note 9)	456,313	366,845
	633,681	544,660
Total assets	646,948	544,660
Current liabilities		
Taxes payable (Note 17)	65,326	52,117
	65,326	52,117
Non-current liabilities		
Taxes payable (Note 17)	632,218	589,001
Provision for judicial demands	196,958	248,040
Other obligations	-	44,021
	829,176	881,062
Total liabilities	894,502	933,179

(2) Raízen Combustíveis S.A. ("RCSA")

RCSA refers to the financial operations of the Raízen Combustíveis S.A. and its subsidiaries Petróleo Sabba S.A., Raízen Mime Combustíveis S.A., Blueway Trading Importações e Exportações, and Raízen Fuels Finance Ltda.

On March 31, 2014, the amount registered in consolidated current assets is mainly related to: (i) debit notes for overhead expenses shared between the companies of 16,920 (R$ 18,889 in 2013); (ii) receivables from ethanol sales for R$23,720 (R$80,370 in 2013), and (iii) interest related to advance an export payment agreement due in 2015 of R$ 430 (R$ 392 in 2013).

In addition, the amount in consolidated non-current assets on March 31, 2014, is related to advance an export payment agreement of US$219 million, to be settled on September 7, 2015. The agreement has quarterly payments LIBOR plus annual interest of 1.5% which results in a weighted average rate of 1.73% a year (1.78% in 2013).

At March 31, 2014, R$56,777 (R$ 816,874 in 2013) registered in consolidated current liabilities corresponds mainly to: (i) funds received by the Company due to the cash management agreement of R$ 53,160 (R$811,289 in 2013), substantially paid the amount owed to RCSA during the year ended on March 31, 2014, (ii) ethanol commerce of R$ 3,441 (R$ 5,390 in 2013); and (iii) debit notes for overhead expenses shared between the companies of R$ 176 (R$ 195 in 2013). The Company incurred net financial expenses from cash management funds in the amount of R$ 30,172 (R$ 60,120 and R$ 47,217 in 2013 and 2012 respectively).

(3) Shell Western Supply and Trading

Corresponds to sale of ethanol received in full on March 31, 2014.

(4) Shell Brazil Holding B.V.

The amount recorded as noncurrent assets relates to the right of the Company to receive shares issued by Iogen, a Canadian company. When the JV was formed, these shares were valued at US$109 million, according to a report dated May 31, 2011, issued by an independent specialist company. As of March 31, 2014, the Company recognized as financial income the amount of R$ 12,516 related to the share fair value variance.

On October 15, 2013, the Company received the 50% of common shares of Iogen from Shell. As the carrying amount of Iogen equity is less than zero, Raízen has not accounted for its share of losses due to the fact that the Company does not have an obligation to fund Iogen operations or make payments on behalf of the joint venture. The excess of the consideration paid for Raízen's share of the underlying net assets of R$ 179,876 was recorded as an intangible asset, reflecting the technology to which Raízen will have access (Note 14).

Preferred shares - Cosan

Due to the Ispagnac Participação Ltda. ("IPL") net assets merged into REPSA and, subsequently, merged into Raízen on November 30, 2012, the Company issued preferred Class C shares which will guarantee exclusive dividends to Shell of R$ 3,538 from tax benefits and cash equivalents that was part of IPL net assets. The amounts of R$ 932 and R$ 2,606 are recorded as current and noncurrent liabilities, respectively.

(5) Nova América Agrícola Caarapó Ltda, Nova América Agrícola Ltda. e Agroterenas S.A.

Amounts receivable from these entities mostly comprise advances paid to finance biological asset planting costs, and amounts payable are for purchases for sugarcane. Advances accrue interest income at 100% of the CDI benchmark interest rate. In the year ended March 31, 2014, interest income of R$ 2,375 (zero in 2013) was recognized in respect of these advances. Prices for the purchase of sugarcane are linked to price of Total Recoverable Sugar (ATR) issued by Producers of Sugar Cane, Sugar an Ethanol Counsel ("CONSECANA").

b) Officers and members of the Board of Directors

The total remuneration and benefits paid to management´s key personnel include the directors and officers, members of the executive committee, are as follows:

	2014	2013	2012
Salary	37,743	34,858	27,791
Bonuses and other variable compensation	31,803	27,635	20,545
Total compensation	69,546	62,493	48,336

The Company shares its corporate, managerial and operating structure and costs with its related party Raízen Combustíveis S.A. ("RCSA"). Most management positions are held by employees of the Company. As a result, on March 31, 2014, RCSA reimbursed the Company for all the shared corporate costs, including key personnel and other management employees, for R$54,868 (R$41,706 and R$ 10,098 in 2013 and 2012, respectively).

11 Investments in associates and joint-ventures

a) Investment analysis

						Investments (1)		Equity accounting		
	Country	Business	Number of shares/quotas of investee (2)	Number of shares/quotas of investing company (2)	Percentage interest	2014	2013	2014	2013	2012
Carrying value										
Centro de Tecnologia Canavieira S.A. (4)	Brazil	R&D	634,391	147,978	23.33%	35,977	76,720	(3,645)	-	-
Codexis Inc.	Brazil	R&D	38,156,100	5,582,237	14.63%	13,734	29,912	(14,225)	(4,933)	-
Logum Logística S.A.	Brazil	Logistics	430,559,443	86,111,888	20.00%	49,496	39,281	(16,385)	(12,182)	(6,838)
Uniduto Logística S.A.	Brazil	Logistics	135,545,174	62,995,557	46.48%	20,285	14,040	(179)	(1,240)	(1,934)
Other investments (5)	Brazil	-	-	-	-	-	23,900		-	-
Subtotal						119,492	183,853	(34,434)	(18,355)	(8,772)
Goodwill on investment										
Codexis Inc. (7)						-	78,164	-	-	-
Uniduto Logística S.A. (6)						5,676	5,472	-	-	-
Centro de Tecnologia Canavieira S.A. (6)						37,098		-		
						42,774	83,636	-	-	-
Total investment						162,266	267,489	(34,434)	(18,355)	(8,772)
Provision for unsecured liabilities of subsidiaries and affiliated companies (3)										
Unimodal Ltda.	Brasil	Logistics	2,697	1,980	73,41%	(2,642)	(2,720)	(1)	(90)	(782)
Others	Brazil	-	-	-	-	-	-	-	(79)	(130)
Total provision for unsecured liabilities						(2,642)	(2,720)	(1)	(169)	(912)
								(34,345)	(18,524)	(9,684)

1) Investments measured by the equity method; 2) Shares/quotes in units; 3) Reclassified to current liabilities; 4) On March 31, 2013 the balance includes advance to purchase additional shares for R$ 51,161; 5) On March 31, 2013, the balance includes share purchase commitment amounting to R$23,900 made by subsidiary Curupay to acquire TEAS shares representing 33.33% of its capital stock;6) Goodwill on the acquisition of shares; and 7) Amount reclassified to Intangible Assets (Note 14).

The rollforward of investments in associates and joint-venture is as follows:

Balance on March 31, 2012	70,182
Equity accounting	(18,355)
Additions to investment (11.c)	102,346
Goodwill on investment	1,894
Addition for merger (11.c)	113,100
Others	(1,678)
Balance on March 31, 2013	267,489
Equity accounting	(34,434)
Additions to investment (11.c)	33,228
Write-offs	(23,900)
Transfers to intangible assets (Note 14)	(61,629)
Others	(18,488)
Balance on March 31, 2014	162,266

The rollforward for the provision for unsecured liabilities in subsidiaries and affiliates is as follows:

Balance on March 31, 2012	(2,551)
Equity accounting	(169)
Transfers – investment	-
Balance on March 31, 2013	(2,720)
Equity accounting	(1)
Write-offs	79
Balance on March 31, 2014	(2,642)

b) Summarized financial information of associates and joint-ventures

- As of March 31, 2014

	Logum Logística S.A. (1)/(2)	Uniduto Logística Ltda. (1)/(2)	Codexis, Inc. (1)/(2)	Centro de Tecnologia Canavieira S.A. (2)	Unimodal Ltda.	Iogen Energy Corporation (3)
Assets	1,752,011	43,650	137,839	271,262	1	45,765
Liabilities	(1,504,533)	(9)	(40,661)	(117,387)	(3,603)	(231,162)
Shareholders' equity	247,478	43,641	97,178	153,875	(3,602)	(185,397)
Net operating revenue	3,500	-	68,913	56,875	-	-
Loss for the year	(117,148)	(395)	(89,165)	(910)	-	(1,904)

(1) Associates with December 31 fiscal year-end.

(2) The determination of significant influence in these companies was made on the basis that the Company has the right to appoint key personnel to manage them, as well as the right to decide on significant strategic and operational matters.

(3) Joint venture with August 31 fiscal year-end.

- As of March 31, 2013

	Logum Logística S.A. (1)/(2)	Uniduto Logística Ltda. (1)/(2)	Codexis, Inc. (1)/(2)	Centro de Tecnologia Canavieira S.A. (2)	Unimodal Ltda.
Assets	1,083,020	30,558	201,310	216,910	4
Liabilities	(886,615)	(24)	(43,347)	(56,859)	(3,605)
Shareholders' equity	196,405	30,534	157,963	160,051	(3,601)
Net operating revenue	-	-	177,521	42,635	-
Income (loss) for the year	(57,013)	(482)	(62,037)	(2,490)	(123)

(1) These associates have a December 31 fiscal year-end.

(2) The determination of significant influence in these companies was made on the basis that the Company has the right to appoint key personnel to manage them, as well as the right to decide on significant strategic and operational matters.

c) Business Combinations

i) Costa Rica Canavieira Ltda. ("Costa Rica")

On June 28, 2012, Raízen Energia acquired all the shares of Costa Rica, for R$115,000, as follows: i) R$100,000 paid in cash and ii) conditional payment of up to R$15,000, depending on the fulfillment of specified terms of the agreement. This acquisition was made to increase the supply of sugarcane and to achieve synergies in existing Company operations.

On July 6, 2012, the Company paid R$8,435 to settle the conditional payment. Thus upon completion of the transaction, the amount paid for the acquisition of Costa Rica totaled R$108,435.

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

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

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

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

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

ii) Acquisition of Cerrado ("Cerrado")

On December 17, 2013, Raízen acquired all outstanding shares of Cerrado for R$47,500 plus a prepayment of R$1,403 to suppliers as an advance for 2014/2015 harvest expenses. The acquisition was made to increase the sugar cane offer and the expected synergies arising from existing operation of the Company. The net assets of Cerrado was merged into Raízen on January, 2014, and the Company recognized the amount of R$ 3,677 (Note 12) as fair value of biological assets

Raízen is analyzing the purchase price allocation which is expected to be concluded by December, 2014. As a result of Cerrado's acquisition, the Company registered preliminary goodwill of R$ 33,663 (Note 14).

Description	Total
Biological assets	15,240
Consideration transferred, net of cash received	48,903
Goodwill	33,663

Cerrado was merged into the Company on January 29, 2014.

d) Transactions in 2014 and 2013

i) Centro de Tecnologia Canavieira S.A. ("CTC")

On January 7, 2013, under a private agreement for the purchase and sale of shares entered into with Cosan, Raízen Energia purchased 73,102 of CTC shares, representing a 11.52% stake, for R$51,161. On April 24, 2013, the share acquisition was approved, without restriction, by the Administrative Economic Defense Council (*Conselho Administrativo de Defesa Econômica* or CADE). Now, the Company owns 23.33% of the capital shares, and has recognized goodwill of R$37,098.

ii) Logum Logística S.A. ("Logum")

On September 12, 2013, pursuant to the approval of Logum's Board of Directors, Logum issued 158,056,914 common shares for R$ 80,000. The amount subscribed and paid by the Company totaled R$ 16,000, corresponding to 31,611,383 common shares. There was no interest dilution.

Additionally, on November 19, 2013, pursuant to the approval of Logum's Board of Directors, the Company issued 117,689,804 more common shares for R$ 53,000. The amount subscribed and paid by the Company totaled R$ 10,600, corresponding to 23,537,961 common shares. There was no interest dilution.

iii) Uniduto Logística S.A. ("Uniduto")

On September 9, 2013, under a private agreement for the purchase and sale of shares, Raízen Energia purchased 528,406 common shares of Uniduto for R$354, representing 0.49% of the shareholders' capital of Uniduto, thereby increasing the Company's interest in Uniduto to 46.47%.

On the same date as above, the Board of Directors approved the increase of shareholders' capital in the amount of R$ 8,000. The amount subscribed and paid by the Company totaled R$ 3,718, and there was no interest dilution.

Additionally, the Board of Directors approved an increase of shareholders' capital of R$ 5,300 on November 19, 2013. The amount subscribed and paid by the Company totaled R$ 2,463,and there was no interest dilution.

In February 2014, the Company transferred the amount of R$ 93 to Uniduto as future capital increase.

iv) Cerrado

As mentioned on Note 11.d, Company acquired the total shares of Cerrado for R$ 48,903.

v) Iogen Energy Corporation

On October 15, 2013, Raízen received 805,056.5 common shares of Iogen from Shell as a capital contribution pursuant to the shareholders meeting of November 30, 2012.

Iogen was founded in 1978, and is headquartered in Ottawa, Canada. The entity was established to hold technology rights related to manufacturing of cellulosic ethanol. Iogen performs research and development activities including the operation of a demonstration plant; however, the entity has not generated any significant revenue from its operations.

Each of Raízen and Iogen Corporation own 50% of common share of the Iogen, and together represent the ultimate controlling party; therefore, the strategic and financial decisions are jointly taken by the two ultimate controlling parties.

Raízen accounts for its investment in Iogen using the equity method from the date that the joint control was obtained. The excess of the consideration paid for Raízen's share of the underlying net assets was recorded as an intangible asset, reflecting the technology to which Raízen will have access.

Raízen has not accounted for its share of losses as the Company does not have an obligation to fund Iogen operations or make payments on behalf of the joint venture.

12. Biological assets

The rollforward of biological assets (sugarcane) is presented below:

Balance on March 31, 2012	1,962,801
Expenditures with plantations (1)	505,516
Sugarcane cultivation costs (1)	489,316
Absorption of costs of sugarcane harvest	(774,962)
Provisional allocation of Costa Rica acquisition (Note 11.c)	20,827
Change in fair value, net of amortization (2)	(225,021)
Balance on March 31, 2013	1,978,477
Expenditures with plantations (1)	399,889
Sugarcane cultivation costs (1)	506,097
Absorption of costs of sugarcane harvest	(794,238)
Provisional allocation of Cerrado (Note 11.c)	15,240
Change in fair value, net of amortization	(68,772)
Balance on March 31, 2014	2,036,693

(1) Includes agricultural assets depreciation of R$67,339 (R$72,803 in 2013).

