

Cosan Ltd.
Form 20-F
April 30, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES
EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the fiscal year ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Commission file number: 1-33659

COSAN LIMITED
(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Bermuda
(Jurisdiction of incorporation or organization)

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São Paulo, SP 04543-000, Brazil
(55)(11) 3897-9797
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(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Shares	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

The number of outstanding shares as of December 31, 2014 was:

Title of Class	Number of Shares Outstanding
Class A Common Shares, par value \$.01 per share	174,355,341
Class B – series 1 – Common Shares, par value \$.01 per share	96,332,044

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes

No

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If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

- U.S. GAAP
- International Financial Reporting Standards as issued by the International Accounting Standards Board
- Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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Presentation of Financial and Other Information

On July 31, 2013, we changed our fiscal year from March 31 to December 31. This change was driven by the evolution in our investment portfolio, in which businesses that do not use the harvest year as their year end (March 31) have become more significant. Accordingly, we have included in this annual report our audited consolidated financial statements as at and for the fiscal year ended December 31, 2014, the nine-month period ended December 31, 2013 and as at and for the fiscal year ended March 31, 2013.

For comparison purposes, we have also included in this annual report our unaudited condensed consolidated income statement for the nine-month period ended December 31, 2012, to provide a meaningful point of comparison for the audited nine-month period ended December 31, 2013. In addition, and also for comparison purposes, we have compiled and included our unaudited condensed consolidated income statement for the twelve-month period ended December 31, 2013, to provide a meaningful point of comparison with the fiscal year ended December 31, 2014. Our unaudited condensed consolidated income statement for the twelve-month period ended December 31, 2013 was prepared by combining the audited condensed consolidated income statement for the nine-month period ended December 31, 2013 with the unaudited condensed consolidated income statement for the three-month period ended March 31, 2013.

We present our consolidated financial statements in accordance with International Financial Reporting Standards, or “IFRS”, as issued by the International Accounting Standards Board, or “IASB”, for both Securities and Exchange Commission, or “SEC”, and the Brazilian Securities Commission (Comissão de Valores Mobiliários), or “CVM”, filings.

The consolidated financial statements are presented in Brazilian reais. However, the functional currency of Cosan Limited, is the U.S. dollar. The Brazilian real is the currency of the primary economic environment in which Cosan S.A. Indústria e Comércio (“Cosan” or “Cosan S.A.”), Cosan Logística S.A. (“Cosan Logística”) and their respective subsidiaries and jointly controlled entities, located in Brazil, operate and generate and expend cash. The functional currency for the subsidiaries located outside Brazil is the U.S. dollar or the British pound. Cosan Limited, Cosan S.A. and its subsidiaries are collectively referred to as the “Company.”

The CVM mandated that IFRS as issued by the IASB should be used as the basis for consolidated financial statements of Brazilian public companies from fiscal years ending on December 31, 2010 and onward. We have presented our consolidated financial statements for the year ended December 31, 2014, for the nine months ended December 31, 2013 and for the year ended March 31, 2013, in accordance with IFRS as issued by the IASB.

On October 24, 2012, we sold our subsidiary Docelar Alimentos e Bebidas S.A., our Cosan Alimentos segment in the retail sugar business, and we have reported the results from operations from this segment as “discontinued operations” in our financial statements for the fiscal years ended March 31, 2013 and 2012. We have retrospectively presented such segment as discontinued operations for our annual consolidated financial statements as of and for the fiscal year ended March 31, 2013. This discontinued operation segment represented 15% of our consolidated profit for the period and 3.0% of our consolidated profit for the fiscal years ended March 31, 2013 and 2012, respectively.

On June 1, 2011, we and Shell Brazil Holdings B.V., or “Shell”, formed two joint ventures, or the “Joint Venture”, for a combined 50/50 investment, under the names Raízen Combustíveis S.A., or “Raízen Combustíveis” and Raízen Energia e Participações S.A. (currently Raízen Energia S.A.), or “Raízen Energia”, collectively referred to as “Raízen.” A third entity was established to assist with the management of the Joint Venture. On June 1, 2011, Cosan contributed its sugar and ethanol and its fuel distribution assets to the Joint Venture while Shell contributed its distribution assets in Brazil, its interests in second generation ethanol research and development entities (Iogen Corp. and Codexis, Inc.), its aviation fuel business in Brazil) and the license to use the Shell brand. Shell was also required to make a fixed cash contribution to the Joint Venture in the amount of R\$1.8 billion over a two-year period, of which the full amount had

been contributed to the Joint Venture as of December 31, 2012. The sugar refining business, including the União retail brand, and lubricants distribution business along with the investment in Radar Propriedades Agrícolas S.A., or “Radar”, were not contributed to the Joint Venture. The accounting effects arising from the formation of Raízen Combustíveis and Raízen Energia, during the year ended March 31, 2012, included the recording of the underlying net assets of the Joint Venture’s net assets at their estimated fair value, and recording a gain on the deconsolidation of the previous subsidiaries. Accordingly, our consolidated financial position, results of operations and cash flows for periods subsequent to the Joint Venture’s formation are not necessarily comparable to pre-formation amounts. We do not present any pro forma condensed consolidated

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financial information in connection with the Joint Venture; we have not included in this annual report, financial information regarding Shell or the fuel distribution assets of Shell that it contributed to the Joint Venture.

Our management evaluates the results of Raízen Energia and Raízen Combustíveis on the same basis as they are evaluated by the management of Raízen, which is on a 100% basis. Accordingly, unless the context requires otherwise, operational information pertaining to Raízen Energia and Raízen Combustíveis included in this annual report refers to 100% of the operations of these businesses. Upon the application of IFRS 11- Joint Arrangements, the Company retrospectively changed the accounting for its investments in Raízen Combustíveis and Raízen Energia, classifying them as investments in joint ventures. As such, for the nine-month period ended December 31, 2013, the Company accounted for these joint ventures under the equity method as opposed to the proportional consolidation method previously applied until March 31, 2013, and the accounting for the joint ventures for the fiscal years ended March 31, 2013 and 2012 have been restated for the impacts of retrospectively adopting IFRS 11. The joint ventures Raízen Combustíveis and Raízen Energia, were created on June 1, 2011, therefore the consolidated statement of profit or loss for the years ended March 31, 2011 and 2010 were not impacted by the adoption of IFRS 11. As disclosed in “Item 5. Operating and Financial Review and Prospects,” following the adoption of IFRS 11, starting in April 2013 Cosan no longer proportionally consolidates Raízen Energia and Raízen Combustíveis in its consolidated statement of financial position, statement of profit or loss and comprehensive income and statement of cash flows, and the results of these investments have been presented using the equity method of accounting in accordance with IAS 28R - “Investments in Associates and Joint Ventures”. For further details, see note 13 to our financial statements.

On November 5, 2012, the Company completed the acquisition of 60.05% of Companhia de Gás de São Paulo (“Comgás”) from BG Group for R\$ 3.4 billion, financed by a R\$ 3.3 billion loan which is to be paid over eight years, with a two year grace period and accruing interest at 123% of the CDI rate. Accordingly, Comgás has been consolidated into the Company’s financial information.

On October 1, 2014 at an extraordinary general meeting, Cosan S.A. shareholders’ approved the partial spin-off of Cosan S.A. and the merger of the spun-off portion into Cosan Log, composed of Cosan’s logistics operations. The Partial Spin-off seeks to segregate the Cosan S.A.’s activities in order to allow each business segment to focus on its sector, establishing suitable capital structures for each company. It also seeks to provide the market with greater transparency on each company’s performance, which will allow a better evaluation from shareholders and investors of the individual businesses permitting that resources be allocated accordance to the shareholder’s interests and investment strategy. The Company will provide shareholders with the same political and economic privileges in the new company as those conferred by the shares of the company they previously held. Furthermore, the partial spin-off will not result in any change in the characteristics of Cosan’s shares or the advantages conferred by them.

During 2013, Cosan identified an immaterial error related to the recognition of a tax receivable for the payment of the IPI tax (excise tax) on the purchase of raw materials since 2011. Cosan recorded such payments as a tax receivable assuming that it would be able to offset them with other taxes in the future. Upon further analyses of the tax legislation Cosan concluded that such offset is not allowed. Therefore, the tax receivable has not been recognized upon payment of the corresponding tax. Cosan determined that the reversal of the tax credit recognized is not material to its consolidated statement of financial position, statement of profit or loss and other comprehensive income or cash flows for fiscal years ended before December 31, 2013. However, if the entire correction of the error had been recorded at December 31, 2013, the impact would have been material to the consolidated statement of profit or loss for the nine-month period then ended. As a result, Cosan has determined that it was appropriate to revise its financial statements for the fiscal years ended March 31, 2013 and 2012. The revisions to correct the error in the applicable fiscal years are reflected in the financial information herein and will be reflected in future filings containing such information.

During 2014, the Company identified an immaterial error in the calculation of diluted earnings per share impacting the nine-month period ended December 31, 2013 and the fiscal year ended March 31, 2013. The error consisted of a mathematically inaccurate calculation of the monetary effect of dilution on the profits attributable to shareholders of the parent. The diluted earnings per share from continuing operations for the nine-month period ended December 31, 2013 and the year ended March 31, 2013 were originally presented, in error, as R\$ 0.33 and R\$ 1.06, respectively. These amounts have been revised in our statement of profit and loss to R\$0.40 and R\$ 1.21, respectively – see also Note 24 to our financial statements for more information. The revisions to correct the error in the applicable fiscal years are reflected in the financial information herein and will be reflected in future filings containing such information.

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The historical consolidated financial information for the fiscal years ended March 31, 2013 and 2012 included in this annual report reflect the restated amounts due to the changes in accounting policies derived from the application of IFRS 11 and the immaterial correction of an error discussed above.

Forward - Looking Statements

This annual report contains estimates and forward-looking statements, mainly under “Item 3. Key Information—D. Risk Factors,” “Item 4. Information on the Company—B. Business Overview” and “Item 5. Operating and Financial Review and Prospects.” Some of the matters discussed concerning our business and financial performance include estimates and forward-looking statements.

Our estimates and forward-looking statements are mainly based on our current expectations and estimates on projections of future events and trends, which affect or may affect our businesses and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- general economic, political, demographic and business conditions in Brazil and in the world and the cyclicity affecting our selling prices;
 - the effects of global financial and economic crises in Brazil;
- our ability to implement our expansion strategy in other regions of Brazil and international markets through organic growth, acquisitions or Joint Ventures;
 - competitive developments in the segments in which we operate;
- our ability to implement our capital expenditure plan, including our ability to arrange financing when required and on reasonable terms;
 - price of natural gas, ethanol and other fuels, as well as sugar;
 - equipment failure and service interruptions;
 - our ability to compete and conduct our businesses in the future;
 - adverse weather conditions;
 - changes in customer demand;
 - changes in our businesses;
- our ability to successfully work together with our partners to operate our partnerships (such as the Joint Venture and to integrate Comgás business into ours);
 - technological advances in the ethanol sector and advances in the development of alternatives to ethanol;
-

government interventions and trade barriers, resulting in changes in the economy, taxes, rates, prices or regulatory environment including in relation to our regulated businesses such as Comgás;

- inflation, depreciation, valuation and devaluation of the Brazilian real;
- other factors that may affect our financial condition, liquidity and results of our operations; and
- other risk factors discussed under “Item 3. Key Information—D. Risk Factors.”

The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar words are intended to estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or to review any estimate and/or

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forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. In light of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this annual report might not occur and our future results and our performance may differ materially from those expressed in these forward-looking statements due to but not limited to, the factors mentioned above. Because of these uncertainties, you should not make any investment decision based on these estimates and forward-looking statements.

Fiscal Year

As discussed above, during the course of 2013 we modified our fiscal year to end on December 31. Previously, our fiscal year ended on March 31. References in this annual report to “transition period 2013” and “transition period 2012” relate to the nine months ended on December 31, 2013 and to the unaudited nine months ended 2012, respectively. For comparison purposes, we have also included in this annual report our unaudited condensed consolidated income statement for the nine-month period ended December 31, 2012 and for the twelve-month period ended December 31, 2013. References in this annual report to “fiscal year 2013” or prior fiscal years relate to the fiscal year ended on March 31 of that calendar year. However, for purposes of calculating income and social contribution taxes in accordance with Brazilian law, the applicable year ends on December 31.

Market Data

We obtained market and competitive position data, including market forecasts, used throughout this annual report from market research, publicly available information and industry publications, as well as internal surveys. We include data from reports prepared by LMC International Ltd., the Central Bank of Brazil (Banco Central do Brasil), or the “Brazilian Central Bank,” Sugarcane Agroindustry Association of the State of São Paulo (União da Agroindústria Canavieira de São Paulo), or “UNICA,” Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística), or “IBGE,” the National Traffic Agency (Departamento Nacional de Trânsito), or DENATRAN, the Brazilian Association of Vehicle Manufactures (Associação Nacional dos Fabricantes de Veículos Automotores), or “ANFAVEA,” Datagro Publicações Ltda., F.O. Licht, Czarnikow, Apoio e Vendas Procana Comunicações Ltda., the São Paulo Stock, Commodities and Futures Exchange (BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros), or “BM&FBOVESPA,” the International Sugar Organization, the Brazilian National Economic and Social Development Bank (Banco Nacional de Desenvolvimento Econômico e Social), or “BNDES,” the New York Board of Trade, or “NYBOT,” the New York Stock Exchange, or “NYSE,” the London Stock Exchange, the National Agency of Petroleum, Natural Gas and Biofuels (ANP - Agência Nacional do Petróleo, Gás Natural e Biocombustíveis), or “ANP,” the National Union of Distributors of Fuels and Lubricants (Sindicato Nacional das Empresas Distribuidoras de Combustíveis e Lubrificantes), or “Sindicom,” the Sanitation and Energy Regulatory Agency for the State of São Paulo (Agência Reguladora de Energia de São Paulo) or “ARSESP,” the Brazilian Gas Distributors Association (Associação Brasileira das Empresas Distribuidoras de Gás) or “ABEGÁS,” and the Agriculture School of the University of São Paulo (Escola Superior de Agricultura Luiz de Queiroz) or “ESALQ,” and the National Electric Energy Agency (Agência Nacional de Energia Elétrica) or “ANEEL”. We believe that all market data in this annual report is reliable, accurate and complete.

Terms Used in This Annual Report

In this annual report, we present information in gallons, liters and cubic meters (m³). In addition, we also present information in tons. In this annual report, references to “ton” or “tonne” refer to the metric tonne, which is equal to 1,000 kilograms.

All references in this annual report to “TSR” are to total sugar recovered, which represents the total amount of sugar content in a given quantity of sugarcane.

All references in this annual report to “U.S. dollars,” “dollars” or “US\$” are to U.S. dollars. All references to the “real,” “reais” or “R\$” are to the Brazilian real, the official currency of Brazil.

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Rounding

We have rounding adjustments to reach some of the figures included in this annual report. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The following table presents selected historical financial and operating data for the Company derived from our audited consolidated financial statements. You should read the following information in conjunction with our audited consolidated financial statements and related notes, and the information under “Item 5. Operating and Financial Review and Prospects” in this annual report.

The financial data at and for the fiscal year ended December 31, 2014, at and for the nine-month period ended December 31, 2013 and at and for the fiscal year ended March 31, 2013 have been derived from our audited consolidated financial statements prepared in accordance with IFRS as issued by the IASB, unless otherwise stated.

The financial data at and for the unaudited nine-month period ended December 31, 2012 is presented solely for the purpose of providing meaningful comparisons with the audited nine-month period ended December 31, 2013. Similarly, the financial data at and for the unaudited twelve-month period ended December 31, 2013 is provided solely for the purposes of meaningful comparison with the audited fiscal year ended December 31, 2014. The unaudited consolidated financial information for the nine-month period ended December 31, 2012 was prepared by extracting the appropriate information from the interim financial information included in the consolidated financial statements for the fiscal year ended March 31, 2013. Similarly, the unaudited consolidated financial information for the twelve-month period ended December 31, 2013 was prepared by compiling the financial information presented in the consolidated financial statements for the nine-month period ended December 31, 2013 with the unaudited interim financial information for the three-month period ended March 31, 2013, which was included in the consolidated financial statements for the fiscal year ended March 31, 2013.

In the fiscal year ended March 31, 2012 our sugar and ethanol assets were contributed to the formation of the joint ventures, Raízen Energia and Raízen Combustíveis, and the revenues from such operations ceased to be consolidated into the results of operations, as these joint ventures are accounted for under the equity method, in accordance with IFRS 11.

Segment information is presented in accordance with IFRS as issued by the IASB, except that the Company’s senior management continues to review segment information of 100% of the results of Raízen Energia and Raízen Combustíveis, even though as a result of the adoption of IFRS 11, the Company accounts for these investments under the equity method. A reconciliation of the segment information to the Company’s financial statement is presented in note 5 to the consolidated financial statements for the fiscal year ended December 31, 2014, the nine-month period ended December 31, 2013 and the fiscal year ended March 31, 2013.

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	As of and For Fiscal Year Ended December 31, 2014	As of and for Twelve-Month Period Ended December 31, 2013	As of and for Nine-Month Period Ended December 31, 2013		As of and for Fiscal Year Ended March 31, 2013			
			December 31, 2012	December 31, 2013	March 31, 2012	March 31, 2013	March 31, 2011	March 31, 2010
(in millions of reais, except where otherwise indicated)								
Consolidated								
Income Statement								
Data:								
Net sales	9,062.3	8,867.4	6,878.2	2,597.0	4,586.2	4,563.6	18,063.5	15,336.1
Cost of Sales	(6,413.7)	(6,263.7)	(4,878.2)	(1,825.9)	(3,211.3)	(3,696.2)	(15,150.1)	(13,271.3)
Gross profit	2,648.6	2,603.7	2,000.0	771.1	1,374.9	867.4	2,913.4	2,064.8
Selling expenses	(881.5)	(802.4)	(604.0)	(261.0)	(459.4)	(318.4)	(1,026.1)	(862.7)
General and administrative expenses	(668.6)	(606.0)	(467.0)	(280.5)	(419.5)	(274.5)	(545.4)	(501.7)
Gain on tax recovery program	—	—	—	—	—	—	—	270.3
Gain on the de-recognition of subsidiaries to form the JVs	—	—	—	—	—	2,752.7	—	—
Other income (expense), net	(21.2)	148.1	76.3	101.9	173.7	(21.7)	(33.8)	37.5
Total operations income / (expenses)	(1,571.4)	(1,260.3)	(994.6)	(439.5)	(705.2)	2,138.1	(1,605.3)	(1,056.5)
Income before financial results, equity in earnings in and income taxes	1,077.2	1,343.5	1,005.4	331.6	669.7	3,005.5	1,308.1	1,008.3
Equity in earnings of investees	592.0	355.4	247.5	461.2	674.3	388.6	25.2	4.2
Financial results	(982.8)	(893.6)	(713.7)	(243.3)	(423.1)	(259.1)	(151.1)	493.4
Profit before taxes	686.3	805.3	539.2	549.5	920.9	3,135.0	1,182.2	1,505.9
Income tax (expense) Benefit:								
Current	(156.5)	(157.7)	(130)	(72.3)	(100.1)	(58.7)	(85.4)	(78.4)
Deferred	112.7	54.4	90.8	85.2	(26.3)	(960.4)	(329.1)	(344.9)
	(43.8)	(103.3)	(39.2)	12.9	(126.4)	(1,019.1)	(414.5)	(423.3)
Profit from continuing operations	642.5	702.0	500.0	562.4	794.5	2,115.8	767.8	1,082.6
Profit/Loss from discontinued	—	(3.4)	—	142.2	138.9	64.2	—	—

operation, net of tax								
Profit for the period	642.5	698.7	500.0	704.6	933.5	2,180.1	767.8	1,082.6
Net income for the period attributable to non-controlling interests	(471.5)	(483.5)	(377.4)	(368.9)	(509.4)	(1,003.7)	(296.7)	(376.4)
Net income for the period attributable to owners of the parent (including discontinued operations)	171.0	215.2	122.6	335.7	424.1	1,176.4	470.9	706.1
Consolidated Statement of Financial Position Data:								
Cash and cash equivalents	1,649.3	1,509.5	1,509.5	1,470.0	1,544.1	1,036.2	1,271.8	1,110.8
Investment Securities	149.7	88.0	88.0	—	105.9	—	—	—
Inventories	353.7	312.0	312.0	288.3	275.7	151.0	670.3	612.7
Biological assets	—	—	—	—	—	—	1,561.1	963.2
Property, plant and equipment	1,435.9	1,271.9	1,271.9	1,142.6	1,178.3	1,656.1	7,980.5	6,114.5

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	As of and	As of and for	As of and for Nine-Month			As of and for Fiscal Year Ended		
	For Fiscal Year Ended December 31, 2014	Twelve-Month Period Ended December 31, 2013	December 31, 2013	December 31, 2012	March 31, 2013	March 31, 2012	March 31, 2011	
(in millions of reais, except where otherwise indicated)								
Consolidated								
Income								
Statement Data:								
Intangible								
assets and								
goodwill	10,286.4	10,078.0	10,078.0	10,406.9	9,614.9	1,469.4	3,889.6	3
Total assets	29,696.3	28,615.7	28,615.7	25,035.9	27,521.0	15,864.1	18,614.0	1
Current								
liabilities	2,970.9	2,650.7	2,650.7	2,578.4	2,987.1	602.9	2,380.8	2
Non-current								
liabilities								
Loans and								
borrowings	8,502.6	9,093.0	9,093.0	7,267.0	8,508.0	2,077.4	6,274.9	5
Provision for								
legal								
proceedings	657.8	722.5	722.5	829.0	825.7	764.3	666.3	6
Equity								
attributable to								
owners of the								
parent	5,844.6	5,886.3	5,886.3	5,850.9	5,997.3	5,564.3	4,560.9	4
Equity								
attributable to								
non-controlling								
interests	7,644.7	7,433.5	7,433.5	7,331.0	7,208.7	3,862.3	2,767.8	2
Total								
shareholders'								
equity	13,489.3	13,319.8	13,319.8	13,181.9	13,206.0	9,426.6	7,328.7	6
Consolidated								
Other Financial								
Data:								
Depreciation								
and								
amortization	679.1	598.5	439.1	175.4	334.8	260.9	1,359.0	1
Net debt (1)	6,146.4	7,312.9	7,310.4	6,768.0	6,722.3	1,046.5	5,285.7	4
Working capital								
(2)	594.2	913.3	913.3	542.1	456.3	1,297.0	1,099.8	1
Cash flow								
provided by								
(used in):								
Operating								
activities	1,117.2	1,368.4	1,148.5	103.1	283.1	652.0	2,327.2	2
	(331.7)	(1,043.9)	(523.1)	(2,866.8)	(2,710.6)	(1,180.2)	(3,145.7)	()

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Investing activities								
Financing activities	(635.5)	(316.6)	(673.4)	3,198.2	2,931.3	276.8	980.7	3
Basic earnings per share from continuing operations	R\$ 0.65	R\$ 0.81	R\$ 0.46	R\$ 1.26	R\$ 1.27	R\$ 4.23	R\$ 1.74	R
Diluted earnings per share from continuing operations	R\$ 0.58	R\$ 0.75	R\$ 0.40	R\$ 1.26	R\$ 1.21	R\$ 4.23	R\$ 1.74	R
Basic earnings per share from discontinued operations	—	R\$ 0.01	—	R\$ 0.02	R\$ 0.33	R\$ 0.15	—	
Diluted earnings per share from discontinued operations	—	R\$ 0.01	—	R\$ 0.02	R\$ 0.33	R\$ 0.15	—	
Number of shares outstanding	270,687,385	270,687,385	270,687,385	270,687,385	270,687,385	270,687,385	270,687,385	2
Declared Dividends (millions of reais)	445.5	328.3	328.3	153.7	468.9	141.0	220.1	4
Declared Dividends (millions of U.S. dollars)	US\$ 167.7	US\$ 140.1	US\$ 140.1	US\$ 75.2	US\$ 232.8	US\$ 77.4	US\$ 135.1	U
Declared Dividends per share (reais)	R\$ 1.68323	R\$ 1.24024	R\$ 1.24024	R\$ 0.57247	R\$ 1.77156	R\$ 0.53130	R\$ 0.82947	R
Declared Dividends per share (U.S. dollars)	US\$ 0.63370	US\$ 0.52943	US\$ 0.52943	US\$ 0.28014	US\$ 0.87971	US\$ 0.29160	US\$ 0.50919	U

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	As of and For Fiscal Year Ended December 31, 2014	As of and for Twelve-Month Period Ended December 31, 2013	As of and for Nine-Month Period Ended December 31, 2013		As of and for Fiscal Year Ended March 31, 2013		As of and for Fiscal Year Ended March 31, 2012		March 31, 2011	March 31, 2010
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(in millions of reais, except where otherwise indicated)

Consolidated
Income
Statement Data:Other Operating
Data:

Crushed sugarcane (in million tons)	57.1	61.4	61.4	56.2	56.2	52.9	54.2	50.0
Sugar production (in million tons)	4.1	4.5	4.5	4.2	4.2	3.9	3.9	3.5
Ethanol production (in billion liters)	2.1	2.0	2.0	1.9	1.9	1.9	2.2	1.8
Volume of fuel sold (in million liters)	25,027.8	23,214.1	17,903.0	16,656.3	21,967.4	18,526.3	6,076.9	5,490.6
Sugar elevated (Rumo) (in million tons)	11.1	9.2	7.0	6.4	8.6	7.8	7.5	8.1
Natural Gas (Comgás) (in million m ³)	5,458.7	5,457.0	4,089.9	926.3	2,293.3	—	—	—
Volume of lubricants and base oil sold (in million liters)	319.8	315.6	243.1	214.0	286.6	216.7	166.4	130.8

(1) Net debt consists of current and non-current debt, net of cash and cash equivalents, marketable securities and derivatives on debt and CTNs - Brazilian Treasury bills (only for 2011 and 2010) recorded in our consolidated financial statements as other non-current assets. Net debt is a non-GAAP measure.

(2) Working capital consists of total current assets less total current liabilities.

The table below provides a reconciliation of Net debt, a non-GAAP measure:

As of and for	As of and for	As of and for Nine-Month Period Ended	As of and for Fiscal Year Ended
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	Fiscal Year Ended	Twelve-Month Period Ended							March, 31
	December 31, 2014	December 31, 2013	December 31, 2013	December 31, 2012	December 31, 2012	March 31, 2013	March, 31 2012	March, 31 2011	March, 31 2010
	(in millions of reais, except where otherwise indicated)								
Current loans and borrowings	1,056.4	1,050.9	1,050.9	1,139.7	1,608.4	83.5	957.1	839.5	
Non-current loans and borrowings	7,446.3	8,042.1	8,042.1	7,267.0	6,899.6	1,993.9	6,274.9	5,136.6	
Total	8,502.6	9,093.0	9,093.0	8,406.7	8,508.0	2,077.4	7,232	5,976.1	
Cash and cash equivalents	1,649.3	1,509.5	1,509.5	1,470.0	1,544.1	1,036.2	1,271.8	1,110.8	
Investment securities	149.7	88.0	88.0	—	105.9	—	—	—	
Total	1,799.1	1,597.5	1,597.5	1,470.0	1,650.0	1,036.2	1,271.8	1,110.8	
Special Program for Agricultural Securitization - PESA (debt)	—	—	—	—	—	—	(674.5)	(603.6)	
Derivatives on debt	(557.1)	(182.6)	(185.0)	(168.7)	(135.8)	5.3	—	—	
Net debt	6,146.4	7,312.9	7,310.4	6,768.0	6,722.3	1,046.4	5,285.7	4,261.7	

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Exchange Rates

The Brazilian Central Bank allows the real/U.S. dollar exchange rate to float freely and has intervened occasionally to control the exchange rate volatility. However, the exchange market may continue to be volatile, and the real may depreciate or appreciate substantially in relation to the U.S. dollar. The Brazilian Central Bank or the Brazilian government may intervene in the exchange rate market.

Since March 17, 2008, Brazilian exporters have been allowed to keep 100% of income from exports outside of Brazil. In addition, the foreign exchange mechanism was simplified to provide for the simultaneous purchase and sale of foreign currency through the same financial institution and using the same exchange rate.

On October 5, 2010, the Brazilian government announced measures to respond to the appreciation of the real by increasing the IOF (Imposto sobre Operações Financeiras) tax rate to 4% on foreign exchange transactions related to foreign investments in the financial and capital markets, except for variable income investments traded on the stock exchange, which remained at 2%.

On October 18, 2010, new increases in the IOF tax rate were announced by the Brazilian government which adopted a 6% rate for foreign exchange transactions and for the investments of foreign investors in accordance with the margin requirements for future transactions on the BM&FBOVESPA. The IOF tax rate remains at zero on exchange transactions for outflow for these funds as well as for proceeds received as a result of initial public offerings. The conversion of Brazilian currency into foreign currency for purposes of paying dividends for American Depositary Share programs is not subject to tax.

On January 6, 2011, the Brazilian Central Bank published Circular 3,520, which imposes a 60% minimum reserve deposit for any financial operations exceeding US\$3 billion.

The following tables set forth the exchange rate, expressed in reais per U.S. dollar (R\$/US\$) for the periods indicated, as reported by the Brazilian Central Bank.

Year	Period-end	Average(1)	Low	High
March 31, 2010	1.781	1.785	1.764	1.823
March 31, 2011	1.629	1.666	1.628	1.690
March 31, 2012	1.822	1.699	1.534	1.901
December 31, 2012	2.044	2.006	1.822	2.112
March 31, 2013	2.014	2.004	1.822	2.112
December 31, 2013	2.343	2.160	1.953	2.446
December 31, 2014	2.656	2.354	2.197	2.740

Month	Period-end	Average(2)	Low	High
January 2014	2.426	2.382	2.333	2.439
February 2014	2.333	2.383	2.333	2.423
March 2014	2.263	2.325	2.260	2.364
April 2014	2.236	2.232	2.197	2.281
May 2014	2.239	2.220	2.210	2.240
June 2014	2.203	2.235	2.197	2.280
July 2014	2.267	2.224	2.205	2.267
August 2014	2.240	2.267	2.239	2.298

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September 2014	2.451	2.332	2.231	2.452
October 2014	2.444	2.448	2.391	2.534
November 2014	2.560	2.548	2.483	2.613
December 2014	2.656	2.639	2.560	2.740
January 2015	2.662	2.634	2.575	2.710
February 2015	2.878	2.816	2.689	2.881
March 2015	3.208	3.139	2.865	3.268
April 2015 (through April 24, 2015)	2.975	3.069	2.974	3.207

Source: Brazilian Central Bank.

- (1) Represents the average of the exchange rates on the closing of each day during the year.
- (2) Represents the average of the exchange rates on the closing of each day during the month.

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Exchange rate fluctuation will affect the U.S. dollar equivalent of the market price of our Brazilian Depositary Receipts, or “BDRs,” on BM&FBOVESPA, as well as the U.S. dollar value of any distributions we receive from our subsidiary Cosan S.A., which will be made in reais. See “—D. Risk Factors—Risks Related to Brazil.”

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

This section is intended to be a summary of more detailed discussion contained elsewhere in this annual report. Our business, financial condition or results of operations could be materially and adversely affected by any of the risks and uncertainties described below. As a result, the market price of our units and the BDRs could decline, and you could lose all or part of your investment. Additional risks not presently known to us, or that we currently deem immaterial, may also impair our financial condition and business operations.

Risks Related to Our Business, the Operations of Our Joint Venture, and Industries in Which We Operate

We operate in industries in which the demand and the market price for our products are cyclical and are affected by general economic conditions in Brazil and globally.

The ethanol and sugar industries, both globally and in Brazil, have historically been cyclical and sensitive to domestic and international changes in supply and demand.

Ethanol is marketed as a fuel additive to reduce vehicle emissions from gasoline, as an enhancer to improve the octane rating of gasoline with which it is blended or as a substitute fuel for gasoline. As a result, ethanol prices are influenced by the supply of and demand for gasoline, and our business and financial performance may be materially adversely affected by fluctuations in the demand for and/or price of gasoline. The increase in the production and sale of flex fuel vehicles (hybrid vehicles, that run with ethanol or gasoline or both combined in any proportion) has resulted, in part, from lower taxation, since 2002, of such vehicles compared to gasoline only cars. This favorable tax treatment may be eliminated and the production of flex fuel vehicles may decrease, which could adversely affect demand for ethanol.

Historically, the international sugar market has experienced periods of limited supply—causing sugar prices and industry profit margins to increase—followed by an expansion in the industry that results in oversupply—causing declines in sugar prices and industry profit margins. In addition, fluctuations in prices for ethanol or sugar may occur, for various other reasons, including factors beyond our control, such as:

- fluctuations in gasoline prices;
- variances in the production capacities of our competitors; and
- the availability of substitute goods for the ethanol and sugar products we produce.

The prices we are able to obtain for sugar depends, in large part, on prevailing market prices. These market conditions, both in Brazil and internationally, are beyond our control. The wholesale price of sugar has a significant impact on our profits. Like other agricultural commodities, sugar is subject to price fluctuations resulting from weather, natural disasters, harvest levels, agricultural investments, government policies and programs for the agricultural sector, domestic and foreign trade policies, shifts in supply and demand, increasing purchasing power, global production of similar or competing products, and other factors beyond our control. In addition, a significant portion of the total worldwide sugar production is traded on exchanges and thus is subject to speculation, which could affect the price of sugar and our results of operations. The price of sugar, in particular, is also affected by producers' compliance with sugar export requirements and the resulting effects on domestic supply. As a consequence, sugar prices have been subject to higher historical volatility when compared to many other commodities. Competition from alternative sweeteners, including saccharine and high fructose corn syrup, known as

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“HFCS,” changes in Brazilian or international agricultural or trade policies or developments relating to international trade, including those under the World Trade Organization, are factors that can directly or indirectly result in lower domestic or global sugar prices. Any prolonged or significant decrease in sugar prices could have a material adverse effect on our business and financial performance. Sugar prices reached the highest levels in nearly 30 years during fiscal 2010, reflecting the deficit in global sugar production.

If we are unable to maintain sales at generally prevailing market prices for ethanol and sugar in Brazil and internationally, or if we are unable to export sufficient quantities of ethanol and sugar to assure an appropriate domestic market balance, our ethanol and sugar business as well as our cash flow may be adversely affected.

Ethanol prices are directly correlated to the price of sugar, so that a decline in the price of sugar will adversely affect both our ethanol and sugar businesses.

The price of ethanol generally is closely associated with the price of sugar and is increasingly becoming correlated to the price of oil. A vast majority of ethanol in Brazil is produced at sugarcane mills that produce both ethanol and sugar. Because sugarcane millers are able to alter their product mix in response to the relative prices of ethanol and sugar, this results in the prices of both products being directly correlated, and the correlation between ethanol and sugar may increase over time. In addition, sugar prices in Brazil are determined by prices in the world market, so that there is a correlation between Brazilian ethanol prices and world sugar prices.

Because flex fuel vehicles allow consumers to choose between gasoline and ethanol at the pump rather than at the showroom, ethanol prices are now becoming increasingly correlated to gasoline prices and, consequently, oil prices. We believe that the correlation among the three products will increase over time. Accordingly, a decline in sugar prices will have an adverse effect on the financial performance of our ethanol and sugar businesses, and a decline in oil prices may have an adverse effect on that of our ethanol business, including on its cash flows.

Raízen Energia may not successfully acquire or develop additional production capacity through greenfield projects or expansion of existing facilities.

Raízen Energia may explore growth opportunities in the future. We do not have environmental or other permits, designs or engineering, procurement and construction contracts with respect to any potential projects. As a result, we may not complete these projects on a timely basis or at all, and may not realize the related benefits we anticipate. In addition, we may be unable to obtain the required financing for these projects on satisfactory terms, or at all.

The integration of greenfield projects or expansion of our existing facilities may result in unforeseen operating difficulties and may require significant financial and managerial resources that would otherwise be used for the development and ongoing expansion of our existing operations. Planned or future greenfield projects or expansion of existing facilities may not enhance our financial performance.

Raízen Energia may not successfully implement our plans to sell energy from our cogeneration projects, and the Brazilian government’s regulation of the energy sector may affect our business and financial performance.

Our current total installed energy cogeneration capacity is approximately 934 MW, which is used to generate energy for our own industrial operations and to sell surplus energy to third parties. The Brazilian government regulates the energy sector extensively. We may not be able to satisfy all the requirements necessary to acquire new contracts or to otherwise comply with Brazilian energy regulation. Changes to the current energy regulation or federal authorization programs, and the creation for more stringent criteria for qualification in future public energy auctions, may adversely affect the implementation of this element of our business strategy.

Raízen Energia and Raízen Combustíveis are subject to the application of regulatory penalties in case of non-compliance with the terms and conditions of their authorizations.

Raízen Energia performs generation activities in accordance with the regulation applicable to the energy sector and with the terms and conditions of its authorizations granted by the Federal Government, by means of ANEEL. The term of such authorizations varies from 30 to 35 years.

ANEEL may apply regulatory penalties to Raízen Energia in case of non-compliance with the authorizations or with the energy sector regulation. Such penalties may include warnings, fines (in some cases up to 2% of our

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revenues for the last 12 months), restrictions to Raízen Energia's operations and revocation of its authorizations, in accordance with the gravity of the infraction.

In addition, Raízen Combustíveis performs fuel distribution activities in accordance with the regulation applicable to the oil & gas sector and with the terms and conditions of its authorization granted by the Federal Government, by means of the ANP. The ANP may apply regulatory penalties to Raízen Combustíveis in case of non-compliance with the authorizations or with the oil & gas sector regulation. Such penalties may include fines, seizure and/or destruction of product, cancellation of product registry, partial or total interdiction of commercial establishments, revocation of regulatory authorization, among others. The fines may vary from R\$5,000 to R\$5,000,000 in accordance with type and gravity of the infraction.

Raízen Energia and Raízen Combustíveis cannot assure that they will not be penalized by ANEEL or ANP, respectively, nor can they assure you that they will comply with all terms and conditions of their authorizations and with the regulation applicable to their respective businesses, which may adversely affect our business.

Raízen Energia may engage in hedging transactions, which involve risks that can harm our financial performance.

We are exposed to market risks arising from the conduct of our business activities—in particular, market risks arising from changes in commodity prices, exchange rates or interest rates. In an attempt to minimize the effects of volatility of sugar prices and exchange rates on our cash flows and results of operations, we engage in hedging transactions involving commodities and exchange rate futures, options, forwards and swaps. We also engage in interest rate-related hedging transactions from time to time. Hedging transactions expose us to the risk of financial loss in situations where the other party to the hedging contract defaults on its contract or there is a change in the expected differential between the underlying price in the hedging agreement and the actual price of commodities or exchange rate. We may incur significant hedging-related losses in the future. We hedge against market price fluctuations by fixing the prices of our sugar export volumes and exchange rates. Since we record derivatives at fair value, to the extent that the market prices of our products exceed the fixed price under our hedging policy, our results will be lower than they would have been if we had not engaged in such transactions as a result of the related non-cash derivative expenses. As a result, our financial performance would be adversely affected during periods in which commodities prices increase. Alternatively, we may choose not to engage in hedging transactions in the future, which could adversely affect our financial performance during periods in which commodities prices decrease.

Raízen Energia and Raízen Combustíveis face significant competition, which may adversely affect our market share and profitability.

The ethanol and sugar industries are highly competitive. Internationally, we compete with global ethanol and sugar producers such as Poet, Inc., Archer-Daniels-Midland Company, Cargill, Inc. and A.E. Staley Manufacturing Company (a subsidiary of Tate & Lyle, PLC). Some of our competitors are divisions of larger enterprises and have greater financial resources than us. In Brazil, we compete with numerous small to medium-size producers. Despite increased consolidation, the Brazilian ethanol and sugar industries remain highly fragmented. Our major competitors in Brazil are Biosev (the second largest ethanol and sugar producer in Brazil), Tereos - Guarani (the third-largest ethanol and sugar producer in Brazil), Bunge, Santa Terezinha, São Martinho, Carlos Lyra, Tercio Wanderley, Zilor, Oscar Figueiredo, Da Pedra, and Irmãos Biagi and other ethanol and sugar producers in Brazil that market their ethanol and sugar products through the Cooperative of Sugarcane, Sugar and Ethanol Producers of the state of São Paulo (Cooperativa de Produtores de Cana-de-açúcar, Açúcar e Álcool do Estado de São Paulo), or Copersucar. During the 2011/2012 harvest, Copersucar was comprised of producers in the states of São Paulo, Minas Gerais and Paraná. We are not a member of Copersucar.

We face strong competition from international producers – in particular, in highly regulated and protected markets, such as the United States and the European Union. Historically, imports of sugar have not provided substantial competition for us in Brazil due to, among other factors, the production and logistical cost-competitiveness of sugar produced in Brazil. If the Brazilian government creates incentives for sugar imports, we could face increased competition in the Brazilian market by foreign producers. Many factors influence our competitive position, including the availability, quality and cost of fertilizer, energy, water, chemical products and labor. Some of our international competitors have greater financial and marketing resources, larger customer bases

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and broader product ranges than we do. If we are unable to remain competitive with these producers in the future, our market share may be adversely affected.

The fuel distribution and lubricant market in Brazil is highly competitive. We compete with domestic fuel distributors who purchase substantially all of their fuels from Petrobras. There are very few domestic competitors, such as us, who import certain products into Brazil. In addition, we compete with producers and marketers in other industries that supply alternative forms of energy and fuels to satisfy the requirements of our industrial, commercial and retail consumers. Certain of our competitors, such as Petrobras, have larger fuel distribution networks and vertically integrated oil refineries, and may be able to realize lower per-barrel costs or higher margins per barrel of throughput. Our principal competitors are larger and have substantially greater resources than we do. Because of their integrated operations and larger capitalization, these companies may be more flexible in responding to volatile industry or market conditions, such as shortages of crude oil and other feedstock or intense price fluctuations. The actions of our competitors could lead to lower prices or reduced margins for the products we sell, which could have a material and adverse effect on our business, results of operations and our financial performance.

Transporting and storing natural gas involves numerous risks that may result in accidents and other operating risks and costs that could adversely affect Comgás' results of operations, cash flows and financial condition.

Comgás' activities involve a variety of inherent hazards and operating risks, such as leaks, accidents and mechanical problems, which could cause substantial financial losses. In addition, these risks could result in loss of human life, significant damage to property, environmental pollution and impairment of Comgás' operations, which in turn could lead to substantial losses. In accordance with customary industry practice, Comgás maintains insurance against some, but not all, of these risks and losses. The location of pipelines and storage facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from these risks. The occurrence of any of these events if not fully covered by insurance could adversely affect our results of operations, cash flows and financial condition.

Natural gas commodity price changes may affect the operating costs and competitive positions of Comgás' businesses which could adversely affect its results of operations, cash flows and financial condition.

Natural gas prices historically have been volatile and may continue to be volatile in the future. Prices for natural gas are subject to a variety of factors that are beyond Comgás' control. These factors include, but are not limited to, the level of consumer demand for, and the supply of, natural gas, processing, gathering and transportation availability, statutory gas supply purchase obligations, price and availability of alternative fuel sources, weather conditions, natural disasters and political conditions or hostilities in natural gas producing regions.

In addition, natural gas supply agreements have their payment terms made up of two portions: (1) one is indexed to a basket of combustible oils in the international market and is adjusted quarterly, and (2) the other is adjusted annually based on the inflation rate. The price of oil is measured in R\$/m³. Furthermore, natural gas supply agreements often take the form of a "take or pay" agreement, pursuant to which Comgás might be required to pay the difference in amounts between actual consumption and the contract amount. Variations and uncertainties in the price and demand of oil are beyond our control and may adversely affect our results of operations.

Renewal of our natural gas concession agreements and the terms we will receive if such renewals are granted are not guaranteed and our growth strategy may be adversely affected if we cannot obtain new concessions or lose an existing concession.

We carry out our natural gas distribution activities pursuant to concession agreements entered into with the Government of the state of São Paulo and are regulated by ARSESP for 30-year terms with a one-time possibility of renewal for an additional 20 years. The Brazilian constitution requires that all concessions relating to public services be awarded through a public bidding process.

We are required to meet certain requirements to renew our concession agreements, and although our expectation is that we will meet these requirements, we cannot assure you that our concession agreements will be renewed, or that they will be renewed on the same terms. If our concession agreements are not renewed, or are renewed with less favorable terms, our business, financial condition and results of operations will be negatively affected.

Our business is subject to regulation, control and supervision of ARSESP and ANP, which could affect our financial performance. ARSESP establishes a maximum value to our rates and regulates and supervises our

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business. Pursuant to the concession agreements, every five years the rates are reviewed by the ARSESP, which directly affects the margins and Comgás' results positively or negatively. Such margins are adjusted annually by the IGP-M index price minus the efficiency factor determined for each tariff cycle by ARSESP. As a result, the implementation of our growth strategy and the normal course of our business may be adversely affected by government actions.

A reduction in market demand for ethanol or a change in governmental policies that ethanol be added to gasoline may materially adversely affect our business.

Governmental authorities of several countries, including Brazil and certain states of the United States, currently require the use of ethanol as an additive to gasoline. Since 1997, the Brazilian Sugar and Alcohol Interministerial Council (Conselho Interministerial do Açúcar e Álcool) has set the percentage of anhydrous ethanol that must be used as an additive to gasoline (currently, at 25%). Approximately one-half of all fuel ethanol in Brazil is used to fuel automobiles that run on a blend of anhydrous ethanol and gasoline; the remainder is used in either flex fuel vehicles or vehicles powered by hydrous ethanol alone. Other countries have similar governmental policies requiring various blends of anhydrous ethanol and gasoline. In addition, flex fuel vehicles in Brazil are currently taxed at lower levels than gasoline-only vehicles, which has contributed to the increase in the production and sale of flex fuel vehicles. Any reduction in the percentage of ethanol required to be added to gasoline or increase in the levels at which flex fuel vehicles are taxed in Brazil, as well as growth in the demand for natural gas and other fuels as an alternative to ethanol, lower gasoline prices or an increase in gasoline consumption (versus ethanol), may cause demand for ethanol to decline and affect our business. In addition, ethanol prices are influenced by the supply and demand for gasoline; therefore, a reduction in oil prices resulting in a decrease in gasoline prices and an increase in gasoline consumption (versus ethanol), may have a material and adverse effect on our business and financial performance.

Government policies and regulations affecting the agricultural and fuel sectors and related industries could adversely affect our operations and profitability.

Agricultural production and trade flows are significantly affected by Brazilian federal, state and municipal, as well as foreign, government policies and regulations. Governmental policies affecting the agricultural industry, such as taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products, may influence industry profitability, the planting of certain crops versus others, the uses of agricultural resources, the location and size of crop production, the trading levels for unprocessed versus processed commodities, and the volume and types of imports and exports.

Future government policies in Brazil and elsewhere may adversely affect the supply, and demand for, and prices of, our products or restrict our ability to do business in our existing and target markets, which could adversely affect our financial performance. Sugar prices, like the prices of many other staple goods in Brazil, were historically subject to controls imposed by the Brazilian government. Sugar prices in Brazil have not been subject to price controls since 1997. However, additional measures may be imposed in the future. In addition, our operations are currently concentrated in the state of São Paulo. Any changes affecting governmental policies and regulations regarding ethanol, sugar or sugarcane in the state of São Paulo (at the federal, state or municipal level) may adversely affect our business and financial performance.

In addition, petroleum and petroleum products have historically been subject to price controls in Brazil. Currently there is no legislation or regulation in force giving the Brazilian government the power to set prices for petroleum, petroleum products, ethanol or Vehicular Natural Gas. However, given that Petrobras, the only supplier of oil-based fuels in Brazil, is a government-controlled company, prices of petroleum and petroleum products are subject to government influence, resulting in potential inconsistencies between international prices and internal oil derivative

prices that affect our business and our financial results, which are not linked to international prices.

We may not be successful in reducing operating costs and increasing operating efficiencies.

As part of our strategy, we continue to seek to reduce operating costs and increase operating efficiencies to improve our future financial performance. We may not be able to achieve the cost savings that we expect to achieve, depending on several factors, including the increase in the price of the necessary resources to our economic activity.

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Given the highly competitive markets in which we operate, with prices often being defined from the global offering, it is highly likely that we will not pass on increases in material costs in our selling price, adversely affecting our financial performance.

Government laws and regulations governing the burning of sugarcane could have a material adverse impact on our business or financial performance.

The state of São Paulo and some local governments have established laws and regulations that limit our ability to burn sugarcane or that reduce and/or entirely prohibit the burning of sugarcane. The costs to comply with existing or new laws or regulations are likely to increase and raise the cost of production, and, as a result, our ability to operate our own mills and harvest our sugarcane crops may be adversely affected.

In addition to restrictions that limit sugarcane burning and other environmental restrictions, we are required to preserve a percentage of our rural properties (sugarcane fields and other facilities), in order to contribute to biodiversity preservation and ecologic rehabilitation. For rural areas located in the state of São Paulo, 20% of the property must be preserved as unused.

Any failure to comply with these laws and regulations may subject us to legal and administrative actions. These actions can result in administrative or criminal penalties, including, but not limited to, embargo, shutdowns, a requirement to pay fines, which may range from R\$50 to R\$50 million and can be doubled or tripled in case of recidivism, an obligation to make capital and other expenditures or an obligation to materially change or cease some operations. In addition, we may be subject to civil liabilities, which include the obligation to redress eventual damages caused to environment and public health. The demonstration of the cause-effect relationship between the damage caused and action or omission is sufficient to trigger the obligation to redress environmental damage.

Adverse weather conditions may reduce the volume and sucrose content of sugarcane that we can cultivate and purchase in a given harvest, and we are affected by seasonality of the sugarcane growing cycle.

Our sugar production depends on the volume and sucrose content of the sugarcane that we cultivate or that is supplied to us by growers located in the vicinity of our mills. Crop yields and sucrose content depend primarily on weather conditions such as rainfall and temperature, which vary and may be influenced by global climate change. Weather conditions have historically caused volatility in the ethanol and sugar industries and, consequently, in our results of operations by causing crop failures or reduced harvests. Flood, drought or frost, which may be influenced by global climate change, can adversely affect the supply and pricing of the agricultural commodities that we sell and use in our business. Future weather patterns may reduce the amount of sugar or sugarcane that we can recover in a given harvest or its sucrose content. In addition, our business is subject to seasonal trends based on the sugarcane growing cycle in the central-south region of Brazil. The annual sugarcane harvesting period in the central-south region of Brazil begins in April/May and ends in November/December. This creates fluctuations in our inventory, usually peaking in December to cover sales between crop harvests (i.e., December through April), and a degree of seasonality in our gross profit, with ethanol and sugar sales significantly lower in the quarter ended on December 31. Seasonality and any reduction in the volumes of sugar recovered could have a material adverse effect on our business and financial performance.

We may be adversely affected by a shortage of sugarcane or by high sugarcane costs.

Sugarcane is the principal raw material used by Raízen Energia (a company which we jointly control with Shell) for the production of ethanol and sugar. As of December 31, 2014, sugarcane purchased from suppliers accounted for 48.9% of our total sugarcane crushed. Historically, approximately 80% of the sugarcane purchased by us has been

under medium- and long-term contracts with sugarcane growers, 5% on a spot basis and the remaining 15% from sugarcane growers with whom we have long-term relationships but no contractual arrangements. We generally enter into medium- and long-term supply contracts for periods varying from three and one-half to seven years. As of December 31, 2014, we also leased approximately 541,000 hectares to produce our own sugarcane in contracts with an average term of fourteen years. Any shortage in sugarcane supply or increase in sugarcane prices in the near future, including as a result of the termination of supply contracts or lease agreements representing a material reduction in the sugarcane available to us for processing or increase in sugarcane prices may adversely affect our business and financial performance.

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Social movements may affect the use of our agricultural properties or cause damage to them.

Social movements such as the Landless Rural Workers' Movement (Movimento dos Trabalhadores Rurais Sem Terra) and the Pastoral Land Commission (Comissão Pastoral da Terra) are active in Brazil and advocate land reform and property redistribution by the Brazilian Government. Invasion and occupation of agricultural land by large numbers of people is a common practice among the members of such movements, and in certain regions, including those where we currently invest, remedies such as police protection or eviction procedures are inadequate or non-existent. As a result, we cannot assure you that our agricultural properties will not be subject to invasion or occupation by any of such social movements. Any invasion or occupation may materially impair the use of our lands and adversely affect our business, financial condition, and results of operations.

Alternative sweeteners have negatively affected demand for our sugar products in Brazil and other countries.

We believe that the use of alternative sweeteners, especially artificial alternative sweeteners such as aspartame, saccharine and HFCS, has adversely affected the growth of the overall demand for sugar in Brazil and the rest of the world. Soft drink bottlers in many countries have switched from sugar to, or increased consumption of, alternative sweeteners. In addition, the use of alternative sweeteners by sugar consumers, including soft drink bottlers, may also reduce the demand for sugar in Brazil. A substantial decrease in sugar consumption, or the increased use of alternative or artificial sweeteners, would decrease demand for our sugar products and could result in lower growth in our net sales and overall financial performance.

Raízen Energia's sugar and ethanol products are sold to a small number of customers which may be able to exercise significant bargaining power concerning pricing and other sale terms.

A substantial portion of Raízen Energia's sugar and ethanol production is sold to a small number of customers that acquire large portions of our production and thus may be able to exercise significant bargaining power concerning pricing and other sale terms. In addition, intensive competition in the ethanol and sugar industries further increases the bargaining power of customers.

Raízen Energia's export sales are subject to a broad range of risks associated with international operations.

In the fiscal year ended December 31, 2014, our net sales from exports represented 56% of our total net sales, while in the year ended December 31, 2013, our net sales from exports represented 59% of our total net sales.

In the financial year ended December 31, 2014, our net sales from sugar exports were R\$3,050.5 million, representing 33% of our total net sales for the period. In the year ended December 31, 2013, our net sales from exports were R\$3,436.5 million, representing 37% of our total net sales for the period. Further, in the fiscal year ended December 31, 2014, our net sales from exports of ethanol were R\$832.5 million, representing 9% of our total net sales for that period and in the year ended December 31, 2013, our net sales from ethanol exports were R\$981.8 million, representing 11% of total net sales for that period.

We expect to expand our ethanol exports in the future. Expansion of ethanol exports depends on factors beyond our control, including liberalization of existing trade barriers and the establishment of distribution systems for hydrous ethanol in countries outside of Brazil. Our future financial performance will depend, to a significant extent, on economic, political and social conditions in our main export markets.

Most ethanol and/or sugar producing countries, including the United States and member countries of the European Union, protect local producers from foreign competition by establishing government policies and regulations that affect ethanol and sugar production, including quotas, import and export restrictions, subsidies, tariffs and duties. As a result of these policies, domestic ethanol and sugar prices vary greatly in individual countries. We have limited or no access to these large markets as a result of trade barriers. If these protectionist policies continue, we may not be able to expand our export activities at the rate we currently expect, or at all, which could adversely affect our business and financial performance. Also, if new trade barriers are established in our key export markets, we may face difficulties in reallocating our products to other markets on favorable terms, and our business and financial performance may be adversely affected.

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Fire and other disasters could affect our agricultural and manufacturing properties, which would adversely affect our production volumes and, consequently, financial performance.

Our operations will be subject to risks affecting our agricultural properties and facilities, including fire potentially destroying some or our entire yield and facilities. In addition, our operations are subject to hazards associated with the manufacture of inflammable products and transportation of feed stocks and inflammable products. Our insurance coverage may not be sufficient to provide full protection against these types of casualties.

Disease and pestilence may strike our crops which may result in destruction of a significant portion of our harvest. Crop disease and pestilence can occur from time to time and have a devastating effect on our crops, potentially rendering useless or unusable all or a substantial portion of affected harvests. Even when only a portion of the crop is damaged, our business and financial performance could be adversely affected because we may have incurred a substantial portion of the production cost for the related harvest. The cost of treatment of crop disease tends to be high. Any serious incidents of crop disease or pestilence, and related costs, may adversely affect our production levels and, as a result, our net sales and overall financial performance.

Anticompetitive practices in the fuel and lubricants distribution market may distort market prices.

In the last few years, anticompetitive practices have been one of the main problems affecting fuel distributors in Brazil. Generally these practices have involved a combination of tax evasion and fuel adulteration, such as the dilution of gasoline by mixing solvents or adding anhydrous ethanol in an amount greater than the 25% permitted by applicable law (the overall taxation of anhydrous ethanol is lower than hydrated ethanol and gasoline). Taxes constitute a significant portion of the cost of fuels sold in Brazil. For this reason, tax evasion on the part of some fuel distributors has been prevalent, allowing them to lower the prices they charge. These practices have enabled certain distributors to supply large quantities of fuel products at prices lower than those offered by the major distributors, including us, which has resulted in a considerable increase in the sales volumes of the distributors who have adopted these practices. The final prices for fuels are calculated based on the taxes levied on their purchase and sale, among others factors. As a result, anticompetitive practices as such tax evasion may affect our sales volume, which could have a material and adverse effect on our business. If such practices become more prevalent, it could lead to lower prices or reduced margins for the products we sell, which could have a material and adverse effect on our business or results of operations.

Petrobras is our principal supplier of our base oils and of our fuel distribution and natural gas businesses.

Significant disruption to our fuels and lubricant sales may occur, in the event of an interruption of supply from Petrobras. Any interruption would immediately affect our ability to provide fuel and lubricant products to our customers. If we are not able to obtain an adequate supply of fuel and base oil products from Petrobras under acceptable terms, we may seek to meet our demands through purchases on the international market. The cost of fuel and base oil products on the international market may be more expensive than the price we obtain through Petrobras.

The production of lubricants and the storage and transportation of fuel products, lubricant products are inherently hazardous.

The complex manufacturing operations we perform at our Lubricants Oil Blending Plant, or “LOBP”, involve a variety of safety and other operating risks, including the handling, production, storage and transportation of toxic materials. These risks could result in personal injury and death, severe damage to or destruction of property and equipment and environmental damage. A material accident at one of our plants, service stations or storage facilities could force us to suspend our operations and result in significant remediation costs and lost revenue. In addition, insurance proceeds, if

available, may not be received on a timely basis and may be insufficient to cover all losses, including lost profit. Equipment breakdowns, natural disasters, and delays in obtaining supplies or required replacement parts or equipment could also materially adversely affect our manufacturing operations and consequently our results of operations.

We may not be able to maintain rights to use blending formulae and brands supplied by ExxonMobil.

We, through our subsidiary Cosan Lubrificantes e Especialidades, or “CLE”, are the exclusive manufacturer and distributor of lubricant products in Brazil based on formulae provided to us by ExxonMobil under the Master Lubricants Agreement, which expires on December 1, 2018. The termination or failure to renew the Master Lubricants Agreement, or the failure by ExxonMobil to adequately maintain and protect its intellectual property

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rights, could materially and adversely affect our results of operations or could require significant unplanned investments by us if we are forced to develop or acquire alternative technology. In the future, it may be necessary or desirable to obtain other third-party technology licenses relating to one or more of our products or relating to current or future technologies to enhance our product offerings. However, we may not be able to obtain licensing rights to the needed technology or components on commercially reasonable terms or at all.

Our subsidiary's port concession is subject to expiration, limitation on renewal, early termination by the granting authority and other risks and uncertainties.

We own and operate a sugar-loading terminal at the Port of Santos in the state of São Paulo through our subsidiary Rumo Logística Operadora Multimodal S.A., or "Rumo Logística" or "Rumo." This port terminal is a result of the association of two previous terminals, Cosan Operadora Portuária S.A., or "Cosan Portuária", and Teaçú Armazéns Gerais S.A., or Teaçú (previously owned by Nova América). We are required to obtain a series of authorizations and licenses from public bodies or entities in order to operate our public ports, which authorizations may be subject to fixed expiration dates or periodic review or renewal. While we anticipate that renewals will be given as and when sought, there is no assurance that such renewals will be granted as a matter of course and there can be no assurance that new conditions will not be imposed in connection with such renewals. Furthermore, if we no longer comply with the conditions specified under these licenses and authorizations, they may be revoked. In addition, the port agreements and the applicable legislation to our port concessions establish a set of prerogatives to the granting authority. Thus, there are some specific contractual provisions that enable, among other things, the unilateral amendment and termination of the contract by the granting authority, as well as the imposition of fines and penalties on the concessionaire. Pursuant to the port concession agreement with the state of São Paulo's Port Authority (Companhia de Docas do Estado de São Paulo – CODESP), or CODESP, Cosan Portuária's concession to operate this terminal will expire on 2016, and it may be renewed for an additional 20 years if Cosan Portuária meets its obligations under the port concession agreement. We are already discussing with the CODESP the renewal of this concession, but we cannot provide assurances that we will be able to renew the concession at all or on favorable terms. The South Terminal concession (formerly Teaçú) was initially scheduled to expire in 2016, but has been extended until 2036. Among other situations, port concessions may be unilaterally terminated by the granting authority prior to that time upon:

- expropriation of the port concession in the public interest;
- default by Rumo Logística in the performance of its obligations under the port concession agreement, including the payment of concession fees or failure to comply with other legal and regulatory obligations;
 - Rumo Logística's failure to comply with determinations by the granting authority; or
 - bankruptcy or dissolution of Rumo Logística.

Termination of the port concession agreement may adversely impact our transportation costs and the turn-around time for the export of our products as well as our revenues from service agreements related to our port facilities.

We are subject to certain environmental inspection and infraction notices concerning the operational conditions of the sugar-loading terminal at the Port of Santos. Failure to adequately address these notices may subject us to legal and administrative actions.

In addition, the assets considered essential to the concession will revert to the granting authority upon expiration. At termination of the concession, it is possible that the investments made in those assets will have not been entirely

amortized or depreciated. In this case, the granting authority and Rumo Logística will discuss the value of any indemnification for such investments. As the final decision on this amount will be issued solely by the granting authority, the financial condition of Rumo Logística may be negatively impacted if indemnification eventually approved is not sufficient to account for the investments made.

We are unable to estimate the impacts of new regulations applicable to port operations in Brazil.

Until December 6, 2012, port operations in Brazil were governed by Federal Law No. 8,630, dated February 25, 1993 (the “Ports Modernization Law”), which provided the legal framework applicable to the exploration of the organized ports and the ports installations in Brazil. In view of the need to improve the applicable legislation, the

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Brazilian Federal Government implemented Law 12,815/2013 that expressly revoked the Ports Modernization Law and established a new legal framework with respect to port operations in Brazil. As a result, the public ports are governed by Law 12,815/2013 and by specific complementing regulations that are yet to be published.

According to the provisions of Law 12,815/2013, there are no more distinctions between third party and own cargo handled at private port terminals. Going forward, the activities performed at the private terminals shall be the same as those carried out at the public terminals. As a result, public ports are expected to face higher competition. Accordingly, it is possible that Rumo Logística may not be able to reach the minimum cargo movement provided for in its port concession agreements, which may subject it to fines and, upon repeated violations, to the early termination of the concession.

Even though Law 12,815/2013 does not provide for the adjustments of the terms of any concession agreement currently in place, it is possible that the regulations mentioned above make such provision. New regulations applicable to port operations in Brazil that might cause an adjustment of the terms in our concession agreements, may adversely affect our results of operations.

The expansion of our business through acquisitions and strategic alliances creates risks that may reduce the benefits we anticipate from these transactions.

We have grown substantially through acquisitions. We plan to continue to acquire, from time to time, other ethanol or sugar producers or facilities in Brazil or elsewhere that complement or expand our sugar and ethanol existing operations. Moreover, we plan to acquire and build, from time to time, fuel terminals, lubricant production assets, retail distribution stations and other assets that complement and expand our fuel and lubricants existing operations and also intend to expand our network of service stations through increased branding. We also may enter into strategic alliances to increase our competitiveness. However, our management is unable to predict whether or when any prospective acquisitions or strategic alliances will occur, or the likelihood of any particular transaction being completed on favorable terms and conditions. Our ability to continue to expand our business through acquisitions or alliances depends on many factors, including our ability to identify acquisitions or access capital markets on acceptable terms. Even if we are able to identify acquisition targets and obtain the necessary financing to make these acquisitions, we could financially overextend ourselves, especially if an acquisition is followed by a period of lower than projected ethanol and sugar prices.

Acquisitions, especially involving sizeable enterprises, may present financial, managerial and operational challenges, including diversion of management attention from existing business and difficulties in integrating operations and personnel. Any failure by us to integrate new businesses or manage any new alliances successfully could adversely affect our business and financial performance. Some of our major competitors may be pursuing growth through acquisitions and alliances, which may reduce the likelihood that we will be successful in completing acquisitions and alliances. In addition, any major acquisition we consider may be subject to antitrust and other regulatory approvals. We may not be successful in obtaining required approvals on a timely basis or at all.

Acquisitions also pose the risk that we may be exposed to successor liability relating to prior actions involving an acquired company, or contingent liabilities incurred before the acquisition. Due diligence conducted in connection with an acquisition, and any contractual guarantees or indemnities that we receive from sellers of acquired companies, may not be sufficient to protect us from, or compensate us for, actual liabilities. A material liability associated with an acquisition, such as labor- or environmental-related liabilities, could adversely affect our reputation and financial performance and reduce the benefits of the acquisition.

See “Item 5. Operating and Financial Review and Prospects—Principal Factors Affecting Our Results of Operations—Acquisitions, Partnerships and Corporate Restructurings.” We have also recently entered into agreements to acquire additional companies See “Item 4. Information on the Company—A. History and Development of the Company.”

We are subject to extensive environmental regulation.

Our business activities in Brazil are subject to extensive federal, state and municipal laws and regulations concerning environmental protection, which impose on us various environmental obligations, such as environmental licensing requirements, minimum standards for the release of effluents, use of agrochemicals, management of solid waste, protection of certain areas (legal reserve and permanent preservation areas), and the need for a special authorization to use water, among others. For example, pursuant to Law No. 12,651/2012 (Brazilian Forestry Code),

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we are required to maintain a percentage of our rural properties (sugarcane fields and other facilities) preserved and free of use, in order to contribute to the conservation of biodiversity and rehabilitation of ecologic processes. For rural areas located in the state of São Paulo, for example, 20% of the property must be preserved as legal reserve.

The failure to comply with such laws and regulations may subject the violator to administrative fines, mandatory interruption of activities and criminal sanctions, in addition to the obligation to cure and pay environmental and third-party damage compensation, without any caps. In addition, Brazilian environmental law adopts a joint and several and strict liability system for environmental damages, which makes the polluter liable even in cases where it is not negligent and would make us jointly and severally liable for the obligations of our producers or off-takers. If we become subject to environmental liabilities, any costs we may incur to rectify possible environmental damage would lead to a reduction in the financial resources which would otherwise remain at our disposal for current or future strategic investment, thus causing an adverse impact on us.

As environmental laws and their enforcement become increasingly stringent, our expenses for complying with environmental requirements are likely to increase in the future. Furthermore, the possible implementation of new regulations, changes in existing regulations or the adoption of other measures could cause the amount and frequency of our expenditures on environmental preservation to vary significantly compared to present estimates or historical costs. Any unplanned future expenses could force us to reduce or forego strategic investments and as a result could materially and adversely affect us.

We incur substantial costs to comply with environmental regulations and may be exposed to liabilities in the event we fail to comply with these regulations or as a result of our handling of hazardous materials.

We are subject to various Brazilian federal, state and municipal environmental protection and health and safety laws and regulations governing, among other matters:

- the issuance and renewal of environmental licenses and authorizations;
- the generation, storage, handling, use and transportation of hazardous materials;
 - sugarcane burning;
- the conservation of soil and water resources;
- the protection of riparian vegetation and the recovery of water sources;
- the emission and discharge of hazardous materials into the ground, air or water; and
 - the health and safety of our employees.

We are also required to obtain permits from governmental authorities for certain aspects of our operations. These laws, regulations and permits often require us to purchase and install expensive pollution control equipment or to make operational changes to limit actual or potential impacts on the environment and/or health of our employees. In addition, Brazilian labor laws establish restrictions to obtain financing from public entities in case of breach of certain labor rights. Currently, we do not anticipate any material claims or liabilities resulting from a failure to comply with these laws and regulations. However, any violations of these laws and regulations or permit conditions can result in substantial fines, criminal sanctions, and revocations of operating permits and/or shutdowns of our facilities.

Due to the possibility of changes to environmental regulations and other unanticipated developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. Under Brazilian environmental laws, we could be held strictly liable for all of the costs relating to any contamination at our or our predecessors' current and former facilities and at third-party waste disposal sites used by us or any of our predecessors. We could also be held responsible for any and all consequences arising out of human exposure to hazardous substances, such as pesticides and herbicides, or other environmental damage.

We are party to a number of administrative and judicial proceedings for alleged failures to comply with environmental laws, which may result in fines, shutdowns, or other adverse effects on our operations. We have not recorded any provisions or reserves for these proceedings as we do not currently believe that they will result in

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liabilities material to our business or financial performance. Our costs of complying with current and future environmental and health and safety laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances could adversely affect our business or financial performance.

The imposition of restrictions on acquisitions of agricultural properties by non-Brazilian nationals may materially restrict the development of our business.

