Cosan S.A. Indústria e Comércio

Financial statements ended
December 31, 2015

Cosan S.A. Indústria e Comércio

Financial statements

For December 31, 2015

Contents

Independent auditor´s report on the financial statements

To the Board of Directors and Shareholders
Cosan S.A. Indústria e Comércio
São Paulo - SP

We have audited the accompanying individual and consolidated financial statements of Cosan S.A. Indústria e Comércio ("the Company"), identified as parent company and consolidated, respectively, which comprise the statement of financial position as at December 31, 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board – IASB, and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.**Erro! Fonte de referência não encontrada.Erro! Fonte de referência não encontrada.Erro! Fonte de referência não encontrada.**

Independent auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In this risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on financial statements

In our opinion, the individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Cosan S.A. Indústria e Comércio as at December 31, 2015, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in

Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board – IASB.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added (DVA), for the year ended December 31, 2015, prepared under the responsibility of the Company's management, which presentation in the financial statements is required in accordance with standards issued by the Brazilian Securities Commission – CVM, and as supplemental information by IFRS which do not required the presentation of DVA. These statements were subject to the same audit procedures described above, and based on our audit, are presented fairly, in all material respects, in relation to the financial statements taken as a whole.

Corresponding values

The individual and consolidated statements of financial position as at December 31, 2015, the individual and consolidated statements of profit or loss and other comprehensive income, changes in equity, cash flows and value added and respective notes for the year ended December 31, 2014 were previously audited by another independent auditor who issued an unqualified opinion dated on March 18, 2015.

São Paulo, February 18, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Carlos Augusto Pires
Contador CRC 1SP184830/O-7

Cosan S.A. Indústria e Comércio

Statement of financial position
December 31, 2015 and 2014
(In thousands of Brazilian Reais - R$)

	Note	Parent Company December 31, 2015	Parent Company December 31, 2014	Consolidated December 31, 2015	Consolidated December 31, 2014
Assets					
Cash and cash equivalents	6	731,049	376,004	3,129,530	1,540,192
Marketable securities		-	-	241,430	149,735
Trade receivables	7	-	-	759,710	822,424
Derivative financial instruments	31	61,215	6,059	100,532	30,069
Inventories	8	-	-	431,117	347,903
Receivables from related parties	11	53,758	29,413	86,600	51,387
Current income taxes		23,779	36,081	95,016	93,780
Other recoverable taxes	9	37,041	91	135,947	78,516
Other trade receivables	10	-	69,683	-	69,683
Dividends receivable		11,116	47,425	11,321	36,130
Assets held for sale	14	-	-	111,638	25,089
Other assets		33,466	131,748	62,982	163,480
Total current assets		**951,424**	**696,504**	**5,165,823**	**3,408,388**
Trade receivables	7	-	-	39,597	34,299
Deferred tax assets	21	-	-	335,808	213,288
Receivables from related parties	11	209,738	210,221	221,344	212,527
Income taxes		-	8,778	-	8,778
Other recoverable taxes	9	-	-	42,578	17,299
Judicial deposits	22	252,513	236,239	413,067	388,714
Other trade receivables	10	-	38,092	-	370,497
Derivative financial instruments	31	1,292,514	429,988	2,192,327	850,297
Other assets		837,284	469,984	1,057,889	644,912
Investments in associates	12	11,355,142	11,040,183	140,136	130,678
Investments in joint ventures	13	2,821,205	2,942,384	8,329,518	8,404,502
Investment properties	14	-	-	2,595,035	2,641,978
Property, plant and equipment	15	26,652	26,664	401,800	351,435
Intangible assets	16	6,267	6,342	9,447,269	9,426,120
Total non-current assets		**16,801,315**	**15,408,875**	**25,216,368**	**23,695,324**
Total assets		**17,752,739**	**16,105,379**	**30,382,191**	**27,103,712**

The notes are an integral part of these financial statements.

Cosan S.A. Indústria e Comércio

Statement of financial position
December 31, 2015 and 2014
(In thousands of Brazilian Reais - R$)

	Note	Parent Company		Consolidated	
		December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Liabilities					
Loans, borrowings and debentures	17	406,348	266,006	1,230,518	856,334
Derivative financial instruments	31	-	8,843	291	13,803
Trade payables	19	1,151	2,528	1,544,822	971,170
Employee benefits payable		17,536	19,451	106,407	101,115
Income tax payable		14,237	21,134	47,720	27,626
Other payable taxes	20	21,025	200,600	120,241	300,435
Dividends and interest on capital payable		23,422	12,437	41,656	20,347
Payable to related parties	11	427,752	1,669,152	114,559	122,449
Other liabilities		30,618	40,633	138,839	131,930
Total current liabilities		**942,089**	**2,240,784**	**3,345,053**	**2,545,209**
Loans, borrowings and debentures	17	-	-	8,525,185	6,541,268
Preferred shareholders payable in subsidiaries	23	2,042,878	1,926,888	2,042,878	1,926,888
Derivative financial instruments	31	137,006	64,291	740,427	319,632
Other payable taxes	20	25,230	2,160	25,230	334,565
Provision for judicial demands	22	266,540	253,372	703,347	644,401
Payable to related parties	11	4,710,651	1,888,535	-	-
Post-employment benefits	32	126	139	344,334	301,764
Deferred tax liabilities	21	465,788	804,311	1,415,135	1,542,676
Other liabilities		316,243	106,623	705,926	498,036
Total non-current liabilities		**7,964,462**	**5,046,319**	**14,502,462**	**12,109,230**
Total liabilities		**8,906,551**	**7,287,103**	**17,847,515**	**14,654,439**
Shareholders' equity	24				
Share capital		3,822,725	3,632,231	3,822,725	3,632,231
Treasury shares		(58,694)	(58,694)	(58,694)	(58,694)
Capital reserve		955,326	950,694	955,326	950,694
Other comprehensive loss (income)		(184,691)	175,298	(184,691)	175,298
Retained earnings		4,311,522	4,118,747	4,311,522	4,118,747
Equity attributable to owners of the parent		8,846,188	8,818,276	8,846,188	8,818,276
Non-controlling interests	12	-	-	3,688,488	3,630,997
Total shareholders' equity		**8,846,188**	**8,818,276**	**12,534,676**	**12,449,273**
Total shareholders' equity and liabilities		**17,752,739**	**16,105,379**	**30,382,191**	**27,103,712**