Sugarcane stumps

The cultivated areas represent only the sugarcane plantations, without taking into account the land on which the crops are planted. The following assumptions were used to determine fair value using the discounted cash flow method(parent company and consolidated):

	2014	2013
Estimated area of the harvest (hectare)	425,708	400,294
Productivity expected (metric tons of sugarcane, per hectare)	79.67	85.24
Amount of TRS (Total Recoverable Sugar)(Kg)	134.14	136.14
Price of Kg of projected average TRS (R$/Kg)	0.49	0.47

Sugar production depends on the volume and sucrose content of the sugarcane grown or supplied by growers located near the Company's plants. The yield of the crop and the sucrose content in the sugarcane depend mainly on climatic conditions, such as the amount of rain and the temperature, which can vary.

In the past, climatic conditions have led to volatility in the ethanol and sugar sectors of the Company's operating results by damaging the crops and reducing the yield. Climatic conditions can reduce the amount of sugar and sugarcane that the Company obtains in a specific season, or the sucrose content in the sugarcane. The business is also affected by the growth cycle of sugarcane in the central southern region of Brazil. The annual sugarcane harvest in the central southern region of Brazil starts in April or May and ends in November or December. The seasonality increases the inventory levels, which are generally high in November and December to cover the period between harvests (i.e. from December to April).

13. Property, plant and equipment

a) Property, plant and equipment rollforward

	Land and rural properties	Buildings and improvements	Machinery, equipment and installations	Aircraft and vehicles	Furniture, fixtures and computer equipment	Works in progress	Parts and components to be periodically replaced	Others	Total
Cost									
As of March 31, 2012	44,157	880,057	5,685,058	353,187	103,053	703,321	1,030,849	41,853	8,841,535
Additions	-	1,874	67,975	189	255	789,010	602,295	-	1,461,598
Disposals	(7,632)	(820)	(43,365)	(5,964)	(6,672)	-	-	(1,783)	(66,236)
Transfers from cost to depreciation	-	2,695	(79,586)	(12,680)	85	(2,545)	2	(178)	(92,207)
Transfers (1)	-	41,182	649,005	55,070	10,017	(771,462)	(530,708)	(10,520)	(557,416)
Others	-	-	-	-	319	-	-	-	319
As of March 31, 2013	36,525	924,988	6,279,087	389,802	107,057	718,324	1,102,438	29,372	9,587,593
Additions	-	576	51,060	-	1,504	936,245	561,761	-	1,5551,146
Disposals	(10,148)	(2,404)	(54,789)	(7,653)	(2,373)	-	-	(1,410)	(78,777)
Transfers from cost to depreciation	-	(679)	(5,622)	(420)	(41)	(482)	-	-	(7,244)
Transfers (1)	-	65,124	580,960	87,644	13,738	(762,751)	(616,762)	2,384	(629,663)
Reversal of loss provision	-	-	-	-	-	-	-	5,792	5,792
Others (2)	-	-	-	-	167	-	-	-	167
As of March 31, 2014	26,377	987,605	6,850,696	469,373	120,052	891,336	1,047,437	36,138	10,429,014
Depreciation									
As of March 31, 2012	-	(204,918)	(1,700,674)	(173,263)	(55,899)	-	(530,708)	(22,468)	(2,687,930)
Expense with depreciation for the year	-	(32,612)	(271,096)	(28,795)	(13,274)	-	(616,762)	(1,464)	(964,003)
Disposals	-	815	40,254	4,726	6,449	-	-	1,703	53.947
Transfers from cost to depreciation	-	(2,695)	82,701	12,328	(82)	-	-	(45)	92,207
Transfers (1)	-	(8)	986	66	12	-	530,708	-	531,764
As of March 31, 2013	-	(239,418)	(1,847,829)	(184,938)	(62,794)	-	(616,762)	(22,274)	(2,974,015)
Expense with depreciation for the year	-	(36.110)	(255.069)	(29.072)	(13.490)	-	(553.340)	(2.069)	(889.150)
Disposals	-	2.406	48.287	6.263	2.254	-	-	1.378	60.588
Transfers from cost to depreciation	-	679	6.105	107	353	-	-	-	7.244
Transfers (1)	-	(42)	163	37	8	-	616.762	-	616.928
As of March 31, 2014	-	(272.485)	(2.048.343)	(207.603)	(73.669)	-	(553.340)	(22.965)	(3.178.405)
Net carrying value:									
As of March 31, 2014	26.377	715.120	4.802.353	261.770	46.383	891.336	494.097	13.173	7.250.609
As of March 31, 2013	36,525	685.570	4,431,258	204,864	44,263	718,324	485.676	7,098	6,613,578

(1) Includes R$9,059 transferred to current assets in respect of recoverable ICMS credits, and R$20,169 and R$ 1,625 transferred to intangible assets for software licenses and the right to the use of public concessions, respectively.
(2) Includes R$1,373 of provision for inventories losses and reversal of R$ 7,165 of provision for loss on advances (Note 25).

Construction in progress

On March 31, 2014, R$891,336 (R$718,324 in 2013), refers to: (i) vinasse project concentration, (ii) investments to expand the sugar cane mill, (iii) energy cogeneration project - shredded cane and straw separation , (iv) tank installation for ethanol stock capacity improvement, (v) investments to improve industrial conditions, agricultural automations, and Health, Safety & Environment and administrative investments.

Capitalization of loan costs

During the year ended March 2014, the Company capitalized interest of R$44,296 (R$41,490 and R$57,472 in 2013 and 2012 respectively). The interest was allocated to machinery and equipment. The weighted average interest rate utilized to determine the capitalized amount was 4.17% p.a. (4.07% and 5.97% in 2013 and 2012, respectively).

Finance leases

On March 31, 2014, the net amount of aircraft, furniture and fittings subject to financial leasing is R$ 6,662 (R$ 8,318 in 2013).

Property, plant and equipment pledged

On March 31, 2014, the loans and financing are secured by land, buildings and machinery of R$2,291,344 (R$2,632,163 in 2013).

Impairment analysis

As determined by the accounting policy described in Note 2.3 (l), the Company tests property, plant and equipment for impairment at least once a year, in order to identify possible indications of impairment.

The Company determines recoverable value by the value in use method, based on projections of discounted cash flows from the cash generating units.

This value in use is estimated on the basis of the present value of future cash flows, according to the Company's best estimates. Cash flows from the continued use of the related assets are adjusted for specific risks, and use a pre-tax discount rate. This rate is derived from the after-tax rate of the Weighted Average Cost of Capital (WACC).

As of March 31, 2014 and 2013, the Company has not identified any indications of impairment in property, plant and equipment. Therefore, no relevant property, plant and equipment impairment loss was recorded in the years ended March 31, 2014 or 2013.

14. Intangible

a) Intangible assets rollforward

	Software licenses (3)	Goodwill	Agricultural partnership agreements	Sugarcane supply agreements	Right to use public concessions	Technology (4)	Others (1)	Total
Cost								
As of March 31, 2012	80,196	1,459,100	-	155,505	-		16,740	1,711,541
Additions	5,106	-	-	-	-		-	5,106
Provisional allocation of Costa Rica acquisition (Note 11.c)	-	58,502	9,375	-	-		-	67,877
Transfer	2,094	-	-	1,934	10,811		-	14,839
Accumulated translation adjustments	-	-	-	-	-		1,952	1,952
As of March 31, 2013	87,396	1,517,602	9,375	157,439	10,811		18,692	1,801,315
Additions	275	-	-	-	-	-	-	275
Capital contributions Iogen (Note 11.d)	-	-	-	-	-	179,876	-	179,876
Costa Rica Allocation (Note 11.c)	-	(1,333)	(3,268)	20,847	-	-	-	16,246
Provisional allocation of Cerrado (Note 11.c)	-	33,663	-	-	-	-	-	33,663
Transfer (2)	20,180	-	-	-	1,732	61,629	-	83,541
Provision for losses	-	-	-	-	-	(6,569)	-	(6,569)
Accumulated translation adjustments	-	-	-	-	-	-	1,553	1,553
As of March 31, 2014	107,851	1,549,932	6,107	178,286	12,543	234,936	20,245	2,109,900
Amortization								
As of March 31, 2012	(61,811)	(431,380)	-	(23,759)	-		(2,642)	(519,592)
Amortization expense in the year	(9,435)	-	(879)	(8,777)	(991)		(7,022)	(27,104)
Transfers	(298)	-	-	-	(49)		-	(347)
As of March 31, 2013	(71,544)	(431,380)	(879)	(32,536)	(1,040)		(9,664)	(547,043)
Amortization expense in the year	(7,877)	-	(880)	(11,700)	(2,162)	-	(4,983)	(27,602)
Transfers (2)	(11)	-	-	-	(107)	-	-	(118)
As of March 31, 2014	(79,432)	(431,380)	(1,759)	(44,236)	(3,309)	-	(14,647)	(574,763)
Net carrying value:								
As of March 31, 2014	28,419	1,118,552	4,348	134,050	9,234	234,936	5,598	1,535,137
As of March 31, 2013	15,852	1,086,222	8,496	124,903	9,771	-	9,028	1,254,272

(1) Intangible assets registered in Raízen Trading corresponding to the portfolio of customers and licenses to operate in Europe and the United States.

(2) Includes the transfer from property, plant and equipment of R$21,794, and the Codexis investment relating to technological contracts to produce Second Generation Ethanol (E2G) of R$ 90,926 (Note 11). The amortization of the technological contracts will begin when the E2G facility starts its operation over a period of 20 years.

(3) As of March 31, 2013, software licenses net amounted of R$2,842 (R$ 4,145 in 2013). The Company is the lessee for financial leasing operation agreements.

(4) The Company is building in Piracicaba (SP), the first E2G facility in Brazil. The facility will have a production capacity of 40 million litres of ethanol, using the technology developed by Iogen. This technology was granted to RESA by exclusively contractual rights to use and sell it in the territories which Raízen operates. The amortization of the technological contracts will begin when the E2G facility start its operation over the period the Company expects to obtain the benefits from the agreement.

On March 31, 2013, the Company estimated losses related to technology agreements from Codexis of R$ 6,569 recorded as impairment provision, and recognized in the consolidated statement of income as other income (expenses), net (Note 25).

Goodwill

The goodwill refers to the expectation of future profitability of the entities acquired by Company. Goodwill was amortized on a straight-line basis through March 31, 2009, prior to the adoption of IFRS. As of March 31, 2014 and 2013, the balance of goodwill is as follows:

Goodwill (a)	**2014**	**2013**
In the acquisition of Costa Rica Canavieira Ltda. (Note 11.c.i)	57,169	58,502
In the acquisition of Cerrado Açucar e Álcool S.A. (Note 11.c.ii)	33,663	-
In the acquisition of Cosan S.A. Açúcar e Álcool (atual RESA)	558	558
In the acquisition of Univalem S.A. Açúcar e Álcool	5,018	5,018
In the acquisition of Usina Açucareira Bom Retiro S.A.	81,575	81,575
In the acquisition of Usina Benálcool	149,247	149,247
In the acquisition of Usina Santa Luíza	42,348	42,348
In the acquisition of Usina Zanin Açúcar e Álcool	98,380	98,380
In the acquisition of Vertical	4,313	4,313
In the acquisition of shares of TEAS	7,301	7,301
In the acquisition of Grupo Corona	380,003	380,003
In the acquisition of Grupo Destivale	42,494	42,494
In the acquisition of Grupo Mundial	87,435	87,435
In the organization of FBA - Franco Brasileira S.A. Açúcar e Álcool	4,407	4,407
In the merger of Curupay S.A. Participações	109,841	109,841
In capital payment of Mundial	14,800	14,800
	1,118,552	1,086,222

Analysis of impairment of cash generating units containing goodwill

The Company performed the annual impairment analysis of goodwill based on the value in use that was determined by a discounted cash flow model, in accordance with the allocation of goodwill and intangible assets to the cash generating units (Note 2.3 (l)).

Goodwill is allocated to Cash Generating Units (CGUs), identified according to the operating region, as follows:

Operating – Regional	**2014**	**2013**
Piracicaba	138,744	140,077
Jaú	558	558
Araraquara	554,394	520,731
Araçatuba	303,400	303,400
Assis	109,840	109,840
Others	11,616	11,616
Total	1,118,552	1,086,222

Long term non-financial assets which are not subject to amortization are revised whenever there are indications of impairment.

The Company determines recoverable value by the value in use method (Note 13), which is based on a projection of the expected discounted cash flows from the cash generating units, as determined by

Management on the basis of budgets taking into account the assumptions for each CGU, using information available in the market and past performance. The discounted cash flows were prepared for a period of 30 years, without taking into account a growth rate. The discount rates vary from 8.5% to 10% p.a..

The main assumptions used were: commodity sales price expectations over the long term, productivity of the agricultural areas, performance of Total Recoverable Sugar (TRS) and operating and administrative costs. All future cash flows were discounted at a rate that reflects the specific risks applicable to the relevant assets in each cash generating unit.

On the basis of the annual tests, no impairment charge against assets or goodwill was recognized in the years ended March 31, 2014 or 2013. Determination of the recoverability of assets depends on certain key assumptions, as described above. These assumptions are influenced by market, technological and economic conditions existing at the time of the test, and so it is not possible to ascertain whether impairment losses will occur in the future or, if they do, whether they will be material.

15. Trade accounts payable

	2014	2013
Materials and services	511,313	383,775
Sugarcane	126,550	108,022
Current	637,863	491,797

Materials and services mainly refers to equipment and machineries acquired that will be settled in the next 12 months.

The sugarcane harvest period, which takes place between April and December each year, on average, has a direct impact on the balances with sugarcane suppliers and the corresponding harvesting, loading and transport services.