In August 2010, the president of Brazil approved the opinion of the Attorney General of the federal government affirming the constitutionality of Brazilian Law No. 5,709/71 which imposes important limitations on the acquisition and lease of land in Brazil by foreigners and by Brazilian companies controlled by foreigners. Under this legislation, companies that are majority-owned by foreigners may not acquire agricultural properties in excess of 100 indefinite exploration modules (which are measurement units adopted within different Brazilian regions and range from five to 100 hectares). The Attorney General's opinion states that the sum of agricultural areas that may be owned by foreigners or companies controlled by foreigners may not exceed 25% of the surface of the relevant municipality, of which area up to 40% may belong to foreigners or companies controlled by foreigners of the same nationality, meaning that the sum of agricultural areas that belong to foreigners or companies controlled by foreigners of the same nationality may not exceed 10% of the surface area of the relevant municipality. The implementation of Law No. 5,709/71 may impose on us additional procedures and approvals in connection with our proposed acquisitions of land, which may result in material delays and/or our inability to obtain needed approvals. Any regulatory limitations and restrictions could materially limit our ability to acquire agricultural properties or increase the investments or complicate the regulatory procedures required to do so, any of which could materially and adversely affect us, our financial performance and our ability to successfully implement our business strategy.

We are exposed to the credit and other counterparty risk of our customers in the ordinary course of our business.

We have various credit terms with virtually all of our wholesale and retail industrial customers, and our customers have varying degrees of creditworthiness which exposes us to the risk of nonpayment or other default under our contracts and other arrangements with them. In the event that a significant number of material customers default on their payment obligations to us, our financial condition, results of operations or cash flows, could be materially and adversely affected.

Our business would be materially adversely affected if operations at our transportation, terminal and storage and distribution facilities experienced significant interruptions. Our business would also be materially adversely affected if the operations of our customers and suppliers experienced significant interruptions.

Our operations are dependent upon the uninterrupted operation of our terminal and storage facilities and various means of transportation. We are also dependent upon the uninterrupted operation of certain facilities owned or operated by our suppliers and customers. Operations at our facilities and at the facilities owned or operated by our suppliers and customers could be partially or completely shut down, temporarily or permanently, as the result of any number of circumstances that are not within our control, such as:

- catastrophic events, including hurricanes and floods;
- environmental remediation;
- labor difficulties (including work stoppages, strikes and other events); and
- disruptions in the supply of our products to our facilities or means of transportation.

Any significant interruption at these facilities or inability to transport products to or from these facilities or to or from our customers for any reason would materially adversely affect our results of operations and cash flow.

Disruption of transportation and logistics services or insufficient investment in public infrastructure could adversely affect our operating results.

One of the principal disadvantages of the Brazilian agriculture sector is that key growing regions lie far from major ports. As a result, efficient access to transportation infrastructure and ports is critical to the growth of Brazilian agriculture as a whole and of our operations in particular. As part of our business strategy, we are investing

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in areas where existing transportation infrastructure is under developed. Improvements in transportation infrastructure are likely to be required to make more agricultural production accessible to export terminals at competitive prices. A substantial portion of Brazilian agricultural production is currently transported by truck, a means of transportation significantly more expensive than the rail transportation available to U.S. and other international producers. Our dependence on truck transport may affect our position as low-cost producer, so that our ability to compete in world markets may be impaired.

Even though road and rail improvement projects have been considered for some areas of Brazil, and in some cases implemented, substantial investments are required for road and rail improvement projects, which may not be completed on a timely basis – if at all. Any delay or failure in developing infrastructure systems could hurt the demand for our products, impede our delivery of products or impose additional costs on us. We currently outsource the transportation and logistics services necessary to operate our business. Any disruption in these services could result in supply problems at our processing plants and impair our ability to deliver processed products to our customers in a timely manner. In addition, a natural disaster or other catastrophic event could result in disruption in regional transportation infrastructure systems affecting our third-party transportation providers.

We depend on third parties to provide our customers and us with facilities and services that are integral to our business.

We have entered into agreements with third-party contractors to provide facilities and services required for our operations, such as the transportation and storage of ethanol and sugar. The loss or expiration of our agreements with third-party contractors or our inability to renew these agreements or to negotiate new agreements with other providers at comparable rates could harm our business and financial performance. Our reliance on third parties to provide essential services on our behalf also gives us less control over the costs, efficiency, timeliness and quality of those services. Contractors' negligence could compromise the safety of the transportation of ethanol from our production facilities to our export facilities and expose us to the risk of liability for environmental damage caused by such third parties. We expect to be dependent on such agreements for the foreseeable future, and if we enter any new market, we will need to have similar agreements in place. Also, pursuant to Brazilian law, if labor authorities understand such third party contractors are performing activities considered to be part of our core business, we may be exposed to fines, prohibition on outsourcing such activities and labor liabilities in connection with the outsourced workforce.

Technological advances could affect demand for our products or require substantial capital expenditures for us to remain competitive.

The development and implementation of new technologies may result in a significant reduction in the costs of ethanol production. We cannot predict when new technologies may become available, the rate of acceptance of new technologies by our competitors or the costs associated with such new technologies. Advances in the development of alternatives to ethanol also could significantly reduce demand or eliminate the need for ethanol as a fuel oxygenate. Any advances in technology which require significant capital expenditures to remain competitive or which otherwise reduce demand for ethanol will have a material adverse effect on our business and financial performance.

We may be adversely affected by unfavorable outcomes in pending legal proceedings.

We are involved in a significant number of tax, civil and labor proceedings as to which, at December 31, 2014, we recorded a provision totaling R\$657.8 million and had net of judicial deposits or restricted bank accounts totaling R\$418.4 million. We cannot predict whether we will prevail in these or other proceedings, or whether we will have to pay significant amounts, including penalties and interest, as payment for our liabilities, which would materially and adversely impact our business and financial performance.

Funding, especially on terms acceptable to us, may not be available to meet our future capital needs.

Global market and economic conditions have been, and continue to be, disruptive and volatile. The debt capital markets have been impacted by significant write-offs in the financial services sector and the re-pricing of credit risk, among other things. These events have negatively affected general economic conditions. In particular, the cost of raising money in the debt capital markets has increased substantially while the availability of funds from those markets has diminished significantly. Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets has increased as many lenders and institutional investors have increased interest rates, enacted tighter lending standards and reduced

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and, in some cases, ceased to provide funding to borrowers on commercially reasonable terms or at all. If funding is not available when needed, or is available only on unfavorable terms, meeting our capital needs or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging, which could have a material and adverse effect on our business and results of operations.

We are not insured against business interruption for our Brazilian operations and most of our assets are not insured against war or sabotage. In addition, our insurance coverage may be inadequate to cover all losses and/or liabilities that may be incurred in our operations.

We do not maintain coverage for business interruptions of any nature for our Brazilian operations, including business interruptions caused by labor disruptions. If, for instance, our workers were to strike, the resulting work stoppages could have a material and adverse effect on us. In addition, we do not insure most of our assets against war or sabotage. Therefore, an attack or an operational incident causing an interruption of our business could have a material and adverse effect on our financial condition or results of operations. Our operations are subject to a number of hazards and risks. We maintain insurance at levels that are customary in our industry to protect against these liabilities; however, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations. Moreover, we will be subject to the risk that we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a materially adverse effect on our business, financial condition and results of operations.

We concluded formation of the Joint Venture with Shell to further develop our sugar and ethanol and fuel distribution businesses on June 1, 2011. We cannot guarantee that the Joint Venture will be successful.

On June 1, 2011, we concluded the formation of our Joint Venture with Shell, a Joint Venture relating to the production, supply, distribution and retailing of ethanol-based fuels. We may incur unanticipated expenses, fail to realize all anticipated benefits or synergies, disrupt relationships with current and new employees, customers and vendors, incur indebtedness or fail to successfully collaborate with Shell, and Shell may fail to perform its obligations under the relevant agreements. Any delays or difficulties encountered with the Joint Venture could materially adversely impact our business and results of operations. For further information regarding the formation of the Joint Venture, see “Business—Joint Venture.”

We concluded the merger of Rumo and ALL – América Latina Logística S.A. (“ALL”) to further develop our logistics businesses on April 1, 2015. We cannot guarantee that the new company will be successful.

On April 1, 2015, we concluded the merger between Rumo and ALL, focus on the full logistics solution (rail and port). We may incur unanticipated expenses, fail to realize all anticipated benefits or synergies, disrupt relationships with current and new employees, customers and vendors, incur indebtedness or fail to successfully negotiate with the Brazilian transport regulator – the National Land Transport Agency (“ANTT”) - favorable future conditions for long term investment plans.

The shareholders’ and certain other definitive agreements with respect to the Joint Venture, Comgás and Radar are subject to various put and call options and termination provisions.

Shell and Cosan have entered into certain definitive agreements with respect to the Joint Venture that are subject to various put and call options and termination provisions that if triggered would cause the Joint Venture, or our participation in it, to terminate prior to the scheduled expiration date of the agreements in June 2031. Under the shareholders’ agreements Cosan and Shell have granted each other reciprocal call options. On the tenth anniversary of the June 2011 closing, Shell will have a call option to buy half or all of Cosan’ equity interests in the Joint Venture.

Cosan will have the right to elect whether it would sell half or all of its Joint Venture equity interests to Shell after the exercise of Shell's option in that year. On the fifteenth anniversary of the June 2011 closing, one party will have the right to buy all or a portion of the other party's equity stake in the Joint Venture. There will also be call and put options in certain other limited circumstances, including in the event of a fundamental breach by either party and in the case of the death or disability of Cosan's Chairman, Rubens Ometto Silveira Mello. See "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders—Shareholders' Agreements and Other Arrangements—Joint Venture Shareholders' Agreement."

We granted a put option of Cosan S.A. shares to Shell Brazil Holdings BV (a minority shareholder in Comgás), exercisable in three annual tranches, beginning on November 5, 2015, with the last one maturing on November 5,

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2017. If exercised, Cosan Limited will receive all the shares of Comgás held directly and indirectly by Shell Brazil Holdings BV.

Moreover, Radar's shareholders' agreement sets forth mutual put options between us and Mansilla Participações S.A., or Mansilla, to acquire up to all of Radar's properties or each other's shares upon notice during specific 5-day periods, the first on the tenth anniversary of the initial closing date of the subscription agreement between the parties and the each subsequent 18-month period after the first put date. See "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders—Cosan Limited—RADAR."

If any of these or other similar provisions are triggered under the shareholders' agreements or any of the other related agreements our partnerships, or certain rights we hold in connection therewith, could terminate prior to the scheduled expiration, which could adversely affect the results of our operations.

We have not included in this annual report financial information regarding Shell or the fuel distribution assets of Shell that it contributed to the Joint Venture.

The Joint Venture is a material transaction. However, we have not included any historical financial information in this annual report regarding Shell or the fuel distribution assets that Shell contributed to the Joint Venture prior to the formation of the Joint Venture in June 2011. Investors are therefore cautioned that the nature of the assets contributed by Shell to the Joint Venture and other aspects of the Joint Venture may have a material adverse effect on us.

With respect to the results of Raízen our management evaluates the results of Raízen Energia and Raízen Combustíveis on the same basis they are evaluated by the management of Raízen, which is on a 100% basis. Accordingly, unless the context requires otherwise, information pertaining to Raízen Energia and Raízen Combustíveis included in this annual report refers to 100% of the operations of these businesses. Upon the application of IFRS 11, the Company retrospectively changed the accounting for its investments in Raízen Combustíveis and Raízen Energia, classifying them as jointly controlled entities (Joint Ventures) under the new standard. As such, for the year ended December 31, 2013, the Company accounted for these joint ventures under the equity method as opposed to the proportional consolidation method applied until March 31, 2013, and the accounting for the joint ventures for the fiscal years ended March 31, 2013 and 2012 have been restated for the impacts of retrospectively adopting IFRS 11. The joint ventures in Raízen Combustíveis and Raízen Energia, were created on June 1, 2011, therefore the consolidated statement of profit or loss for the years ended March 31, 2011 and 2010 were not impacted by the adoption of IFRS 11.

We are highly dependent on our chairman and other members of our management to develop and implement our strategy and to oversee our operations.

We are dependent upon Mr. Rubens Ometto Silveira Mello, our chairman, other members of senior management and certain members of our board of directors, especially with respect to business planning, strategy and operations. If any of these key members of our management leaves our Company, our business and financial performance may be negatively affected. Our business is particularly dependent on Mr. Rubens Ometto Silveira Mello, who is also our controlling shareholder. We currently do not carry any key man insurance.

We are indirectly controlled by a single individual who has the power to control us and all of our subsidiaries.

Mr. Rubens Ometto Silveira Mello, our controlling shareholder and chairman, has the power to indirectly control us, including the power to:

- elect a majority of our directors and appoint our executive officers, set our management policies and exercise overall control over our Company and subsidiaries;
 - agree to sell or otherwise transfer his controlling stake in our Company; and
- determine the outcome of substantially all actions requiring shareholder approval, including transactions with related parties, corporate reorganizations, acquisitions and dispositions of assets, and dividends.

Currently, because of the share capital structure of our parent company Cosan Limited, our controlling shareholder is able to control substantially all matters submitted to our shareholders for a vote or approval even if

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the controlling shareholder comes to own less than 50% of our issued and outstanding share capital. The concentrated control will limit your ability to influence corporate matters and, consequently, we may take actions that our shareholders do not view as beneficial. As a result, the market price of our shares could be adversely affected.

We may face conflicts of interest in transactions with related parties.

We engage in business and financial transactions with our controlling shareholder and other shareholders that may create conflicts of interest between our Company and these shareholders. For example, we enter into land leasing agreements with our affiliates, including Amaralina Agrícola Ltda., or Amaralina, Santa Bárbara Agrícola S.A., or Santa Bárbara and São Francisco S.A., or São Francisco. The accounts payable balances result mainly from the lease of agriculture land, which are at prices and on terms equivalent to the average terms and prices of transactions that we enter into with third parties. Commercial and financial transactions between our affiliates and us, even on if entered into on an arm's length basis, create the potential for, or could result in, conflicts of interests.

Risks Related to Brazil

Brazilian economic, political and other conditions, and Brazilian government policies or actions in response to these conditions, may negatively affect our business and financial performance and the market price of our class A common shares.

The Brazilian economy has been characterized by frequent and occasionally extensive intervention by the Brazilian government and unstable economic cycles. The Brazilian government has often changed monetary, taxation, credit, tariff and other policies to influence the course of Brazil's economy. For example, the government's actions to control inflation have at times involved setting wage and price controls, blocking access to bank accounts, imposing exchange controls and limiting imports into Brazil. We have no control over, and cannot predict, what policies or actions the Brazilian government may take in the future.

Our business, financial performance and prospects, as well as the market prices of our class A common shares, may be adversely affected by, among others, the following factors:

- exchange rate movements;
- exchange control policies;
- expansion or contraction of the Brazilian economy, as measured by rates of growth in gross domestic product, or "GDP";
 - inflation;
 - tax policies;
- other economic, political, diplomatic and social developments in or affecting Brazil;
 - interest rates;
- liquidity of domestic capital and lending markets; and
- social and political instability.

These factors, as well as uncertainty over whether the Brazilian government may implement changes in policy or regulations relating to these factors, may adversely affect us and our business and financial performance and the market price of our class A common shares.

Cosan S.A., its subsidiaries and jointly controlled entities generally invoice their sales in reais, but a substantial portion of Cosan S.A.'s, its subsidiaries and jointly controlled entities net sales is from export sales that are billed in U.S. dollars. At the same time, the majority of Cosan S.A.'s, its subsidiaries and jointly controlled entities costs are denominated in reais. As a result, our operating margins are negatively affected when there is an appreciation of the

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real to the U.S. dollar. Additionally, we have indebtedness with fixed and floating rates, and we are thus exposed to the risk of fluctuations in interest rates. If there is an increase in interest rates, our financial results may be affected.

Inflation and government measures to curb inflation may adversely affect the Brazilian economy, the Brazilian securities market, our business and operations and the market prices of our class A common shares.

At times in the past, Brazil has experienced high rates of inflation. According to the General Market Price Index (Índice Geral de Preços – Mercado), or IGP-M, a general price inflation index, the inflation rates in Brazil were, 5.1% in 2011, 7.8% in 2012, 5.5% in 2013 and 3.7% in 2014. In addition, according to the National Extended Consumer Price Index (Índice Nacional de Preços ao Consumidor Amplo), published by the IBGE, the Brazilian price inflation rates were 6.5% in 2011, 5.8% in 2012, 5.9% in 2013 and 6.4% in 2014. The Brazilian government's measures to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting availability of credit and reducing economic growth. Inflation, actions to combat inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets.

Brazil may experience high levels of inflation in future periods. Periods of higher inflation may slow the rate of growth of the Brazilian economy, which could lead to reduced demand for our products in Brazil and decreased net sales. Inflation is also likely to increase some of our costs and expenses, which we may not be able to pass on to our customers and, as a result, may reduce our profit margins and net income. In addition, high inflation generally leads to higher domestic interest rates, and, as a result, the costs of servicing any floating-rate real-denominated debt may increase, resulting in lower net income. Inflation and its effect on domestic interest rates can, in addition, lead to reduced liquidity in the domestic capital and lending markets, which could affect our ability to refinance our indebtedness in those markets. Any decline in our net sales or net income and any deterioration in our financial performance would also likely lead to a decline in the market price of our class A common shares.

Significant volatility in the value of the real in relation to the U.S. dollar could harm our ability to meet our U.S. dollar-denominated liabilities.

The Brazilian currency has historically suffered frequent devaluations. In the past, the Brazilian government has implemented various economic plans and exchange rate policies, including sudden devaluations and periodic mini-devaluations, during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets. There have been significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies. On December 31, 2014, the exchange rate was R\$2.656 per US\$1.00. On March 31, 2015, the exchange rate was R\$3.2074 per US\$1.00.

Because Cosan S.A., its subsidiaries and jointly controlled entities generally invoices its sales in reais, devaluation of the real against foreign currencies may generate losses from our foreign currency-denominated liabilities as well as an increase in our funding costs with a negative impact on our ability to finance our operations through access to the international capital markets and on the market value of the class A common shares. A strengthening of the real in relation to the U.S. dollar generally has the opposite effect. Further devaluations of the Brazilian currency may occur and impact our business in the future. These foreign exchange and monetary gains or losses can be substantial, which can significantly impact our earnings from one period to the next. In addition, depreciation of the real relative to the U.S. dollar could (1) result in additional inflationary pressures in Brazil by generally increasing the price of imported products and services and requiring recessionary government policies to curb demand and (2) weaken investor confidence in Brazil and reduce the market price of the class A common shares. On the other hand, further appreciation of the real against the U.S. dollar may lead to a deterioration of the country's current account and the balance of payments and may dampen export-driven growth.

Because a substantial portion of our indebtedness is, and will continue to be, denominated in or indexed to the U.S. dollar, our foreign currency exposure related to our indebtedness as of December 31, 2014 was R\$4,284.0 million. We manage a portion of our exchange rate risk through foreign currency derivative instruments, but our foreign currency debt obligations are not completely hedged. In addition, a devaluation of the real would effectively increase the interest expense in respect of our U.S. dollar-denominated debt.

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Changes in tax laws may increase our tax burden and, as a result, adversely affect our profitability.

The Brazilian government regularly implements changes to tax regimes that may increase the tax burden on Cosan S.A., its subsidiaries and jointly controlled entities and its customers. These changes include modifications in the rate of assessments and, on occasion, enactment of new or temporary taxes, the proceeds of which are earmarked for designated governmental purposes.

In May 2014, Law 12,973, which converts into law the provisions provided for in Provisional Measure No. 627 of November 11, 2013, was enacted. Law 12,973 introduces changes to financial accounting rules, revokes a temporary tax regime which had been in force between 2008 and 2014, and regulates the transition between the then-applicable Brazilian accounting practices and international IFRS standards. Among other things, Law 12,973 makes certain changes to the accounting treatment of income tax, the tax basis of goodwill on acquisition of shareholdings, the fiscal treatment of mergers and acquisitions, present value adjustments in the investee, pre-operational expenses and leases.

Law 12,973 came into effect on January 1, 2014, for entities which have voluntarily adopted the measures early, and in January 1, 2015 for entities which have not opted for early compliance. Cosan S.A. and its subsidiaries have not opted for early compliance with the provisions of Law 12,973, and, consequently, Cosan S.A. and its subsidiaries have only been subject to the provisions of Law 12,973 since January 1, 2015.

Cosan S.A. carried out a full analysis of the provisions of Law 12,973, and concluded that there is no material impact on its 2014 financial statements as a result of the application of such law.

The ongoing investigations regarding corruption in Brazil may adversely affect the growth of the Brazilian economy and could have a material adverse effect on our business.

Petrobras (Brazil's state-owned oil company and one of the country's largest companies and a supplier of the Company) and certain other Brazilian companies active in the oil and gas, energy and infrastructure sectors are facing investigations by the Brazilian Federal Police, the Brazilian Federal Prosecutor's Office, the CVM and the SEC in connection with corruption allegations.

In addition, there have recently been reports in the Brazilian press alleging that certain Brazilian companies have made improper payments to officials of the Board of Tax Appeals (Conselho Administrativo de Recursos Fiscais), or "CARF", a tax appeals tribunal. It is alleged that the purpose of such improper payments was to induce those officials to reduce or waive certain tax-related penalties imposed by the Brazilian federal revenue which were under appeal in the CARF.

Depending on the duration and outcome of such investigations, the companies involved may face a reduction in their revenues, downgrades from rating agencies or funding restrictions, among other negative effects. Given the relatively significant weight of the companies cited in these investigations in the Brazilian economy, the investigations and their fall-out could have an adverse effect on Brazil's economic growth prospects in the near to medium term. Furthermore, the negative effects on a number of companies may also impact the level of investments in infrastructure in Brazil which may lead to lower economic growth in the near to medium term. Persistently poor economic conditions in Brazil resulting from, among other things, such investigations and their fall-out could have a material adverse effect on us.

If we do not successfully comply with laws and regulations designed to prevent governmental corruption in countries in which we sell our products, we could become subject to fines, penalties or other regulatory sanctions and our sales and profitability could suffer.

There is a risk that our management, employees or representatives may take actions that violate applicable laws and regulations prohibiting the making of improper payments to foreign government officials for the purpose of obtaining or keeping business. Laws prohibiting such behavior include (but are not limited to) laws relating to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions such as the U.S. Foreign Corrupt Practices Act. Any such violations may have a material adverse effect on our business.

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In addition, on January 29, 2014, the Brazilian government enacted Law No. 12,846/13 (the “Brazilian Antibribery Act”) imposing strict liability on companies for acts of corruption perpetrated by their employees. Under the Brazilian Antibribery Act, companies found guilty of bribery could face fines of up to 20% of their gross annual income for the previous year or, if gross annual income cannot be estimated, such fines could range from R\$6 thousand to R\$60 million. Among other penalties, the Brazilian Antibribery Act also provides for the disgorgement of illegally obtained benefits, the suspension of corporate operations, asset confiscation and corporate dissolution. The adoption of an effective compliance program may be taken into consideration by Brazilian authorities when applying a penalty under the Brazilian Antibribery Act. Accordingly, if we become involved in any investigations under the Brazilian Antibribery Act and if our compliance program is not deemed sufficiently effective by Brazilian authorities, our business could be materially adversely affected.

Risks Related to Our Common Shares

We are a Bermuda company, and it may be difficult for you to enforce judgments against us or our directors and executive officers.

We are a Bermuda exempted company, so that the rights of holders of our shares will be governed by Bermuda law and our by-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. All of our directors and some of the experts referred to in this annual report are not citizens or residents of the United States, and all of our assets are located outside the United States. As a result, it may be difficult for investors to effect service of process on those persons in the United States or to enforce judgments obtained in U.S. courts against us or those persons based on the civil liability provisions of the U.S. federal or state securities laws. We have been advised by our Bermuda counsel, Attride-Stirling & Woloniecki, that uncertainty exists as to whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the United States, against us or our directors or officers under the securities laws of those jurisdictions or entertain actions in Bermuda against us or our directors or officers under the securities laws of other jurisdictions. The United States and Bermuda do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not based solely on U.S. federal or state securities laws, may not necessarily be enforceable in Bermuda.

Bermuda law differs from the laws in effect in the United States and Brazil and may afford less protection to shareholders.

Our shareholders may have more difficulty protecting their interests than shareholders of a company incorporated in the United States or Brazil. As a Bermuda company, we are governed by the Companies Act 1981. The Companies Act 1981 differs in material respects from laws generally applicable to U.S. or Brazilian corporations and their shareholders, including the provisions relating to interested directors, amalgamations, takeovers, shareholder lawsuits and indemnification of directors.

Under Bermuda law, directors and officers of a company generally owe fiduciary duties to the company and not to individual shareholders. Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda courts may, however, in certain circumstances permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company’s memorandum of association or by-laws. Consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for example, where an act requires the approval of a greater percentage of the company’s shareholders than that which actually approved it. The Companies Act 1981 imposes a duty on directors

and officers to act honestly and in good faith with a view to the best interests of the company and to exercise the care and skill that a reasonably prudent person would exercise in comparable circumstances. Directors of a Bermuda company have a duty to avoid conflicts of interest. However, if a director discloses a direct or indirect interest in any contract or arrangement with us as required by Bermuda law, our by-laws provide that such director is entitled to be counted for quorum purposes, but may not vote in respect of any such contract or arrangement in which he or she is interested. In addition, the rights of our shareholders and the fiduciary responsibilities of our directors under the Companies Act 1981 are not as clearly established as under statutes or judicial precedent in jurisdictions in the United States, particularly in the State of Delaware.

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Provisions in our by-laws may discourage takeovers, which could affect the return on the investment of our shareholders.

Our by-laws contain provisions that could make it more difficult for a third party to acquire us without the consent of our board of directors. These provisions provide, among other things, for:

- a classified board of directors with staggered three-year terms;
- restrictions on the time period in which directors may be nominated;
- the affirmative vote of a majority of our directors in office and the resolution of the shareholders passed by a majority of votes cast at a general meeting or, if not approved by a majority of the directors in office, the resolution of the shareholders at a general meeting passed by 66- 2/3% of all votes attaching to all shares then in issue for amalgamation and other business combination transactions; and
- the tag-along rights described under “Item 10. Additional Information—B. Memorandum and By-laws—Tag-along Rights.”

These by-laws provisions could deter a third party from seeking to acquire us, even if the third party’s offer may be considered beneficial by many shareholders.

As a holding company, we may face limitations on our ability to receive distributions from our subsidiaries.

We conduct all of our operations through subsidiaries and are dependent upon dividends or other intercompany transfers of funds from our subsidiaries to meet our obligations. For example, Brazilian law permits the Brazilian government to impose temporary restrictions on conversions of Brazilian currency into foreign currencies and on remittances to foreign investors of proceeds from their investments in Brazil, whenever there is a serious imbalance in Brazil’s balance of payments or there are reasons to expect a pending serious imbalance. The Brazilian government last imposed remittance restrictions for approximately six months in 1989 and early 1990. The Brazilian government may take similar measures in the future. Any imposition of restrictions on conversions and remittances could hinder or prevent us from converting into U.S. dollars or other foreign currencies and remitting abroad dividends, distributions or the proceeds from any sale in Brazil of common shares of our Brazilian subsidiaries. We currently conduct all of our operations through our Brazilian subsidiaries. As a result, any imposition of exchange controls restrictions could reduce the market prices of the class A common shares.

Our by-laws restrict shareholders from bringing legal action against our directors and officers and also provide our directors and officers with indemnification from their actions and omissions, although such indemnification for liabilities under the Securities Act is unenforceable in the United States.

Our by-laws contain a broad waiver by our shareholders of any claim or right of action, both individually and on our behalf, against any of our officers or directors. The waiver applies to any action taken by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties, except with respect to any matter involving any fraud or dishonesty on the part of the officer or director. This waiver limits the right of shareholders to assert claims against our officers and directors unless the act or failure to act involves fraud or dishonesty. Our by-laws also indemnify our directors and officers in respect of their actions and omissions, except in respect of their fraud or dishonesty. The indemnification provided in our by-laws is not exclusive of other indemnification rights to which a director or officer may be entitled, provided these rights do not extend to his or her fraud or dishonesty. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to

directors, officers or persons controlling us pursuant to the foregoing provisions, we understand that, in the opinion of the staff of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable in the United States.

The sale, or issuance, of a significant number of our common shares may adversely affect the market value of our class A common shares.

The sale of a significant number of our common shares, or the perception that such a sale could occur, may adversely affect the market price of our class A common shares. We have an authorized share capital of 1,000,000,000 class A common shares and 188,886,360 class B common shares, of which 174,355,341 class A common shares are issued and outstanding and 96,332,044 class B series 1 common shares are issued and

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outstanding as of December 31, 2014. Our by-laws establish that our board of directors is authorized to issue any of our authorized, but unissued share capital. Our shareholders at a shareholders general meeting may authorize the increase of our authorized share capital. As a result, we will be able to issue a substantial number of new shares after the lock-up period, which, if we decided to do so, could dilute the participation of our shareholders in our share capital.

Actual dividends paid on our shares may not be consistent with the dividend policy adopted by our board of directors.

Our board of directors has a dividend policy that provides, subject to Bermuda law, for the payment of dividends to shareholders equal to approximately 25% of our annual consolidated net income (as calculated in accordance with IFRS as issued by IASB). Our board of directors may, in its discretion and for any reason, amend or repeal this dividend policy. Our board of directors may decrease the level of dividends provided for in this dividend policy or entirely discontinue the payment of dividends. Future dividends with respect to our common shares, if any, will depend on, among other things, our results of operations, cash requirements, financial condition, distribution of dividends made by our subsidiaries, contractual restrictions, business opportunities, provisions of applicable law and other factors that our board of directors may deem relevant.

To the extent we pay dividends to our shareholders, we will have less capital available to meet our future liquidity needs.

Our business strategy contemplates substantial growth over the next several years, and we expect that such growth will require considerable liquidity. To the extent that we pay dividends in accordance with our dividend policy, the amounts distributed to our shareholders will not be available to us to fund future growth and meet our other liquidity needs.

We may require additional funds in the future, which may not be available or which may result in dilution of the interests of shareholders in our company.

We may need to issue debt or equity securities in order to obtain additional public or private financing. The securities that we issue may have rights, preferences and privileges senior to those of our shares. If we decide to raise additional capital through an offering of common shares, the participation of our shareholders in our share capital may be diluted. Moreover, additional funding that may be required in the future may not be available under favorable terms.

The price of our class A common shares is subject to volatility.

The market price of our class A common shares could be subject to significant fluctuations due to various factors, including actual or anticipated fluctuations in our financial performance, losses of key personnel, economic downturns, political events in Brazil or other jurisdictions in which we operate, developments affecting the ethanol and sugar industries, changes in financial estimates by securities analysts, the introduction of new products or technologies by us or our competitors, or our failure to meet expectations of analysts or investors.

Item 4. Information on the Company

A. History and Development of the Company

We are a limited liability exempted company incorporated under the laws of Bermuda on April 30, 2007 for an indefinite term. Cosan Limited is registered with the Registrar of Companies in Bermuda under registration number EC 39981. Our commercial name is Cosan. Our registered office is located at Crawford House, 50 Cedar Avenue,

Hamilton HM11, Bermuda. Our principal executive office is located at Av. Presidente Juscelino Kubitschek, 1,327 – 4th floor, São Paulo – SP, 04543-011, Brazil and our general telephone and fax numbers are 55 11 3897-9797 and 55 11 3897-9799, respectively.

Our history dates back to 1936 when the Costa Pinto mill was established by the Ometto family in the city of Piracicaba in the state of São Paulo, with annual sugarcane crushing capacity of 4.0 million tons. As of the mid 1980s, we began to expand our operations through the acquisition of various milling facilities in the state of São Paulo.

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In 2004, Cosan S.A. conducted its first issuance of bonds in the international capital markets, raising US\$200 million in 5-year bonds, which matured in 2009. In 2005, it made the first public offering of shares by a producer of sugar and ethanol on the BM&FBOVESPA.

In 2007, our Class A common shares were listed on NYSE.

In 2008, Cosan S.A. began operating as a fuel distributor and lubricants producer following its acquisition of Esso Brasileira de Petróleo Ltda. or “Essobras,” which were Exxon Mobil’s assets in Brazil. Essobras was a distributor and seller of fuels and producer and seller of lubricants and specialty petroleum products of ExxonMobil in Brazil.

In 2008, Cosan S.A. also announced the creation of an affiliate named Radar which mainly makes real estate investments in Brazil identifying and acquiring rural properties with high appreciation potential for subsequent leasing and/or sale.

In 2009, Cosan S.A. acquired Nova América S.A. Agroenergia, or Nova América. Nova América was a producer of sugar, ethanol and energy co-generation which also operated in trading and logistics, and also controlled a port terminal in Santos called Teçu. The acquisition of Nova América’s assets included the “União” brand, which was renamed Cosan Alimentos.

In 2010, Cosan S.A. integrated its existing port terminal called Cosan Operadora Portuária with Teçu Port Terminal, initiating our logistics business with the formation of Rumo. Also in 2010, Rumo received R\$400 million from investment vehicles controlled by TPG Capital and Gávea Investimentos. In 2015, as a result of the merger between Rumo and ALL, each investor now owns 4.3% of Rumo.

In 2011, Cosan S.A. and Shell established our Joint Venture, Raízen, to produce sugar and ethanol and to distribute fuel. See “—C. Organizational Structure,” for further information on the Joint Venture.

In March 2012, Cosan S.A. entered into an agreement to acquire Comma Oil & Chemicals Limited, or Comma, a wholly-owned subsidiary of Esso Petroleum Company Limited to enter into the European lubricants & specialties market. Comma is located in England and manufactures and supplies lubricants, seasonal and car care products to the United Kingdom and other export markets in Europe and Asia, primarily under the Comma brand. The acquisition of Comma by Cosan includes finished lubricants and chemicals manufacturing and sales to third parties; all assets located at Comma’s Gravesend site in Kent, England; and ownership of the Comma trademarks and brands. In addition, agreements will be in place to allow Comma to continue to distribute select Mobil-branded lubricants through certain United Kingdom channels and to continue to manufacture and supply ExxonMobil companies with a range of seasonal and ancillary automotive products. The transaction was concluded on July 1, 2012.

On October 24, 2012, Cosan S.A. and its subsidiary Handson Participações S.A., or Handson entered into purchase and sale agreement with Camil Alimentos S.A., or Camil, for the sale of our subsidiary Docelar Alimentos e Bebidas S.A., or Cosan Alimentos, to Camil, for R\$463.8 million. As consideration for this amount, at the closing of the transaction Camil assumed indebtedness of R\$170.0 million and paid cash of R\$88.7 million. The remaining R\$205.0 million was settled in four payments. The sale was approved by the Brazilian antitrust authority (“CADE”) on July 19, 2012. The outstanding payments are secured by a trust receipt on our behalf of 28,246,685 shares of Camil, corresponding to 25% of its capital stock. In addition, pursuant to the agreement, we and our affiliates cannot compete with Camil or Docelar during five years from the date of the agreement.

Also in May 2012, Cosan S.A., through its subsidiary Provence Participações S.A., or Provence, entered into a Stock Purchase Agreement to acquire 60.1% for R\$3.4 billion of Comgás from BG Group. Comgás is Brazil’s largest

distributor of piped natural gas. Its network reaches over eight thousand kilometers delivering natural gas to more than one million customers in the residential, commercial and industrial segments. The acquisition of Comgás' controlling stake is part of Cosan's strategy to expand its presence in the energy business. On November 5, 2012, we concluded the acquisition of 60.1% stake of Comgás, with full approval from, and no restrictions were imposed by CADE or ARSESP (the relevant sectoral regulator). As a result of this acquisition, we entered into a shareholders' agreement with the other principal shareholders of Comgás, Integral Investments B.V. and Shell Brazil Holding BV, subsidiaries of Shell Gas BV of the Shell Group. Shell Brazil Holding BV, which has a direct and indirect interest in Comgás, corresponding to 18.2% of its share capital, has been granted an option to convert its current stake of

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21,805,645 Comgás common shares into 30,917,231 of Cosan S.A. shares. The exercise of this option may occur during a period of approximately 30 days at the third, fourth or fifth anniversary from the closing date.

On February 24, 2014, Cosan S.A., through its subsidiary Rumo submitted to ALL a binding proposal for the incorporation of ALL by Rumo. The proposal entailed the merger of all the shares issued by ALL into Rumo, with the current shareholders of Rumo and ALL receiving 36.5% and 63.5%, respectively, of the capital stock of the combined company. The merger was subject to certain conditions precedent, notably the following: (1) Rumo had to become registered as a publicly held company and simultaneously join the “Novo Mercado” segment of BM&FBOVESPA; (2) regulatory approvals from CADE and the ANTT being obtained; and (3) all corporate and third-party approvals required by applicable laws and the bylaws of the companies being obtained.

On April 1, 2015, the aforementioned conditions precedent were fulfilled and the merger between Rumo and ALL was effected with an adjusted exchange ratio (adjusted by the dividends distributed per each company during the period) that gave Rumo’s shareholders 34.3% and ALL’s shareholders 65.7% of the capital stock of the combined company. As a result ALL’s shares (BM&FBOVESPA ticker: ALLL3) were delisted from BM&FBOVESPA as of March 31, 2015. As of April 1, 2015, Rumo’s public shares listed on the BM&FBOVESPA (under the ticker “RUMO3”) fully reflected the effects of the merger.

At an extraordinary general meeting held on October 1, 2014, Cosan S.A.’s shareholders approved a spin-off of the logistics business of Cosan S.A. and the merger of the spun-off portion into Cosan Logística (the “Partial Spin-off”). The Partial Spin-off seeks to segregate Cosan S.A.’s logistics activities, focused on Rumo, in order to allow each of our business segments to be more sector-focused, and to establish a suitable capital structures for each business segment. It also seeks to provide the market with greater transparency on each business segment’s performance, which will give shareholders and investors an improved ability to analyze each individual business’s performance. Cosan Limited controls both Cosan S.A. and Cosan Logística, with a 62.51% and 62.51% interest in each of them, respectively. At September 30, 2014 the portion spun-off to Cosan Logística had a book value of R\$1,059.5 million. Due to the Partial Spin-off, all of the shares issued by Cosan Logística previously held by Cosan were canceled and subsequently 405,856,814 new Cosan Logística shares were issued to the shareholders of Cosan (including Cosan Limited) at an exchange ratio of 1:1. Cosan’s shares were traded ex-rights to receive Cosan Logística’s shares as from October 6, 2014. Cosan Logística’s shares are currently traded on the BM&FBOVESPA under the ticker “RLOG3”, with trading having started on October 6, 2014. As a result, shareholders have been provided with the same political and economic privileges in Cosan Logística as those conferred on them by the shares of the company they previously held. Furthermore, the Partial Spin-off will not result in any change in the characteristics of Cosan’s shares or the advantages conferred by them. Due to the Partial Spin-off and consequent transfer of the spun-off portion to Cosan Logística, the share capital of Cosan S.A. will be reduced by R\$1,059,591, corresponding to the book value of the spun-off portion, without any cancellation of Cosan S.A.’s shares. As such, Cosan S.A.’s share capital increased from the current R\$4,691,822 to R\$3,632,231, and it will remain divided into 407,214,353 registered common, nominative and without par value shares.

On November 11, 2014, Cosan’s management announced that it was considering the possibility of spinning off Cosan’s gas distribution business (i.e. Comgás) through the creation of a new listed company called Distribuição de Gás Participações S.A. (“DGP”), which would become the parent company of Comgás, be publicly-listed on BM&FBOVESPA’s “Novo Mercado” segment and would be responsible for any future investments by Cosan in the natural gas distribution business (the “Gas Spin-off”). The Gas Spin-off would include a division and allocation of Cosan’s current debt between DGP and Cosan. In order to be executed, the Gas Spin-off would require: (1) approval by ARSESP; (2) approval of certain Cosan bondholders and other creditors; and (3) approval by Cosan’s shareholders at a general meeting. On January 29, 2015, Cosan S.A. has announced that, due to the current unfavorable market conditions, Cosan has decided postpone the Gas Spin-off.

Capital Expenditures

See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Expenditures” for a description of our principal capital expenditures over the fiscal years covering ending March 31, 2012, March 31, 2013 and December 31, 2014, as well as the transition period ended December 31, 2013. For more information concerning our principal capital expenditures currently in progress, see “—D. Property, Plant and Equipment—Capital Expenditures.”

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B. Business Overview

The Company is one of the largest corporations in Brazil, as ranked by the Exame magazine annual Melhores e Maiores publication, with businesses in strategic sectors to the Brazilian development, such as logistics and energy. The following companies are part of the organization: Cosan S.A., Cosan Logística, Comgás, Raízen, Rumo, Cosan Lubrificantes and Radar.

Acquired in 2012, Comgás is Brazil's largest natural gas distributor. It has a network of over 11,000 thousand kilometers, bringing natural gas to more than 1.4 million residential, commercial and industrial consumers in 70 cities. Its concession area accounts for approximately 27% of Brazil's GDP, covering 177 cities in the São Paulo, Campinas and Santos metropolitan areas and the Paraíba Valley.

Through Raízen, a joint venture between Cosan and Shell created in June of 2011, the company produces more than 2 billion liters of ethanol per year to supply both domestic and international markets and 4 million tons of sugar, with 940 MW of installed capacity - making it one of the world's largest power generator of electricity from sugarcane bagasse. The company plants, harvests and processes sugarcane, the main raw material used in the production of sugar and ethanol. Raízen also distributes fuel to over 5,356 service stations throughout Brazil under the Shell brand, with approximately 944 convenience stores, 62 distribution terminals and presence in 55 airports supplying jet fuel.

In the logistics sector, Rumo is one of the world's leaders in the transport of sugar for exportation and is creating an integrated transport platform that will significantly increase the efficiency of Brazilian exports. Cosan has recently spun-off its logistics segment, including Rumo, into a listed company called Cosan Logística. In addition, Rumo has recently merged with ALL, which has made it one of the most important transportation and port operator for grains and other commodities in Brazil. For further details, see “—A. History and Development of the Company”.

Through Cosan Lubricants, the company produces and distributes automotive and industrial lubricants. Under the Mobil brand, Cosan operates in Brazil and in three other countries in South America (Bolivia, Uruguay and Paraguay), and also in the United Kingdom, with Comma.

At Radar, the company focus in exploring new opportunities in agricultural properties with high potential for appreciation in Brazil, acquiring and leasing them to large operators in the sector for cultivation of sugarcane, soybeans, corn and cotton.

Cosan S.A. (BM&FBOVESPA ticker: "CSAN3") has been listed since 2005 and Cosan Logística (BM&FBOVESPA ticker: "RLOG3") has been listed since 2014, both on the BM&FBOVESPA segment with the highest standards of corporate governance, the "Novo Mercado". Cosan Limited (NYSE ticker: "CZZ") has been listed since 2007 on the NYSE, and also has BDRs (BM&FBOVESPA ticker: "CZLT33") issued in Brazil listed on BM&FBOVESPA. Comgás (BM&FBOVESPA ticker: "CGAS3" and "CGAS5") has been listed since 1997.

Raízen Combustíveis (Fuel Distribution)

Overview

Through Raízen Combustíveis, our downstream Joint Venture company, we are engaged in sourcing, storing, blending and distributing gasoline, ethanol, diesel, fuel oil and aviation fuel through our network of 5,356 Shell-branded retail service stations, 62 distribution terminals and 55 airport terminals supplying aviation fuel. Following the formation of the Joint Venture on June 1, 2011, we are currently among the three largest Brazilian fuel distributors, with approximately 23.3% market share in Brazil in terms of volume of fuel sold in the fiscal year ended December 31,

2013, according to Sindicom.

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Raízen Combustíveis Highlights	As of and For Fiscal	As of and for the	As of and For		As of and For Fiscal	
	Year Ended	Twelve-Month Period Ended	Nine-Month Period Ended		Year Ended	
	December 31, 2014	December 31, 2013	December 31, 2013	December 31, 2012	March 31, 2013	March 31, 2012
Service stations	5,356	4,860	4,860	4,600	4,700	4,600
Fuel sold (billion liters)	25.0	23.2	17.9	16.7	22.0	18.5
Ethanol sales (R\$ million)	3,556.7	2,988.3	2,330.2	1,743.6	2,401.6	2,117.9
Gasoline sales (R\$ million)	22,165.1	19,235.9	14,829.1	13,282.0	17,688.8	14,674.4
Diesel sales (R\$ million)	24,274.8	20,725.6	16,261.7	13,380.6	17,844.4	14,051.4
Jet fuel sales (R\$ million)	5,111.4	5,001.7	3,724.6	3,726.8	5,003.9	3,632.0
Other products (R\$ million)	625.9	576.3	434.9	452.1	593.5	603.3
Other services (R\$ million)	—	—	—	—	—	16.9
Net sales (R\$ million) (1)	55,733.9	48,527.7	37,580.6	32,585.1	43,532.2	35,096.1

(1) Raízen Combustíveis is accounted for under the equity pick-up method, and therefore, Net Sales are not consolidated in the Company's statement of profit or loss and other comprehensive income. See "Item 5. Operating and Financial Review and Prospects—A. Operating Results."

Currently, Raízen Combustíveis and its competitors purchase all or nearly all oil-derivative fuels from Petrobras under a formal supply contract that establishes the volume and the terms for supply. The contract is renewed periodically and the volume contracted for is based on the volume purchased in the previous year. There have been no significant interruptions in the supply of fuels from Petrobras to the distributors.

Ethanol is sourced from various third party suppliers and from Raízen Energia as well. The prices of ethanol supplied are generally determined by the ESALQ index. The prices of oil-derivative fuels supplied to us by Petrobras generally vary according to international oil prices, however Petrobras often delays passing on variations in market oil prices to its customers, thereby smoothing out some of the volatility of oil price changes experienced in international markets.

All of our fuel distribution operations are in the domestic Brazilian market. Our operations are not subject to significant seasonality; however, the price of hydrous ethanol at the pump is typically more volatile than the prices of gasoline or diesel, as a result of the seasonality of the sugarcane harvest and the limited storage facilities for ethanol in Brazil. This in turn impacts the proportion of our revenue mix that is derived from either gasoline or ethanol throughout the year, as consumers who own flex fuel vehicles switch between the two fuels according to the relative price of each.

As hydrous ethanol is less energy intense than gasoline, consumers will usually only switch to ethanol if the price is significantly lower than gasoline. When hydrous ethanol is retailed at 70% of the price of gasoline, the two fuels are considered to be at price parity with each other. At a level below 70%, the demand for ethanol will significantly increase at the expense of gasoline.

We supply aviation fuel at 55 airports across Brazil, including at the major hubs of Congonhas and Guarulhos airports in São Paulo, and Brasília airport in the Federal District, to Brazilian and foreign airlines.

Regulation

The National Agency of Petroleum, Natural Gas and Biofuels, or ANP, is responsible for the control, supervision and implementation of the government's oil, gas and biofuel policies. The ANP regulates all aspects of the production, distribution and sale of oil products in Brazil, including product quality standards and minimum storage capacities required to be maintained by distributors and is also responsible for establishing the limits of oil-based fuel volume purchased by distributors based on their storage capacity.

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Environmental health and safety standards. Fuel distributors are subject to Brazilian federal, state and municipal laws and regulations relating to environmental protection, safety and occupational health and safety licensing by fire departments and transport authorities. The National Environmental Council (Conselho Nacional do Meio Ambiente), or “CONAMA”, is the principal government body responsible for approving environmental licensing. Environmental state agencies and municipal departments are also responsible for establishing and supervising complementary laws and regulations within their areas of operation.

Fuel distributors must obtain authorizations and/or licenses from federal, state and/or municipal environmental agencies and fire departments to implement and operate their facilities. They are required to develop programs to control air and water pollution and hazardous waste.

Raízen Energia (Sugar, Ethanol and Cogeneration)

Overview

Raízen Energia, our upstream Joint Venture company whose core business is the production and sale of a variety of products derived from sugarcane, including raw sugar (Very High Polarization, or VHP), anhydrous and hydrous ethanol, as well as activities related to energy cogeneration from sugarcane bagasse and ethanol trading. Raízen Energia operates 24 sugar, ethanol and energy cogeneration mills, with a current crushing capacity of 68 million tons of sugarcane per year.

Raízen Energia Highlights	As and	As of and for	As of and for		As of and for Fiscal	
	for Fiscal Year Ended(*) December 31, 2014	Twelve-Month Period Ended December 31, 2013	Nine-Month Period Ended December 31, 2013 December 31, 2012		Year Ended(*) March 31, 2013 March 31, 2012	
Crushed sugarcane (million tons)	57.1	61.4	61.4	56.2	56.2	52.9
Sugar volume sold (thousand tons)	4,432.8	4,469.8	3,277.1	3,037.1	4,229.8	3,987.5
Ethanol volume sold (million liters)	2,952.2	3,057.2	1,828.5	1,415.4	2,322.8	2,215.6
Energy sold (MWh)	2,239.8	2,164.5	2,110.8	2,981.1	3,034.8	1,491.3
Net sugar sales (R\$ million)	4,059.6	4,304.3	3,127.6	3,177.3	4,354.0	3,912.8
Domestic market	1,009.1	867.8	669.5	700.9	899.2	1,217.4
External market	3,050.5	3,436.5	2,458.1	2,476.4	3,454.8	2,695.4
Net ethanol sales (R\$ million)	3,060.3	3,226.1	3,143.3	2,190.0	3,299.9	2,871.5
Domestic market	2,227.8	2,244.4	1,715.4	799.4	1,328.4	2,245.1
External market	2,149.0	2,022.2	1,427.8	1,390.6	1,971.5	626.4
Net energy cogeneration sales (R\$ million)	618.6	389.7	376.6	556.6	569.7	235.1
Other products and services (R\$ million)	208.9	240.2	202.9	193.9	244.5	228.2
Raízen Energia net operating revenue (R\$ million)	9,263.9	9,200.7	6,850.4	6,117.9	8,468.2	7,247.4

(*)Raízen Energia is accounted for under the equity method; therefore, Net Sales are not consolidated in the Company’s statement of profit or loss and other comprehensive income. See “Item 5. Operating and Financial Review and Prospects—A. Operating Results.”

Our production is based on sugarcane, the most competitive and viable feedstock for sugar and ethanol because of its low production cost and high energy efficiency ratio relative to other energy sources, such as corn and sugar beet. Sugarcane is our principal raw material. It is a tropical grass that grows best in locations with stable warm temperatures and high humidity, although cold and dry winters are an important factor for the sucrose concentration of sugarcane. The climatic conditions of the central-south region of Brazil are ideal for growing sugarcane.

Raízen Energia's sugarcane production is sourced from leased lands, as well as from third-party suppliers. The following table compares the amount of sugarcane grown on owned or leased land with the amount purchased from third parties during the periods set out below.

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	As of and for Fiscal Year Ended December 31 2014(*)		As of and for Twelve-Month Period Ended December 31 2013(*)		As of and for Nine-Month Period Ended December 31 2013(*)				As of and for Fiscal Year Ended March 31 2013(*)			
	%		%		%	%	%	%	%	%	%	%
Sugarcane harvested from owned land	29.2	51.1	31.0	50.5	30.4	49.5	28.3	50.4	28.3	50.3	26.5	50.1
Sugarcane purchased from third-parties	27.9	48.9	30.4	49.5	31.0	50.5	27.9	49.6	27.9	49.7	26.4	49.9
Total	57.1	100	61.4	100	61.4	100	56.2	100	56.2	100	52.9	100

(millions of tons, except percentages)

(*) Unaudited.

In accordance with the land lease contracts, we pay the lessors a certain fixed number of tons of sugarcane per hectare as consideration for the use of the land, and a certain fixed productivity per tonne of sugarcane in terms of TSR. The overall volume of TSR is obtained by multiplying the number of hectares leased by the committed tons of sugarcane per hectare by the TSR per tonne of sugarcane. The price that we pay for each kilogram of TSR is set by CONSECANA (Conselho dos Produtores de Cana-de-açúcar, Açúcar e Alcool do Estado de São Paulo). The price that we pay to third-party sugarcane growers is based on the total amount of sugar content in the sugarcane, measured by the amount of sugar recovered and on the prices of ethanol and sugar sold by each mill.

Our mills have the capacity to crush 68 million tons of sugarcane per year and in fiscal year 2014, we crushed 57.1 million tons of sugarcane, or 10% of Brazil's central-south region total sugarcane production (which was 571 million tons as of March 16, 2015, according to UNICA). For further information on our sugarcane mills see "Item 4. Information on the Company—D. Property, Plant and Equipment." The mills that are prepared to produce both sugar and ethanol can typically adjust their proportion of output from anywhere between 55% sugar and 45% ethanol to 45% sugar and 55% ethanol. We track the current and future prices of each product relative to the other, as well as forecasts of global output volumes of each product, to decide on the production mix to be set across our mills in order to maximize our sales revenue. All of our mills are energy self-sufficient from burning sugarcane bagasse at very high temperatures in boilers, to heat water that is transformed into steam. Eleven of our mills generate surplus electrical energy that we sell to the Brazilian energy grid.

Raízen Energia is subject to the seasonality of the annual sugarcane harvesting period in the central-south region of Brazil, which begins in April or May and ends in November or December. This creates fluctuations in our inventory, usually peaking in December to cover sales between crop harvest (i.e., January through March), and a degree of seasonality in our gross profit.

We produce and sell a wide variety of standard sugars, including raw sugar (also known as VHP – Very High Polarized sugar), crystal sugar and organic sugar, and refined sugars, including granulated refined white sugar, amorphous refined sugar, refined sucrose liquid sugar and refined inverted liquid sugar.

Standard sugars. VHP sugar, a raw sugar with approximately 99% sucrose content, is similar to the type of sugar traded in major commodities exchanges, including through the standard NY11 contract. The main difference between

VHP sugar and the sugar that is typically traded in the major commodities exchanges is the sugar content of VHP sugar and the price premium that VHP sugar commands in comparison to most sugar traded in the commodities exchanges. We export VHP sugar in bulk, to be refined at its final destination. We also sell a small amount of VHP sugar to the Brazilian market. Crystal sugar is a non-refined sugar produced directly from sugarcane juice and sold to industrial companies in Brazil to be used as an ingredient for food products. We also sell a small amount of crystal sugar to the Brazilian retail market and to export markets. Organic sugar is a kind of raw sugar produced from organic sugarcane and is not submitted to any chemical treatments during its manufacturing process. We sell organic sugar in the international and Brazilian markets.

Refined sugars. We refine VHP sugar and crystal sugar into both granulated and amorphous (non-crystallized) sugar. We sell refined sugar in the Brazilian and export retail and industrial markets. Refined sugar is used as an ingredient in processed food products such as milk and chocolate powders, bakery products, powder refreshments, and pharmaceutical syrups.

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Liquid sugars. We refine crystal sugar to produce sucrose liquid sugar and inverted liquid sugar, which has a higher percentage of glucose and fructose than sucrose liquid sugar. We sell both types of sugar for industrial use, mainly for the production of soft drinks.

We sell sugar to a wide range of customers in Brazil and in the international markets. Our customers in Brazil include Docelar, which was previously held by Cosan and sold to Camil on October 24, 2012, and food manufacturers, for which we primarily sell refined and liquid sugar. We primarily sell raw sugar in the international markets through international commodities trading firms and Brazilian trading companies. In the fiscal year ended December 31, 2014 we exported 75.1%, by volume, of the sugar we sold. Rumo Logística handles most of the transportation by rail and logistics of our sugar exports to their sugar loading terminal at the Port of Santos.

Prices for raw sugar are established in accordance with the NY11 futures contracts. Prices for refined sugar are established in accordance with the London# 5 futures contract, traded on the LIFFE. Prices for sugar we sell in Brazil are set in accordance with Brazilian market prices, using an index calculated by the ESALQ.

We produce and sell three different types of ethanol: hydrous ethanol and anhydrous ethanol for fuel and industrial ethanol. The primary type of ethanol consumed in Brazil is hydrous ethanol, which is used as an alternative to gasoline for flex fuel vehicles (as opposed to anhydrous ethanol which is used as an additive to gasoline). As a result, hydrous ethanol represented 56% of our ethanol production in the fiscal year ended December 31, 2014 and 52% in the twelve-month period ended December 31, 2013. Our sales are mainly to fuel distributors in Brazil, of which the three largest are Petrobras Distribuidora S.A., Raízen Combustíveis S.A. and Cia. Brasileira de Petróleo Ipiranga. We also sell industrial alcohol, which is used in the chemical and pharmaceutical sectors. In the fiscal year ended December 31, 2014, our largest ethanol customer was Raízen Combustíveis. In fiscal year ended December 31, 2014, we exported 19%, by volume, of the ethanol we sold. Our main export customers are trading companies which distribute our products mainly to the United States, Japan and Europe. Our exports are conducted through TEAS, an ethanol loading terminal at the Port of Santos.

Ethanol Production Process

We produce ethanol through a chemical process called yeasting, which is a process of fermenting the sugars contained in both sugarcane juice and molasses. Initially, we process the sugarcane used in ethanol production the same way that we process sugarcane for sugar production. The molasses resulting from this process is mixed with clear juice and then with yeast in tanks, and the by-product resulting from the yeasting process, called “yeasted wine,” has an ethanol content of approximately 7% to 9%. After the yeasting process, which takes approximately 10 hours, the yeasted wine is centrifuged, so that we can separate the yeast from the liquid. We use the separated yeast in the ethanol production process. We then boil the yeasted wine at different temperatures, which causes the ethanol to separate from other liquids. Hydrous ethanol is produced after different distillation stages. In order to produce anhydrous ethanol, hydrous ethanol undergoes a dehydration process. The liquid remaining after these processes is called vinasse, a by-product we use as fertilizer in our sugarcane fields. After the distillation and dehydration processes, we produce hydrous, anhydrous, neutral and industrial ethanol, and store the ethanol in large tanks.

The ethanol production flow can be summarized as follows:

- Preparation of the juice. The fermentation is fed with a juice composed of approximately 20% of sugar, which is prepared with juice (from the treatment), molasses (from sugar production) and water. This juice must be cooled to approximately 30°C.

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Fermentation. The fermentation of the juice is the result of the action of yeast, which firstly inverts the sucrose to glucose and fructose (monosaccharide), and then converts the monosaccharide into ethanol and carbon dioxide. This reaction occurs in a fermenter, which is fed with juice and yeast.

- Centrifuging. After the fermentation, the resulting product is carried to centrifuges that separate the yeast from the beer, a solution of approximately 9%v/v (oGL) of ethanol.
- Treatment of the yeast. The yeast that comes from the centrifuges is treated with sulfuric acid and returned to the fermenter tank to be utilized again.

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- **Distillation.** The beer is distilled in a sequence of distillation columns, which separate the water from the ethanol. This process occurs basically due to the differences of ethanol's and water's ebullition temperatures. In order to produce hydrous ethanol, two columns are used to achieve the concentration of 94%v/v (oGL) ethanol. From the first column, a slop called vinasse is obtained, which is used as a fertilizer in the sugarcane fields.
- **Dehydration.** In order to produce anhydrous ethanol, two more columns are used to achieve the concentration of 99%v/v (oGL) ethanol. In the first column, the excess of water is separated with the aid of cycle-hexane.

Ethanol Production Capacity and Output

Our current annual ethanol production capacity is approximately 2.6 billion liters. We were the largest producer of ethanol in Brazil in the fiscal year ended December 31, 2014, producing approximately 2.1 billion liters of ethanol, representing 8% of the total ethanol production in Brazil's central-south region, according to UNICA. We are one of the largest exporters of ethanol in the world, having sold R\$4.3 billion including trading in the domestic and foreign markets, having exported 549.8 million liters in the fiscal year ended December 31, 2014, and exported 691,5 million liters in the twelve-month period ended December 31, 2013.

Cogeneration

Raízen Energia, is one of the world's largest producers of energy from sugarcane bagasse. We currently have an installed energy capacity of 934 MW per year from our 24 mills, of which 13 mills sold their excess energy to the grid and on the spot market. We view our cogeneration business as strategic since it generally allows for a stable cash flow stream across commodity cycles, helping to reduce the volatility of our cash flows and operations.

Energy Cogeneration Highlights:	As of and for Fiscal Year Ended(*) December 31, 2014	As of and for the Twelve-Month Period Ended December 31, 2013	As of and for the Nine-Month Period Ended		As of and for Fiscal Year Ended(*)	
			December 31, 2013	December 31, 2012	March 31, 2013	March 31, 2012
Energy sold (MWh)	2,239.8	2,164.5	2,110.8	2,981.1	3,034.8	1,491.3
Net sales (R\$ million)	618.6	389.7	376.5	556.6	569.7	235.1

(*)Raízen Energia is accounted for under the equity method, therefore, Net Sales are not consolidated in the Company's statement of profit or loss and other comprehensive income. See more details in "Item 5. Operating and Financial Review and Prospects—A. Operating Results."

Alternative sources of electricity, such as cogeneration from sugarcane bagasse, have become increasingly important within the Brazilian hydro-dependent energy matrix, particularly because the harvest period for sugarcane coincides with generally drier periods for hydraulic energy, when the overall energy supply is, therefore, more constricted. We are self-sufficient for our energy needs. In the fiscal year ended December 31, 2014, the nine-month period ended December 31, 2013 and the fiscal years ended March 31, 2013 and 2012, we sold 2,239.8 MWh, 2,110.8 MWh, 3,034.8 MWh and 1,491.3 MWh, respectively, of energy to third parties. Our principal customers, besides the energy sold to the Brazilian grid, are utility companies, which together accounted for approximately 40% of our cogeneration sales in the fiscal year ended December 31, 2014. We sold our remaining excess electric energy through energy auctions.

Regulation

Raízen Energia is subject to various Brazilian federal, state and municipal environmental protection and health and safety laws and regulations governing, among other things, the generation, storage, handling, use, transportation and discharge of hazardous materials into the ground, air and water as well as regulation concerning electricity generation.

Permits. Certain environmental laws require us to obtain from governmental authorities permits, licenses and authorizations to install and operate our mills, to burn sugarcane and to perform other operations.

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We are subject to the regulations of the pollution control and remediation agencies of three Brazilian states:

- Environmental Company of the state of São Paulo (Companhia Ambiental do Estado de São Paulo), or “CETESB”;
 - Environmental Agency of the state of Goiás (Agência Goiana do Meio Ambiente), “or AGMA”;
- Environmental Institute of the state of Mato Grosso do Sul (Instituto de Meio Ambiente do Mato Grosso do Sul), or “IMASUL.”

Environmental Licensing of Raízen: We operate mills, a port facility and numerous warehouses. All mills have environmental operating licenses. The National Environmental Council (Conselho Nacional do Meio Ambiente), or “CONAMA”, is the principal government body responsible for approving environmental licensing.

Sugarcane Burning: The state of São Paulo and certain municipal governments have established laws and regulations that limit our ability to burn sugarcane or that reduce and/or eliminate the burning of sugarcane entirely. We have voluntarily signed the Agro-Environmental Sugar Cane Protocol, which establishes accelerated deadlines for the reduction of sugarcane burning.

Brazilian Forestry Code: We are subject to the Brazilian Forestry Code, which prohibits land use in certain permanently protected areas, and obligates us to maintain and register a forestry reserve in each of our rural landholdings covering at least 20% of the total area of such land.

Environmental Proceedings: We are party to a number of administrative and judicial proceedings for alleged failure to comply with environmental laws and regulations. Non-compliance with environmental law is subject to administrative, civil and/or criminal sanctions.

Electricity Regulation: The Brazilian power industry is regulated by National Electric Energy Agency (“ANEEL”), an independent federal regulatory agency, in accordance with the general guidelines set forth by the Ministry of Mines and Energy, or “MME.” To perform generation activities, we must obtain authorizations granted by ANEEL or execute concession agreements with the Federal Government through ANEEL. The activities related to generation and commercialization of electricity performed by Raízen Energia are subject to ANEEL’s supervision. Law No. 9,427 dated December 26, 1996, as amended, enacted by the Brazilian Government and supplemented by ANEEL’s regulation, governs the imposition of sanctions against the agents of the electricity sector based on the nature and importance of the breach (including warnings, fines, temporary suspension from the right to participate in bidding procedures for new concessions, licenses or authorizations and forfeiture). For each breach, the fines can be up to 2.0% of the revenue of the concessionaire in the 12-month period preceding any assessment notice or, for independent producers or self-producers (authorized agents), the estimated amount of energy produced in the same period. Some infractions that may result in fines relate to the failure of the agent to request ANEEL’s approval, including the following (pursuant to ANEEL Resolution No. 63/2004, as amended from time to time):

- entering into certain related party transactions;
- sale or assignment of the assets related to services rendered as well as the imposition of any encumbrance (including any security, bond, guarantee, pledge and mortgage) on them or any other assets related to the concession or the revenues of the electricity services;
- changes in controlling interest of the holder of the authorization or concession; and

- non-compliance with the schedule for the beginning of the commercial operation of the power plant, as previously approved by the ANEEL through the relevant contract.

Comgás (Natural Gas Distribution)

Overview

Comgás is Brazil's largest distributor of piped natural gas, with a network reaching over nine thousand kilometers and delivering natural gas to more than one million residential, commercial and industrial consumers in

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over 70 cities. The Comgás concession area covers approximately 27% (according to the IBGE) of Brazil's GDP, including 177 municipalities in the metropolitan regions of São Paulo, Campinas and Santos as well as the Paraíba Valley.

We are the largest natural gas distributor in Brazil, with approximately 19% market share in Brazil in terms of volume of fuel sold in 2014, according to ABEGAS. We believe the prospects for future availability of natural gas in Brazil are positive based on expected exploration of carbon deposits discovered in the pre-salt layer offshore of Brazil's coast.

Comgás Highlights	As of and for Fiscal Year Ended December 31, 2014	As of and for the Twelve-Month Period Ended December 31, 2013	As of and for the Nine-Month Period Ended (1)		As of and for Fiscal Year Ended (1)	
			December 31, 2013	December 31, 2012	March 31, 2013	March 31, 2012
Natural gas sold (million cbm)	5,458.7	5,457.0	4,089.9	4,071.1	5,456.9	5,258.6
Net sales (R\$ million)	6,387.1	6,336.6	4,888.9	4,159.2	6,336.6	5,279.6

(1) These amounts derive from Comgás' financial statements for the years ended December 31, 2013 and 2012, considering 12 months, and include amounts prior to the date which Comgás' results of operations started to be consolidated into the Company's results of operations. Since the acquisition of Comgás was on November 5, 2012 net sales for the period of five months are recorded in the Company's income statement for the fiscal year ended March 31, 2013 as discussed in "Item 5. Operating and Financial Review and Prospects—A. Operating Results."

Regulation

The National Agency of Petroleum, Natural Gas and Biofuels ("ANP") is responsible for the control, supervision and implementation of the government's oil, gas and biofuel policies. The ANP regulates all aspects of the production, distribution and sale of oil products in Brazil, including product quality standards and minimum storage capacities required to be maintained by distributors and is also responsible for establishing the limits of oil-based fuel volume purchased by distributors based on their storage capacity.

In addition to the regulation by ANP, Comgás' activities are also supervised and regulated by ARSESP, with which it maintains continuous dialogue through its directorate for Regulatory and Institutional Affairs, in order to enhance or formulate industry policies. In light of the approach shown by regulators in recent years, Comgás does not believe that there will be any sudden changes that may affect its business.

Lubricants

Cosan Lubrificantes is responsible for the manufacturing and distribution of passenger vehicle lubricants, commercial vehicle lubricants, industrial lubricants and special application products such as greases, cutting oils and car care products under the Mobil and Comma brands in Brazil, Bolivia, Uruguay, Paraguay, and in specific sales channels in the United Kingdom and Asia.

Lubricants Highlights:	As of and for Fiscal Year Ended	As of and for the Twelve-Month Period Ended	As of and for the Nine-Month Period Ended	As of and for Fiscal Year Ended
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	Ended December 31, 2014	Period Ended December 31, 2013	December 31, 2013	December 31, 2012	March 31, 2013	March 31, 2012
Volume of lubricants sold (thousand liters)	319.8	315.6	243.1	214.0	286.6	216.7
Net sales (R\$ million)	1,602.2	1,542.9	1,185.2	1,059.8	1,417.5	1,037.7

We have a wholly-owned lubricants oil blending plant, located in Rio de Janeiro, with an annual production capacity of 1.7 million barrels of lubricants per year, and a pier facility that allows us to import base stocks. We produce over 600 different lubricants, and purchase more than 400 raw materials, including basic oils and additives.

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We sell our lubricants products, mainly through distributors and direct sales to industrial customers, as well as to wholesale customer accounts and car and motorcycle dealerships. We also produce and sell lubricants for customers such as Toyota, John Deere, Caterpillar, Honda and SKF.

We have exclusive distribution rights for Mobil brand products in Bolivia, Paraguay and Uruguay following the purchase of ExxonMobil's lubricant distribution business in these three countries in 2011.

In July 2012, we acquired Comma Oil and Chemicals Limited, which reinforced our strategy to enter into the European lubricants and specialties markets. As a result, we acquired finished lubricants and the manufacture and sale of chemicals to third parties, all of Comma's assets at the Gravesend site in Kent, England, as well as ownership of Comma's trademarks and brand names. In addition, agreements will be in place to allow Comma to continue to distribute select Mobil-brand lubricants into specific sales channels in the United Kingdom and to continue to manufacture and distribute a range of seasonal and ancillary automotive products to ExxonMobil.