The notes are an integral part of these financial statements.

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income
December 31, 2015 and 2014
(In thousands of Brazilian Reais - R$)

		Parent Company		Consolidated	
	Note	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Net sales	26	-	-	8,451,901	8,146,863
Cost of sales	27	-	-	(5,923,321)	(5,803,359)
Gross profit		**-**	**-**	**2,528,580**	**2,343,504**
Selling expenses	27	-	-	(919,168)	(881,543)
General and administrative expenses	27	(126,229)	(114,916)	(593,076)	(561,462)
Other income (expense), net	29	209,529	(91,531)	240,759	(10,495)
Operating expenses		**83,300**	**(206,447)**	**(1,271,485)**	**(1,453,500)**
Income before financial results, equity in earnings of investes and income taxes		**83,300**	**(206,447)**	**1,257,095**	**890,004**
Equity in earnings of investees					
Equity in earnings of associates	12	1,188,730	630,470	(3,186)	3,540
Equity in earnings of joint ventures	13	(121,179)	186,825	775,566	588,428
		1,067,551	**817,295**	**772,380**	**591,968**
Financial expense		(589,532)	(471,472)	(1,387,864)	(973,853)
Financial income		226,167	140,533	423,699	184,190
Foreign exchange losses, net		(1,618,196)	(391,858)	(623,164)	(318,984)
Derivative		1,240,116	138,362	459,175	162,758
Financial results	29	**(741,445)**	**(584,435)**	**(1,128,154)**	**(945,889)**
Profit before taxes		**409,406**	**26,413**	**901,321**	**536,083**
Income tax (expenses) benefits	21				
Current		(50,110)	(32,282)	(150,227)	(120,912)
Deferred		307,288	228,451	217,169	135,426
		257,178	**196,169**	**66,942**	**14,514**
Profit form continuing operations		**666,584**	**222,582**	**968,263**	**550,597**
Profit form discontinued operation	30	**-**	**69,442**	**-**	**92,695**
Profit for the year		**666,584**	**292,024**	**968,263**	**643,292**

Cosan S.A. Indústria e Comércio

Statement of profit or loss and other comprehensive income
December 31, 2015 and 2014
(In thousands of Brazilian Reais - R$)

Other comprehensive (loss) income		**Parent Company**		**Consolidated**	
		December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Items that will not be reclassified to profit or loss					
Actuarial (loss) gain on defined benefit plan		(19,503)	44,323	(28,895)	46,989
Taxes on items that will not be reclassified to profit or loss		-	(15,070)	9,824	(15,976)
		(19,503)	29,253	(19,071)	31,013
Items that are or may be reclassified to profit or loss:					
Foreign currency translation effect		(56,785)	(23,353)	(56,785)	(23,353)
Loss on cash flow hedge in joint ventures and subsidiary		(225,205)	(54,071)	(224,875)	(54,071)
Loss on derivative financial instrument		(91,867)	-	(91,867)	-
Changes in fair value of available for sale securities		2,135	3,209	12,374	9,767
Taxes on items that are or may be reclassified to profit or loss		31,236	(1,091)	26,699	(3,321)
		(340,486)	(75,306)	(334,454)	(70,978)
Total other comprehensive (loss), net of tax		**(359,989)**	**(46,053)**	**(353,525)**	**(39,965)**
Total comprehensive income		**306,595**	**245,971**	**614,738**	**603,327**
Net income attributable to:					
Owners of the company (including discontinued operations)		666,584	292,024	666,584	292,023
Non-controlling interests		-	-	301,679	351,269
		666,584	**292,024**	**968,263**	**643,292**
Total comprehensive income attributable to:					
Owners of the Company		306,595	245,971	306,595	245,970
Non-controlling interests		-	-	308,143	357,357
		306,595	245,971	614,738	603,327
Basic earnings per share	25				
Continued operations		R$1.64	R$0.55		
Discontinued operations		-	R$0.17		
		R$1.64	R$0.72		
Diluted earnings per share	25				
Continued operations		R$1.57	R$0.55		
Discontinued operations		-	R$0.17		
		R$1.57	**R$0.72**		

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

Cosan S.A. Indústria e Comércio

Statements of changes in shareholder' equity
December 31, 2015 and 2014
(In thousands of Brazilian Reais - R$)