16. Loans and financing

	Financial charges				
Purpose	**Floating/fixed rate**	**Effective annual average interest rate (1)**	**2014**	**2013**	**Maturity**
Classification of debts by currency					
Denominated in Reais			4,527,519	3,129,104	
Denominated in Dollars			3,128,269	2,839,763	
			7,655,788	5,968,867	
Nature of debts (2):					
BNDES	URTJLP	7.7% (7.6% in 2013)	1,415,767	1,449,170	October 2025
BNDES	Fixed rate	4.3% (4.5% in 2013)	657,742	384,919	November 2023
BNDES	UMBND	6.7% (6.5% in 2013)	44,477	33,240	January 2024
Debentures	CDI	11.6%	467,421	-	October 2018
Debentures	IPCA	17.1%	324,243	-	October 2020
Advance payments	Dollar (US) + LIBOR	2.0% (4.2% in 2013)	1,076,882	918,290	September 2017
Term Loan Agreement	Dollar (US) + LIBOR	1.7% (1.8% in 2013)	1,019,233	907,019	December 2015
Working capital	Fixed rate	14% (14% in 2013)	5,383	9,417	March 2015
Senior Notes Due 2017	Dollar (US)	7.0% (7.0% in 2013)	915,585	814,761	February 2017
Resolution 2471 (PESA)	IGP-M	11.4% (9.8% in 2013)	806,703	752,257	April 2023
Resolution 2471 (PESA)	Fixed rate	3.0% (3.0% in 2013)	91	99	October 2025
Resolution 2471 (PESA)	CDI	10.9% (7.0% i 2013)	643,623	318,908	October 2020
Resolution 2471 (PESA)	Fixed rate	4.8% (5.4% in 2013)	111,720	129,312	January 2024
Credit notes	URTJLP	10.6% (9.5% in 2013)	102	10,117	May 2014
Finame/*Leasing*	Dollar (US)	1.9% in 2013	-	51,065	March 2014
Finame/*Leasing*	Fixed rate	5.5% (5.5% in 2013)	50,246	41,665	November 2014
Advances on foreign Exchange contracts	Dollar (US)	Miscellaneous	116,570	148,628	Miscellaneous
			7,655,788	5,968,867	
Transaction costs:					
BNDES			(3,135)	-	
Debentures			(5,185)	-	
Advance payments			(5,854)	(9,636)	
Senior Notes Due 2017			(7,143)	(8,667)	
Credit notes			(952)		
			(22,269)	(18,303)	
			7,633,519	5,950,564	
Current			(1,122,633)	(1,070,997)	
Noncurrent			6,510,886	4,879,567	

(1) The effective annual interest rate corresponds to the contractual interest rate of the agreement plus LIBOR, Reference Unit to adjusted Long-Term Interest Rate ("URTJLP"), General Market Price Index ("IGP-M") or Monetary Unit of Banco Nacional do Desenvolvimento ("UMBND"), as applicable.

(2) The loans and financing are generally secured by promissory notes issued by the Company. In some cases, sureties are also given by its subsidiaries, by Raízen Combustíveis S.A. or by shareholders, in addition to collateral such as: i) credit rights arising from energy sales agreements (BNDES); ii) CTN and mortgage of land (PESA); iii) property, plant and equipment (Note 13); and iv) fiduciary lien on the assets financed (Finame).

The maturities of the non-current amounts payable, net of amortization of transaction costs, are as follows:

	2014	2013
13 to 24 months	1,735,825	688,166
25 to 36 months	1,576,290	1,517,074
37 to 48 months	593,017	1,072,328
49 to 60 months	1,107,656	261,960
61 to 72 months	697,353	525,431
73 to 84 months	574,401	372,323
85 to 96 months	100,042	289,171
As from 97 months	126,302	153,114
	6,510,886	4,879,567

PESA - Resolution 2471

From 1998 to 2000, the Company renegotiated debt related to agricultural funding with several financial institutions, thereby reducing financial costs to annual interest rates below 11.4% and guaranteeing the settlement of the debt with the assignment and transfer of CTNs - Restricted Brazilian Treasury Bills redeemable on the debt maturity dates, using the incentive introduced by Resolution No. 2471, issued by the Central Bank of Brazil on February 26, 1998. This debt is settled through redemption of CTNs and the compliance with the contractual dispositions, as mentioned in Note 9.

Senior Notes Due 2017

On January 26, 2007, the subsidiary Raízen Energy Finance Limited issued in the international capital markets pursuant to Regulations S and 144A US$400 million of Senior Notes that bear interest at a rate of 7% per annum, payable semi-annually in February and August of each year.

BNDES

These are funds raised by the Company and its direct and indirect subsidiaries for financing cogeneration and greenfield projects and for renewing, establishing new cane fields (Prorenova), and to finance the construction of the E2G facility.

As of March 31, 2014, the Company had unused lines of credit available from BNDES amounting to R$ 1,227,872 (R$ 770,782 in 2013). Use of these lines of credit is conditional upon meeting certain contractual conditions.

Advances on foreign exchange contracts and credit notes

Advances on foreign exchange contracts and credit notes were obtained from several banking institutions and will be settled against export proceeds in 2020. These transactions bear interest at rates of 10.9% per annum respectively, payable at the maturity date.

FINAME

This refers to financing operations under FINAME - *Financiamento de Máquinas e Equipamentos* (Machinery and Equipment Financing), made available through several financial institutions, to be used for investment in property, plant and equipment. These loans are subject to effective interest rates varying from 4.8% to 10.6% per annum, payable each six months and in the maturity.

Term Loan Agreement (Syndicated loan)

On December 5, 2002, the indirect subsidiary Raízen Cayman Limited obtained a syndicated loan from several financial institutions of US$450 million. The loan is subject to the exchange variation of the US Dollar plus annual interest of 1.5%, and quarterly LIBOR. The effective interest rate is 1.73% (1.78% in 2013), p.a., payable quarterly. The principal is to be repaid on December 7, 2015.

Export pre-payment

During 2009 and 2013, the Company entered into export pre-payment agreements with several institutions to finance future sugar exports. The loan is subject to the exchange variation of the US Dollar plus quarterly and annual LIBOR. The effective interest rate is 2.0% (1.78% in 2013), per annum, and to be repaid in 2017.

Debentures

On October 21, 2013, Comissão de Valores Mobiliários ("CVM") granted to the Company the registration of Public Company, listed as B Category.

On the same date, the CVM approved the Company's registration of its first public issuance of non-convertible debentures with a unit par value of R$1,000.00 (one thousand reais), in the total amount of R$ 750,000.

The Company used the net proceeds of the offering of R$747,710 to (a) improve its cash and cash equivalents; and (b) to finance the 2013/2014 harvest, it includes investments in land and facilities pursuant to Law 12.431.

The debentures are indexed as follows:

	Index	Annual interest rate	Effective annual average interest rate	Principal	Date of proceeds	Maturity
1ª Series	CDI	0.89%	11.5%	105,975	25/10/2013	October 2018
2ª Series	CDI	0.94%	11.6%	340,000	28/10/2013	October 2018
3ª Series	IPCA (*)	6.38%	17.1%	304,025	29/10/2013	October 2020

(*) National Extended Consumer Price Index.

Covenants

The Company is subject to certain financial covenants in connection with its loans and financing, including cross-default and negative pledges. As of March 31, 2014, the Company is in compliance with its financial covenants.

Fair value

As of March 31, 2014 and 2013, the consolidated carrying values and fair value of loans and financing are as follows:

	Carrying value		Fair value	
	2014	2013	2014	2012
Senior Notes Due 2017	915,585	814,761	1,011,081	929,236
Other loans and financing	6,740,203	5,154,106	6,740,203	5,154,106
Transaction costs	(22,269)	(18,303)	(22,269)	(18,303)
	7,633,519	5,950,564	7,729,015	6,065,039

The fair value of the Senior Notes due in 2017 is based on prices quoted at the balance sheet dates (Note 27.j).

The other borrowings and financing, as well as debentures, are adjusted based on interest rates contracted, mainly floating rate, based on usual market conditions. Therefore, balances payable at the reporting dates substantially approximate their fair values, including those classified as "non-current" (Note 27.j).

17. Taxes payable

	2014	2013
Installment payments (Refis IV)	697,492	640,462
ICMS	56,832	38,321
Social Security (INSS)	24,181	26,161
COFINS	20,235	11,582
IRRF (Withholding Income Tax)	7,506	6,567
FGTS (Government Severance Indemnity Fund for Employees)	5,587	5,550
IOF (Tax on Financial Transactions)	3,636	3,636
PIS	4,439	2,325
IPI (Excise Tax)	547	1,751
Others	3,491	4,210
	823,946	740,565
Current	(156,572)	(113,877)
Non-current	667,374	626,688

The breakdown of current and non-current liabilities is as follows:

	2014	2013
Current		
Taxes payable	89,162	57,809
Installments taxes - reimbursable (Note 10)	65,326	52,117
Installments taxes - non-reimbursable	2,084	3,951
	156,572	113,877
Non-current		
Installments taxes - reimbursable (Note 10)	632,218	589,001
Tax Incentive - ICMS	31,393	32,148
Installments taxes - non-reimbursable	3,761	5,539
	667,374	626,688
	823,946	740,565

The amounts payable over one year are scheduled to mature as follows:

	2014	2013
13 to 24 months	66,422	58,795
25 to 36 months	65,611	57,954
37 to 48 months	64,936	57,126
49 to 60 months	63,702	56,485
61 to 72 months	63,702	55,321
73 to 84 months	63,702	55,321
85 to 96 months	63,702	55,322
As from 97 months	215,597	230,364
	667,374	626,688

Tax Amnesty and Refinancing - Law 11.941/09 and Provisional Measure (MP) 470/09 ("Refis IV")

On May 27 and October 13, 2009, Law 11.941 and MP 470 were sanctioned by the Brazilian government, setting up an amnesty and tax refinancing program (Refis IV), allowing taxpayers to settle federal tax obligations though refinancing programs and including other federal taxes challenged in the courts, with discounts on existing penalties and interest.

According to the JV agreement signed by the shareholders, any payment related to installments of tax obligations existing before June 1, 2011, is to be repaid in full by Cosan to the Company (Note 10).

Tax incentive - ICMS

The Company, through its subsidiary Centroeste, benefits from a state incentive program in State of Goiás, in the form of financing part of the ICMS payments, called "*Programa de Desenvolvimento Industrial de Goiás - Produzir*", with deferral of tax payments. The Company's right to the grant is conditional on its complying with all the obligations determined by the program, the terms of which relate to factors under the Company's control.

For the years ended March 31, 2014, 2013 and 2012, the incentive in the consolidated statement of income is R$ 25,260, R$22,930 and R$15,008, respectively, recorded under "Other operating income, net" (Note 25).

18. Income and social contribution taxes

a) Reconciliation of income tax and social contribution benefit (expense):

	2014	2013	2012
Income before taxes	188,515	139,317	479,687
Nominal tax rate (34%)	(64,095)	(47,368)	(163,094)
Reconciling items:			
Equity interest in income of associates	(11,708)	(6,298)	(3,293)
Gifts, donations, class associations	(3,379)	(3,752)	(1,996)
Exchange variation on overseas investee	3,046	2,149	923
Tax incentive – ICMS	10,911	15,264	5,103
Deferred taxes on provisions contributed upon formation of the JV	-	16,924	-
Interest on net equity	13,600		
Others	3,993	760	(14,283)
Income and social contribution taxes benefit (expense)	(47,632)	(22,321)	(176,640)
Effective rate	(25.27%)	(16.02%)	(36.82%)

a.1) Recoverable income tax and social contributions

	2014	2013
Income tax	269,244	105,958
Social contribution	90,649	23,339
	359,893	129,297
Current	(359,893)	(93,894)
Noncurrent	-	35,403

a.2) Payable income tax and social contribution

	2014	2013
Income tax	570	4,518
Social contribution	190	2,227
Current	760	6,745

Beginning in August 2013, the Company opted to calculate income tax and social contribution based on the presumed profits method which had a positive effect on the recoverable taxes accounted as current and noncurrent assets (Note 18.a.1). The prepaid tax was offset against other federal taxes (Pis, Cofins and IOF).

b) Deferred income tax (IRPJ) and social contribution (CSLL) assets and liabilities:

Assets (liabilities)	Base	IRPJ 25%	CSLL 9%	2014 Total	2013 Total
Tax losses:					
Tax loss carryforwards (corporate income tax)	1,121,635	280,409	-	280,409	230,789
Negative calculation basis (social contribution)	1,133,584	-	102,023	102,023	84,168
Temporary differences:					
Tax goodwill from downstream merger	531,853	132,963	47,867	180,830	229,051
Provision for tax, civil and labor risks	266,321	66,580	23,969	90,549	70,802
Provision for write-off against goodwill	288,549	72,137	25,969	98,106	98,106
Miscellaneous provisions and other temporary differences	278,801	69,700	25,093	94,793	50,856
Foreign exchange variance - Cash basis	348,424	87,106	31,358	118,464	53,728
Biological assets	(68,142)	(17,035)	(6,133)	(23,168)	(42,341)
Capitalized cost of loans	(220,983))	(55,246)	(19,888)	(75,134)	(62,296)
Fair value of property, plant and equipment	(372,179)	(93,045)	(33,496)	(126,541)	(132,941)
Revision of property, plant and equipment useful life	(796,026)	(199,007)	(71,642)	(270,649)	(177,506)
Amortized tax goodwill	(689,603)	(172,401)	(62,064)	(234,465)	(193,385)
Total deferred taxes		172,161	63,056	235,217	209,031
Deferred taxes - Assets, net				256,611	247,707
Deferred taxes - Liabilities, net				(21,394)	(38,676)
Total deferred taxes				235,217	209,031

c) Rollforward of deferred taxes is set forth below:

	2014	2013	2012
Balance at beginning of the year	209,031	(72,668)	42,515
Recognized in the statement of income	(18,562)	82,299	(144,954)
Deferred taxes on other comprehensive income	57,251	(36,778)	(14,542)
Deferred taxes on goodwill (Notes 1 and 21.a)	-	241,107	-
Deferred taxes on fair value allocation of Costa Rica (Note 11)	(17,357)	-	-
Capital contribution (Note 21.a)	-	-	(119,342)
Deferred taxes on write-off of Zanin assets	-	-	75,840
Adjustment due to sale of net assets relating to sugar retailing	-	-	(12,956)
Deferred taxes due to write-off of goodwill	-	-	98,106
Write off of contractual land leasing rights	1,111		
Other adjustments in connection with the formation of the JV	3,743	(4,929)	2,665
Balance at the end of the year	235,217	209,031	(72,668)

d) Estimated time of realization

Deferred taxes arising from temporary differences will be realized as they are settled or realized. Tax loss carryforwards do not expire; however, the use of prior-year accumulated losses is limited to 30% of annual taxable income. The period of the settlement or realization of such differences would not be properly estimated and is tied to several factors that are not under control of the Management.