Our lubricants business is not subject to significant seasonality. However a significant proportion of our raw material purchases are invoiced in U.S. dollars and we hedge part of our shipments of base oils against variations in exchange rates.

Regulation

CLE is subject to substantially the same regulation by the same regulatory bodies that our fuel distribution business, Raízen Combustíveis, is subject to. See "—Raízen Combustíveis (Fuel Distribution)."

Cosan Logística (Logistics)**Overview**

Our logistics operations are operated through Cosan Logística (a recent spin-off from Cosan S.A.), which holds our interest in Rumo - see "—A. History and Development of the Company". Rumo offers an integrated logistics solution to agricultural commodity producers located in the central-south of Brazil by transporting produce from the mills and depots by truck or rail to be loaded and stored in our port facility at the Port of Santos. Rumo also offers warehousing services.

Rumo Highlights:	As of and for Fiscal Year Ended December 31, 2014	As of and for the Twelve-Month Period Ended December 31, 2013	As of and for the Nine-Month Period Ended		As of and for Fiscal Year Ended	
			December 31, 2013	December 31, 2012	March 31, 2013	March 31, 2012
Port elevation volume (thousand tons)	11,117.9	9,177.1	7,049.1	6,437.6	8,565.6	7,759.2
Logistics sales (R\$ million)	671.6	726.0	597.5	420.9	549.4	413.4
Port handling sales (R\$ million)	220.5	174.8	138.2	113.4	150.0	141.0
Other sales (R\$ million)	23.3	16.9	13.6	10.1	13.3	17.6
Net sales (R\$ million)	915.4	917.7	749.4	544.4	712.8	572.0

Rumo is the concessionaire of two bulk port terminals at the Port of Santos, which, on a combined basis, is one of the largest bulk port terminals in the world, with a current annual combined loading capacity of 14 million tons, having

loaded 11,117.9 tons in the fiscal year ended December 31, 2014. We are currently investing in this port terminal to add an additional wharf to increase its capacity from the present capacity of 14 million tons to 19 million tons by 2016. After this expansion, we estimate this port terminal will have the capacity to support 70% of the volume exported by the sugar producers of the central-south region of Brazil. The terminal also has the capacity to store approximately 550,000 tons of sugar. The port facility serves clients, including Raízen Energia, EDF&Man, Sucden, Bunge, Coimex, Cargill, Louis Dreyfus Commodities and Noble among others, in the transport and export of sugar and soy products. Pursuant to the Port Concession Agreement with the state of São Paulo's Port Authority, the concession granted to operate initiated in 2016 and extended to 2036.

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In addition, following Rumo's merger with ALL which was completed on April 1, 2015, Rumo has control of ALL's former concessions which include the main railroads between the sugar producing areas of the central-south region of Brazil and the Port of Santos. For further information, see "—A. History and Development of the Company."

Rumo is subject to the seasonality that influences the sugarcane harvest. During the peak months of the sugarcane harvest, there is higher demand for transport and logistics operations. Rumo is also subject to the risk that sugarcane mills may change their production mix in favor of ethanol if the relative prices of the two products swing that way. This could reduce the demand for sugar logistics and transport.

Regulation

The Brazilian constitution provides that the federal government, directly or by delegation to third parties, shall exploit port activities in Brazil. In 2001, the National Waterway Transportation Agency (Agência Nacional de Transportes Aquaviários), or "ANTAQ" was created in order to regulate the Brazilian port industry and to enter into the relevant concession and adhesion agreements regarding the provision of port services.

Until December 6, 2012, the Port Sector was governed by Federal Law 8,630, dated February 25, 1993 (the "Ports Modernization Law"), which provided the legal framework applicable to the exploration of the organized ports and the ports installations in Brazil. In view of the need to improve the applicable legislation, the Brazilian Federal Government launched Provisional Measure No. 595/2012 (Medida Provisória nº 595/2012) or MP 595/2012 that expressly revoked the Ports Modernization Law and established a new legal framework to the Port Sector in Brazil.

Before the enactment of the Ports Modernization Law, most of the port terminals were exploited by the government. The Ports Modernization Law was enacted to enable the participation of private investors in the Brazilian port industry by the creation of different port terminal exploitation models: public and private.

The Ports Modernization Law assured to any private party the right to construct, reform, expand, improve, lease and operate a public port terminal located within the "organized port area", which are designated areas where ports must serve the public interest and the need for port service, subject to an authorization from the relevant authority. The development of port activities in an organized port area should be preceded by a competitive bidding process and the execution of a concession agreement with the federal government.

In the case of Rumo, the Docks Company of the state of São Paulo (Companhia Docas do Estado de São Paulo), or "CODESP", granted us the right to exploit public terminals at the Port of Santos. The respective concessions agreements are dated as from 1996 and 2001. Accordingly, such agreements are governed by the Ports Modernization Law.

Rumo was qualified as a port operator under the Port Modernization Law and is, currently, subject primarily to the regulation of CODESP, which acts under the regulation of ANTAQ.

Public ports are governed by MP 595/2012 and by specific regulations that are still to be published by the Government in order to complement the provisions of MP 595/2012. MP 595/2012 does not provide for the need of adjustments of the terms of any concession agreements in force, requiring adjustments to be made only if both parties intend to extend the agreement. As a result, until new regulation provides otherwise, the concession agreements entered into by and between CODESP and us shall not be amended in order to adjust its terms to MP 595/2012.

Following Rumo's merger with ALL, we are subject to the regulation of the ANTT, which is responsible for monitoring road and rail transport operations and the federal concessions of road and rail infrastructure in Brazil. Previously, we were indirectly subject to such regulation due to the agreements we had in place with ALL.

Radar (Agricultural Land Development)

Our agricultural land development operations are run through Radar, a company focused on maximizing earnings from agricultural real estate assets by leveraging our unique market intelligence to acquire rural properties with high expected appreciation potential for subsequent leasing or resale. Since its founding in 2008, Radar has invested R\$1.4 billion in land, which has been leased for sugarcane, soybean, corn and cotton farming. Radar

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currently manages approximately 247,000 hectares of land in the states of São Paulo, Goiás, Mato Grosso, Maranhão, Minas Gerais, Tocantins, Bahia and Piauí. Radar recorded R\$157.6 million in revenues for the fiscal year ended December 31, 2014.

On July 14, 2012, we began consolidating the financial information of our subsidiary Radar. The consolidation was a result in the change in Radar's bylaws and shareholders' agreement and as a result we report a new business line in our financial information that was previously recognized by equity accounting.

In addition, during the second half of 2012, we contributed 23,100 hectares of agricultural land with a market value of R\$551.4 million to Radar for the strategic alignment of our activities and as a result, we increased our direct and indirect stake in Radar's capital stock from 18.9% to 37.7%. We hold an option to subscribe additional common shares of Radar, corresponding to an additional interest in its capital stock equal to up to 20% of the shares we hold in Radar immediately before the exercise (subtracted of shares issued as a result of stock options granted by Radar). The subscription option is exercisable upon the occurrence of certain conditions. The option may be entirely or partially exercised by us, on a single occasion, until September 9, 2018.

Regulation

Radar is subject to various Brazilian federal, state and municipal environmental protection and real estate laws and regulations governing, among other things, the acquisition, lease and disposal of farmland investments.

Certain environmental laws require the tenants of Radar's properties to obtain permits, licenses and approvals from governmental authorities in order to conduct agricultural activities and operate storage facilities. Although Radar is a real estate investor, there is nonetheless an effect on Radar's revenues from tenants who are unable to or who are required to obtain the appropriate licenses and approvals in order to use the land.

We are subject to regulations by the following principal governmental agencies:

- Instituto Nacional de Colonização e Reforma Agrária or "INCRA": Responsible for regulating the ownership of agricultural properties. This agency monitors the operation of the agricultural properties.
- Georeferencing Process: Georeferencing is an important procedure, necessary for registering any title of an acquired agricultural property. This procedure must be approved by INCRA and eliminates risks of overlap in property titles. INCRA is the primary regulator for approving georeferencing for any agricultural properties in the country.
- Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis, or "IBAMA": is a regulator, responsible for environmental licenses relating to operations.
- Local environmental agencies: The Secretarias de Meio Ambiente Estaduais (State Secretaries of the Environment), Secretaria do Meio Ambiente or "SEMA – MT", Secretaria do Meio Ambiente or "SMA" and Instituto do Meio Ambiente e Recursos Hídricos or "INEMA".
- Land Ownership: The Constitution defines land ownership rights for companies and Radar's business is subject to such rights.
- Brazilian Forestry Code: We are subject to the Brazilian Forestry Code, which prohibits land use in certain permanently protected areas, and obliges us to maintain and register a forestry reserve in each of our rural landholdings covering at least 20% of the total area of such land. The responsibility of maintaining the legal reserve

and permanent preservation areas are both the land owner's (Radar) and the land operator's responsibilities (tenants).

Competition

Fuel Distribution

In the fuel distribution business, we are subject to competition, both from companies in the industries in which we operate and from companies in other industries that produce similar products. Our competitors include service stations of large integrated oil companies, independent gasoline service stations, convenience stores, fast food stores,

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and other similar retail outlets, some of which are well-recognized national or regional retail systems. The Brazilian fuel distribution industry has consolidated significantly in recent years, with the three major distributors increasing their combined market share from 65.2% in 2000 to 74.3% in 2013.

The top-four distributors in Brazil are: Petrobras, operating through the BR Distribuidora brand, Ultrapar S.A., through the Ipiranga brand, Raízen, through Shell and AleSat Combustíveis S.A., a domestic Brazilian fuel distribution company. The main competitive factors affecting the retail marketing operations include site location, product price, selection and quality, site appearance and cleanliness, hours of operation, store safety, customer loyalty and brand recognition. We believe that we are in a strong position to compete effectively on ethanol due to the synergies that further integration with Shell will bring.

We also face competition from international ethanol producers that use other ethanol sources, such as corn and sugar beet for the generation of fuel ethanol.

Sugar, Ethanol and Cogeneration

The sugar industry in Brazil has experienced increased consolidation through merger and acquisition activity during the past decade. Most of this activity has involved companies and facilities located in the central-south region of Brazil, one of the most productive sugar producing regions in the world. Despite this recent wave of consolidation, the industry remains highly fragmented with more than 320 sugar mills and 100 company groups participating.

We also face competition from international sugar producers. We are the largest sugar producer in Brazil and one of the largest sugar producers in the world with 4.5 million tons of sugar produced in the 2013/2014 harvest, compared to British Sugar (1.2 million tons of sugar produced in the 2011/2012 harvest) and Südzucker AG of Germany (with 4.9 million tons of sugar produced in 2012/2013 harvest). These producers, however, are the beneficiaries of considerable governmental subsidies in their principal sales markets.

Natural Gas

Comgás' concession area covers approximately 27% of Brazil's GDP, including 177 municipalities in the metropolitan regions of São Paulo, Campinas and Santos as well as the Paraíba Valley. Comgás distributes natural gas for residential, commercial and industrial customers, and also supplies gas for use as fuel for vehicles and electricity generation. For the residential and commercial customers, Comgás holds exclusivity rights within its area of concession. For industrial customers, Comgás has exclusive distribution rights until 2029. Comgás faces competition from electricity concessionaires, oil and ethanol producers in its activities.

Logistics

Since its creation, Rumo, our logistics Company, has always been committed to excellence and efficiency of its operations, which allowed it, in just five years, to become one of the global leaders in logistics for sugar export. Rumo invested more than R\$1.5 billion for sugar to be predominantly transported by rail, instead of by road freight. To do this project, Rumo has an exclusive agreement with ALL - América Latina Logistics, for its rail network to transport sugar from the countryside to our terminals in Port of Santos. As part of the agreement, Rumo has provided ALL with funds to invest in doubling the capacity of the railroad between the city of Sumaré and the top of the Serra do Mar, before the descent to the Port of Santos.

In the Brazilian rail transport market, participators act as logistics operators in their regions, according to public concessions granted by ANTT (the Brazilian Transport Regulatory Agency), which act as barriers to entry for new

competitors, as the concession to operate in a region is granted to only one operator. There are no parallel railways with different operators, therefore the main competitors in this market utilize road transport, since they can compete for the same cargo transported by the railroad, and the best conditions for the client determine the mode of transportation to be used.

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Research and Development

Our principal research and development activities are currently concentrated in the following key areas:

We engage CanaVialis S.A., or “CanaVialis”, to provide us with access to its sugarcane genetic improvement program specifically tailored to Raízen Energia’s mills. CanaVialis, which is a subsidiary of Monsanto, is a privately-owned firm focused on the genetic improvement of sugarcane. We benefit from their support services and use of their biofactory (the largest in Brazil), which allows us to decrease the amount of time required for seedling production and grant us access to new, improved sugarcane varieties through their genetic improvement program. CanaVialis also conducts field trials and region-specific genetic selection programs to develop sugarcane varieties for our greenfield projects where we are building new sugarcane mills.

Raízen also invests in innovation in the ethanol manufacturing process. Raízen has a 16.3% stake in Codexis and in Shell’s commercialization rights of Iogen Energy. The two companies - Codexis and Iogen – conduct research into advanced fuels, including ethanol extracted from the cellulose of sugarcane and other plants.

We conduct research and development into renewable base oils through Novvi S.A., a Joint Venture between Cosan and Amyris formed in 2011. Novvi was established for the worldwide development, production and commercialization of renewable base oils made from Biofene, Amyris’ renewable farnesene.

C. Organizational Structure

We are an integrated energy and infrastructure company and, when considered together with the Joint Venture, a Brazilian market leader in fuel distribution, sugar and ethanol production, natural gas distribution and logistics. Our main operations include: (1) the distribution of fuels in the Brazilian market through Raízen Combustíveis, our downstream Joint Venture company; (2) the production and sale of sugar and ethanol and the cogeneration of electricity from sugarcane bagasse through Raízen Energia, our upstream Joint Venture company; (3) the distribution of piped natural gas in part of the state of São Paulo through our subsidiary Comgás, which has been consolidated since November 2012; (4) logistics services including transportation, port loading and storage of sugar, through our indirectly-owned subsidiary Rumo; (5) the purchase, sale and leasing of agricultural land through our subsidiary, Radar; (6) the production and distribution of lubricants under the Mobil licensed trademark in Brazil, Bolivia, Uruguay and Paraguay, in addition to the European and Asian markets under the Comma brand; and (7) certain other investments (“Cosan’s other business”).

At October 1, 2014, the Partial Spin-off of the “Rumo” segment of Cosan to “Cosan Logística S.A.” was approved by Cosan’s shareholders, becoming fully effective on October 6, 2014. This Partial Spin-off does not affect the consolidated financial statements of Cosan Limited.

A list of the Company’s subsidiaries is included in note 3 of our audited consolidated financial statements for the fiscal year ended December 31, 2014, the nine-month period ended December 31, 2013 and the fiscal year ended March 31, 2013 attached hereto. See also Exhibit 8.1 to this annual report.

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Up until the adoption of IFRS11 – Joint Arrangements (“IFRS 11”), these investments were accounted for using the proportional consolidation method. Upon the adoption of IFRS 11 in the transition period ended December 31, 2013, these investments are accounted for under the equity method. The Joint Venture consists of three separate legal entities:

- Raízen Energia S.A.: a sugar and ethanol company, which, among other things, conducts the production of sugar and ethanol, as well as all cogeneration activities. Cosan and its subsidiaries and Shell and its affiliates each own 50% common equity interest in this entity. In addition, Cosan and its subsidiaries own 50% plus one share of the voting shares (and preferred shares bearing preferential dividend rights in certain circumstances), whereas Shell and its affiliates own 50% minus one of this entity’s voting shares.
- Raízen Combustíveis S.A.: a downstream company, which conducts the supply, distribution and sale of fuels in Brazil. The resulting company has a network of approximately 5,356 fuel stations throughout Brazil. Cosan and its subsidiaries and Shell and its affiliates likewise each own 50% common equity interest in this entity. In this entity, however, Cosan and its subsidiaries own 50% minus one of the voting shares, whereas Shell and its affiliates own 50% plus one of the voting shares. Cosan and its subsidiaries and Shell and its affiliates also hold preferred shares bearing preferential dividend rights in certain circumstances if certain contingent targets are met.
- Raízen S.A.: a management company, which is the Joint Venture’s face to the market and facilitates the building of a unified corporate culture. Cosan and its subsidiaries and Shell and its affiliates each own 50% of the equity and voting interests in this company.

D. Property, Plant and Equipment

For more information related to property, plant and equipment see note 17 of our audited consolidated financial statements for the fiscal year ended December 31, 2014, the nine-month period ended December 31, 2013 and the fiscal year ended March 31, 2013 attached hereto.

We present a summary below of our material tangible fixed assets, including investment properties and intangible assets (concessions), by segment:

Raízen Combustíveis

Raízen Combustíveis distributes fuels through 62 distribution terminals to approximately 5,356 service stations throughout Brazil under the Shell brand and also has 55 airport terminals supplying aviation fuel.

Raízen Energia

Raízen Energia operates 24 mills with a crushing capacity of 66 million tons and 934 MW of annual generation capacity. All of these facilities are located in the central and southeastern regions of Brazil, which is one of the world’s most productive sugarcane regions, primarily because of its favorable soil, topography and climate, nearby research and development organizations and logistics infrastructure.

Comgás

Comgás is Brazil’s largest natural gas distributor with a pipeline network of over 9,000 kilometers, supplying natural gas to over one million residential, commercial and industrial consumers in 70 cities. Its concession area accounts for approximately 27% of Brazil’s GDP, covering 177 municipalities in the metropolitan regions of São Paulo, Campinas,

Santos and the Paraíba Valley.

Cosan Lubricants

Cosan Lubricants has a production plant located on the Ilha do Governador, Rio de Janeiro, with a production capacity of 1.4 million barrels of lubricants per year, storage capacity for base oils and lubricants (195,000 barrels) and a pier facility for docking ships of up to 20,000 tons.

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Rumo

Rumo's logistics operation moves sugar from mills located in the south-central regions of Brazil to the Port of Santos using 929 railcars and 50 locomotives. Rumo takes the sugar from the mills using trucks and loads it into railcars at one of its five trans-shipment terminals strategically located in the interior of the state of São Paulo for transportation to the Port of Santos. Rumo's facilities at the port include two berths and ten discharging grids capable of loading 14 million tons of sugar and other grains annually making it one of the largest sugar terminals in the world.

Radar

Radar is one of the largest private landowners in Brazil, with a portfolio of approximately 260 thousand acres of own agricultural land and approximately 350 thousand acres of non-owned land under management. The total value of the portfolio under management was R\$4.6 billion as of December 31, 2014.

Capital Expenditures

Our capital expenditure program is currently focused on the following areas:

Raízen Energia

Brownfield Projects

Raízen has brownfield projects under review until the 2018/19 harvest on mills totaling R\$1.5 billion which we estimate will expand our annual sugarcane crushing capacity by the 2018/2019 harvest:

Mill	Estimated completion date	Current crushing capacity	Future crushing capacity	Increase	Investments (in millions of reais)
			(in million tons per year)		
Caarapó	2017	2.3	4.4	2.1	388.0
Paraalcool	2016	2.1	2.6	1.5	287.0
				3.6	675.0

Logum - ethanol pipeline

Logum Logística S.A. is the company responsible for construction and operation of the Ethanol System Logistics (logistics, loading, unloading, handling and storage, operation of ports and terminals and inland waterway) that involve multimodal transport: pipelines, waterways (barges), highways (tankers) and coastal (vessels). With major investments, Logum will cross 45 municipalities, linking the main ethanol producing regions in the states of São Paulo, Minas Gerais, Goiás and Mato Grosso do Sul to the main points of storage and distribution in Paulínia (upstate São Paulo). Part of this integrated system will consist of a long distance runner, of about 1,300 km (880 miles), which will connect the regions of Jataí (state of Goiás) and Paulínia (state of São Paulo). The estimated investment for construction is R\$7.0 billion (mostly financed through BNDES). The expected annual capacity is 21 billion liters of ethanol. The first phase of the project, Paulínia – Ribeirão Preto, has been operating since August 2013 and produced a total volume of 21 billion liters of ethanol in 2014. The second phase, Ribeirão Preto – Uberaba, started operating in April 2015.

Raízen owns 20% of Logum along with five other companies as follows: Copersucar (20%), Odebrecht (20%), Petrobras (20%), Camargo Corrêa (10%) and Uniduto (10%). Raízen Energia holds a 46.5% equity interest in Uniduto.

Comgás

Comgás has been investing in its network expansion and the fiscal year ended December 31 2014, we invested R\$ 661.3 million, of which approximately 72% was associated with expansion programs and approximately 28% was related to network support investments in order to reinforce, restore and renovate the existing distribution network. In 2015, we expect to invest approximately R\$541 million, of which approximately 71% is associated with expansion programs and approximately 29% is related to network support investments.

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Rumo

Railway

Rumo Logística is investing to duplicate the rail network from Itirapina to the Santos Port and increase railway capacity. From April to December 2013 Rumo invested R\$ 98.3 million in this project, and in the fiscal year ended December 31, 2014, Rumo invested a further R\$ 112.9 million.

Santos Port

In order to increase elevation capacity at the Port terminal, Rumo is building the cover of the south terminal berth to be able to keep it operating under rain. The total CAPEX for this project is estimated at R\$ 88.0 million and is expected to be operational by the 1st half of 2018. Rumo invested R\$ 6.6 million in this project in the nine-month period ended December 31, 2013, and a further R\$ 8.7 million in the period ended December 31, 2014.

To optimize the railway discharging operation Rumo has built a high-capacity facility that will be able to discharge 18 railcars per hour. The equipment is already operating and consumed R\$ 24.3 million in 2013 and R\$ 6.2 million in 2014.

For other expansion projects and maintenance at the Port Rumo invested R\$ 54.8 million in 2013 and R\$ 135.6 million in 2014.

Transshipment centers

Rumo invested a total amount of R\$ 14.1 million in 2013 and R\$ 10.2 million in 2014 in the transshipment centers (Sumaré, Itirapina and Jaú).

Radar

Radar is continuously investing in agricultural land and has made total investments of R\$1.1 billion in land purchases since 2008. The company currently has land portfolio of approximately 105 thousand hectares (approximately 260 thousand acres) appraised to be worth R\$ 2.7 billion as of December 31, 2014

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following discussion of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements for the fiscal year ended December 31, 2014, for the nine-month period ended December 31, 2013 and for the fiscal year ended March 31, 2013, as well as with the information presented under the sections entitled “Presentation of Financial and Other Information” and “Item 3. Key Information—A. Selected Financial Data.”

We are also presenting, for comparison purposes, the unaudited consolidated statement of profit and loss for the twelve-month period ended December 31, 2013, to provide a meaningful point of comparison with the fiscal year ended December 31, 2014. In addition, we are also presenting the unaudited consolidated statement of profit and loss

for the nine-month period ended December 31, 2012, solely for the purpose of providing meaningful comparison with the transition period ended December 31, 2013. The basis of preparation of those unaudited consolidated financial statements is described under the sections entitled “Presentation of Financial and Other Information” and “Item 3. Key Information—A. Selected Financial Data.”

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in “Forward-Looking Statements” and “Item 3. Key Information—D. Risk Factors.”

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The following discussion and analysis of our financial condition and results of operations presents the following:

- a brief overview of our company and the principal factors that influence our results of operations, financial condition and liquidity;
 - a review of our financial presentation and accounting policies, including our critical accounting policies;
 - a discussion of the principal factors that influence our results of operations;
- a discussion of developments since the end of fiscal year 2014 that may materially affect our results of operations, financial condition and liquidity;
- a discussion of our results of operations for the fiscal year ended December 31, 2014 compared with unaudited accounts for the year ended December 31, 2013, a comparison of the transition period ended December 31, 2013 with unaudited accounts for the nine-month period ended December 31, 2012, and a comparison between the fiscal years ended March 31, 2013 and March 31, 2012.
- a discussion of our liquidity and capital resources, including our working capital at December 31, 2014, our cash flows for the year ended December 31, 2014, the nine-month period ended December 31, 2013 and the fiscal years ended March 31, 2013 and 2012, and our material short-term and long-term indebtedness at December 31, 2014; and
 - a discussion of our contractual commitments.

Financial Presentation and Accounting Policies

Presentation of Financial Statements

The discussion in this section is based on our audited consolidated financial statements for the fiscal year ended December 31, 2014, for the nine-month period ended December 31, 2013, and for the fiscal year ended March 31, 2013.

We use IFRS as issued by the IASB for financial reporting purposes. Our audited consolidated financial statements include the financial statements of Cosan Limited and its subsidiaries. Investments in entities in which the Company does not have control but either jointly controls or has significant influence over, are accounted for using the equity method. The results of operations of Raízen Energia and Raízen Combustíveis, our Joint Ventures, are accounted for using the equity method, under IFRS 11, which was adopted by the Company in the nine-month period ended December 31, 2013, and applied retrospectively.

The discussion in this section is also based on a comparison of the fiscal year ended December 31, 2014 with the unaudited consolidated financial information for the twelve-month-period ended December 31, 2013, a comparison of the nine-month-period ended December 31, 2013 with the unaudited consolidated financial information for the nine-month period ended December 31, 2012, and a comparison of the fiscal year ended March 31, 2013 with the fiscal year ended March 31, 2012.

Business Segments and Presentation of Segment Financial Data

The Company presents seven reportable segments:

- (1) Raízen Energia: production and marketing of a variety of products derived from sugar cane, including raw sugar (VHP), anhydrous and hydrated ethanol, and activities related to energy cogeneration from sugarcane bagasse. In addition, this segment holds interests in companies engaged in research and development on new technology.
- (2) Raízen Combustíveis: distribution and marketing of fuels, mainly through a franchised network of service stations under the brand “Shell” and “Esso” throughout Brazil;
- (3) Comgás: distribution of piped natural gas under a concession covering part of the State of São Paulo (approximately 180 municipalities, including the region called Greater São Paulo) to customers in the industrial, residential, commercial, automotive, thermo-generation and cogeneration sectors;

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- (4) Cosan Logística: logistics services for transport, storage and port loading of commodities, mainly for sugar products;
- (5) Radar: management, buying, selling and leasing of agricultural;
- (6) Lubricants: production and distribution of lubricants under the Mobil brand in Brazil, Bolivia, Uruguay and Paraguay, as well as in the European and Asian markets under the Comma trademark. Upon to the adoption of IFRS 11, whereby the Company no longer proportionally consolidates the results of Raízen Energia and Raízen Combustíveis, the lubricants segment met the quantitative thresholds to be separately reportable, and the comparative segment information has been adjusted retroactively; and
- (7) Cosan's others business: other investments, in addition to the corporate activities of the Company.

Following the adoption of IFRS 11, as of April 1, 2013 Cosan no longer proportionally consolidates Raízen Energia and Raízen Combustíveis in its consolidated statement of financial position, consolidated statement of profit or loss and comprehensive income and consolidated cash flows, and the result from these businesses are accounted for under the line item "Equity in income of jointly controlled entity" in our consolidated statement of profit or loss and other comprehensive income.

The presentation of financial segment data for the fiscal year ended March 31, 2012 has been reclassified in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations in regard of our sugar retail business, Cosan Alimentos, that was previously reported as a separate segment, and now is presented as discontinued operations.

Critical Accounting Policies and Estimates

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses at the end of the reporting period. Actual results may differ from these estimates. Such estimates and underlying assumptions are reviewed on an ongoing basis and changes are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included as follows:

Property, plant and equipment and intangible assets, including Goodwill. The calculation of depreciation and amortization of intangible assets and property, plant and equipment is based on estimated useful lives. In addition, the determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination or arising from the formation of a Joint Venture is a significant estimate.

The Company performs annually a review of impairment indicators for intangible assets and property, plant and equipment. Also, an impairment test is undertaken for goodwill. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

Deferred tax and social contribution. A deferred tax asset is recognized for loss carryforwards to the extent that it is probable that future taxable income will be generated to use such losses. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and the level of future taxable income

together with tax planning strategies.

Other non-current asset. The Company has recognized a receivable in relation to a lawsuit filed against the Federal Government, claiming indemnification due to price controls, which receipt is virtually certain, as the Supreme Court passed final judgment and the Federal Government is unable to appeal.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included below:

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Trade receivables - Estimate of realization of receivable from contract under arbitration:

Rumo is a defendant in legal proceedings initiated by ALL, a provider of rail transport services and lessee of Rumo's rolling stock, in relation to certain investment and transportation contracts entered into in 2009. Rumo had requested arbitration to enforce its contractual rights and for ALL to comply with the terms of the agreements. Rail transport services continued to be provided by ALL throughout the proceedings.

The amounts recorded as revenue and as a receivable are for the services provided under the terms of the contract, and represent management's best estimate of the inflow of economic benefit, and backed by guarantees provided by ALL. However, the final settlement may be for an amount that is higher or lower than the amounts recorded in the financial statements as trade receivables.

On April 1, 2014, the Board of Directors of ALL accepted an offer by the Company to merger ALL's activities with Rumo's through the merger of shares issued by ALL into Rumo. Accordingly, the current shareholders of Rumo and ALL will receive shares representing 36.5% and 63.5% of the capital stock of the merged company, respectively.

On May 12, 2014, Rumo and ALL officially suspended the arbitration and all court proceedings related to the performance of the agreements entered in 2009.

Fair value of derivatives and other financial instruments. When the fair value of financial assets and liabilities recorded in the consolidated financial statements cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in determining fair values. Judgment is required in the determination of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions on these factors could affect the reported fair value of financial instruments.

Pension and other post-employment benefit plans. The cost of defined benefit pension plans and other post-employment and the present value of the pension obligation is determined using actuarial valuations. An actuarial valuation involves the use of various assumptions which may differ from actual results in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. A defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed by management at each reporting date.

Share-based payments. Cosan S.A. measures employees' share-based compensation cost by reference to the fair value of the shares at the grant date. The estimation of fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the plan. This estimate also requires determining the most appropriate inputs to the valuation model including the assumption of the expected life of the stock option, volatility and dividend yield.

Provisions for legal proceedings recognized on business combination transactions. Provisions for legal proceedings resulting from business combinations are estimated at fair value.

Principal Factors Affecting Our Results of Operations

In addition to the factors that are described in "Item 4. Information on the Company—B. Business Overview," our results of operations have been influenced and will continue to be influenced by the following key factors:

Acquisitions, Partnerships and Corporate Restructurings

Our strategy is to be a leading Brazilian group in the energy and infrastructure businesses, for this reason, since May 2004, we have expanded our operations primarily through acquisitions, partnerships and corporate restructurings. We have also diversified into other operations to become a vertically integrated energy and infrastructure company. As a result, our net sales and gross profit have increased significantly.

Sugar

The profitability of our sugar products is mainly affected by fluctuations in the international price of raw sugar and in the real/dollar exchange rate. International raw sugar prices are determined based on the New York Board of Trade Futures Contract No. 11, or “NY11.” Refined sugar trades at a premium to raw sugar, known as the “white

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premium,” and its price is determined based on the London International Financial Futures and Options Exchange Contract No. 5, or “LIFFE No. 5.” Prices are affected by the perceived and actual supply and demand for sugar and its substitute products. The supply of sugar is affected by weather conditions, governmental trade policies and regulations and the amount of sugarcane and sugar beet planted by farmers, including substitution by farmers of other agricultural commodities for sugarcane or sugar beet. Demand is affected by growth in worldwide consumption of sugar and the prices of substitute sugar products. From time to time, imbalances may occur between overall sugarcane and sugar beet processing capacity, sugarcane and sugar beet supply and the demand for sugar products. Prices of sugar products are also affected by these imbalances, which, in turn, impact our decisions regarding whether and when to purchase, store or process sugarcane, to produce sugar or whether to produce more ethanol.

The table below sets forth the prices for raw sugar NY11 for the periods indicated:

	Sugar NY11 (US\$/lb)					
	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	For the Nine-Month Period Ended		For the Fiscal Year Ended	
			December 31, 2013	December 31, 2012	March 31, 2013	March 31, 2012
Initial quote	0.1773	0.2054	0.1959	0.2325	0.2458	0.2744
Closing quote	0.1492	0.1780	0.1705	0.2034	0.1766	0.2471
Daily average quote	0.1774	0.1891	0.1802	0.2111	0.2007	0.2563
High quote	0.1978	0.2066	0.1959	0.2325	0.2458	0.3134
Low quote	0.1492	0.1728	0.1659	0.1970	0.1766	0.2047

Source: NYBOT; prices from the 1st Generic Future. - Bloomberg

Ethanol

Our ethanol products are affected by domestic Brazilian and international prices of ethanol, competition, governmental policies and regulations and market demand for ethanol as an alternative or additive to gasoline. The price for ethanol we sell in Brazil is set in accordance with market prices, using indices published by the Agriculture School of the University of São Paulo (Escola Superior de Agricultura Luiz de Queiroz—ESALQ) and BM&FBOVESPA as a reference. Prices for ethanol we export are set based on international market prices, including the New York Board of Trade’s recently-launched ethanol futures contract. Prices for the industrial alcohol and bottled alcohol products we sell are also set based on market prices and have been historically higher than market prices for ethanol.

The table below sets forth the prices for hydrous ethanol in the Brazilian market for the periods indicated:

	Hydrous Ethanol Esalq (US\$/thousand liters)					
	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	For the Nine-Month Period Ended		For the Fiscal Year Ended	
			December 31, 2013	December 31, 2012	March 31, 2013	March 31, 2012

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Initial quote	555.20	569.00	603.00	663.10	663.10	890.30
Closing quote	483.40	558.40	541.90	553.80	597.00	667.40
Daily average quote	552.85	532.36	529.01	540.99	555.91	705.80
Monthly average quote	652.30	653.10	530.26	542.34	556.50	703.07
High quote	483.40	558.40	649.80	663.10	663.10	922.80
Low quote	555.20	569.00	452.50	494.90	494.90	597.50

Source: ESALQ.

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The table below sets forth the prices for anhydrous ethanol in the Brazilian market for the periods indicated:

	Anhydrous Ethanol Esalq (US\$/thousand liters)					
	For Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	For the Nine-Month Period Ended		For the Fiscal Year Ended	
			December 31, 2013	December 31, 2012	March 31, 2013	March 31, 2012
Initial quote	607.40	653.70	663.00	705.90	705.90	1,219.70
Closing quote	536.00	616.40	616.40	651.10	663.40	709.40
Daily average quote	599.63	618.86	601.83	625.19	636.37	840.11
High quote	699.10	698.50	698.50	705.90	705.90	1,726.50
Low quote	508.50	506.80	508.80	545.80	545.80	666.00

Source: ESALQ.

The following table sets forth our average selling prices (in R\$ per thousand liters) for ethanol in the export market for the periods indicated:

	Ethanol (R\$/thousand liters)					
	For Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	For the Nine-Month Period Ended		For the Fiscal Year Ended	
			December 31, 2013	December 31, 2012	March 31, 2013	March 31, 2012
Average Unitary Price	1,514	1,420	1,298	1,653	1,627	1,406

Source: Cosan/Raízen.

Demand for Fuels

Demand for gasoline, ethanol and diesel is susceptible to volatility related to the level of economic activity in Brazil and may also fluctuate depending on the performance of specific industries in the Brazilian market. We expect that a decrease in economic activity would adversely affect demand for fuels.

Currency Fluctuations

A significant proportion of the sales of sugar of Raízen Energia, a significant proportion of natural gas purchase of Comgás, and a significant proportion of the base oil purchases of CLE are conducted in U.S. dollars. Therefore a depreciation of the real against the U.S. dollar would have the effect of increasing our sales in Raízen Energia, and increasing our costs of sales in Comgás and CLE. An appreciation of the real against the U.S. dollar would have the opposite effect.

A significant proportion of our debt is denominated in U.S. dollars. A depreciation of the real against the U.S. dollar would increase our debt burden and our related financial expenses. However, we have receivables and other financial assets denominated in U.S. dollars, which would partially offset the impact that a depreciation of the real would have on our financial position. An appreciation of the real against the U.S. dollar would have the opposite effect.

Seasonality

Raízen Energia is subject to seasonal trends based on the sugarcane growing cycle in the Center-South region of Brazil. The annual sugarcane harvesting period in south-central region of Brazil begins in April / May and ends in November / December. This creates variations in inventory, which is usually high in November to cover sales between harvest (i.e. from December to April) and a degree of seasonality in gross profit from sales of ethanol and sugar significantly lower in the quarter ending December 31. This seasonality also impacts our sugar logistics segment, Rumo, by concentrating demand for transport to the Port of Santos during the peak months of the sugarcane harvest. None of our other business segments are subject to significant seasonal trends.

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Inflation

Inflation rates in Brazil were 6.5% in 2011, 5.8% in 2012, 5.9% in 2013 and 6.4% in 2014 as measured by the Broad Consumer Price Index (Índice Nacional de Preços ao Consumidor Ampliado), or “IPCA”, published by the Brazilian Institute for Geography and Statistics (Instituto Brasileiro de Geografia e Estatística), or “IBGE”. In early 2015, the inflation rate reached a level of 7.7% for the twelve-month period ending February 2015, the highest on record since May 2005 and well above the Brazilian Central Bank’s inflation target of 4.5%.

Inflation affects our financial performance by increasing certain of our operating expenses denominated in reais (and not linked to the U.S. dollar). These operating expenses include labor costs, leases, and selling and general administrative expenses. However, inflation did not have a material impact on our business for the periods presented.

Other Factors

Other factors that will impact the results of our operations include:

- Hedging transactions (as discussed under “Hedging Transactions and Exposures”);
- Trade barriers in U.S., European and other markets that currently limit access to their domestic sugar industry through quotas, subsidies and restrictions on imports;
- The evolving use of ethanol derivatives as an alternative to oil derivatives and as a cleaner-burning fuel, derived from renewable sources;
 - The use of ethanol as a cleaner-burning fuel, derived from renewable sources;
- Changes in international prices of oil (denominated in U.S. dollars) and related changes in the domestic prices of oil (denominated in reais);
- The growth rate of the global economy and its resulting corresponding growth in worldwide sugar consumption;
- The growth rate of Brazil’s GDP, which impacts the demand for our products and, consequently, our sales volume in Brazil; and
- The tax policies adopted by the Brazilian federal government and the governments of the Brazilian states in which we operate, and our resulting tax obligation.

Cost Structure

Our cost structure for Raízen Energia may be divided into costs that are linked to the prices of our products and costs that are not linked to the prices of our products. Two of our principal cost components, raw materials and land leases, are linked to the prices of our products. Accordingly, we adjust the prices of our products to follow fluctuations in the cost of our raw materials and leased land, substantially minimizing the impact of this cost volatility on our results of operations. In addition, another relevant portion of our costs is represented by agricultural and industrial inputs, some of which are imported and which are also subject to price fluctuations primarily as a result of exchange rate variations. As 5% of our net sales are derived from exports, a portion of fluctuations in the costs of these inputs is offset by similar fluctuations in our Brazilian and international prices, minimizing the impact of this cost volatility on our results of operations.

Our cost structure for Rumo is affected by fixed and variable costs. Costs related to our property, plant & equipment incur fixed depreciation charges, which increase in line with our capital expenditure. Costs relating to the transportation of sugar and other commodities are partially dependent on sales volumes.

Our cost structure for Comgás is affected by fixed and variable costs. Costs related to our property, plant & equipment incur fixed depreciation charges which increase in line with our capital expenditure. Costs relating to the natural gas resource, costs relating to transportation and other gas services are affected by volumes sold.

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Our cost structure for other segments Lubricants and Radar are affected by the cost of imported base oil imported and additives for lubricants, and the cost of sales of land.

Hedging Transactions and Exposures

Raízen Energia hedges part of the future price risk of its sugar production estimated to be exported and exchange rate derivative transactions, using future contracts, options and swaps.

Raízen Energia's hedging strategy seeks to protect it from cash flow risks caused by commodities price and exchange rates fluctuations and as most of the derivative instruments have been designated for hedge accounting, Raízen Energia has not experienced material gains or losses in their financial results.

See note 31 of our consolidated financial statements attached hereto for further information.

A. Operating Results

The following discussion of our results of operations is based on the financial information derived from our audited consolidated financial statements prepared in accordance with IFRS as issued by the IASB, unless otherwise stated. In the following discussion, references to increases or decreases in any year are made by comparison with the corresponding prior year, as applicable, except as the context otherwise indicates. The discussion in this section is based on a comparison of the audited fiscal year ended December 31, 2014 with unaudited accounts for the year ended December 31, 2013, a comparison of the audited nine-month period ended December 31, 2013 with unaudited accounts for the nine-month period ended December 31, 2012, and a comparison between the audited fiscal years ended March 31, 2013 and March 31, 2012.

Results of Operations for the Fiscal Year Ended December 31, 2014 Compared to the Unaudited Twelve-Month Period Ended December 31, 2013

Consolidated Results

The following table sets forth our consolidated income statement for the fiscal year ended December 31, 2014 and twelve-month period ended December 31, 2013:

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation	
(in millions of reais, except percentages)				
Consolidated Income Statement				
Net sales	9,062.3	8,867.4	2	%
Cost of Sales	(6,413.7)	(6,263.7)	2	%
Gross profit	2,648.6	2,603.7	2	%
Selling expenses	(881.5)	(802.4)	10	%
General and administrative expenses	(668.6)	(606.0)	10	%
Other income (expense), net	(21.2)	148.1	(114))%
Operating expense	(1,571.4)	(1,260.2)	25	%

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Income before financial results, equity in earnings in and income taxes	1,077.2	1,343.5	(20))%
Equity in earnings of associates	3.5	19.3	(82))%
Equity in earnings of joint ventures	588.4	336.1	75	%
Financial results	(982.8)	(893.6)	10	%
Profit before taxes	686.3	805.3	(15))%
Income tax (expense) benefit (current)	(156.5)	(157.7)	(1))%
Income tax (expense) benefit (deferred)	112.7	54.4	107	%
Total income taxes	(43.8)	(103.3)	(58))%
Profit from continuing operations	642.5	702.0	(8))%
Profit/Loss from discontinued operations, net of tax -	—	(3.4)	—	
Profit for the period	642.5	698.7	(8))%
Net income attributable to non-controlling interests	471.5	483.5	(2))%
Net income attributable to owners of the parent	171.0	215.2	(21))%

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Net Sales

We report net sales after deducting Brazilian federal and state taxes assessed on gross sales (ICMS, PIS, COFINS), IPI (a federal value-added tax assessed on our gross sales in the Brazilian market at rates that vary by product) and INSS (federal social contribution taxes assessed on our gross sales in the Brazilian market of our agribusiness entities at a rate of 2.85%). Deductions from gross sales in the Brazilian domestic market, which are subject to these taxes, are significantly lower than our deductions from gross sales in export markets.

The table below presents a breakdown of our net sales for the fiscal year ended December 31, 2014 and the twelve-month period ended December 31, 2013:

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	9,263.9	9,200.8	1	%
Sugar	4,059.6	4,304.3	(6))%
Ethanol	4,376.8	4,266.6	3	%
Cogeneration	618.6	389.7	59	%
Other	208.9	240.2	(13))%
Raízen Combustíveis (1)	55,733.9	48,527.7	15	%
Fuel	55,733.9	48,527.7	15	%
Other	—	—	—	
Cosan Logística	915.4	917.7	0	%
Loading	220.5	174.9	26	%
Transportation	671.6	726.0	(7))%
Other	23.3	16.9	38	%
Radar(2)	157.6	70.1	125	%
Property sale	85.3	5.7	1398	%
Land lease	60.9	64.4	(5))%
Other	11.3	—	—	
Comgás(3)	6,387.1	6,336.6	1	%
Industrial	4,122.1	4,012.5	3	%
Residential	633.0	636.8	(1))%
Thermo generation	407.7	296.8	37	%
Cogeneration	246.8	255.8	(4))%
Automotive	199.8	196.2	2	%
Commercial	255.1	235.8	8	%
Construction revenue	481.3	671.6	(28))%
Other	41.3	31.1	33	%
Lubricants	1,602.2	1,542.9	4	%

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Lubricants	1,325.5	1,364.2	(3))%
Basic Oil	225.7	168.4	34	%
Other	51.0	10.2	399	%
Cosan's other business	—	—	—	
IFRS 11 – Deconsolidated of adjustments/eliminations joint ventures and eliminations (1)	(64,997.9)	(57,728.4)	13	%
Net sales	9,062.3	8,867.4	2	%

(1) Includes 100% of these entities' net sales which upon the application of IFRS 11, results of these investments are recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income for the fiscal year ended December 31, 2014, the nine-month period ended December 31, 2013 and fiscal years ended March 31, 2013 and 2012.

(2) Segment created from the gain control on the Radar and its subsidiaries in July 14, 2012.

(3) Segment created from the acquisition of Comgás in November 5, 2012.

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The change in the various components consists of the following:

Raízen Energia

Raízen Energia's sales in the fiscal year ended December 31, 2014 increased from R\$9,200.8 million to R\$9,263.9 million (or 1%), as compared to the unaudited twelve-month period ended December 31, 2013, primarily due to an increase in energy cogeneration sales of 59% (R\$228.9 million), which was caused by an increase in the average sales price of ethanol of 3%. The increase was offset by a decrease in revenue from sales of sugar of 6% (R\$244.7 million) due to the average sales price and the volume decreasing in the period.

Raízen Combustíveis

Raízen Combustíveis' sales in the fiscal year ended December 31, 2014 increased from R\$48,527.7 million to R\$55,733.9 million, or 15%, as compared to the unaudited twelve-month period ended December 31, 2013, primarily due to a 7.8% increase in the sales volume combined with an increase in the average sales prices from R\$2,090/m³ to R\$2,227/m³ (or 6.5%).

Cosan Logística

Sales in the fiscal year ended December 31, 2014 decreased from R\$917.7 million to R\$915.4 million, as compared to the unaudited twelve-month period ended December 31, 2013, primarily due to a decrease in the average sales price of 15%.

Revenue from transportation decreased 7% from R\$726.0 million to R\$671.6 million, primarily as a result of a 9.7% decrease in average sales prices, which was partially offset by an increase in the sales volume whereby Cosan Logística shipped 21.2 million tons in the unaudited twelve-month period ended December 31, 2013 and 21.7 million tons in the fiscal year ended December 31, 2014.

Loading sales revenue increased 26%, from R\$174.9 million to R\$220.5 million in the fiscal year ended December 31, 2014, as compared to the unaudited twelve-month period ended December 31, 2013, due to an increase in volume from 9.2 million tons to 11.1 million tons in the fiscal year ended December 31, 2014, representing an increase of 21.1% as compared to the unaudited twelve-month period ended December 31, 2013, due to new contracts being signed during 2014.

Radar

Radar's revenues derived from investments in agricultural properties, leasing of land in Brazilian rural markets and property sales totaled R\$157.6 million in the fiscal year December 31, 2014. This represented a 125% increase as compared to the unaudited twelve-month period ended December 31, 2013, mainly due to an increase in sales of properties during 2014.

Comgás

Comgás' revenues in the fiscal year ended December 31, 2014 amounted to R\$6,387.1 million, representing the results of its activities of distribution and trading of natural gas in the concession region of the state of São Paulo. This was an increase of 1% as compared to the unaudited twelve-month period ended December 31, 2013, due to the increase of the average sales price.

Lubricants

Our lubricants businesses comprise our lubricants and specialties business and certain other operations. The net revenue of the lubricants business was R\$1,602.2 million in the fiscal year ended December 31, 2014, an increase of 4% compared to the unaudited twelve-month period ended December 31, 2013, due to an increase of 1.3% in volume sold and to higher unit revenue which increased by 2.5% to R\$5,009/m³ in the fiscal year ended December 31, 2014.

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Cost of Sales

	For the Fiscal Year Ended December 31, 2014 (in millions of reais, except percentages)	For the Twelve-Month Period Ended December 31, 2013	% Variation	
Raízen Energia (1)	(7,735.4)	(7,681.0)	1	%
Raízen Combustíveis (1)	(52,934.2)	(46,016.2)	15	%
Cosan Logística	(610.4)	(542.6)	12	%
Radar	(60.6)	(6.1)	901	%
Comgás	(4,494.9)	(4,556.6)	(1))%
Lubricants	(1,247.8)	(1,158.4)	8	%
Cosan's other business	—	—	—	
IFRS 11 – Deconsolidated of adjustments/eliminations joint ventures and eliminations (1)	60,669.6	53,697.2	13	%
<u>Cost of Sales</u>	<u>(6,413.7)</u>	<u>(6,263.8)</u>	<u>2</u>	<u>%</u>

- (1) Includes 100% of these entities' net sales which upon the application of IFRS 11, results of these investments is recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income for the fiscal year ended December 31, 2014, the nine-month period ended December 31, 2013 and fiscal years ended March 31, 2013 and 2012.

Our total cost of sales and services increased by 2% to R\$6,413.7 million during the fiscal year ended December 31, 2014, from R\$6,263.7 million during the unaudited twelve-month period ended December 31, 2013 due to the factors described below.

Raízen Energia

The cost of Raízen Energia's sales in the fiscal year ended December 31, 2014 increased 1%, to R\$7,735.4 million, as compared to the unaudited twelve-month period ended December 31, 2013, due mainly to the increase of the price of the TSR released by CONSECANA, partially offset by the decrease of sales volume by 1%.

Raízen Combustíveis

The cost of Raízen Combustíveis' sales in the fiscal year ended December 31, 2014 increased 15%, to R\$52,934.2 million, as compared to the unaudited twelve-month period ended December 31, 2013. This increase is due to the

growth in volumes sold and to higher prices charged by Petrobras for diesel and gasoline.

Cosan Logística

The cost of Cosan Logística's services provided in the fiscal year ended December 31, 2014 increased 12%, to R\$610.4 million, as compared to the unaudited twelve-month period ended December 31, 2013, due to an increase in volumes transported of 2.4%, and higher transportation costs.

Radar

Radar's costs of sales and services totaled R\$60.6 million in the fiscal year ended December 31, 2014 an increase of 901% as compared to the twelve-month period ended December 31, 2013, due to the increased volume of land sales.

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Comgás

Comgás' costs of sales and services, which corresponds to the cost of gas, transportation and construction activity on the gas distribution infrastructure under concession, totaled R\$4,494.9 million in the fiscal year ended December 31, 2014 a decrease of 1% as compared to the unaudited twelve-month period ended December 31, 2013. This is due to a decrease in construction costs of 28.3%, mainly because of a lower level of investment during 2014, which was partially offset by an increase in the cost of natural gas of 3.3%.

Lubricants

The cost of lubricants sales totaled R\$1,247.8 million in the fiscal year ended December 31, 2014, an increase of 8% as compared to the unaudited twelve-month period ended December 31, 2013, mainly due to an increase in the sales volumes of lubricants by 1.3%, and to adverse changes in exchange rates, which adversely affected the costs of importing base oil.

Selling Expenses

Selling expenses are primarily related to transportation costs, including freight and shipping costs for ethanol, sugar, fuel and lubricant sold in Brazil and exported, as well as storage and loading expenses of ethanol and sugar for export at our and third parties' port facilities. The major portion of our sales of ethanol in Brazil is sold at the mill to distribution companies, and therefore there are no shipping costs. CLE's lubricant marketing expenses, as well as fuel storage expenses, are also included as selling expenses.

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	(579.0)	(667.8)	(13)	%
Raízen Combustíveis (1)	(1,150.5)	(1,073.9)	7	%
Comgás	(636.3)	(573.9)	11	%
Lubricants	(245.2)	(228.5)	7	%
IFRS 11 – Deconsolidated of adjustments/eliminations joint ventures and eliminations (1)	1,729.5	1,741.7	(1)	%
Selling expenses	(881.5)	(802.4)	10	%

(1) Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.

Selling expenses increased by 10% to R\$881.5 million during the fiscal year ended December 31, 2014 from R\$802.4 million during the unaudited twelve-month period ended December 31, 2013, due to the factors described below.

Raízen Energia

Raízen Energia's selling expenses decreased to R\$579 million, or 13%, in the fiscal year ended December 31, 2014 as compared to the unaudited twelve-month period ended December 31, 2013, due primarily to a decrease in loading expenses.

Raízen Combustíveis

Raízen Combustíveis' selling expenses increased from R\$1,073.9 million, 7%, in the fiscal year ended December 31, 2014 as compared to the unaudited twelve-month period ended December 31, 2013, to R\$1,150.5 million, due primarily to freight cost increase stemming from a 7.8% increase in sales volumes.

Comgás

Selling expenses increased by 11% to R\$636.3 million during the fiscal year ended December 31, 2014 from R\$573.9 million during the unaudited twelve-month period ended December 31, 2013, mainly caused by the depreciation of investments made in network expansion.

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Lubricants

Selling expenses increased 7% in the fiscal year ended December 31, 2014, to R\$245.2 million, as compared to R\$228.5 million in the twelve-month period ended December 31, 2013, due primarily to an increase in freight costs.

General and Administrative Expenses

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	(498.8)	(549.9)	(9)%
Raízen Combustíveis (1)	(387.3)	(378.5)	2	%
Cosan Logística	(87.8)	(74.3)	18	%
Radar	(36.5)	(23.2)	58	%
Comgás	(308.4)	(309.7)	0	%
Lubricants	(70.7)	(73.1)	(3)%
Cosan's other business	(165.2)	(125.6)	31	%
IFRS 11 – Deconsolidated of adjustments/eliminations joint ventures and eliminations (1)	886.0	928.4	(5)%
<u>General and administrative expenses</u>	<u>(668.6)</u>	<u>(606.0)</u>	<u>10</u>	<u>%</u>

(1) Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.

General and administrative expenses consist of salaries and benefits paid to employees, taxes, expenses related to third-party services, rentals and other expenses. Our total general and administrative expenses increased by 10% to R\$668.6 million during the fiscal year ended December 31, 2014 from R\$606.0 million during the unaudited twelve-month period ended December 31, 2013, due to the factors described below.

Raízen Energia

General and administrative expenses totaled R\$498.8 million in the fiscal year ended December 31, 2014, a decrease of 9% compared to the unaudited twelve-month period ended December 31, 2013.

Raízen Combustíveis

General and administrative expenses totaled R\$387.3 million in the fiscal year ended December 31, 2014, an increase of 2% compared to the unaudited twelve-month period ended December 31, 2013. This was due to an increase in the apportionment of overhead expenses.

Cosan Logística

General and administrative expenses totaled R\$87.8 million in the fiscal year ended December 31, 2014, an increase of 18% compared to the unaudited twelve-month period ended December 31, 2013, reflecting the adjustment in the administrative structure for new logistics projects in ports and railways.

Radar

General and administrative expenses totaled R\$36.5 million in the fiscal year ended December 31, 2014, compared with R\$23.2 million in the unaudited twelve-month period ended December 31, 2013, due primarily to an increase in employee benefit payments due to a business restructuring.

Comgás

General and administrative expenses totaled R\$308.4 million in the fiscal year ended December 31, 2014, compared with R\$309.7million in the twelve-month period ended December 31, 2013.

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Lubricants

General and administrative expenses totaled R\$70.7 million in the fiscal year ended December 31, 2014, a decrease of 3% when compared to the twelve-month period ended December 31, 2013.

Other Income, Net

Other income, net comprises other income and expenses. Other income, net decreased from an income of R\$148.3 million in the unaudited twelve-month period ended December 31, 2013 to an expense of R\$21.2 million in the fiscal year ended December 31, 2014, mainly due to the costs related to internal organization and prospective acquisitions that the Company incurred with lawyers, consultants, business advisors and other related services for certain reorganizations and prospective acquisitions.

Equity Income of Associates

Equity income of associates includes our interests in Tellus Brasil 51%, Novvi Limited 50%, Janus Brasil 51%, Vertical 50% and other investments. Equity income decreased to R\$3.5 million in the fiscal year ended December 31, 2014 from R\$19.3 million in the unaudited twelve-month period ended December 31, 2013.

Equity Income of Jointly Controlled Entity

Equity income of jointly controlled entities includes our 50% interests in Raízen Energia and Raízen Combustíveis. Equity income increased to R\$588.4 million in the fiscal year ended December 31, 2014 from R\$336.1 million in the unaudited twelve-month period ended December 31, 2013, as a result of the factors explained in detail above for the segments Raízen Energia and Raízen Combustíveis, which are not consolidated into our financial statements but equity accounted for, in accordance with IFRS 11.

Financial Results, Net

Financial results, net in the fiscal year ended December 31, 2014 totaled a net financial expense of R\$982.8 million compared with net financial expense of R\$893.6 million in the unaudited twelve-month period ended December 31, 2013, an increase of R\$89.3 million, or 10%, due to the factors described below.

	For the Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	% Variation	
	(in millions of reais)			
Finance expenses	(1,060.8)	(1,038.6)	2	%
Finance income	217.1	239.4	(9))%
Foreign exchange Losses, net	(300.5)	(324,6)	(7))%
Derivatives	161.4	230.2	(30))%
Financial results, net	(982.8)	(893.6)	10	%

Finance Expenses. Our financial expenses primarily consist of: (1) accrued interest on our indebtedness, such as debt, taxes and contingences; (2) interest and indexation charges related to our financial debt; and (3) fees, commissions and other charges paid to financial institutions.

Financial expenses in the fiscal year ended December 31, 2014 totaled R\$1,060.8 million, as compared to R\$1,038.6 million in the unaudited twelve-month period ended December 31, 2013.

Our debt charges, represented a decrease of 7%, when compared to the unaudited twelve-month period ended December 31, 2013, mainly due to lower average indebtedness. The decrease was mainly attributable to the payment of the principal of the debentures issued in 2012 in the total amount of R\$ 1,400.0 million. This decrease was offset by an increase in bank charges in the period mainly due to consent fees regarding internal reorganization and prospective acquisitions.

Finance Income. Our financial income consists primarily of: (1) gains and indexation income related to our financial investments; (2) income from financial investments; and (3) financial income related to compensation awarded in a legal proceeding against the Brazilian federal government.

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Financial income during the fiscal year ended December 31, 2014 totaled R\$217.1 million, compared to financial income of R\$239.4 million during the unaudited twelve-month period ended December 31, 2013, due to a decrease in interest income.

Foreign exchange losses, net. Foreign exchange variation, net resulted in a net exchange loss of R\$300.5 million in the fiscal year ended December 31, 2014 compared to a net loss of R\$324.6 million in the unaudited twelve-month period ended December 31, 2013. The foreign exchange losses occurred due to the depreciation of the real against the U.S. dollar. Our gross indebtedness denominated in a foreign currency was R\$4,508.1 million at December 31, 2014, compared to R\$3,814.9 million at December 31, 2013.

Derivatives. Derivatives resulted in a gain of R\$161.4 million in the fiscal year ended December 31, 2014 compared with a net gain of R\$230.2 million in the twelve-month period ended December 31, 2013.

Income Taxes

Income tax expenses decreased to R\$43.8 million for the fiscal year ended December 31, 2014, compared to R\$103.3 million in the unaudited twelve-month period ended December 31, 2013, mainly due to a tax credit on accumulated losses (tax shield) which benefitted our Other Businesses segment.

Net Income Attributable to Our Owners

As a result of the foregoing, net income attributable to our owners was R\$171.0 million in the fiscal year ended December 31, 2014, compared to R\$215.2 million in the unaudited twelve-month period ended December 31, 2013, a decrease of 21% after deducting net income attributable to non-controlling interests of R\$471.5 million and R\$483.5 million in the fiscal year ended December 31, 2014 and the twelve-month period ended December 31, 2013, respectively.

Results of Operations for the Nine-Month Transition Period Ended December 31, 2013 Compared to the Unaudited Nine-Month Period Ended December 31, 2012

Consolidated Results

The following table sets forth our consolidated income statement for the transition period ended December 31, 2013 and the nine-month period ended December 31, 2012:

	As of and for Nine-Month Period Ended December 31,			%
	2013	2012	Variation	
	(in millions of reais, except percentages)			
Consolidated Income Statement				
Net sales	6,878.2	2,597.0	165	%
Cost of Sales	(4,878.2)	(1,825.9)	167	%
Gross profit	2,000.0	771.1	159	%
Selling expenses	(604.0)	(261.0)	131	%
General and administrative expenses	(467.0)	(280.5)	66	%
Other income (expense), net	76.3	101.9	(25)%

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Operating expenses	(994.6)	(439.5)	126	%
Income before financial results, equity in earnings in and income taxes	1,005.4	331.6	203	%
Equity in earnings of associates	5.5	71.9	(92))%
Equity in earnings of joint ventures	242.0	389.3	(38))%
Financial results	(713.7)	(243.3)	(193))%
Profit before taxes	539.2	549.5	(2))%
Income tax (expense) benefit (current)	(130.0)	(72.3)	80	%
Income tax (expense) benefit (deferred)	90.8	85.2	7	%
Total income taxes	(39.2)	12.9	—	
Profit from continuing operations	500.0	562.4	(11))%
Profit from discontinued operations, net of tax -	—	142.3	(100))%
Profit for the period	500.0	704.6	(29))%
Net income attributable to non-controlling interests	377.4	368.9	2	%
Net income attributable to owners of the parent	122.6	335.7	(63))%

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Net Sales

We report net sales after deducting Brazilian federal and state taxes assessed on gross sales (ICMS, PIS, COFINS), IPI (a federal value-added tax assessed on our gross sales in the Brazilian market at rates that vary by product) and INSS (federal social contribution taxes assessed on our gross sales in the Brazilian market of our agribusiness entities at a rate of 2.85%). Deductions from gross sales in the Brazilian domestic market, which are subject to these taxes, are significantly greater than our deductions from gross sales in export markets.

The table below presents a breakdown of our net sales for the transition period ended December 31, 2013 and the nine-month period ended December 31, 2012:

	As of and for Nine Months Ended December 31,			% Variation
	2013	2012		
	(in millions of reais, except percentages)			
Raízen Energia (1)	6,850.4	6,117.9	12	%
Sugar	3,127.6	3,177.3	(2))%
Ethanol	3,143.3	2,190.0	44	%
Cogeneration	376.6	556.6	(32))%
Other	202.9	193.9	5	%
Raízen Combustíveis (1)	37,580.6	32,585.1	15	%
Fuel	37,553.2	32,574.5	15	%
Other	27.4	10.6	158	%
Cosan Logística	749.4	544.4	38	%
Loading	138.2	113.4	22	%
Transportation	597.5	420.9	42	%
Other	13.6	10.1	35	%
Radar(2)	54.7	36.5	50	%
Property sale	5.7	4.7	21	%
Land lease	49.0	31.8	54	%
Comgás(3)	4,888.9	951.2	414	%
Industrial	3,065.6	589.0	420	%
Residential	522.6	89.1	486	%
Thermo generation	212.1	64.0	232	%
Cogeneration	187.5	44.3	323	%
Automotive	151.2	32.5	365	%
Commercial	186.9	35.6	425	%
Construction revenue	536.5	94.9	465	%
Other	26.5	1.8	1382	%
Lubricants	1,185.2	1,059.8	12	%
Lubricants (CLE)	1,040.2	928.9	12	%

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Basic Oil	137.3	130.9	5	%
Other	7.7	—	100	%
Cosan's other business	0.0	5.1	(99))%
IFRS 11 – Deconsolidated of adjustments/eliminations joint ventures and eliminations (1)	(44,431.0)	(38,703.0)	14	%
Net sales	6,878.2	2,597.0	165	%

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- (1) Includes 100% of these entities' net sales which upon the application of IFRS 11, results of these investments is recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income for the nine-month ended December 31, 2013 and the fiscal years ended March 31, 2013 and 2012.
- (2) Segment created from the gain control on the Radar and its subsidiaries in July 14, 2012.
- (3) Segment created from the acquisition of Comgás in November 5, 2012.

The change in the various components consists of the following:

Raízen Energia

Raízen Energia's sales in the transition period ended December 31, 2013 increased from R\$6,117.9 million, or 12%, to R\$6,850.4 million, as compared to the previous period, primarily due to increased sales volumes of sugar by 8% and offset by a decrease in the average sugar sales price by 9%, and increased sales volumes of ethanol by 42% partially offset by a decrease in the average sales price by 21%.

Raízen Combustíveis

Raízen Combustíveis' sales in the transition period ended December 31, 2013 increased from R\$32,585.1 million, or 15%, to R\$37,580.6 million, as compared to the previous the period, primarily due to increased sales volume by 8% and due to the increase of average sales prices of 7%.

Cosan Logística

Rumo's sales in the transition period ended December 31, 2013 increased by R\$205.0 million, or 38%, to R\$749.4 million, as compared to the previous period, primarily due to increased transportation volume.

Revenue from transportation increased by R\$176.6 million, or 42%, to R\$597.5 million, primarily as a result of the increased sugar volumes transported by 19 %, and due to the increase of average prices by 19% and adjustments to maintain contractual balance in rail transportation together with ALL, Rumo's partner in transportation.

Loading sales revenue increased by R\$24.8 million, or 22%, to R\$138.2 million in the nine-month period ended December 31, 2013, as compared to the previous period, due to an increase in volume to 7,049.1 thousand tons in the transition period ended December 31, 2013, representing an increase of 9% as compared to the period ended December 31, 2012.

Radar

Radar's revenues derived from investments in agricultural properties and the leasing of land in Brazilian rural markets totaled R\$54.7 million in the transition period December 31, 2013. This represented a 50% increase as compared to the previous period, mainly due to the prior period only including six months of results of operations as the segment was created as a result of the gain of control of Radar in July 2012.

Comgás

Comgás' revenues in the transition period ended December 31, 2013 amounted to R\$4,888.9 million, representing the results of its activities of distribution and trading of natural gas in the concession region of the state of São Paulo, an

increase of 414% as compared to the nine-month period ended December 31, 2012, mainly due to the fact that Comgás business was acquired in November 2012, therefore, the nine-month period ended December 31, 2012 only includes two months of the results of operations of Comgás subsequent to the acquisition.

Lubricants

Our Lubricants businesses comprise of our lubricants and specialties business and other operations.

The net revenue of Lubricants was R\$1,185.2 million in the nine-month period ended December 31, 2013 resulting in an increase of 12% compared to the nine-month period ended December 31, 2012, primarily due to increased basic oil volume. Sales volume increased 14% in the nine-month period ended December 31, 2013, to 243.1 million liters, which was partially offset by a 2% decrease in the average sales price.

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Cost of Sales

	For Nine Months Ended December 31,			%
	2013	2012	Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	(5,590.0)	(4,791.0)	17	%
Raízen Combustíveis (1)	(35,664.6)	(30,847.4)	16	%
Cosan Logística	(447.4)	(325.4)	38	%
Radar	(6.1)	(1.7)	248	%
Comgás	(3,524.2)	(705.9)	399	%
Lubricants	(900.5)	(792.8)	14	%
Cosan's other business	—	—	0	%
IFRS 11 – Deconsolidated of adjustments/eliminations joint ventures and eliminations (1)	41,254.6	35,638.6	16	%
<u>Cost of Sales</u>	<u>(4,878.2)</u>	<u>(1,825.9)</u>	<u>167</u>	<u>%</u>

(1) Includes 100% of these entities' net sales which upon the application of IFRS 11, results of these investments is recorded in the "Equity income of jointly controlled entity" line item in the consolidated statements of profit or loss and comprehensive income for the nine-month period ended December 31, 2013 and fiscal years ended March 31, 2013 and 2012.

Our total cost of sales and services increased by 167% to R\$4,878.2 million during the transition period ended December 31, 2013, from R\$1,825.9 million during the nine-month period ended December 31, 2012 due to the factors described below.

Raízen Energia

The cost of Raízen Energia sales in the nine-month period ended December 31, 2013 increased 17%, to R\$5,590.0 million, as compared to the period ended December 31, 2012, due mainly to the increase of the sales volume of sugar by 8% and ethanol sale volume of 42%.

Raízen Combustíveis

The cost of Raízen Combustíveis sales in the nine-month period ended December 31, 2013 increased 16%, to R\$35,664.6 million, as compared to the period ended December 31, 2012, due to the increase of gasoline and diesel average cost by 4% and 11% respectively.

Cosan Logística

The cost of Rumo's services provided in the nine-month period ended December 31, 2013 increased 38%, to R\$447.4 million, as compared to the period ended December 31, 2012, due to an increase in volumes transported of 19%, also causing an increase in the dilution of fixed costs.

Radar

Radar's costs of sales and services totaled R\$6.1 million in the nine-month period ended December 31, 2013 an increase of 248% as compared to the period ended December 31, 2012, due to the increase of land sales, and as a result of the comparative period only including six months of results of operations as the segment was created upon the gain of control of Radar in July 2012.

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Comgás

Comgás' costs of sales and services, which corresponds to the cost of gas, transportation and construction activity on the gas distribution infrastructure under concession, totaled R\$3,524.2 million in the nine-month period ended December 31, 2013 an increase of 399% as compared to the period ended December 31, 2012, due mainly to the segment being created in November 2012 and therefore the comparative period only including 2 months of results of operations.

Lubricants

The cost of Lubricants sales totaled R\$900.5 million in the nine-month period ended December 31, 2013, an increase of 14% as compared to the nine-month period ended December 31, 2012, mainly due to increased sales volumes of lubricants by 14%.