			Capital reserve		Profit reserve							
	Share capital	**Tresuary share**	**Additional paid in capital**	**Others equity components**	**Legal**	**Statutary reserve**	**Unrealized earning**	**Retained rearning**	**Accumulated earning**	**Total**	**Non-controlling interest**	**Total equity**
January 01, 2014	**4,691,822**	**(104,337)**	**856,910**	**221,351**	**237,030**	**2,417,613**	**248,318**	**1,168,151**	**-**	**9,736,858**	**3,778,512**	**13,515,370**
Profit for the year	-	-	-	-	-	-	-	-	292,023	292,023	351,269	643,292
Other comprehensive income:												
Loss on cash flow hedge in in joint ventures	-	-	-	(54,071)	-	-	-	-	-	(54,071)	-	(54,071)
Foreing currency translation effects	-	-	-	(23,353)	-	-	-	-	-	(23,353)	-	(23,353)
Actuarial loss on defined benefit plan	-	-	-	29,253	-	-	-	-	-	29,253	1,760	31,013
Change in fair value of available for sale securities	-	-	-	2,118	-	-	-	-	-	2,118	4,328	6,446
Total comprehensive income for the year	-	-	-	(46,053)	-	-	-	-	292,023	245,970	357,357	603,327
Contributions and distributions for shareholders												
Share options exercised	-	45,643	-	-	-	-	-	-	-	45,643	-	45,643
Dividends - non-controlling interests	-	-	(1,390)	-	-	-	-	-	-	(1,390)	1,390	-
Dividends	-	-	-	-	-	(63,644)	(30,744)	-	(150,000)	(244,388)	(100,007)	(344,395)
Staturory reserve	-	-	-	-	-	127,422	-	-	(127,422)	-	-	-
Legal reserve	-	-	-	-	14,601	-	-	-	(14,601)	-	-	-
Share-based compensation	-	-	12,753	-	-	-	-	-	-	12,753	-	12,753
Total contributions by and distributions to owners of the Parent	-	45,643	11,363	-	14,601	63,778	(30,744)	-	(292,023)	(187,382)	(98,617)	(285,999)
Transactions with owners of the Parent:												
Acquisition of non-controlling interest	-	-	(1,316)	-	-	-	-	-	-	(1,316)	3,502	2,186
Corporate restructuring - Cosan Logística	(1,059,591)	-	83,737	-	-	-	-	-	-	(975,854)	(409,757)	(1,385,611)
Total transactions with owners of the parent	(1,059,591)	-	82,421	-	-	-	-	-	-	(977,170)	(406,255)	(1,383,425)
December 31, 2014	**3,632,231**	**(58,694)**	**950,694**	**175,298**	**251,631**	**2,481,391**	**217,574**	**1,168,151**	**-**	**8,818,276**	**3,630,997**	**12,449,273**

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

Cosan S.A. Indústria e Comércio

Statements of changes in shareholder’ equity
December 31, 2015 and 2014
(In thousands of Brazilian Reais - R$)

			Capital reserve		Profit reserve							
	Share capital	Tresuary share	Additional paid in capital	Others equity components	Legal	Statutary reserve	Unrealized earning	Retained rearning	Accumulated earning	Total	Non-controlling interest	Total equity
January 01, 2015	**3,632,231**	**(58,694)**	**950,694**	**175,298**	**251,631**	**2,481,391**	**217,574**	**1,168,151**	**-**	**8,818,276**	**3,630,997**	**12,449,273**
Profit for the year	-	-	-	-	-	-	-	-	666,584	666,584	301,679	968,263
Other comprehensive income:												
Loss on cash flow hedge in joint ventures	-	-	-	(225,205)	-	-	-	-	-	(225,205)	-	(225,205)
Foreing currency translation effects	-	-	-	(56,785)	-	-	-	-	-	(56,785)	-	(56,785)
Actuarial loss on defined benefit plan	-	-	-	(19,503)	-	-	-	-	-	(19,503)	432	(19,071)
Loss on derivative financial instruments	-	-	-	(60,631)	-	-	-	-	-	(60,631)	-	(60,631)
Change in fair value of available for sale securities	-	-	-	2,135	-	-	-	-	-	2,135	6,032	8,167
Total comprehensive income for the year	-	-	-	(359,989)	-	-	-	-	666,584	306,595	308,143	614,738
Contributions by and distributions to owners of the shareholders:												
Capital increase	190,494	-	-	-	-	(190,494)	-	-	-	-	-	-
Dividends distribution effect to non-controlling	-	-	(6,154)	-	-	-	-	-	-	(6,154)	6,154	-
Legal reserve	-	-	-	-	33,329	-	-	-	(33,329)	-	-	-
Dividends	-	-	-	-	-	(34,093)	(46,553)	(44,355)	(158,314)	(283,315)	(259,236)	(542,551)
Statutory reserve	-	-	-	-	-	474,941	-	-	(474,941)	-	-	-
Share based compensation	-	-	11,279	-	-	-	-	-	-	11,279	-	11,279
Total contributions by and distributions to owners of the shareholders	190,494	-	5,125	-	33,329	250,354	(46,553)	(44,355)	(666,584)	(278,190)	(253,082)	(531,272)
Transactions with shareholders												
Corporate restructuring	-	-	(493)	-	-	-	-	-	-	(493)	2,430	1,937
Total transactions with shareholders	-	-	(493)	-	-	-	-	-	-	(493)	2,430	1,937
December 31, 2015	**3,822,725**	**(58,694)**	**955,326**	**(184,691)**	**284,960**	**2,731,745**	**171,021**	**1,123,796**	**-**	**8,846,188**	**3,688,488**	**12,534,676**