When assessing the likelihood of the realization of deferred tax assets on income tax loss carryforward and negative calculation bases of social contribution, Management considers the Company's budget, strategic plan and projected taxable income. Based on this estimate, Management believes that it is probable that the deferred tax asset will be realized, as shown below:

Years:	
2015	270,699
2016	278,672
2017	117,973
2018	67,153
2019	33,226
After 2019	197,451
Total	965,174

As of March 31, 2014, the Company's subsidiaries Curupay Agroenergia Ltda., Agrícola Ponte Alta Ltda., Raízen Biotecnologia S.A. and Unimodal Ltda had accumulated tax losses of R$ 32,422 (R$ 30,403 in 2013) for which no deferred tax assets are recognized, as the use of these losses is not considered probable.

19. Provision for tax, civil and labor risks

During the process of the formation of the joint venture (Notes 1 and 21.a), it was agreed that Cosan should reimburse the Company for the amount of lawsuits in progress before its incorporation, when effectively settled by the courts. On March 31, 2014 and 2013, the balances of such claims to be reimbursed and non-reimbursable are as follows:

			2014	2013
	Non-reimbursable claims	Reimbursable claims	Total	Total
Tax	92,249	59,929	152,178	185,354
Civil	6,140	27,666	33,806	28,547
Labor	47,927	109,363	157,290	122,373
	146,316	196,958	343,274	336,274

Also at the time of the formation of the joint venture, it was agreed that the Company would reimburse Cosan for the amount of judicial deposits made before its incorporation, when effectively received. On March 31, 2014 and 2013, the balance of refundable and non-refundable deposits is as follows:

			2014	2013
	Court deposits of the Company	Refundable court deposits	Total	Total
Tax (1)	98,258	152,155	250,413	206,050
Civil	909	5,368	6,277	6,159
Labor	5,881	19,845	25,726	24,176
	105,048	177,368	282,416	236,385

(1) As of March 31, 2014 and 2013, this includes R$ 86,169 in refundable judicial deposits which are being constituted under Law 11.941 (Note 17).

i) Non-reimbursable claims

	Tax	Civil	Labor	Total
As of March 31, 2013	69,666	4,009	14,559	88,234
Provisioned in the year (i)	31,783	3,710	59,120	94,613
Write-offs / reversals (i)	(5,745)	(2,097)	(30,273)	(38,115)
Interest	(3,455)	518	4,521	1,584
As of March 31, 2014	92,249	6,140	47,927	146,316

i) Accounted for in the consolidated statement of income of the year as "Other operating income (expenses)" (Note 25), except for the INSS provision on revenues, of R$ 31,301 (R$18,285 in 2013), reclassified from "Taxes payable" in current liabilities.

ii) Refundable claims (1)

	Tax (2)	Civil	Labor	Total
As of March 31, 2013	115,688	24,538	107,814	248,040
Provisioned in the year	24,104	2,405	67,189	93,698
Write-offs / reversals	(18,924)	(1,513)	(67,108)	(87,545)
Payments	(33,477)	-	-	(33,477)
Interest	(27,462)	2,236	1,468	(23,758)
As of March 31, 2014	59,929	27,666	109,363	196,958

(1) The rollforward of refundable claims does not affect the consolidated statement of income.

(2) The decrease of tax claims, mainly related to write-off, reversals, and interests, are due to the adoption of Amnesty Program of Sao Paulo State – PEP ICMS (Note 19.a.i).

iii) Total claims

	Tax (1)	Civil	Labor	Total
As of March 31, 2013	185,354	28,547	122,373	336,274
Provisioned in the year	55,887	6,115	126,309	188,311
Write-offs / reversals	(24,669)	(3,610)	(97,376)	(125,655)
Payments	(33,477)	-	-	(33,477)
Interest	(30,917)	2,754	5,984	(22,179)
As of March 31, 2014	152,178	33,806	157,290	343,274

(1) The decrease of tax claims, mainly related to write-off, reversals, and interests, are due to the adoption of Amnesty Program of Sao Paulo State – PEP ICMS (Note 19.a.i).

Contingencies for probable losses

a) *Tax*

The main tax claims as of March 31, 2014 and 2013 are as follows:

	Non-reimbursable claims	Reimbursable claims	2014 Total	2013 Total
INSS (ii)	90,893	32,203	123,096	81,607
ICMS credits (i)	-	17,151	17,151	71,502
IPI	-	967	967	17,387
PIS and COFINS	1,356	1,614	2,970	5,809
Others	-	7,994	7,994	9,049
	92,249	59,929	152,178	185,354

i) The amount accrued as ICMS credits refers to: (a) tax assessment notices received which, despite being challenged at the administrative or court levels, the Company's legal counsel believes that the likelihood of loss is probable; (b) use of credits and financial charges in matters where the interpretation of the Company's management and legal counsel differs from that of the tax authorities.
In the year ended March 31, 2014, the Company joined the ICMS Amnesty Program of the State of Sao Paulo (Installment Program of ICMS – PEP ICMS) . The Company opted to make a single payment of R$ 73,612 which was reimbursed by Cosan once the ICMS tax assessment were received before the formation of the JV.

ii) The accrued INSS amount corresponds to the amounts relating to social security contributions on billings, in conformity with art. 22-A of Law 8,212/91, whose constitutionality is being challenged in court.

b) ***Civil and labor***

The Company is party to various civil lawsuits relating to (i) indemnity for tangible damages and pain and suffering, (ii) contractual disputes, (iii) civil class actions to abstain from burning sugarcane straw and (iv) environmental claims.

The Company is also party to various labor claims filed by former employees and employees of outsourced service providers who require the payment of overtime, night shift premium and hazardous work premiums, job re-admittance, deductions from payroll such as confederation dues, union dues, etc.

Contingencies classified as possible risk of loss

a) ***Tax***

The main tax contingences classified as possible risk of loss are as follows:

	Non-reimbursable claims	Reimbursable claims	2014 Total	2013 Total
ICMS (i)	79,488	719,531	799,019	579,241
INSS (ii)	17,620	336,103	353,723	339,181
IPI (iii)	2,741	366,188	368,929	286,149
IRPJ and CSLL (iv)	2,125	303,200	305,325	235,280
PIS and COFINS (v)	-	318,923	318,923	211,311
Offsets against IPI credits - IN 67/98 (vi)	-	115,921	115,921	197,787
Others	10,672	211,566	222,238	175,226
	112,646	2,371,432	2,484,078	2,024,175

(i) ICMS

Refers mainly to (i) fines on tax assessment received from May 2005 through March 2006 and May 2006 and March 2070 alleging the Company had not paid the ICMS originated from agricultural jointly operations and scheduled manufacture; and (ii) ICMS on shipments of crystal sugar exportation. The tax inspector argues that such product is classified as a semi-finished product which, according to the ICMS regulations, would be subject to taxation; (iii) tax assessments relating to ICMS rate difference arising from sales of ethanol to companies located in other Brazilian states whose state enrollment numbers were subsequently cancelled; (iv) tax assessments relating to credit disallowance from purchase of product from companies that, subsequently, had their registrations revoked and declared ineligible; and (v) payment of ICMS arising from disallowances of credits of diesel fuel used in the agro-industrial production process.

ii) Possible losses on INSS-related claims mainly involve:

(i) Discussing the validity and constitutionality of MPS/SRP Regulatory Instruction 03/2005, which restricted the constitutional exemption of social security contributions to revenues deriving from exports made exclusively through direct sales, it is understood that exports made through export or trading companies will start to be taxed; (ii) payment of SENAR contribution in direct and indirect export transactions, where the tax authorities understand that there is no right to constitutional exemption; and, (iii) payment of social security contribution on resale of products in the domestic market and to third parties, which is not included in the social security tax basis and which is levied only on the gross revenue deriving from the effective production of the entity rather than on products purchased.

iii) IPI - Excise tax on manufactured products

Normative Instruction 67/98 of the Brazilian Federal Revenue Service (SRF) validated the procedure adopted by manufacturing plants which made sales without calculating and paying IPI related to several types of sugarcane sugar, including demerara, higher refined, special refined, special extra refined and granulated refined sugars, from July 6, 1995 through November 16, 1997, as well as amorphous refined sugar sales from January 14, 1992 through November 16, 1997. This rule was put into effect in the related proceedings filed by the Brazilian Federal Revenue Service. The risk of loss was classified as possible based on the opinion of the Company's legal advisers.

iv) IRPJ and CSLL

In December 2011, the Company received tax assessment notices issued by the Brazilian Federal Revenue Service, related to IRPJ and CSLL for calendar years 2006 to 2009, challenging: (i) the deductibility of amortization expenses relating to some specific goodwill; (ii) the offset of tax loss carryforwards and (iii) the tax on differences of revaluations of property, plant and equipment items. The taxes assessments amounted to R$ 551,852 (R$ 433,916 in 2013). The Company submitted its defense in January 2012 and, together with its legal counsel, assessed as possible loss of R$229,443 (R$ 215,558 in 2013). The remaining balance of R$75,882 (R$ 19,722 in 2013) refers to various other contingencies relating to income tax and social contribution of subsidiaries.

v) PIS and COFINS

Refer mainly to the disallowances of PIS and COFINS credits under the non-cumulative system, set forth in Laws 10,637/2002 and 10,833/2003, respectively. Such disallowances mainly came from the restrictive interpretation of the Brazilian Federal Revenue Service of the concept of "inputs", as well as differences with respect to the interpretation of these laws. The disputes are in the administrative phase.

vi) Offsets against IPI credits - IN 67/98

Normative Instruction SRF 67/98 made it possible to obtain a refund of IPI tax payments for sales of refined amorphous sugar from January 14, 1992 through November 16, 1997. In view of this rule, RESA offset the amounts paid during the relevant periods against other tax liabilities. However, the Brazilian Federal Revenue Service denied its application for both reimbursement and offsetting of such amounts. RESA challenged this ruling in an administrative proceeding.

Upon being notified to pay tax debts resulting from offsets in light of certain changes introduced by IN SRF 210/02, RESA filed a Writ of Mandamus and applied for a preliminary injunction seeking to stay enforceable in relation to the offset taxes, in an attempt to prevent the Tax Authorities from demanding the relevant tax debts in court. The preliminary injunction was granted by the court. The legal counsel of the Company in charge of this suit has deemed it a possible loss.

b) Civil and labor

As of March 31, 2014, the nature of civil and labor claims, whose likelihood of loss is assessed as possible, is similar to the previous litigations mentioned above. The civil and labor claims assessed as possible are as follows:

			2014	2013
	Non-reimbursable claims	Reimbursable claims	Total	Total
Civil	52,855	261,365	314,220	248,147
Labor	151,856	344,965	496,821	410,175
	204,711	606,330	811,041	658,322

20. Commitments

Sales

The Company is the parent company of entities operating in the sugar, ethanol and energy cogeneration market. Sales agreements are managed on a consolidated basis. Therefore, the Company, together with its group entities, are responsible for total sales commitments.

Sales of commodities are essentially made at spot prices. However, the Company enters into several sugar and ethanol agreements to sell future crops of those products.

The amounts of sugar sales agreements, in metric tons, on the date of the financial statements are set forth below (in metric tons):

Years	2014	2013
2014	-	2,947,595
2015	2,242,000	514,000
2016	514,000	514,000
2017	514,000	-
Total	3,270,000	3,975,595

The amounts of ethanol sales agreements, in cubic meters, on the date of the financial statements are set forth below:

Years	2014	2013
2014	-	808,850
2015	1,375,479	175,000
2016	175,000	-
Total	1,550,479	983,850

The amounts of power and steam sales agreements, in MWh and metric tons, on the date of the financial statements are set forth below:

	Electric power (in MWh)		Steam (in metric tons)	
Years	**2014**	**2013**	**2014**	**2013**
2014	-	1,944,924	-	170,000
2015	1,894,665	1,677,904	-	-
2016	1,824,147	1,669,144	-	-
2017	1,825,395	1,669,144	-	-
2018	1,824,147	1,669,144	-	-
After 2018	15,775,425	11,574,719	-	-
Total	23,143,779	20,204,979	-	170,000

Purchases

In the normal course of business, the Company entered into several sugarcane purchase agreements with third parties which are mainly related to securing a portion of its production for the following harvest season. The quantity of sugarcane to be purchased is calculated based on the estimate of the quantity to be crushed per location. Amounts payable by the Company are determined at the end of each harvest, in accordance with prices published by CONSECANA.

The amount of the crop purchase agreements, in metric tons, on the date of the financial statements are set forth below:

Years	**2014**	**2013**
2014	-	26,410,050
2015	28,070,662	24,205,206
2016	25,002,452	20,982,447
2017	21,732,360	18,216,841
2018	18,049,020	15,030,751
After 2018	95,225,847	90,724,762
Total	188,080,341	195,570,057

The Company entered into several agreements to purchase equipment utilized for plant maintenance and expansion, as well as to support projects of energy cogeneration, in the total amount of R$264,995 (R$386,566 in 2013).

Lease Agreements

Operating leases

The Company entered into several operating lease agreements to secure land for sugarcane plantations. These agreements will mature in 20 years.

The minimum payments and variables are calculated based on the ATR issued by CONSECANA and the volume of sugarcane per hectare as defined in the agreement. The expense commitment of the agreements, on the date of the financial statements, are set forth below:

	2014	2013
Within one year	544,665	560,629
Between one and five years	1,719,548	1,778,019
More than 5 years	1,141,130	1,420,455
Total	3,405,343	3,759,103

21. Shareholders' equity

a) Capital transactions in the year ended March 31, 2014, 2013 and 2012, and capital reserves

On April 1, 2011, the extraordinary general meeting discussed and approved the Company's capital increase of R$774,168, through the issuance of 774,168,039 shares entirely subscribed by Cosan. Also, the Capital Reserve was adjusted by the changes in net assets from the date of the valuation report and the effective date of the contribution by the amount of R$ 291,597.

As part of the formation of the joint venture, on June 1, 2011, the extraordinary general meeting discussed and approved the Company's capital increase, in cash, of R$ 279,849, through the issuance of 279.849.332 fully subscribed and paid by shareholder REPSA.

On January 29, 2012, by deliberation of the shareholders, the Executive approved the redemption of 72,000,000 registered common shares issued by the Company for R$70,518, recorded as Capital Reserve.

On March 30, 2012, the extraordinary general meeting discussed and approved the Company's capital increase, in cash, of R$998,164, through the issuance of 998,163,823 common shares fully subscribed and paid by shareholder REPSA.