Selling Expenses

Selling expenses are primarily related to transportation costs, including freight and shipping costs for ethanol, sugar, fuel and lubricant sold in Brazil and exported, as well as storage and loading expenses of ethanol and sugar for export at our and third parties' port facilities. The major portion of our sales of ethanol in Brazil is sold at the mill to distribution companies, and therefore there are no shipping costs. CLE's lubricant marketing expenses, as well as fuel storage expenses, are also included as selling expenses.

	For Nine Months Ended December 31,			%
	2013	2012	Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	(474.1)	(442.1)	7	%
Raízen Combustíveis (1)	(808.1)	(761.1)	6	%
Comgás	(422.4)	(108.2)	290	%
Lubricants	(181.5)	(152.7)	19	%
IFRS 11 – Deconsolidated of adjustments/eliminations joint ventures and eliminations (1)	1,282.2	1,203.2	7	%
Selling expenses	(604.0)	(262.0)	131	%

(1) Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.

Selling expenses increased by 131% to R\$604.0 million during the transition period ended December 31, 2013 from R\$262.0 million during the period ended December 31, 2012, due to the factors described below.

Raízen Energia

Raízen Energia' selling expenses increased by 7%, from R\$ 442.1 million to R\$474.1 million in the transition period ended December 31, 2013 as compared to the period ended December 31, 2012, due primarily to logistics expenses and freight cost increase due to higher sales volume mainly by the increase of the sales volume of sugar by 8% and

ethanol sale volume increase of 42%.

Raízen Combustíveis

Raízen Combustíveis' selling expenses increased by 6%, from R\$ 761.1 million to R\$808.1 million in the period ended December 31, 2013 as compared to the period ended December 31, 2012, due primarily to freight cost increase due to higher sales volume by 7%.

Comgás

Comgás' selling expenses increased by 290%, from R\$ 108.2 million to R\$422.4 million in the period ended December 31, 2013 as compared to the period ended December 31, 2012, due primarily to Comgás acquisition in November 2012 and therefore the comparative period only including 2 months of results of operations.

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Lubricants

Selling expenses increased 19% in the transition period ended December 31, 2013, to R\$181.5 million, as compared to R\$152.7 million in the period ended December 31, 2012, due primarily to the expansion in the lubricants commercial operations and to higher sales volume.

General and Administrative Expenses

	For Nine Months Ended December 31,			%
	2013	2012	Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	(411.6)	(354.9)	16	%
Raízen Combustíveis (1)	(285.9)	(269.0)	6	%
Cosan Logística	(57.6)	(41.4)	39	%
Radar	(18.4)	(10.1)	82	%
Comgás	(239.3)	(57.2)	318	%
Lubricants	(52.6)	(51.9)	1	%
Cosan's other business	(99.2)	(119.8)	(17)	%
IFRS 11 – Deconsolidated of adjustments/eliminations joint ventures and eliminations (1)	697.5	623.9	12	%
<u>General and administrative expenses</u>	<u>(466.9)</u>	<u>(280.5)</u>	<u>66</u>	<u>%</u>

(1) Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.

General and administrative expenses consist of salaries and benefits paid to employees, taxes, expenses related to third-party services, rentals and other expenses. Our total general and administrative expenses increased by 66% to R\$466.9 million during the transition period ended December 31, 2013 from R\$280.5 million during the period ended December 31, 2012, due to the factors described below.

Raízen Energia

General and administrative expenses totaled R\$411.6 million in the transition period ended December 31, 2013, an increase of 16% compared to the period ended December 31, 2012, mainly due to the litigation costs.

Raízen Combustíveis

General and administrative expenses totaled R\$285.9 million in the transition period ended December 31, 2013, an increase of 6% compared to the period ended December 31, 2012, maintaining a continuity with the compared period.

Cosan Logística

General and administrative expenses totaled R\$57.6 million in the transition period ended December 31, 2013, an increase of 39% compared to the period ended December 31, 2012. This increase in expenses was largely due to the administration structure adequacy in reason to the new growth projects and higher sales volume.

Radar

General and administrative expenses totaled R\$18.4 million in the transition period ended December 31, 2013, for Radar businesses that were consolidated in July 2012.

Comgás

General and administrative expenses totaled R\$239.3 million in the transition period ended December 31, 2013, for Comgás, businesses that were consolidated in November 2012.

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Lubricants

General and administrative expenses totaled R\$52.6 million in the transition period ended December 31, 2013, an increase of 1% when compared to the period ended December 31, 2012, due mainly to the expansion in the lubricants operations.

Other Income, Net

Other income, net comprises other income and expenses. Other income, net decreased from R\$101.9 million in the period ended December 31, 2012 to R\$76.3 million in the transition period ended December 31, 2013, mainly reflecting the result of Cosan's other business due to the disposal of assets related to the distribution of aviation fuel infrastructure.

Equity Income of Associates

Equity income of associates includes our interests in Tellus Brasil 5.1%, Novvi Limited 50%, Vertical 50% and other investments. Equity income decreased to R\$5.5 million in the transition period ended December 31, 2013 from R\$71.9 million in the period ended December 31, 2012.

Equity Income of Jointly Controlled Entity

Equity income of jointly controlled entities includes our 50% interests in Raízen Energia and Raízen Combustíveis. Equity income decreased to R\$242.0 million in the transition period ended December 31, 2013 from R\$389.3 million in the period ended December 31, 2012, as a result of the factors explained in detail above for the segments Raízen Energia and Raízen Combustíveis, which are not consolidated into our financial statements but equity accounted for, in accordance with IFRS 11.

Financial Results, Net

Financial results, net in the nine-month period ended December 31, 2013 totaled a net financial expense of R\$713.7 million compared with net financial expense of R\$243.3 million in the period ended December 31, 2012, an increase of R\$470.4 million, or 193%.

	For Nine Months Ended December 31,	
	2013	2012
	(in millions of reais)	
Finance expenses	(804.6)	(343.3)
Finance income	179.9	119.3
Foreign exchange Losses, net	(324.5)	(96.0)
Derivatives	235.5	76.7
	(713.7)	(243.3)

Finance Expenses. Our financial expenses primarily consist of: (1) accrued interest on our indebtedness, such as debt, taxes and contingencies; (2) losses on monetary variation related to our financial investments; and (3) fees, commissions and other charges paid to financial institutions.

Financial expenses in the nine-month period ended December 31, 2013 totaled R\$804.6 million, as compared to R\$343.3 million in the period ended December 31, 2012.

Expenses of debt charges, net of financial investments yields, represented an increase of 134%, when compared to the period ended December 31, 2012, mainly due to greater average indebtedness. The increase was mainly attributable to increased debt charges related to indebtedness assumed to undertake the acquisition of Comgás in November 2012.

Finance Income. Our financial income consists primarily of: (1) gains on monetary variation related to our financial investments; (2) income from financial investments; and (3) financial income related to compensation awarded in a legal proceeding against the Brazilian federal government.

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Financial income during the transition period ended December 31, 2013 totaled R\$179.9 million, compared to financial income of R\$119.3 million during the period ended December 31, 2012, due to the increase of income on financial investments.

Foreign exchange losses, net. Foreign exchange variation, net resulted in a loss of R\$324.5 million in the transition period ended December 31, 2013 compared to a net loss of R\$96.0 million in the period ended December 31, 2012. The negative effects from exchange variation occurred due to the depreciation of the real against the U.S. dollar. Our gross indebtedness denominated in a foreign currency was R\$3,841.9 million at December 31, 2013, compared to R\$2,442.6 million at December 31, 2012.

Derivatives. Derivatives resulted in a gain of R\$235.5 million in the transition period ended December 31, 2013 compared with a net gain of R\$76.7 million in the period ended December 31, 2012.

Income Taxes

Income tax expenses increased to R\$39.2 million for the transition period ended December 31, 2013, compared to R\$12.9 million in the period ended December 31, 2012, mainly due to the taxation difference of Radar and the non-taxable equity income of Raízen.

Net Income Attributable to Our Owners

As a result of the foregoing, net income attributable to our owners was R\$122.6 million in the transition period ended December 31, 2013, compared to R\$335.7 million in the period ended December 31, 2012, a decrease of 63% after deducting net income attributable to non-controlling interests of R\$377.4 million and R\$368.9 million in the transition period ended December 31, 2013 and the period ended December 31, 2012, respectively.

Results of Operations for the Fiscal Year Ended March 31, 2013 Compared to the Fiscal Year Ended March 31, 2012

Consolidated Results

The following table sets forth our consolidated income statement for the fiscal years ended March 31, 2013 and 2012:

	For Fiscal Year Ended March 31,			%
	2013	2012	Variation	
	(in millions of reais, except percentages)			
Consolidated Income Statement				
Net sales	4,586.2	4,563.6	0	%
Cost of sales	(3,211.3)	(3,696.2)	(13)%
Gross profit	1,374.9	867.4	59	%
Selling expenses	(459.4)	(318.4)	44	%
General and administrative expenses	(419.5)	(274.5)	53	%
Other income (expense), net	173.7	(21.7)	(900)%
Gain on the de-recognition of subsidiaries to form the JVs	—	2,752.7	(100)%
Operating expenses	(705.2)	2,138.1	(133)%
Income before financial results, equity in earnings in and income taxes	669.7	3,005.5	(78)%

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Equity in earnings of associates	70.4	39.2	80	%
Equity in earnings of joint ventures	603.9	349.4	73	%
Financial results	(423.1)	(259.1)	63	%
Profit before taxes	920.9	3,135.0	(71)	%
Income tax (expense) benefit (current)	(100.1)	(58.7)	70	%
Income tax (expense) benefit (deferred)-	(26.3)	(960.4)	(97)	%
Total income taxes	(126.4)	(1,019.1)	(88)	%
Profit from continuing operations	794.5	2,115.8	(62)	%
Profit from discontinued operations, net of tax -	138.9	64.2	116	%
Profit for the period	933.5	2,180.1	(57)	%
Net income attributable to non-controlling interests	509.4	1,003.7	(49)	%
Net income attributable to owners of the parent	424.1	1,176.4	(64)	%

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The change in the various components consists of the following:

Net Sales

We report net sales after deducting Brazilian federal and state taxes assessed on gross sales (ICMS, PIS, COFINS), IPI (a federal value-added tax assessed on our gross sales in the Brazilian market at rates that vary by product) and INSS (federal social contribution taxes assessed on our gross sales in the Brazilian market of our agribusiness entities at a rate of 2.85%). Deductions from gross sales in the Brazilian domestic market, which are subject to these taxes, are significantly greater than our deductions from gross sales in export markets.

The table below presents a breakdown of our net sales for the fiscal year ended March 31, 2013 and 2012:

Net Sales	For Fiscal Year Ended March 31,			
	2013	2012	Variation	
	(in millions of reais, except percentages)			
Raízen Energia (1)	8,468.2	7,247.4	17	%
Sugar	4,354.0	3,912.8	11	%
Ethanol	3,299.9	2,871.5	15	%
Energy cogeneration	569.7	235.1	142	%
Other products and services	244.6	228.0	7	%
Raízen Combustíveis (1)	43,532.2	35,096.1	24	%
Fuels	43,516.0	35,032.8	24	%
Other services	16.2	63.3	(74))%
Rumo	712.8	572.0	25	%
Loading	150.0	141.0	6	%
Transportation	549.4	413.4	33	%
Other	13.3	17.6	(24))%
Radar (2)	51.9	—	100	%
Property sale	4.7	—	100	%
Land lease	47.1	—	100	%
Comgás (3)	2,399.0	—	100	%
Industrial	1,535.9	—	100	%
Residential	203.3	—	100	%
Thermo generation	148.7	—	100	%
Cogeneration	112.7	—	100	%
Automotive	77.5	—	100	%
Commercial	84.5	—	100	%
Construction revenue	230.0	—	100	%
Other	6.4	—	100	%
Lubricants	1,422.5	1,037.7	37	%

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Lubricants	1,245.6	1,018.8	22	%
Basic Oil	162.0	18.9	755	%
Other	9.9	—	100	%
Cosan's other business	5.1	22.0	(77))%
IFRS 11 – Deconsolidated of adjustments/eliminations joint ventures and eliminations (1)	(52,000.5)	(39,411.6)	32	%
Net sales	4,586.2	4,563.6	0	%

- (1) Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.
(2) Segment created from the gain control on the Radar and its subsidiaries in July 14, 2012.
(3) Segment created from the acquisition of Comgás in November 5, 2012.

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The change in the various components consists of the following:

Raízen Energia

Sugar sales totaled R\$4,354.0 million in the fiscal year ended March 31, 2013, an increase of 11% or R\$441.2 million in relation to the prior period. The volume of sugar increased 6% over 2012 and the average price of sugar in 2013 increased by 5% and was primarily responsible for the increase in net sales of this product.

Ethanol sales in the fiscal year ended March 31, 2013 totaled R\$3,299.9 million, increasing 15% or R\$428.4 million when compared to the fiscal year ended March 31, 2012 primarily due to an increase of 10% in average price and an increase of 5% in volume sold.

Energy cogeneration sales totaled R\$569.7 million, increasing 142% or R\$334.6 million in the fiscal year ended March 31, 2013. This was mainly due to a higher volume of energy generated and sold, due in part to an extended crushing period in the 2012/2013 harvest, an increase of 19% in the average price of energy, due to the spot market being affected by a lack of rains and the resulting depletion of hydro-electric energy reserves in the major reservoirs in the Southeast and Mid-West regions, and energy resale transactions in the spot market, which increased total volume sold.

Other products and services, consisting of mainly sales of steam, molasses and raw materials to service providers in the agricultural industry, increased 7% to R\$244.6 million in the fiscal year ended March 31, 2013, from R\$228.0 million in the fiscal year ended March 31, 2012.

Raízen Combustíveis

Net sales (prior to eliminations for proportionate consolidation) increased by R\$8,436.1 million, or 24% from R\$35,096.1 million in the fiscal year ended March 31, 2012 to R\$43,532.2 million in the fiscal year ended March 31, 2013 primarily due to an increase in total fuel sales volume in the period. This increase is primarily a result of the addition of sales at Shell gas stations; which was consolidated as of the formation of Raízen on June 1, 2011, making the comparative period only ten months.

Rumo

Rumo's sales in the fiscal year ended March 31, 2013 increased by R\$140.8 million, or 25%, to R\$712.8 million in the fiscal year ended March 31, 2013, as compared to the previous the period, primarily due to increased transportation volume.

Revenue from transportation increased by R\$136.0 million, or 33%, to R\$549.4 million, primarily as a result of the increased sugar volumes transported, better prices and adjustments to maintain contractual balance in rail transportation together with ALL, Rumo's partner in transportation.

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Loading sales revenue increased by R\$9.0 million, or 6%, to R\$150.0 million in the fiscal year ended March 31, 2013, as compared to the previous the period, due to an increase in volume to 8,565.6 thousand tons in the fiscal year ended March 31, 2013, representing an increase of 10% as compared to the fiscal year ended March 31, 2012.

Radar

Radar's revenues derived from investments in agricultural properties and the leasing of land in Brazilian rural markets totaled R\$51.9 million, representing the results of operations from July 14, 2012 to March 31, 2013.

Comgás

Comgás' revenues from November 5, 2012 to March 31, 2013 were R\$2,399.0 million, representing the results of its activities of distribution and trading of natural gas in the concession region of the state of São Paulo.

Lubricants

The net revenue of Lubricants was R\$1,422.5 million in the fiscal year ended March 31, 2013 resulting in an increase of 37% compared to the fiscal year ended March 31, 2012, primarily due to the consolidation of Comma Oil & Chemical's results, which was acquired in the fiscal year ended March 31, 2013. The initiation of lubricant sales and distribution in Bolivia, Uruguay and Paraguay also helped to increase net revenue. Sales volume increased 32% in the fiscal year ended March 31, 2013, to 286.6 million liters.

Other Businesses

The net revenue of Cosan's other business was R\$5.1 million in the fiscal year ended March 31, 2013 resulting in a decrease of 77% compared to the fiscal year ended March 31, 2012.

Cost of Sales

	For Fiscal Year Ended March 31,			
	2013	2012	Variation	%
	(in millions of reais, except percentages)			
Raízen Energia (1)	(6,881.9)	(5,577.8)	23	%
Raízen Combustíveis (1)	(41,199.0)	(33,137.4)	24	%
Rumo	(420.6)	(394.1)	7	%
Radar (2)	(1.7)	—	100	%
Comgás (3)	(1,738.3)	—	100	%
Lubricants	(1,050.7)	(724.5)	45	%
Cosan's other business	—	(3.2)	(100)	%

IFRS 11 – Deconsolidated of adjustments/eliminations joint ventures and eliminations (1)	48,080.9	36,140.8	33	%
Cost of Sales	(3,211.3)	(3,696.2)	(13)%

- (1) Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.
(2) Segment created from the gain control on the Radar and its subsidiaries in July 14, 2012.
(3) Segment created from the acquisition of Comgás in November 5, 2012.

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We divide Raízen Energia's sugar and ethanol cost of sales and services into two major categories: agricultural costs and industrial costs. Agricultural costs include costs related to the production of sugarcane, acquiring sugarcane from suppliers, fertilizers, personnel costs, delivery and logistical services, land and equipment leases, depreciation and third-party services. Industrial costs include the purchase of raw materials (other than sugarcane), personnel costs, depreciation and other chemical and maintenance expenses. Raízen Combustíveis' cost of sales and services includes petroleum derived products and feedstock purchased from Petrobras and ethanol from distilleries, freight costs between our terminals in our fuel distribution business and additives. Rumo Logística's cost of sales and services includes personnel costs, equipment and port lease agreements, electricity and maintenance costs. Other Businesses' costs of sales and services mainly includes costs associated with Cosan's corporate structure and packaging materials, raw material and feedstock purchased from third parties in our lubricants business.

Our total cost of sales and services decreased by 13% to R\$3,211.6 million during the fiscal year ended March 31, 2013, from R\$3,696.2 million during the fiscal year ended March 31, 2012 due to the factors described below.

Raízen Energia

The cost of sales and services amounted to R\$6,881.9 million in the fiscal year ended March 31, 2013, representing an increase of 23% compared to the previous fiscal year. This increase was mainly driven by higher volumes of sugar and energy sold, and by the increase in average cost of goods sold for ethanol. Costs of sales and services are reported together with the average unit costs, net of effects of depreciation and amortization (cash and cost).

Raízen Combustíveis

Raízen Combustíveis cost of sales and services increased 24% from R\$33,137.4 million in the fiscal year ended March 31, 2012 to R\$41,199.0 million in the fiscal year ended March 31, 2013 primarily due to the increase in total fuel sales volume in the period.

Rumo

The cost of Rumo's services provided in the fiscal year ended March 31, 2013 increased 7%, to R\$420.6 million, as compared to the fiscal year ended March 31, 2012, due to an increase in volumes transported, also causing an increase in the dilution of fixed costs and driving total cost of services provided to 59% of net revenue compared to 69% in 2012.

Radar

Radar's costs of sales and services totaled R\$1.7 million, considering its results of operations from July 1, 2012 to March 31, 2013, which corresponds to the cost related to activities relating to sales of assets.

Comgás

Comgás' costs of sales and services for the period from November 5, 2012 to March 31, 2013 totaled R\$1,738.3 million, which corresponds to the cost of gas, transportation and construction activity on the gas distribution infrastructure under concession.

Selling Expenses

Selling expenses are primarily related to transportation costs, including freight and shipping costs for ethanol, sugar, fuel and lubricant sold in Brazil and exported, as well as storage and loading expenses of ethanol and sugar for export at our and third parties' port facilities. The major portion of our sales of ethanol in Brazil is sold at the mill to distribution companies, and therefore there are no shipping costs. CLE's lubricant marketing expenses, as well as fuel storage expenses, are also included as selling expenses.

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	For Fiscal Year Ended March 31,			
	2013	2012	%	
	(in millions of reais, except percentages)			
Raízen Energia (1)	(638.8)	(511.8)	25	%
Raízen Combustíveis (1)	(1,026.9)	(1,088.4)	(6)%
Comgás (2)	(259.8)	—	100	%
Lubricants	(199.7)	(187.5)	6	%
IFRS 11 – Deconsolidated of adjustments/eliminations joint ventures and eliminations (1)	1,665.8	1,469.3	13	%
<u>Selling expenses</u>	<u>(459.4)</u>	<u>(318.4)</u>	<u>44</u>	<u>%</u>

(1) Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.

(2) For a five-month period from the date of acquisition of Comgás.

Our total selling expenses increased by 44% to R\$459.4 million during the fiscal year ended March 31, 2013 from R\$318.4 million during the fiscal year ended March 31, 2012, due to the factors described below.

Raízen Energia

Raízen Energia's selling expenses increased by R\$127.0 million, or 25%, in the fiscal year ended March 31, 2013 as compared to the fiscal year ended March 31, 2012, to R\$638.8 million, due primarily to the change in the ethanol sales mix from the domestic to the foreign market and consequent increases in freight costs.

Raízen Combustíveis

Raízen Combustíveis selling expenses decreased by R\$61.5 million, or 6%, to R\$1,026.9 million in the fiscal year ended March 31, 2013 as compared to the fiscal year ended March 31, 2012. This decrease was primarily due to the unification of the logistics operations and the efficiencies captured from the integration of the Esso and Shell gas station networks.

Comgás

Comgás' selling expenses for the period from November 5, 2012 to March 31, 2013 totaled R\$259.8 million.

Lubricants

Selling expenses increased 6% in the fiscal year ended March 31, 2013, to R\$199.7 million, as compared to R\$187.5 million in the fiscal year ended March 31, 2012, mainly due to the consolidation of Comma Oil & Chemicals.

General and Administrative Expenses

For Fiscal Year Ended March 31,			
2013	2012	%	
Variation			

	(in millions of reais, except percentages)			
Raízen Energia (1)	(490.2)	(441.6)	11	%
Raízen Combustíveis (1)	(361.6)	(356.9)	1	%
Rumo	(58.1)	(41.5)	40	%
Radar (2)	(14.9)	—	100	%
Comgás (3)	(127.7)	—	100	%
Lubricants	(72.5)	(31.1)	133	%
Cosan's other business	(146.4)	(120.9)	21	%
IFRS 11 – Deconsolidated of adjustments/eliminations joint ventures and eliminations (1)	851.9	717.5	18	%
General and administrative expenses	(419.5)	(274.5)	54	%

(1) Raízen presented 100% and upon the application of IFRS 11, deconsolidated and reassessed as investments.

(2) For a nine-month period from the date of acquisition of Radar.

(3) For a five-month period from the date of acquisition of Comgás.

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General and administrative expenses consist of salaries and benefits paid to employees, taxes, expenses related to third-party services, rentals and other expenses. Our total general and administrative expenses increased by 54% to R\$419.5 million during the fiscal year ended March 31, 2013 from R\$274.5 million during the fiscal year ended March 31, 2012, due to the factors described below.

Raízen Energia

General and administrative expenses were R\$490.2 million in the fiscal year ended March 31, 2013, an increase of 11% when compared to the fiscal year ended March 31, 2012. This increase is primarily due to the collective wage increase.

Raízen Combustíveis

General and administrative expenses totaled R\$361.6 million in the fiscal year ended March 31, 2013, an increase of 1% compared to the fiscal year ended March 31, 2012, reflecting the new corporate structure of Raízen Combustíveis as compared to its first year of operations.

Rumo

General and administrative expenses totaled R\$58.1 million in the fiscal year ended March 31, 2013, an increase of 40% compared to the fiscal year ended March 31, 2012. This increase in expenses was largely due to the beginning of operations at the Itirapina terminal and consulting services.

Radar and Comgás

General and administrative expenses totaled R\$142.6 million in the fiscal year ended March 31, 2013, for Radar and Comgás, businesses that were consolidated in 2012.

Lubricants

General and administrative expenses totaled R\$72.5 million in the fiscal year ended March 31, 2013, an increase of 133% when compared to the fiscal year ended March 31, 2012, due mainly to the expansion in the lubricants operations and expenditures related to the reorganization of Cosan's corporate structure.

Cosan's other business

General and administrative expenses totaled R\$146.4 million in the fiscal year ended March 31, 2013, an increase of 21% when compared to the fiscal year ended March 31, 2012.

Other Income, Net

Other income, net comprises other income and expenses. Other income, net increased from a net loss of R\$(21.7) million in the fiscal year ended March 31, 2012 to R\$(173.7) million in the fiscal year ended March 31, 2013, mainly reflecting the result of Cosan's other business due to disposal of assets related to the distribution of aviation fuel infrastructure.

Gain on the Deconsolidation of Subsidiaries to Form the Joint Venture

Due to the formation of the Raízen Energia and Raízen Combustíveis joint ventures during the fiscal year ended March 31, 2012, Cosan contributed its sugar and ethanol businesses, which resulted in a deconsolidation of the related assets and liabilities and recording the remaining interest at fair value, resulting in a one-time gain of R\$2,752.7 million before income tax and social contribution.

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Equity Income of Associates

Equity income of associates includes our interests in Equity income of associates includes our interests in Tellus Brasil 51%, Radar 18,9%, Vertical 50% and other investments. Equity income increased to R\$70.4 million in the fiscal year ended March 31, 2013 from R\$39.2 million in the fiscal year ended March 31, 2012.

Equity Income of Jointly Controlled Entity

Equity income of jointly controlled entities includes our 50% interests in Raízen Energia and Raízen Combustíveis. Equity income increased to R\$603.9 million in the transition period ended December 31, 2013 from R\$349.4 million in the period ended December 31, 2012.

Financial Results, Net

Financial results, net in the fiscal year ended March 31, 2013 totaled a net financial expense of R\$423.1 million compared with net financial expense of R\$259.1 million in the fiscal year ended March 31, 2012, an increase of R\$164.0 million, or 63%.

	For Fiscal Year Ended March 31,	
	2013	2012
	(in millions of reais)	
Finance expenses	(578.0)	(580.8)
Finance income	163.7	323.6
Foreign exchange losses, net	(83.3)	(16.5)
Derivatives	74.5	14.6
	(423.1)	(259.1)

Finance Expenses. Our financial expenses primarily consist of: (1) accrued interest on our indebtedness; (2) losses on monetary variation related to our financial investments; and (3) fees, commissions and other charges paid to financial institutions.

Financial expenses in the fiscal year ended March 31, 2013 totaled R\$578.0 million, as compared to R\$580.8 million in the fiscal year ended March 31, 2012.

Expenses of debt charges, net of financial investments yields, represented an increase of 0%, when compared to the previous the nine-month period, mainly due to greater average indebtedness. The increase was mainly attributable to increased debt charges related to indebtedness assumed to undertake the acquisition of Comgás.

Finance Income. Our financial income consists primarily of: (1) gains on monetary variation related to our financial investments; (2) income from financial investments; and (3) financial income related to compensation awarded in a legal proceeding against the Brazilian federal government.

Financial income during the fiscal year ended March 31, 2013 totaled R\$163.7 million, compared to financial income of R\$323.6 million during the fiscal year ended March 31, 2012, representing a decrease of 49% due mainly to the decrease of interest income.

Foreign exchange losses, net. Foreign exchange variation, net resulted in a loss of R\$(83.3) million in the fiscal year ended March 31, 2013 compared to a net loss of R\$(16.5) million in the fiscal year ended March 31, 2012. The negative effects from exchange variation occurred due to the depreciation of the real against the U.S. dollar. Our gross indebtedness denominated in a foreign currency was R\$3,480.0 million at March 31, 2013, compared to R\$1,107.8 million at March 31, 2012.

Derivatives. Derivatives resulted in a gain of R\$74.5 million in the fiscal year ended March 31, 2013 compared with a net gain of R\$14.6 million in the fiscal year ended March 31, 2012.

Income Taxes

Income tax expenses decreased to R\$126.4 million for the fiscal year ended March 31, 2013, compared to expenses of R\$1,019.1 million in the fiscal year ended March 31, 2012, mainly resulting from the decrease of the

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deferred taxes relating to the gain on the de-recognition of subsidiaries to form the Joint Venture recorded in 2011, partially offset by an increase in current taxes due to higher taxable income.

Net income attributable to our owners

As a result of the foregoing, net income attributable to our owners was R\$424.1 million in the fiscal year ended March 31, 2013, compared to R\$1,176.4 million in the fiscal year ended March 31, 2012, a decrease of 64% after deducting net income attributable to non-controlling interests of R\$509.4 million and R\$1,003.7 million in the fiscal year ended March 31, 2013 and 2012, respectively.

B. Liquidity and Capital Resources

Our financial condition and liquidity are influenced by several factors, including:

- our ability to generate cash flow from our operations;
- the level of our outstanding indebtedness and related accrued interest, which affects our net financial expenses;
 - prevailing Brazilian and international interest rates, which affects our debt service requirements;
- our ability to continue to borrow funds from Brazilian and international financial institutions and to obtain pre-export financing from certain of our customers;
- our capital expenditure requirements, which consist primarily of investments in crop planting and the purchase of equipment;
- credit ratings, including factors that may materially influence credit ratings, implications of potential changes in ratings and management's expectations; and covenant compliance, including the implications of a breach of financial or other covenants and the company's capacity for additional borrowing under its covenants.

Our cash needs have traditionally consisted of working capital requirements, servicing of our indebtedness, capital expenditures related to investments in operations, maintenance and expansion of plant facilities, as well as acquisitions. Our sources of liquidity have traditionally consisted of cash flows from our operations and short and long-term borrowings. We have financed acquisitions through seller financing, third-party financing or capital contributions by our shareholders. We believe our current working capital is sufficient for our present requirements and would expect to meet any potential shortfalls in our working capital needs through short- and long-term borrowings, capital contributions by our shareholders, or offerings of debt or equity securities in the domestic and international capital markets. In the fiscal year ended December 31, 2014, the transition period ended December 31, 2013 and the fiscal years ended March 31, 2013 and March 31, 2012, the cash flow used in investing activities was funded mainly by increased borrowing. As of December 31, 2014, our consolidated cash and cash equivalents (not including investment securities) amounted to R\$1,649.3 million compared to R\$1,509.6 million for the nine-month period ended December 31, 2013, R\$1,544.1 million for the fiscal year ended March 31, 2013, and R\$1,036.2 million for the fiscal year ended March 31, 2012.

Cash Flow from Operating Activities

The net cash flows generated by operating activities in the fiscal year ended December 31, 2014 were R\$1,117.2 million, compared to net cash flows generated by operating activities of R\$1,148.5 million in the shorter nine-month

period to December 31, 2013. This decrease was mainly due to the non-cash equity income adjustment of the period, partially offset by the increase of exchange gains in the period mainly due to the increase of bank charges, impacted by the corporate restructuring and the payment of a consent fee in the period. In the fiscal year ended March 31, 2013 cash flows generated by operating activities were R\$283.1 million, and R\$652.0 million for the fiscal year ended March 31, 2012.

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Cash Flow Used in Investing Activities

Net cash flows used in investing activities were R\$331.7 million in the fiscal year ended December 31, 2014, compared to R\$523.1 million in the shorter nine-month period ended December 31, 2013, this variation was mainly attributable to the acquisition of the property, software and other intangibles additions in the period. For the fiscal year ended March 31, 2013 cash flows used in investing activities were of R\$2,710.6 million, and R\$1,180.2 million for the fiscal year ended March 31, 2012.

Cash Flow from Financing Activities

Net cash flows used in financing activities were R\$635.5 million in the fiscal year ended December 31, 2014, compared to net cash flows generated by financing activities of R\$673.4 million in the shorter nine-month period ending December 31, 2013, this variation was mainly due to the cash received from redeemable preferred shares, partially offset by the loans and borrowings paid in the period. In the fiscal year ended March 31, 2013 cash flows from financing activities were R\$2,931.3 million and R\$276.8 million for the fiscal year ended March 31, 2012.

Indebtedness

As of December 31, 2014, our outstanding debt totaled R\$8,502.6 million of which R\$1,056.4 million was short-term debt. Our debt consisted of R\$3,994.6 million in local currency-denominated debt and R\$4,508.1 million in foreign currency-denominated debt.

Our total debt of R\$8,502.6 at December 31, 2014 decreased 6.5% as compared to our total debt of R\$ 9,093.0 at December 31, 2013. Our short-term debt, comprised of our current portion of long-term debt and interest accrued, represented 12.4% of our total indebtedness at December 31, 2014. Our U.S. dollar-denominated debt at December 31, 2014 represented 50.4%, and our British pound sterling-denominated debt represented 2.6% of our total indebtedness. Our secured debt at December 31, 2014 represented 9.8% of our total indebtedness, mostly in the form of land mortgage deeds, assignment/ pledge of credit rights, machinery and equipment, sugar and ethanol.

Certain of our long-term debt agreements, require us or certain of our subsidiaries, as applicable, to comply with certain financial and negative covenants, including our US\$200 million and US\$300 million 8% perpetual notes, our US\$500 million 5% notes with maturity at 2023 and our R\$850 million 9.5% notes with maturity at 2018, which limits the ability of their subsidiaries to, among other things, enter into certain transactions with shareholders or affiliates, engage in a merger, sale or consolidation transactions and create liens.

The Company, its subsidiaries are subject to certain restrictive financial covenants set forth in existing loans and financing agreements. For the fiscal year ended at December 31, 2014, the Company, its subsidiaries were in compliance with their debt covenants.

The principal financing activities for fiscal year ended December 31, 2014 are described below:

- In August 2014, CLE raised R\$24.8 million outside of Brazil, through Resolution 4131;
- In October 2014, Cosan Limited rolled over R\$99.5 million outside of Brazil, extending the debt's maturity from October 2014 to October 2017;
- In November 2014, Cosan S.A. raised R\$ 253.5 million outside of Brazil, through Resolution 4131; and

- In December 2014, Cosan Lubes Investments Limited rolled over its LIBOR UK Semiannual debt, extending its maturity to December 2019.

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The table below shows the profile of our debt instruments:

Description	Index	Interest	December 31, 2014	December 31, 2013	March 31, 2013	April 01, 2012	Maturity date
		Actual interest rate (%)					
Senior Notes Due 2018	Fixed	9.50	874,494	873,589	852,705	—	Mar-18
Senior Notes Due 2023	Dollar (US\$)	5.00	1,352,796	1,086,716	987,914	—	Mar-23
BNDES	TJLP	7.75	288,209	526,716	707,759	—	Jun-17
BNDES	SELIC	14.17	274,000	159,894	310,358	—	Oct-20
BNDES	TJ462	7.80	834,565	525,636	77,477	—	Oct-20
Perpetual notes	Dollar (US\$)	8.25	1,344,760	1,186,221	1,019,706	922,533	—
Working capital	Dollar (US\$) + LIBOR	4.18	133,185	262,796	206,089	185,311	Sep-16
Working capital	CDI + 1.20%	12.91	101,515	—	—	—	oct-17
Working capital	CDI + 1.43%	13.17	85,628	—	—	—	sep-16
Credit notes	110.00% CDI	0	—	393,646	367,013	337,810	—
FINAME *	Fixed	4.04	307,230	277,298	309,574	309,474	Nov-22
FINAME *	URTJLP	6.93	457,570	428,916	405,335	322,228	May-22
Finem**	Fixed	3.50	3,420	—	—	—	Jan-24
Finem**	URTJLP	6.66	13,231	—	—	—	Jan-22
Finem**	IPCA	14.60	3,483	—	—	—	Nov-21
Leasing	100.00%	0	—	1,068	2,020	—	—
Foreign loans	LIBOR UK semiannual	3.88	224,047	209,340	167,021	—	Dec-19
EIB (European Investment Bank)	Dollar (US\$)	2.07	691,463	633,223	528,902	—	Sep-21
Resolution 4131 ***	Dollar (US\$) + LIBOR	1.18	29,338	—	—	—	Aug-15
Resolution 4131 ***	Dollar (US\$) + LIBOR	1.59	266,006	—	—	—	Nov-15
Resolution 4131 ***	Dollar (US\$) + LIBOR	2.72	466,494	413,477	549,106	—	Feb-18
Non-convertible debentures	123.00% CDI	0	—	1,443,941	1,394,694	—	—
Non-convertible debentures	CDI	11.81	131,229	164,144	70,321	—	Aug-14
		11.98	447,386	417,231	-	—	Sep-20

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Non-convertible debentures	Fixed rate + IPCA						
FINEP ****	Fixed	5.00	165,032	89,104	89,020	—	Jan-21
	103.00%						
Promissory notes	CDI	0	—	—	402,104	—	—
Credit assignment	CDI	0	—	—	60,886	—	—
Other		0	7,559	—	—	—	—
Consolidated Debt			8,502,640	9,092,956	8,508,004	2,077,356	
Current			1,056,353	1,050,862	1,608,373	83,505	
Non-current			7,446,287	8,042,094	6,899,631	1,993,851	

* Finame: Machinery and Equipment Financing Program

** Finem: Financing Developments Program

*** Resolution 4131: funds raised outside of Brazil with several financial institutions

**** FINEP: Modality of Financing Program

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Working Capital

As of December 31, 2014, we had working capital of R\$594.2 million, compared to R\$913.3 million as at December 31, 2013 (R\$456.3 million in the fiscal year ended March 31, 2013 and R\$1,297.0 million in the fiscal year ended March 31, 2012). The difference between the position at December 31, 2014 and December 31 2013 was primarily attributable to an increase in current liabilities which was caused by an increase in trade payables.

Capital Expenditures

Our capital expenditures in property, plant and equipment, including acquisitions (net of cash acquired), expenditures for crop formation and expenditures for purchases of land, were R\$1,063.4 million during the fiscal year ended December 31, 2014, compared to R\$1,227.5 million during the unaudited twelve-month period ended December 31, 2013. For the nine-month period ended December 31, 2013 capital expenditures were R\$976.1 million, and R\$637.1 million during the fiscal year ended March 31, 2013.

The following table sets forth our capital expenditures for the fiscal year ended December 31, 2014, the twelve-month period ended December 31, 2013, the nine-month period ended December 31, 2013 and the fiscal years ended March 31, 2013 and 2012:

	For Fiscal Year Ended December 31, 2014	For the Twelve-Month Period Ended December 31, 2013	For the Nine-Month Period Ended December 31, 2013	For Fiscal Year Ended March 31, 2013	For Fiscal Year Ended March 31, 2012
	(in millions of reais)				
Rumo	273.6	255.1	198.0	266.7	269.0
Radar	1.1	2.4	0.1	0.8	-
Comgás	661.3	852.2	677.7	294.4	-
Lubricants	52.2	97.4	81.4	72.9	-
Other business	75.2	20.4	19.0	2.5	99.5
Total consolidated capital expenditures	1,063.4	1,227.5	976.1	637.1	368.5

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The main planned and undergoing projects related to capital expenditures are described in “Item 4. Information on the Company—D. Property, Plant and Equipment.”

As of December 31, 2014, the Company through its subsidiary Rumo, has contractual commitments in 2015 for the improvement of the railway network, to expand the logistics segment through 2015, for an amount of R\$ 22.0 million. And, through its subsidiary Comgás, the Company has contractual commitments for the acquisition of intangible assets of R\$ 13.3 million for the support and administration of the gas distribution network, as well as administrative and technology costs. We expect to fund such commitments through cash from operations.

C. Research and Development, Patents, Licenses, etc.

See “Item 4. Information on the Company—B. Business Overview—Research and Development.”

D. Trend Information

We are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect upon our net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information to not necessarily be indicative of future operating results or financial condition.

E. Off-Balance Sheet Arrangements

Acquisition of assets

The Company, through its subsidiary Comgás, has contractual commitments for the acquisition of intangible assets amounting to R\$13.257 million at December 31, 2014 compared to R\$23.687 million on December 31, 2013 related to the acquisition, support and administration of the gas distribution network, as well as administrative and technology costs for the maintenance of the Company's business.

Lease Agreements

Lessor

The Company, through its subsidiary Radar, has operating leases on agricultural land for the production of sugar cane and other grains. The minimum lease receivables related to these agreements are calculated by the TRS and other commodities, and harvested volume per hectare as defined in contract. Revenues related to these contracts at December 31, 2014 are as follows:

Fiscal Year	December 31, 2014 (in millions of reais)
Within 1 year	66.0
More than 1 years	237.8
Total	303.8

Lessee

At December 31, 2014, future minimum lease payments on non-cancellable operating leases entered by Rumo are as follows:

Fiscal Year	December 31, 2014 (in millions of reais)
Within 1 year	56.6
More than 1 year less than 5 years	268.1
Total	324.7

The Company, through its subsidiary Comgás has 15 lease contracts for the rental of properties. Rental expense amounted to R\$ 4.6 million for the fiscal year ending December 31, 2014 compared to R\$ 5.7 million for the nine-month period ended December 31, 2013.

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The lease terms are for a period of one to six years, and the majority of lease agreements are renewable at the end of the lease period at market rates. Future minimum lease payments under non-cancelable operating leases are as follows:

Fiscal Year	December 31, 2014	December 31, 2013
	(in millions of reais)	
Within 1 year	4.1	4.8
More than 1 year less than 5 years	6.2	9.4
Total	10.3	14.2

Purchase

The Company through its subsidiary Rumo has contractual commitments in 2015 for an amount of R\$ 22 million.

F. Tabular Disclosure of Contractual Obligations

Contractual Financial Obligations

The following table sets forth the maturity schedule of our material contractual financial obligations (contracted undiscounted cash flows basis) at December 31, 2014:

	Total	Less than 1 year	1 to 2 years	3 to 5 years	More than 5 years
	(in millions of reais)				
Long-term debt obligations (1)	14,988.8	1,253.1	1,113.3	6,476.7	6,145.6
Operating lease obligations	333.4	333.4	—	—	—
Trade payables	1,034.3	1,034.3	—	—	—
Tax Amnesty and Refinancing Program – REFIS (1)	524.7	190.1	1.1	0.7	332.8
Total	16,881.3	2,811.0	1,114.5	6,477.4	6,478.4

(1) Include future interests based on the applicable rates at December 31, 2014

Since December 31, 2014, there have been no material changes to the contractual obligations described above.

Our long-term debt consists primarily of:

- R\$874.5 million senior notes due March 2018;
- R\$1,352.8 million senior notes due March 2023;
- R\$1,396.8 million BNDES (finance lease) financing due between 2017 and 2022;
- R\$1,344.8 million perpetual notes with call option for Cosan beginning on November 5, 2015;
- R\$320.3 million working capital due 2016;
- R\$691.5 million loan from EIB (European Investment Bank) due 2021;

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- R\$761.8 million loan from Resolution 4131 due February 2018;
- R\$578.6 million Debentures due between 2014 and 2020;
- R\$764.8 million Finame (finance lease) financing due 2022;
- R\$ 20.1 million Finem due between 2021 and 2024; and
 - R\$396.6 million other debts.

We believe we will be able to refinance our existing debt on favorable market conditions.

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Recently Issued Accounting Standards

New IASB accounting standards have been published and/or reviewed and may be adopted for the current fiscal year, as described below. Except as described below, there are no other standards and interpretations issued but not yet adopted that may, in management's opinion, have a significant impact on the results or equity disclosed by the Company.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company has yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption being permitted.

IFRS 15 Revenue from contracts with customers

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Company is currently assessing the potential impacts of adopting IFRS 15.

IAS 41 Agriculture

IAS 41, "Agriculture" currently requires that biological assets related to agricultural activity are measured at fair value less costs to sell. IASB has determined that "bearer plants" should be accounted for as property, plant and equipment (IAS 16), i.e., at cost less depreciation or impairment provision. The standard is effective for annual reporting beginning on or after January 1, 2016 with early adoption permitted. The Company is assessing the potential impacts of adopting IAS 41.

IFRIC 21 Levies

IFRIC 21, "Levies". IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. The Company is not currently subject to significant levies therefore it does not expect that the application of the new standard will have a material impact on the Company's consolidated financial statements.

G. Safe harbor

See “Forward-Looking Statements.”

Item 6. Directors, Senior Management and Employees

Our board of directors and our executive officers are responsible for the operation of our business. Nevertheless, Mr. Rubens Ometto Silveira Mello, who controls all of our class B series 1 common shares, has the overall power to control us, including the power to establish our management policies.

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A. Directors and Senior Management

Board of Directors

Our by-laws provide that our board of directors shall consist of between five and eleven directors. Our board of directors currently consists of eleven directors.

Our board of directors is the decision-making body responsible for, among other things, determining policies and guidelines for our business. The board of directors also supervises our executive officers and monitors their implementation of policies and guidelines established from time to time by our board of directors.

Our board of directors is divided into three classes (Class I, Class II and Class III) that are, as nearly as possible, of equal size. Each class of directors is elected for a three-year term of office, and the terms are staggered so that the term of only one class of directors expires at each annual general meeting. Members of our board of directors are subject to removal at any time with or without cause at a general meeting of shareholders. Our by-laws do not include any citizenship or residency requirements for members of our board of directors.

The following table lists the members of our board of directors:

Name	Initial Year of Appointment to Cosan Limited's Board	Initial Year of Appointment to Cosan S.A.'s Board	Class(1)	Position Held – Cosan Limited	Position Held – Cosan S.A.	Year of Birth
Rubens Ometto Silveira Mello	2007	2000	III	Director	Chairman	1950
Marcus Vinicius Pratini de Moraes(2)	2007	2005	II	Director	—	1939
Marcelo Eduardo Martins	2009	2009	III	Director	Director	1966
Mailson Ferreira da Nóbrega(2)	2007	2008	I	Director	Director	1942
Marcos Marinho Lutz	2007	—	II	Director	—	1969
Pedro Isamu Mizutani	2007	2000	III	Director	Director	1959
George E. Pataki(2)	2007	—	I	Director	—	1945
Marcelo de Souza Scarcela Portela	2007	2009	II	Director	Vice Chairman	1961
José Alexandre Scheinkman(2)	2007	—	I	Director	—	1948
Burkhard Otto Cordes	2008	2005	II	Director	Director	1975
Hélio França Filho (2)	2009	—	III	Director	—	1959

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Serge Varsano(2)	—	2009	—	—	Director	1955
Roberto de Rezende Barbosa	—	2009	—	—	Director	1950

(1) The terms of the directors expire as follows: Class I Directors at the annual general meeting referred to the fiscal year 2017; Class II Directors at the annual general meeting referred to the fiscal year 2015; and Class III Directors at the annual general meeting referred to the fiscal year 2016.

(2) Independent director.

The following is a summary of the business experience of our current directors. Unless otherwise indicated, the business address of our current directors is Av. Presidente Juscelino Kubitschek, 1327, 4th floor, São Paulo, SP, Brazil.

Rubens Ometto Silveira Mello. Mr. Mello is our director and chairman. He is also chairman of the board of directors of Cosan S.A. He holds a degree in mechanical engineering from the Escola Politécnica of the University of São Paulo (1972). Mr. Mello has more than 30 years of experience in the management of large companies. He has also served as general director and chairman of the board of directors of Costa Pinto S.A. since 1980, vice president of Pedro Ometto S.A. Administração e Participações since 1980, director of Cosan Operadora Portuária S.A. since

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1998, chairman of the board of directors of FBA from 2001 until its merger into Corona, and is currently the chairman of the boards of Cosan S.A., Comgás and Raízen. He also holds the position of director of UNICA, the Sugarcane Agroindustry Association of the State of São Paulo (UNICA—União da Agroindústria Canavieira do Estado de São Paulo). Prior to joining Cosan, Mr. Mello worked from 1971 to 1973 as an advisor to the board of executive officers of UNIBANCO União de Bancos Brasileiros S.A., and from 1973 to 1980 as chief financial officer of Indústrias Votorantim S.A.

Marcus Vinicius Pratini de Moraes. Mr. Pratini de Moraes is our director. He holds a degree in economics from Faculdade de Ciências Econômicas da Universidade do Rio Grande do Sul (1963), a postgraduate degree in public administration from Deutsche Stiftung fur Entwicklungsländer—Berlin (1965) and a business administration degree from University of Pittsburgh and Carnegie Institute of Technology (1966). Mr. Pratini de Moraes held several positions in the Brazilian federal government, including Minister of Planning and General Coordination (1968-1969), Minister of Industry and Commerce (1970-1974), Minister of Mines and Energy (1992) and Minister of Agriculture, Livestock and Food Supply (1999-2002). He also served a term as a congressman from the state of Rio Grande Do Sul (1982-1986). He was a board member of Solvay do Brasil (1998-1999) and chairman (2003); member of the advisory council of the Brazilian Mercantile & Futures Exchange—BM&F (2003); member of the Brazil—China Business Council (2004); president of the Brazil—Russia Business Council (2004); member of the National Council of Industrial Development (2005); and vice-president of the Beef Information Center—SIC (2005). Mr. Pratini de Moraes is currently the chairman of ABIEC (Brazilian Beef Export Industries Association), a board member of FIESP (Federation of Industries of the State of São Paulo), a board member of JBS S.A. and a member of the supervisory board and the audit committee of ABN AMRO Bank N.V.

Marcelo Eduardo Martins. Mr. Martins has been a member of our board of directors and of Cosan S.A.'s board of directors since March 23, 2009. Mr. Martins also holds the position of chief financial and investor relations officer. His duties include identifying acquisition opportunities and implementing takeovers as well as business development activities for which the company may have strategic interest in the future. In July 2007, Mr. Martins was appointed as an executive officer of Aguassanta Participações S.A. Prior to joining the Cosan Group, Mr. Martins was the Chief Financial and Business Development Officer of Votorantim Cimentos between July 2003 and July 2007 and, prior to that, head of Latin American Fixed Income at Salomon Smith Barney (Citigroup) in New York. He has significant experience in capital markets, having worked at Citibank (where he began his career as a trainee in 1989), Unibanco, UBS and FleetBoston. He has a degree in business administration from the Getúlio Vargas Foundation, majoring in finance.

Mailson Ferreira da Nóbrega. Mr. Nóbrega has been a member of our board of directors and of Cosan S.A.'s board of directors since November 2007. He is an economist and was Brazil's Minister of Finance from 1988 to 1990. He was previously Technical Consultant and Chief of Project Analysis Department at Banco do Brasil; Coordination Chief of Economic Affairs of the Ministry of Industry and Commerce and Secretary General of the Ministry of Finance. He performed as the chief executive officer of the European Brazilian Bank—EUROBRAZ, in London. Mr. Nóbrega is also member of the board of directors of the following companies: Abyara Planejamento Imobiliário, CSU Cardsystem S.A., Grendene S.A., Portobello S.A., Rodobens Negócios Imobiliários S.A., TIM Participações S.A. and Veracel Celulose S.A.

Marcos Marinho Lutz. Mr. Lutz is a member of our board of directors and our chief executive officer. He has been Cosan S.A.'s chief executive officer since November 2009 and served as chief commercial officer since 2006. Mr. Lutz holds a naval engineering degree from Escola Politécnica of the University of São Paulo and a master's degree in business administration from Kellogg Graduate School of Management, Northwestern University. From 2002 to 2006, Mr. Lutz was the executive director of infra-structure and energy at CSN (SID) and a board member of MRS Logística, CFN Railways, and Itá Energética. Before that, Mr. Lutz was the chief operating officer at Ultracargo S.A.,

the logistics affiliate of the Ultra Group.

Pedro Isamu Mizutani. Mr. Mizutani has been a member of our board directors since 2007. He has been a member of Cosan S.A.'s board of directors since 2000. He has served as Cosan S.A.'s managing director since 2001, and served as Cosan's chief operating officer until June 2011. Currently Mr. Mizutani holds a position as Raízen's chief operating officer. Mr. Mizutani holds a production-engineering degree from the Escola Politécnica of the University of São Paulo (1982), a postgraduate degree in finance from UNIMEP—Universidade Metodista de Piracicaba (1986) and a master's degree in business management from FGV—Fundação Getúlio Vargas, São Paulo, with an extension degree from Ohio University (2001). Mr. Mizutani has more than 20 years of experience in finance and administration with companies in the ethanol and sugar industries. He also served as a planning director

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of Usina Costa Pinto S.A. from 1983 to 1987, as financial manager from 1987 to 1988, and as administrative and financial director from 1988 to 1990. From 1990 to 2001, he acted as administrative and financial director of the group.

George E. Pataki. Mr. Pataki is a member of our board of directors. He has a bachelor's degree from Yale University (1967), and a law degree from Columbia Law School (1970). Mr. Pataki was a partner in the New York law firm of Plunkett & Jaffe until 1987. He was elected mayor of Peekskill, New York in 1981, and served in the New York State Legislature as an assemblyman and then a senator from 1985 to 1994. In 1994, Mr. Pataki became the fifty-third Governor of the State of New York and was reelected in 1998 and 2002. He served as Governor from January 1, 1995 until January 1, 2007. Mr. Pataki is counsel at Chadbourne & Parke LLP.

Marcelo de Souza Scarcela Portela. Mr. Portela is a member of our board of directors and is also Cosan S.A.'s legal vice president, and a member of the board of directors. He holds a law degree from Faculdade de Direito da Universidade de São Paulo (1983), and completed graduate studies in commercial law from Faculdade de Direito da Universidade de São Paulo (1988) and McGill University Law School (1990) in Montréal, QC, Canada.

José Alexandre Scheinkman. Mr. Scheinkman is a member of our board of directors. He is the Theodore A. Wells '29 Professor of Economics at Princeton University. He has a bachelor's degree in economics from the Federal University of the State of Rio de Janeiro (1969), a master's degree (1973) and doctorate degree (1974) in economics from the University of Rochester, and a master's degree in mathematics from Instituto de Matemática Pura e Aplicada (Brazil) (1976). Mr. Scheinkman is a Fellow of the American Academy of Arts and Sciences, a Fellow of the Econometric Society, and received a "docteur honoris causa" from the Université Paris-Dauphine. In 2002, he was a Blaise Pascal Research Professor (France). Professor Scheinkman is a member of the Conseil Scientifique of the Institute Europlace de Finance (Paris) and a member of the Conselho Acadêmico of IBMEC (São Paulo). Previously, he was the Alvin H. Baum Distinguished Service Professor and Chairman of the Department of Economics at the University of Chicago, Vice President in the Financial Strategies Group of Goldman, Sachs & Co., co-editor of the Journal of Political Economy and a member of the advisory panel in economics to the Sloan Foundation.

Burkhard Otto Cordes. Mr. Cordes has been a member of our board of directors since 2008 and of Cosan S.A.'s board of directors since 2005. He graduated in business administration from Fundação Armando Álvares Penteado (1997) and he holds a master's degree in finance from IBMEC-SP (2001). Mr. Cordes has worked in financial markets. He worked at Banco BBM S.A., a company owned by Grupo Mariani, where he worked at its commercial division focusing corporate and middle market segments. Before holding his current position, he had worked at IBM Brasil in its financial division. Mr. Cordes is Mr. Mello's son-in-law.

Helio Franca Filho. Mr. Franca Filho has been a member of our board of directors since August 2009. He joined Gavea's Illiquid Strategies Group in April 2007, focusing primarily on the commodities sector. With over 20 years of experience in the commodities sector, Mr. Franca Filho began his career with the Sucres & Denrées group, where he worked from 1984 to 1985 trading coffee, sugar and cocoa. He subsequently joined the Louis Dreyfus group in New York, where he was in charge of the Latin American sugar and ethanol market from 1985 to 1996. From 2000 to 2007, he was director of Brazilian operations for the Noble group, a commodities trading company listed in England and Singapore. Mr. Franca Filho has a degree in economics from the Pontifical Catholic University of Rio de Janeiro (PUC-RJ).

Serge Varsano. Mr. Varsano has been a member of Cosan S.A.'s board of directors since 2007. He holds a degree from the Marshall School of Business of the University of Southern California (1975). Mr. Varsano began his career as a trader in the Sucres et Denrées group, one of the world's leading sugar traders, subsequently becoming its chief executive officer. He has been chief executive officer of the Sucres et Denrées group since 1988.

Roberto de Rezende Barbosa. Mr. Barbosa has been a member of Cosan S.A.'s board of directors since 2009. He worked as a trainee at Halles Bank and the Dacon dealership, assuming the family business in 1975. He was the chief executive officer of Grupo Nova América and is currently the chief executive officer and a board member at CTC – Centro de Tecnologia Canavieira, and a board member at SCA – Sociedade Corretora de Álcool, IEDI – Institute of Industrial Development Studies and UNICA – the Federation of Sugarcane Industries of São Paulo State.

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Executive Officers

Our executive officers serve as our executive management body. They are responsible for our internal organization and day-to-day operations and for the implementation of the general policies and guidelines established from time to time by our board of directors.

Our executive officers are elected by our board of directors for two-year terms and are eligible for reelection. Our board of directors may remove any executive officer from office at any time with or without cause. Our executive officers hold meetings when called by any of our executive officers.

The following table lists our current executive officers:

Name	Initial Year of Appointment			Position Held at				Year of Birth
	Cosan Limited	Cosan S.A.	Cosan Logística S.A.	Cosan Limited	Cosan S.A.	Cosan Logística S.A.		
Rubens Ometto Silveira Mello	2007	—	2014	Chairman	—			1950
Marcos Marinho Lutz	2007	2009	2014	Chief Executive Officer	Board Member	Board Member		1969
Marcelo Eduardo Martins	2009	2009	2014	Chief Financial and Investor Relations Officer	Board Member	Board Member		1966
Marcelo de Souza Scarcela Portela	—	2009	2014	Legal Vice President and Board Member	Legal Vice President and Board Member	Legal Vice President and Board member		1961

The terms of the directors expire as follows: for Cosan Limited Directors in August 2015, for Cosan S.A. Directors in April 2017 and for Cosan Logística S.A. Directors in April 2017.

Cosan Limited's officers are Rubens Ometto Silveira Mello, Marcos Marinho Lutz, Marcelo Eduardo Martins and Marcelo de Souza Scarcela Portela. Cosan S.A. officers are Marcelo de Souza Scarcela Portela, Nelson Roseira Gomes Neto and Ricardo Mussa. Cosan Logística's officers are Julio Fontana Neto, José Cezário Menezes de Barros Sobrinho and Marcelo de Souza Scarcela Portela.

The following is a summary of the business experience of Cosan S.A.'s and Cosan Logística's executive officers who are not Cosan Limited directors. Unless otherwise indicated, the business address of the executive officers is Av. Presidente Juscelino Kubitschek, 1327, 4th floor, São Paulo, SP, Brazil.

Nelson Roseira Gomes Neto. Mr. Gomes Neto is Cosan S.A.'s CEO. He holds a bachelor's degree in engineering from Catholic University (1992), a master's degree in corporate finance from PUC – IAG Master (1998) and a master's degree in business administration from COPPEAD (2001). He joined Exxon Mobil Corporation in 1991 as a trainee. Throughout the course of his career, he has served in positions of increasing managerial responsibility in several business lines such as Fuels Marketing, Convenience Retailing, Natural Gas, and since 2001 part of Lubricants business. In February 2008 he was appointed Brazil Lubricants Officer to Esso Brasileira de Petróleo Limitada, and in

December 2008, Lubricants Vice President.

Julio Fontana Neto. Mr. Neto is Cosan Logística S.A.'s CEO. He was formerly chief executive officer of MRS Logística S.A. with experience in logistics, railroad operations and infrastructure. He holds a bachelor's degree in mechanical engineering (1978) and in business administration from Mackenzie University (1981) and a master's degree in administration from IESE Business school – University of Navarra, Spain (2002).

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Key managers

Name	Initial Year of Appointment to Cosan S.A.	Position Held – Cosan	Year of Birth
Nelson Roseira Gomes Neto	2008	Chief Executive Officer – Cosan S.A.	1970
Ricardo Mussa	2014	Lubricants Executive Officer – Cosan S.A.	1975
Luis Henrique Guimarães	2013	Chief Executive Officer – Comgás	1966

The following is a summary of the business experience of the key manager who is not an executive officer.

Luis Henrique Guimarães is the chief executive officer of Comgás. He was formerly the Fuels Operational Officer and responsible for the Joint Venture's Downstream division, which covers the retail, commercial and aviation businesses. Luis Henrique joined Shell in 1987 and worked in several positions in the lubricants and retail businesses in Brazil and abroad (based in London). In 2007, he took the position of Shell's Chief Marketing Officer for Lubricants in North America, based in Houston; and

In addition, our Joint Venture with Shell is run by a management team drawn from Cosan and Shell with a proven track record in sugar, ethanol and fuels. The executive team is comprised of:

Vasco Dias is the CEO of the Joint Venture. Vasco joined Shell in 1979 and was formerly the President of Shell Brasil. He occupied positions of increasing responsibility in Brazil and abroad throughout his career and participated, in the Hague, in the team that led the global restructuring of the Shell Group. He returned to Brazil in 1997 to hold the position of CEO of Shell Gas and, as of 2005, Retail Vice President for Latin America and Country Chair of Shell in Brazil;

Luis Rapparini is the CFO and Officer of Investor Relations of the Joint Venture. He joined Raízen from BAT, having worked in Brazil, Africa, the United Kingdom and the United States. He previously was Finance and Investor Relations Director for Souza Cruz in Brazil;

Pedro Mizutani is the Sugar, Ethanol and Energy Operational Officer and was previously CEO of Cosan S.A. Açúcar e Álcool. He maintains his responsibilities on sugar and ethanol production and cogeneration in the Joint Venture, with ultimate responsibility for the Sugar and Ethanol division. Mr. Mizutani has 27 years of experience in the sugar and energy sector and started his professional career at Cosan in the 1980s, having taken positions of increasing responsibility up to his current one. He is a member of the Board of Directors of UNICA and a professor at Fundação Getúlio Vargas's post-graduation course;

Leonardo Gadotti Filho is the Executive Officer and manages logistics, supply and distribution for the Joint Venture. Mr. Leonardo Gadotti joined Esso Brasileira in 1980 as an intern and took positions of increasing responsibility in Brazil and abroad. He is currently the President of Sindicom, a board member of the Brazilian Institute for Ethics in Competition (Instituto Brasileiro de Etica Concorrencial) and a board member of the Brazilian Institute for Petrol, Gas and Biofuels (Instituto Brasileiro de Petroleo, Gás e Biocombustíveis).

Teófilo Lacroze is the Executive Officer for sales at Raízen. Mr. Teófilo Lacroze graduated in business administration at the Universidad de San Andres (Argentina), and holds an MBA in marketing and strategy from the University of Cambridge (England). With over 20 years of experience in retail business, Mr. Lacroze joined the Shell Group in Argentina in 1996 as a financial analyst. After working in companies of the Shell Group in Buenos Aires, London and Santo Domingo, he became network strategy & planning manager Latin America for Shell Brazil in June 2004, taking the position of Director of Sales and Operations in 2005 and subsequently Director of Marketing in 2008. In June 2010, he took over as Director of Distribution and Marketing for Shell Brazil. In May 2011 he joined Raízen Energia S.A. as Director of Marketing and Trading and in December 2012 and he took over as Executive Vice President of Operations and Sales.

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Leonardo Remião Linden is the executive officer for Marketing and Engineering. Mr. Leonardo Remião Linden holds a degree in Business Administration from the Universidade Federal do Rio Grande do Sul, with extension courses in international schools such as Kellogg Business School, Thunderbird Executive Education and North Carolina University. He worked for 18 years as an employee of ExxonMobil, having accumulated a great deal of experience in the management of the company's national and international business. In July 2008 he joined Grupo Cosan to act as Director of Marketing for Fuel. In addition, in August 2009 he became Vice President of Fuels, a position held until May 2011. In December 2012, he became the Vice President of Marketing and Engineering at Raízen Energia S.A.

Paulo Francisco de Almeida Lopes is the legal counsel and vice president. Mr. Francisco de Almeida Lopes holds a law degree from the Faculdade de Direito da Universidade do Estado do Rio de Janeiro - UERJ and specialized in Comparative International Law by the University of Texas at Dallas. Mr. Almeida Lopes has over 20 years of experience in the legal field for energy companies. Between 1983 and 1991, he held positions in Shell Brazil S.A.'s legal department. He was the legal manager of Billiton Metais S.A. (then a Shell Group company) between 1991 and 1993. He took the Legal Manager position for Shell International Petroleum Company Ltd., London, England, and Shell International Exploration and Production BV, at The Hague, Netherlands, between 1994 and 1998. He was the Legal Director of Exploration and Production of oil and gas for Shell Brazil S.A. between 1998 and 2001. Afterwards, he was the Legal Director of Companhia Vale do Rio Doce - CVRD until 2002. He was subsequently Legal Vice President of Shell Brazil Ltda, a position he held until 2011, when he assumed the position of Legal Vice President at Raízen Energia SA, a position he still holds.

The executive board of the Joint Venture is overseen by the supervisory board. The supervisory board is responsible for appointing members of the executive board and monitors the activities and reports of the executive board. The supervisory board consists of three directors nominated by Cosan and three directors nominated by Shell. Our chairman, Rubens Ometto Silveira Mello, is the chairman of the supervisory board. Cosan and Shell have each designated a shareholder representative who is responsible for determining the Joint Venture's strategic priorities and resolving any deadlock within the supervisory board. Our shareholder representative is Rubens Ometto Silveira Mello.

Our Relationship with our Executive Officers and Directors

Mr. Burkhard Otto Cordes is a member of Cosan S.A.'s and Cosan Limited's boards of directors and serves as financial manager in Aguassanta Participações S.A. Mr. Cordes is Mr. Mello's son-in-law.

There are no arrangements or understandings with any of our shareholders, customers, suppliers or others, pursuant to which any director or member of our senior management has been or will be selected.

Committees of the Board of Directors

Audit Committee

The members of our audit committee are Messrs. Marcus Vinicius Pratini de Moraes (chairman), Mailson Ferreira da Nóbrega and Hélio França Filho. Our board of directors has determined that Marcus Vinicius Pratini de Moraes (chairman), Mailson Ferreira da Nóbrega and Hélio França Filho meet the independence requirements of the SEC and the NYSE listing standards. For a discussion of the role of our audit committee, see "—C. Summary of Significant Differences of Corporate Governance Practices—Audit Committee."

Risk Management Committee

We have a risk management committee that is responsible for advising the board on risk management, by establishing exposure limits and hedging ratios on a periodic basis so as to achieve better operational and financial controls. The members of our risk management committee are Messrs. José Alexandre Scheinkman (chairman), Marcelo Eduardo Martins and Marcos Marinho Lutz.

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B. Compensation

Under our by-laws, our board of directors is responsible for establishing the annual aggregate compensation that we pay to the members of our board of directors and our executive officers.

The aggregate amount of compensation paid to all members of the board of directors and its executive officers in the fiscal year ended December 31, 2014 was R\$79.4 million, in the transition period December 31, 2013 was R\$39.0 million and in the fiscal year March 31, 2013 was R\$106.6 million. The compensation to be paid to directors and executive officers of Cosan S.A. and its subsidiaries who also act as directors or executive officers of our company will be in addition to compensation paid to them by our company.

Our executive officers receive the same benefits generally provided to our employees. Members of our board of directors are not entitled to these benefits.

We currently have no employment agreements with our directors and executive officers providing for benefits upon the termination of employment. Our directors and executive officers who serve for both us and Cosan will receive compensation from both companies.

C. Summary of Significant Differences of Corporate Governance Practices

The NYSE Corporate Governance Rules provide that we are required to disclose any significant differences on our corporate governance practices from those required to be followed by U.S. companies under NYSE listing standards. We have summarized these significant differences below.

We are permitted to follow practice in Bermuda in lieu of the provisions of the NYSE Corporate Governance Rules, except that we will be required to have a qualifying audit committee under Section 303A.06 of the Rules, or avail ourselves of an appropriate exemption. In addition, Section 303A.12(b) provides that our chief executive officer is obligated to promptly notify the NYSE in writing after any of our executive officers becomes aware of any material non-compliance with any applicable provisions of the NYSE Corporate Governance Rules.

Majority of Independent Directors

NYSE Rule 303A.01 provides that each U.S. company that is listed on the Exchange must have a majority of independent directors. Bermuda corporate law does not require that we have a majority of independent directors. Under our by-laws, at least 40% of our directors are required to be independent directors; which requirement increases to 60% following the death or permanent incapacitation of Mr. Rubens Ometto Silveira Mello.

Separate Meetings of Non-Management Directors

NYSE Rule 303A.03 provides that the non-management directors of each U.S. company that is listed on the Exchange must meet at regularly scheduled executive sessions without management. We are not required to have such executive sessions for the non-management directors under Bermuda law.

Nominating and Corporate Governance Committee

NYSE Rule 303A.04 provides that each U.S. company that is listed on the Exchange must have a nominating/corporate governance committee composed entirely of independent directors. We are not required to have such a committee under Bermuda law. We believe that, pursuant to our by-laws, the role of a nominating committee is

generally performed by our board of directors and that the role of the corporate governance committee is generally performed by either our board of directors or our senior management.

Compensation Committee

NYSE Rule 303A.05 provides that each U.S. company that is listed on the Exchange must have a compensation committee composed entirely of independent directors. We are not required to have such a committee under Bermuda law.

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Audit Committee

NYSE Rule 303A.06 and the requirements of Rule 10A-3 of the SEC provide that each listed company is required to have an audit committee consisting entirely of independent members that comply with the requirements of Rule 10A-3. In addition, the company must have an internal audit function and otherwise fulfill the other requirements of the NYSE rules and Rule 10A-3 of the SEC.