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

Cosan S.A. Indústria e Comércio

Statement of cash flows
December 31, 2015 and 2014
(In thousands of Brazilian Reais - R$)

	Note	Parent Company		Consolidated	
		December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Cash flows from operating activities					
Profit before taxes		409,406	26,413	901,321	536,083
Adjustments for:		-	-	-	-
Depreciation and amortization	15 16	4,035	3,399	561,753	581,857
Equity in earnings of associates	12	(1,188,730)	(630,470)	3,186	(3,540)
Equity in earnings of joint ventures	13	121,179	(186,825)	(775,566)	(588,428)
Gain on disposals assets		-	-	4,743	9,543
Option shares granted		11,279	12,753	11,279	12,753
Change in fair value of investment property	14	-	-	(51,073)	(131,697)
Provisions for judicial demands		34,189	35,771	42,555	49,492
Indexation charges, interest and exchange gains/losses, net		758,481	557,267	1,332,587	989,694
Gain on compensation claims		(297,203)	-	(297,203)	-
Other		(20,566)	(30,823)	66,652	33,135
		(167,930)	**(212,515)**	**1,800,234**	**1,488,892**
Changes in:					
Trade receivables		-	-	78,272	(195,083)
Discontinued operation		-	-	-	150,068
Inventories		-	-	(74,479)	(40,603)
Recoverable taxes		(54,363)	4,881	(120,031)	51,736
Related parties		(225,234)	(70,144)	(54,769)	(120,051)
Trade payables		(2,709)	1,017	502,882	215,728
Employee benefits		(13,004)	(9,960)	(54,171)	(57,544)
Provisions for judicial demands		(5,897)	(8,190)	(12,298)	(15,788)
Income tax and other tax		(2,428)	(179,162)	(19,880)	(451,960)
Other assets and liabilities, net		(18,845)	(26,194)	(182,577)	(25,147)
		(322,480)	(287,752)	62,949	(488,644)
Net cash generated by (used in) operating activities		**(490,410)**	**(500,267)**	**1,863,183**	**1,000,248**
Cash flows from investing activities					
Capital contribution in associates		(54,977)	(125,791)	(57,662)	(47,259)
Dividends received from investees		534,934	16,741	4,515	-
Dividends received from joint ventures		149,177	895,690	671,350	895,690
Net cash acquired in business combination		-	-	(66,659)	-
Addtions of property, plant and equipment and intangible assets	15 16	(3,947)	(4,377)	(608,667)	(973,110)
Proceeds from sale of discontinued operation		118,123	68,633	118,362	68,633
Related parties		5,145	-	8,282	-
Proceeds from sale of property, plant and equipment, intangibles and investments		-	-	8,412	1,196
Minority subscription		1,937	2,194	1,937	-
Net cash generated by (used in) investing activities		**750,392**	**853,090**	**79,870**	**(54,850)**

Statement of cash flows
December 31, 2015 and 2014
(In thousands of Brazilian Reais - R$)

Cash flows from financing activities				
Loans, borrowings and debentures raised	376,880	803,500	1,727,308	1,425,964
Amortization of principal on loans and financing	(376,880)	(498,139)	(1,493,034)	(800,325)
Amortization of interest on loans and financing	(5,553)	-	(537,267)	(665,224)
Related parties	(21,160)	(187,482)	(3,807)	(1,643)
Derivative financial intruments	394,106	(99,352)	550,080	(71,185)
Dividends paid	(272,330)	(297,080)	(650,367)	(814,470)
Proceeds from exercise of share options	-	45,643	-	45,643
Net cash used by financing activities	**95,063**	**(232,910)**	**(407,087)**	**(881,240)**
Increase in cash and cash equivalents	**355,045**	**119,913**	**1,535,966**	**64,158**
Cash and cash equivalents at beginning of year	376,004	256,091	1,540,192	1,474,553
Effect of exchange rate fluctuations on cash held	-	-	53,372	1,481
Cash and cash equivalents at end of year	**731,049**	**376,004**	**3,129,530**	**1,540,192**
Supplemental cash flow information				
Income taxes paid	-	-	96,920	129,539

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

Cosan S.A. Indústria e Comércio

Statement of value added
December 31, 2015 and 2014
(In thousands of Brazilian Reais - R$)