On November 30, 2012, the extraordinary general meeting discussed and approved a stock split of 2,066,237,649 common shares issued by the Company, based on a ratio of 1: 2.43, with no change in the value of capital stock, resulting in a total of 5,021,704,714 common shares, all held by the Company's sole shareholder. Additionally, shareholders approved, without increasing the Company's capital stock, the conversion of 119,109,080 common shares into preferred shares, as follows:

	Conversion
Class A	1
Class B	118,345,603
Class C	763,476
Total	119,109,080

As a result of the conversion of shares, the Company's capital stock was as follows:

	Shares		
	Common	**Preferred**	**Total**
Common	4,902,595,634	-	4,902,595,634
Class A	-	1	1
Class B	-	118,345,603	118,345,603
Class C	-	763,476	763,476
Total	4,902,595,634	119,109,080	5,021,704,714

Subsequently, the merger with REPSA was effected and the shares of REPSA, of R$998,835 (Note 1), were cancelled.

New shares of RESA were issued to replace the cancelled shares, which were held as follows by shareholders Shell and Cosan:

	Shareholders		
	Shell	**Cosan**	**Total**
Common	2,451,297,817	2,451,297,817	4,902,595,634
Class A	-	1	1
Class B	-	118,345,603	118,345,603
Class C	763,476	-	763,476
Total	2,452,061,293	2,569,643,421	5,021,704,714

The amount of R$998,835 was allocated by the issuance of 1,000,000,000 new common shares of which R$181,417 and R$817,417 were allocated to "Shareholders' capital " and "Capital reserve", respectively. The shareholders' capital increased from R$4,818,583 to R$5,000,000, comprised of 6,021,704,714 shares, as follows:

	Shareholders		
	Shell	**Cosan**	**Total**
Common	2,951,297,817	2,951,297,817	5,902,595,634
Class A	-	1	1
Class B	-	118,345,603	118,345,603
Class C	763,476	-	763,476
Total	2,952,061,293	3,069,643,421	6,021,704,714

At the "Extraordinary General Meeting" held on February 28, 2013, the Company's shareholders discussed and approved the capital increase of R$7,927, through the issuance of 7,078,554 new Class B preferred shares, fully subscribed by Cosan, to be paid on April 30, 2013 (Note 10).

At the "Extraordinary General Meeting" held on February 7, 2014, the Company's shareholders discussed and approved the capital increase of R$8,427, through the issuance of 7,818,300 new Class B preferred shares, fully subscribed by Cosan, to be paid on the next fiscal year (Note 10).

Em 31 de março de 2014, o capital social é de R$ 5.016.354 (R$ 5.007.927 em 2013). A referida rubrica apresenta-se deduzida do saldo de ações preferenciais resgatáveis no montante de R$ 264.276 (R$ 326.640 em 2013), totalizando R$ 4.752.078 (R$ 4.681.287 em 2013).

As of the year ended on March 31, 2014, the shareholders' capital is as follows:

	Shareholders		
	Shell	**Cosan**	**Total**
Common	2,951,297,817	2,951,297,817	5,902,595,634
Class A	-	1	1
Class B	-	133,242,457	133,242,457
Class C	763,476	-	763,476
As of March 31, 2014	2,952,061,293	3,084,540,275	6,036,601,568
As of March 31, 2013	2,952,061,293	3,076,721,975	6,028,783,268

The Company does not have any authorized capital stated in its bylaws as of March 31, 2014, 2013 and 2012.

Redeemable preferred shares

The tax benefits arising from the use of tax loss carryforwards and goodwill tax amortization, recognized before the formation of the JV, will be reimbursed to Cosan to the extent that the Company uses them to reduce taxes payable. Such reimbursements will be made by means of payment of exclusive dividends to Cosan, the holder of Class B preferred shares, in the amount of the tax benefit used by the Company in the period from January to December.
As mentioned in Note 1, the Company used R$66,877 relating to tax benefits contributed by Cosan in the year ended March 31, 2013. From this amount, R$8,873 was reimbursed to Cosan on February 28, 2013.

On July 19, 2013, the Company's shareholders approved the payment of supplemental dividends of R$ 6,916, in addition to those accrued in the annual financial statements, without interest.

As of March 31, 2014, the Company reviewed the balance of preferred shares outstanding, and determined the reversal of R$ 11,812 of the obligation with Cosan. Therefore, the remaining balance of preferred shares payable to Cosan on March 31, 2014 is R$ 260,738 (R$323,102 in 2013), (Note 10).

Due to the merger of IPL into REPSA and, subsequently, into the Company, Class C preferred shares were issued to guarantee exclusive dividends to Shell of R$3,538, through the use by the Company of tax credits and the funds in current account comprising the merged net assets (Note 1).

At March 31, 2014 the balance of preferred shares (Class B and C) is R$ 264,276 (R$ 326,640 in 2013). As contrapartidas ao patrimônio líquido estão registradas na rubrica Partes relacionadas (Nota 10.a), sendo R$ 260.738 (R$ 323.102 em 2013) pertencentes a acionistas Cosan, classificadas no passivo não circulante, e R$ 932 e R$ 2.606 (idem em 2013) pertecentes a acionistas Shell, classificadas no passivo circulante e não circulante, respectivamente.

Capital reserve

Corresponds to the share premium arising from the difference between the subscription price paid in consideration for the shares and their par value. Such a reserve can only be used to increase capital, absorb losses, redeem, reimburse or purchase shares or pay accumulated dividends to preferred shares.

Incentive tax reserve

Corresponds to the effect of the tax incentive recognized by the subsidiary Raízen Caarapó Açúcar e Álcool Ltda. ("Caarapó") on the consolidated Shareholders' Equity. Caarapó entered into an agreement with the Mato Grosso do Sul State - the Termo de Acordo nº 331/2008 - which grants a tax benefit of 67% on the ICMS payable generated from the process of manufacturing sugar in the state.

Special goodwill reserve

Merged assets of IPL

Following the merger of IPL into REPSA (Note 1), whose main assets comprised investments held by it in the capital stock of REPSA and the goodwill recorded based on tax records, recognized upon the formation of the ethanol, sugar and bioenergy joint venture (JV), such goodwill started to be deductible for income tax and social contribution purposes. Therefore a special goodwill reserve was recognized in the equity of Raízen Energia against deferred tax assets, of R$241,107, equivalent to the tax benefit of 34% arising from the amortization of such goodwill.

Acquisition of additional shares from TEAS – Terminal Exportador de Álcool de Santos S.A. ("TEAS")

On April 24, 2013, the Company purchased 33.33% shares of TEAS, thereby increasing interest in TEAS to 100.00%. The difference between the price paid in excess of the TEAS net assets in the amount of R$ 5,973, is registered in this account, and the Company wrote off the Non-Controlling Interest in the consolidated financial statements in the amount of R$ 17,927.

b) Dividends and interest on own capital

i) Dividends

The dividends proposed on March 31, 2011 of R$ 46,813 to Cosan was reversed because it was not part of JV Formation Agreement.

Pursuant to the Company's bylaws, the shareholders are entitled to a minimum mandatory dividend of 1% of the net income reported at year end, as adjusted in accordance with article 202 of the Brazilian Corporate Law. The amounts of legal reserve and dividends were determined as follows:

	2014	2013	2012
Net income	140,883	115,962	302,546
Legal reserve at 5%	(7,044)	(5,798)	(15,127)
Tax incentives	(30,256)	-	-
Calculation basis for dividend distribution	103,583	110,164	287,419
Mandatory minimum dividends	(1,036)	(1,102)	(2,874)
Dividends to holders of Class B preferred shares	(43,636)	(66,877)	-
(-) Prepaid dividends	-	8,873	-
Remaining dividends payable	(44,672)	(58,004)	-
Interest on own capital	(34,000)	-	-
	(78,672	(59,106)	(2,874)

Dividends payable	)		

At March 2014, 31, the dividends accrued in the previous fiscal year were paid in full.

ii) Interest on own capital

On December 31, 2013, the "Extraordinary General Meeting" approved the distribution of interest on own capital to each shareholder of R$ 40,000 for the period of January 1, 2013 through December 31, 2013.

The payment of interest on own capital is subject to 15% of tax retention of R$ 6,000. Therefore, the net amount paid to each shareholder on October 31, 2014 was R$ 34,000.

c) Other comprehensive income

Foreign currency translation adjustments - CTA

Represents the exchange differences from translation of the financial statements of investees with functional currencies different than that of the Parent company into Brazilian Real.

Cash flow hedge

Represents changes in the fair value arising from cash flow hedge of revenues from export of VHP sugar.

Actuarial gains (losses) on post-employment benefits

Represents the remeasurement of the net defined benefit liability (asset) of post-employment benefits.

d) Retained earnings

Legal reserve

Refers to the appropriation of 5% of the net income to legal reserve, pursuant to Company bylaws and in compliance with the Brazilian Corporate Law.

Profit retention reserve

After the legal reserve and the minimum dividends payable calculation, the remaining balance of the net income is allocated to the profit retention reserve.

e) Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to the shareholders by the weighted average of common shares outstanding during the year.

The table below sets out the data on net income and shares used to calculate basic and diluted earnings per share for the years ended March 31, 2014, 2013 and 2012 (in thousands, except amounts per share):

Basic and Diluted:

	2014	2013	2012
Numerator			
Net income for the year	140,883	115,962	302,546
Profit available to preferred shareholders	(43,636)	(66,877)	-
Profit available to common shareholders	97,247	49,085	302,546
Denominator:			
Weighted average of number of outstanding common shares (in thousands)	5,902,596	5,305,629	1,024,039
Basic and diluted earnings per common share (reais per share)	0.02	0.01	0.30

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

22. Net sales

	2014	2013	2012
Gross sales of products and services	10,055,383	9,063,189	8,020,313
Sales taxes and deductions	(600,162)	(594,951)	(779,337)
Net sales	9,455,221	8,468,238	7,240,976

The sales is also segregated in the following items:

	2014	2013	2012
Products and services revenue	9,182,269	8,192,289	7,167,157
Hedge accounting gain	260,271	275,949	73,819
Commodities derivatives gain	12,681	-	-
	9,455,221	8,468,238	7,240,976

23. Information by segment

The Management of Raízen Energia defined the ethanol, sugar and bioenergy ("EAB") segment as the only operating segment based on reports used by the Board of Directors to make key decisions about strategic and operational matters. The performance goals for evaluation purposes are defined and monitored for the EAB segment as a whole.

The EAB segment comprises the production and sale of ethanol and sugar originating from sugarcane processing, as well as energy cogeneration, from the burning of the sugarcane bagasse.

Since the assets are equally used to produce sugar, ethanol and bioenergy, there is no disclosure of these assets by business segment.

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

	2014	2013	2012
Net sales			
Foreign market (1)	5,582,123	5,473,976	3,360,955
Domestic market	3,873,098	2,994,262	3,880,021
Total	9,455,221	8,468,238	7,240,976

(1) Includes sales made to customers in Brazil under export-related category.

The net sales is segregated by product as follows:

	2014	2013	2012
Net sales			
Sugar	4,353,084	4,353,994	3,912,824
Ethanol	4,464,527	3,299,938	2,871,517
Power	403,845	569,709	235,129
Other products and services	233,765	244,597	221,506
Total	9,455,221	8,468,238	7,240,976

The percentage of net sales by geographic area is as follows:

Geographic area	2014	2013	2012
Brazil	45.81%	40.27%	53.69%
Europe	30.52%	29.59%	33.70%
Asia	13.26%	15.75%	6.52%
Central America	3.25%	7.57%	1.00%
North America	2.39%	5.81%	4.34%
Africa and Oceania	4.77%	1.01%	0.75%
Total	100.00%	100.00%	100.00%

The key EAB customers in the years ended March 31, 2013 and 2012, which individually account for 5% or more of the Company's total revenue, are as follows:

Customer	2014	2013	2012
Raízen Combustíveis S.A.	15.30%	6.23%	8.72%
Sucden	7.86%	9.84%	13.47%
Wilmar Sugar Pte Ltd	7.75%	10.16%	4.55%
Shell Western Supply and Trading	2.48%	6.51%	0.84%
Cosan S.A. Indústria e Comércio	-	3.55%	6.96%
Petrobrás	-	0.24%	5.89%

24. Statement of income by nature

Reconciliation of expenses by nature

The Company has chosen to disclose its statement of income by function and thus presents below the details by nature:

	2014	2013	2012
Raw material	4,064,982	3,327,136	2,864,077
Depreciation and amortization	1,709,935	1,706,819	1,516,141
Personnel expenses	936,800	866,522	777,853
Cutting, loading and transport (CCT)	737,132	571,271	580,152
Maintenance materials	300,624	383,237	333,548
Contracted labor	191,171	233,042	161,327
Biological assets and agricultural products	73,361	227,746	(111,087)
Rents and leasing	217,991	209,892	29,307
Other expenses	487,756	267,756	183,611
	8,719,752	7,793,421	6,334,929

Classified as:

	2014	2013	2012
Costs of sales	7,542,579	6,698,108	5,394,467
Selling expenses	637,316	605,164	497,727
General and administrative expenses	539,857	490,149	442,735
	8,719,752	7,793,421	6,334,929

25. Other operating income, net

	2014	2013	2012
Other operating income			
Revenue - tax incentive - ICMS (Note 17)	25,260	22,930	15,008
Reversal of provision for onerous contracts	1,079	14,951	-
Revenue from sale of scrap and waste	10,211	8,562	7,188
Income from sale of property, plant and equipment	33,813	3,689	3,697
Reversal of provision for property, plant and equipment losses (Note 13)	7,165	-	-
Rent and lease income	-	-	5,284
Gain with port operations	8,779	1,396	-
Adjustments from formation of JV (1)	-	-	81,872
Other income	8,113	127	12,061
	94,420	51,655	125,110
Other operating expenses			
PIS and Cofins taxes on other sales	(869)	(312)	(2,702)
Provision for claims and paid indemnities (Note 19)	(25,197)	(3,502)	(8,875)
Provision for property, plant and equipment losses (Note 13)	(1,373)	-	-
Provision for intangible assets (Note 14)	(6,569)	-	-
Loss on sale of investments (Note 11)	-	-	(3,434)
	(34,008)	(3,814)	(15,011)
	60,412	47,841	110,099

(1) The amount is related to the recognition of receivables from and payables to Cosan S.A Indústria e Comércio in order to reflect in the Company's balance sheet its obligations and rights in connection with the Framework Agreement associated with the formation of the joint venture (Note 1). The main amounts impacting the statement of income were: a) R$568,293 in liabilities relating to CTN reimbursements and "IAA" indemnity action credits; b) recognition of the receivable relating to the reimbursement of claims, net of court deposits of R$131,528 ; c) recognition of an asset relating to the reimbursements of installment payment of taxes, net of deposits of R$563,229 and d) recognition of a liability relating to adjustments of debts and other matters of R$44,592.