While we are not required under Bermuda law to have an audit committee, we have formed a committee that has the following responsibilities:

- pre-approve services to be provided by our independent auditor;
- review auditor independence issues and rotation policy;
- supervise the appointment of our independent auditors;
- discuss with management and auditors major audit, accounting and internal control issues;
- review quarterly financial statements prior to their publication, including the related notes, management's report and auditor's opinion;
 - review our annual report and financial statements;
- provide recommendations to the board on the audit committee's policies and practices;
- review recommendations given by our independent auditor and internal audits and management's responses;
- provide recommendations on the audit committee's by-laws; and
- the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal controls or auditing matters.

For details of the membership of our Audit Committee, see “—A. Directors and Senior Management—Committees of the Board of Directors—Audit Committee.”

Equity Compensation Plans

NYSE Rule 303A.08 provides that shareholders must be given the opportunity to vote on all equity compensation plans and material revisions thereto, with certain limited exemptions as described in the rule. Under Bermuda law, shareholder pre-approval is not required for the adoption of equity compensation plans nor any material revision thereto.

Corporate Governance Guidelines

NYSE Rule 303A.09 provides that each U.S. listed company must adopt and disclose its corporate governance guidelines. We do not have a similar requirement under Bermuda law. In addition, we have adopted a written policy of trading of securities and disclosure matters.

Code of Business Conduct and Ethics

NYSE Rule 303A.10 provides that each U.S. listed company must adopt and disclose a code of business conduct and ethics for directors, officers and employees and promptly disclose any waivers of the code for directors or executive officers. Although not required under Bermuda law, the Company has adopted a code of business conduct and ethics for directors, officers and employees as provided for in NYSE Rule 303A.10, which has been filed with the SEC.

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D. Employees

As of December 31, 2014, we had 30,369 employees (including Raízen personnel). The following table sets forth the number of our total employees by segment for the dates indicated:

	December 31, 2014	December 31, 2013	March 31, 2013	March 31, 2012
Agricultural	13,950	15,236	18,208	19,156
Industrial	9,895	9,446	9,719	9,576
Administrative	5,648	4,850	5,387	5,160
Port	876	965	913	889
Total	30,369	30,497	34,227	34,781

We pay a mandatory union contribution for all of our employees. We believe that we have good relations with our employees and the unions that represent them, and we have not experienced a strike or other labor slowdown since 1992. Collective bargaining agreements to which we are party have either one-year or two-year terms, are subject to annual renewal and are subject to changes in Brazilian law. We apply the terms of bargaining agreements entered into with the unions equally to unionized and non-unionized employees.

Our total annual payroll was R\$ 2,560 million (including Raízen) as of December 31, 2014, which includes a provision for vacations, and bonuses, taxes and social contributions

We offer our employees, including our executive officers, various benefits, which are provided in accordance with the employee's position in our company. Benefits include medical (including dental) assistance, meal and transport vouchers, life insurance, maternity leave, scholarships and funeral assistance and nursery assistance. Members of our board of directors are not entitled to these benefits. All of our employees participate in profit sharing plans developed with the labor unions of which our employees are members, which provide performance-based compensation.

E. Share Ownership

As of December 31, 2014, the following members of the board of directors own Cosan Limited shares:

Name	Position Held – Cosan Limited	Cosan Limited Class A – Common Shares	Cosan Limited Class B – Common Shares
Rubens Ometto Silveira Mello*	Chairman	7,307,361	96,332,044
Pedro Mizutani	Board Member	10,000	—
Burkhard Otto Cordes	Board Member	5,000	—

* Shares owned directly and indirectly by Mr. Rubens Ometto Silveira Mello include the total shares of the Cosan Limited controlling group, which is not wholly-owned by him.

Other than as disclosed in the table above, none of our executive officers currently owns or holds class A common shares or class B common shares of our company.

Equity-Based Compensation Plans

Cosan Limited

We have adopted a Cosan Limited equity incentive plan. We have reserved up to 5% of our issued and outstanding class A common shares as of the granting date for issuance under our equity incentive plan. The plan is intended to attract, retain and motivate our directors, officers and employees, to link compensation to the overall performance of the company in order to promote cooperation among our diverse areas of business and to create an ownership interest in the company with respect to these directors, officers and employees in order align their interests with the interests of our shareholders. No shares or options have been issued or granted in connection with this incentive plan.

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Cosan S.A. Indústria e Comércio

On August 30, 2005, Cosan's shareholders approved a stock option plan that authorized the issuance of a maximum of 5% of Cosan's total share capital. On September 22, 2005, Cosan's board of directors approved the distribution of stock options corresponding to 4,302,780 common shares, or 3.25% of Cosan's total share capital. A remaining 1.75% of Cosan's share capital may subsequently be issued pursuant to the terms of Cosan's stock option plan. The stock options that were issued have an option price of US\$2.93 per common share, and may be partially exercised (up to a maximum of 25% annually) after November 18, 2006. On November 20, 2006, Cosan's board of directors approved the issuance of 1,132,707 new common shares to certain of Cosan's executive officers under Cosan's stock option plan, which resulted in an increase in the number of Cosan's issued and outstanding common shares on that date. On September 11, 2007, Cosan's board of directors granted 450,000 options to one of Cosan's executive officers. On November 19, 2007 and December 11, 2007, 922,947 and 38,725 options, respectively, were exercised. On March 30, 2010 and September 14, 2010, 17,000 and 48,829 options were exercised. On January 29, 2010, 15,000 options were exercised. On July 20, 2010, 225,000 options were exercised. On November 11, 2010, 224,819 options were exercised. On March 4, 2011, 112,500 options were exercised. All options in connection with this plan have been exercised.

A new stock option plan was approved by Cosan's General meeting, held on July 29, 2011. On August 18, 2011, the Board of Directors deliberated that 12,000,000 common shares were inserted in the first program of Stock Option Plan in which was established that the exercise right would be effected as from August 18, 2012. See note 34 to our audited consolidated financial statements for more information.

If a holder of stock options ceases to be an executive officer, manager or eligible employee for any reason (other than redundancy, death, retirement or permanent incapacitation), after partially exercising his or her option to purchase Cosan's common shares, the options that have not yet been exercised will be extinguished as of the date that the holder ceases to be an executive officer, manager or eligible employee.

Cosan stock options held by Cosan's executive officers may, at their option, be canceled and converted into awards of Cosan Limited, and as a result, we will comply with the limit of shares we have reserved for our equity incentive plan. Cosan's stock options will be converted based upon a ratio equal to the initial offering price of our common stock, divided by the weighted average stock price of Cosan's common stock for a specified period immediately preceding the date of the completion of our initial public offering. The converted securities, if unvested, generally will continue to vest over their original vesting periods.

On May 21, 2013, was approved by the Board of the Company, the second program of Stock Option Purchase or Subscription of Shares - Calendar Year 2013, determined that the beneficiaries may purchase or subscribe common shares of the Company, with grants of up to 1 million shares, which options may be exercised after at least five years from its approval by price of R\$ 45.22 per share, to be restated by the IPCA index - National Broad Consumer Price, calculated by the IBGE, until effective date of subscription or purchase.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

Cosan Limited

As of the date of this annual report our authorized share capital is US\$11,888,863.60, consisting of 1,000,000,000 class A common shares, par value US\$0.01 per share, 96,332,044 class B series 1 common shares, par value US\$0.01

per share and 174,355,341 class A common shares, par value US\$0.01 per share. Each of our class A common shares entitles its holder to one vote. Each of our class B common shares entitles its holder to ten votes. The chairman of our board of directors, Mr. Rubens Ometto Silveira Mello controls 38.3% of our issued and outstanding share capital, and 85.3% of our voting power by virtue of his control of 100% of our class B series 1 common shares and 4.2% of our class A common shares. No class B series 2 common shares are currently issued and outstanding. Other than the entities and individuals mentioned below, no other single shareholder holds more than 5.0% of our issued and outstanding share capital.

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The following table sets forth the principal holders of our issued and outstanding share capital and their respective shareholding as of the date of this annual report:

Shareholders	Class A Common		Class B Common		Total Number of	
	Shares	%	Shares	%	Shares	%
Queluz Holdings Limited	5,241,111	3.01	66,321,766	68.85	71,562,877	26.44
Usina Costa Pinto S.A.	—	—	30,010,278	31.15	30,010,278	11.09
MSOR Participações	1,811,250	1.04	—	—	1,811,250	0.67
Usina Bom Jesus	255,000	0.15	—	—	255,000	0.09
Gávea Funds (1)	22,384,370	12.84	—	—	22,384,370	8.27
Others	144,663,610	82.97	—	—	144,663,610	53.44
Total	174,355,341	100.0	96,332,044	100.0	270,687,385	100.0

(1) Based on information filed by Gávea Investimentos Ltda, GIF Venus, Ltd. and Armino Fraga Neto.

The total number of BDRs held by Brazilian investors at December 31, 2014, was 21,297,719.

Controlling Group: Queluz Holdings Limited, Costa Pinto, MSOR Participações S.A. and Usina Bom Jesus S.A. Açúcar e Álcool

On November 24, 2009, a corporate reorganization was approved within companies from our controlling group (Aguassanta Participações S.A., Queluz Holdings Limited, or “Queluz,” and Usina Bom Jesus S.A. Açúcar e Álcool), intended to consolidate their control with Mr. Rubens Ometto Silveira Mello.

This reorganization resulted in the transference by an affiliate of Queluz of up to approximately 5,500,000 class A common shares issued by Cosan Limited, that did not exceed 1% of total Class A shares, pursuant to Securities Act Rule 144 and other applicable provisions. Its class B share position remained unaltered.

Queluz Holdings Limited and Costa Pinto own all of our class B series 1 common shares. Queluz Holdings Limited, MSOR Participações S.A. and Usina Bom Jesus S.A. Açúcar e Álcool also hold in aggregate 4.2% of our class A common shares. These companies are indirectly controlled by Mr. Rubens Ometto Silveira Mello, the chairman of our board of directors through several companies controlled directly and indirectly by him. Although the control is exercised by Mr. Rubens Ometto Silveira Mello, there are some family members and other individuals who are also beneficial owners of minority interests in these companies.

Cosan S.A.

As of December 31, 2014, we owned 62.30% of Cosan S.A.’s common shares. Prior to our initial public offering, Usina Costa Pinto S.A. Açúcar e Álcool and Aguassanta Participações S.A., each company indirectly controlled by our Chairman, Mr. Rubens Ometto Silveira Mello and his family, were the controlling shareholders of Cosan.

Rezende Barbosa

On June 18, 2009, Cosan entered into an agreement with Rezende Barbosa to acquire 100% of the outstanding shares of Curupay S.A. Participações, or “Curupay.” The acquisition was carried out through the merger of Curupay into Cosan resulting in the issuance by Cosan of 44,300,389 new common shares, fully subscribed and paid-in by Rezende Barbosa.

Pursuant to an agreement dated June 9, 2009, the Rezende Barbosa Family has the right to have one member on both the supervisory board and the board of directors. Cosan Limited has, subject to limited exceptions, a right of first refusal on shares of Cosan (CSAN3) owned by the Rezende Barbosa family.

Cosan Portuária

On February 8, 1999, São Francisco and Tate & Lyle do Brasil Serviços e Participações S.A., or “Tate & Lyle,” entered into a shareholders’ agreement that governs the rights of the shareholders of Cosan Portuária (formerly São Francisco Operadora Portuária de Granéis Ltda.). In April 2004, Cosan acquired 90.0% of the outstanding capital stock of Cosan Portuária through a Cosan capital increase in the amount of US\$1.5 million, which was fully subscribed by Cosan’s shareholder, São Francisco, using shares that it held at Cosan Portuária.

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Cosan has signed a memorandum of understanding dated April 9, 2008 with Rezende Barbosa with the intention of merging into a new entity the port terminal facilities of Cosan Portuária with those at the neighboring site of Teaçú Armazéns Gerais S.A., owned by Rezende, or the “merged entity.” Cosan asked Tate & Lyle to provide its approval as the minority shareholder in Cosan Portuária to the arrangements. Tate & Lyle’s and Cosan’s equity interests in the merged entity would be held by a holding company owned by Cosan and Tate & Lyle. Because of the creation of the holding company, Cosan and Tate & Lyle entered into a shareholders’ agreement with respect to the holding company named COPSAPAR Participações S.A. in order to govern: (1) the election of the board of directors; (2) the exercise of voting rights in general shareholder meetings and meetings of the board of directors; and (3) the preemptive rights of shareholders.

On April 13, 2010, Tate & Lyle, through a Share Purchase Agreement, sold its entire stake on Copsapar Participações S.A. to Bunge Açúcar e Bioenergia Ltda, that had, on the same date, agreed to replace Tate & Lyle on the shareholder agreement with respect to Copsapar Participações S.A.

Rumo

On September 2, 2010, Novo Rumo, Cosan, Cosan Limited and investment vehicles controlled by TPG and Gávea entered into a shareholders’ agreement that regulates the rights of the shareholders of Rumo Logística and on the same date the parties have entered into a subscription agreement in which Gávea and TPG agreed to subscribe common shares of Rumo Logística representing a 25% ownership for a price of R\$400 million, implying a post-money equity valuation of R\$1,600 million. In accordance to the shareholders agreement, Rumo Logística will have a board of directors of five members and Gávea and TPG will have the right to appoint two of the directors. Pursuant to the agreement, (1) Gávea and TPG will have the right to participate, through at least one representative, in all board committees and certain other relevant committees of Rumo Logística; (2) any decision regarding Rumo Logística or any of its subsidiaries will be determined by a simple majority vote; (3) Gávea and TPG will have rights of first refusal; (4) Gávea and TPG will have tag along rights.

TEAS

Cosan and Cargill Agricola S.A. entered into a shareholders’ agreement with respect to TEAS Terminal Exportador de Álcool de Santos S.A., or “TEAS,” dated as of February 15, 2005 and amended on November, 26, 2009, that provides for, among other things, the right of first refusal of the shareholder to acquire the shares of TEAS owned by the other shareholder, in the event such party decides to sell its shares to a third party.

Cosan’s stake on TEAS, on April 2011, was contributed to Raízen, the Joint Venture established between Cosan and Shell.

RADAR

In August 2008, Cosan entered into a shareholders’ agreement with TIAA - CREF regarding its subsidiary Radar, whose corporate purpose is to identify and acquire rural properties with high appreciation potential for subsequent leasing and/or sale. Cosan currently holds approximately 37.7% of RADAR’s capital, with the remaining 62.3% being divided among other investors part of TIAA - CREF group. According to the shareholders’ agreement, COSAN retains the majority of votes on RADAR’s Board of Directors, thereby retaining control of the company. In addition, COSAN has a 10-year option to subscribe 20% of RADAR’s capital stock for the same amount as the initial capitalization.

CTC

In January 2013, Cosan entered into an agreement to sell its ownership stake in CTC to Raízen Energia S.A. for the amount of R\$51.1 million, paid in a single installment upon the delivery of 73,102 common shares representing 11.523% of CTC's equity.

Tellus

On July 1, 2011 Cosan has entered into a shareholders' agreement with TIAA - CREF in order to govern certain of their rights, duties and obligations as shareholders of Tellus Brasil Participações S.A.

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Comma

On July, 3, 2012 Cosan entered into the European lubricants & specialties market by signing a sale and purchase agreement with Esso Petroleum Company to acquire Comma Oil & Chemicals Limited. The value of the transaction, after all adjustments, was less than US\$100 million. Comma continued to operate in the ordinary course under the Comma brand, manufacturing and selling Comma-branded and private label products following the change in control, in order to facilitate Cosan's entry into the European lubricants market.

Comgás

On November, 5, 2012 Cosan concluded the acquisition of 60.05% of Comgás from BG Group for R\$3.4 billion. Shell is part of the ownership group, holding 18.20% of Comgás's shares, with 21.75% of Comgás held publicly.

ALL

On February 24, 2014, Cosan S.A., through its subsidiary Rumo Logística submitted to ALL a binding proposal for the incorporation of ALL by Rumo. The merger was completed on April 1, 2015. See "Item 4. Information on the Company—A. History and Development of the Company" for further information.

Shareholders' Agreements and Other Arrangements

Agreements Between Shell and Cosan

Shell and Cosan have entered into other definitive agreements, among others, concerning the scope of the Joint Venture, the governance and management of the Joint Venture and the granting of reciprocal put and call options concerning their interests in the Joint Venture. Each of these agreements was entered into on June 1, 2011.

The shareholders' agreements for Raízen Energia and Raízen Combustíveis establish the scope and governance of the Joint Venture, as well as its dividend policy. The agreements provide that the scope of the Joint Venture is the global production of sugar cane-based ethanol and sugar and the distribution, commercialization and sale of fuel products within Brazil. Cosan, Shell and their respective affiliates are prohibited from competing with the Joint Venture as long as they remain shareholders of the Joint Venture (subject to customary exceptions).

The shareholders' agreements provide that the Joint Venture will be governed by supervisory boards that are composed of six members: three nominated by Cosan, with Mr. Rubens Ometto Silveira Mello acting as chairman, and three nominated by Shell. Most decisions by the supervisory boards require a quorum of two members and are generally made by a majority present and voting. Certain significant matters, however, will require the consent of five of the six or four of the six members, as the case may be.

The matters which require the consent of five of the six or four of the six members include but are not limited to the following:

- setting the general strategic guidelines and direction for the Joint Venture and amending and updating the Joint Venture's business plan;
- appointing, removing or terminating members of the executive board;
- determining the compensation and benefits of certain employees;

- amending key policies and procedures of the Joint Venture;
- adopting or amending the annual and capital budgets;
- instituting or settling any litigation or dispute in excess of a specified sum or which could damage the reputation of the Joint Venture, Cosan or Shell;
- selling, assigning, transferring or encumbering assets of the Joint Venture outside of the ordinary course of business in excess of a specified amount;

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- entering into transactions (including mergers, stock purchases or asset purchases) of which the value or purchase price exceeds a specified amount;
 - making capital expenditures in excess of a specified amount, subject to certain exceptions;
- submitting any matters, including financial statements and reports, to the meeting of the Joint Venture's shareholders;
- entering into any contract, agreement or instrument outside of the ordinary course of business and that provides for payments in excess of a specified amount;
- entering into material amendments, modifications or waivers or terminating any contract where payment obligations exceed a specified amount;
- making any decision to borrow money or guarantee the payment or performance of any obligation in excess of a specified amount or to prepay indebtedness of a specified amount;
- creating any encumbrance over or the issuance of any Joint Venture securities or any option relating to any Joint Venture securities, subject to certain exceptions;
- approving the credit limits or the extension of credit to any customer of the Joint Venture in excess of a specified amount; and
 - entering into, amending, terminating or renewing any insurance policy.

If the supervisory boards cannot reach a decision with respect to a matter that is their responsibility, one representative of Cosan and one representative of Shell will meet to attempt to resolve the matter. Any decision by these shareholder representatives must be unanimous. If the shareholder representatives cannot reach a joint decision, no decision would be taken or effected and the status quo would prevail.

Additionally, certain matters require the consent of the shareholders of the Joint Venture. These matters include, but are not limited to, removal of any member of a supervisory board; approval of supervisory board resolutions relating to dividend payments; approval of management accounts and financial statements; amendments to the by-laws of Raízen Energia or Raízen Combustíveis; and issuance of securities by the Joint Venture.

The shareholders' agreements provide that a shareholder may lose certain governance rights if it fails to make capital contributions that may be required pursuant to the shareholders' agreements or to make certain payments required pursuant to the Framework Agreement. If the delinquent party pays or contributes such amounts in full within a specified cure period, the respective governance rights of the shareholders are returned to their original state prior to any such delinquency.

The day-to-day management of the Joint Venture is conducted by the executive boards, composed of a chief executive officer and other senior executive officers. The shareholders' agreements set forth the various functions and responsibilities of the chief executive officer and senior management, as well as the actions that may be taken by the executives without the approval of the relevant supervisory board.

Cosan and Comgás Shareholders Agreement

Cosan S.A. and Integral Investments B.V., or Integral, have entered into a Comgás shareholders' agreement dated December 19, 2012. The shareholders agreement establishes the scope and governance of Comgás, as well as its dividend policy. The scope of such agreement is to define the terms and conditions that will regulate the relationship between the parties as shareholders of Comgás, in particular with respect to (1) the voting rights related to the relevant shares (86,169,586 shares issued by Comgás owned by the Parties), including the voting rights of each party exercisable at shareholders' meetings, meetings of the board of directors, meeting of the audit committee, and officers' meetings of Comgás; and (2) general matters concerning Comgás corporate governance.

Comgás will be managed by a board of executive officers and a board of directors. Decisions related to Comgás' business administration will be approved by its board of executive officers, within the limits conferred by the board of directors and Comgás' by-laws.

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Comgás will have an audit committee which will be installed according to its by-laws and the Brazilian Corporate Law. Cosan's representative shall be nominated as chairman of the board of directors. The parties shall be entitled to nominate one member of the board of directors for each 10% interest of the relevant shares.

The parties shall be entitled to nominate one member of the audit committee for each 16% interest of the relevant shares. The executive officers shall be nominated for a two-year term, renewable for additional two-year terms, without limitations.

The Parties shall attend the preliminary meetings (the meeting of the controlling shareholders to resolve principal affairs related to Comgás business), in which they: (1) must vote together in block; (2) may discuss and decide about the nomination of members of the board of directors, executive officers, audit committee, as well as give instructions about the election of executive officers by the board of directors; and (3) may decide and support the way the representatives must exercise the voting right.

Each party has the right to nominate up to two members of the preliminary meeting. The chairman of the preliminary meeting shall be a member nominated by Cosan. Members of Cosan board of directors may be invited to attend h their opinion, but they will not be able to vote.

Cosan Limited

Aguassanta and Costa Pinto, our indirect controlling shareholders, entered into a shareholders' agreement pursuant to which they undertake to vote jointly with respect to any matter related to us and our subsidiaries. Aguassanta and Costa Pinto have agreed to meet before any shareholders' or board of directors meeting to reach an agreement as to their votes regarding such matters. The vote of the indirect shareholder that owns a greater equity stake in Cosan Limited shall prevail.

B. Related Party Transactions

We engage in related party transactions with certain of our affiliates, some of which are of a recurring nature. Financial information with respect to certain material related party transactions is set forth in note 10 to our consolidated financial statements attached hereto.

Our board of directors delegates to the audit committee the responsibility for reviewing and approving all related party transactions (within the meaning of Item 404 of Regulation S-K of the SEC). The audit committee is responsible for obtaining information from our directors, executive officers and major shareholders with respect to related party transactions and for then determining, based on the facts and circumstances, whether our company or a related party has a direct or indirect material interest in the transaction. As required under SEC rules, transactions that are determined to be directly or indirectly material to our company or a related party has been disclosed herein.

In October 2008, a private placement of the Company's class A shares was made in the amount of R\$96 million (US\$50 million) by the controlling shareholder, Mr. Rubens Ometto Silveira Mello, and R\$288.1 (US\$150 million) by the funds managed by Gávea Investimentos Ltda., at R\$8.6 (US\$4.50) per class A share or BDR subscribed. The offering was extended to all class A share or BDR holders, as permitted by applicable law. The offering was concluded on October 27, 2008. As a result and following the date of the acquisition, Mr. Rubens Ometto Silveira Mello holds 41.5% of the Company's total capital and 86.1% of its voting capital.

In the normal course of business, we have operational and financing transactions with related parties. The significant related party balances and transactions are described in note 9 to our financial statements included elsewhere in this

annual report.

Guarantees with Related Parties

As a result of Cosan's participation in the PESA federal government financing program between 1998 and 2000, Amaralina mortgaged land to secure the restructuring of Cosan's debt, and Agrícola Ponte Alta and Pedro Ometto S.A. mortgaged land to secure the restructuring of the debt of Da Barra.

C. Interests of Experts and Counsel

Not applicable.

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Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See “Item 18. Financial Statements.”

Legal Proceedings

We are party to numerous legal proceedings as further described below.

Probable Losses

In the ordinary course of our business, we are party to a number of legal proceedings for which we deem the risk of loss as probable for which we have recorded provisions in an aggregate amount of R\$657.8 million as of December 31, 2014. Provisions relating to probable losses are categorized into tax, civil and labor, described below.

Tax. We recorded provisions of R\$343.1 million for tax proceedings as of December 31, 2014. The principal tax proceedings are described below.

CLE filed a suit to challenge the balance sheet restatement index (“IPC”) established by the federal government in 1989, on the basis that such index did not reflect actual inflation at such time. The use of this index led CLE to overstate and overpay its corporate income taxes. CLE obtained a favorable preliminary court ruling that allowed it to recalculate the financial position using indexes that accurately measured the inflation over the period. In doing so CLE adjusted the amounts of corporate income taxes payable and identified that overpayments for such taxes were offset in subsequent years until 1997. Despite the favorable court rulings, tax authorities issued a notice of infringement to CLE challenging all of the taxes that were offset. No judicial deposits were made for these proceedings. The provision for this proceeding was R\$74.9 million as of December 31, 2013. This proceeding was decided favorably to the Company and that provision was reverted at the period ended March 31, 2014. The provision amount at March 31, 2014, of R\$75.1 million, was reversed, with the amounts of R\$ 13.8 million recorded under income tax expense and R\$ 61.3 million recorded under interest expenses.

During the period from October 2003 to November 2006 the subsidiary Cosan CL offset the FINSOCIAL tax with several other federal taxes, based on a final court decision in September 2003 following a decision that challenged the constitutionality of the FINSOCIAL tax. No judicial deposits were made for these proceedings. The provision for this proceedings was R\$ 241.7 million as of December 31, 2014.

INSS – mainly includes amounts related to social security contributions levied on income, pursuant to art. 22a of Law 8.212/91, the constitutionality of which is being challenged in court. Judicial deposits have been made for the corresponding amounts. The provision for this proceeding was R\$ 47.4 million as of December 31, 2014.

A considerable portion of the amount accrued as ICMS was paid in cash under the provisions of Decree N° 58,811 issued on December 27, 2012, which established the State of São Paulo Special Installment Program of ICMS (PEP-ICMS). The amounts that have been provisioned refer to tax assessments by the tax authorities related to several types of ICMS credits. Amongst them: (a) assessment notice related to ICMS payments in the purchase of raw materials which are considered for “use and consumption”, therefore, not eligible for compensation, (b) assessment, as solidary debtor, for disregarding withholding obligations of ICMS taxes in relation to a tolling agreement, arising from an agricultural partnership signed between the Company’s sugarcane plants and Central Paulista Ltda. Açúcar e Alcool. The provision for ICMS credits was R\$ 24.2 million as of December 31, 2014.

Civil claims. Cosan and its subsidiaries are parties to a number of civil legal claims related to (1) indemnity for material and moral damages; (2) public civil claims related to sugarcane stubble burning; and (3) environmental matters. Provisions for civil claims as of December 31, 2014 amounted to R\$139.3 million.

Labor claims. Cosan, its subsidiaries and jointly-controlled entities are also parties to a number of labor claims filed by former employees and service providers challenging, among other factors, the payment of overtime, night shift premium and risk premium, recognition of employment relationships, reimbursement of discounts from payroll, such as social contribution and trade union charges. Additionally, we are involved in several labor administrative and judicial proceedings such as labor investigations and class actions filed by the labor prosecutor's office regarding alleged non-compliance with certain labor regulations, including work and safety rules, labor

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conditions and work environment, and social assistance plans. Moreover, we entered into certain consent orders (Termos de Ajustamento de Conduta) with Brazilian authorities and in the event we fail to comply with such consent orders, we could be subject to fines. Provisions for labor claims as of December 31, 2014 amounted to R\$175.5 million.

Possible Losses

In addition, there are currently certain legal proceedings pending in which we are involved for which we have not recorded provisions, as we deem the likelihood of loss as possible. If any of these legal proceedings is decided adversely against us, our results of operations or financial condition could be materially and adversely affected. The aggregate amount involved in proceedings relating to possible losses as of December 31, 2014 amounted to R\$ 6,910.4 million of which R\$5,400.2 million, R\$1,118.2 million and R\$ 392 million were related to tax, civil and labor claims respectively.

Other Proceedings

In accordance with court orders concerning certain tax, civil and labor lawsuits, we had bank judicial deposits in an aggregate amount of R\$ 418.4 million as of December 31, 2014.

In 2009, the Brazilian Government created a tax amnesty and refinancing program, permitting taxpayers to settle their federal tax debts under previous refinancing programs, and other federal taxes subject to court disputes, with discounts on penalties and interest, and pay the balance in installments (“REFIS”). On June 28, 2011, CLE, as successor to Esso Brasileira de Petróleo Ltda., joined the tax amnesty and refinancing program upon request of ExxonMobil Brasil Holdings B.V. (“ExxonMobil”), the entity that is legally responsible for the tax contingencies existing up to the date of acquisition of Essobrás by us. As of December 31, 2014, the outstanding balance of REFIS was of R\$ 332.4 million.

In October 10, 2013, ALL, issued a press release announcing that it has initiated legal actions in relation to the contracts entered with Rumo. Rumo, on the other hand, filed a request for arbitration against ALL, among other administrative and judicial measures to enforce their contractual rights and to request that ALL complies with the terms of the agreement signed in 2009, as amended, including the 4th and 5th amendment signed on May 31, 2013.

On May 12, 2014, Rumo and ALL officially suspended the arbitration and all court proceedings related to the performance of the agreements entered into on March 5, 2009. There are no judicial or other decisions suspending the validity of the contracts signed between ALL and Rumo.

As of December 31, 2014, Rumo has recorded accounts receivable for ALL amounting to R\$446.7 thousand (R\$225.4 thousand on December 31, 2013) as a result of remuneration laid down in contracts in accordance with IAS 18 - Revenue. Additionally, some compensation, amounting to R\$183.1 thousand, including penalties and interest, were not recognized because they have not yet fulfilled all the criteria for revenue recognition.

Dividends and Dividend Policy

Dividend Rights

Cosan Limited is a holding company and can only pay dividends to the extent, if any, that funds are received from our subsidiaries. Our dividend policy is similar to the current dividend policy of our principal subsidiaries, Cosan S.A. and Cosan Logística. Brazilian corporate law requires that the bylaws of a Brazilian company specify a minimum percentage of the available income for the annual distribution of dividends, known as the mandatory dividend, which

must be paid to shareholders as either dividends or interest attributable to shareholders' equity. We intend to pay cash dividends representing on an annual basis 25% of our annual consolidated net income, to holders of class A common shares and class B common shares in proportion to the number of shares held by them unless our board of directors has determined, in its discretion, that such distribution would not be advisable or appropriate in light of our financial condition or we are unable to meet applicable statutory solvency requirements under Bermuda law.

Our board of directors may, in its discretion, amend or repeal our dividend policy. You may not receive the level of dividends provided for in the dividend policy or any dividends at all due to a number of factors, such as:

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- we are a holding company, and therefore, our ability to pay dividends will depend on our ability to receive distributions from our subsidiaries, particularly our subsidiary Cosan S.A.;
- our subsidiaries may become subject to covenants restricting their ability to distribute dividends under credit facilities, term loans or other indebtedness;
 - any imposition of restrictions on conversions and remittances by the Brazilian government could hinder or prevent us from converting into U.S. dollars or other foreign currencies and remitting abroad dividends of our Brazilian subsidiaries;
 - our shareholders have no contractual or other legal rights to dividends pursuant to Bermuda law; and
- we may not have sufficient cash to pay dividends due to changes in our operating earnings, working capital requirements and anticipated cash needs.

Under Bermuda law, a company's board of directors may declare and pay dividends from time to time unless there are reasonable grounds for believing that the company is or would, after the payment, be unable to pay its liabilities as they become due or that the realizable value of its assets would thereby be less than the aggregate of its liabilities and issued share capital and share premium accounts. Under our by-laws, each class A common share and class B common share is entitled to dividends if, as and when dividends are declared by our board of directors, subject to any preferred dividend right of holders of any preference shares. There are no restrictions on our ability to transfer funds (other than funds denominated in Bermuda dollars) in or out of Bermuda or to pay dividends to U.S. residents who are holders of our common shares.

We expect to have sufficient available cash to pay dividends in accordance with our dividend policy. We do not, however, plan to pay dividends in the event that we do not generate sufficient cash from operations. In addition, we will not pay dividends if we believe that such payment will limit or preclude our or our subsidiaries' ability to pursue growth opportunities. Although our by-laws and Cosan's by-laws do not restrict us from borrowing funds to pay dividends, we do not intend to borrow funds to pay dividends.

The dividend rights attaching to our class A common shares and class B common shares are not cumulative in the event that we do not, for any reason, pay dividends on those shares.

Any cash dividends payable to holders of our common shares quoted on the NYSE will be paid to Mellon Investors Services LLC, our transfer agent in the United States, for disbursement to those holders.

Cosan S.A. Dividend Policy

Brazilian corporate law and Cosan's by-laws require that Cosan distributes annually to its shareholders a mandatory minimum dividend, unless Cosan's board of directors notifies the shareholders that such distribution is not advisable in light of Cosan's financial condition as reflected in Cosan's consolidated financial statements. The basis of the mandatory dividend is a percentage of the net income, as adjusted pursuant to the Brazilian Corporate Law. Under our bylaws, a minimum of 25.0% of our adjusted net income should be intended for the distribution and payment to our shareholders as mandatory dividend. However, the payment of mandatory dividends to our shareholders may be limited to the amount of realized net income in a given year, provided the difference is recorded as an unrealized income reserve.

We are required by the Brazilian Corporate Law and our bylaws to hold an annual shareholders' meeting no later than four months after the end of each fiscal year, at which time the allocation of the results of operations in any year and the distribution of an annual dividend are reviewed. The distribution of annual dividends is based on our audited financial statements prepared for the immediately preceding fiscal year.

Calculation of Adjusted Net Income

At each annual shareholders' meeting, our board of directors is required to recommend how to allocate our net income for the preceding fiscal year, which recommendation our board of executive officers initially submits to our board of directors for approval.

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This allocation is subject to approval by our common shareholders. The Brazilian Corporation Law defines “net income” for any fiscal year as our net income after income taxes for that fiscal year, net of any accumulated losses from prior fiscal years and any amounts allocated to employees’ participation in our net income in that fiscal year. Under the Brazilian Corporation Law, our adjusted net profit available for distribution are equal to our net profit in any fiscal year, reduced by amounts allocated to our legal reserve and other applicable reserves, and increased by any reversals of reserves that we constituted in prior years.

Reserve Accounts

Under the Brazilian Corporation Law and our by-laws, we are required to maintain a legal reserve. In addition, we are permitted by the Brazilian Corporation Law to establish the following discretionary reserves:

- a contingency reserve for an anticipated loss that is deemed probable in future years. Any amount allocated in a previous year must be reversed in the fiscal year in which the loss had been anticipated if the loss does not occur as projected or charged off in the event that the anticipated loss occurs;
- a reserve for investment projects, in an amount based on a capital expenditure budget approved by our shareholders;
- an unrealized income reserve; and
- a tax incentive investment reserve, included in our capital reserve accounts, in the amount of the reduction in our income tax obligations due to government tax incentive programs.

Allocations to each of these reserves (other than the legal reserve) are subject to approval by our common shareholders voting at our annual shareholders’ meeting.

The Brazilian Corporation Law provides that the legal reserve and the tax incentive investment reserve may be credited to shareholders’ equity or used to absorb losses, but these reserves are unavailable for the payment of distributions in subsequent years.

The amounts allocated to the other reserves may be credited to shareholders’ equity and used for the payment of distributions in subsequent years.

Cosan Logística’s Dividend Policy

Cosan Logística’s dividend policy is the same as that of Cosan S.A.

Joint Venture’s Dividend Policy

The shareholders’ agreement between Cosan and Shell also establish the dividend policy of the Joint Venture. The dividend policy states that the Joint Venture seeks to maximize the amount of profits to be distributed to its shareholders in a manner consistent with its leverage ratio objectives and capital investment requirements. The supervisory boards must propose, and the shareholders approve, an allocation of the net profit of the Joint Venture in accordance with the shareholders’ agreements. The shareholders’ agreements provide that net profit is subject to the following allocation order:

- first, up to 5% of net profit to the respective company’s legal reserve, which may not exceed a specified amount, the lower of 20% of the respective company’s capital stock or 30% of the capital plus any capital surplus;

- second, a variable amount of net profit to each shareholder based on certain tax attributes contributed by it to the Joint Venture; Cosan is entitled to receive preferential dividends equivalent to the amount of any tax savings from the amortization of goodwill it contributes to the Joint Venture. Similarly, Shell is entitled to receive preferential dividends equivalent to the amount of any tax savings from the amortization of accumulated losses that it contributes to the Joint Venture;

- third, a nominal amount of net profit to the holders of certain preferred shares;

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- fourth, 1% of net profit to the shareholders;
- fifth, a variable amount, capped at a specified percentage of net profit, to the respective company's statutory reserve for operations and projects, such amount not to exceed 80% of net profits or 80% of the respective company's share capital; and
 - sixth, the distribution of the remaining amount of net profit to be determined by the shareholders.

Brazilian Taxation

Dividends paid by Cosan to us are currently not subject to withholding income tax in Brazil, to the extent that such amounts are related to profits generated since January 1, 1996. The only exception would be for amounts related to 2014 tax statements. In this case, considering new tax legislation enacted in May 2014, if the amounts calculated using the accounting criteria in force in December 2007 (i.e. without IRFS effects) exceed a certain exemption limit, they would be taxed at a rate of 25%. Cosan did not surpass the exemption limit.

Brazilian tax laws permit Cosan to make distributions to shareholders of interest on shareholders' equity and treat those payments as a deductible expense for purposes of calculating Brazilian income tax and social contributions. For tax purposes, this interest is limited to the daily pro rata portion of the TJLP, as determined by the Brazilian Central Bank quarterly, and the amount of the deduction is limited to the largest of (1) 50% of net income (after social contributions but before income tax and the amount to be distributed as interest on shareholders' equity) related to the period in respect of which the payment is made; and (2) 50% of the sum of retained profits and profit reserves as of the date of the beginning of the period in respect of which the payment is made. A payment to us of interest on shareholders' equity is subject to withholding income tax at the rate of 25%.

Dividend Payments

On August 12, 2011, the board of directors approved the distribution of the entire dividend received by Cosan Limited from Cosan S.A. on August 31, 2011. The dividends were paid to shareholders for the fiscal year 2011 ended March 31, 2011 totaling US\$76,097,326.26 corresponding to US\$0.281126238 per common share or the equivalent to R\$0.46104709032 to holders of BDRs, without withholding income tax.

On August 27, 2012, the board of directors approved the distribution of the entire dividend received by Cosan Limited from Cosan S.A. on August 31, 2012. The dividends were paid to shareholders for the fiscal year ended March 31, 2012 totaling US\$77,385,210.58 corresponding to US\$0.285884067 per common share or the equivalent in reais to holders of BDRs, without withholding income tax.

On August 13, 2013, the board of directors approved the distribution of the entire dividend received by Cosan Limited from Cosan S.A. on August 13, 2013. The dividends were paid to shareholders for the fiscal year ended March 31, 2013 totaling US\$82,405,674.26 corresponding to US\$ 0.304431158 per common share or the equivalent in reais to holders of BDRs, without withholding income tax.

On May 20, 2014, the board of directors approved the distribution of the intermediary dividend received by Cosan Limited from Cosan S.A. on May 20, 2014. The dividends were paid to shareholders for the fiscal year ended December 31, 2013 totaling US\$42,037,712.92 corresponding to US\$ 0.155299860 per common share or the equivalent in reais to holders of BDRs, without withholding income tax.

On October 30, 2014, the board of directors approved the distribution of the intermediary dividend received by Cosan Limited from Cosan S.A. on October 30, 2014. The dividends were paid to shareholders for the fiscal year ended December 31, 2014 totaling US\$38,345,901.31 corresponding to US\$ 0.144870503 per common share or the equivalent in reais to holders of BDRs, without withholding income tax.

B. Significant Changes

None.

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Item 9. The Offer and Listing

A. Offer and Listing Details

Prior to August 16, 2007, no public market existed for our class A common shares. Since August 16, 2007, our class A common shares have been listed on the NYSE and trade under the symbol “CZZ.” The BDRs representing our class A common shares are listed on the BM&FBOVESPA and trade under the symbol “CZLT33.”

The following information concerning the trading history of our class A common shares and BDRs representing our class A common shares is presented solely for informational purposes. This information should not be viewed as indicative of future sales prices for either our class A common shares on the NYSE or BDRs representing our class A common shares on the BM&FBOVESPA. Actual future sales prices for our class A common shares and the BDRs are likely to be significantly different from their trading history.

The following table sets forth the high and low closing sales prices for our class A common shares on the NYSE and the BDRs representing our class A common shares on the BM&FBOVESPA for the periods indicated.

COSAN LIMITED CLASS A COMMON SHARES; TICKER: CZZ	NYSE (US\$ per common share)	
	High	Low
Fiscal Year Ended March 31, 2010	9.75	2.40
Fiscal Year Ended March 31, 2011	14.57	7.95
Fiscal Year Ended March 31, 2012	15.11	9.08
Fiscal Year Ended March 31, 2013	21.31	11.29
Nine Months Ended December 31, 2013	20.95	13.20
Fiscal Year Ended December 31, 2014	14.65	6.17
Fiscal Quarter		
First Fiscal Quarter 2012	13.35	10.83
Second Fiscal Quarter 2012	12.82	9.44
Third Fiscal Quarter 2012	12.39	9.08
Fourth Fiscal Quarter 2012	15.11	11.10
First Fiscal Quarter 2013	15.23	11.29
Second Fiscal Quarter 2013	15.86	12.27
Third Fiscal Quarter 2013	17.31	15.42
Fourth Fiscal Quarter 2013	21.31	17.53
Three-month period ended June 30, 2013	20.95	15.34
Three-month period ended September 30, 2013	16.76	13.20
Three-month period ended December 31, 2013	16.13	13.46
First Fiscal Quarter 2014	13.72	10.45
Second Fiscal Quarter 2014	14.27	11.53
Third Fiscal Quarter 2014	14.66	10.76
Fourth Fiscal Quarter 2014	11.70	6.18
Month		
October 2013	16.13	15.39
November 2013	15.90	14.42

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December 2013	14.53	13.46
January 2014	13.54	11.56
February 2014	12.40	10.93
March 2014	12.15	10.45
April 2014	12.71	11.53
May 2014	12.66	11.92
June 2014	14.27	12.50
July 2014	13.56	12.07
August 2014	14.50	11.64
September 2014	14.66	10.90
October 2014	11.70	9.53
November 2014	10.59	8.70
December 2014	9.15	6.18
January 2015	7.80	6.82
February 2015	8.06	6.99
March 2015	7.34	6.22
April 2015 (through April 24, 2015)	7.70	6.80

Source: Bloomberg

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COSAN LIMITED BDRs REPRESENTING CLASS A COMMON SHARES; TICKER: CZLT33	BM&FBOVESPA (reais per BDR)	
	High	Low
Fiscal Year Ended March 31, 2010	17.65	5.78
Fiscal Year Ended March 31, 2011	24.15	14.89
Fiscal Year Ended March 31, 2012	27.90	15.70
Fiscal Year Ended March 31, 2013	42.40	22.99
Nine-month Period Ended December 31, 2013	43.00	31.22
Fiscal Year Ended December 31, 2014	33.00	17.08
Fiscal Quarter		
First Fiscal Quarter 2012	20.37	16.65
Second Fiscal Quarter 2012	19.27	15.02
Third Fiscal Quarter 2012	21.86	16.67
Fourth Fiscal Quarter 2012	27.35	19.61
First Fiscal Quarter 2013	27.45	22.99
Second Fiscal Quarter 2013	32.50	24.80
Third Fiscal Quarter 2013	36.00	31.70
Fourth Fiscal Quarter 2013	42.40	35.89
Three-month period Ended June 30, 2013	43.00	34.69
Three-month period Ended September 2013	37.50	31.22
Three-month period Ended December 31, 2013	36.00	32.00
First Fiscal Quarter 2014	33.00	24.31
Second Fiscal Quarter 2014	28.20	17.08
Third Fiscal Quarter 2014	32.77	26.45
Fourth Fiscal Quarter 2014	28.20	17.08
Month		
October 2013	36.00	33.80
November 2013	35.89	33.45
December 2013	34.50	32.00
January 2014	31.55	28.30
February 2014	29.69	27.31
March 2014	28.05	24.31
April 2014	28.47	25.50
May 2014	28.08	26.42
June 2014	31.70	28.08
July 2014	30.00	27.05
August 2014	32.49	26.50
September 2014	32.77	26.45
October 2014	28.20	24.00
November 2014	26.64	22.50
December 2014	23.52	17.08
January 2015	20.80	17.45
February 2015	22.33	18.75
March 2015	21.79	20.26
April 2015 (through April 24, 2015)	23.44	21.59

Source: Bloomberg

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On April 24, 2015, the reported closing sale price of our class A common shares on the New York Exchange and the BDRs representing our class A common shares on the BM&FBOVESPA were US\$7.28 and R\$21.59 per class A common share and BDR representing our class A common shares, respectively.

Trading History of Cosan's Common Shares

Prior to our initial public offering and the formation of our company, Cosan's common shares were listed on the "Novo Mercado" segment of the BM&FBOVESPA under the symbol "CSAN3." In April 2008, we offered to exchange our class A common shares in exchange for all of Cosan's outstanding common shares not owned by us or our affiliates, or the exchange offer. Because the exchange offer was completed and not all shareholders accepted our exchange offer, we did not, and do not expect to, seek delisting of Cosan's common shares from trading on the "Novo Mercado." For more information regarding the exchange offer see our registration statement on Form F-4 (Registration No. 333-147235) filed by the Company with the U.S. Securities and Exchange Commission.

The following information concerning the trading history of Cosan's common shares is presented solely for informational purposes. This information should not be viewed as indicative of future sales prices for either our class A common shares on the NYSE or BDRs representing our class A common shares on the BM&FBOVESPA. Actual future sales prices for our class A common shares and the BDRs are likely to be significantly different from the trading history of Cosan's common shares.

The following table sets forth the high and low closing sales prices for Cosan's common shares on the BM&FBOVESPA for the periods indicated.

COSAN S.A. IND. E COM COMMON SHARES; TICKER: CSAN3	BM&FBOVESPA (reais per common share)	
	High	Low
Fiscal Year Ended March 31, 2010	25.60	10.08
Fiscal Year Ended March 31, 2011	28.85	18.00
Fiscal Year Ended March 31, 2012	34.01	19.13
Fiscal Year Ended March 31, 2013	47.99	28.47
Nine-month Period Ended December 31, 2013	49.02	39.28
Fiscal Year Ended December 31, 2014	41.60	25.86
Fiscal Quarter		
First Fiscal Quarter 2012	25.71	20.38
Second Fiscal Quarter 2012	24.99	19.13
Third Fiscal Quarter 2012	27.45	22.54
Fourth Fiscal Quarter 2012	34.01	26.17
First Fiscal Quarter 2013	33.79	28.47
Second Fiscal Quarter 2013	37.15	29.45
Third Fiscal Quarter 2013	42.37	36.80
Fourth Fiscal Quarter 2013	47.99	42.11
Three-month Period Ended June 30, 2013	49.02	41.34
Three-month Period Ended September 30, 2013	44.00	39.90
Three-month Period Ended December 30, 2013	44.92	39.28
First Fiscal Quarter 2014	35.41	29.34
Second Fiscal Quarter 2014	36.94	31.35

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Third Fiscal Quarter 2014	41.60	32.65
Fourth Fiscal Quarter 2014	37.90	25.86
Month		
November 2013	44.66	42.18
December 2013	41.95	39.28
January 2014	38.74	35.25
February 2014	36.60	34.00
March 2014	35.26	32.80
April 2014	34.65	31.40
May 2014	35.17	32.91
June 2014	36.94	33.67
July 2014	35.87	33.05
August 2014	41.60	32.65
September 2014	41.60	34.60
October 2014	37.90	30.70
November 2014	34.59	29.93
December 2014	31.90	25.86
January 2015	27.80	23.44
February 2015	28.29	25.03
March 2015	29.11	25.59
April 2015 (through April 24, 2015)	30.04	28.77

Source: Bloomberg

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On April 24, 2015, the reported closing sale price of Cosan's common shares on the BM&FBOVESPA was R\$29.46 per share.

B. Plan of Distribution

Not applicable.

C. Markets

Our class A common shares are listed on the NYSE and trade under the symbol "CZZ." The BDRs representing our class A common shares are listed on the BM&FBOVESPA and trade under the symbol "CZLT33."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and By-laws

General

We are a limited liability exempted company incorporated under the laws of Bermuda on April 30, 2007. We are registered with the Registrar of Companies in Bermuda under registration number EC 39981. Our registered office is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The objects of our business are set forth in our memorandum of association and provide that we have unrestricted objects and powers and rights including to:

- import, export, produce and sell ethanol, sugar, sugarcane and other sugar by-products;

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- distribute and sell fuel and other fuel by-products;
- produce and market electricity, steam and other co-generation by-products;
- render technical services related to the activities mentioned above; and
- hold equity interests in other companies.

There have been no bankruptcy, receivership or similar proceedings with respect to us or our subsidiaries.

Issued Share Capital

Under our by-laws, the holders of our class A common shares and class B common shares will be offered the preemptive right to purchase, in the first instance, on a pro rata basis according to their ownership interests, additional shares in the event of any increase in share capital. However, this preemptive right may be waived by (1) a majority of our board of directors in the case of an offering (whether or not registered under the Securities Act) or (2) a majority of the independent directors on our board of directors in any circumstance.

Pursuant to and in accordance with the Notice to the Public dated June 1, 2005 issued by the Bermuda Monetary Authority, there is no limitation on the right of non-residents of Bermuda to hold our shares as long as we remain listed on the NYSE.

Common Shares

Holders of class A common shares are entitled to one vote per share on all matters submitted to a vote of shareholders in general meeting. Holders of class B series 1 common shares or class B series 2 common shares are entitled to ten votes per share on all matters submitted to a vote of shareholders in general meeting, except as otherwise provided by our by-laws.

Except for the conversion provisions relating to our class B common shares, holders of our class A common shares and class B common shares have no redemption, conversion or sinking fund rights. Unless a different majority is required by law or by our by-laws, resolutions to be approved by holders of common shares require approval by a simple majority of votes cast at a meeting at which a quorum is present.

In the event of our liquidation, dissolution or winding-up, the holders of class A common shares and class B common shares are entitled to share equally and ratably in our assets, if any, remaining after the payment of all of our debts and liabilities, subject to any liquidation preference on any outstanding preference shares.

Preference Shares

Under our by-laws, we may, subject to the affirmative vote of a majority of our board of directors and, in certain circumstances as provided for in our by-laws, a majority of our class A common shares and class B common shares, each voting as a separate class, establish one or more series of preference shares having such number of shares, designations, dividend rates, relative voting rights, conversion or exchange rights, redemption rights, liquidation rights and other relative participation, optional or other special rights, qualifications, limitations or restrictions as may be fixed. Such rights, preferences, powers and limitations as may be established could also have the effect of discouraging an attempt to obtain control of us. There are no outstanding preference shares, and we have no present plans to issue any preference shares.

Dividend Rights

For information concerning dividend rights of our class A common shares, class B series 1 common shares and class B series 2 common shares, see “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividends and Dividend Policy.”

Tag-along Rights

Following the consummation of our initial public offering, no person or group of persons (other than a holder of class B series 1 common shares) may, in a transaction or series of transactions, acquire, directly or indirectly, the

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beneficial ownership of class A common shares representing more than 15% of our issued and outstanding common shares from any person or otherwise acquire control over our company, unless the terms and conditions of such transaction or transactions include an offer by the acquiring person or group of persons to the holders of all other class A common shares or class B common shares to acquire at the option of each applicable shareholder, all or any part of the respective shares owned by such shareholder. The price per share paid by the acquiring person or group of persons will be equivalent to the greater of (1) the highest price per share paid by the acquiring person or group of persons to acquire any such class A shares representing 15% of our issued and outstanding common shares or control, as applicable and (2) a price determined based on an appraisal report. The tag-along tender offer must be launched promptly after closing of the sale that triggers application of the tag-along provision and be completed within 60 days after the consummation of the transaction or series of transactions. In the event that the tag-along tender offer is not completed within the 60-day period, the holder or holders of the shares acquired in the sale that triggered the preemption rights will not be entitled to vote such shares, and we will be entitled to compel such holder or holders to sell these shares to unaffiliated persons deemed acceptable by a majority of our board of directors at the lower of (A) the lowest acquisition price for the class A common shares and (B) the then prevailing market price on the NYSE or such other stock exchange which constitutes the principal market for the class A common shares on a date selected by our board of directors that is not more than ten trading days on the applicable exchange following the expiration of the 60-day period.

Conversion

Our class A common shares are not convertible into any other shares of our authorized share capital.

Each class B common share is convertible at any time after three years following our initial public offering (August 16, 2007), at the option of the holder, into one class A common share. In addition, each class B common share will, subject to limited exceptions applicable to class B series 1 common shares referred to below, automatically convert into one class A common share upon any transfer of its current beneficial ownership, whether or not for value.

Following the death of Mr. Rubens Ometto Silveira Mello or a determination by 66-2/3% of our board of directors based on the medical determination of two internationally-recognized certified physicians that he is permanently mentally incapacitated, the beneficial ownership of class B series 1 common shares may be transferred from him to his immediate family members without resulting in the automatic conversion of those shares into class A common shares. So long as class B common shares are issued and outstanding, in the case of death or permanent incapacitation of Mr. Rubens Ometto Silveira Mello, the following actions or events will be subject to approval by a majority of the then independent members of our board of directors, in addition to any other approval of shareholders or members of our board required by Bermuda law or our by-laws:

- appointment of the chief executive officer of our company or any of its subsidiaries (including successors thereof);
 - changes to the core business strategy of our company or any of its subsidiaries;
 - change name or corporate purpose of our company or any of its subsidiaries;
 - amendments to any rights of the class B series 1 common shares;
- any recapitalization, stock split, combination, reclassification or similar action affecting equity interests in our company or any of its subsidiaries;
-

redemption, capital reduction or other acquisition for value of any shares of equity interests in our company or any of its subsidiaries;

- any transaction or series of transactions resulting in a spin-off, delisting, merger, amalgamation, reorganization or combination of or by our company or any of its subsidiaries with, or any acquisition of, another person involving an amount in excess of US\$250 million;
- any sale, lease, assignment, transfer or other disposition of assets valued in the aggregate, in excess of US\$250 million;

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- any voluntary liquidation, reorganization, dissolution or winding-up of, or a voluntary filing for bankruptcy protection by our company or any of its subsidiaries;
- the approval of the limit of the compensation of members of the board of directors or executive officers of our company or any of its subsidiaries;
- the making of any investment in excess of US\$250 million other than investments in the ordinary course of business;
- entering into any Joint Venture, partnership or any similar arrangement other than in the ordinary course of business;
- any related-party transactions;
- the incurrence of any liens on properties valued, in the aggregate, in excess of US\$250 million;
- amendment of the provisions of any of the foregoing actions or events; and
- agreeing to, or otherwise committing to take, any of the foregoing actions.

Mr. Rubens Ometto Silveira Mello may also transfer his class B series 1 common shares to a trust, corporation, partnership or limited liability company in which he and, following his death or permanent incapacitation, a member or members of his immediate family, directly or indirectly, retain sole dispositive power and exclusive voting control with respect to such entity and the class B series 1 common shares held by such entity. In addition, any such trust, corporation, partnership, or limited liability company that directly holds class B series 1 common shares may distribute those shares to its respective partners, members or owners (which may further distribute the class B series 1 common shares to their respective partners, members or owners) without triggering a conversion to class A common shares, provided that Mr. Rubens Ometto Silveira Mello and, following his death or permanent incapacitation, his immediate family members continue to hold sole dispositive power and exclusive voting control over the class B series 1 common shares.

Class B common shares also will automatically convert into class A common shares when the aggregate outstanding class B series 1 common shares represent less than 45% of our total voting power in respect of the issued and outstanding share capital in the company. In addition, class B series 2 common shares will automatically convert into class A common shares if all the class B series 1 common shares convert into class A common shares.

Once transferred and converted into class A common shares, class B common shares will not be reissued. No class of common shares may be subdivided or combined unless the other class of common shares concurrently is subdivided or combined in the same proportion and in the same manner.

Transfer of Shares

Our board of directors may, in its discretion and without assigning any reason, refuse to register the transfer of a share that it is not fully paid. Our board of directors may also refuse to register the transfer of a share unless the instrument of transfer for such share is duly stamped (if required by law), is in respect of one class of shares, is in favor of less than 5 persons jointly and is accompanied by the relevant share certificate (if one has been issued) and such other evidence of the transferor's right to make the transfer as our board of directors shall reasonably require. Any transfer of beneficial ownership of class B series 1 common shares or class B series 2 common shares not registered with the

company will be null and void. For a period of three years following our initial public offering (August 16, 2007), holders of our class B series 2 common shares may not transfer less than all of the class B series 2 common shares that they own. Subject to these restrictions as are more fully set out in our by-laws a holder of shares in the company may transfer the title to all or any of such holder's shares in the company by completing a form of transfer in such form as our board of directors may reasonably approve. The instrument of transfer must be signed by the transferor and transferee, although in the case of a fully paid share, our board of directors may accept the instrument signed only by the transferor. The board may also accept mechanically executed transfers.

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Meetings of Shareholders

Under Bermuda law, a company is required to convene at least one general meeting of shareholders in each calendar year. Bermuda law provides that a special general meeting of shareholders may be called by the board of directors of a company and must be called upon the requisition of shareholders holding not less than 10% of the paid-up capital of the company as of the date of deposit carries the right to vote. Bermuda law also requires that shareholders be given at least five days' advance notice of a general meeting, but the accidental omission to give notice to, or the non-receipt of a notice by, any person entitled to receive notice does not invalidate the proceedings at the meeting. Our by-laws provide that the chairman of the Board may call an annual general meeting or a special general meeting. Special general meetings of the shareholders may also be convened by our board of directors.

Under our by-laws, at least 10 clear days-notice of an annual general meeting or a special general meeting must be given to each shareholder entitled to receive notice of such meeting. This notice requirement is subject to the ability to hold such meetings on shorter notice if notice is served pursuant to Bermuda law in the manner provided by the Companies Act 1981. The quorum required for a general meeting of shareholders is two or more persons present in person or by proxy and entitled to vote representing the holders of more than 45% of the aggregate voting power of the shares in the Company which by their terms carry the right to vote.

Any action required to be taken at a meeting of shareholders except in the case of the removal of auditors or directors may be taken without a meeting and without vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of issued and outstanding shares of the company, their proxy or corporate representative representing the percentage of votes required if the resolution had been voted on at a meeting of the shareholders. Notice of any resolution in writing shall be given to all shareholders entitled to attend a vote at a shareholder meeting.

Access to Books and Records and Dissemination of Information

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include the company's memorandum of association and any alteration to its memorandum of association. The shareholders have the additional right to inspect the by-laws of the company, minutes of general meetings and the company's audited consolidated financial statements, which audited financial statements must be presented at the annual general meeting unless waived in accordance with the provisions of the Companies Act 1981. The register of shareholders of a company is also open to inspection by shareholders and by members of the general public without charge. The register of shareholders is required to be open for inspection for not less than two hours in any business day (subject to the ability of a company to close the register of shareholders for not more than thirty days in a year). A company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act 1981, establish a branch register outside Bermuda. A company is required to keep at its registered office a register of directors and officers that is open for inspection for not less than two hours in any business day by members of the general public without charge. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

Election and Removal of Directors

Our by-laws provide that our board of directors must consist of between five and eleven directors or such greater number as the board may determine. Our board of directors currently consists of eleven directors. Our by-laws provide that at least 40% (and, following the death or permanent incapacitation of Mr. Rubens Ometto Silveira Mello, at least 60%) of the members of our board of directors must be independent (as defined by the rules promulgated by (1) the U.S. Securities and Exchange Commission under the Exchange Act and (2) by the NYSE or any other principal securities exchange on which the class A common shares are so listed).

Our board of directors is divided into three classes that are, as nearly as possible, of equal size. Each class of directors is elected for a three-year term of office, and the terms are staggered so that the term of only one class of directors expires at each annual general meeting. There is also no requirement under Bermuda law or in our by-laws that our directors must retire at a certain age.

Any shareholder wishing to propose for election as a director a person who is not an existing director must give notice to the company of the intention to propose that person for election. The notice must be given not later than 90

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days before the first anniversary of the last annual general meeting, or ten days after the notice of the general meeting at which the directors will be elected, whichever is earlier.

Our by-laws provide that a director may be removed with or without cause by a majority of the other directors then in office. Our by-laws also provide that a director may be removed for cause by the affirmative vote of the holders of a majority of the shareholder votes cast at a general meeting at which a quorum is present, provided notice is given to the director of the shareholders general meeting convened to remove the director. A director may be removed without cause upon the affirmative vote of the holders of a majority of the aggregate voting power of the shares of the Company which carry the right to vote on all matters submitted to shareholders, provided notice is given to the director of the general meeting convened to remove the director, which notice must contain a summary of the facts justifying the removal and must be served on the director not less than fourteen days before the meeting. As long as a director has made a written request deposited at the registered office of the Company pursuant to the Companies Act 1981, a director is entitled to attend the general meeting and be heard at any general meeting called for his removal.

So long as a quorum remains in office, our board of directors may fill any casual vacancy occurring.

Proceedings of Board of Directors

Our by-laws provide that our business is to be managed and conducted by our board of directors. Bermuda law requires that our directors be individuals, but there is no requirement in our by-laws or Bermuda law that directors hold any of our shares.

The remuneration of our directors is determined by our board of directors, and there is no requirement that a specified number or percentage of “independent” directors must approve any such determination. Our directors may also be paid all travel, hotel and other expenses properly incurred by them in connection with our business or their duties as directors.

Provided that he or she discloses a direct or indirect interest in any contract or arrangement with us as required by Bermuda law, our by-laws provide that a director is entitled to be counted in the quorum, but may not vote in respect of any such contract or arrangement in which he or she is interested. Under Bermuda law, a director (including the spouse or children of the director or any company (other than a company which is a holding company or a subsidiary of the company making the loan) of which such director, spouse or children own or control, directly or indirectly, more than 20% of the total capital or loan debt) cannot borrow from us without the consent of any shareholders holding in the aggregate not less than 90% of the total voting rights of all shareholders having the right to vote at any general meeting of the shareholders.

Waiver of Claims by Shareholders; Indemnification of Directors and Officers

Our by-laws contain a provision by virtue of which our shareholders waive any claim or right of action that they may have, both individually and on our behalf, against any director or officer in relation to any action or failure to take action by such director or officer, except in respect of any fraud or dishonesty of such director or officer. We understand that, in the opinion of the staff of the SEC, the operation of this provision as a waiver of the right to sue for violations of U.S. federal securities laws would likely be unenforceable in U.S. courts.

Our by-laws also indemnify our directors and officers in respect of their actions and omissions, except in respect of their fraud or dishonesty.

Amalgamations and Other Business Combinations

Under Bermuda law, the amalgamation or other business combination of a Bermuda company with another company (other than certain affiliated companies), unless the by-laws otherwise provide requires the amalgamation or other business combination to be approved by a majority of the Bermuda company's board of directors and by a majority of 75% of those voting at the general meeting of the Bermuda company. The quorum for the shareholder approval is two persons holding or representing at least one-third of the issued shares of the Company.

Our by-laws provide that an amalgamation or other business combination (as defined in our by-laws) (other than with a wholly-owned subsidiary) that has been approved by our board of directors must only be approved by a majority of the votes cast at a general meeting of our shareholders at which the quorum must be two persons

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representing the holders of more than 45% of the aggregate voting power of the paid-up and outstanding shares carrying the right to vote. Any amalgamation or other business combination (as defined in our by-laws) not approved by our board of directors must be approved by resolution passed by 66 2/3% of all votes attaching to all shares then in issue entitling the holder to attend and vote on the resolution.

Specified Transactions Involving Interested Shareholders

Specified transactions include the following:

- any merger, consolidation or amalgamation of the Company with an interested shareholder;
- any disposition or security arrangement with or for the benefit of any interested shareholder involving any of our assets, securities or commitments or those of any subsidiary or any interested shareholder that has an aggregate fair market value and/or involves aggregate commitments of US\$250 million or more or constitutes more than 10% of the book value of the total assets or 10% of the shareholders equity of the entity in question;
- the adoption of any plan for our liquidation or dissolution or for the discontinuation into another jurisdiction, unless proposed or adopted independently of any interested shareholder; or
- any reclassification of our shares or other securities, or recapitalization, or any merger, consolidation or amalgamation with any of our subsidiaries or any other transaction that has the effect of increasing the proportionate share of any class of shares beneficially owned by an interested shareholder.

In addition to any affirmative vote required by law or our by-laws, a specified transaction with any interested shareholder will require the affirmative vote of not less than 66 2/3% of the aggregate voting power of the voting shares, voting together as a single class, excluding voting shares beneficially owned by any interested shareholder. Alternatively, a specified transaction may proceed with any affirmative vote required by law or our by-laws if the following principal conditions are satisfied in relation to common shares: (1) the approval of a majority of directors who are not affiliates of the interested shareholder; and (2) the aggregate amount of the cash and the fair market value as of the date of the consummation of the specified transaction of consideration other than cash to be received by the holder of common shares in such specified transaction shall be at least equal to the highest per share amount paid by the interested shareholder within a two-year period immediately prior to the first public announcement of the proposed specified transaction; or in the transaction in which he or she became such an interested shareholder (whichever is higher) or, if higher, the closing sales prices of such shares on the NYSE on the announcement date for the specified transaction or on the date of the transaction in which he or she became such an interested shareholder.

For purposes of our by-laws, an “interested shareholder” includes, among others, any person who is or has publicly disclosed an intention to become the beneficial owner of shares representing 10% or more of our aggregate voting power of the voting shares.

Non-Competition Provision Applicable to Brazil

Our by-laws provide that we will operate and conduct business in Brazil exclusively through Cosan and its subsidiaries, and we will not compete, directly or indirectly, with Cosan in Brazil, unless otherwise approved by a majority of our independent directors.

Amendment of Memorandum of Association and By-laws

Bermuda law provides that the memorandum of association of a company may be amended by a resolution passed at a general meeting of shareholders of which due notice has been given.

Our by-laws provide that no by-law will be rescinded, altered or amended, unless it has been approved by a resolution of our board of directors and by a resolution of the shareholders. In the case of rescission, alteration or amendment to the by-laws relating to interpretation, rights of shares, modification of rights, indemnity of directors and officers, amalgamations and other business combinations, specified transactions involving interested shareholders, our discontinuation into another jurisdiction, tag-along rights and amendment or alterations of by-laws, the required resolutions must include the affirmative vote of at least 66 2/3% of our directors then in office and

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holders of at least 66 2/3% of class A common shares and at least a majority of class B common shares then in issue entitling the holder to attend and vote on the resolution, with each class voting separately as a class. In the case of rescission, alteration or amendment to the by-laws relating to the transmission of shares upon the death of a holder of class B series 1 shares, election of directors, the removal of directors, the increase of share capital and the alteration of share capital, the requisite affirmative votes are a majority of the directors then in office and holders of a majority of each of class A common shares and class B common shares then in issue entitling the holder to attend and vote on the resolution, with each class voting separately as a class.

Under Bermuda law, the holders of an aggregate of not less than 20% in par value of the company's issued and outstanding share capital or any class thereof and or the holders of not less in the aggregate than 20% of the company's debentures entitled to object to amendments to the memorandum of association have the right to apply to the Bermuda court for an annulment of any amendment of the memorandum of association adopted by shareholders at any general meeting, other than an amendment which alters or reduces a company's share capital as provided in the Companies Act 1981.

Where such an application is made, the amendment becomes effective only to the extent that it is confirmed by the Bermuda court. An application for an annulment of an amendment of the memorandum of association must be made within twenty-one days after the date on which the resolution altering the company's memorandum of association is passed and may be made on behalf of persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose. No application may be made by shareholders voting in favor of the amendment.

Modification of Rights

While we have more than one class of shares and more than one series of class B common shares, the rights attaching to any class or series, unless otherwise provided for by the terms of issue of the relevant class or series, may be modified with the consent in writing of the holders or the approval of the votes cast at a general meeting representing not less than 66- 2/3 % of the aggregate voting power of the shares in issue and not less than 75% of the aggregate voting power of the issued shares of that class or series, as the case may be. The quorum for any such general meeting will be two or more persons holding or representing by proxy one-third of the voting power of the issued shares of the class or series, as the case may be. Our by-laws specify that the creation or issue of shares ranking equally with existing shares will not, unless expressly provided by the terms of issue of those new shares, vary the rights attached to existing shares.

Appraisal Rights and Shareholder Suits

Under Bermuda law, in the event of an amalgamation of a Bermuda company with another company, a shareholder of the Bermuda company who is not satisfied that fair value has been offered for such shareholder's shares may apply to the Bermuda court to appraise the fair value of those shares within one month of the giving of the notice of the shareholders' meeting called to approve the amalgamation.

Class actions and derivative actions are generally not available to shareholders under Bermuda law. Bermuda courts, however, may permit in certain circumstances a shareholder to commence an action in the name of a company to remedy a wrong to the company where the challenged act would allegedly be beyond the power of the company or illegal. In addition, consideration would be given by a Bermuda court to acts that would allegedly constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders' voting power than that which actually approved it.