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Revenue				
Sale of services	-	-	10,498,886	9,671,899
Other operating revenue	380,082	32,302	458,448	648,922
Allowance for doubtful accounts	-	-	(21,055)	(19,636)
	380,082	**32,302**	**10,936,279**	**10,301,185**
Raw materials acquired from third parties				
Cost of services rendered	-	(90)	(6,885,198)	(6,247,464)
Materials, energy, third party services, others	(260,396)	(183,320)	(695,362)	(1,043,092)
	(260,396)	**(183,410)**	**(7,580,560)**	**(7,290,556)**
Gross value added	**119,686**	**(151,108)**	**3,355,719**	**3,010,629**
	-	**-**	**-**	**-**
Retention				
Depreciation and amortization	(4,036)	(3,399)	(561,753)	(581,857)
	(4,036)	**(3,399)**	**(561,753)**	**(581,857)**
Net value added	**115,650**	**(154,507)**	**2,793,966**	**2,428,772**
Value added transferred in				
Equity in earnings of associates	1,188,730	630,470	(3,186)	3,540
Equity in earnings of joint ventures	(121,179)	186,825	775,566	588,428
Financial income	1,466,283	26,916	1,730,396	281,540
	2,533,834	**844,211**	**2,502,776**	**873,508**
Value added to be distributed	**2,649,484**	**689,704**	**5,296,742**	**3,302,280**
Distribution of value added				
Personnel	53,126	57,705	379,388	381,186
Taxes and contributions	(281,633)	(206,056)	1,058,801	1,101,860
Financial expenses	2,207,728	611,352	2,867,574	1,227,429
Leasing	3,679	4,122	22,716	41,208
Non-controlling interests	-	-	301,679	328,016
Dividends	158,314	150,000	158,314	150,000
Net income from continuing operations	508,270	72,581	508,270	72,581
	2,649,484	689,704	5,296,742	3,302,280

The notes are an integral part of these interim financial statements.

1 Operations

Cosan S.A. Indústria e Comércio composed of its subsidiaries and jointly controlled entities ("Company" or "Cosan") is a publicly traded company with its shares traded on the Novo Mercado da Bolsa de Valores de São Paulo ("BM&FBOVESPA") under the ticker symbol CSAN3, and has its headquarters in the city of São Paulo, Brazil. Cosan Limited is the controlling shareholder of Cosan, in which it holds 62.51%.

The primary activities in which Cosan S.A. operates, include 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 is consolidated since November 2012, (ii) Purchase, sale and leasing of agricultural land through its subsidiary, Radar Propriedades Agrícolas S.A. ("Radar"); (iii) 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 (iv) other investments, in addition to the corporate structures of Company (“Cosan’s other business”).

The Company also holds interests in two jointly controlled entities ("Joint Ventures" or "JVs"): (i) Raízen Combustíveis S.A. (“Raízen Combustíveis”), fuel distribution business, and (ii) Raízen Energia S.A. (“Raízen Energia”), 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 CPC 19 (R2) / IFRS 11 these investments were accounted for using the proportional consolidation method.

On October 1st, 2014 by the Annual General Shareholders' Meeting was considered and approved the partial spin-off of Cosan SA and merger, Cosan Log , the spun-off portion , which corresponds to the logistics activities ("Rumo") (see note 30. The split aimed at segregation of the activities of Cosan SA, for each business segment is dedicated to its specialty operations, establishing appropriate capital structures for each of the companies. In addition, providing the market with greater visibility into the performance of each of the Companies, allowing shareholders and investors a better assessment of each line of business in order to allow the allocation of resources according to their interests and investment strategy.

2 Presentation of financial statements and significant accounting policies

2.1 Statement of compliance

The individual financial statements have been prepared and presented in accordance with the accounting policies adopted in Brazil. From 2014 IFRS started to allow the application of the equity method in subsidiaries in separate financial statements, therefore the individual financial statements also comply with International Financial Reporting Standards (International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB))

The consolidated financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, which comprise the Brazilian’s Law of Corporations, the Securities and Exchange Commission (CVM) and the pronouncements of the Accounting Pronouncements Committee (CPC), that comply with international accounting standards (IFRS) issued by the International accounting Standards Board (IASB).

The presentation of the Statement of Value Added (DVA), individual and consolidated, is required by Brazilian corporate law and the accounting practices adopted in Brazil applicable to public companies. IFRS does not require presentation of this item. As a result, under IFRS, this statement is presented as supplementary information, subject to the set of financial statements.

These financial statements were authorized for issue by the Board of Directors on February 16, 2016.

2.2 Basis of measurement

The 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, plus the cost of past service not recognized and net of the fair value of plan assets as explained in Note 32.

2.3 Functional and presentation currency

There financial statements, individual and consolidated, are presented in Brazilian Real, which is the Company´s functional currency. The financial statements of each subsidiary included in the consolidation of the Company and the ones used as the basis for valuation of investments by the equity method are prepared based on the functional currency of each company.

For subsidiaries located abroad, their assets and liabilities were converted to Real at the year-end exchange rate and the results were calculated by the average monthly rate during the year. The effects of conversion are recorded in shareholders equity of these subsidiaries, the main functional currency for the subsidiaries located outside Brazil is U.S. Dollar (US$) or the Pound Sterling (GBP).

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with CPC and 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 Company annually performs 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 an intangible asset.

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.

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, what occur first.

- Note 13 - Investment in joint venture

The Company holds 50% of the voting rights in their joint agreement. The Company has joint control because, pursuant to the contractual agreements, is required unanimous agreement among all parties to the agreement to all relevant activities.

The jointly Raizen Energia and Raizen Combustíveis are companies whose legal form is a separation between the parts of the joint agreement and the Company itself. Moreover, according to the contractual agreements, gives the Company and the parties to the agreement, rights to the net assets of the company. For this reason, this agreement is classified as a joint venture.

- Note 21 – 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 is active part in lawsuits filed against the Federal Government, claiming appropriate compensation arising from the differences in sugar and ethanol prices. A compensation action is recognized when it appeared certain that will be an inflow of economic benefits. The compensation claims are recorded in "Other non-current assets" in the amounts of R$ 830,461 and R$ 460,103 as at December 31, 2015 and 2014, respectively (note 22).