26. Finance income (expenses), net

	2014	2013	2012
Finance expenses			
Interest	(443,560)	(403,337)	(425,800)
Indexation credits	(58,754)	(60,067)	(26,378)
Bank expenses	(7,529)	(544)	(1,234)
	(509,843)	(463,948)	(453,412)
Less: amounts capitalized on qualified assets (Note 13)	44,296	41,940	57,472
	(465,547)	(422,008)	(395,940)
Finance income			
Income from financial investments	114,898	91,804	61,231
Interest	96,207	62,217	48,184
Indexation charges	28,316	24,903	37,534
Financial instrument measured at fair value through profit or loss	12,516	-	-
Discounts earned	258	65	402
	252,195	178,989	147,351
Foreign exchange variance (1)	(292,073)	(266,136)	(265,042)
Effect of derivatives, net (2)	(67,506)	(55,662)	(13,144) (1) (2) (3) (4) (5)
	(572,931)	(564,817)	(526,775)

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

(2) Includes realized and unrealized option, swap and NDFs transactions.

27. Financial instruments

Management of financial risk

a) Overview

In the normal course of its business, the Company is exposed to the following risks arising from financial instruments:

- Price risk
- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

This note provides information about the exposure of each risk, as well as the objectives, practices and processes used to measure and manage them. Additionally, this note provides information regarding the Company's management of capital.

b) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management, treasury and trading policies are set to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adhere to limits. Risk management policies and systems are revised regularly to reflect changes in market conditions and the Company's activities.

The Company is exposed to market risks due to the volatility of interest and foreign exchange rates. The contracting of financial instruments for hedging purposes is made based on an analysis of the exposure to the risk that management intends to cover.

On March 31, 2014 and 2013, the derivative instruments for hedging or other purposes were measured at fair value using observable inputs, such as prices quoted in active markets or discounted cash flows based on market curves as follows:

	Notional		Fair value	
	2014	**2013**	**2014**	**2013**
Price risk				
Derivatives				
Futures contracts	1.336.437	1,067,086	(12.053)	139,015
Option contracts	-	(8,571)	-	99
	1.336.437	1,058,515	(12.053)	139,114
Exchange rate risk				
Exchange rate derivative				
Futures contracts	(326.525)	(36,559)	705	497
Forward contracts	(1.810)	12,790	42.310	249
Exchange rate lock-in	227.698	292,065	21.106	(3,490)
Exchange rate swap	813,891	792,156	(23.595)	18,,573
	716,874	1,060,452	40.526	15,829
Interest rate risk				
Interest derivatives	1,088,503	819,511	(5,056)	(5,403)
	1,088,503	819,511	(5,056)	(5,403)
Total			23,417	149,540
Total current assets			200,588	166,126
Total noncurrent assets			1,109	-
Total assets			201,697	166,126
Total current liabilities			(166,175)	(16,586)
Total noncurrent liabilities			(12,105)	-
Total liabilities			(178,280)	(16,586)

(*) Results in the 12-month period ended March 31, 2013 only for derivatives outstanding as at that date. Derivatives were previously recorded in our former parent, Cosan, which had already adopted hedge accounting

c) Price risk

Price risk arises from the possibility of fluctuations in the market prices of products sold by the Company, mainly VHP sugar (sugar #11), refined sugar (#5 or white sugar) and ethanol, substantially via the subsidiary Raízen Trading LLP. These price fluctuations may cause material changes in the Company's sales revenue. In order to mitigate this risk, the Company continuously monitors the market to anticipate price fluctuations. The table below shows the Company's derivatives positions which hedge against this price risk:

Price risk: Octstanding derivatives of products in 2014

Derivatives	Purchased/ Sold	Market	Contract	Maturity	Notional (units)	Notional (R$ thousands)	Fair value (R$ thousands)
Future	Sold	ICE	*Sugar*#11	Apr/14	248,017 t	221.316	1.435
Future	Sold	ICE	*Sugar*#11	Jun/14	631,219 t	565.834	(5.114)
Future	Sold	ICE	*Sugar*#11	Sep/14	673,081 t	608.587	(14.326)
Future	Sold	ICE	*Sugar*#11	Feb/15	148,241 t	141.318	(460)
Future	Sold	ICE	*Sugar*#11	Sep/15	24,994 t	23.071	(360)
Future	Sold	ICE	*Sugar*#11	Jun/16	7,264 t	6.698	(156)
Future	Sold	ICE	*Sugar*#11	Sep/16	5,943 t	5.541	(102)
Future	Sold	NYSE LIFFE	*Sugar*#5	Apr/14	1,650 t	1.803	32
Future	Sold	NYSE LIFFE	*Sugar*#5	Jul/14	3,500 t	3.849	(9)
Sub-total of Future sugar sold					1.743.909 t	1.578.017	(19,060)
Future	Purchased	ICE	*Sugar*#11	Apr/14	(58,016 t)	(47.362)	4.072
Future	Purchased	ICE	*Sugar*#11	Jun/14	(10,058 t)	(8.553)	546
Future	Purchased	ICE	*Sugar*#11	Sep/14	(3,200 t)	(2.659)	303
Future	Purchased	ICE	*Sugar*#11	Feb/15	(3,302 t)	(2.884)	274
Future	Purchased	NYSE LIFFE	*Sugar#5*	Apr/14	(100 t)	(99)	8
Sub-total of Future sugar purchased					(74.676 t)	(61.557)	5,203
Sub-total of Future sugar					1.669.233 t	1.516.460	(13,857)
Future	Sold	BMFBovespa	Ethanol	Jun/14	900 m³	1.039	(2)
Future	Sold	BMFBovespa	Ethanol	Jul/14	2,100 m³	2.352	16
Future	Sold	BMFBovespa	Ethanol	Aug/14	1,800 m³	2.007	50
Future	Sold	BMFBovespa	Ethanol	Sep/13	1,500 m³	1.695	30
Future	Sold	CHGOETHNL	Ethanol	Apr/14	131 m³	169,886	(60,734)
Future	Sold	CHGOETHNL	Ethanol	May/14	44 m³	52,036	(15,987)
Future	Sold	CHGOETHNL	Ethanol	Jun/14	43 m³	52,521	(9,165)
Future	Sold	CHGOETHNL	Ethanol	Jul/14	21 m³	24,076	(4,568)
Future	Sold	CHGOETHNL	Ethanol	Aug/14	12 m³	14,389	(18)
Future	Sold	CHGOETHNL	Ethanol	Sep/14	8 m³	11,233	(642)
Future	Sold	CHGOETHNL	Ethanol	Jan/15	25 m³	25,860	(1,223)
Sub-total of Future ethanol sold					6,584 m³	357,094	(92,243)
Future	Purchased	CHGOETHNL	Ethanol	Apr/14	(92 m³)	(114,552)	56,598
Future	Purchased	CHGOETHNL	Ethanol	May/14	(41 m³)	(48,389)	15.348
Future	Purchased	CHGOETHNL	Ethanol	Jun/14	(38 m³)	(45,366)	8.352
Future	Purchased	CHGOETHNL	Ethanol	Jul/14	(13 m³)	(13,456)	3.930
Future	Purchased	CHGOETHNL	Ethanol	Aug/14	(5 m³)	(4,833)	1.165
Future	Purchased	CHGOETHNL	Ethanol	Sep/14	(3 m³)	(3,155)	681
Future	Purchased	CHGOETHNL	Ethanol	Dec/14	(25 m³)	(25,676)	(3)
Future	Purchased	CHGOETHNL	Ethanol	Jan/15	(50 m³)	(51,809)	656
					(267 m³)	(307,236)	86,727
Physical fixed	Sold	CHGOETHNL	Ethanol	Apr-Dec/14	272 m³	154.832	(53.835)
Physical fixed	Purchased	CHGOETHNL	Ethanol	Apr-Dec/14	(274 m³)	(384.713)	61.155
					(2 m³)	(229,881)	7,320
Sub-total of Future ethanol					6.315 m³	(180,023)	1,804
Total of products						1,336,437	(12,053)

Price risk: Octstanding derivatives of products in 2013

Derivatives	Purchased/ Sold	Market	Contract	Maturity	Notional (units)	Notional (R$ thousands)	Fair value (R$ thousands)
Future	Sold	NYBOT	*Sugar*#11	May/13	288,151 t	235,872	9,948
Future	Sold	NYBOT	*Sugar*#11	Jul/13	420,339 t	389,275	58,964
Future	Sold	NYBOT	*Sugar*#11	Oct/13	491,513 t	460,292	64,231
Future	Sold	NYBOT	*Sugar*#11	Mar/14	24,995 t	24,394	3,254
Future	Sold	ICE	*Sugar*#5	May/13	3,000 t	3,021	(20)
Future	Sold	ICE	*Sugar*#5	Aug/13	4,300 t	4,347	68
Sub-total of Future sugar sold					1,232,298 t	1,117,201	136,445
Future	Purchased	NYBOT	*Sugar*#11	May/13	(17,882 t)	(15,078)	(1,058)
Future	Purchased	NYBOT	*Sugar*#11	Jul/13	(9,246 t)	(7,633)	(367)
Future	Purchased	NYBOT	*Sugar*#11	Oct/13	(1,930 t)	(1,679)	(123)
Future	Purchased	NYBOT	*Sugar*#11	Mar/14	(3,556 t)	(3,114)	(106)
Sub-total of Future sugar purchased					(32,614 t)	(27,504)	(1,654)
Sub-total of Future sugar					1,199,684 t	1,089,697	134,791
Call	Purchased	NYBOT			(10,160 t)	(8,571)	99
Sub-total of *call* purchased					(10,160 t)	(8,571)	99
Sub-total of sugar					1,189,524 t	1,081,126	134,890
Future	Sold	BMFBovespa	Ethanol	Mar/13	28,380 m³	33,710	(71)
Future	Sold	Platts ChicAug	Ethanol	Mar-Apr/13	-	873	1,436
Future	Sold	BMF Ethanol	Ethanol	Jun-Aug/13	-	646	(65)
Future	Sold	CHGOETHNL	Ethanol	May-Jun/13	-	76	(280)
Sub-total of future ethanol sold					28,380 m³	35,305	1,020
Future	Purchased	BMFBovespa	Ethanol	Mar/13	(23,850 m³)	(29,153)	60
Future	Purchased	BMFBovespa	Ethanol	Jun/13	(9,000 m³)	(10,277)	-
Future	Purchased	BMFBovespa	Ethanol	Jul/13	(6,300 m³)	(7,120)	-
Future	Purchased	BMFBovespa	Ethanol	Aug/13	(3,990 m³)	(4,523)	-
Future	Purchased	BMFBovespa	Ethanol	Mar/13	(4,530 m³)	(5,684)	-
Future	Purchased	Platts ChicAug	Ethanol	Apr-Aug/13	-	(1,084)	162
Future	Purchased	CHGOETHNL	Ethanol	Oct-Dec/13	-	(131)	156
Sub-total of future ethanol purchased					(47,670 m³)	(57,972)	378
Physical fixed	Sold	CHGOETHNL	Ethanol	Apr-Nov/13	-	157	2,583
Physical fixed	Purchased	CHGOETHNL	Ethanol	Apr-Nov/13	-	(101)	243
Sub-total of *physical fixed* ethanol					-	56	2,826
Sub-total of future ethanol					(19,290 m³)	(22,611)	4,224
Total of Products						1,058,515	139,114

d) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Company, which is the Real (BRL). The currency in which these transactions are primarily denominated is the US dollar.

The Company uses derivatives to manage cash flow risk arising from US dollar-denominated export revenues, net of other foreign currency-denominated cash flows. The table below shows the outstanding derivatives positions as at March 31, 2014 and 2013 used to hedge against currency risk:

Price risk: Outstanding exchange rate derivatives in 2014

Derivatives	Purchased/ Sold	Market	Contract	Maturity	Notional (US$ thousands)	Notional (R$ thousands)	Fair value (R$ thousands)
Future	Sold	BM&FBovespa	Commercial dollar	May/14	126,250	288,479	(355)
Future	Sold	BM&FBovespa	DDI	May/14	150,000	339,450	(398)
Subtotal future sold					276,250	627,929	(753)
Future	Purchased	BM&FBovespa	Commercial dollar	Jul/14	(265,000)	(615,004)	766
Future	Purchased	BM&FBovespa	DDI	Jan/16	(150,000)	(339,450)	692
Subtotal future purchased					(415,000)	(954,454)	1,458
Forward	Sold	OTC/Cetip	NDF	Jan/14	210,000	497,063	21,824
Forward	Purchased	OTC/Cetip	NDF	Apr/14	(1,132)	(2,562)	(29)
Forward	Purchased	OTC/Cetip	NDF	Apr /14	(337)	(762)	16
Forward	Purchased	OTC/Cetip	NDF	May/14	(855)	(1,934)	(103)
Forward	Purchased	OTC/Cetip	NDF	Jun/14	(1,046)	(2,366)	(122)
Forward	Purchased	OTC/Cetip	NDF	Jul/14	(160,000)	(343,912)	26,727
Forward	Purchased	OTC/Cetip	NDF	Oct/14	(394)	(891)	(3)
Forward	Purchased	OTC/Cetip	NDF	Oct/14	(323)	(731)	9
Forward	Purchased	OTC/Cetip	NDF	Jan/16	(50,000)	(142,095)	(6,009)
Subtotal forward purchased/sold					(4,087)	1,810	42,310
Exchange rate lock	Sold	OTC	Exchange rate lock	Aug/14	100,000	258,240	21,797
Exchange rate lock	Purchased	OTC	Exchange rate lock	Apr/14	(5,895)	(13,341)	(306)
Exchange rate lock	Purchased	OTC	Exchange rate lock	May/14	(5,250)	(11,880)	(111)
Exchange rate lock	Purchased	OTC	Exchange rate lock	Jun/14	(1,120)	(2,536)	(98)
Exchange rate lock	Purchased	OTC	Exchange rate lock	Oct/14	(4,191)	(9,485)	(94)
Exchange rate lock	Purchased	OTC	Exchange rate lock	Nov/14	(4,342)	(9,825)	(87)
Exchange rate lock	Purchased	OTC	Exchange rate lock	Dec/14	(5,454)	(12,341)	(114)
Exchange rate lock	Purchased	OTC	Exchange rate lock	Jan/15	(6,817)	(15,427)	(141)
Exchange rate lock	Sold	OTC	Exchange rate lock	Apr/14	4,396	9,947	101
Exchange rate lock	Sold	OTC	Exchange rate lock	May/14	4,612	10,437	100
Exchange rate lock	Sold	OTC	Exchange rate lock	Jun/14	921	2,084	83
Exchange rate lock	Sold	OTC	Exchange rate lock	Oct/14	4,132	9,352	(7)
Exchange rate lock	Sold	OTC	Exchange rate lock	Dec/14	5,512	12,473	(17)
Subtotal exchange rate lock-in					86,504	227,698	21,106
Exchange rate swap (1)	Fixed Dollar/CDI	BMF	Exchange rate swap	Apr/14	92,949	210,344	(5,131)
Exchange rate swap (1)	Fixed Dollar/CDI	BMF	Exchange rate swap	May/14	89,578	202,715	(5,798)
Exchange rate swap (1)	Fixed Dollar/CDI	BMF	Exchange rate swap	Jun/14	88,932	201,252	(6,174)
Exchange rate swap (1)	Fixed Dollar/CDI	BMF	Exchange rate swap	Jul/14	88,193	199,580	(6,492)
Subtotal exchange rate swap					359,652	813,891	(23,595)
Total of exchange rate					303,319	716,874	40,526

(1) In June 2012, the Company entered into a intercompany interest and foreign currency swap, between Raízen Energia and Raízen Combustíveis, in which Raízen Energia receives a fixed exchange rate and pays an interest rate of 100% of CDI. The fair value of this swap on March 31, 2014 is R$ 23,595.