When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some or all of the shareholders, one or more shareholders may apply to a Bermuda court, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company.

Capitalization of Profits and Reserves

Pursuant to our by-laws, our board of directors may capitalize any part of the amount of our share premium account or any reserve or fund which is available for distribution by either: (1) paying up unissued shares to be allotted on a pro rata basis to shareholders as fully paid bonus shares; or (2) paying up in full partly paid shares of those shareholders who would be entitled to such sums if they were distributed by way of dividend or other

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distribution (or partly in one way and partly the other) provided that a share premium account may be applied only in paying up of unissued shares to be issued to such shareholders as fully paid.

Untraced Shareholders

Our by-laws provide that our board of directors may forfeit any dividend or other monies payable in respect of any shares which remain unclaimed for six years. In addition, we are entitled to cease sending dividend warrants and checks by post or otherwise to a shareholder if such instruments have been returned undelivered to, or left uncashed by, such shareholder on at least two consecutive occasions or, following one such occasion, reasonable inquiries have failed to establish the shareholder's new address. This entitlement ceases if the shareholder claims a dividend or cashes a dividend check or a warrant.

Certain Provisions of Bermuda Law

We have been designated by the Bermuda Monetary Authority as a non-resident for Bermuda exchange control purposes. This designation allows us to engage in transactions only in currencies other than the Bermuda dollar, and there are no restrictions on our ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to U.S. residents who are holders of our common shares.

Pursuant to a Notice to the Public dated June 1, 2005, issued by the Bermuda Monetary Authority, the Bermuda Monetary Authority granted general permission for the issue and subsequent transfer of any shares of a Bermuda company to and between non-residents of Bermuda where any shares of the company are listed and remain so listed on an appointed stock exchange, which includes the NYSE. Approvals or permissions given by the Bermuda Monetary Authority do not constitute a guarantee by the Bermuda Monetary Authority as to our performance or our creditworthiness. Accordingly, in giving such permissions, the Bermuda Monetary Authority will not be liable for the financial soundness, performance or default of our business or for the correctness of any opinions or statements expressed in this annual report.

In accordance with Bermuda law, share certificates are only issued in the names of companies, partnerships or individuals. In the case of a shareholder acting in a special capacity (for example, as a trustee), certificates may, at the request of the shareholder, record the capacity in which the shareholder is acting. Notwithstanding such recording of any special capacity, we are not bound to investigate or see to the execution of any such trust. We will take no notice of any trust applicable to any of our shares, whether or not we have been notified of such trust.

Registrar or Transfer Agent

A register of holders of the class A common shares and class B common shares and any other issued share capital is maintained by Compass Administration Services Ltd. in Bermuda, and a branch register is maintained in the United States by Mellon Investor Services LLC, who serves as branch registrar and transfer agent.

Anti-takeover Effects Of Our By-laws

Our by-laws contain provisions that could make it more difficult for a third party to acquire us without the consent of our board of directors. These provisions provide, among other things, for:

- a classified board of directors with staggered three-year terms;
- restrictions on the time period in which directors may be nominated;

- the affirmative vote of a majority of our directors then in office and a majority of all votes cast at a general meeting or, if not approved by a majority of the directors in office, at least 66 2/3% of all votes attaching to all shares then in issue for amalgamation and other business combination transactions; and
- the tag-along rights described under “—Tag-Along Rights.”

C. Material Contracts

For the two years immediately preceding the publication of this annual report, we were not a party to any material contract outside the ordinary course of business.

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D. Exchange Controls

Investors residing outside Brazil, including institutional investors, are authorized to purchase equity instruments, including BDRs, on a Brazilian stock exchange, provided that they comply with the registration requirements set forth in Resolution 2,689 and CVM Instruction No. 325. With certain limited exceptions, Resolution 2,689 investors are permitted to carry out any type of transaction in the Brazilian financial and capital markets involving a security traded on a stock, futures or organized and authorized over-the-counter market. Investments and remittances outside Brazil of gains, dividends, profits or other payments under our BDRs are made through the exchange markets and are subject to restrictions under foreign investment regulations which generally require, among other things, registration with the Brazilian Central Bank and the CVM. In order to subscribe BDRs through the foreign exchange market, under the Resolution 2,689, an investor residing outside Brazil must:

- appoint at least one representative in Brazil with powers to take actions relating to the investment;
- appoint an authorized custodian in Brazil for the investments, which must be a financial institution duly authorized by the Brazilian Central Bank and the CVM; and
- through its representative, register itself as a foreign investor with the CVM and register the investment with the Brazilian Central Bank.

Securities and other financial assets held by foreign investors pursuant to Resolution 2,689 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Brazilian Central Bank or the CVM. In addition, securities trading by foreign investors are generally restricted to transactions on the Brazilian stock exchanges and organized over-the-counter markets involving securities listed for trading in such markets.

Additionally, an investor operating under the provisions of Resolution 2,689 must be registered with the Brazilian Taxpayers' Registry, managed by the Brazilian Federal Revenue Office (Receita Federal do Brasil), pursuant to its Instruction No. 568. For information on certain possible Brazilian tax effects on the sale of our BDRs, see "Item 3. Key Information—D. Risk Factors."

E. Taxation

U.S. Federal Income Tax Considerations

The following is a description of the material U.S. federal income tax consequences of owning and disposing of our common shares. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to hold the securities. This discussion applies to you only if you are a U.S. Holder (as defined below) that holds our common shares as capital assets for U.S. federal income tax purposes.

This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including alternative minimum tax consequences, the potential application of the provisions of the Internal Revenue Code of 1986, as amended, or the "Code," known as the Medicare contribution tax and differing tax consequences applicable to you if you are, for instance:

- a financial institution;
- a regulated investment company;

- a dealer or trader in securities;
- holding our common shares as part of a “straddle,” integrated transaction or similar transaction;
- a person whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
 - a partnership for U.S. federal income tax purposes;
 - a tax-exempt entity;
- a person that owns or is deemed to own ten percent or more of our voting stock; or

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- a person who acquires our common shares pursuant to the exercise of any employee stock option or otherwise as compensation.

If you are a partnership for U.S. federal income tax purposes holding our common shares, the U.S. federal income tax treatment of your partners will generally depend on the status of the partners and the activities of your partnership. Partnerships holding our common shares and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of holding and disposing of our common shares.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect. Please consult your tax adviser concerning the U.S. federal, state, local and foreign tax consequences of owning and disposing of our common shares in your particular circumstances.

As used herein, the term “U.S. Holder” means a beneficial owner of our common shares that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any state therein or the District of Columbia; or
 - an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

This discussion assumes that we are not, and will not become, a passive foreign investment company, as described below.

Taxation of Distributions

Distributions paid on our common shares, other than certain pro rata distributions of common shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not expect to determine our earnings and profits in accordance with U.S. federal income tax principles, you should expect that a distribution will generally be reported as a dividend. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders will be eligible for taxation as “qualified dividend income” and therefore will be taxable at rates applicable to long-term capital gains, provided that certain holding period and other requirements are satisfied. The amount of the dividend will be treated as foreign-source dividend income to you and will not be eligible for the dividends-received deduction generally allowed to U.S. corporations under the Code.

Dividends will be included in your income on the date you receive them.

Sale or Other Disposition of Common Shares

For U.S. federal income tax purposes, gain or loss you realize on the sale or other disposition of our common shares will be capital gain or loss, and will be long-term capital gain or loss if you held those shares for more than one year at the time of disposition. The amount of gain or loss will be equal to the difference between your tax basis in the shares disposed of and the amount realized on the disposition. The gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes.

Passive Foreign Investment Company Rules

In general, a non-U.S. corporation will be a “passive foreign investment company,” or “PFIC,” for U.S. federal income tax purposes for any taxable year in which, after applying certain look-through rules, either (1) at least 75% of its gross income is “passive income” or (2) at least 50% of the average quarterly value of its assets consists of assets that produce “passive income” or are held for the production of “passive income.” Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from foreign currency, securities transactions and certain commodities. Based on the current composition of our income and the market value and composition of our assets, we do not believe that we were a PFIC for our taxable year ended December 31, 2014. However, because PFIC status depends upon the composition of our income and assets and the market value of our

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assets (including, among others, goodwill and less than 25% owned equity investments) from time to time, we cannot assure you that we will not be considered a PFIC for any taxable year.

If we were a PFIC for any taxable year during which you held our common shares, gain recognized by you on a sale or other disposition (including certain pledges) of the common shares would be allocated ratably over your holding period for the common shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate on ordinary income in effect for individuals or corporations, as appropriate for that taxable year, and an interest charge would be imposed on the resulting tax liability. Further, to the extent any distribution in respect of our common shares exceeded 125% of the average of the annual distributions on common shares received by you during the preceding three years or your holding period, whichever was shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. Certain elections might be available that would result in alternative treatments (such as mark-to-market treatment) of our common shares. You should consult your tax adviser to determine whether these elections would be available and, if so, what the consequences of the alternative treatments would be in your particular circumstances.

In addition, if we were a PFIC for the taxable year in which we paid a dividend or for the prior taxable year, the favorable tax rates applicable to long-term capital gains discussed above with respect to dividends paid to non-corporate U.S. Holders would not apply.

If a U.S. Holder owns our common shares during any year in which the Company is a PFIC, the U.S. Holder generally must file annual reports containing such information as the U.S. Treasury may require on IRS Form 8621 (or any successor form) with respect to the Company, generally with the U.S. Holder's federal income tax return for that year.

U.S. Holders should consult their tax advisers regarding the potential application of the PFIC rules.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and backup withholding unless (1) you are an exempt recipient or (2) in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding.

The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals may be required to report information relating to stock of a non-U.S. person, subject to certain exceptions (including an exception for stock held in custodial accounts maintained by U.S. financial institutions). Certain U.S. Holders that are entities may be subject to similar rules in the future. You should consult your tax adviser regarding your reporting obligations with respect to the ownership and disposition of our common shares.

Bermuda Tax Considerations

The Company has received an assurance from the Ministry of Finance granting an exemption, until March 28, 2016, from the imposition of tax under any applicable Bermuda law computed on profits or income or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, provided that such

exemption shall not prevent the application of any such tax or duty to such persons as are ordinarily resident in Bermuda and shall not prevent the application of any tax payable in accordance with the Land Tax Act 1967 or otherwise payable in relation to land in Bermuda leased to the Company.

F. Dividends and Paying Agents

Not applicable.

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G. Statement by Experts

Not applicable.

H. Documents on Display

Statements contained in this annual report as to the contents of any contract or other document referred to are not necessarily complete, and each of these statements is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit hereto. A copy of the complete annual report including the exhibits and schedules filed herewith may be inspected without charge at the public reference facilities maintained by the SEC at 100 F Street NE., Washington, D.C., and at the SEC's regional offices located at 233 Broadway, New York, N.Y., 10279 and North Western Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 - 2511. Copies of such materials may be obtained by mail from the Public Reference Section of the SEC, 100 F Street NE., Washington, D.C., at prescribed rates. Such reports and other information may also be inspected at the offices of the New York Stock Exchange, 11 Wall Street, New York, New York 10005, on which our class A common shares are listed. In addition the SEC maintains a website that contains information filed electronically with the SEC, which can be accessed over the Internet at <http://www.sec.gov>.

We are subject to the information and periodic reporting requirements of the Securities Exchange Act of 1934 as amended, and, in accordance therewith, file periodic reports and other information with the SEC. However, as a foreign private issuer, we are exempt from the rules under the Exchange Act relating to the furnishing and content of proxy statements and relating to short-swing profits reporting and liability.

We also file consolidated financial statements and other periodic reports with the CVM located at Rua Sete de Setembro, 111, Rio de Janeiro, Brazil 20159-900.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

We consider market risk to be the potential loss arising from adverse changes in market rates and prices. The company, its subsidiaries and jointly-controlled entities, including Raízen Energia, are exposed to market risks, chief of which are: (1) credit risk; (2) liquidity risk; (3) commodities risk; (4) interest rate risk rates; and (5) foreign currency exchange rate risk. In order to manage its market risks, the Company has adopted policies and procedures which establish limits and monitor risk exposure, counterparties and approve financial instruments. Risk and financial instrument management activities are carried out through the definition of strategies, establishment of control systems and determination of limits to exposure to market risks. We periodically review our exposure to market risks and determine at the senior management level how to manage and reduce the impact of these risks.

The Company uses derivatives solely to manage market risk, especially commodity price and foreign exchange rate fluctuations. Although the value of these hedge instruments varies, these variations are usually offset by the value of related hedged item. The parties to these agreements are mainly trade boards and trading companies in the case of futures, options and price setting, and major financial institutions in the case of foreign exchange derivatives and interest rate swaps. The company does not use derivatives or other hedge instruments for speculative purposes.

As a result, we do not believe that we are subject to any material credit risk arising from these contracts, and accordingly, we do not anticipate any material credit related losses.

Credit Risk

Credit risk is managed through specific rules concerning client acceptance which require credit rating checks and limits for customer exposure, applicable to all subsidiaries and jointly-controlled entities. In Raízen Energia, it is generally required a letter of credit from a reputable bank, for most of our sugar export sales. We do not believe that we are subject to any material credit risk and we do not anticipate any material credit-related losses. Management believes that any credit risk is covered by the allowance for doubtful accounts recorded in our balance sheet.

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Liquidity Risk

Liquidity is the risk that we may encounter difficulties in meeting the obligations associated with our financial liabilities that are settled in cash or other financial assets. We manage our liquidity as to ensure, to the extent possible, that we always have sufficient liquidity to meet our obligations at a reasonable cost. We do not believe that we are subject to any material liquidity risk.

Commodities Risk

Mainly applicable to Raízen Energia, agricultural commodity prices and supply levels change according to unpredictable factors such as the weather, investments, government programs and policies and changes in world demand, among others.

Raízen conducts sensitivity tests to estimate its exposure to these risks and uses derivatives to mitigate its exposure to sugar price oscillation on the international market. Derivative operations allow the Company to ensure an average margin for future sales. Raízen actively manages its open positions and monitors the result of these activities on a daily basis through effective mark-to-market controls and price impact simulations so that it may adjust targets and strategies due to changes in market conditions.

Based on the sugar sales volumes in the fiscal year ended December 31, 2014, a hypothetical 10% decrease in unhedged prices would reduce our sugar net sales by approximately R\$36.9 million as set forth below.

	Fair Value -		Market Risk -
	Net Sales (**)	Sales Volume (in thousand tons of sugar or thousand liters of ethanol)	10% Price Decrease (in millions of reais)
Ethanol sales volume (unhedged) in the nine months ended December 31, 2014	3,055.5	2,081.7	305.6
Sugar sales volumes in the nine months ended December 31, 2014	2,834.1	3,110.4	73.8
Hedged sugar position at December 31, 2014 (*)	2,095.9	2,279.3	—
VHP sugar (NY no. 11)	2,095.9	2,279.3	—
White sugar (LIFFE no. 5)	—	—	—
Unhedged sugar position at December 31, 2014	738.2	831.1	73.8

(*) Includes derivative futures and firm commitments with customers where there are already fixed prices for the sugar to be sold.

(**) Represents 100% of the financial instruments of Raízen Energia, of which the Cosan S.A. proportionately consolidates only 50%.

For risk management purposes and to evaluate the overall level of commodity price exposure, Raízen further reduces its exposure to commodity market risk related to the sugar and ethanol produced from sugarcane that is purchased

from growers and sugarcane harvested from leased land, as both costs are linked to TSR. The price of sugarcane supplied by growers or the lease payments incurred to produce sugarcane harvested by Raízen from leased land is indexed to the market price of sugar and ethanol, which provides a partial natural hedge to domestic sugar and ethanol sales price exposure.

Based on the foregoing, we believe that as of December 31, 2014 a hypothetical 10% decrease in prices would increase our net commodities risk by R\$511.4 million as set forth below.

	Fair Value - Net Purchases (in millions of reais)	Commodities Risk - 10% Price Decrease
Total unhedged position at December 31, 2014	738.2	73.8
Sugarcane supplied by growers in nine months ended December 31, 2014	2,409.5	240.9
Sugarcane from leased land in nine months ended December 31, year 2014	1,966.4	196.6
Net unhedged position at December 31, 2014	5,114.0	511.4

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As of December 31, 2014, Raízen had entered into hedging agreements with respect to 1,168.1 thousand tons of VHP sugar (Futures sold less Futures bought) at an average fixed price of US\$17.1 per tonne and 20.3 thousand tons of white sugar at an average price of US\$415.7 per tonne.

The table below provides information about the Company's sugar derivative contracts that are sensitive to changes in commodity prices, specifically sugar prices as of December 31, 2014. For the derivative contracts the table presents the notional amounts in tons, the weighted average contract prices, and the total U.S. dollar contract amount by expected maturity dates.

Price Risk - Commodities Derivatives Opened as at December 31, 2014

Derivatives	Purchased / Sold	Market	Agreement	Maturity date	Notional (unit)	Notional (R\$ thousand)	Fair value (R\$ thousand)
Future	Sold	NYSE LIFFE	Sugar#5	Apr/15	3,750 t	3,993	5
Future	Sold	NYSE LIFFE	Sugar#5	Jul/15	5,850 t	6,220	(18)
Future	Sold	NYSE LIFFE	Sugar#5	Sep/15	7,800 t	8,672	(44)
Future	Sold	NYSE LIFFE	Sugar#5	Nov/15	2,850 t	3,235	(17)
Future	Sold	ICE	Sugar#11	Feb/15	1,372,376t	1,387,615	222,268
Future	Sold	ICE	Sugar#11	Apr/15	231,202 t	220,244	18,242
Future	Sold	ICE	Sugar#11	Jun/15	338,344 t	333,224	31,074
Future	Sold	ICE	Sugar#11	Sep/15	464,131 t	474,378	48,481
Future	Sold	ICE	Sugar#11	Feb/16	111,105 t	114,146	9,952
Future	Sold	ICE	Sugar#11	Jun/16	7,264 t	7,861	867
Future	Sold	ICE	Sugar#11	Sep/16	5,944 t	6,504	716
Sub-total of sugar future sold					2,550,616 t	2,566,092	331,526
					(1,153,316)		
Future	Purchased	ICE	Sugar#11	Feb/15	t	(1,122,075)	(141,434)
Future	Purchased	ICE	Sugar#11	Apr/15	(152,255) t	(146,412)	(13,387)
Future	Purchased	ICE	Sugar#11	Jun/15	(23,928) t	(22,678)	(1,309)
Future	Purchased	ICE	Sugar#11	Sep/15	(21,642) t	(20,623)	(764)
Future	Purchased	ICE	Sugar#11	Feb/16	(9,144) t	(9,204)	(411)
Sub-total of sugar future purchased					t	(1,320,992)	(157,305)
Sub-total of sugar					1,190,331 t	1,245,100	174,221
Future	Sold	BM&FBovespa	Ethanol	Dec/14	11,520 m ³	13,995	41
Future	Sold	BM&FBovespa	Ethanol	Jan/15	3,000 m ³	4,020	15
Future	Sold	BM&FBovespa	Ethanol	Mar/15	12,300 m ³	15,164	(61)
Future	Sold	NYMEX	Ethanol	Jan/15	2,520 m ³	10,874	407
Future	Sold	NYMEX	Ethanol	Feb/15	2,520 m ³	10,874	641
Future	Sold	NYMEX	Ethanol	Mar/15	2,520 m ³	10,874	596
Future	Sold	NYMEX	Ethanol	Apr/15	2,940 m ³	13,014	968
Future	Sold	NYMEX	Ethanol	May/15	2,940 m ³	13,014	933
Future	Sold	NYMEX	Ethanol	Jun/15	2,940 m ³	13,014	900
Future	Sold	CHGOETHNL	Ethanol	Jan/15	116,480 m ³	132,562	5,564
Future	Sold	CHGOETHNL	Ethanol	Feb/15	50,400 m ³	55,818	2,093

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Future	Sold	CHGOETHNL	Ethanol	Mar/15	44,000 m ³	48,074	963
Future	Sold	CHGOETHNL	Ethanol	Apr/15	45,600 m ³	54,484	5,440
Future	Sold	CHGOETHNL	Ethanol	May/15	41,600 m ³	50,046	5,177
Future	Sold	CHGOETHNL	Ethanol	Jun/15	41,600 m ³	50,046	5,055
Future	Sold	EURTHNL T2	Ethanol	Jan/15	2,000 m ³	2,944	(16)
Sub-total of ethanol future sold					384,880 m ³	498,817	28,716
					(17,460		
Future	Purchased	BM&FBovespa	Ethanol	Dec/14	m ³)	(21,690)	(61)
					(18,240		
Future	Purchased	BM&FBovespa	Ethanol	Jan/15	m ³)	(22,913)	(91)
					(15,000		
Future	Purchased	BM&FBovespa	Ethanol	Mar/15	m ³)	(19,022)	75
Future	Purchased	NYMEX	Ethanol	Jan/15	(2,940 m ³)	(13,044)	(833)
Future	Purchased	NYMEX	Ethanol	Feb/15	(2,940 m ³)	(13,044)	(1,105)
Future	Purchased	NYMEX	Ethanol	Mar/15	(2,940 m ³)	(13,044)	(1,052)
Future	Purchased	NYMEX	Ethanol	Apr/15	(1,260 m ³)	(5,586)	(424)
Future	Purchased	NYMEX	Ethanol	May/15	(1,260 m ³)	(5,586)	(409)
Future	Purchased	NYMEX	Ethanol	Jun/15	(1,260 m ³)	(5,587)	(395)
					(156,640		
Future	Purchased	CHGOETHNL	Ethanol	Jan/15	m ³)	(190,687)	(19,903)
					(85,600		
Future	Purchased	CHGOETHNL	Ethanol	Feb/15	m ³)	(104,359)	(13,112)
					(61,600		
Future	Purchased	CHGOETHNL	Ethanol	Mar/15	m ³)	(72,340)	(8,385)
					(57,600		
Future	Purchased	CHGOETHNL	Ethanol	Apr/15	m ³)	(63,392)	(1,443)
					(53,600		
Future	Purchased	CHGOETHNL	Ethanol	May/15	m ³)	(59,045)	(1,234)
					(53,600		
Future	Purchased	CHGOETHNL	Ethanol	Jun/15	m ³)	(59,020)	(1,047)
Future	Purchased	EURTHNL T2	Ethanol	Jan/15	(3,000 m ³)	(4,221)	200
					(534,940		
Sub-total of ethanol future purchased					m ³)	(672,580)	(49,219)
Physical			Ethanol				
fixed	Sold	CHGOETHNL	Ethanol	Jan15-Oct/15	275,684 m ³	427928	30621
Physical			Ethanol		(250,578		
fixed	Purchased	CHGOETHNL	Ethanol	Jan15-Oct/15	m ³)	(338,805)	2461
Sub-total of physical fixed					25,106 m ³	89,123	33,082
					(124,954)		
Sub-total of ethanol					m ³	(84,640)	12,579

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Interest Rate Risk

We have fixed and floating rate indebtedness and, therefore, we are exposed to market risk as a result of changes in interest rates, See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness” for further information.

Our interest rate risk refers to the impact of an increase in the LIBOR (London Interbank Offered Rate) indexed interest rate, TJLP (Long-term Interest Rate), TR (Reference Interest Rate), IGP-M (General Market Price Index) and CDI (Interbank Deposit Certificate) indexed debt on the Company’s financial results.

As of December 31, 2014, 51.6%, or R\$4,394.2 million (34.6% or R\$4,048.9 million as of December 31, 2013) of our consolidated total debt outstanding was fixed rate debt.

The majority of Cosan’s debt, except the jointly-controlled subsidiary Raízen, is dollar-denominated with fixed interest rates or real-denominated debts indexed to the CDI or TJLP. However, we have a substantial amount of marketable securities indexed to the CDI, which provides a partial natural hedge to our interest rate exposure of our real-denominated debts.

Based on the foregoing, we believe that as of December 31, 2014 a hypothetical 10% increase in all interest rates would increase our financial expenses by R\$4.1 per year based on the net financial expenses we recorded in our consolidated income statement for the fiscal year ended December 31, 2014.

Foreign Currency Exchange Rate Risk

The foreign exchange variations to which Cosan, except Raízen, are exposed are mainly related to perpetual bond issuances amounting to US\$500 million. We use derivatives to hedge the cash flows for payment of interest on this debt against a possible appreciation of U.S. dollar against the real through November of 2015, when this debt can be redeemed. In addition, basic oil imports for the lubricants business are also exposed to foreign exchange variations, hedged by derivatives on a case-by-case basis.

A significant portion of the revenue of the jointly-controlled subsidiary Raízen Energia is dollar denominated. Most of Raízen Energia’s costs are denominated in reais and therefore, when the real appreciates against dollar, its operating margins are adversely affected. A considerable part of Raízen’s debt is also denominated in dollars, exposing it to the risk of variations in the real to U.S. dollar exchange rate of R\$5,871.0 million.

Raízen Energia has foreign exchange derivatives in order to mitigate its exposure to the effect of foreign exchange variations on its sugar and ethanol export revenues, combined with cash outlays to cover its debt commitments in foreign currency, mainly the U.S. dollar. The exchange rate derivatives together with the sugar price derivatives allow Raízen to ensure an average margin from future sales. Raízen actively manages open positions, and the results of these activities are monitored on a daily basis through effective mark-to-market controls and price impact simulations that allow Raízen to adjust targets and strategies as a result of changes in market conditions. Raízen uses financial derivative instruments to hedge foreign exchange risk.

At December 31, 2014, we had outstanding currency derivatives fair valued at R\$556.0 million (R\$184.8 million in the fiscal year ended March 31, 2013) which were represented by forward, future, swap and put option contracts as disclosed in note 32 of our consolidated financial statements.

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As a measure of our market risk with respect to our foreign currency exposure, a hypothetical 10% appreciation of the real against the U.S. dollar would increase our export sales by approximately R\$9.7 million per year, based on the level of our total export sales for the fiscal year ended December 31, 2014, before considering the effects on U.S. dollar derivative contracts and other dollar denominated assets and liabilities, as set forth below:

	Notional amount/ Quantity	Estimated Fair value Asset (Liability)	Foreign Exchange Gain/ Loss – 10% FX rate Increase
U.S. dollar financial instruments outstanding at December 31, 2014: (in thousands of reais)			
Raízen			
Denominated debt	5,871,026	5,871,026	587,103
Denominated receivables	(291,765)	(291,765)	(292)
Denominated derivative financial instruments (net)	(1,935,458)	8,325	190,047
- Future sale commitments	5,181,829	55,540	(517,693)
- Future purchase commitments	(5,693,884)	(64,224)	568,692
- Forward sale commitments	1,314,650	(16,278)	(132,810)
- Forward purchase commitments	(2,542,865)	45,665	252,339
- Exchange lock sale commitments	49,586	(3,399)	(4,959)
- Exchange lock purchase commitments	(31,792)	3,621	3,179
Net potential impact	(212,982)	(12,600)	21,298
Eliminate 50%	3,643,803	5,587,586	190,342
Net Potential impact — Raízen	(1,821,902)	(2,793,793)	(95,171)
Other Cosan			
Denominated debt	4,695,231	4,695,231	469,523
Denominated receivables	(25,323)	(25,323)	(2,532)
Denominated derivative financial instruments (net)	556,033	556,033	90,485
- Exchange lock commitments	556,033	556,033	90,485
Net potential impact Cosan	5,225,941	5,225,941	557,476

Item 12. Description of Securities other than Equity Securities

Not applicable.

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PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders

None.

Item 15. Controls and Procedures

(a) Disclosure Controls and Procedures

As of December 31, 2014, under management's supervision and with its participation, including that of our Chief Executive Officer and Chief Financial Officer, we performed an evaluation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934).

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2014 to ensure that information required to be disclosed under the Exchange Act is recorded, authorized, processed, summarized and reported within the time periods specified in the Commission's rules and forms, and the information required to be disclosed is accumulated and communicated, in order to allow timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Act of 1934. Management conducted an assessment of the effectiveness of internal control over financial reporting based on recommendations and correlated layers established in the Internal Controls Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO 2013. Based on this assessment and those criteria, management concluded that internal control over financial reporting was effective as of December 31, 2014.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions.

(c) Attestation Report of the Registered Public Accounting Firm

The effectiveness of the internal control over financial reporting, as of December 31, 2014, has been audited by PricewaterhouseCoopers Auditores Independentes ("PwC"), an independent registered public accounting firm, which appears on page F-3.

(d) Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially or significantly affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Audit Committee

We have an audit committee responsible for advising the board about the selection of independent auditors, reviewing the scope of the audit, validating other allowed services provided by our independent auditors, and evaluating our internal controls on a steady basis. The members of our audit committee are Messrs. Marcus Vinicius Pratini de Moraes (chairman), Mailson Ferreira da Nóbrega, and Felicio Mascarenhas de Andrade.

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These members are independent, and our board of directors has determined that both Marcus Vinicius Pratini de Moraes and Mailson Ferreira da Nóbrega are “Audit Committee Financial Experts” in accordance with SEC rules and regulations.

Item 16B. Code of Business Conduct and Ethics

NYSE Rule 303A.10 provides that each U.S. listed company must adopt and disclose a code of business conduct and ethics for directors, officers and employees and promptly disclose any waivers of the code for directors or executive officers. Although not required under Bermuda law, the Company has adopted a code of business conduct and ethics for directors, officers and employees as provided for in NYSE Rule 303A.10, which has been filed with the SEC. See Exhibit 11.1.

Item 16C. Principal Accountant Fees and Services

The following table describes the total amount billed to us by PwC for services performed in the fiscal year ended December 31, 2014, the nine-month period ended December 31, 2013 and fiscal year ended March 31, 2013, presented in thousands of reais:

	At December 31, 2014	At December 31, 2013	At March 31, 2013
	(in thousands of reais)		
Audit fees	3,541	3,248	1,161
Audit related fees	262	218	530
All other fees	—	—	—
Total consolidated audit fees	3,803	3,466	1,691

Audit Fees

Audit fees are fees billed for the audit of our annual consolidated financial statements and for the reviews of our quarterly consolidated financial statements furnished on Form 6-K.

In previous filings, fees included amounts for several affiliates that were proportionally consolidated. As from 2013 they are accounted for under the equity method and are excluded from the fees.

Other Fees

PwC other fees refer to other assurance services regarding the review of comfort letters in connection with our bond issuances.

Pre-Approval Policies and Procedures

Our audit committee approves all audit, audit-related services, tax services and other services provided by PwC. Any services provided by PwC that are not specifically included within the scope of the audit must be pre-approved by the board of directors in advance of any engagement. The board of directors is permitted to approve certain fees for audit-related services, tax services and other services pursuant to a de minimis exception prior to the completion of the audit engagement.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

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Item 16F. Change in Registrant's Certifying Accountant

PricewaterhouseCoopers Auditores Independentes, or "PwC" was appointed to act as our independent registered public accounting firm for a three-year period to audit our consolidated financial statements for the fiscal year ended March 31, 2013, the nine-month-period ended December 31, 2013 and the fiscal year ended December 31, 2014. On April 27, 2015, our Audit Committee approved the engagement of KPMG Auditores Independentes, or "KPMG", to act as our independent registered public accounting firm for our financial periods beginning as of January 1, 2015.

PwC's reports on our consolidated financial statements for the nine-month-period ended December 31, 2013 and the fiscal year ended December 31, 2014 did not contain an adverse opinion or disclaimer of opinion or report, nor was any report qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company's two most recent fiscal years ended December 31, 2014 and 2013 and the subsequent interim period through April 27, 2015, there were no disagreements with PwC, whether or not resolved, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreement, if not resolved to the satisfaction of PwC, would have caused PwC to make a reference to the subject matter of the disagreement in connection with any reports it would have issued, and there were no "reportable events" as that term is defined in Item 16F(a)(1)(v) of Form 20-F.

We have provided PwC with a copy of the foregoing disclosure, and we have requested that it furnish us with a letter addressed to the SEC stating whether or not it agrees with the above disclosures. A copy of this letter is filed as Exhibit 16.1 to this Form 20-F.

We did not consult KPMG during our two most recent fiscal years or any subsequent interim period regarding the application of accounting principles to a specific transaction, either completed or proposed, or regarding the type of audit opinion that might be rendered by PwC on our financial statements. Further, KPMG did not provide any written or oral advice that was an important factor considered by us in reaching a decision as to any such accounting, auditing or financial reporting or any matter being the subject of disagreement or "reportable event" or any other matter as defined in Item 16F(a)(2) of Form 20-F.

Item 16G. Corporate Governance

For a comparison of the significant differences between our corporate governance practices and the NYSE Corporate Governance Standards, please see "Item 6. Directors, Senior Management and Employees—C. Summary of Significant Differences of Corporate Governance Practices."

Item 16H. Mine Safety Disclosure

Not applicable.

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PART III

Item 17. Financial Statements

We have responded to Item 18 in lieu of responding to this Item.

Item 18. Financial Statements

See our audited consolidated financial statements beginning on page F-1.

Item 19. Exhibits

We are filing the following documents as part of this annual report on Form 20-F:

- 1.1 Memorandum of Association (incorporated by reference to our amended registration statement filed on Form F-1/A with the Securities and Exchange Commission on August 9, 2007)
- 1.2 By-Laws (incorporated by reference to our amended registration statement filed on Form F-1/A with the Securities and Exchange Commission on August 9, 2007)
- 2.1 Indenture dated as of January 26, 2007 among Cosan Finance Limited, as issuer, Cosan S.A. Indústria e Comércio and Usina Da Barra S.A.—Açúcar e Álcool, as guarantors, The Bank of New York, as trustee, The Bank of Tokyo-Mitsubishi UFJ, Ltd., as principal paying agent and The Bank of New York Luxembourg S.A., as Luxembourg paying agent (incorporated by reference to our registration statement filed on Form F-1 with the Securities and Exchange Commission on June 25, 2007)
- 2.2 Indenture dated August 11, 2009 among CCL Finance Limited, Cosan Combustíveis e Lubrificantes S.A., (now CLE) The Bank Of New York Mellon, as Trustee, The Bank of New York Mellon Trust (Japan), Ltd., as Principal Paying Agent, and the Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Listing, Paying and Transfer Agent (incorporated by reference to Exhibit 2.4 of our annual report on Form 20-F for the year ended March 31, 2009)
- 2.3 Indenture dated November 5, 2010 among Cosan Overseas Limited, Cosan S.A. Indústria e Comércio, The Bank of New York Mellon, as Trustee, New York Paying Agent, Transfer Agent and Registrar, The Bank of New York Mellon (London Branch), as London Paying Agent and The Bank of New York Mellon (Luxembourg) S.A., as Paying Agent and Transfer Agent (incorporated by reference to Exhibit 2.5 of our annual report on Form 20-F for the year ended March 31, 2011)
- 2.4 Indenture dated March 14, 2013 among Cosan Luxembourg S.A., Cosan S.A. Indústria e Comércio, Deutsche Bank Trust Company, as Trustee, New York Paying Agent, Transfer Agent and Registrar and Deutsche Bank Luxembourg S.A., as Luxembourg Paying Agent (incorporated by reference to Exhibit 2.4 of our annual report on Form 20-F for the year ended March 31, 2013)
- 2.5 Indenture dated March 14, 2013 among Cosan Luxembourg S.A., Cosan S.A. Indústria e Comércio, Deutsche Bank Trust Company, as Trustee, New York Paying Agent, Transfer Agent, Registrar and Calculation Agent and Deutsche Bank Luxembourg S.A., as Luxembourg Paying Agent (incorporated by reference to Exhibit 2.5 of our annual report on Form 20-F for the year ended March 31, 2013)

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Loan Agreement dated as of June 28, 2005 among Cosan S.A. Indústria e Comércio, as borrower, and International Finance Corporation (incorporated by reference to our registration statement filed on Form F-1 with the Securities and Exchange Commission on June 25, 2007)

- 4.2 Agreement for the Sale and Purchase of all of the Member Interests in Parent Co-Operative 1 and Parent Co-Operative 2 dated April 23, 2008, between ExxonMobil International Holdings B.V., as vendor, and the registrant's subsidiaries Cosan S.A. Indústria e Comércio and Usina da Barra S.A. Açúcar e Álcool, as purchasers* (incorporated by reference to our Amendment to our Current Report filed on Form 6-K/A on June 10, 2009)
- 4.3 Framework Agreement dated August 25, 2010 among Cosan S.A. Indústria e Comércio, Cosan Distribuidora de Combustíveis S.A., Cosan Limited, Houches Holdings S.A., Shell Brasil Limitada, Shell Brazil Holding B.V., Shell Overseas Holdings Limited and Milimétrica Participações S.A., or Framework Agreement

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- (incorporated by reference to Exhibit 4.3 of our annual report on Form 20-F for the year ended March 31, 2010)
- 4.4 First Amendment to the Framework Agreement, dated as of April 7, 2011 (incorporated by reference to Exhibit 4.4 of our annual report on Form 20-F for the year ended March 31, 2011).
- 4.5 Second Amendment to the Framework Agreement, dated as of June 1, 2011 (incorporated by reference to Exhibit 4.5 of our annual report on Form 20-F for the year ended March 31, 2011).
- 4.6 Joint Venture Agreement among Cosan S.A. Indústria e Comércio, Cosan Limited, Raízen Combustíveis S.A., Raízen S.A., Shell Brazil Holding B.V., Shell Overseas Holdings Limited and Raízen Energia Participações S.A. dated June 1, 2011 (incorporated by reference to Exhibit 4.6 of our annual report on Form 20-F for the year ended March 31, 2011).
- 4.7 Operating and Coordination Agreement dated June 1, 2011 relating to Raízen Energia Participações S.A., Raízen Combustíveis S.A. and Raízen S.A. (incorporated by reference to Exhibit 4.7 of our annual report on Form 20-F for the year ended March 31, 2011).
- 4.8 Shareholders Agreement of Raízen Combustíveis S.A., dated as of June 1, 2011 (incorporated by reference to Exhibit 4.8 of our annual report on Form 20-F for the year ended March 31, 2011).
- 4.9 Shareholders Agreement of Raízen Energia Participações S.A., dated as of June 1, 2011 (incorporated by reference to Exhibit 4.9 of our annual report on Form 20-F for the year ended March 31, 2011).
- 4.10 Term Loan among Cosan Cayman Limited, certain Lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent for the Lenders dated April 1, 2011 (incorporated by reference to Exhibit 4.10 of our annual report on Form 20-F for the year ended March 31, 2012).
- 4.11 Share Purchase Agreement for the acquisition of Comma Oil & Chemicals Limited dated February 29, 2012, between Esso Petroleum Company, Limited and Cosan S.A. Indústria e Comércio (incorporated by reference to Exhibit 4.11 of our annual report on Form 20-F for the year ended March 31, 2013)
- 4.12 Share Purchase Agreement for the acquisition of Comgás dated May 28, 2012, between Integra Investments B.V., BG Energy Holdings Limited, Provence Participações S.A. and Cosan S.A. Indústria e Comércio (incorporated by reference to Exhibit 4.12 of our annual report on Form 20-F for the year ended March 31, 2013)
- 8.1 Subsidiaries of the Registrant.
- 11.1 Code of Ethics (incorporated by reference from our exhibit to our annual report filed on Form 20-F for the Fiscal Year ended April 30, 2008).
- 12.1 Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 of the Chief Executive Officer
- 12.2 Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 of the Chief Financial Officer
- 13.1 Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer
- 13.2

Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Financial Officer

13.3 Financial Statements for the fiscal years ended March 31, 2015, 2014 and 2013 of Raízen Energia and Raízen Combustíveis **

16.1 Letter from PricewaterhouseCoopers Auditores Independentes to the SEC dated April 30, 2015 confirming that PricewaterhouseCoopers Auditores Independentes agrees with the disclosures made by the Company in Item 16F of this annual report on Form 20-F.

* Portions of this item have been omitted pursuant to a request for confidential treatment.

** Since the fiscal year of these companies differ to those of Cosan Limited, the financial statements will be filed at a later date.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

COSAN LIMITED

By: /s/ Marcelo Eduardo Martins
Name: Marcelo Eduardo
Martins
Title: Chief Financial and
Investor Relations
Officer

Date: April 30, 2015

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Cosan Limited

Consolidated financial statements at
December 31, 2014 and report of independent
registered public accounting firm

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Cosan Limited

Consolidated financial statements

December 31, 2014

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Management's Annual Report on Internal Control over Financial Reporting

The management of Cosan Limited (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting for the Company.

The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014, based on the criteria set forth in Internal Control- Integrated Framework 2013 issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO). Based on that assessment management has concluded that as of December 31, 2014, the Company's internal control over financial reporting is effective.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers Auditores Independentes, the Company's independent registered public accounting firm, as stated in their report which appears herein.

São Paulo, Brazil
March 18, 2015

By: /s/ Marcos Marinho
Lutz
Name: Marcos Marinho
Lutz
Title: Chief Executive
Officer

By: /s/ Marcelo Eduardo
Martins
Name: Marcelo
Eduardo Martins
Title: Chief Financial
and Investor Relations
Officer

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Cosan Limited

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of profit or loss and other comprehensive income, of changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Cosan Limited and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for the year ended December 31, 2014, nine month-period ended December 31, 2013 and for the year ended March 31, 2013 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's report on internal control over financial reporting". Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Campinas, Brazil

March 18, 2015

/s/ PricewaterhouseCoopers
PricewaterhouseCoopers
Auditores Independentes

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Cosan Limited

Consolidated statement of financial position
(In thousands of Brazilian Reais - R\$)

	Note	December 31, 2014	December 31, 2013
Assets			
Cash and cash equivalents	6	1,649,340	1,509,565
Investment securities		149,735	87,978
Trade receivables	7	865,109	844,483
Derivative financial instruments	31	30,069	-
Inventories	8	353,720	311,980
Receivables from related parties	11	38,357	46,788
Income tax receivable		94,100	56,340
Other current tax receivable	9	78,818	85,433
Other financial assets	10	69,683	63,054
Dividends receivable		36,130	26,350
Other		174,957	217,927
		3,540,018	3,249,898
Assets held for sale	14	25,089	314,104
Total current assets		3,565,107	3,564,002
Trade receivables	7	480,992	238,460
Deferred tax assets	20	214,164	232,188
Receivables from related parties	11	212,527	504,481
Income tax receivable		8,778	49,268
Taxes recoverable	9	17,299	18,366
Judicial deposits	21	418,385	361,554
Other financial assets	10	370,497	407,107
Derivative financial instruments	31	860,509	513,934
Other non-current assets		648,669	493,340
Investment in associates	12	130,677	103,316
Investment in joint ventures	13	8,404,503	8,498,259
Investment properties	14	2,641,978	2,281,509
Property, plant and equipment	15	1,435,890	1,271,910
Intangible assets and goodwill	16	10,286,373	10,078,040
Total non-current assets		26,131,241	25,051,732
Total assets		29,696,348	28,615,734

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Cosan Limited

Consolidated statement of financial position
(In thousands of Brazilian Reais - R\$)

	Note	December 31, 2014	December 31, 2013
Liabilities			
Loans and borrowings	17	1,056,353	1,050,862
Derivative financial instruments	31	13,803	50,879
Trade payables	18	1,112,459	862,429
Employee benefits payable		120,416	103,296
Income tax payable		30,905	28,143
Other taxes payable	19	307,741	199,056
Dividends payable		33,354	92,759
Payables to related parties	11	137,441	105,463
Other		158,471	157,806
Total current liabilities		2,970,943	2,650,693
Non-current liabilities			
Loans and borrowings	17	7,446,287	8,042,094
Derivative financial instruments	31	319,632	280,462
Other taxes payable	19	334,565	1,010,767
Provision for legal proceedings	21	657,779	722,458
Pension and post-employment benefits	33	301,850	339,135
Deferred tax liabilities	20	1,739,274	1,698,622
Preferred shareholders payable in subsidiaries	22	1,926,888	-
Other		509,823	551,739
Total non-current liabilities		13,236,098	12,645,277
Total liabilities		16,207,041	15,295,970
Shareholders' equity			
Share capital		5,328	5,328
Additional paid in capital		3,887,109	3,828,858
Other comprehensive loss		(165,618)	(84,887)
Retained earnings		2,117,739	2,136,975
Equity attributable to owners of the parent		5,844,558	5,886,274
Non-controlling interests	12	7,644,749	7,433,490
Total shareholders' equity		13,489,307	13,319,764
Total shareholders' equity and liabilities		29,696,348	28,615,734

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

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Cosan Limited

Consolidated statement of profit or loss and other comprehensive income
(In thousands of Brazilian Reais – R\$, except earnings per share)

	Note	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Net sales	26	9,062,304	6,878,214	4,586,209
Cost of sales	27	(6,413,720)	(4,878,229)	(3,211,309)
Gross profit		2,648,584	1,999,985	1,374,900
Selling expenses	27	(881,543)	(603,965)	(459,433)
General and administrative expenses	27	(668,613)	(466,933)	(419,533)
Other income (expense), net	29	(21,240)	76,272	173,739
Operating expense		(1,571,396)	(994,626)	(705,227)
Income before financial results, equity in earnings in and income taxes		1,077,188	1,005,359	669,673
Equity in earnings of investees				
Equity in earnings of associates	12	3,540	5,497	70,414
Equity in earnings of joint ventures	13	588,428	242,036	603,912
		591,968	247,533	674,326
Financial results	28			
Finance expense		(1,060,802)	(804,606)	(578,005)
Finance income		217,112	179,904	163,663
Foreign exchange losses, net		(300,521)	(324,495)	(83,254)
Derivatives		161,363	235,485	74,483
		(982,848)	(713,712)	(423,113)
Profit before taxes		686,308	539,180	920,886
Income tax (expense) benefit	20			
Current		(156,502)	(129,976)	(100,049)
Deferred		112,673	90,782	(26,304)
		(43,829)	(39,194)	(126,353)

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Cosan Limited

Consolidated statement of profit or loss and other comprehensive income
(In thousands of Brazilian Reais – R\$, except earnings per share)

Profit from continuing operations	642,479	499,986	794,533
Profit from discontinued operations, net of tax	-	-	138,918
Profit for the period	642,479	499,986	933,451
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial gain (loss) on defined benefit plan	46,988	42,438	(52,253)
Taxes on items that will not be reclassified to profit or loss	(15,976)	(14,429)	17,766
	31,012	28,009	(34,487)
Items that may be reclassified to profit or loss:			
Foreign currency translation effect	(75,408)	(42,891)	2,583
Gain (loss) on cash flow hedge in joint ventures and subsidiary	(53,958)	(6,426)	35,695
Revaluation of investment properties	-	-	83,318
Changes in fair value of available for sale securities	9,110	13,753	10,806
Taxes on items that may be reclassified to profit or loss	(3,097)	(4,676)	103,743
	(123,353)	(40,240)	236,145
Total other comprehensive income (loss), net of tax	(92,341)	(12,231)	201,658
Total comprehensive income	550,138	487,755	1,135,109
Net income attributable to:			
Owners of the Parent (including discontinued operations)	171,006	122,618	424,070
Non-controlling interests	471,473	377,368	509,381
Total comprehensive income attributable to:			
Owners of the Parent	90,275	96,639	541,662
Non-controlling interests	459,863	391,116	593,447
Basic earnings per share	24		
Continuing operations	R\$0.65	R\$0.46	R\$1.27
Discontinued operations	-	-	R\$0.33
	R\$0.65	R\$0.46	R\$1.60
Diluted earnings per share	24		

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Continuing operations (as revised - Note 24)	R\$0.58	R\$0.40	R\$ 1.21
Discontinued operations	-	-	R\$0.33
	R\$0.58	R\$0.40	R\$ 1.54

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

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Cosan Limited

Statement of changes in shareholders' equity
(In thousands of Brazilian Reais - R\$)

	Share capital	Capital reserve Additional paid capital	Other incomprehensive income	Retained earnings	Equity attributable to owners of the parent	Non- controlling interests	Total equity
At April 1, 2012	5,328	3,811,808	(176,500)	1,923,638	5,564,274	3,862,281	9,426,555
Profit for the year	-	-	-	424,070	424,070	509,381	933,451
Other comprehensive income							
Foreign currency translation effects	-	-	(3,381)	-	(3,381)	5,964	2,583
Gain on cash flow hedge in joint ventures	-	-	22,239	-	22,239	13,456	35,695
Revaluation of investment property	-	-	118,832	-	118,832	71,903	190,735
Actuarial loss on defined benefit plan	-	-	(21,486)	-	(21,486)	(13,001)	(34,487)
Changes in fair value of available for sale Securities	-	-	1,388	-	1,388	5,744	7,132
Total comprehensive income for the year	-	-	117,592	424,070	541,662	593,447	1,135,109
Contributions by and distributions to owners of the Parent							
Share options exercised - Subsidiaries	-	10,444	-	-	10,444	6,320	16,764
Dividends - non-controlling interests	-	(1,295)	-	-	(1,295)	1,316	21
Share based compensation - Subsidiaries	-	8,284	-	-	8,284	5,012	13,296
Dividends	-	-	-	(153,657)	(153,657)	(315,259)	(468,916)

Total contributions by and distributions to owners of the Parent	-	17,433	-	(153,657)	(136,224)	(302,611)	(438,835)
Transactions with owners of the Parent							
Corporate reorganization - Raízen Group	-	31,693	-	-	31,693	19,173	50,866
Acquisition of treasury shares	-	(17,250)	-	-	(17,250)	-	(17,250)
Acquisition of non-controlling interest	-	(2,859)	-	-	(2,859)	(79,641)	(82,500)
Business combination COMGÁS	-	15,754	-	-	15,754	1,863,331	1,879,085
Business combination Radar	-	270	-	-	270	1,285,593	1,285,863
Business combination Logisport non-controlling interest	-	-	-	-	-	(32,872)	(32,872)
Total transactions with owners of the Parent	-	27,608	-	-	27,608	3,055,584	3,083,192
At March 31, 2013	5,328	3,856,849	(58,908)	2,194,051	5,997,320	7,208,701	13,206,021

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Cosan Limited

Statement of changes in shareholders' equity
(In thousands of Brazilian Reais - R\$)

	Share capital	Capital reserve Additional paid capital	Other incomprehensive income	Retained earnings	Equity attributable to owners of the parent	Non- controlling interests	Total equity
At April 1, 2013	5,328	3,856,849	(58,908)	2,194,051	5,997,320	7,208,701	13,206,021
Profit for the nine-month period	-	-	-	122,618	122,618	377,368	499,986
Other comprehensive income							
Foreign currency translation effects	-	-	(34,984)	-	(34,984)	(7,907)	(42,891)
Loss on cash flow hedge in joint ventures	-	-	(4,004)	-	(4,004)	(2,422)	(6,426)
Actuarial gain on defined benefit plan	-	-	11,334	-	11,334	16,675	28,009
Changes in fair value of available for sale Securities	-	-	1,675	-	1,675	7,402	9,077
Total comprehensive income for the nine months	-	-	(25,979)	122,618	96,639	391,116	487,755
Contributions by and distributions to owners of the Parent							
Share options exercised - Subsidiaries	-	10,120	-	-	10,120	6,123	16,243
Dividends - non-controlling interests	-	889	-	-	889	(589)	300
Share based compensation - Subsidiaries	-	4,109	-	-	4,109	2,486	6,595
Dividends	-	-	-	(179,694)	(179,694)	(148,586)	(328,280)

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Total contributions by and distributions to							
owners of the Parent	-	15,118	-	(179,694)	(164,576)	(140,566)	(305,142)
Transactions with owners of the Parent							
Acquisition of							
treasury shares	-	(43,412)	-	-	(43,412)	(26,268)	(69,680)
Unclaimed dividends	-	303	-	-	303	507	810
Total transactions with owners of the Parent							
	-	(43,109)	-	-	(43,109)	(25,761)	(68,870)
At December 31, 2013	5,328	3,828,858	(84,887)	2,136,975	5,886,274	7,433,490	13,319,764

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Cosan Limited

Statement of changes in shareholders' equity
(In thousands of Brazilian Reais - R\$)

	Share capital	Capital reserve Additional paid in capital	Other comprehensive income	Retained earnings	Equity attributable to owners of the parent	Non- controlling interests	Total equity
At January 1, 2014	5,328	3,828,858	(84,887)	2,136,975	5,886,274	7,433,490	13,319,764
Profit for the year	-	-	-	171,006	171,006	471,473	642,479
Other comprehensive income							
Foreign currency translation effects	-	-	(66,653)	-	(66,653)	(8,755)	(75,408)
Loss on cash flow hedge in joint ventures and subsidiary	-	-	(33,687)	-	(33,687)	(20,271)	(53,958)
Actuarial gain on defined benefit plan	-	-	18,285	-	18,285	12,727	31,012
Changes in fair value of							
available for sale Securities	-	-	1,324	-	1,324	4,689	6,013
Total comprehensive income for the year	-	-	(80,731)	171,006	90,275	459,863	550,138
Contributions by and distributions to owners of the Parent							
Share options exercised -							
Subsidiaries	-	28,436	-	-	28,436	17,111	45,547
Dividends - non-controlling interests							
	-	3,411	-	-	3,411	857	4,268
Share based compensation -							
Subsidiaries	-	8,073	-	-	8,073	4,851	12,924
Dividends	-	-	-	(190,242)	(190,242)	(255,293)	(445,535)
Total contributions by and distributions to							

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owners of the Parent	-	39,920	-	(190,242)	(150,322)	(232,474)	(382,796)
Transactions with owners of the Parent							
Acquisition of non-controlling interest	-	18,331	-	-	18,331	(16,130)	2,201
Total transactions with owners of the Parent	-	18,331	-	-	18,331	(16,130)	2,201
At December 31, 2014	5,328	3,887,109	(165,618)	2,117,739	5,844,559	7,644,749	13,489,307

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

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Cosan Limited

Consolidated statement of cash flows
(In thousands of Brazilian Reais - R\$)

	Note	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Cash flows from operating activities				
Profit before taxes		686,308	539,180	920,886
Adjustments for:				
Depreciation and amortization	15 / 16	679,101	439,144	334,786
Equity in earnings of associates	12	(3,540)	(5,497)	(70,414)
Equity in earnings of joint ventures	13	(588,428)	(242,036)	(603,912)
(Gain) loss on disposal of assets		9,958	6,922	(100,349)
Share-based compensation expense	11 / 34	12,924	6,595	13,295
Change in fair value of investment property	14 / 29	(131,697)	(121,543)	(138,776)
Provisions for legal proceedings		51,347	80,944	49,334
Indexation charges, interest and exchange gains/losses, net		1,086,158	825,774	438,361
Other		42,557	40,167	67,440
		1,844,688	1,569,650	910,651
Changes in:				
Restricted cash		-	18,220	-
Cash from discontinued operations		-	-	116,387
Trade receivables		(268,813)	(254,236)	(62,414)
Securities		(98,714)	-	(14,276)
Inventories		(40,321)	(28,324)	(33,355)
Recoverable taxes		51,013	(13,167)	(28,488)
Related parties		(112,251)	(8,519)	(104,078)
Advances to suppliers		1,544	4,954	15,269
Trade payables		241,827	55,728	(5,280)
Employee benefits		(58,098)	(14,216)	(55,194)
Provisions for legal proceedings		(50,136)	(107,484)	(9,212)
Income and other taxes		(458,979)	(156,476)	(313,702)
Other		65,390	82,340	(133,193)
		(727,538)	(421,180)	(627,536)
Net cash generated by operating activities		1,117,150	1,148,470	283,115
Cash flows from investing activities				
Acquisitions in associates, net of cash acquired		-	-	(2,995,499)
Capital contribution in associates		(46,259)	(79,594)	(61,014)
Dividends received from associates		3,118	3,684	-
Dividends received from joint ventures		705,072	406,424	578,757
Acquisition of property, plant and equipment and intangible assets	15 / 16	(1,063,412)	(976,119)	(649,681)

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Proceeds from sale of property, plant and equipment, intangibles and investments		1,196	65,350	220,719
Proceeds from sale of discontinued operation	30	68,633	57,175	196,546
Net cash used by discontinued operation		-	-	(411)
Net cash used in investing activities		(331,652)	(523,080)	(2,710,583)

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Cosan Limited

Consolidated statement of cash flows
(In thousands of Brazilian Reais - R\$)

Cash flows from financing activities

Loans and borrowings raised		1,720,385	1,072,339	6,197,855
Payment of principal and interest on loans and borrowings		(3,631,292)	(1,460,470)	(2,787,121)
Related parties		(1,643)	-	-
Acquisition of non-controlling interest		-	-	(82,500)
Derivative financial instruments		(84,951)	82,621	-
Share capital paid in preferred shares	22	1,946,736	-	-
Dividends paid		(630,233)	(314,446)	(396,462)
Treasury shares		-	(69,659)	(17,250)
Proceeds from exercise of share options		45,547	16,243	16,764
Net cash (used in) generated by financing activities		(635,451)	(673,372)	2,931,286
Increase (decrease) in cash and cash equivalents		150,047	(47,982)	503,818
Cash and cash equivalents at beginning of period		1,509,565	1,544,072	1,036,217
Effects of exchange rate changes on cash held		(10,272)	13,475	4,037
Cash and cash equivalents at ended of period		1,649,340	1,509,565	1,544,072
Supplemental cash flow information				
Interest paid		725,309	376,526	166,068
Income taxes paid		157,285	129,539	224,640
Non-cash transactions				
Offset of tax loss carryforwards - REFIS (Note 19)		173,559	-	-
Offset of transaction with joint ventures - REFIS (Note 19)		231,168	-	-

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

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Cosan Limited

Notes to the consolidated financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

1 Operations

Cosan Limited (“Cosan”) was incorporated in Bermuda on April 30, 2007. Cosan’s class A common shares are traded on the New York Stock Exchange (NYSE) (ticker - CZZ). The BDRs (Brazilian Depositary Receipts) representing Cosan’s class A common shares are listed on the Brazilian Stock Exchange (BM&FBovespa) (ticker - CZLT33). Mr. Rubens Ometto Silveira Mello is the ultimate controlling shareholder of Cosan. Cosan controls its subsidiaries Cosan S.A. Indústria e Comércio (“Cosan S.A.”), Cosan Logística S.A. (“Cosan Log”) through a 62.51 % interest. Cosan, Cosan S.A., Cosan Log and its subsidiaries are collectively referred to as the “Company”.

The Company’s primary activities are in the following business segments: (i) Piped natural gas distribution to part of the State of São Paulo through its subsidiary Companhia de Gás de São Paulo – COMGÁS (“COMGÁS”), which has been consolidated since November 2012; (ii) Logistics services including transportation, port loading and storage of sugar, through its indirect subsidiary Rumo Logística Operadora Multimodal S.A. (“Rumo”); (iii) Purchase, sale and leasing of agricultural land through its subsidiary, Radar Propriedades Agrícolas S.A. (“Radar”); (iv) Production and distribution of lubricants under the Mobil licensed trademark in Brazil, Bolivia, Uruguay and Paraguay, in addition to the European and Asian market using the Comma brand and corporate activities; and (v) other investments, in addition to the corporate structures of the Company (“Cosan’s other business”).

The Company also holds interests in two joint ventures (“JVs”): (i) Raízen Combustíveis S.A. (“Raízen Combustíveis”), a fuel distribution business, and (ii) Raízen Energia S.A. (“Raízen Energia”), which operates in the production and marketing of sugar, ethanol and energy cogeneration, produced from sugar cane bagasse. Cosan and Royal Dutch Shell (“Shell”) share control of the two entities, where each owns 50% of the economic control. Up until the adoption of IFRS11 – Joint Arrangements (“IFRS 11”), these investments were accounted for using the proportional consolidation method. Upon the adoption of IFRS 11, during the nine months ended December 31, 2013, these investments have been accounted for under the equity method (all comparative periods was adjusted to conform to IFRS 11 presentation).

The Annual General Shareholders' Meeting held on July 31, 2013, approved a fiscal year end change from March 31st to December 31st. This was driven by changes in the Company’s investment portfolio, in which other businesses that do not use the harvest year (March 31) have become more significant. With this change, the Company’s fiscal year begins on January 1st, and ends on December 31st of each year. Accordingly, these consolidated financial statements are presented for the year ended December 31, 2014, the nine months ended December 31 (transition period) and for the year ended March 31, 2013.

On October 1, 2014 at the Extraordinary General Meeting (EGM), the Cosan S.A. shareholders’ approved the partial spin-off (the “Partial Spin-off”) of Cosan S.A. and merger of the spun-off portion into Cosan Log, composed of Cosan’s logistics operations. The Partial Spin-off seeks to segregate the Cosan S.A.’s activities in order to allow each business segment to focus on its sector, establishing suitable capital structures for each company. It also seeks to provide the market with greater transparency on each company’s performance, which will allow a better evaluation from shareholders and investors of the individual businesses permitting that resources be allocated accordance to the shareholder’s interests and investment strategy.

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Cosan Limited

Notes to the consolidated financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

2 Basis of preparation

2.1 Statement of compliance

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 6, 2015.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value;
 - Available-for-sale financial assets are measured at fair value;
 - Investment property is measured at fair value; and
- Employees' defined benefit obligations are presented at the present value of the actuarial obligation net of the fair value of plan assets (Note 33).

2.3 Functional and presentation currency

The consolidated financial statements are presented in Brazilian Reais. However, the functional currency of Cosan Limited is the U.S. Dollar (US\$). The Brazilian Real is the functional currency of Cosan S.A., Cosan Log, its subsidiaries and joint ventures, located in Brazil, as it is the currency of the primary economic environment in which they operate, generate and expend cash. The functional currency for the subsidiaries located outside Brazil is U.S. Dollar or the Pound Sterling.

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses at the end of the reporting period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Notes 15 and 16 – Property, plant and equipment and intangible assets

The calculation of amortization and depreciation of intangible assets and property, plant and equipment is based on estimated useful lives. In addition, the determination of the fair value

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Cosan Limited

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

of intangible assets and property, plant and equipment acquired in a business combination or arising from the formation of a JV is a significant estimate.

The Company performs annually a review of impairment indicators for intangible assets and property, plant and equipment. Also, an impairment test is undertaken for goodwill. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The key assumptions used to determine the recoverable amount of the different cash generating units to which goodwill is allocated are explained in Note 16.

COMGÁS has an agreement for the public concession of gas distribution service in accordance to which the Conceding Authority, at the end of the concession, will hold a significant portion of the infrastructure and controls what services must be rendered and what prices will be applied. This concession agreement represents the right to charge from customers for the supply of gas during the effective period of the agreement. Therefore, the Company recognizes this right as intangible assets.

The amortization of intangible assets reflects the pattern expected for the utilization of the future economic benefits by the Company, which corresponds to the useful lives of the assets comprising the infrastructure consonant to the ARSESP provisions, as disclosed in Note 16.

The amortization of the intangible assets is discontinued when the related asset is fully used or written-off, and no longer is included in the calculation basis of the tariff for the rendering of the concession services, whichever occurs first.

The Company may request only once the extension of the distribution services for another 20 years, being subject to evaluation by the Conceding Authority. When the concession is terminated, the assets linked to the rendering of gas distribution services will be returned to the Conceding Authority, and the Company will be entitled to receive an indemnity to be determined based on assessments and evaluations considering the book values to be calculated at the time

- Note 20 – Income taxes and social contribution

A deferred tax asset is recognized for loss carryforwards to the extent that it is probable that future taxable income will be generated to realize such losses. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and the level of future taxable income together with future tax planning strategies.

- Other non-current asset

The Company has recognized a receivable in relation to a lawsuit filed against the Federal Government, claiming indemnification due to price controls, for which receipt is virtually certain, as the Supreme Court has passed final judgment against which the Federal Government has no recourse to appeal (Note 21).

Information about assumptions and estimation uncertainties that have a significant risk of material adjustment are as follows:

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Cosan Limited

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

- Note 7 – Trade receivables

Estimate of realization of receivable from contract under arbitration:

The Company's subsidiaries Rumo is a defendant in a legal action initiated by América Latina Logística S.A. ("ALL"), a provider of rail transport services and lessee of Rumo's rolling stock, in relation to the investment and transportation contracts entered into in 2009 (Note 7). The Company had requested arbitration to enforce its contractual rights and for ALL to comply with the terms of the agreements. Rail transport services continue to be provided by ALL.

On April 1, 2014, the Board of Directors of ALL accepted an offer by the Company to merger ALL's activities with Rumo's through the merger of shares issued by ALL into Rumo ("Stock Merger"). Accordingly, the current shareholders' of Rumo and ALL will receive shares representing 36.5% and 63.5% of the capital stock of the merged company, respectively.

On May 12, 2014, Rumo and ALL officially suspended the arbitration and all court proceedings related to the performance of the agreements entered in 2009 (Note 7).

The amounts recorded as revenue and as a receivable are for the services provided under the terms of the contract, and represent management's best estimate of the inflow of economic benefit, and backed by guarantees provided by ALL. However, the final settlement may be for an amount that is higher or lower than the amounts recorded in the financial statements as trade receivables.

- Note 31 – Fair value of derivatives and other financial instruments

When the fair value of financial assets and liabilities cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but when this is not feasible, a degree of judgment is required in determining fair values. Judgment is required in the determination of inputs such as liquidity risk, credit risk and volatility. Changes in these variables could affect the reported fair value of financial instruments.

- Note 33 – Pension and other post-employment benefit plans

The cost of defined benefit pension plans and other post-employment and the present value of the pension obligation is determined using actuarial valuations. An actuarial valuation involves the use of various assumptions which may differ from actual results in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. A defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed by management at each reporting date.

- Note 34 – Share based payments

Cosan S.A. measures employees' share based compensation cost by reference to the fair value of the shares at the grant date. The estimation of fair value for share-based payment

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transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the plan. This estimate also requires determining the most appropriate inputs to the valuation model including the assumption of the expected life of the stock option, volatility and dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 34.

• Note 21 – Provisions for legal proceedings

Provisions for legal proceedings are recognized when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions for legal proceedings resulting from business combinations are estimated at fair value.

3 Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented.

3.1 Basis of consolidation

The consolidated financial statements include the accounts of Cosan and its subsidiaries. Cosan's subsidiaries are listed below:

	Ownership percentage	
	December 31, 2014	December 31, 2013
Directly owned subsidiaries		
Cosan S.A.	62.51	62.30
Cosan Logística S.A.(i)	62.51	-
Interest of Cosan S.A. in its subsidiaries		
Administração de Participações Aguassanta Ltda.(ii)	-	65.00
Águas da Ponte Alta S.A.	65.00	65.00
Bioinvestments Negócios e Participações S.A.	65.00	65.00
Comma Oil Chemicals	100.00	100.00
Companhia de Gás de São Paulo – COMGÁS	60.69	60.05
Cosan Biomassa S.A.	100.00	100.00
Cosan Cayman II Limited	100.00	100.00
Cosan Global Limited	100.00	100.00
Cosan Investimentos e Participações S.A.	100.00	100.00
Cosan Logística S.A.(i)	-	100.00
Cosan Lubes Investments Limited	100.00	100.00
Cosan Lubrificantes e Especialidades S.A.	100.00	100.00

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Cosan Luxembourg S.A.	100.00	100.00
Cosan Overseas Limited	100.00	100.00
Cosan Paraguay S.A.	100.00	100.00
Cosan US, Inc.	100.00	100.00
Logisport Armazéns Gerais S.A.(i)	-	38.25
Nova Agrícola Ponte Alta S.A.	29.50	29.50
Nova Amaralina S.A. Propriedades Agrícolas	29.50	29.50
Nova Santa Barbara Agrícola S.A.	29.50	29.50
Pasadena Empreendimentos e Participações S.A.	100.00	100.00
Proud Participações S.A.	65.00	65.00
Radar II Propriedades Agrícolas S.A.	65.00	65.00
Radar Propriedades Agrícolas S.A.	29.50	29.50
Rumo Logística Operadora Multimodal S.A.(i)	-	75.00
Terras da Ponte Alta S.A.	29.50	29.50
Vale da Ponte Alta S.A.	65.00	65.00
Interest of Cosan		
Logística S.A. in its subsidiaries		
Logisport Armazéns Gerais S.A.(i)	38.25	-
Rumo Logística Operadora Multimodal S.A.(i)	75.00	-

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Cosan Limited

Notes to the consolidated financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

(i) Logisport Armazéns Gerais S.A. and Rumo Logística Operadora Multimodal S.A. are directly owned subsidiaries of Cosan Logística S.A., which become a directly owned subsidiary of Cosan Limited in 2014, as described in Note 1;

(ii) Incorporated in March 2014.

a) Business combinations – IFRS 3 (R)

Business combinations are accounted for using the acquisition method – i.e. when control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or in other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

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Cosan Limited

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as a bargain purchase gain.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

b) Non-controlling interests

For each business combination, the Company elects to measure any non-controlling interests in the acquiree either:

- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.
- at fair value; or

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners.

c) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when 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.

Subsidiaries are fully consolidated from the date of acquisition of control, and continue to be consolidated until the date that control ceases to exist. They are deconsolidated from the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as that of the parent company, using consistent accounting policies.

d) Investments in associates (equity method investees)

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for under the equity method and are recognized initially at cost. The cost of the investment includes transaction costs.

The financial statements include the Company's share of the profit or loss and other comprehensive income of equity method investees, after adjustments to align the accounting policies with those of the Company.