According to recent court decisions during the year it was recognized the amount of R$ 290,180 (net lawyer fees) related to another action described in “Other operating income (expense), net” (Note 29).

The Company has additional compensation claims, which are not recognized in these consolidated financial statements, for not having achieved the above criteria, representing still contingent assets.

Note 14 – Fair value measurement of investment property

The Company presents its investment properties at fair value, with changes in fair value recognized in the income statement. The Company engaged independent appraisers to determine the fair value at December 31, 2015. For investment properties, the valuer used a valuation technique based on direct comparative method of market data such as market research, homogenization of values, market price factors in sight, sales, distances, facilities, access to land, topography and soil, land use (culture) level rainfall, etc. in line with the rules issued by ABNT - Associação Brasileira de Normas Técnicas.

- Note 31 – Fair value of derivatives and other financial instruments

When the fair value of financial assets and liabilities can not 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 these variables could affect the reported fair value of financial instruments.

- Note 32 – 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 33– Shere 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. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 33.

- Note 18 – Operating lease commitments

  The Company entered into commercial leases and assessed the terms and conditions of contracts, risks assumed and benefits, and thus accounts for the contracts as operating leases.

- Note 22 – Provision for judicial demands

  Provisions for legal claims are recognized when: the Company has a 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.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

3 Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented these financial statements.

3.1 Basis of consolidation

The consolidated financial statements inlude the information of the parent company, Cosan, and its subsidiaries. The subsidiaries are listed below:

	December, 31 2015	December, 31 2014
Directly owned subsidiaries		
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 (ii)	61.33%	60.69%
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 Lubes Investments Limited	100.00%	100.00%
Cosan Lubrificantes e Especialidades S.A.	100.00%	100.00%
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%
Ilha Terminal Distribuição de Produto Químicos (iii)	100.00%	-
Nova Agrícola Ponte Alta S.A. (i)	29.50%	29.50%
Nova Amaralina S.A. Propriedades Agrícolas (i)	29.50%	29.50%
Nova Santa Barbara Agrícola S.A. (i)	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. (i)	29.50%	29.50%
Terras da Ponte Alta S.A. (i)	29.50%	29.50%
Vale da Ponte Alta S.A.	65.00%	65.00%
Zip Lube S.A.	100.00%	100.00%

i. The Company has control over the Radar, even without controlling interest, for the Shareholders' Agreement Cosan SA has the power to direct all relevant activities of Radar and exercise most power in all relevant decisions on financial and operational matters of the Radar.

ii. Cosan increased its interest in COMGÁS to 61.33% due to the capital increase arising from the partial use of tax benefit of goodwill according to the COMGÁS "Extraordinary Annual General Meeting" held on April 30, 2015 . The Company did not recognize the new ownership percentage, because it is awaiting the end of the deadline for the minorities to exercise their option to purchase additional shares.

iii. On December 1st, 2015, Cosan, through its subsidiary Cosan Lubrificantes e Especialidades ("CLE"), acquired 100% of the share capital of Ilha Terminal.

(a) Business combinations

Business combinations are recorded using the acquisition method. The transferred consideration for the acquisition is generally measured at fair value, as well as the identifiable net assets acquired and liabilities assumed. Any derivative transaction goodwill is tested annually for loss on impairment (impairment test). transaction costs are charged to income as incurred, except for costs related to the issuance of debt or equity.

The consideration transferred does not include amounts relating to pre-existing relationships payments. These amounts are generally recognized in the income statement.

(b) Non-controlling interests

For each business combination, the Company elects to measure any non-controlling interests in the acquiree either:

- At fair value; or
- At their proportionate share of the acquiree’s identifiable net assets, which are generally at fair value.

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. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. It is deconsolidated from the date that the Company ceases to have control.

The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(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 percent and 50 percent 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.

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, when then a provision for the loss of investment is made.

(e) Investments in joint ventures

The Company holds 50% of the voting rights in their joint agreement. The Company has joint control because, pursuant to the contractual agreements, is required unanimous agreement among all parties to the agreement to all relevant activities.

The jointly Raizen Energia and Raizen fuels are companies whose legal form is a separation between the parts of the joint agreement and the Company itself. Moreover, according to the contractual agreements, gives the Company and the parties of the agreement rights to the net assets of the company. For this reason, this agreement is classified as joint venture venture (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 transations

Foreign currency transactions are translated into the respective functional currencies of each subsidiary using the exchange rates at the dates of the transactions. Assets and liabilities denominated monetary and calculated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date.

(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 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 (subsidiary, associate or jointly controlled entity) is sold, the amount recorded in cumulative translation adjustment account is transferred to income as part of the result on disposal.

(c) Translation of subsidiaries and associates' financial statements

These consolidated financial statements have been converted to Real by using the following criteria:

- assets and liabilities were translated at the exchange rate at the balance sheet date;
- the result, comprehensive income and cash flows were translated at the average monthly exchange rate; and
- shareholders' equity was converted using the historical exchange rate;

Exchange differences arising on translation are recognized in the equity item called "Exchange rate differences from conversion operations abroad."

The financial statements of each subsidiary included in these consolidated financial statements and equity method investments are prepared based on the 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 exchange rate of the Brazilian Real (R$) to the U.S. Dollar (US$) was R$ 3.9048 = US$ 1.00 at December 31, 2015, R$ 2.6562 = US$ 1.00 at December 31, 2014.