Price risk: Outstanding exchange rate derivatives in 2013

Derivatives	Purchased/ Sold	Market	Contract	Maturity	Notional (US$ thousands)	Notional (R$ thousands)	Fair value (R$ thousands)
Future	Sold	BM&FBovespa	Commercial dollar	Apr/13	297,750	590,041	(1,701)
Future	Sold	BM&FBovespa	Commercial dollar	May/13	36,250	73,695	(384)
Future	Sold	BM&FBovespa	Commercial dollar	Jul/13	265,000	532,405	(2,847)
Future	Sold	BM&FBovespa	Commercial dollar	May/13	5,000	10,131	(12)
Subtotal future sold					604,000	1,206,272	(4,944)
Future	Purchased	BM&FBovespa	Commercial dollar	May/13	(2,000)	(4,043)	21
Future	Purchased	BM&FBovespa	Commercial dollar	Jul/13	(13,000)	(26,228)	140
Future	Purchased	BM&FBovespa	Commercial dollar	Apr/13	(297,750)	(590,424)	1,701
Future	Purchased	BM&FBovespa	Commercial dollar	Oct/13	(13,000)	(26,611)	143
Future	Purchased	BM&FBovespa	Commercial dollar	Jan/14	(13,000)	(27,040)	149
Future	Purchased	BM&FBovespa	Commercial dollar	Jul/14	(265,000)	(567,473)	3,285
Future	Purchased	BM&FBovespa	Commercial dollar	May/13	(500)	(1,012)	2
Subtotal future purchased					(604,250)	(1,242,831)	5,441
Forward	Sold	OTC/Cetip	NDF	Jul/13	(100,000)	(201,060)	(3,574)
Forward	Sold	OTC/Cetip	NDF	Jul/14	100,000	213,850	3,823
Subtotal forward purchased/sold					-	12,790	249
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	Aug/13	50,000	101,340	143
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	Sep/13	100,000	202,550	(3,465)
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	Apr/13	(1,088)	(2,191)	(47)
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	Apr/13	(428)	(862)	8
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	May/13	212	427	-
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	May/13	(368)	(741)	(9)
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	Jun/13	212	427	-
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	Jul/13	3,318	6,681	(99)
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	Jul/13	212	427	(1)
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	Aug/13	212	428	(1)
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	Sep/13	212	428	(1)
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	Oct/13	213	428	(1)
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	Oct/13	(8,792)	(17,705)	(16)
Exchange rate lock-in	Sold	OTC	Exchange rate lock-in	Nov/13	213	428	(1)
Subtotal Exchange rate lock-in					144,128	292,065	(3,490)
Interest swap	Sold	BMF	Fixed dollar/CDI	Aug/14	16,717	33,667	1,097
Interest swap	Sold	BMF	Fixed dollar/CDI	Feb/14	16,994	34,223	883
Interest swap	Sold	BMF	Fixed dollar/CDI	Apr/14	92,949	187,181	4,549
Interest swap	Sold	BMF	Fixed dollar/CDI	May/14	89,578	180,392	4,219
Interest swap	Sold	BMF	Fixed dollar/CDI	Jun/14	88,932	179,090	4,016
Interest swap	Sold	BMF	Fixed dollar/CDI	Jul/14	88,193	177,602	3,809
Subtotal interest swap					393,363	792,155	18,573
Total Exchange rate					537,241	1,060,452	15,829

As of March 31, 2014 and 2013, the Company and its subsidiaries had the following net exposure to the US dollar fluctuation in connection with US dollar-denominated assets and liabilities:

The Company's consolidated financial statements are mainly impacted by U.S. Dollar ("US$" or "USD"). Assets and liabilities denominated in foreign currency are as follows:

	2014		2013	
	R$	US$ (in thousands)	R$	US$ (in thousands)
Cash and cash equivalents (Note 3)	10,350	4,574	272,546	135,339
Restricted cash (Note 4)	118,889	52,536	-	-
Trade notes receivable abroad (Note 5)	162,557	71,833	173,235	86,024
Related parties (Note 10)	496,027	219,190	664,934	330,189
Loans and financing (Note 16)	(3,128,269)	(1,382,355)	(2,839,763)	(1,410,151)
Derivatives (Note 27)	23,417	10,348	149,540	74,258
Foreign exchange exposure, net	(2,317,029)	(1,023,874)	(1,579,508)	(784,341)

e) Effects of hedge accounting

On April 1, 2011, the Company formally designated derivatives used to hedge cash flows from VHP sugar export revenues as subject to hedge accounting, by documenting: (i) the hedge relationship, (ii) the Company's risk management goal and strategy to contract the hedge, (iii) the identification of the financial instrument, (iv) the hedged item or transaction, (v) the nature of the risk to be hedged, (vi) the description of the hedge relationship, (vii) the correlation between the hedge and the hedged item, and (viii) the retrospective and prospective assessment of hedge effectiveness. The Company designated the Sugar#11 (NYBOT or OTC) derivatives to hedge the price risk and Non-Deliverable Forward (NDF) contracts to hedge the currency risk, as shown in items (b) and (c) of this note.

The Company accounts for gains and losses considered as effective for hedge accounting purposes in a specific item in equity, until such time as the hedged item is realized in income, when such gains or losses of each designated instrument are transferred to profit or loss in the same line item as the hedged item (in this case, sales revenue). As at March 31, 2014 and 2013, the impacts accounted for in the Company's equity and the estimated realization in the income statement are as follows:

			As of March 31, 2014		
			Realization period		
Derivative	Market	Risk	2014/15	2015/16	Total
Future	OTC / NYBOT	*Sugar#11*	(16.,377)	(915)	(17,292)
Future	BM&FBovespa	Ethanol	(61)	-	(61)
			(16,438)	(915)	(17,353)
(-) Deferred taxes			5,590	311	5,901
Effect in equity			(10,848)	(604)	(11,452)

			As of March 31, 2013
Derivative	**Market**	**Risk**	**Realization period 2013/14**
Future	OTC / NYBOT	*Sugar*#11	150,939
			150,939
(-) Deferred taxes			(51,320)
Effect in equity			99,619

Below are the changes in the balances of other comprehensive income during the year:

Cash flow Hedge

Balance on March 31, 2012	28,228
Gains/(losses) in the year:	
Futures contracts and commodities swap contracts	376,796
Forward (NDF) exchange contracts	5,402
Sales/finance result	(274,029)
Total effect in carrying value adjustments of cash flow hedges (before deferred taxes)	108,169
Effect of deferred taxes on carrying value adjustments	(36,778)
	71,391
Balance on March 31, 2013	99,619
Gains/(losses) in the year:	
Futures contracts and commodities swap contracts	94,173
Sales/finance result	(262,465)
Total effect in carrying value adjustments of cash flow hedges (before deferred taxes)	(168,292)
Effect of deferred taxes on carrying value adjustments	57,221
	(111,071)
Balance on March 31, 2014	(11,452)

f) Interest rate risk

The Company continuously monitors market interest rates, in order to evaluate any need to enter into hedging transactions for protection from the exposure to fluctuation of such rates and to manage the mismatch between its financial investments and debts.

The table below shows the outstanding derivative positions as at March 31, 2014 and 2013 used to hedge interest rate risk:

Price risk: Outstanding interest rate derivatives in 2014

Derivatives	Assets/ Liabilities	Market	Maturity	Notional (US$ thousands)	Notional (R$ thousands)	Fair value (R$ thousands)
Interest swap rate	Interest swap	OTC	Dec/15	231,000	522,753	(821)
Interest swap rate	Interest swap	OTC	Jan/16	175,000	396,025	(4,657)
Interest swap rate	Interest swap	OTC	Sep/17	75,000	169,725	306
Subtotal interest swap				481,000	1,088,503	(5,172)
Future	BM&FBovespa	DI	May/14	-	(521,000)	110
Future	BM&FBovespa	DI	May/14	-	521,000	6
				-	-	116
Total Interest				481,000	1,088,503	(5,056)

Price risk: Outstanding interest rate derivatives in 2013

Derivatives	Assets/ Liabilities	Market	Maturity	Notional (US$ thousands)	Notional (R$ thousands)	Fair value (R$ thousands)
Interest swap rate	LIBOR 3M / Fixed	OTC	Dec/15	231,000	466,274	(367)
Interest swap rate	LIBOR 3M / Fixed	OTC	Jan/16	175,000	353,237	(5,036)
Total Interest – March 31, 2013				406,000	819,511	(5,403)

g) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises mainly from the Company's receivables from customers and investments in debt securities.

A significant portion of sales made by the Company is to a selected group of best-in-class counterparties, i.e. trading companies, fuel distribution companies and large supermarket chains.

Credit risk is managed through specific parameters for client acceptance, analysis of credit and setting of limits for customer exposure, including the requirement of a letter of credit from prime banks and obtaining of real guarantees, when applicable. Management believes that the credit risk is substantially covered by the allowance for doubtful accounts.

The individual risk limits are determined based on internal and external classifications in accordance with the limits set by the Company's Management. Credit limits are monitored on a regular basis. No credit limit was exceeded during the year ended on March 31, 2014, and Management does not expect any default losses on these counterparties above the amount already accrued.

The Company has commodity derivatives traded in futures and options markets including the New York Board of Trade (NYBOT) and the London International Financial Futures and Options Exchange (LIFFE), as well as in the over-the-counter market with selected counterparties. The Company has foreign exchange and commodities derivatives on BM&FBovespa and OTC contracts registered with CETIP, mainly with banks Espírito Santo Investimento do Brasil S.A., Deutsche Bank S.A. - Banco Alemão, JP Morgan S.A. and Banco Standard de Investimentos S.A.

Guarantee margins - The Company's derivative operations on commodity exchanges (NYBOT, LIFFE and BM&FBovespa) require an initial guarantee margin. The brokers with whom the Company operates on these commodity exchanges offer credit limits for these margins. As at March 31, 2014, the total initial margin required by NYBOT is R$87,665 (R$34,775 in 2013). As at March 31, 2014, in order to operate on the BM&FBovespa, the Company has R$57,500 (R$40,547 in 2013) in bank certificates of deposit from prime banks. The Company's derivative transactions on the over-the-counter market do not require margin calls (Note 4).

The credit risk on cash and cash equivalents, comprised mainly of investment funds and CDBs (Note 3), is distributed among the main national and international banks rated by international risk rating agencies as Investment Grade.

h) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date:

					2014	2013
	Up to 1 year	Up to 2 years	3 to 5 years	Over 5 years	Total	
Loans and financing (Note 16)	1,122,633	1,735,825	3,276,963	1,498,098	7,633,519	5,950,564
Derivative financial instruments (Note 27.b)	166,175	12,105	-	-	178,280	16,586
Trade accounts payable (Note 15)	637,863	-	-	-	637,863	491,797
Related parties (Note 10)	127,370	11,371	34,113	851,541	1,024,395	1,733,679
Taxes payable (Note 17)	157,332	66,422	194,249	406,703	824,706	747,310
	2,211,373	1,825,723	3,505,325	2,756,342	10,298,763	8,939,936

i) Debt acceleration risk

As of March 31, 2014 and 2013, the Company was a party to loan and financing agreements with covenants generally applicable to these operations, including requirements related to cash generation, debt to equity ratio among others. These covenants are being fully complied with by the Company and do not place any restrictions on its operations.

j) Fair value

The fair value of financial assets and financial liabilities refers to the amount at which the instrument can be exchanged in a current transaction between willing parties and not in a forced sale or settlement transaction. The methods and assumptions used to estimate fair value are described below.

The fair value of cash and cash equivalents, trade receivables, other financial assets, trade payables, amounts due to/from related parties, and other short-term payables approximates their carrying values mainly due to the short-term maturity of these instruments. The fair value of other long-term assets and liabilities do not substantially differ from their carrying values.

The fair value of loans and financing mainly approximates their carrying values since these financial instruments are subject to floating interest rates (Note 16). The fair value of tradable Senior Notes is based on price quotations at the financial statements date. On March 31, 2014, the fair value of Senior Notes maturing in 2017 (Note 16) corresponds to 110.43% of its face value (114.05% in 2013).

The fair value of available-for-sale financial assets is obtained from prices quoted in active markets, as applicable.

The Company contracts derivatives from various counterparties, mainly financial institutions rated as investment grade. Derivatives measured using valuation techniques based on observable market inputs mainly include interest rate swaps, currency forward contracts and forward commodities contracts. The valuation techniques more frequently applied include forward and swap contract pricing models, calculated at present value. The models incorporate various data, including the credit quality of the counterparties, spot and forward exchange rates, interest rate curves and forward price curves of the underlying commodity.