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When the Company's share of losses exceeds its interest in an equity method investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

e) Investments in joint ventures (equity method investees)

The Company has interests in joint ventures, in which contractual arrangement establishes joint control over the voting and economic activities of the entity. The contractual arrangements require unanimous agreement for financial and operating decisions among the ventures. The Company recognizes its interest in the joint ventures using the equity method (Note 13).

f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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 similarly eliminated, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the each subsidiary using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the exchange rate at the reporting date.

Translation differences on non-monetary assets and liabilities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain 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.

Foreign currency translation effects are generally recognized in profit or loss. However, foreign currency translation effects arising from the translation of the following items are recognized in other comprehensive income:

- available-for-sale equity investments (except an impairment is recognized in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss); or
- qualifying cash flow hedges to the extent the hedge is effective.

b) Foreign operations

The assets and liabilities derived from foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Brazilian Reais using the exchange rates

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at the reporting date. Income and expenses of foreign operations are translated to Brazilian Reais using the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

c) Translation of subsidiaries and associates' financial statements

These consolidated financial statements have been translated to the Brazilian Real using the following criteria:

- assets and liabilities have been translated using the exchange rate at the balance sheet date;
- statement of profit or loss, comprehensive income and statement of cash flows have been translated using the monthly average exchange rate; and
- shareholders' equity has been translated using the historical exchange rate.

Translation effects have been recognized in shareholders' equity in "Cumulative translation adjustment".

The consolidated financial statements of each subsidiary included in these consolidated financial statements and equity method investments are prepared based on their respective functional currencies. For subsidiaries whose functional currency is a currency other than the Brazilian Real, asset and liability accounts are translated into the Company's reporting currency using exchange rates in effect at the date of the statement of financial position, and income and expense items are translated using monthly average exchange rates and shareholders' equity has been translated using the historical exchange rate. The resulting translation adjustments are reported in a separate component of shareholders' equity, as cumulative translation adjustment.

The exchange rate of the Brazilian Real (R\$) to the U.S. Dollar (US\$) was R\$ 2.6562 at December 31, 2014, R\$ 2.3426 at December 31, 2013 and R\$ 2.0138 at March 31, 2013.

3.3 Financial instruments

a) Non-derivative financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

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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 the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and 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.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

I. Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held-for trading or is designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. 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, which takes into account any dividend income, are recognized in profit or loss.

Financial assets classified as held-for-trading comprise short-term sovereign debt securities actively managed by the Company's treasury department to address short-term liquidity needs.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

II. Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the intention and ability to hold them to maturity. Interest, indexation charges/credits, foreign exchange gain/losses, less impairment losses, if any, are recognized in income when incurred, as financial income/expense.

Held-to-maturity financial assets comprise debentures. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost.

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III. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

IV. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, the financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency gain/losses on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

c) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

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

The Company classifies non-derivative financial liabilities as other financial liabilities. Such financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued (including certain preference shares), bank overdrafts, and trade and other payables.

Bank overdrafts, which are repayable on demand, form an integral part of the Company's cash management and, when outstanding, are included as a component of cash and cash equivalents.

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Interest paid is disclosed as financing activities in the statements of cash flows.

d) Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if:

- The economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
 - The combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% – 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Derivatives are initially recognized at fair value; any 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 accounted for as described below:

I. Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. 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

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is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

II. Fair value hedge

Changes in fair value of derivatives, that are designated and qualify as fair value hedge, are recorded in the statement of profit or loss, with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk. The Company applies hedge accounting for fair value hedges to protect itself against the risk of changes in interest rates and foreign exchange rates on loans. The gain or loss related to the effective portion of interest rate swaps to protect against fixed rate borrowings is recognized in the statement of profit and loss as "Financial expenses". The gain or loss related to the ineffective portion is recognized in the statement of profit or loss as "Other gains (losses), net". Changes in fair value of fixed rate borrowings hedged attributable to interest rate risk are recognized in the statement of profit or loss as "Financial expenses".

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the method of effective interest rate is used, is amortized to income over the period to maturity.

III. Embedded derivatives

Changes in the fair value of separated embedded derivatives are recognized immediately in profit or loss.

IV. Other derivative financial instruments

When a derivative financial instrument is not designated in a hedge relationship and does not qualify for hedge accounting, all changes in its fair value are recognized immediately in profit or loss.

3.4 Inventory

Inventory is recorded at the lower of average cost of acquisition or production and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provisions for slow-moving or obsolete inventory are recorded when deemed necessary by management. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

3.5 Non-current assets held for sale and discontinued operations

Assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of their carrying value or fair value less costs to sell. Any loss in the value of a group of assets

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classified as held for sale is initially allocated to goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, pension plan assets and investment property. Losses recognized upon classification as held for sale and subsequent gains and losses are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss previously recognized.

3.6 Investment property

Agricultural land is stated at fair value, with changes in fair value recognized in profit or loss.

Sale of farms are not recognized in profit or loss until (i) the sale is concluded, (ii) the Company determines that sale receipt is probable; (iii) the revenue can be reliably measured, and (iv) the Company has transferred the ownership risks to the buyer, without any continuing involvement. The gain from sale of farms is reported in the statement of profit or loss in “Other income (expense), net” for the difference between the consideration received and the carrying amount of the farm sold.

The fair value of agricultural land was determined based on the method of direct comparison of data from the market, using transactions involving comparable properties (property type, location, and quality of the property) observed in the market (Level 2). The methodology used for determining the fair value considers direct comparisons of market information, such as market research, homogenization of values, prices, recent sales, distances, facilities, access to land, topography and soil, land use (culture), rainfall level, among others according to the norms issued by the Brazilian standards institute, ABNT - Associação Brasileira de Normas Técnicas. The portfolio is valued annually by independent experts and reviewed periodically by internal professionals technically qualified to perform such appraisals.

3.7 Property, plant and equipment

a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of constructed assets includes:

- the cost of materials and direct labor;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, when the Company has an obligation to remove the asset or restore the site; and
- capitalized borrowing costs.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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When components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment, calculated as the difference between the net proceeds from disposal and the carrying amount of the item, is recognized in profit or loss.

b) Reclassification to investment property

When the use of a property changes from held to use to investment property, the property is remeasured at fair value and reclassified as investment property. Any gain or loss arising on this remeasurement is recognized in equity.

c) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

d) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated on the carrying value of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless it is capitalized as part of the cost of another asset. Assets recognized under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

Annual depreciation rates are shown below:

Buildings and Improvements	4%
Machinery, Equipment and Facilities	3% to 10%
Airplanes, Vessels and Vehicles	10% to 20%
Railcars	2.90%
Locomotives	3.30%
Furniture and Fixtures	10%
Computer Equipment	20%

Costs of normal periodic maintenance are recorded as expenses when incurred when the components will not improve the production capacity or introduce improvements to the equipment.

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

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3.8 Intangible assets and goodwill

a) Goodwill

Goodwill is measured at cost less accumulated impairment losses. With respect to equity method investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity method investee as a whole.

b) Other intangible assets

Other intangible assets that are acquired by the Company and have a finite life are measured at cost less accumulated amortization and any accumulated impairment losses.

c) Subsequent expenditure

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

d) Amortization

Except for goodwill, intangible assets are amortized on a straight-line basis over their estimated useful lives, from the date that they are available for use or acquired.

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

e) Contracts with customers

Costs incurred on COMGÁS's development of gas systems for new clients (including pipelines, valves, and general equipment) are recognized as intangible assets and amortized over the contract period.

f) Intangible assets related to the gas concession agreement

COMGÁS entered into a public concession agreement for the distribution of gas granted by the Conceding Authority. At the end of the concession the Conceding Authority will hold a significant portion of the infrastructure. It also controls what services must be rendered and regulates the prices charged. The concession agreement grants COMGÁS the right to charge customers for the supply of gas during the term of the concession agreement. COMGÁS recognizes this right as an intangible asset.

The intangible asset comprises: (i) the concession right recognized upon the business combination of COMGÁS, which is being amortized over the concession period on a straight line basis; and (ii) the acquired or constructed assets underlying the concession necessary for the distribution of gas, which is being depreciated to match the period over

which the future economic benefits of the asset are expected to accrue to the Company, or

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the final term of the concession, whatever occurs first. This period reflects the economic useful lives of each of the underlying assets that comprise the concession. This economic useful life is also used by the regulator, The Natural Gas Agency of the State of São Paulo, to determine the basis for measuring the tariff for rendering the services under the concession.

The concession agreement was signed on May 31, 1999 with an initial term of 30 years. Subject to review by the Conceding Authority, COMGÁS has the option to apply for a 20-year extension for gas distribution services. Contractual conditions necessary for the extension are under control of COMGÁS, as long as it is in compliance with all regulatory commitments. When the concession is terminated, the assets related to the rendering of gas distribution services will be returned to the Conceding Authority, and the Company will be entitled to receive an indemnification to be determined based on assessments and evaluations performed at that time, which may consider the book value of the concession assets.

The concession contract determines that the tariff charged by COMGÁS be reviewed annually, in May, with the aim to realign the tariff charged to consumers to the cost of the gas and adjust for inflation.

3.9 Impairment

a) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

I. Financial assets measured at amortized cost

The Company considers evidence of impairment for financial assets measured at amortized cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for impairment. Those found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing impairment collectively, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred,

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adjusted for management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be higher or lower than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its 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 against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognized. If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor’s credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of profit or loss.

II. Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the accumulated losses recorded in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in the cumulative impairment losses attributable to the application of the effective interest method are reflected as a component of interest income. If, in a subsequent periods, the fair value of an impaired available-for-sale financial asset increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale financial asset is recognized in other comprehensive income.

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

b) Non-financial assets

The carrying amounts of the Company’s non-financial assets, except investment property, inventories and deferred tax assets, are reviewed at each reporting date 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. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (“CGU”) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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. For impairment testing, assets are grouped together into the smallest group of assets that

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generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to Companies of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss with respect to 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.

3.10 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

As of December 31, 2014 and 2013, the Company's liabilities included R\$ 186,649 and R\$227,976, respectively, in relation to a contingent consideration arrangement arising from the 2008 Esso business combination (Note 10). This contingent consideration is measured at fair value with changes in fair value recognized in profit or loss. In the year ended December 31, 2014 the Company paid R\$ 60,200 under this earn-out arrangement (R\$ 49,938 in the year ended March 31, 2013).

The consideration is contingent on meeting certain gross revenue and sales volume targets for ExxonMobil products for a 10-year period from 2008.

3.11 Employee benefits

a) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay these amounts as a result of past services provided by the employee, and the obligation can be estimated reliably.

b) Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee compensation expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount

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recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees with respect to share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to the cash payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized as employee benefit expenses in profit or loss.

c) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

d) Defined benefit plans

The Company, through its indirect subsidiaries Cosan Lubrificantes Especialidades S.A. (“CLE”) and COMGÁS is the sponsor of defined benefit pension plans for some of its employees. The cost of providing benefits under the defined benefit plan is determined annually by independent actuaries using the projected unit credit method.

A defined benefit plan is a post-employment benefit plans other than a defined contribution plan. The Company’s net obligation with respect to defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date of the financial statements for the high quality government bonds, and maturity dates approximating the terms of the Company’s obligations and that are denominated in the currency in which the benefits are expected to be paid.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. A curtailment occurs when the Company: (a) is demonstrably committed to make a significant reduction in the number of

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employees covered by a plan; or (b) amend the terms of a defined benefit plan so that a significant element of future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognized.

e) Other long-term employee benefit

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date of the financial statements for the high credit quality bonds, and maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

3.12 Revenue

a) Sales of goods

Revenue from the sale of goods, in the ordinary course of business, is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration 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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

b) Services rendered

Revenues from services are recognized when the amount of revenue can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the Company, when the stage of completion of the transaction at the end of the reporting period can be measured reliably, as well as when its amount and related costs can be measured reliably. Service prices are established based on service orders or contracts. Services for which payment is made in advance are recorded as deferred revenue in other liabilities and recognized in revenue when the services are rendered.

COMGÁS revenue recognizes revenue as follows:

I. Billed revenue

Revenue from gas distribution services is recognized when its amount can be reliably measured, and is recognized in profit or loss when the volumes are delivered to customers.

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II. Unbilled revenue

Unbilled gas refers to the portion of gas supplied for which metering and billing to customers have not yet occurred. This amount is estimated based on the period between measurement and the last day of the month.

The actual volume billed may be different from estimates. The Company believes that, based on experience, the unbilled estimated amount will not significantly differ from actual amounts.

III. Concession construction revenue

The construction of the infrastructure necessary for gas distribution is considered a construction service rendered to the Conceding Authority, and the related income is recognized in profit or loss at fair value.

Construction costs are recognized by reference to the stage of completion of the construction activity at the end of the reporting period, and are included in cost of sales.

3.13 Leases

a) Leased assets

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

Assets leased under operating leases are not recognized in the Company's statement of financial position.

b) Leased payments

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.

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.

3.14 Finance income and finance expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on hedging instruments that

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are recognized in profit or loss and reclassifications of net gains previously recognized in other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss and contingent consideration, impairment losses recognized on financial assets (other than trade receivables), losses on hedging instruments that are recognized in profit or loss and reclassifications of net losses previously recognized in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether the net foreign currency fluctuations result in a gain or loss position.

3.15 Tax

Income taxes are comprised of income tax and social contribution at a combined rate of 34%. Tax expense comprises current and deferred tax. Current tax and deferred tax 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 other comprehensive income.

Certain subsidiaries measure income tax and social contribution due under the Brazilian presumed profits regime. The presumed profit came up from a percentage of 32% of operating revenues. Under the aforementioned regime the applicable tax rate is for income tax is 15% over the presumed profit, plus an additional 10% when operating revenues exceed of R\$ 240, and 9% over the presumed profit for social contribution.

a) Current tax

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

b) 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 taxation purposes and tax loss. Deferred tax is not recognized for:

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- 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 ventures to the extent that the Company 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.

The measurement of deferred tax reflects the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for loss carryforwards, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be generated in the future. Deferred tax assets are reviewed at each reporting date and written off to the extent that it is no longer probable that the related tax benefit will be realized.

c) Sales taxes

Net revenue is recognized net of discounts and sales taxes.

d) Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4 Changes in accounting policies

4.1 New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following:

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I. IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. For financial liabilities, the main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the statement of profit or loss, unless this creates an accounting mismatch. The Company has yet to assess IFRS 9’s full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

II. IFRS 15, ‘Revenue from contracts with customers’ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Company is currently assessing the potential impacts of adopting IFRS 15.

III. IAS 41 - Agriculture - This standard currently requires that biological assets related to agricultural activity are measured at fair value less costs to sell. IASB has determined that “bearer plants” should be accounted for as property, plant and equipment (IAS 16), i.e., at cost less depreciation or impairment provision. The standard is effective for annual reporting beginning on or after January 1, 2016 with early adoption permitted. The Company is assessing the potential impacts of adopting IAS 41.

IV. IFRIC 21, ‘Levies’, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. The Company is not currently subject to significant levies therefore it does not expect that the application of the new standard will have a material impact on the Company’s consolidated financial statements.

There are no other Standards or Interpretations that are not yet effective that would be expected to have a material impact on the Company.

4.2 Correction of an error

During 2014, the Company identified an immaterial mathematical error in the calculation of diluted earnings per share impacting the nine-months period ended December 31, 2013 and the year ended March 31, 2013. The error consisted of a mathematical inaccurate calculation on the monetary effect of dilution on the profit attributable to shareholders of the parent.

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The diluted earnings per share from continuing operations for the nine-month period ended December 31, 2013 and the year ended March 31, 2013 were originally presented, in error, as R\$ 0.33 and R\$ 1.06, respectively. These amounts are being revised on the face of statement of profit or loss and other comprehensive and in the Note 24 as R\$0.40 and R\$ 1.21, respectively.

5 Operating segments

Segment information

The following segment information is used by Cosan's senior management (the “Chief Operating Decision Maker”) to assess the performance of the operating segments and to make decisions with regards to the allocation of resources. This information is prepared on a basis consistent with the accounting policies used in the preparation of the financial statements. Cosan evaluates the performance of its operating segments based on the measure of Earnings Before Interest Tax, Depreciation and Amortization (“EBITDA”). A reconciliation of EBITDA to profit (loss) is presented below.

Operating segments

- I. Raízen Energia: production and marketing of a variety of products derived from sugar cane, including raw sugar (VHP), anhydrous and hydrated ethanol, and activities related to energy cogeneration from sugarcane bagasse. In addition, this segment holds interests in companies engaged in research and development on new technology;
- II. Raízen Combustíveis: distribution and marketing of fuels, mainly through a franchised network of service stations under the brand Shell and Esso throughout Brazil;
- III. COMGÁS: distribution of piped natural gas to part of the State of São Paulo (approximately 180 municipalities, including the region called Greater São Paulo) to customers in the industrial, residential, commercial, automotive, thermo generation and cogeneration sectors;
- IV. Cosan Log: logistics services for transport, storage and port loading of commodities, mainly for sugar products;
- V. Radar: management, buying, selling and leasing of agricultural land;
- VI. Lubricants: production and distribution of lubricants under the Mobil brand in Brazil, Bolivia, Uruguay and Paraguay, as well as European and Asian market with a Comma trademark; Upon adoption of IFRS 11, whereby the Company no longer proportionally consolidates the results of Raízen Energia and Raízen Combustíveis, the Lubricants segment met the quantitative thresholds to be separately reportable, and the comparative segment information has been adjusted retroactively; and
- VII. Other business: other investments, in addition to the corporate activities of the Company.

Although Raízen Energia and Raízen Combustíveis are equity accounted joint-ventures and are no longer proportionally consolidated since adoption of IFRS 11, senior management continues to review segment information. A reconciliation of these segments is presented in the column “Deconsolidation IFRS 11”.

The following statement of financial position and profit or loss selected information by segment was prepared on the same basis as the accounting practices used in the preparation of consolidated information:

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	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Other business	Deconsolidated effects IFRS 11 elimination	Segment elimination	Co Ener
Statement of profit or loss									
Net sales	9,263,930	55,733,927	6,387,103	157,562	1,602,198	-	(64,997,857)	-	8,146,8
Domestic market	4,064,437	55,733,927	6,387,103	157,562	1,306,218	-	(59,798,364)	-	7,850,8
External market	5,199,493	-	-	-	295,980	-	(5,199,493)	-	295,98
Gross profit	1,528,509	2,799,705	1,892,194	96,918	354,392	-	(4,328,214)	-	2,343,5
Selling expenses	(578,989)	(1,150,516)	(636,316)	-	(245,227)	-	1,729,505	-	(881,5
General and administrative expenses	(498,756)	(387,259)	(308,413)	(36,525)	(70,684)	(145,840)	886,015	-	(561,4
Other income (expense), net	58,609	338,143	(19,494)	131,593	1,032	(123,626)	(396,752)	-	(10,49
Financial results	(418,317)	(125,210)	(193,026)	6,269	21,555	(780,687)	543,527	-	(945,8
Financial expense	(588,307)	(142,839)	(300,573)	(1,104)	22,831	(707,718)	731,146	12,711	(973,8
Financial income	385,895	104,218	106,554	7,428	1,639	81,280	(490,113)	(12,711)	184,19
Foreign exchange losses, net	(357,928)	(71,825)	(139,931)	(55)	(1,183)	(177,815)	429,753	-	(318,9
Derivatives	142,023	(14,764)	140,924	-	(1,732)	23,566	(127,259)	-	162,75
Equity in earnings of associates	(38,310)	14,902	-	-	(7,341)	429,506	23,408	(418,625)	3,540
Equity in earnings of joint ventures	-	-	-	-	-	588,428	-	-	588,42
Income tax (expense) benefit	103,810	(410,560)	(203,810)	(17,629)	(18,850)	254,803	306,750	-	14,514
Profit (loss) for the year	156,556	1,079,205	531,135	180,626	34,877	222,584	(1,235,761)	(418,625)	550,59

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Other selected data									
Depreciation and amortization	1,966,866	538,222	506,697	970	71,268	2,923	(2,505,088)	-	581,85
EBITDA	2,437,929	2,153,197	1,434,668	192,956	103,441	751,389	(4,591,126)	(418,625)	2,063,8
Additions to PP&E, intangible and biological assets (cash)									
	1,963,642	60,425	661,311	1,146	52,178	75,194	(2,024,067)	-	789,83
Reconciliation of EBITDA									
Profit (loss) for the year	156,556	1,079,205	531,135	180,626	34,878	222,583	(1,235,761)	(418,625)	550,59
Income tax and social contribution	(103,810)	410,560	203,810	17,629	18,850	(254,803)	(306,750)	-	(14,514)
Financial result, net	418,317	125,210	193,026	(6,269)	(21,555)	780,687	(543,527)	-	945,88
Depreciation and amortization	1,966,866	538,222	506,697	970	71,268	2,922	(2,505,088)	-	581,85
EBITDA	2,437,929	2,153,197	1,434,668	192,956	103,441	751,389	(4,591,126)	(418,625)	2,063,8

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	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Other business	Deconsolidated effects IFRS 11 elimination	Segment elimination	Co Ener
Statement of profit or loss									
Net sales	6,850,389	37,580,570	4,888,895	54,732	1,185,199	38	(44,430,959)	-	6,128,8
Domestic market	2,964,443	37,580,570	4,888,895	54,732	947,274	38	(40,545,013)	-	5,890,9
External market	3,885,946	-	-	-	237,925	-	(3,885,946)	-	237,92
Gross profit	1,260,349	1,916,015	1,364,700	48,674	284,668	38	(3,176,364)	-	1,698,0
Selling expenses	(474,116)	(808,095)	(422,416)	-	(181,549)	-	1,282,211	-	(603,90
General and administrative expenses	(411,600)	(285,904)	(239,262)	(18,369)	(52,552)	(96,288)	697,504	-	(406,40
Other income (expense), net	(35,209)	292,211	(1,599)	131,191	(5,488)	(26,485)	(257,002)	-	97,619
Financial results	(646,268)	(99,201)	(140,981)	3,096	(9,072)	(567,039)	745,469	-	(713,99
Financial expense	(346,004)	(63,418)	(163,090)	(668)	(51,689)	(559,434)	409,422	9,008	(765,80
Financial income	186,230	69,070	44,659	3,812	23,409	75,477	(255,300)	(9,008)	138,34
Foreign exchange losses, net	(370,860)	(181,419)	(162,449)	(48)	17,351	(178,975)	552,279	-	(324,12
Derivatives	(115,634)	76,566	139,899	-	1,857	95,893	39,068	-	237,64
Equity in earnings of associates	(24,075)	4,826	-	29	(7,812)	447,769	19,249	(434,489)	5,497
Equity in earnings of joint ventures	-	-	-	-	-	242,036	-	-	242,03
Income tax (expense) benefit	122,199	(298,084)	(152,740)	(10,230)	(27,176)	234,119	175,885	-	43,973
Profit (loss) for the year	(208,720)	721,768	407,702	154,391	1,019	234,150	(513,048)	(434,489)	362,77

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Other selected data									
Depreciation and amortization	1,386,600	385,728	322,170	727	55,452	1,840	(1,772,328)	-	380,18
EBITDA	1,701,949	1,504,781	1,023,593	162,252	92,718	568,912	(3,206,730)	(434,489)	1,412,9
Additions to PP&E, intangible and biological assets (cash)									
	1,513,389	681,241	677,695	60	81,353	18,965	(2,194,630)	-	778,07
Reconciliation of EBITDA									
Profit (loss) for the period	(208,720)	721,768	407,702	154,391	1,019	234,150	(513,048)	(434,489)	362,77
Income tax and social contribution	(122,199)	298,084	152,740	10,230	27,176	(234,119)	(175,885)	-	(43,97
Financial result, net	646,268	99,201	140,981	(3,096)	9,072	567,039	(745,469)	-	713,99
Depreciation and amortization	1,386,600	385,728	322,170	727	55,451	1,842	(1,772,328)	-	380,19
EBITDA	1,701,949	1,504,781	1,023,593	162,252	92,718	568,912	(3,206,730)	(434,489)	1,412,9

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	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Other business	Deconsolidated effects IFRS	Segment 11 elimination	Co Ener
Statement of profit or loss									
Net sales	8,468,238	43,532,232	2,398,989	51,853	1,417,474	5,117	(52,000,470)	-	3,873,4
Domestic market	3,454,440	43,532,232	2,398,989	51,853	1,237,348	5,117	(46,986,672)	-	3,693,3
External market	5,013,798	-	-	-	180,126	-	(5,013,798)	-	180,12
Gross profit	1,586,321	2,333,213	660,676	50,111	366,780	5,116	(3,919,534)	-	1,082,6
Selling expenses	(638,837)	(1,026,923)	(259,762)	-	(199,671)	-	1,665,760	-	(459,4
General and administrative expenses	(490,246)	(361,616)	(127,678)	(14,899)	(72,514)	(127,440)	851,862	-	(342,5
Other income (expense), net	49,837	219,520	(2,221)	144,344	(18,570)	57,678	(269,357)	-	181,23
Financial results	(334,399)	(58,632)	(63,701)	3,058	114,654	(465,057)	393,031	-	(411,0
Financial expense	(198,174)	(96,058)	(92,178)	(1,421)	(39,976)	(398,734)	294,232	-	(532,3
Financial income	185,572	133,362	16,894	4,484	43,332	63,153	(318,934)	-	127,86
Foreign exchange losses, net	(266,135)	(93,841)	(297)	(5)	105,712	(186,493)	359,976	-	(81,08
Derivatives	(55,662)	(2,095)	11,880	-	5,586	57,017	57,757	-	74,483
Equity in earnings of associates	(23,107)	-	-	-	(111)	427,732	23,107	(245,769)	181,85
Equity in earnings of joint ventures	-	-	-	-	-	483,355	-	-	483,35
Income tax (expense) benefit	176,742	(314,838)	(47,439)	(13,180)	(50,735)	61,424	138,096	-	(49,93
Profit (loss) for the year	326,311	790,724	159,875	169,434	139,833	442,808	(1,117,035)	(245,769)	666,18

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Other selected data									
Depreciation and amortization	1,924,301	494,301	200,451	877	61,759	1,656	(2,418,602)	-	264,74
EBITDA	2,408,269	1,658,495	471,466	180,433	137,673	848,097	(4,066,764)	(245,769)	1,391,9
Additions to PP&E, intangible and biological assets (cash)									
	2,404,514	677,245	294,359	760	72,891	2,461	(3,081,759)	-	370,47
Reconciliation of EBITDA									
Profit (loss) for the year	326,311	790,724	159,875	169,434	139,833	442,808	(1,117,035)	(245,769)	666,18
Income tax and social contribution	(176,742)	314,838	47,439	13,180	50,735	(61,424)	(138,096)	-	49,930
Financial result, net	334,399	58,632	63,701	(3,058)	(114,654)	465,057	(393,031)	-	411,04
Depreciation and amortization	1,924,301	494,301	200,451	877	61,759	1,656	(2,418,602)	-	264,74
EBITDA	2,408,269	1,658,495	471,466	180,433	137,673	848,097	(4,066,764)	(245,769)	1,391,9

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	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Other business	Deconsolidated effects IFRS 11	Segment elimination
Statement of financial position								
Cash and cash equivalents	2,643,950	173,470	973,708	6,011	39,810	520,663	(2,817,420)	-
Investment securities	-	-	-	149,735	-	-	-	-
Trade receivables	620,300	1,920,778	605,483	22,214	194,486	241	(2,541,078)	-
Inventories	2,315,907	1,128,771	125,406	-	222,486	11	(3,444,678)	-
Other current assets	2,680,822	521,630	137,360	31,052	31,831	367,641	(3,202,452)	(19,750)
Other non-current assets	2,075,546	2,365,613	591,135	15,538	(190,806)	2,331,354	(4,441,159)	(6,610)
Investment in associates	209,205	256,729	-	-	16,032	5,783,699	(465,934)	(5,669,053)
Investment in joint ventures	-	-	-	-	-	8,404,503	-	-
Biological assets	1,828,304	-	-	-	-	-	(1,828,304)	-
Investment property	-	-	-	2,641,978	-	-	-	-
Property, plant and equipment	9,848,969	2,464,316	-	11,288	221,466	118,681	(12,313,285)	-
Intangible assets and goodwill	3,288,709	4,267,514	8,595,251	173	824,277	6,419	(7,556,223)	-
Loans and borrowings	(10,377,585)	(1,557,782)	(3,133,347)	-	(261,166)	(4,003,089)	11,935,367	-
Trade payables	(636,619)	(529,990)	(848,770)	(790)	(118,784)	(2,826)	1,166,609	-
Employee benefits	(252,219)	(66,799)	(58,955)	(5,336)	(15,437)	(21,387)	319,018	-

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payable									
Other									
current									
liabilities	(1,103,934)	(2,074,917)	(122,981)	(20,783)	(100,853)	(398,334)	3,178,851	26,361	
Other									
non-current									
liabilities	(2,719,593)	(2,273,554)	(992,028)	(93,552)	(193,082)	(4,289,299)	4,993,147	-	
Total assets									
(net of									
liabilities)									
allocated by									
segment	10,421,762	6,595,779	5,872,262	2,757,528	670,260	8,818,278	(17,017,541)	(5,669,052)	
Total assets	25,511,712	13,098,821	11,028,343	2,877,989	1,359,582	17,533,212	(38,610,533)	(5,695,413)	

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	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Other business	Deconsolidated effects IFRS 11	Segment elimination	
Statement of financial position									
Cash and cash equivalents	1,058,483	328,992	535,957	13,408	57,892	369,543	(1,387,475)	-	9
Investment securities	-	-	-	87,978	-	-	-	-	8
Trade receivables	416,746	1,435,095	582,889	28,052	200,795	241	(1,851,841)	-	8
Inventories	2,026,925	1,057,049	121,253	-	185,490	-	(3,083,974)	-	3
Other current assets	1,279,553	484,475	248,803	323,474	45,227	332,012	(1,764,028)	(144,261)	8
Other non-current assets	1,534,557	1,403,117	332,918	4,884	(93,658)	2,755,375	(2,937,674)	(415,785)	2
Investment in associates	408,591	254,826	-	-	15,364	6,101,361	(663,417)	(6,013,409)	1
Investment in joint ventures	-	-	-	-	-	8,498,259	-	-	8
Biological assets	1,867,765	-	-	-	-	-	(1,867,765)	-	-
Investment property	-	-	-	2,281,509	-	-	-	-	2
Property, plant and equipment	9,504,874	2,494,486	-	11,195	197,137	50,430	(11,999,360)	-	2
Intangible assets and goodwill	3,100,227	4,038,314	8,450,541	89	867,826	3,949	(7,138,541)	-	9
Loans and borrowings	(7,732,778)	(862,521)	(2,841,387)	-	(209,579)	(5,073,219)	8,595,299	-	(
Trade payables	(633,505)	(551,176)	(706,397)	(1,216)	(70,102)	(1,562)	1,184,681	(282)	(
Employee benefits	(249,919)	(60,091)	(59,417)	(4,247)	(13,039)	(14,071)	310,010	-	(

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payable										
Other										
current										
liabilities	(495,240)	(525,188)	(301,089)	(31,020)	(107,826)	(260,413)	1,020,428	143,979	(
Other										
non-current										
liabilities	(1,693,036)	(2,715,727)	(863,768)	(85,951)	(327,564)	(3,543,908)	4,408,763	416,347	(
Total assets										
(net of										
liabilities)										
allocated by										
segment	10,393,243	6,781,651	5,500,303	2,628,155	747,963	9,217,997	(17,174,894)	(6,013,411)	1	
Total assets	21,197,721	11,496,354	10,272,361	2,750,589	1,476,073	18,111,170	(32,694,075)	(6,573,455)	2	

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Net sales by segment:

	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Raízen Energia			
Ethanol	4,376,826	3,143,254	3,299,938
Sugar	4,059,580	3,127,616	4,353,994
Cogeneration	618,583	376,579	569,709
Other	208,941	202,940	244,597
	9,263,930	6,850,389	8,468,238
Raízen Combustíveis			
Fuels	55,733,927	37,553,167	43,516,040
Other	-	27,403	16,192
	55,733,927	37,580,570	43,532,232
COMGÁS			
Industrial	4,122,077	3,065,600	1,535,941
Residential	632,997	522,642	203,254
Thermo generation	407,736	212,103	148,652
Cogeneration	246,841	187,457	112,705
Automotive	199,820	151,195	77,486
Commercial	255,051	186,932	84,517
Construction revenue	481,314	536,482	230,038
Other	41,267	26,484	6,396
	6,387,103	4,888,895	2,398,989
Radar			
Property sales	85,308	5,694	4,721
Land lease	60,944	49,038	47,132
Other	11,310	-	-
	157,562	54,732	51,853
Lubricants			
Lubricants	1,325,472	1,040,150	1,245,571
Basic oil	225,701	137,309	162,021
Other	51,025	7,740	9,882
	1,602,198	1,185,199	1,417,474
Other businesses	-	38	5,117
IFRS 11 - Deconsolidated of adjustments/eliminations joint ventures and eliminations	(64,997,857)	(44,430,959)	(52,000,470)

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Cosan Energia	8,146,863	6,128,864	3,873,433
Cosan Log			
Logistics	671,600	597,476	549,420
Port handling	220,543	138,236	150,028
Other	23,298	13,638	13,328
	915,441	749,350	712,776
Total	9,062,304	6,878,214	4,586,209

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Net sales by region

Net sales of Cosan Log and Lubricants by geographic area are as follow:

	Twelve months ended December 31, 2014		Nine months ended December 31, 2013		Twelve months ended March 31, 2013	
Brazil	83.23	%	84.31	%	86.90	%
Europe	12.13	%	2.27	%	1.73	%
South America (excepting Brazil)	2.93	%	12.44	%	10.81	%
North America	0.70	%	0.09	%	-	
Middle East and Asia	0.95	%	0.79	%	0.53	%
Other	0.07	%	0.10	%	0.03	%
Total	100.00	%	100.00	%	100.00	%

COMGÁS and Radar's net sales are only to the domestic market (Brazil).

Concentration of customers

(i) COMGÁS

No customers or specific group represented 10% or more of net sales for the periods presented.

(ii) Cosan Log

In 2014, 27% of the segment's net sales was generated from sales to Raízen Energia (35% for nine months ended December 31, 2013; 40% for year ended March 31, 2013).

(iii) Radar

In 2014, 15% of the segment's net sales was generated from sales to Raízen Energia (22% through nine months ended December 31, 2013; 26% for year ended March 31, 2013).

(iv) Lubricants

No customers or specific group represented 10% or more of sales for the year ended December 31, 2014, for nine months ended December 31, 2013 and for year ended March 31, 2013.

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

6 Cash and cash equivalents

	December 31, 2014	December 31, 2013
Brazilian Reais		
Cash and bank deposits	57,703	92,064
Short-term investments	1,496,620	1,356,239
	1,554,323	1,448,302
U.S. Dollars and Pound Sterling		
Cash and bank deposits	95,017	30,802
Short-term investments	-	30,460
	95,017	61,262
	1,649,340	1,509,565

Short-term investments are composed as presented below:

	December 31, 2014	December 31, 2013
Exclusive funds		
Repurchase agreements(I)	423,535	661,665
Bank certificate of deposits - CDB(II)	87,646	175,895
	511,181	837,560
Bank investments		
Bank certificate of deposits - CDB(II)	222,570	147,782
Repurchase agreements(I)	762,869	370,897
Other financial investments	-	30,460
	985,439	549,139
	1,496,620	1,386,699

(I) These refer to purchases of assets, mainly government securities, with the commitment to repurchase at a rate previously established by the parties, generally with a one-day term.

(II) These refer mainly to Bank Deposit Certificates - CDBs, issued by Brazilian financial institutions with original maturities of 90 days or less or for which there are no penalties or other restrictions for early redemption.

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7 Trade receivables

	December 31, 2014	December 31, 2013
Domestic - Brazilian Reais	1,369,013	1,087,118
Export - Foreign currency	25,323	24,453
Allowance for doubtful accounts	(48,235)	(28,628)
	1,346,101	1,082,943
Current	865,109	844,483
Non-current(i)	480,992	238,460

(i) As of December 31, 2014, Rumo had an accounts receivable due from ALL of R\$446,693 (R\$225,401 at December 31, 2013) reflecting contractual revenue recognized in accordance with IAS 18 - Revenue. Additional amounts totaling R\$183,144, including penalties and interest, were not recognized because not all criteria for revenue recognition had been fulfilled.

The ageing of trade receivables is as follows:

	December 31, 2014	December 31, 2013
Not overdue	780,010	776,342
Overdue:		
From 1 to 30 days	119,520	78,110
From 31 to 60 days	29,863	38,546
From 61 to 90 days	33,897	58,044
More than 90 days	382,811	131,901
	1,346,101	1,082,943

Changes in the allowance for doubtful accounts is as follows:

At April 1, 2013	(21,411)
Provision	(24,891)
Reversal	960
Write-offs	16,714
At December 31, 2013	(28,628)
Provision	(22,277)
Reversal	2,670

At December 31, 2014

(48,235)

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8	Inventories		
		December	December
		31, 2014	31, 2013
	Finished goods	223,706	185,620
	Work in process	86,895	82,361
	Spare parts and other	47,887	44,331
	Provision for slow moving inventory and obsolescence	(4,768)	(332)
		353,720	311,980

Changes in the provision for slow moving inventory and obsolescence:

	At April 1, 2013	(255)
	Provision	(77)
	At December 31, 2013	(332)
	Provision	(4,436)
	At December 31, 2014	(4,768)

9	Taxes recoverable		
		December	December
		31, 2014	31, 2013
	ICMS - State VAT	91,121	97,648
	COFINS - Revenue tax	12,604	25,779
	PIS - Revenue tax	8,387	7,838
	IPI - Excise tax	965	-
	Other	(16,960)	(27,466)
		96,117	103,799
	Current	78,818	85,433
	Non-current	17,299	18,366

10	Other financial assets		
		December	December
		31, 2014	31, 2013
	Exxon Mobil financial assets(i) Receivable from sale of	332,405	309,378

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discontinued operations(ii)	107,775	160,783
	440,180	470,161
Current	69,683	63,054
Non-current	370,497	407,107

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- (i) On June 28, 2011, CLE, the successor entity of Esso Brasileira de Petróleo Ltda. ("Essobrás"), joined the Brazilian Government's tax amnesty and refinancing program ("REFIS") upon request of its prior owner, ExxonMobil Brasil Holdings B.V. ("ExxonMobil"), to settle certain tax contingencies that existed prior to the acquisition of Essobrás by the Company. ExxonMobil is legally responsible for tax contingencies that existed prior to the acquisition by the Company; therefore, this financial asset represents the amounts that the Company will be reimbursed from ExxonMobil.
- (ii) On October 24, 2012, the Company signed an Amendment to the Association Agreement and Other Covenants, dated May 28, 2012, with Camil Alimentos SA ("Camil") whereby it agreed to the sale of all of the shares issued by its subsidiary, Docelar Alimentos e Bebidas S.A., to Camil, for R\$293,770. As at December 31, 2014, R\$107,774 is receivable, to be paid in two remaining installments, on October 31, 2015 and October 24, 2016. The fair value of the receivable is similar to the carrying amount as the receivable is inflation indexed.

11 Related parties

a) Receivables from and payables to related parties:

	December 31, 2014	December 31, 2013
Current assets		
Commercial operations		
Raízen Energia S.A.(ii)	23,229	27,681
Raízen Combustíveis S.A.(ii)	2,576	4,048
Aguassanta Participações S.A.	6,340	6,368
Other	556	-
	32,701	38,097
Corporate operation / Agreements		
Raízen Energia S.A.(ii)	3,388	1,468
	3,388	1,468
Financial operations		
Raízen Combustíveis S.A.(ii)	1,319	-
Rezende Barbosa Group(iii)	949	7,223
	2,268	7,223
	38,357	46,788

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Non-current assets

Receivables under the framework agreement		
Raízen Energia S.A.(ii)	104,984	305,183
Raízen Combustíveis S.A.(ii)	15,126	90,756
	120,110	395,939
Financial operations		
Rezende Barbosa Group (iii)	84,996	107,002
Novvi Limited Liability Company	7,417	-
Other	4	-
	92,417	107,002
Corporate restructuring		
CTC - Centro de Tecnologia Canavieira	-	1,540
	-	1,540
	212,527	504,481
Total	250,884	551,269
Current liabilities		
Commercial operations		
Shell Brazil Holding B.V.(i)	3,820	5,986
Raízen Energia S.A.(ii)	25,926	18,491
Raízen Combustíveis S.A.(ii)	1,283	1,709
Other	96	34
	31,125	26,220
Corporate operations / Agreements		
Raízen Combustíveis S.A.(ii)	11,402	8,800
Raízen Energia S.A.(ii)	94,892	70,443
	106,294	79,243
Financial operations		
Other	22	-
	22	-
	137,441	105,463

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

b)	Related party transactions:		
	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Sales of goods and services			
Raízen Energia S.A.(ii)	303,395	279,185	299,676
Other	2,796	203	2
	306,191	279,388	299,678
Purchase of goods / Inputs			
Raízen Energia S.A.(ii)	(109)	(13)	(63,605)
Raízen Combustíveis S.A.(ii)	(741)	(1,035)	(546)
	(850)	(1,048)	(64,151)
Land lease			
Raízen Energia S.A.(ii)	54,045	43,995	52,558
	54,045	43,995	52,558
Shared income (expense)			
Aguassanta Participações S.A.	440	295	700
Raízen Energia S.A.(ii)	(33,555)	(7,950)	(14,683)
	(33,115)	(7,655)	(13,983)
Financial result			
Raízen Energia S.A.(ii)	2,613	1,781	363
Rezende Barbosa Group(iii)	421	804	1,684
Impulso Participações	-	-	(976)
Aldwich Temple Venture Capital Ltd.	(263)	(153)	(88)
Other	269	113	(21)
	3,040	2,545	962
Total	329,311	317,225	275,064

Commercial operations of Cosan with its subsidiaries, associates and joint ventures are carried out at prices and conditions similar to those practiced in the market. For the periods presented, no loss for doubtful accounts was recorded.

(i) Shell

Relate to payables to Shell by COMGÁS in relation to a Commercial Services Agreement (CSA) – under which Shell agrees to provide commercial and business service staff for administrative support to conduct COMGÁS's business.

(ii) Raízen Energia and Raízen Combustíveis

Non-current assets receivable from Raízen Energia and Raízen Combustíveis are, primarily, tax credits which will be reimbursed to the Company when realized. Current liabilities represent payables in relation to expenses paid by Raízen Energia and Raízen Combustíveis to Cosan S.A.

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(iii)

Rezende Barbosa Group

The Company has receivables with Rezende Barbosa for the repayment of loans taken prior to the acquisition of the subsidiaries. These receivables are secured by Cosan S.A. shares.

c)

Officers' and directors' compensation

Key management includes directors (executive and non-executive) and members of the board. The compensation paid or payable to key management for their services is shown below:

	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Regular compensation	37,193	19,299	31,922
Stock option expense (Note 34)	12,924	6,595	13,295
Bonuses and other variable compensation	29,258	13,092	61,377
	79,375	38,986	106,594

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

12 Investments in associates

a) Information on associates of the Company and the Company's ownership:

	Tellus Brasil Participações S.A.(i)	Novvi Limited Liability Company	Janus Brasil Participações S.A.(i)	Vertical UK LLP	Other	Total
Shares issued by the associate	65,957,282	200,002	1,364,827	-	-	
Shares held by Cosan	33,638,214	100,001	689,685	-	-	
Cosan ownership interest	51.00 %	50.00 %	51.00 %	50.00 %	-	
At March 31, 2013	39,828	-	-	9,641	1,087	50,556
Equity in earnings (losses) of associates	14,825	(7,812)	-	-	(1,516)	5,497
Other comprehensive income	18	998	-	1,330	-	2,346
Dividends	(839)	-	-	(2,845)	-	(3,684)
Capital increase	24,989	22,178	-	-	-	47,167
Other	-	-	-	-	1,434	1,434
At December 31, 2013	78,821	15,364	-	8,126	1,005	103,316
Equity in earnings (losses) of associates	9,657	(7,501)	-	1,079	305	3,540
Other comprehensive income (losses)	204	2,019	-	(2,693)	-	(470)
Dividends	(3,118)	-	-	-	-	(3,118)
Capital increase	7,294	4,640	13,063	-	1,500	26,497
Other	1,559	-	-	-	(647)	912
At December 31, 2014	94,417	14,522	13,063	6,512	2,163	130,677

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Cosan Limited

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Financial information of associates:

	Twelve months ended December 31, 2014				
	Assets	Liabilities	Equity	Profit (loss) for the period	Total comprehensive income
Tellus Brasil Participações Ltda.(i)	1,865,488	12,421	1,853,067	192,553	4,334
Janus Brasil Participações S.A.(i)	254,749	103	254,646	(1,483)	-
Novvi Limited Liability Company	21,800	18,147	3,653	(14,847)	4,038

	Nine months ended December 31, 2013				
	Assets	Liabilities	Equity	Profit (loss) for the period	Total comprehensive income
Tellus Brasil Participações Ltda.(i)	1,664,607	119,130	1,545,477	290,686	2,263

	Twelve months ended March 31, 2013				
	Assets	Liabilities	Equity	Profit (loss) for the period	Total comprehensive losses
Tellus Brasil Participações Ltda.(i)	800,479	22,459	778,020	124,079	(789)

(i) The Company is entitled to 5.1% of the economic benefits of the associate as established in the shareholders agreement.

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b) Information on the non controlling interest in subsidiaries of the Company:

	Cosan S.A. Indústria e Comércio S.A.	Companhia de Gás de São Paulo - "COMGÁS"		Rumo Logística Operadora Cosan Logística Multimodal S.A.	Logispot Armazéns Gerais S.A.	Radar Propriedades Agrícolas S.A.	Radar II Propriedades par Agrícolas S.A.	El
Shares issued by investee	407,214,353	121,870,985	405,856,814	956,917	2,040,816	21,148,989	830,690,258	
Shares held by non-controlling shareholders	252,444,538	47,909,318	152,153,491	239,229	1,000,000	17,147,822	290,710,861	
Non-controlling interest	37.49	% 39.31	% 37.49	% 25.00	% 49.00	% 81.08	% 35.00	%
At March 31, 2013	3,664,146	1,852,661	-	309,012	37,902	1,528,729	305,708	
Equity in earnings (losses)	88,270	162,793	-	40,273	(618)	74,151	27,217	
Other comprehensive income (losses)	(2,457)	9,817	-	-	-	7,345	516	
Dividends	(76,916)	(64,357)	-	-	-	(2,432)	(5,249)	
Other	(18,065)	324	-	-	(65)	-	-	
At December 31, 2013	3,654,978	1,961,238	-	349,285	37,219	1,607,793	328,192	
Equity in earnings (losses)	105,153	210,196	9,368	28,784	152	100,253	17,567	
Other comprehensive income (losses)	(17,690)	967	-	-	-	4,998	349	
Dividends	(91,618)	(65,715)	(9,288)	(54,379)	-	(32,432)	(8,365)	
Other	2,229	4,892	(186)	(54)	(305)	-	-	
At December 31, 2014	3,653,052	2,111,578	(106)	323,636	37,066	1,680,612	337,743	

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Cosan Limited

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Summarized balance sheet

	Companhia de Gás de São Paulo - "COMGÁS"		Rumo Logística Operadora Multimodal S.A.		Logisport Armazéns Gerais S.A.		Radar Propriedades Agrícolas S.A.		Subsidiária Radar Propriedades Agrícolas	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Current										
Assets	1,841,957	1,488,902	145,211	555,661	14,739	3,972	66,766	223,574	803	4
Liabilities	(1,497,373)	(1,403,287)	(368,401)	(363,037)	(6,179)	(6,714)	(16,744)	(22,458)	(202)	-
Net current assets (liabilities)	344,584	85,615	(223,190)	192,624	8,560	(2,742)	50,022	201,116	601	4
Non-current										
Assets	9,186,386	8,783,460	2,337,758	1,921,733	47,850	40,270	2,135,540	1,855,301	964,391	2
Liabilities	(3,658,708)	(3,368,771)	(820,026)	(755,476)	(32,358)	(14,601)	(44,899)	(37,655)	-	-
Net non-current assets	5,527,678	5,414,689	1,517,732	1,166,257	15,492	25,669	2,090,641	1,817,646	964,391	2
Equity	5,872,262	5,500,304	1,294,542	1,358,881	24,052	22,927	2,140,663	2,018,762	964,992	2

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Summarized statement of profit or loss and other comprehensive income

	Companhia de Gás de São Paulo - "COMGÁS"			Rumo Logística Operadora Multimodal S.A.			Logisport Armazéns Gerais S.A.		
	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Net sales	6,387,104	4,888,897	2,398,989	905,449	742,962	706,020	21,354	12,122	22,743
Profit before taxes	734,945	560,443	207,314	172,678	243,201	223,261	2,168	2,664	6,316
Income tax expenses	(203,810)	(152,740)	(47,439)	(58,151)	(82,110)	(74,677)	(757)	(894)	(2,035)
Profit for the period	531,135	407,703	159,875	114,527	161,091	148,584	1,411	1,770	4,281
Other comprehensive income	6,266	24,574	(84,017)	-	-	-	-	-	-
Total comprehensive income	537,401	432,277	75,858	114,527	161,091	148,584	1,411	1,770	4,281
Comprehensive income attributable to non-controlling interests	211,253	172,695	30,305	28,632	40,273	37,146	691	868	2,098
Dividends paid	65,715	-	79,299	-	-	-	-	-	-

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

	Radar Propriedades Agrícolas S.A.			Radar II Propriedades Agrícolas S.A.		
	Twelve months ended	Nine months ended	Twelve months ended	Twelve months ended	Nine months ended	Twelve months ended
	December 31, 2014	December 31, 2013	March 31, 2013	December 31, 2014	December 31, 2013	March 31, 2013
Net sales	43,883	14,433	19,828	-	-	-
Profit before taxes	164,365	94,783	190,256	50,217	15,240	42,371
Income tax expenses	(8,605)	(3,320)	(47,291)	(20)	-	(2)
Profit for the period	155,760	91,463	142,965	50,197	15,240	42,369
Other comprehensive income	22,157	16,017	-	3,603	2,604	-
Total comprehensive income	177,917	107,480	142,965	53,800	17,844	42,369
Comprehensive income attributable to non-controlling interests	144,255	87,145	115,916	18,830	6,245	14,829
Dividends paid	25,928	1,945	72,061	8,365	5,250	-

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

Summarized statements of cash flows(I)

	Companhia de Gás de São Paulo - "COMGÁS"			Rumo Logística Operadora Multimodal S.A.			Subsidiaries Radar Propriedades Agrícolas S.A.		
	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Cash generated from operations	1,596,064	1,081,121	453,974	105,840	229,711	341,054	68,173	29,256	80,411
Income taxes paid	(111,970)	(121,308)	(174,038)	(34,789)	(2,064)	(38,010)	(10,219)	(4,032)	(10,049)
Net cash generated by operating activities	1,484,094	959,813	279,936	71,051	227,647	303,044	57,954	25,224	70,362
Net cash used in investing activities	(661,546)	(610,418)	(294,359)	(262,876)	(187,606)	(265,591)	(21,181)	(24,070)	(33,281)
Net cash provided by (used in) financing activities	(384,798)	(140,942)	(84,949)	(230,292)	(37,633)	43,284	(40,000)	(3,000)	(88,883)
Increase (decrease) in cash and cash equivalents	437,750	208,453	(99,372)	(422,117)	2,408	80,737	(3,227)	(1,846)	(51,802)
Cash and cash									

equivalents
at

beginning of period	535,957	327,504	426,876	496,943	494,535	413,798	9,189	10,703	62,505
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Cash and
cash

equivalents
at end of
period

973,707	535,957	327,504	74,826	496,943	494,535	5,962	8,857	10,703
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(I) Information presented for subsidiaries with significant non-controlling interest.

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Notes to the consolidated financial statements

(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

13 Investment in joint ventures

In June 2011, the Company entered into an agreement to jointly control two companies:

- (i) Raízen Combustíveis which owns a network of, approximately, 5,356 fuel service stations throughout Brazil, 62 distribution terminals and 55 airports terminals for supplying aviation fuel;
- (ii) Raízen Energia, which produces and sell sugar, ethanol and renders electric energy cogeneration services, the latter mainly from sugar cane bagasse. Raízen Energia is responsible for the production of, approximately, 2 billion liters of ethanol per year to supply the domestic and foreign market, 4 million tons of sugar and 940 MW of installed capacity of electricity. Raízen Energia cultivates harvests and processes sugar cane - the main raw material used in the production of sugar and ethanol.

Cosan has joint control over Raízen Combustíveis and Raízen Energia by virtue of its 50% share in the equity of both companies and the requirement for unanimous consent by all shareholders over decisions related to the significant activities. The investments have been classified as joint ventures under IFRS 11 and therefore the equity method of accounting is used for all periods presented in these consolidated financial statements.

Changes to investments in joint ventures were as follows:

	Raízen Combustíveis S.A.		Raízen Energia S.A.(I)		Raízen Energia Participações S.A.(I)		Total
Shares issued by investee	3,303,168,484		5,902,595,634		5,902,595,634		
Shares held by Cosan	1,651,584,242		2,951,297,817		2,951,297,817		
Cosan ownership interest	50.00	%	50.00	%	50.00	%	
At March 31, 2013	3,278,866		5,303,875		-		8,582,741
Equity in earnings (losses) of joint ventures	352,515		(110,479)	)	-		242,036
Other comprehensive income (losses)	(162)	)	(3,156)	)	-		(3,318)
Dividends	(300,449)	)	(20,000)	)	-		(320,449)
Other	(4,288)	)	1,537		-		(2,751)
At December 31, 2013	3,326,482		5,171,777		-		8,498,259
Equity in earnings of joint ventures	503,176		85,252		-		588,428
Other comprehensive income (losses)	(210)	)	(44,322)	)	-		(44,532)
Dividends	(610,982)	)	(26,912)	)	-		(637,894)
Other	-		242		-		242
At December 31, 2014	3,218,466		5,186,037		-		8,404,503

(I)

Raízen Energia was a direct subsidiary of Raízen Energia Participações S.A. ("REPSA") until November 30, 2012, at which time REPSA was merged into the company.

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

The statement of financial position and statement of profit or loss of the joint ventures are disclosed in Note 5, Segments.

The cash flows and comprehensive income of the joint ventures are presented below:

	Raízen Energia S.A.			Raízen Combustíveis S.A.		
	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Cash flow						
Operating activities	3,200,792	490,313	2,659,558	682,720	559,917	1,456,774
Investing activities	(2,458,231)	(1,456,505)	(2,530,904)	981	349,623	(478,335)
Financing activities	842,905	265,174	430,364	(839,223)	(719,261)	(875,103)
(Decrease) increase in cash and cash equivalents	1,585,466	(701,018)	559,018	(155,522)	190,279	103,336
Other comprehensive income (losses)	30,239	(214,998)	293,170	1,078,945	721,444	790,724

Pursuant to the terms of the Raízen Joint Venture - Framework Agreement, Cosan is responsible for certain legal proceedings that existed prior to the formation of Raízen, net of judicial deposits as of April 1, 2011, as well as tax installments under the REFIS (tax amnesty and refinancing program), recorded in "Other taxes payable". Additionally, Cosan has access to a credit line (stand-by facility) granted to Raízen in the amount of US\$500 million, which was unused at December 31, 2014.

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

14 Assets held for sale and investment property

	Investment property	Assets held for sale	Total
At March 31, 2013	2,473,438	85,426	2,558,864
Additions	2,909	-	2,909
Change in fair value	125,322	(3,779)	121,543
Transfers (i)	(314,104)	314,104	-
Disposals	(6,056)	(81,647)	(87,703)
At December 31, 2013	2,281,509	314,104	2,595,613
Change in fair value	112,579	19,118	131,697
Transfers(i)	247,890	(247,890)	-
Disposals	-	(60,243)	(60,243)
At December 31, 2014	2,641,978	25,089	2,667,067

(i) Land withdrawn from sale and reclassified back to investment properties as objectives not met in commercial negotiations.

Investment properties include agricultural land located in the Southeast, Midwest and Northeast regions of Brazil, which are leased to third parties and to joint ventures. The lease agreements for the cultivation of sugar cane have an average term of 18 and 10 years for grain.

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

15	Property, plant and equipment					
	Land, buildings and improvements	Machinery, equipment and facilities	Railcars and locomotives	Construction in progress	Other	Total
Cost						
At March 31, 2013	435,832	318,480	433,158	206,534	31,872	1,425,876
Additions	97	6,155	-	246,251	28	252,531
Disposals	(52)	(1,236)	-	-	(376)	(1,664)
Transfers(i)	11,363	35,863	2,906	(168,523)	3,576	(114,815)
At December 31, 2013	447,240	359,262	436,064	284,262	35,100	1,561,928
Depreciation						
At March 31, 2013	(71,079)	(134,068)	(31,361)	-	(11,071)	(247,579)
Additions	(9,341)	(20,151)	(10,223)	-	(2,937)	(42,652)
Disposals	1	156	-	-	51	208
Transfers(i)	-	67	-	-	(62)	5
At December 31, 2013	(80,419)	(153,996)	(41,584)	-	(14,019)	(290,018)
At March 31, 2013	364,753	184,412	401,797	206,534	20,801	1,178,297
At December 31, 2013	366,821	205,266	394,480	284,262	21,081	1,271,910

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

	Land, buildings and improvements	Machinery, equipment and facilities	Railcars and locomotives	Construction in progress	Other	Total
Cost						
At December 31, 2013	447,241	359,263	436,065	283,937	35,417	1,561,923
Additions	114	5,830	-	382,737	-	388,681
Disposals	(1,726)	(17,262)	-	2	(2,076)	(21,062)
Transfers(i)	69,228	102,258	83,928	(411,359)	4,261	(151,684)
At December 31, 2014	514,857	450,089	519,993	255,317	37,602	1,777,858
Depreciation						
At December 31, 2013	(80,418)	(153,994)	(41,584)	-	(14,017)	(290,013)
Additions	(15,807)	(36,810)	(14,104)	-	(4,710)	(71,431)
Disposals	1,388	16,147	-	-	1,948	19,483
Transfers(i)	(8,778)	8,753	-	-	18	(7)
At December 31, 2014	(103,615)	(165,904)	(55,688)	-	(16,761)	(341,968)
At December 31, 2013	366,823	205,269	394,481	283,937	21,400	1,271,910
At December 31, 2014	411,242	284,185	464,305	255,317	20,841	1,435,890

(i) The balance of transfers relates to amounts reclassified to intangible assets.

Capitalization of borrowing costs

Capitalized borrowing costs in the year ended December 31, 2014 amounted to R\$ 5,779 (nine months ended December 31, 2013 R\$ 6,019; year ended March 31, 2013 R\$ 6,593). The weighted average interest rate used to capitalize borrowing costs, that are directly attributable to the acquisition or construction of assets that take a substantial period of time to get ready, was 5.16% p.a. ended December 31, 2014 (5.96% p.a. for the nine months ended December 31, 2013; 5.60% p.a. year ended March 31, 2013).

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Cosan Limited

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

16	Intangible assets						
	Goodwill	Gas distribution concession - COMGÁS	Improvements to public concessions and operating licenses	Trademarks	Customer relationships	Other	Total
Cost							
At March 31, 2013	705,816	7,742,140	618,878	252,474	597,193	143,535	10,060,036
Additions	-	557,220	-	-	125,408	40,960	723,588
Disposals	(1,860)	(26,940)	-	-	(3,415)	(50)	(32,265)
Transfers(i)	-	-	132,677	-	-	16,380	149,057
Business combination	-	34,862	-	-	-	-	34,862
At December 31, 2013	703,956	8,307,282	751,555	252,474	719,186	200,825	10,935,278
Depreciation							
At March 31, 2013	-	(127,048)	(42,633)	(97,012)	(151,121)	(27,324)	(445,138)
Additions	-	(197,233)	(25,244)	(17,120)	(123,275)	(34,101)	(396,973)
Disposals	-	17,844	-	-	1,276	-	19,120
Transfers(i)	-	-	(34,242)	-	-	(5)	(34,247)
At December 31, 2013	-	(306,437)	(102,119)	(114,132)	(273,120)	(61,430)	(857,238)
At March 31, 2013	705,816	7,615,092	576,245	155,462	446,072	116,211	9,614,898
At December 31, 2013	703,956	8,000,845	649,436	138,342	446,066	139,395	10,078,040

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(Amounts in thousands of Brazilian Reais – R\$, unless otherwise stated)

	Goodwill	Gas distribution concession - COMGÁS	Improvements to public concessions and operating licenses	Trademarks	Customer relationships	Other	Total
Cost							
At December 31, 2013	703,956	9,528,471	751,555	252,474	1,121,425	357,103	12,714,984
Additions	-	502,941	-	-	149,236	22,554	674,731
Disposals	-	(19,774)	-	-	(6,773)	(1)	(26,548)
Transfers(i)	-	(675)	146,965	-	675	4,719	151,684
At December 31, 2014	703,956	10,010,963	898,520	252,474	1,264,563	384,375	13,514,851
Depreciation							
At December 31, 2013	-	(1,527,626)	(102,119)	(114,132)	(675,359)	(217,708)	(2,636,944)
Additions	-	(343,956)	(40,714)	(22,830)	(155,582)	(45,684)	(608,766)
Disposals	-	13,898	-	-	3,420	(97)	17,221
Transfers(i)	-	-	-	-	-	11	11
At December 31, 2014	-	(1,857,684)	(142,833)	(136,962)	(827,521)	(263,478)	(3,228,478)
At December 31, 2013	703,956	8,000,845	649,436	138,342	446,066	139,395	10,078,040
At December 31, 2014	703,956	8,153,279	755,687	115,512	437,042	120,897	10,286,373

(i) The balance of transfers relates to amounts reclassified to intangible assets.

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Capitalization of borrowing costs

Capitalized borrowing costs in the year ended December 31, 2014, amounted to R\$ 20,891 (nine months ended December 31, 2013 R\$ 25,973; year ended March 31, 2013 R\$ 7,279). The weighted average interest rate used to capitalize borrowing costs, that are directly attributable to the acquisition or construction of assets that take a substantial period of time to get ready, was 10.93% p.a. ended December 31, 2014 (8.40% p.a. for the nine months ended December 31, 2013; 8.32% p.a. year ended March 31, 2013).

Intangible assets (excluding goodwill)	Annual rate of amortization - %	December 31, 2014	December 31, 2013
Gas distribution concession - COMGÁS(i)	Concession term	8,153,279	8,000,845
Improvements to public rail concessions(ii)	Concession term	505,237	387,245
Operating license for port terminal(iii)	4.00	250,450	262,190
		755,687	649,435
Trademarks			
Mobil	10.00	91,308	114,138
Comma	-	24,204	24,204
		115,512	138,342
Relationship with customers			
COMGÁS	20.00	375,119	375,184
Lubricants	6.00	61,923	70,883
		437,042	446,067
Other			
Software licenses	20.00	83,889	91,695
Other	-	37,008	47,700
		120,897	139,395
		9,582,417	9,374,084

(i) Refers to the intangible asset for the public gas distribution service concession, which represents the right to charge users for the supply of gas, comprised of: (i) the concession rights recognized in the business combination and (ii) concession assets (Note 3). The amortization term is 39 years (the remaining concession period, plus extension);

(ii) Refers to improvements made to the Federal Government rail network in relation to the transportation services provided by Rumo (Note 3); and

(iii) Port operating license and customer relationships of Rumo, from the business combinations.

Impairment testing of cash-generating units containing goodwill

The Company tests the recoverable amounts of goodwill arising from business combination transactions annually. Property, plant and equipment and definite life intangible assets, that are subject to depreciation and amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

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During the year ended December 31, 2014, no impairment indicator was identified that would trigger the performance of an impairment test.

The combined carrying amounts of goodwill allocated to cash generating units are as follows:

	December 31, 2014	December 31, 2013
Cash-generating unit - Lubricants	603,462	603,462
Fair value less costs to spin-off - Rumo	100,451	100,451
Cash-generating unit - Other Businesses	43	43
Total goodwill	703,956	703,956

The recoverable amount is determined by reference to the value in use, using the discounted cash flows model, based on management's estimated budget information which takes into consideration assumptions related to each business, using market available information as well as previous performance, and the fair value less costs to sell. Discounted cash flows are estimated for a period of 5 to 10 years and in perpetuity assuming a real growth rate of zero. Management considers it is appropriate to estimate cash flows for a period longer than five years as this reflects the estimated period of use of the asset groups and businesses involved.

The main assumptions and estimates involved are the following: (i) Rumo: the recoverable amount was determined by the fair value method, using as a basis the price that would be received to sell an asset or that would be paid by transferring a liability in an orderly transaction between market participants at the measurement date, (ii) Lubricants: expected growth in operations based on expected segmented GDP and other macroeconomic factors, as well as expected sales price of commodities.

Future cash flows are discounted using discount rates between 5.6% and 11.8% (weighted average cost of capital) that reflect specific risks relating to the significant assets in each cash-generating unit.

The impairment test performed as of December 31, 2014 did not result in the need to recognize impairment losses on the carrying value of intangible assets or goodwill. The determination of the recoverability of assets depends on certain key assumptions, as described above, which are influenced by current market, technological and economic conditions. These tests are not indicative of future impairment losses and/or whether they would be material.

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Loans and borrowings

Description(i)	Index(ii)	Interest		December 31, 2014	December 31, 2013	Matures
		Annual interest(iii)				
Senior Notes Due 2023	US\$	5.00	%	1,352,796	1,086,716	Mar-2023
Perpetual Notes	US\$	8.25	%	1,344,760	1,186,221	-
Senior Notes Due 2018	Fixed	9.50	%	874,494	873,589	Mar-2018
BNDES	TJ462	7.80	%	834,565	525,636	Oct-2020
EIB	US\$ + LIBOR	2.07	%	691,463	633,223	Sep-2021
Resolution 4131	US\$ + LIBOR	2.72	%	466,494	413,477	Feb-2018
FINAME	URTJLP	6.93	%	457,570	428,916	May-2022
Non-convertible debentures	Fixed rate + IPCA	11.98	%	447,386	417,231	Sep-2020
FINAME	Fixed	4.04	%	307,230	277,298	Nov-2022
BNDES	TJLP	7.75	%	288,209	526,716	Oct-2018
BNDES	Selic	14.17	%	274,000	159,894	Oct-2020
Resolution 4131	US\$ + LIBOR	1.59	%	266,006	-	Nov-2015
Foreign loans	LIBOR Sterling	3.88	%	224,047	209,340	Dec-2019
FINEP	Fixed	5.00	%	165,032	89,104	Nov-2020
Working capital	US\$ + LIBOR	4.18	%	133,185	262,796	Sep-2016
Non-convertible debentures	CDI	11.81	%	131,229	164,144	Sep-2019
Working capital	CDI + 1.20%	12.91	%	101,515	-	Oct-2017
Working capital	CDI + 1.43%	13.17	%	85,628	-	Sep-2016
Resolution 4131	US\$	1.18	%	29,338	-	Aug-2015
Finem	URTJLP	6.66	%	13,231	-	Jan-2022
Finem	IPCA	14.60	%	3,483	-	Nov-2021
Finem	Fixed	3.50	%	3,420	-	Jan-2024
Credit notes	110.00% CDI	-	-	-	393,646	-
Leasing	100.00%	-	-	-	1,068	-
Non-convertible debentures	123.00% CDI	-	-	-	1,443,941	-
Other		-	-	7,559	-	-
				8,502,640	9,092,956	

Current	1,056,353	1,050,862
Non-current	7,446,287	8,042,094

(i) Loans and borrowings are guaranteed by promissory notes and endorsements of the Company and controlling shareholders, besides other guarantees, such as: (i) credit rights originated from the expansion contracts of the logistic segment and gas distribution (BNDES), (ii) underlying assets (property, plant and equipment and intangible assets) being financed (FINAME) in an amount of R\$1,738,661 (R\$970,974 in 2013);

(ii) TJLP and URTJLP are long-term interest rates on BNDES (Brazilian National Economic and Social Development Bank) loans. Selic is the benchmark interest rate set by the Brazilian Central Bank. CDI is a benchmark interbank lending rate in Brazil. IPCA is a benchmark consumer price index;

(iii) As at December 31, 2014, unless otherwise indicated.

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Non-current borrowings are scheduled to fall due as follows:

	December 31, 2014	December 31, 2013
13 to 24 months	751,980	595,917
25 to 36 months	944,817	666,297
37 to 48 months	1,874,414	650,006
49 to 60 months	672,319	1,626,221
61 to 72 months	435,042	1,101,334
73 to 84 months	79,978	1,071,570
85 to 96 months	4,535	65,043
Thereafter	2,683,202	2,265,706
	7,446,287	8,042,094

Senior Notes Due in 2018

On March 19, 2013, the Company issued Senior Notes in the international capital market under “Regulation S” and “Rule 144A” in the amount of R\$ 850,000, bearing annual interest of 9.5%, payable semiannually in September and March of each year.

Senior Notes Due in 2023

On March 14, 2013, the Company issued Senior Notes in the international capital market under “Regulation S” and “Rule 144A” in the amount of US\$ 500,000 thousand, bearing annual interest of 5%, payable semiannually in September and March of each year. Cross-currency interest rate swaps have been entered into to mitigate the Company’s exposure to interest rate and foreign exchange risks.