3.3 Instrumentos financeiros

(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.

(i) Financial assest ar 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/loss, less impairment losses, if any, are recognized in profits or loss 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.

(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) Cash and cash equivalents

Cash and cash equivalents and highly liquid short-term investments comprise cash balances and call deposits 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.

(v) 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 gains/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.

(vi) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

The rights to receive the asset expire cash flows;

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the cash flows received without significant delay to a third party under an agreement of "transfer"; and (a) the Company has transferred substantially all risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In this case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured based on the rights and obligations that the Company maintained.

(b) 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 write off 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.

Financial liabilities include loans and financing, debt securities issued (including certain preferred shares), bank overdraft limit, and trade and other payables.

A financial liability is derecognized when the obligation is discharged, canceled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in corresponding carrying amounts is recognized in the income statement.

(c) Capital

Ordinary share

Additional costs directly attributable to issue of shares and share options are recognized as a reduction of shareholders' equity. Tax effects related to the costs of these transactions are accounted for in accordance with IAS 12.

Preferencial share

Preferred shares not redeemable are classified as equity, as the payment of dividends is discretionary, and they do not generate any obligation to deliver cash or another financial asset of the Company and do not require settlement in a variable number of equity instruments. Discretionary dividends are recognized as distributions to equity on the date of its approval by the shareholders.

Mandatory minimum dividends as defined in the bylaws are recognized as liabilities.

(d) Instrumentos financeiros derivativos, incluindo 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:

(a) the economic characteristics and risks of the host contract and the embedded derivative are not closely related;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) 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 percent. 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 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 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 or 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), excluding borrowing costs.

3.5 Non-current assets held for sale

Non-current assets or groups of assets classified as held for sale, for which there is an expectation primarily be realized through sale rather than continuing use, they are classified as assets held for sale. Immediately before being classified as assets held for sale, the assets, or components of a group of assets classified as held for sale, are recognized as the related accounting policies. Since then, the asset or group of assets classified as held for sale are generally measured at the lower of the carrying amount and the fair value plus selling expenses. Any loss on the value of a group of assets classified as held for sale is initially allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis except that no loss shall be allocated to inventories, financial assets, assets deferred tax, benefits of active employee and investment property, which continue to be measured in accordance with the accounting policies set by the Company. Losses for impairment determined on initial classification as held for sale and subsequently calculated gains and losses are recognized in income. Gains are not recognized when they exceed any cumulative loss due to impairment 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 sales 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, net” for the difference between the consideration received and the carrying amount of the farm sold.

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, 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.

When componets 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.

(i) 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.

(ii) Subsequents 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.

(iii) 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.

Depreciation is calculated using the straight-line method on the useful lives of the assets, in accordance with the annual depreciation rates shown below:

Buildings and Improvements	4%
Machinery, Equipment and Facilities	3% to 10%
Airplanes, Vessels and Vehicles	10% to 20%
Furniture and Fixtures	10%
Computer Equipment	20%

Costs of normal periodic maintenance are recorded as expenses when incurred since 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.

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 the development of gas system 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 the final term of the concession, whatever occurs first. This period reflects economic useful lives of each of the underlying assets that comprise the concession. This economic useful life is also used by the regulator 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 of 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.

In addition, 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 the margin of distribution for inflation.

3.9 Impairment

(a) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss, 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 had an impact on the estimated future cash flows of that asset that can be estimated reliably.

(i) Financial assets measured at amortized cost

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, 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.

(b) Non-financial assets

The carrying amounts of the Company’s non-financial assets, 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 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 with respect of 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, 2015, 2014, the Company´s liabilities included of R$ 137,682 and R$ 186,649, respectively, in relation to a contingent consideration arrangement arising from the 2008 *Esso* business combination. This contingent consideration is measured at fair value with changes in fair value recognized in profit or loss. On December 31, 2015 the Company paid R$ 66,241 related to this contingent (R$ 60,200 paid in the twelve-month period ended December 31, 2014.)

The consideration is contingent on meeting certain targets for gross revenues and sales quantities of some former ExxonMobil products for a 10 year period from the date of acquisition in 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 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 sponsors a private pension company that aims to keep benefits of supplementation plan for part of its employees. The cost of providing benefits under the defined benefit plan is determined annually by independent actuaries using the method of projected unit credit.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The liability recognized in the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the method of projected unit credit. The present value of the defined benefit obligation is determined by discounting the future outputs estimated box, using interest rates consistent with market yields, which are denominated in the currency in which the benefits will be paid and that have upcoming maturities those of the respective obligation of the pension plan.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded directly in equity as other comprehensive income when they occur.

Past service costs are recognized immediately in income.

(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 course of ordinary activities 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) Sales of services

Revenues from services are recognized when the entity transfers to the buyer the significant risks and rewards inherent to the services, when they are probable that the economic benefits associated with the transaction will flow to the Company, as well as its value 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.

The Company 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.

(ii) Unbilled revenue

Unbilled revenue refers to part of the supplied gas, for which the measurement and billing customers have not yet occurred. This value is calculated based on estimated for the period after the meter reading until the last day of the month.

The actual amount charged may differ from the estimate. The Company believes that, based on previous experience with similar operations, unbilled amount does not differ significantly from actual values.