The categories of financial instruments are as follows:

		Carrying value		Market value	
	Measurement basis	**2014**	**2013**	**2014**	**2012**
Financial assets					
Cash and cash equivalents (Note 3)	Fair value through statement of income	1,771,015	1,759,501	1,771,015	1,759,501
Restricted cash (Note 4)	Fair value through statement of income	251,803	117,897	251,803	117,897
Trade accounts receivable (Note 5)	Loans and financing	356,004	378,161	356,004	378,161
Derivative financial instruments (2)	Fair value through statement of income	258,498	166,126	258,498	166,126
Related parties (3) (Note 10)	Loans and financing	1,563,831	1,825,369	1,563,831	1,825,369
Other financial assets (Note 9)	Loans and financing	903,947	727,221	903,947	727,221
		5,105,098	4,974,275	5,105,098	4,974,275

Financial liabilities

Loans and Financing (1) (Note 16)	Loans and financing	(7,633,519)	(5,950,564)	(7,729,015)	(6,065,039)
Derivative financial instruments	Fair value through statement of income	(235,081)	(16,586)	(235,081)	(16,586)
Trade accounts payable (Note 15)	Loans and financing	(637,863)	(491,797)	(637,863)	(491,797)
Related parties (Note 10)	Loans and financing	(1,024,395)	(1,733,679)	(1,024,395)	(1,733,679)
		(9,530,858)	(8,192,626)	(9,626,354)	(8,307,101)

(1) Stated net of transaction costs.
(2) As at March 31, 2014, includes derivatives designated as *hedge* instruments of R$17,353 (R$136,445 in 2013).
(3) As at March 31, 2013, includes the right to receive shares issued by Iogen of R$167,360, stated at fair value through income statement.

Fair value hierarchy

The Company discloses its financial assets and liabilities at fair value, based on the appropriate accounting pronouncements, which relate to concepts of valuation and disclosure requirements.

In relation to such disclosure, the Company applies the hierarchy requirements set out in IFRS 13, which involves the following aspects:

- The fair value is the price that an asset could be exchanged and a liability could be settled, between knowledgeable willing parties in an arm's length transaction; and
- Hierarchy on 3 levels for measurement of the fair value, according to observable inputs for the valuation of an asset or liability on the date of its measurement.

The valuation established on 3 levels of hierarchy for measurement of the fair value is based on observable and non-observable inputs. Observable inputs reflect market data obtained from independent sources, while non-observable inputs reflect the Company's valuation techniques. These two types of inputs create the hierarchy of fair value set forth below:

- Level 1 – Prices quoted (unadjusted) for identical instruments in active markets;
- Level 2 – Prices quoted in active markets for similar instruments, prices quoted for identical or similar instruments in non-active markets and evaluation models for which inputs are observable; and
- Level 3 – Instruments whose significant inputs are non-observable.

The table below presents the overall classification of financial assets and liabilities according to the valuation hierarchy.

Assets and (liabilities) at fair value	**Level 1**	**Level 2**	**Total**
March 31, 2013			
Derivative financial assets	149,125	17,001	166,126
Derivative financial liabilities	(9,515)	(7,071)	(16,586)
Total	139,610	9,930	149,540
March 31, 2014			
Derivative financial assets	187,531	70,967	258,498
Derivative financial liabilities	(198,763)	(36,318)	(235,081)
Total	(11,232)	34,649	23,417

On March 31, 2014 and 2013, there were no transfers between the aforementioned levels to determine the fair value of financial instruments.

k) Sensitivity analysis

The following analysis is a sensitivity analysis of the fair value of financial instruments in accordance with the risk types considered relevant by the Company.

Assumptions for sensitivity analysis

The Company adopted, for the sensitivity analysis, three scenarios, being one probable, and another two stressed scenarios that may affect the fair value of financial instruments of the Company. The probable scenario is defined as from the sugar price on the futures market and dollar curves on March 31, 2014 and 2013 that determines the derivatives fair value on the aforementioned date. The stressed were defined taking into consideration the adverse impacts of 25% and 50% on the sugar and dollar price curves, which were used as the basis for the probable scenario.

Sensitivity table

The sensitivity table of derivative fair value variation for probable and stressed scenarios is presented below:

			Impacts in results(*)			
			As of March 31, 2014			
Price risk	Risk factor	Probable scenario	Scenario + (25%)	Fair value balance	Scenario + (50%)	Fair value balance
Derivatives of products						
Futures contracts:						
Purchase and sales commitments	Increase of sugar price	(13,857)	(382,580)	(396,437)	(765,160)	(779,017)
Purchase and sales commitments	Decrease of hydrated ethanol price	1,804	(35,737)	(37,541)	(71,474)	(73,278)
		(12,053)	(418,317)	(433,978)	(836,634)	(852,295)
Exchange rate risk						
Derivatives of exchange rate						
Futures contracts:						
Purchase and sales commitment	R$/USD exchange rate increase	705	75,911	76,616	151,822	152,527
Forward Contracts:						
Purchase and sales commitment	R$/USD exchange rate increase	42,310	(11,770)	30,540	(23,540)	(18,770)
Exchange rate lock-in:						
Purchase and sales commitment	R$/USD exchange rate increase	21,106	(65,000)	(43,893)	(130,000)	(108,893)
Exchange rate swap						
Purchase and sales commitments	R$/USD exchange rate increase	(23,595)	(213,697)	(237,292)	(427,394)	(450,988)
		40,526	(214,555)	(174,028)	(429,111)	(388,584)
Interest rate risk						
Interest derivatives						
Swap contracts, Exchange rate lock-in and NDF	Decrease of LIBOR curve	(5,056)	(10,108)	(15,164)	(20,216)	(25,272)

(*) Results projected to occur in up to 12 months as from March 31, 2014

			Impacts in results(*)			
			As of March 31, 2013			
Price risk	**Risk factor**	**Probable scenario**	**Scenario + (25%)**	**Fair value balance**	**Scenario + (50%)**	**Fair value balance**
Derivatives of products						
Futures contracts:						
Purchase and sales commitments	Increase of sugar price	134,890	(233,160)	(98,270)	(466,320)	(331,430)
Purchase and sales commitments	Decrease of hydrated ethanol price	4,224	(6,052)	(1,828)	(12,104)	(7,880)
		139,114	(239,212)	(100,098)	(478,424)	(339,310)
Exchange rate risk						
Derivatives of exchange rate						
Futures contracts:						
Purchase and sales commitment	R$/USD exchange rate increase	497	(126)	371	(252)	245
Forward Contracts:						
Purchase and sales commitment	R$/USD exchange rate increase	249	-	249	-	249
Exchange rate lock-in:						
Purchase and sales commitment	R$/USD exchange rate increase	(3,490)	(47,389)	(50,879)	(94,777)	(98,267)
Exchange rate swap						
Purchase and sales commitment	R$/USD exchange rate increase	18,573	(98,341)	(79,768)	(196,682)	(178,109)
		15,829	(145,856)	(130,027)	(291,711)	(275,882)
Interest rate risk						
Swap contracts, Exchange rate lock-in and NDF	Decrease of LIBOR curve	(5,403)	(11,049)	(16,452)	(21,906)	(27,309)

(*) Results projected to occur in up to 12 months as from March 31, 2013.

Net exposure to US dollar fluctuations

Based on the US dollar-denominated assets and liabilities as at March 31, 2014 and 2013, the Company simulation involves the appreciation and depreciation of exchange rates (R$/USD) by 25% and 50%. The probable scenario takes into consideration the Company's projections for exchange rates on the maturity of transactions as follows:

	Exchange rate simulations (R$/US$)				
		Scenarios			
	Balance sheet date	**+25%**	**+50%**	**-25%**	**-50%**
March 31, 2014	2.2630	2.8288	3.3945	1.6973	1.1315
March 31, 2013	2.0138	2.5173	3.0207	1.5103	1.0069

The probable scenario takes into consideration the position as at March 31, 2014. The effects of the stressed scenarios would be recorded in profit or loss as exchange variation gain (loss) as follows:

		Exchange variation effect			
		Scenarios			
Foreign exchange exposure, net March 31, 2014		**+25%**	**+50%**	**-25%**	**-50%**
Cash and cash equivalents (Note 3)	10,350	2,588	5,175	(2,588)	(5,175)
Restricted cash	118,889	29,725	59,445	(29,725)	(59,445)
Trade notes receivable abroad (Note 5)	162,557	40,643	81,279	(40,643)	(81,279)
Related parties (Note 10)	496,027	124,018	248,014	(124,018)	(248,014)
Loans and financing (Note 16)	(3,128,269)	(782,136)	(1,564,135)	782,136	1,564,135
Derivatives (Note 27)	23,417	5,855	11,709	(5,855)	(11,709)
	(2,317,029)	(579,307)	(1,158,513)	579,307	1,158,513

		Exchange variation effect			
		Scenarios			
Foreign exchange exposure, net March 31, 2013		**+25%**	**+50%**	**-25%**	**-50%**
Cash and cash equivalents (Note 3)	272,546	68,143	136,273	(68,143)	(136,273)
Trade notes receivable abroad (Note 5)	173,235	43,313	86,618	(43,313)	(86,618)
Related parties (Note 10)	664,934	166,250	332,467	(166,250)	(332,467)
Loans and financing (Note 16)	(2,839,763)	(710,011)	(1,419,882)	710,011	1,419,882
Derivatives (Note 27)	149,540	37,389	74,770	(37,389)	(74,770)
	(1,579,508)	(394,916)	(789,754)	394,916	789,754

The Company simulated floating interest rates on borrowings and financing and income from investments linked to the CDI rate involving an appreciation and depreciation by 25% and 50% as follows:

		March 31, 2014		
		Interest rate sensitivity		
		Probable scenario	**Scenario (+/- 25%)**	**Scenario (+/- 50%)**
Financial investments:	Decrease	138,784	104,088	69,392
	Increase	138,784	173,480	208,176
Loans and financing	Decrease	(425,590)	(319,193)	(212,795)
	Increase	(425,590)	(531,988)	(638,385)

		March 31, 2013		
		Interest rate sensitivity		
		Probable scenario	Scenario (+/- 25%)	Scenario (+/- 50%)
Financial investments:	Decrease	110,523	82,892	55,261
	Increase	110,523	138,154	165,784
Loans and financing	Decrease	(266,093)	(199,570)	(133,046)
	Increase	(266,093)	(332,616)	(399,139)

l) Capital management

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

The Company has relationships with the main national and international financial institutions. In July 2012, Fitch Ratings, Moody's and Standard and Poor's assigned the Company the credit ratings "AAA (bra)", "Aaa.br" and "brAAA", respectively, in their local rating tables.

The financial leverage ratios as at March 31, 2014 and 2013 were calculated as follows:

	2014	2013
Third-party capital		
Loans and financing (Note 16)	7,633,519	5,950,564
(-) Cash and cash equivalents (Note 3)	(1,771,015)	(1,759,501)
(-) Financial investments related to financing (Note 4.1)	(71,088)	(66,261)
(-) National Treasury Certificates - CTN (Note 9.2)	(434,366)	(360,376)
	5,357,050	3,764,426
Equity		
Shareholder's equity:		
Attributable to Parent company's shareholders	6,644,509	6,655,568
Attributable to non-controlling shareholders	-	17,927
	6,644,509	6,673,495
Total capital	12,001,559	10,437,921
Financial leverage ratios	45%	36%

The increase in the Company's leverage rations was mainly due to new loans and borrowings raised, with the BNDES and Credit notes, as well as the issuance of debentures (Note 15). This increase is aligned with the Company's strategy of investing in industrial equipment and in biological assets, as well as maintaining adequate cash balances.

28. Retirement supplementation plan

a) Pension fund

Defined contribution

Beginning on June 1, 2011, the Company started to sponsor the Raiz Benefit Plan, managed by Raízprev - Entidade de Previdência Privada, which is a not-for-profit private supplementary pension entity.

The entity has administrative and financial autonomy and is engaged in managing and implementing social security benefit plans, as set out in the Benefit Plan Rules , whose Sponsors are the following companies:

- Raízen Tarumã Ltda.
- Raízen Caarapó Açúcar e Álcool Ltda.
- Cosan Centroeste Açúcar e Álcool Ltda.
- Raízen Paraguaçú Ltda.
- Raízen Araraquara Açúcar e Álcool Ltda.
- Raízen Energia S.A.
- Raízen Combustíveis S.A.

The Company does not have any legal or constructive obligations with respect to additional extraordinary contributions, if the plan does not have sufficient assets to pay all benefits or cover a potential deficit.

In the year ended March 31, 2014, the amount of contributions recognized as expense was R$8,584 (R$6,680 in 2013).

29. Insurance

The Company has an insurance and risk management program that provides coverage and protection compatible with its assets and operations.

The insurance coverage is based on a strict risk and loss study conducted by local insurance consultants, and Management considers the insurance contracted sufficient to cover losses that may arise, based on the nature of the Company's activities.

		March 31,2014	
Asset covered	**Coverage**	**Insured Amount**	**Amount of coverage**
Inventories and property, plant and equipment	Fire, lightning, explosion, windstorm, breakdown of machinery, loss of profit and other.	12,165,690	6,523,077
General civil liability for directors and officers	Third party complaints	-	228,000
		12,165,690	6,751,077

Assumptions of risk and the appropriateness of insurance coverage are unaudited.

30. Subsequent events

Conversion of Provisional measure "MP 627/2013" into Law 12.973/2014

Law 12.973 was enacted on May 14th 2014 relating to the conversion of the Provisional Measure 627/2013 which among other arrangements: (i) includes amendments to Ordinance N°1.598/77 which provides tax treatment for corporations, and alters legislation for social contribution tax; (ii) establishes that changes to accounting standards issued subsequent to the announcement of this law, will not impact the calculation of federal taxes until the tax law regulates such change; (iii) establishes specific treatment for the taxation of revenues or dividends calculated between 1/1/2008 and 31/12/2013; (iv) provides for the calculation of interest on capital; and (v) covers the taxation on equity method investments.

Although Law 12.973 is effective from January 1st 2015, there is an option for Companies to retrospectively apply the changes from January 1st 2014, which, according to the Normative Statement RFB N° 1.469/2014, must be declared by July 21st 2014.

Based on management's analysis, the Company is not likely to opt for application of the law from 2014 and therefore does not expect any significant impacts on these financial statements.

Syndicated Loan Contracts

On April 8th 2014, the Company, through its subsidiary Raízen Cayman Limited, entered into a loan Contract in the form of a Syndicated Loan for US$ 250,000 thousand, indexed quarterly by Libor plus a fixed interest rate of 1.4% per year, maturing in March 2018 and 2019.

Increase of capital in "Barra Bioenergia Ltda & subsidiaries

On June 1st 2014, The Company's shareholders' meeting approved a capital investment in "Barra Bioenergia Ltda" ("Barra Bioenergia") transferring electric energy cogeneration assets. Barra Bioenergia will be created in 3 units of cogeneration and will have controlling interest of 10 companies with one cogeneration subsidiary each, all of the companies will be controlled directly or indirectly by Raízen Energia S.A.

* * *