BNDES

Refers to the financing of expansion of the logistics segment and gas distribution.

Perpetual Notes

On November 5, 2010 and July 13, 2011 Cosan Overseas Limited issued US\$ 500,000 thousand of perpetual notes in the international capital market under “Regulation S”, bearing annual interest of 8.25%, payable quarterly. Cross-currency interest rate swaps have been entered into to mitigate the Company’s exposure to interest rate and foreign exchange risks.

Bank debt – Working capital

On October 4, 2011, the Company entered into a bank loan agreement for US\$ 100,000 thousand due in 2016, bearing annual interest of LIBOR + 4.58%. Proceeds were used to purchase the Company's own shares.

On September 3, 2013, the Company entered into a loan agreement for US\$35,000 thousand due in 2016, bearing annual interest of LIBOR + 2.55%, LIBOR + 2.35% and LIBOR + 2.15%, for the first, second and third years, respectively.

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On October 28, 2014, the Company entered into a loan agreement for US\$ 40,000 thousand (then equivalent to R\$ 99,500) due in 2017, bearing annual interest of CDI + 1.20%. Proceeds were used to refinance part of the 2011 debt.

FINAME

Refers to FINAME funding (Federal Government Machinery and Equipment Financing Program), through various financial institutions, intended to be used for investments in property, plant and equipment and intangible assets. Interest is payable monthly and the principal is secured by liens on the financed assets.

Foreign currency loans

On December 22, 2014, Cosan Lubes Investment renegotiated its loan maturing in December 2019; including the grace period for the principal amount of two and a half years. The original loan was disbursed on June 29, 2012, for a principal amount of £ 54,000 thousand and was obtained in order to acquire control of Comma Oil and Chemicals Limited in July 2012.

EIB – European Investment Bank

Refers to loans denominated in U.S. Dollars, bearing interest at LIBOR and maturing in 2021. Cross-currency interest rate swaps have been entered into to mitigate the Company's exposure to interest rate and foreign exchange risks. The funds were used to expand and support the natural gas distribution network.

Non-convertible debentures

On August 5, 2008, COMGÁS concluded the placement of a simple non-convertible debentures, indivisible at a par value of R\$ 100,000. On August 2012, 2013 and 2014 the Company repaid accumulated total of 100% of the principal.

On September 15, 2013, COMGÁS concluded the placement of a three tranche non-convertible debentures, indivisible at par value totaling R\$ 540,000. The final maturity is September, 2020.

In June 2014 Cosan pre-paid 100% of the principal of the debentures issued in 2012 in the total amount of R\$ 1,400,000.

FINEP

In November 2012, Cosan Biomassa S.A. obtained a bank loan of R\$ 89,694, maturing in January 2021. The same agreement provides for three more draw down installments, totaling R\$ 254,890, bearing interest of 5% per year. These funds will be used for the development, production and marketing plan of new industrial technologies for the processing of biomass derived from sugar cane or other sources.

Promissory Notes

On March 1, 2013, COMGÁS concluded the issuance of 400 Promissory Notes at a par value of R\$ 1,000, totaling R\$ 400,000 with a maturity period of 270 days.

The amortization of the principal and interest occurred upon maturity.

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Covenants

The Company and its subsidiaries are subject to certain restrictive financial covenants set forth in existing loans and financing agreements in relation to certain financial and non-financial indicators. Covenants are required to be calculated on an annual basis, at the end of each fiscal year.

As at December 31, 2014, Cosan, its subsidiaries and joint ventures were in compliance with all debt covenants.

The carrying amounts and fair value of loans and borrowings are as follows:

	Carrying amount		Fair value(i)	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Senior / Perpetual Notes	3,572,050	3,174,894	3,356,788	2,977,658
Financing	4,930,590	5,918,062	4,930,590	5,918,062
Total	8,502,640	9,092,956	8,287,378	8,895,720

(i) Senior / Perpetual Notes and Financing were measured at fair value using Level “1” and “Level 2” inputs, respectively (Note 32).

The carrying amounts of loans and borrowings are denominated in the following currencies:

	December 31, 2014	December 31, 2013
US Dollar	4,284,042	3,605,532
Brazilian Real	3,994,551	5,278,084
Pound Sterling	224,047	209,340
Total	8,502,640	9,092,956

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Trade payables

	December 31, 2014	December 31, 2013
Natural gas suppliers	749,021	590,168
Materials and service suppliers	363,438	272,261
	1,112,459	862,429

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	Other taxes payable	
	December 31, 2014	December 31, 2013
Tax Amnesty and		
Refinancing Program - REFIS(I)	524,703	1,075,019
ICMS – State VAT	67,777	77,466
COFINS- Revenue tax	18,702	30,470
PIS - Revenue tax	2,511	5,170
INSS - Social security	2,739	2,842
Other	25,874	18,856
	642,306	1,209,823
Current	307,741	199,056
Non-current	334,565	1,010,767

(I) Tax amnesty and refinancing program (REFIS) for the settlement of amounts due for qualifying Brazilian federal taxes.

Provisional Measure 651 was enacted through Law 13.043 on November 14, 2014 providing an option to join a Tax Amnesty and Refinancing Program (REFIS) to settle specified tax obligations by paying at least 30% in cash, utilizing tax loss carryforwards and reducing amounts owed for penalties and late payment interest accruals. Law 11.941/09 provided for similar benefits. The REFIS permitted the Company to settle tax obligations of R\$ 578,182 (including unrecorded provisions related to possible tax loss contingencies of R\$ 9,330) through cash payments of R\$ 145,015, reduction of R\$ 28,440 recognized as gain on REFIS liability and the offset of R\$ 404,728 of tax loss carryforwards (being R\$ 173,559 from the Company, including R\$ 3,684 of unrecognized tax loss carryforwards, and R\$ 231,168 from its joint ventures). The gain on REFIS liability was recorded in the statement of profit or loss in "Other expenses, net" (Note 29). The balance of tax obligations at December 31, 2014 of R\$ 524,703 is subject to interest and indexation based on the SELIC index. The tax obligation and settlement process is still subject to final ratification by the tax authorities.

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Income tax and social contribution

a) Reconciliation of income and social contribution tax expenses

	Twelve months ended December 31, 2014	Nine months ended December 31, 2014	Twelve months ended March 31, 2013
Profit before taxes	686,308	539,180	920,886
Income tax and social contribution at nominal rate (34%)	(233,345)	(183,321)	(313,101)
Adjustments to reconcile nominal to effective tax rate			
Equity method investments (non taxable income)	201,269	84,161	229,270
Differences in tax rates on entities under Brazilian presumed profits tax regime	51,398	38,922	40,841
Judicial demand related to income tax	13,839	-	-
REFIS discounts granted	9,972	-	-
Non taxable foreign exchange gains of foreign subsidiaries	2,956	1,371	43,516
Differences in tax rates on earnings / losses of overseas companies	2,465	(14,788)	(9,141)
Stock options	(4,400)	(2,242)	(4,521)
Off-book tax loss carryforwards now recorded (write-offs), net	(8,195)	67,367	(60,994)
Interest on capital (net received)	(13,380)	(15,292)	(19,531)
Non-deductible expenses (donations, gifts, etc.)	(19,232)	(3,859)	(3,944)
Write off of tax loss carryforwards - Partial spin-off (i)	(35,469)	-	-
Other	(11,707)	(11,513)	(28,748)
Income tax and social contribution expense (current and deferred)	(43,829)	(39,194)	(126,353)
Effective rate - %	6.39	7.27	13.72

(i) “Partial Spin-off” of Cosan S.A. and merger of the spun-off portion into Cosan Log (Note 1).

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	b) Deferred income tax assets and liabilities				December
				December 31, 2014	31, 2013
	Basis	Income taxes (25%)	Social contribution (9%)	Total income taxes (34%)	Total income taxes (34%)
Tax loss carryforwards					
Income tax loss carryforwards	1,276,670	319,168	-	319,168	282,656
Social contribution tax loss carryforwards	1,295,308	-	116,578	116,578	102,410
Temporary differences					
Foreign currency gain / losses	892,613	223,153	80,335	303,488	11,603
Tax deductible goodwill	876,771	219,193	78,909	298,102	514,893
Provision for judicial demands	540,337	135,084	48,630	183,714	173,477
Allowance for doubtful accounts	157,015	39,254	14,131	53,385	54,258
Profit sharing	33,367	8,342	3,003	11,345	67,057
Derivatives instruments unrealized (gains) losses					
Unrealized gain on sale of investments	(371,622)	(92,905)	(33,446)	(126,351)	107,489
Other temporary differences	(55,211)	(13,803)	(4,969)	(18,772)	(30,894)
Property, plant and equipment	(98,207)	(24,552)	(8,839)	(33,391)	(17,390)
Gain on formation of joint ventures	(122,557)	(30,639)	(11,030)	(41,669)	(28,017)
Unrealized gains on investment properties	(3,338,342)	(834,585)	(300,451)	(1,135,036)	(1,135,042)
Assets held for sale	(2,428,595)	(48,572)	(26,229)	(74,801)	(70,309)
Concession contract	(25,090)	(502)	(271)	(773)	(9,636)
Regulatory asset	44,284	11,071	3,986	15,057	11,579
Gains or losses on actuarial liabilities	242,654	60,664	21,839	82,503	118,228
Business combination - Property, plant and equipment	257,630	64,407	23,187	87,594	41,593
Business combination - Intangible assets	(107,629)	(26,907)	(9,687)	(36,594)	(38,098)
Business combination - Other fair value adjustments	(4,090,448)	(1,022,612)	(368,140)	(1,390,752)	(1,441,910)
Other	(72,097)	(18,024)	(6,489)	(24,513)	(17,706)
Total net liability	(333,507)	(83,376)	(30,016)	(113,392)	(162,675)
		(1,116,141)	(408,969)	(1,525,110)	(1,466,434)
Deferred income tax - Assets				214,164	232,188
Deferred income tax - Liabilities				(1,739,274)	(1,698,622)
Total net deferred taxes				(1,525,110)	(1,466,434)

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c) Recoverability of deferred tax assets

In assessing the recoverability of deferred tax assets, management estimates future taxable income and the timing of reversal of the temporary differences.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Under Brazilian tax law, tax loss carryforwards do not expire, however, their use is limited to 30% of annual taxable income.

At December 31, 2014, the Company expects to realize deferred taxes on loss carry forwards on income tax and social contribution as follows:

	December 31, 2014
No later than 1 year	6,646
Later than 1 year and no later than 5 years	64,427
Later than 5 years	364,673
Total	435,746

d) Changes in deferred income taxes, net:

At March 31, 2013 – Net deferred tax liability	(1,545,908)
Recorded through income	90,782
Recorded through other comprehensive income	(15,795)
Securities	(4,668)
Tax benefit of goodwill amortization	11,003
Other	(1,848)
At December 31, 2013 – Net deferred tax liability	(1,466,434)
Recorded through income	112,673
Recorded through other comprehensive income	(19,073)
Acquisition cost of the preferred shares in subsidiaries	18,450
Use of tax loss carryforward - REFIS	(173,559)
Other	2,833
At December 31, 2014 - Net deferred tax liability	(1,525,110)

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21 Provision for legal proceedings

	Provision for legal proceedings		Judicial deposits	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Tax	343,038	410,890	319,444	294,991
Civil	139,268	146,011	48,445	33,659
Labor	175,473	165,557	50,496	32,904
	657,779	722,458	418,385	361,554

Changes in provision for legal proceedings:

	Tax	Civil	Labor	Total
At December 31, 2013	410,890	146,011	165,557	722,458
Accruals	11,962	12,882	86,241	111,085
Write-off / Reversals	(89,581)	(9,303)	(49,147)	(148,032)
Settlement	(1,070)	(17,164)	(31,902)	(50,135)
Indexation and interest charges	10,837	6,842	4,724	22,403
At December 31, 2014	343,038	139,268	175,473	657,779

Judicial claims deemed to be probable losses, fully accrued

a)	Tax claims	
	December 31, 2014	December 31, 2013
FINSOCIAL offsetting(i)	241,739	230,775
INSS - Social security(ii)	47,449	46,291
State VAT - ICMS credits(iii)	24,231	20,114
IPC - 1989(iv)	-	74,879
Other	29,619	38,831
	343,038	410,890

(i) During the period from October 2003 to November 2006 Cosan Combustíveis e Lubrificantes S.A. “Cosan CL” offset the FINSOCIAL tax against several other federal taxes, based on a final court decision in September 2003 following a decision that challenged the constitutionality of the FINSOCIAL. No judicial deposits were made.

- (ii) Mainly related to social security contributions, which are being challenged on the grounds of constitutionality. Judicial deposits have been made for the corresponding amounts.
- (iii) A considerable portion of the amount accrued as ICMS was paid in cash under the provisions of Decree N° 58,811 issued on December 27, 2012, which established the State of São Paulo Special Installment Program of ICMS (a.k.a. PEP-ICMS). The amounts that have been

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provisioned refer to tax assessments by the tax authorities related to several types of ICMS credits. Amongst them: (a) assessment notice related to ICMS payments for the purchase of raw materials which are considered for “use and consumption”, therefore, not eligible for compensation; (b) assessment, as sole obligor, for withholding of ICMS on tolling agreement from an agricultural partnership with Central Paulista Ltda. Açúcar e Álcool.

- (iv) In 1993, CLE filed a lawsuit to challenge the balance sheet inflation accounting index (“IPC”) established by the Federal Government in 1989, considering that this index did not reflect the actual rate of inflation. The use of this index led the Company to overpay income and social contribution taxes. CLE obtained a favorable preliminary court ruling that allowed it to recalculate its financial position, using indices that better reflected the actual inflation over the period. In doing so the Company adjusted the amounts of income and social contribution taxes payable and offset the overpayments in subsequent years until 1997. Despite the favorable court rulings, the tax authorities issued a notice of infringement to the Company challenging all of the taxes that were offset. As the contingency is now considered to be a remote loss, the provision of R\$ 75,144 was reversed, being the amounts of R\$ 13,839 recorded under income tax expense and R\$ 61,305 recorded under interest expenses.

b) Civil and environmental

The Company and its subsidiaries are party to a number of civil and legal claims related to (i) indemnification for material and moral damages, (ii) public civil claims related to burning of sugarcane stubble, and (iii) environmental matters.

The Company and its subsidiaries are also party to a number of labor claims filed by former employees and service providers challenging, among other things, unpaid overtime, night shift premiums and risk premiums, employment guarantees, and the reimbursement of withholdings from payroll such as social contributions and trade union charges.

Judicial claims deemed as possible losses, and therefore not accrued

a) Tax claims

	December 31, 2014	December 31, 2013
ICMS - State VAT(i)	1,572,934	1,291,685
Federal income taxes(ii)	751,495	726,815
PIS and COFINS - Revenue taxes(iii)	680,065	506,813
IRRF - Withholding tax(iv)	656,087	637,130
INSS - Social security and other(v)	530,223	508,053
IPI - Excise tax credit - NT(vi)	441,707	430,981
IPI offsetting - IN 67/98(vii)	118,865	115,004
Other	648,850	637,619

5,400,226 4,854,100

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(i) ICMS

State VAT: Refers mainly to (i) tax assessments filed against the Company for unpaid ICMS and non-compliance with accessory obligations, in connection with the tolling services partnership with Central Paulista Açúcar e Álcool Ltda. in specified periods in 2006 and in 2007; (ii) ICMS levied on the remittances for the export of crystallized sugar, which the Company understands are tax exempted. However, the tax authorities, classify crystallized sugar as a semi-finished product, therefore subject to ICMS; (iii) penalties related to the withholding of ICMS taxes on the sale of ethanol to customers residing in other states; (iv) ICMS withholding rate differences on the sale of ethanol to companies located in other states, which subsequently had their tax registrations revoked; and (v) disallowance of ICMS tax credits on the sale of diesel fuel to customers engaged in the agro industrial business. The State Tax Administration understands that because the diesel fuel sold is for agricultural use, which is not Company's core business, ICMS cannot be offset and (vi) ICMS payments on inventory differences arising from erroneous calculations by the State Tax Administration.

(ii)

Income taxes – Assessment notice

a) In December 2011, the Company received an assessment notice claiming unpaid income and social contribution taxes for the period from 2006 to 2009, for an amount of R\$ 446,444 (September 2013). Such claim is based on the following: (i) tax benefits that arose from the deduction of goodwill amortization, (ii) the offsetting of tax carry forwards and (iii) taxes on revaluation differences of the property, plant and equipment. The Company filed its defense in January 2012 and has classified any potential loss as possible, consistent with the opinion of its legal advisors. The Company quantified such possible loss in the amount of R\$ 221,780.

b) In June 2013, the Company received an assessment notice claiming unpaid income and social contribution taxes for the period from 2009 to 2011 of R\$ 401,904, corresponding to the deduction of goodwill amortization. The Company challenged this assessment and has classified any potential loss as possible, consistent with the position of its legal advisors. The Company has quantified the possible loss in the amount of R\$ 291,724 and a remote loss in the amount of R\$ 110,180 in relation to the payment of fines.

(iii)

PIS and COFINS

Refers mainly to the reversal of PIS and COFINS credits, provided by Laws 10.637/2002 and 10.833/2003, respectively. Those reversals arise from a differing interpretation of the laws by the tax authorities in relation to raw materials. These discussions are still at the administrative level. There are also questions regarding the constitutionality of broadening the base of the PIS / COFINS conveyed by Law 9.718/98. The Supreme Court has already ruled on this issue, judging it unconstitutional.

(iv)

IRRF

In June 2013, the Company received an assessment notice issued for the payment of income tax withheld at source ("IRRF") in the amount of R\$ 788,177. The withholding tax relates to an alleged capital gain arising from the acquisition of assets of companies located abroad. The Company presented its defense in July 2013 and, together with its legal advisors, rated the probability of loss as possible.

(v)

INSS – Social security

The legal proceeding related to INSS payment with possible unfavorable outcome involve the following:

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(a) the legality and constitutionality questioning Normative Instruction MPS/SRP N° 03/2005, which restricted the constitutional immunity over social contributions on export revenues through direct sales, consistent with the manner exports made via trading companies are now taxed; (b) assessment of SENAR (Rural apprenticeship scheme) social contribution on direct and indirect exports, in which the tax authorities disregard the right to constitutional immunity; (c) assessment of social security contribution on internal market resale of merchandises or to third parties, which are not included in the calculation of the social security contributions tax basis - these should only apply to gross revenue from production and not to acquired merchandise.

(vi)

IPI

Federal exercise VAT: SRF Normative Instruction no 67/98 approved the procedures adopted by industrial establishments which performed remittances without registration and payment of IPI, in relation to transfers of sugarcane carried out between July 6, 1995 and November 16, 1997 and of refined sugar between January 14, 1992 and November 16, 1997.

(vii)

Offsetting against IPI credits – IN 67/98

SRF Normative Instruction no. 67/98 allowed for the refunding of IPI tax payments for sales of refined sugar from January 14, 1992 through November 16, 1997. Consequently the Company applied for the offsetting of amounts paid during the periods against other tax liabilities. However, the tax authorities denied its application for both the reimbursement and offsetting of these amounts. The Company has challenged this ruling in an administrative proceeding.

b)

Civil and labor

The main civil and labor claims for which unfavorable outcomes are deemed possible are as follow:

	December 31, 2014	December 31, 2013
Civil	1,118,151	832,311
Labor	391,992	502,697
	1,510,143	1,335,008

Receivables from legal proceedings

The Company recognized a gain of R\$ 69,951 in December 2013 and R\$ 318,358 in 2007, corresponding to a lawsuit filed against the Federal Government, claiming indemnification for the pricing of products, at the time when the industry was subject to government price control. Final judgment was passed in favor of the Company.

A gain was recognized in profit or loss of the corresponding year, with a corresponding receivable in “Other non-current assets”.

At December 31, 2014, the asset recorded for the indemnity lawsuit and corresponding provision for legal fees totaled R\$460,103 and R\$56,581 (R\$496,009 and R\$59,921 as at December 31, 2013), recorded in "other assets" and "other liabilities" respectively. Management is confident that the receipt of these amounts is virtually certain, as the Federal Government cannot appeal against the judgment. The fair value of the asset is equivalent to the carrying amount.

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22 Preferred shareholders payable in subsidiaries

On June 27, 2014, Cosan S.A. transferred to a newly-incorporated wholly-owned subsidiary, Cosan Investimentos e Participações S.A., its shares in Raízen Energia S.A. and Raízen Combustíveis S.A. in addition to a debenture Cosan S.A. had issued and placed with Banco Bradesco S.A.. The net assets transferred at that date totaled R\$ 1,979,519.

Concurrently, also on June 27, 2014, Cosan S.A. executed an Investment Agreement with Fundo de Investimentos em Participações Multisetorial Plus II (“FIP Multisetorial”) and with Razac Fundo de Investimentos em Participações (“FIP Razac”). FIP Multisetorial and FIP Razac are funds owned by Banco Bradesco BBI S.A and Citibank Distribuidora de Títulos e Valores Mobiliários S.A., respectively. Pursuant to this agreement, FIP Multisetorial and FIP Razac subscribed and paid-in R\$2,000,000 of non-voting preferred shares issued by Cosan Investimentos e Participações S.A.. These preferred shares will be remunerated based on a formula designed to provide a return over 15 years equivalent to the CDI rate. In the event the accumulated remuneration falls short of the minimum amount prescribed in the formula, as at April 30, 2021, the preferred shareholders will have a put against Cosan S.A. for an amount equivalent to the value of the initial investment plus interest based on the CDI less any CDI-indexed dividends paid.

The investment in the net assets of in the joint ventures, Raízen Energia S.A. and Raízen Combustíveis S.A., continue to be accounted for on the equity method without affecting the Company’s 50% interest in the results of each venture. The transaction underlying the Investment Agreement has been classified as a noncurrent financial liability in Cosan’s and Cosan S.A.’s balance sheet and the statement of profit or loss reflects the CDI equivalent dividends classified as financial expenses.

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23 Stockholders' Equity

a) Share capital

As of December 31, 2014 Cosan Limited's share capital is composed of the following:

Shareholders - Common shares	Class A and / or BDRs	%	Class B1 shares	%
Queluz Holding Limited	5,906,611	3.39	66,321,766	68.85
Usina Costa Pinto S.A. Açúcar e Alcool	-	-	30,010,278	31.15
Gávea Funds	21,167,463	12.14	-	-
Blackrock Inc.	8,559,101	4.91	-	-
MSOR Participações S.A.	1,811,250	1.04	-	-
Usina Bom Jesus S.A.	255,000	0.15	-	-
FIA Rio das Pedras	16,000	0.01	-	-
Other	130,643,414	74.93	-	-
Total shares outstanding	168,358,839	96.56	-	-
Treasury shares	5,996,502	3.44	-	-
Total	174,355,341	100.00	96,332,044	100.00

There have been no changes to the number of shares in issue during the periods presented.

Class B1 shares entitle the holder to 10 votes per share whereas Class A and BDRs' shares are entitled to one vote per share.

b) Treasury shares

The Company holds 5,996,502 Class A treasury shares as of December 31, 2014 and 2013 with a market value of US\$7.75 per share at December 31, 2014 (US\$13.72 per share at December 31, 2013).

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	c)		Other comprehensive income				
	March 31, 2012	Comprehensive income	March 31, 2013	Comprehensive income	December 31, 2013	Comprehensive income	December 31, 2014
Foreign currency translation differences	(182,730)	2,583	(180,147)	(42,891)	(223,038)	(75,406)	(298,444)
Gain (loss) on cash flow hedge in joint ventures and subsidiary	14,115	35,695	49,810	(6,426)	43,384	(53,956)	(10,572)
Revaluation of investment properties reclassified from property, plant and equipment	-	190,735	190,735	-	190,735	-	190,735
Defined benefit plan actuarial losses	22,570	(34,487)	(11,917)	28,009	16,092	31,012	47,104
Changes in value of available for sale securities, net	(23,689)	7,132	(16,557)	9,077	(7,480)	5,932	(1,548)
Total	(169,734)	201,658	31,924	(12,231)	19,693	(92,418)	(72,725)
Attributable to:							
Owners of the parent	(176,500)	117,592	(58,908)	(25,979)	(84,887)	(80,727)	(165,614)
Non-controlling interests	6,766	84,066	90,832	13,748	104,580	(11,691)	92,889

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24 Earnings per share

The calculation of basic earnings per share has been made by dividing the profit attributable to shareholders of the parent by the weighted-average number of ordinary shares outstanding during the year excluding ordinary shares purchased by the company and held as treasury shares (Note 23.a).

The calculation of diluted earnings per share has been made by dividing the profit attributable to shareholders of the parent, adjusted to assume conversion of all dilutive potential ordinary shares at subsidiaries by the weighted-average number of shares outstanding during the year excluding ordinary shares purchased by the company and held as treasury shares (Note 23.a). The Company's subsidiaries have two categories of potential dilutive effects: share options and put options. For the share options, a calculation is done to determine the effect of the dilution in the profit attributable to shareholders of the parent due the exercise of the share options at subsidiaries. For the put option, is assumed to have been converted into ordinary shares, and the profit attributable to shareholders of the parent is adjusted.

The average market value of the subsidiaries' shares for the purpose of calculating the dilutive effect of shares options was based on quoted market prices for the period during which the options were outstanding.

The following table sets forth the calculation of earnings per share for the year ended December 31, 2014, nine months ended December 31, 2013 and year ended March 31, 2013 (in thousands of Brazilian Reais, except per share amounts):

	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Numerator			
Profit from continuing operations			
Basic	171,006	122,618	337,521
Dilutive effect of subsidiary's stock option plan	(1,212)	(918)	(1,904)
Dilutive effect of put option	(15,601)	(15,601)	(15,601)
Diluted	154,192	106,099	320,016
Profit from discontinued operations			
Basic	-	-	86,549
Dilutive effect of subsidiary's stock option plan	-	-	(421)
Diluted	-	-	86,128
Denominator			
Weighted average number of shares outstanding			
	264,690,883	264,690,883	264,842,445

Basic earnings per share			
Continuing operations	R\$ 0.65	R\$0.46	R\$ 1.27
Discontinued operations	-	-	R\$ 0.33
	R\$ 0.65	R\$ 0.46	R\$ 1.60
Diluted earnings per share			
Continuing operations (as revised – Note 4.2)	R\$ 0.58	R\$ 0.40	R\$ 1.21
Discontinued operations	-	-	R\$ 0.33
	R\$ 0.58	R\$ 0.40	R\$ 1.54

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25 Commitments

a) Commitments for the acquisition of assets and regulatory targets

COMGÁS has contractual commitments for the acquisition of intangible assets of R\$ 13,257 at December 31, 2014 (R\$ 23,687 at December 31, 2013) for the support and administration of the gas distribution network, as well as administrative and technology costs.

b) Lease agreements

Lessor

Radar leases agricultural land to third parties for the production of sugar cane and grains.

The minimum lease receivables of these operating leases are calculated based on data from the TRS, and other commodity prices, and harvested volume per hectare as defined in contract. Revenues related to these contracts at December 31, 2014 are as follows:

2015	66,008
2016	65,771
2017	65,480
2018	53,277
2019	53,277
	303,813

Lessee

At December 31, 2014, future minimum lease payments on non-cancellable operating leases entered by Rumo are as follows:

	2014	2013
No later than 1 year	56,608	52,173
Later than 1 year and no later than 5 years	268,077	263,642
	324,685	315,815

COMGÁS rents properties through 15 lease contracts. Rental expense amounted to R\$ 4,639 for the year ended December 31, 2014 (R\$ 5,741 for the nine months ended December 31, 2013 and R\$ 1,510 for the year ended March 31, 2013).

The lease terms are for a period of one to six years, and the majority of lease agreements are renewable at the end of the lease period at market rates.

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Future minimum lease payments under non-cancelable operating leases are as follows:

	2014	2013
No later than 1 year	4,080	4,799
Later than 1 year and no later than 5 years	6,233	9,413
	10,313	14,212

c)

Purchase

Rumo has contractual commitments totaling R\$22,000 for the improvement of the railway network to expand the logistics segment through 2015.

d)

Gas purchase

COMGÁS has take-or-pay purchase contracts, effective through December 2019, with gas suppliers which establish minimum daily purchases of gas volumes. Were the Company to consume a volume of gas below its contractual obligation, the Company would be required to pay for the shortfall between consumption and the required minimum contractual volumes; however, it could recover this credit (through consumption) over the remaining contract period. Amounts paid but not consumed by COMGÁS were recognized as “Other assets” in the statement of financial position (2014: R\$ 163,686; 2013: R\$ 133,823).

e)

Regulatory assets (liabilities)

	December 31, 2014	December 31, 2013
Cost of gas to be recovered/(transferred)	243,713	345,349
Credits of taxes to be recovered/(transferred)	(1,120)	2,517
Adjustment to present value of taxes	61	(137)
	242,654	347,729
Opening balance	347,729	380,894
Closing balance	242,654	347,729
Expense not recognized in the statement of profit and loss before income tax and social contribution	(105,075)	(33,165)

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Regulatory assets (liabilities)	(124,495)	(59,173)
Adjustment	26,359	34,376
Other	(6,939)	(8,368)
	(105,075)	(33,165)

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The tariffs for the supply of gas to the different customer segments are authorized by the concession authority. In accordance with the terms of the Concession Agreement, the differences between the cost component of gas included in the tariffs charged to the customers and the actual cost of gas incurred are determined on a monthly basis and charged or credited to a regulation account (regulatory account).

Periodically, charges or credits in the tariffs are determined by the regulator with the objective of amortizing the amounts accumulated in this account.

The balance of this account is considered as an asset or as a liability, pursuant to the regulator's set of accounts and for income tax purposes. However, this account is not recognized under IFRS, because the respective balance is not considered as an asset or as a liability, as its realization or liquidation depends on further purchases by the Company's consumers. Therefore, the balances presented above are not recorded in these financial statements.

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Gross Sales

	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Gross revenue from sales of products	9,702,960	7,133,290	4,686,403
Gross revenue from sales of services	1,000,065	845,100	809,667
Construction revenue	481,314	536,482	230,038
Indirect taxes and deductions	(2,122,035)	(1,636,658)	(1,139,899)
Net revenue	9,062,304	6,878,214	4,586,209

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Expenses by nature

The expenses are presented in the statement of profit and loss by function. The reconciliation of income by nature/purpose for the year ended December 31, 2014, nine months ended December 31, 2013, and year ended March 31, 2013 are as follows:

	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Raw materials and consumables used	(4,767,550)	(3,533,382)	(2,725,069)
Employee benefit expense	(1,334,341)	(1,021,922)	(430,930)
Transportation expenses	(887,608)	(666,461)	(260,376)

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Depreciation and amortization(I)	(662,196)	(424,580)	(317,270)
Selling expenses	(60,906)	(76,067)	(169,423)
Other	(251,275)	(226,714)	(187,207)
	(7,963,876)	(5,949,127)	(4,090,275)

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Classified as:

	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Cost of sales	(6,413,720)	(4,878,229)	(3,211,309)
Selling	(881,543)	(603,965)	(459,433)
General and administrative(II)	(668,613)	(466,933)	(419,533)
	(7,963,876)	(5,949,127)	(4,090,275)

(I) Excludes R\$16,913 presented as a deduction of net revenue (December 31, 2013 R\$14,564 and March 31, 2013 R\$17,516);

(II) Research and development expenses for the year ended December 31, 2014 was R\$4,969 (December 31, 2013 R\$ 2,180).

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Financial results

	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Financial expense			
Interest expense	(994,685)	(769,852)	(568,903)
Indexation expenses	(66,117)	(34,754)	(9,102)
	(1,060,802)	(804,606)	(578,005)
Financial income			
Interest income	54,316	70,094	72,491
Indexation income	23,089	10,648	7,845
Income from short term investments	139,707	99,162	83,327
	217,112	179,904	163,663
Foreign exchange effects, net(I)			
Foreign exchange losses, net	(300,521)	(324,495)	(83,254)
	(300,521)	(324,495)	(83,254)
Derivative income (losses)			
Commodities - derivatives	1,353	-	-

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Foreign exchange and interest rate derivatives	160,009	235,485	9,253
Warrants in associates	-	-	65,230
	161,363	235,485	74,483
	(982,848)	(713,712)	(423,113)

(I) Includes gains (and losses) on foreign exchange rates relating to assets and liabilities denominated in foreign currency.

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29	Other income (expenses), net			
		Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
	Changes in the fair value of investment properties	131,697	121,543	138,776
	Gain on port operations	9,628	5,687	-
	Rental income	399	519	347
	(Loss) gain on disposal of non-current assets	(10,836)	(7,788)	97,370
	Provisions for legal proceedings	(51,347)	(94,571)	(65,426)
	Gain on settlement of REFIS liability	28,440	-	-
	Cost related to internal organization and prospective acquisitions (i)	(134,614)	-	-
	Other	5,393	50,882	2,672
		(21,240)	76,272	173,739

(i) Relates to costs incurred by the Company with lawyers, consultants, business advisors and other related services for certain reorganizations and prospective acquisitions.

30 Discontinued operations

The Company signed an agreement with Camil to sell all the shares issued by a former subsidiary (Note 10 (b)).

Pursuant to IFRS 5 - Non-current assets available for sale and discontinued operations, the results of this subsidiary are presented as "Discontinued Operations" in the statement of profit or loss.

31 Financial instruments

Financial risk management

Overview

The Company is exposed to the following risks related to the use of financial instruments:

- Foreign exchange risk;
- Interest rate risk;
- Credit risk; and

- Liquidity risk.

This note presents information about the exposure of the Company and its subsidiaries to the above risks, as well as the objectives of the Company's risk management policies, these policy and processes for the assessment and management of risks.

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Risk management structure

The risks inherent to each type of business market are managed and monitored by the Company and, where applicable, risk committees are convened to discuss and determine the hedging strategy of the Company in accordance with its policies and guidelines.

COMGÁS maintains a Treasury policy, approved by the Board, which is revised periodically and determines the standardization and the purpose of the financial operations of the Company. In addition, this policy determines the methodology to evaluate the counterparty's credit risk (foreign exchange transactions, derivatives, financial investments and guarantees) and stipulate what are the financial instruments that are allowed to be used.

The risk management associated with financial transactions is performed through the application of the Treasury policy and strategies defined by the administrators of the Company. These rules provide the guidelines for the management of risks, their measurement, how to mitigate risks, forecast cash flows and also establishes exposure limits. As such, all financial operations contracted should be the best alternatives, financially and economically, and should not be entered into with speculative purposes, therefore, a financial exposure should exist to justify all financial operations.

The usage of financial instruments in order to protect against these areas of volatility is determined through an analysis of the risk exposure that management intends to cover.

As at December 31, 2014 and 2013, the fair values relating to transactions involving derivative financial instruments to protect the Company's risk exposure were using observable inputs such as quoted prices in active markets, or discounted cash flows based on market curves, and are presented below:

	Notional		Fair value		P&L
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	
COMGÁS derivatives					
Exchange rate derivatives					
Swap agreements	828,443	828,443	330,098	209,532	330,099
	828,443	828,443	330,098	209,532	330,099
Other subsidiaries derivatives					
Exchange rate derivatives					
Forward agreements	178,127	232,218	21,250	25,713	21,250
Options	-	-	(8,842)	-	(8,842)
	178,127	232,218	12,408	25,713	12,408

Interest rate and exchange rate risk

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Swap agreements (interest rate)	221,560	181,617	(40,329)	(13,573)	(40,329)
Cross currency interest rate swaps	1,659,904	1,662,806	254,966	(39,079)	254,966
	1,881,464	1,844,423	214,637	(52,652)	214,637
Total financial instruments			557,144	182,593	557,144
Assets			890,578	513,934	
Liabilities			(333,435)	(331,341)	

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Foreign exchange risk

The table below presents the derivatives used to mitigate exchange rates risks:

Derivatives	Purchased / Sold	Market	Agreement	Maturity date	Notional (US\$)	Notional (R\$ thousand)	Fair Value (R\$ thousand)
Derivatives designated as hedge accounting:							
Contracted by other subsidiaries							
Swap	N/A	OTC	Swap	Mar-23	175,000	347,690	2,458
Swap	N/A	OTC	Swap	Mar-23	50,000	106,595	29,220
Swap	N/A	OTC	Swap	Mar-23	50,000	106,595	29,609
Swap	N/A	OTC	Swap	Mar-23	368,500	732,136	(23,964)
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	(8,853)
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	16,383
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	(10,628)
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	18,076
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	17,935
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	(10,691)
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	17,512
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	(10,155)
Swap	N/A	OTC	Swap	Mar-23	50,000	110,780	17,012
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	8,498
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	8,599
Swap	N/A	OTC	Swap	Mar-23	75,000	167,775	228
Swap	N/A	OTC	Swap	Mar-23	50,000	106,595	20,823
Swap	N/A	OTC	Swap	Mar-23	50,000	110,780	15,916
Swap	N/A	OTC	Swap	Mar-23	25,000	55,390	8,145
Swap	N/A	OTC	Swap	Mar-23	10,000	21,319	3,810
Swap	N/A	OTC	Swap	Mar-23	65,000	144,014	22,335
Swap	N/A	OTC	Swap	Mar-23	(368,500)	(732,136)	23,964
Swap	N/A	OTC	Swap	Mar-23	(175,000)	(347,690)	(2,459)
Swap	Amortization Gain/Loss D1				-	-	1,832
At December 31, 2014					675,000	1,483,743	195,605
At December 31, 2013					675,000	1,483,743	(45,025)

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Forward	Purchased	OTC	Deliverable forward	Jan-15	467	1,208	(32)
Forward	Purchased	OTC	Deliverable forward	Jan-15	316	816	(22)
Forward	Purchased	OTC	Deliverable forward	Jan-15	4,158	10,756	(287)
Forward	Purchased	OTC	Deliverable forward	Jan-15	419	1,084	(29)
Forward	Purchased	OTC	Deliverable forward	Jan-15	894	2,312	(62)
Forward	Purchased	OTC	Deliverable forward	Jan-15	206	533	(14)
Forward	Purchased	OTC	Deliverable forward	Jan-15	512	1,323	(35)
Forward	Purchased	OTC	Deliverable forward	Jan-15	3,616	9,354	(250)
Forward	Purchased	OTC	Deliverable forward	Jan-15	830	2,147	(57)
Forward	Purchased	OTC	Deliverable forward	Jan-15	1,901	5,087	37
Forward	Purchased	OTC	Deliverable forward	Jan-15	259	693	5
Forward	Purchased	OTC	Deliverable forward	Jan-15	89	237	2
Forward	Purchased	OTC	Deliverable forward	Jan-15	864	2,312	17
Forward	Purchased	OTC	Deliverable forward	Jan-15	355	949	7
At December 31, 2014					14,886	38,811	(720)
At December 31, 2013					-	-	-
Total at December 31, 2014					689,886	1,522,554	194,885
Total at December 31, 2013					675,000	1,483,743	(45,025)

Derivatives not designated as hedge:

Contracted by COMGÁS

Swap	N/A	OTC/CETIP	Cross Cur Swap	Jul-17	75,000	153,900	37,650
Swap	N/A	OTC/CETIP	Cross Cur Swap	Feb-18	50,000	99,385	29,309
Swap	N/A	OTC/CETIP	Cross Cur Swap	Aug-18	50,000	115,000	13,994
Swap	N/A	OTC/CETIP	Cross Cur Swap	Jun-20	10,000	18,361	8,059

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Swap	N/A	OTC/CETIP	Cross Cur Swap	Jun-20	10,000	18,361	8,454
Swap	N/A	OTC/CETIP	Cross Cur Swap	Jun-20	10,000	18,361	8,231
Swap	N/A	OTC/CETIP	Cross Cur Swap	Jun-20	14,381	26,406	11,830
Swap	N/A	OTC/CETIP	Cross Cur Swap	Jun-20	40,000	73,444	32,750
Swap	N/A	OTC/CETIP	Cross Cur Swap	Sep-20	39,922	69,580	34,067
Swap	N/A	OTC/CETIP	Cross Cur Swap	May-21	51,400	83,145	52,610
Swap	N/A	OTC/CETIP	Cross Cur Swap	May-21	20,000	32,352	20,646
Swap	N/A	OTC/CETIP	Cross Cur Swap	Sep-21	30,000	49,761	29,886
Swap	N/A	OTC/CETIP	Cross Cur Swap	Sep-21	42,435	70,387	42,612
At December 31, 2014					443,138	828,443	330,098
At December 31, 2013					443,138	828,443	209,532

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Financial instruments contracted by other subsidiaries

Forward	Purchased	OTC	NDF	Feb-15	6,188	14,497	1,996
Forward	Purchased	OTC	NDF	Feb-15	4,197	8,813	2,363
Forward	Purchased	OTC	NDF	Feb-15	1,529	3,915	186
Forward	Purchased	OTC	NDF	Feb-15	1,618	3,929	408
Forward	Purchased	OTC	NDF	Feb-15	1,817	4,338	529
Forward	Purchased	OTC	NDF	Feb-15	1,586	3,890	360
Forward	Purchased	OTC	NDF	Feb-15	1,520	3,604	468
Forward	Purchased	OTC	NDF	Feb-15	1,761	4,229	489
Forward	Purchased	OTC	NDF	Feb-15	1,654	3,863	567
Forward	Purchased	OTC	NDF	Feb-15	1,652	4,133	297
Forward	Purchased	OTC	NDF	Feb-15	1,631	4,317	60
Forward	Purchased	OTC	NDF	Feb-15	1,419	3,875	(67)
Forward	Purchased	OTC	NDF	Feb-15	1,395	3,668	77
Forward	Purchased	OTC	NDF	May-15	6,188	14,726	2,130
Forward	Purchased	OTC	NDF	May-15	4,197	8,942	2,449
Forward	Purchased	OTC	NDF	Aug-15	6,188	15,003	2,220
Forward	Purchased	OTC	NDF	Aug-15	4,197	9,089	2,516
Forward	Purchased	OTC	NDF	Nov-15	6,188	15,254	2,334
Forward	Purchased	OTC	NDF	Nov-15	4,197	9,231	2,588
At December 31, 2014					59,122	139,316	21,970
At December 31, 2013					102,974	232,218	25,713
Swap	N/A	OTC	Swap	Aug-15	11,000	24,846	2,761
Swap	N/A	OTC	Swap	Nov-15	100,000	253,500	6,059
Swap	N/A	OTC	Swap	Sep-16	50,000	119,375	10,212
Swap	N/A	OTC	Swap	Mar-18	359,272	712,796	254,714
Swap	N/A	OTC	Swap	Mar-18	(359,272)	(712,796)	(254,714)
At December 31, 2014					161,000	397,721	19,032
At December 31, 2013					156,972	360,680	(7,627)

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Option	Purchased	OTC	CALL	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	PUT	Mar-15	50,000	133,075	(2,577)
Option	Purchased	OTC	CALL	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	PUT	Mar-15	50,000	132,400	(2,281)
Option	Purchased	OTC	CALL	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	PUT	Mar-15	50,000	131,540	(1,934)
Option	Purchased	OTC	CALL	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	PUT	Mar-15	50,000	131,660	(1,975)
Option	Purchased	OTC	CALL	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	PUT	Mar-15	50,000	135,100	(3,598)
Option	Purchased	OTC	CALL	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	PUT	Mar-15	50,000	135,125	(3,610)
Option	Purchased	OTC	CALL	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	PUT	Mar-15	50,000	132,025	(2,123)
Option	Purchased	OTC	CALL	Mar-15	50,000	142,500	1,397
Option	Sold	OTC	PUT	Mar-15	50,000	131,500	(1,920)
At December 31, 2014					800,000	2,202,425	(8,842)
At December 31, 2013					-	-	-
Total at December 31, 2014					1,463,260	3,567,905	362,259
Total at December 31, 2013					703,084	1,421,341	227,618

As at December 31, 2014 and 2013, the Company and its subsidiaries had the following net exposure to the exchange rate variations on assets and liabilities denominated in U.S. Dollars and Pounds Sterling:

	December 31, 2014	December 31, 2013
Cash and cash equivalents	95,017	61,262
Trade receivables	25,323	24,453
Loans and borrowings	(4,508,089)	(3,791,773)
Foreign exchange exposure, net	(4,387,749)	(3,706,058)

Interest rate risk

The Company and its subsidiaries monitor the fluctuations in variable interest rates in connection with its borrowings, especially those that accrue interest using LIBOR, and uses derivative instruments in order to minimize variable interest rate fluctuation risks.

Credit risk

COMGÁS has no concentration of credit risk due to its broad customer base.

Credit risk is managed through specific rules regarding client acceptance, including credit ratings and limits for customer exposure, including the requirement for a letter of credit from a major bank and obtaining actual warranties when given credit, when applicable. Management believes that credit risk is adequately managed through its policy of allowances for doubtful accounts.

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The Company and its subsidiaries may acquire exchange rate and interest rate derivative instruments in the BM&FBovespa, OTC, registered CETIP or the international markets, with several banks, within the limits established in the Treasury Policy for each bank.

The credit risk on cash and cash equivalents, bank deposits in national and foreign financial institutions are determined using the rating instruments accepted by the market as follows:

	Investment securities (Unaudited)
AAA	997,915
AA	501,124
At December 31, 2014	1,499,039

Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will not be able to meet its obligations associated with its financial liabilities that are settled with cash payments or other financial assets. The Company and its subsidiaries manage liquidity risk by ensuring, as much as possible, the availability of sufficient liquidity to meet its obligations due, under normal and stress situations, without causing unacceptable losses or risking the Company's and its subsidiaries reputation.

The Company's non-derivative financial liabilities classified by due date (contracted undiscounted cash flows basis) are as follows.

	December 31, 2014				December 31, 2013
	Up to 1 year	1 -2 years	3 – 5 years	More than 5 years	Total
Loans and borrowings	(1,253,138)	(1,113,343)	(6,476,717)	(6,145,643)	(14,988,841)
Trade payables	(1,034,282)	-	-	-	(1,034,282)
REFIS payable	(190,139)	(1,124)	(688)	(332,753)	(524,704)
Total	(2,477,559)	(1,114,467)	(6,477,405)	(6,478,396)	(16,547,827)
					(10,996,388)
					(862,429)
					(1,010,767)

Hedge accounting – Fair Value

To mitigate risks to the Company from potential fluctuations in foreign exchange rates and interest rates, the Company entered into certain derivative contracts that were designated for hedge accounting (fair value hedge) as of July 1, 2013, for the "2023 Senior Notes". The hedge consists of swapping the cash flows (cross currency interest rate

swaps) with a foreign currency risk (USD) for Reais and a fixed interest rate for a fixed percentage of the CDI (local market). The table below shows the fair value and gain recognized in the statement of profit or loss:

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	December 31, 2014	December 31, 2013
Fair value of the Senior Notes 2023	1,222,589	1,067,134
Gain (loss) recognized in financial results	(265,196)	50,648

Hedge accounting - Cash flow

On September 1, 2014, CLE made a formal designation of derivative financial instruments to hedge exposure to exchange rate payments of imports of raw materials (base oil) subjected to hedge accounting, by documenting: (i) the relationship of the hedge, (ii) the purpose and strategy of risk management in the subsidiary taking the hedge, (iii) identification of the financial instrument, (iv) the object or covered transaction, (v) the nature of the risk being covered, (vi) a description of the coverage, (vii) the demonstration of the correlation between the hedge and the hedged, and (viii) the retrospective and prospective effectiveness of the hedge.

The Company recorded gains and losses considered to be effective for the purposes of hedge accounting in a specific account in equity until the hedged item is paid, at which time this gain or loss of each instrument will be recorded in the same line that gave rise to the hedged item. At December 31, 2014 impacts recorded in equity are as follows:

	Market	Risk	December 31, 2014
Rate lock and exchange			
variation of other financial instruments	Future Dollar	Exchange	972
(-) Deferred taxes			(330)
Equity effect			642

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

Derivatives	December 31, 2014
Gain from the year:	
Exchange rate hedging and other financial instruments	1,192
Reclassification to inventories / cost of sales	(220)
Gain on cash flow hedge (before deferred taxes)	972
Gain on cash flow hedge, net of deferred taxes	642

Sensitivity analysis

The following is the sensitivity analysis of the effects of changes in the relevant risk factors to which the Company is exposed to as of December 31, 2014:

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i. Assumptions for sensitivity analysis

The following tables present the change in the fair value of derivative financial instruments and loans and financings in one probable and two stressed scenarios, which could result in significant gains or losses to the Company. The Company adopted three scenarios for the impairment of the fair value of the financial instruments.

ii. Sensitivity analysis

(a) Sensitivity analysis on changes in foreign exchange rates

The probable scenario was defined based on the US Dollar market rates as at December 31, 2014, which determines the fair values of the derivatives at that date. Stressed scenarios (positive and negative effects, before tax effects) were defined based on changes of a 25% and 50% to the US Dollar exchange rates used in the probable scenario.

Risk factor	Probable scenario	Impacts on P&L(i)				
		Variation scenario (25%) - Increase	Variation scenario (50%) - Increase	Variation scenario (25%) - Decrease	Variation scenario (50%) - Decrease	
COMGÁS Derivatives						
Exchange rate and interest risks						
Exchange rate derivatives						
Swap contracts	Decrease in exchange rate R\$/US\$ and increase in CDI curve	330,098	82,524	165,049	(82,524)	(165,049)
Other subsidiaries derivatives						
Exchange rate risks						
Exchange rate derivatives						
Term agreements						
Purchasing agreements	Decrease in exchange rate R\$/US\$	21,970	60,733	99,496	(16,794)	(55,557)
Option agreements						
Purchasing agreements	Decrease in exchange rate R\$/US\$	11,176	76,206	141,236	(53,854)	(118,884)
Selling agreements	Decrease in exchange rate R\$/US\$	(20,018)	82,200	184,418	(122,237)	(224,455)

Exchange rate and
interest risks

Swap contracts	Decrease in exchange rate R\$/US\$ and increase in CDI curve	212,807	346,970	579,783	(109,870)	(349,813)
Total impact		556,033	648,633	1,169,982	(385,279)	(913,758)

(i) COMGÁS - Exposure to fluctuations absorbed by the asset (liability), which are passed on to customers through periodic tariff revisions.

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Based on the financial instruments denominated in US Dollars at December 31, 2014 the Company performed a sensitivity analysis by increasing and decreasing the exchange rate for R\$/US\$ by 25% and 50%. The probable scenario considers the estimated exchange rates at the due date of the transactions for the companies with functional currency Real (positive and negative, before tax effects), as follows:

	Exchange rate sensitivity analysis (R\$/US\$)								Scenario	
	December 31, 2014	Probable	25	%	50	%	-25	%	-50	%
At December 31, 2014	2.6562	2.6562	3.3203		3.9843		1.9922		1.3281	

Consider the above scenarios profit or loss would be impacted as follows:

	Balance	December 31, 2014								
		25	%	50	%	-25	%	-50	%	
Exchange rate exposure										
Loans and borrowings	(4,508,084)	(1,127,021)		(2,254,042)		1,014,999		2,029,998		
Cash and cash equivalents	95,017	23,754		47,509		(23,754)		(47,509)		
Trade receivables	25,323	6,331		12,662		(6,331)		(12,662)		
Effect on profit or loss		(1,096,936)		(2,193,872)		984,914		1,969,828		

(b) Sensitivity analysis on changes in interest rates

A sensitivity analysis on the interest rates on loans and borrowings and in compensation for the CDI investments with pre-tax increases and decreases of 25% and 50% is presented below:

Exposure interest rate	Balance	Scenario(I)	December 31, 2014							
			25	%	50	%	-25	%	-50	%
Short term investments	1,499,039	177,104	221,439		265,796		132,792		88,504	
Investment securities	149,735	17,690	22,119		26,550		13,264		8,840	
Loans and borrowings	(4,935,384)	(439,830)	(549,788)		(659,745)		(329,873)		(219,915)	
Effect on profit or loss			(306,230)		(367,399)		(183,816)		(122,571)	

(I) The CDI and TJLP indexes considered of 11.57% and 5.50%, respectively, were obtained from information available in the market.

The categories of financial instruments are presented below:

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Assets	Financial assets at fair value through profit or loss	Loans and receivables	Total
Cash and cash equivalents	-	1,649,340	1,649,340
Trade receivables	-	1,346,101	1,346,101
Derivative financial instruments	890,578	-	890,578
Securities	-	149,735	149,735
Dividends receivable	-	36,130	36,130
Judicial deposits	-	418,385	418,385
Other financial assets	-	440,180	440,180
	890,578	4,039,871	4,930,449

Liabilities	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Loans and borrowings	-	(8,502,640)	(8,502,640)
Derivative financial instruments	(333,434)	-	(333,434)
Trade payables	-	(1,112,459)	(1,112,459)
Preferred shareholders payable in subsidiaries	(1,926,888)	-	(1,926,888)
Dividends payable	-	(59,217)	(59,217)
	(2,260,322)	(9,674,316)	(11,934,638)

Capital management

The Company's policy is to maintain a robust capital base to promote the confidence of investors, creditors and the market, and to ensure the future development of the business. Management monitors that the return on capital is adequate for each of its businesses, which the Company defines as the result of operating activities divided by total net equity.

The fair value of financial assets and liabilities is determined by reference to price at which they could be exchanged in a current transaction between parties willing to negotiate, and not in a forced sale or liquidation. The following methods and assumptions were used to estimate the fair value.

- The fair value of cash and cash equivalents, accounts receivable, accounts payable and other short-term obligations approximate their respective carrying values due largely to the short-term maturities of these instruments.
- The fair value of marketable securities and bonds is based on price quotations at the balance sheet date. The fair value of non-negotiable instruments, bank loans and other debt, obligations under finance leases, as well as other non-current financial liabilities, are estimated using discounted future cash flow at the rates currently available for similar instruments.

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- The fair value of the Senior Notes due in 2018 and 2023 listed on the Luxembourg stock exchange (Note 17) is based on their quoted market price at December 31, 2014 of 88.74% (86.99% at December, 31 2013) and 99.38% (87.75% at December, 31 2013), respectively, of the face value of the Notes as at December 31, 2014.
- The fair value of the perpetual bonds listed on the Luxembourg stock exchange (Note 17) is based on its quoted market price as December 31, 2014 of 101.00% (99.75% at December, 31 2013) of the face value of the bonds as at December 31, 2014.
- The fair value market of other loans and financing approximate the amounts recorded in the financial statements, as they are subject to variable interest rates (Note 17).
- The fair value of available for sale financial assets, is obtained through quoted market prices in active markets, when available.

The Company and its subsidiaries enter into derivative financial instruments with various counterparties, primarily financial institutions with investment grade credit ratings. Derivatives financial instruments mainly relate to interest rate swaps, foreign exchange contracts and term contracts for commodities futures. Fair value of such derivative financial instruments is determined using valuation techniques and observable market data. The valuation techniques usually applied include the pricing models for fixed-term contracts and swaps, with a present value calculation. The models consider various inputs, including the credit risk the of counterparties, the spots and forward currency exchange rate, interest rate curves and forward rate curves of the underlying commodities.

Fair value hierarchy

The Company uses the following hierarchy to determine and disclose the fair values of financial instruments based on the valuation methodology used. Note 14 provides disclosures on investment property that is measured at fair value and Note 30 for disclosure of assets held for sale that are measured at fair value:

- Level 1: quoted prices in an active market for identical assets and liabilities;

The fair value of the assets and liabilities traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis

- Level 2: other techniques for which all of the data having a significant effect on the fair value recorded are observable, directly or indirectly;

The fair value of assets and liabilities that are not quoted in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the

significant inputs is not based on observable market data, the asset or liability is included in Level 3.

Specific valuation techniques used to value financial instruments include:

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I. Quoted market prices or dealer quotes for similar instruments;

II. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;

III. Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

- Level 3: inputs for the instrument that are not based on observable market data (that is, unobservable inputs). As of December 31, 2014 and 2013 there are no financial instruments classified as Level 3.

Below is the fair value of the Company's financial instruments classified as level 1 and 2:

Assets and liabilities

measured at fair value	Level 1	Level 2	Total
At December 31, 2014			
Derivative financial assets	-	890,578	890,578
Derivative financial liabilities	-	333,434	333,434
Contingent consideration - Earn out	-	186,649	186,649
Pension plan assets	313,955	49,061	363,016
Securities	-	149,735	149,735
Assets held for sale	-	25,089	25,089
Preferred shareholders payable in subsidiaries	-	1,926,888	1,926,888
Investment properties	-	2,641,978	2,641,978
Total	313,955	6,203,412	6,517,367
At December 31, 2013			
Derivative financial assets	-	513,934	513,934
Derivative financial liabilities	-	331,341	331,341
Contingent consideration - Earn out	-	227,976	227,976
Securities	-	87,978	87,978
Pension plan assets	270,804	31,948	302,752
Assets held for sale	-	314,104	314,104
Investment properties	-	2,281,509	2,281,509
Total	270,804	3,788,790	4,059,594

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33 Pension and post-employment benefit plans

	December 31, 2014	December 31, 2013
Futura	23,048	71,065
Futura II	240	828
COMGÁS	278,562	267,242
Total	301,850	339,135

a) Pension plans

Defined benefit

Cosan Lubrificantes e Especialidades S.A. has a non-contributory defined benefit pension plan (Futura, formerly Previd Exxon) for certain employees upon retirement. This plan was amended to close it to new entrants and approved by the relevant authorities on May 5, 2011. No new employees are eligible to participate on the plan, contributions ceased, and participants are guaranteed a benefit proportionate to their accumulated entitlement as at March 31, 2011. During the year ended December 31, 2014, the amount of contributions totaled R\$8,757. During the year ended December 31, 2014, an actuarial loss was of R\$31,285 was recognized in other comprehensive income.

Defined contribution

Since June 1, 2011, the Company and its subsidiaries have sponsored a defined contribution plan for all employees (Futura II). The Company does not have a legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all of the benefits owed. During the year ended December 31, 2014 the amount of contributions totaled R\$ 467 (R\$ 745 on December 31, 2013). During the year ended December 31, 2014, an actuarial loss of R\$ 7 (R\$ 144 on December 31, 2013), was recognized in other comprehensive income.

COMGÁS offers a supplementary retirement plan, through a defined contribution Free Benefit Generating Plan (“PGBL”). During the year ended December 31, 2014, employers’ contributions to the plan totaled R\$14,672 (R\$ 14,969 for December 31, 2013). For the year ended December 31, 2014, an actuarial gain of R\$ 4,450 was recognized in other comprehensive income.

b) Actuarial pension obligation

Futura

The pension obligation related to Futura is recorded in non-current liabilities as at December 31, 2014 for an amount of R\$ 23,048 (R\$ 71,065 on December 31, 2013).

Details of the present value of the defined benefit obligation and the fair value of plan assets are as follows:

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	December 31, 2014	December 31, 2013	
Present value of actuarial obligation at beginning of period	(352,207)	(402,850)	
Interest expense	(41,459)	(29,684)	
Benefits payment	25,064	18,784	
Actuarial gain on obligation at beginning of the period	11,223	61,543	
Present value of actuarial obligation at the end of the period	(357,379)	(352,207)	
Fair value of plan assets at beginning of the period	281,142	324,445	
Return on plan assets	33,317	23,997	
Contributions received by the fund	8,757	6,501	
Benefit payments	(25,064)	(18,784)	
Gain (loss) in fair value of plan assets	36,179	(55,017)	
Fair value of plan assets end of the period	334,331	281,142	
Present value of pension obligation in excess of fair value of plan assets	(23,048)	(71,065)	
Total expense recognized in profit or loss is as follow:			
	Twelve months ended December 31, 2014	Nine months ended December 31, 2013	Twelve months ended March 31, 2013
Interest expense	(41,459)	(29,684)	(34,208)
Expected return on plan assets	33,317	23,997	36,281
Early plan settlement	-	-	778
	(8,142)	(5,687)	2,851

Total amount recognized as accumulated other comprehensive income:

Twelve months	Nine months	Twelve months
------------------	----------------	------------------

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	ended December 31, 2014	ended December 31, 2013	ended March 31, 2013
Accumulated at the beginning of the period	5,061	(35,557)	(1,389)
Unrecognized gains (losses)	11,223	61,543	(51,770)
Deferred income tax	(3,816)	(20,925)	17,602
Accumulated at the end of the period	12,468	5,061	(35,557)

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Plan assets are comprised of the following:

	December 31, 2014		December 31, 2013	
	Amount	%	Amount	%
Fixed income bonds	269,170	80.51	201,129	71.54
Variable-income securities	65,161	19.49	80,013	28.46
Total	334,331	100.00	281,142	100.00

Plan assets are comprised of financial assets with quoted prices in active markets and therefore are classified as Level 1 in the valuation hierarchy of fair value. The overall expected rate of return on plan assets is determined based on prevailing market expectations on that date, applicable to the period over which the obligation is to be settled. These expectations are reflected in the following main assumptions.

The fair value of the financial instrument issued by the Company's subsidiaries and held as plan's assets are follows:

	December 31, 2014		December 31, 2013	
	Number of shares	Fair value	Number of shares	Fair value
Cosan S.A. ON NM (CSAN3)	708,660	20,443	708,660	28,046
Cosan Log ON NM (RLOG3)	708,660	2,027	-	-
Total		22,470		28,046

The main assumptions used to determine the benefit obligations of the Company are as follows:

Defined benefit plan	December 31, 2014	December 31, 2013
Actuarial valuation method	Projected unit credit	Projected unit credit
Mortality table	AT-2000 segregated by sex, decreased by 10%	AT- 2000 segregated by sex, decreased by 10%
Discount rate for actuarial liability	Interest: 11.92% per year	Interest: 12.16% per year
Expected rate of return on plan assets	Interest: 11.92% per year	Interest: 12.16% per year
Salary growth rate	Not applicable	Not applicable
Increase rate of estimated benefits	Inflation: 5.2% per year	Inflation: 5.4% per year

The Company expects to make contributions for an amount of R\$7,882 in relation to its defined benefit plan and variable contribution plan in 2015.

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COMGÁS

The obligations for post-employment benefits plans, which include medical and early retirement incentives, disability and sickness allowance.

COMGÁS maintains with Bradesco Vida e Previdência S.A., a variable-contribution complementary open pension plan denominated Free Benefit Generating Plan (PGBL), approved by the Superintendence of Private Insurances (SUSEP). This is a fixed-income plan, the objective of which is to provide pension benefits in the form of lifetime monthly pensions.

The actuarial assumptions are as follow:

Actuarial assumptions	December 31, 2014	December 31, 2013
Discount rate	12.78%	12.36%
Inflation rate	6.00%	5.50%
Expected rate of return on plan assets	12.78%	12.36%
Future salary increases	9.18%	8.66%
Increase in pension plans	6.00%	5.50%
Mortality (ageing factor)	3.00%	3.00%
Mortality (by gender)	AT 2000 M&F	AT 2000 M&F
Disabled Associates Mortality	IAPB 1957	IAPB 1957
Disability entry (modified)	UP-84	UP-84
Turnover	30% / (Length of service +1)	30% / (Length of service +1)

The Benefit plan was assessed by management in conjunction with its actuarial experts at December 31, 2014, to determine whether the contribution rates are sufficient maintain reserves necessary to meet current and future payments.

The compositions of the balance of the actuarial liabilities are as follows:

	December 31, 2014	December 31, 2013
Present value of actuarial obligations	284,770	274,433
Fair value of the plan assets	(6,208)	(7,191)
Net actuarial pension obligation	278,562	267,242

Change in actuarial obligations are shown below:

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	December 31, 2014	December 31, 2013
Actuarial liabilities at beginning of the period	267,242	291,041
Expenses	32,735	27,700
Employer contributions	(14,672)	(14,969)
Actuarial losses recognized in the other comprehensive income	(6,743)	(36,530)
Actuarial liabilities at end of the period	278,562	267,242

c)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Present value of actuarial obligations effect:

	Discount rate							
	Increase		Decrease					
	1	%	0,5	%	-1	%	-0,5	%
Futura	(32,781)	-	39,413	-	-	-	16,836	-
Futura II	(18)	-	20	-	-	-	-	-
COMGÁS	-	-	(15,307)	-	-	-	-	-

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Share-based payment

At the annual and extraordinary general shareholders' meeting held on July 29, 2011, the guidelines for the outlining and structuring of the stock option compensation plan for Cosan S.A.'s executives and employees were approved, authorizing the issue of up to 5% of shares of Cosan S.A.'s total capital. This stock option plan was created to attract and retain executives and key employees, offering them the opportunity to become Cosan S.A.'s shareholders.

On August 18, 2011, Cosan S.A.'s board of directors approved the total number of stock option awards of 12,000,000 shares to be issued or treasury shares held by Cosan S.A., corresponding to 2.41% of the share capital at that time. On the same date the eligible executives were informed about the terms and conditions of the stock-option plan.

As of August 18, 2011, 10,525,000 awards were granted in the three tranches described below:

- Tranche A - The options can be exercised after a vesting period of one year, considering a maximum percentage of 20% per annum of the total stock options granted by Cosan S.A. for an exercise period of 5 years. Exercise period ends on August 19, 2016.

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- Tranche B - The options can be exercised after a vesting period of one year, considering a maximum percentage of 10% per annum of the total stock options granted by Cosan S.A. within an exercise period of 10 years. Exercise period ends in August 19, 2021.
- Tranche C - The options can be exercised after a vesting period of one year, considering a maximum percentage of 20% per annum of the total stock options granted by Cosan S.A. for an exercise period of 5 years. Exercise period ends on December 11, 2017

According to the average market value of the shares over a 30 day period ending at issuance, the exercise price was defined to be R\$22.80 per share, without any discount.

At April 24, 2013 and April 25, 2014, 970,000 and 960,000 options, respectively, secured from the fifth year, were granted to eligible executives based on the below:

- The fair value of options granted was estimated at the date of exercise using the binomial model simulation, considering the terms and conditions upon which the options were granted;
- The options may be exercised with the issuance of new shares or treasury shares that the company may have.

The fair value of share based payments was estimated adopting the binomial model with the following assumptions:

	Options granted									
	August 18, 2011 Tranche A		August 18, 2011 Tranche B		December 12, 2012 Tranche C		April 24, 2013		April 25, 2014	
Exercise price - R\$	22.80		22.80		39.60		45.22		37.01	
Expected life (in years)	1 to 5		1 to 10		1 to 5		5		5	
Interest rate	11.49	%	11.49	%	8.78	%	9.10	%	12.43	%
Expected volatility	31.44	%	30.32	%	31.44	%	27.33	%	29.85	%
Fair value at grant date (weighted-average) - R\$	6.80		8.15		11.10		17.95		15.67	

Expected exercise - The expected timeframe for the exercise of the options was determined by considering the premise that executives exercise their options after the grace period.

Expected volatility – The Company opted to use the historic volatility of their shares adjusted by volatility of competitors' shares that operate in similar lines of business.

Expected dividends – The dividends expected were calculated on the basis of the current market value on the grant's date, adjusted by the average rate of return of capital to shareholders during the forecast period, and compared with the book value shares.

Risk free interest rate – the company considered the prime rate as the risk free interest rate traded at BM&FBovespa on the grant date and for the equivalent term of the option maturity.

On October 1, 2014 at the Extraordinary General Meeting (“EGM”), the Cosan S.A. shareholder’s approved the partial spin-off of Cosan S.A. and merger of the spun-off portion into Cosan Log, composed of Cosan’s

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logistics operations. The EGM also approved the Cosan Log' Stock Option Plan in similar terms to the existing Cosan S.A. Plan, allowing their beneficiaries upon exercise to receive one Cosan S.A. share and one Cosan Log share. The exercise prices of the plans of Cosan S.A. and Cosan Log were adjusted so that the beneficiaries of the stock option plan of the two companies had their options set at the same exchange ratio for all shareholders' (one share of Cosan S.A. and one share Cosan Log).

At December 31, 2014, R\$ 12,924 (R\$ 6,595 on December 31, 2013) had been recognized as an expense related to the stock option plan. The weighted average remaining contractual term for the options at December 31, 2013 was two years. The expenses to be recognized in future years total R\$ 27,455 at December 31, 2014.

The changes in the plan during the period was:

	Number of options	Weighted- average exercise price - R\$
At March 31, 2013	9,102,000	23.99
Granted	925,000	45.54
Share options exercised	(682,000)	(23.95)
At December 31, 2013	9,345,000	26.09
Granted	1,705,000	40.62
Share options exercised	(1,818,000)	(25.21)
Cancellation or settlements	(320,000)	-
At December 31, 2014	8,912,000	30.09

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Subsequent events

Antitrust approval of the merger with ALL:

On February 11, 2015, the merger of ALL by the Company's subsidiary Rumo was approved by CADE (antitrust authority) pursuant to Article 61 of Law No. 12,529/2011, upon the conclusion of an Merger Control Agreement ("ACC") subject to conditions precedent to restrict certain competition conflicts as determined by the General Superintendent of the CADE.

These restrictions will remain in force for a period of seven years and are aimed at ensuring fair treatment for all rail freight users, mainly through governance rules and increased pricing transparency, provide control services and limiting the use of rail transport by related parties.

The Company and its subsidiaries intend to proceed with the necessary steps to effect the merger, pursuant to the Merger Protocol.

* * *

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