(iii) Concession construction revenue

The construction of the infrastructure necessary for gas distribution is considered a construction service rendered to the Grantor, 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 construction activity at the end of the reference period and are included in the sales line cost in our consolidated income statement.

3.13 Government grants and assistance

Government grants and assistance are recognized when there is reasonable assurance that the grant will be received and that all relevant conditions are met. The Company has a fiscal incentive whose benefit refers to an expense item, it is recognized as revenue during the benefit period, systematically over costs whose objective benefit offset.

The tax benefit includes a reduction of 75% on income tax and surcharges not refundable calculated on operating profit started in 2008 and end of the period in 2024.

3.14 Lease

The characterization of a contract as a lease is based on substantive aspects related to the use of an asset or specific assets, or even the right to use a particular asset on the date of the start of its implementation.

(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.

Leased assets are depreciated over their useful life. However, when there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over its estimated useful life or the lease term, whichever is shorter.

Assets leased under operating leases and 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.

The amounts paid in advance by the Company are recorded as assets and allocated in income linearly during the term of the contract. The expenses incurred during the grace period are recorded in income and maintained as payables, being written off in proportion to the payment of current installments.

3.15 Finance income and finance expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income (except for dividends received from investees evaluated by equity in subsidiaries), 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 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. The distributions received from investees recorded by the equity method reduce the investment value.

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, 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.

3.16 Tax

Income tax includes the income tax and social contribution at rate of 34%. With tax expenses include current and deferred taxes. Current tax and deferred tax are recognized in income, except to the extent that this is a business combination, or items recognized directly in equity or in other income

Also, for some subsidiaries, income tax is calculated based on the application of the 32% profit presumption percentage of revenues operational earned focusing rate of 15%, plus a surcharge of 10% on taxable income exceeding R$ 240 for income tax and 9% on taxable income earned 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:

- 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 jointly controlled entities 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 tax consequences that would follow 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 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.

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(c) Indirect tax

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.

3.17 Statements of added value

The Company prepared statements of value added (DVA) in accordance with CPC 09 - Statement of Added Value, which are presented as an integral part of the financial statements under BRGAAP applicable to public companies, while for IFRS they represent additional financial information.

3.18 Cash Flow - transactions involving non-cash

During the year ended December 31, 2015, the Company made the following transactions not involving cash and therefore are not reflected in the statement of consolidated cash flows:

(i) Compensation REFIS with financial assets of ExxonMobil in the amount of R$ 350 301 (note 11); and

(ii) Compensation REFIS with credit compensation claims

4 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, 2016, 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 set out below:

- IFRS 9 - Financial Instruments, published in July 2014, replacing the existing guidance in IAS 39 - Financial Instruments: Recognition and Measurement.

  IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new model of expected credit loss for the calculation of the impairment of financial assets, and new requirements for hedge accounting. The standard retains the existing guidance on the recognition and derecognition of financial instruments in IAS 39. The Company is assessing the full impact of IFRS 9. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Council.

  IFRS 9 is effective for the fiscal year starting on January 1, 2018, with earlier application permitted.

- IFRS 15 - Customer Contract Revenue requires the recognition of revenue reflecting the expected consideration receivable in exchange for control of these goods and services. It shall enter into force on 1 January 2018 and supersedes IAS 11 - Construction Contracts, IAS 18 - Revenue and related interpretations. Management is evaluating the impact of adoption.

- IFRS 16 - Leases requires an entity to recognize all leases in which the Company leases should be recognized in the balance sheet. The new standard is effective from or after January 1, 2019 and replaces IAS 17 - Leases.

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

5 Segment Information

The following segment information is based on the information used by Cosan's senior management 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 consistent basis with the accounting policies used in the preparation of the consolidated financial statements. Cosan evaluates operating performance based on the measure of EBITDA. A reconciliation of EBITDA to profit (loss) of the period 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 network of service stations under the brand "Shell" 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, thermogeneration and cogeneration sectors;

IV. Radar: management, buying, selling and leasing of agricultural;

V. 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

VI. Cosan´s other business: other investments, in addition to the corporate activities of the Company.

The segments Raizen Energia and Raizen Combustíveis are investments accounted for under the equity method and not consolidated in our financial statements, as Pronouncement CPC19 Technical (R2) – Business arrangements / IFRS11 - Joint arrangements. However, the Company's management analyzes the information by segment 100% of the results of these segments. Here is the reconciliation of these segments to the Company's financial information in the "deconsolidation jointly controlled entities".

Below are presented the results of the information and assets by segment, which were measured in accordance with the same accounting policies used in preparing the consolidated information:

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

December 31, 2015

	Raízen Energia	Raízen Combustíveis	COMGÁS	Radar	Lubricants	Other bussiness	Desconsolidação controladas em conjunto	Eliminações entre segmentos	Consolidado
Statement of profit or loss:									
Net sales	11,080,850	61,412,966	6,597,016	102,715	1,751,730	440	(72,493,816)	-	8,451,901
Domestic market	4,438,149	61,412,966	6,597,016	102,715	1,385,190	440	(65,851,115)	-	8,085,361
External market	6,642,701	-	-	-	366,540	-	(6,642,701)	-	366,540
Cost of sales	(8,904,463)	(58,196,255)	(4,580,203)	(17,982)	(1,322,328)	(2,808)	67,100,718	-	(5,923,321)
Gross profit	2,176,387	3,216,711	2,016,813	84,733	429,402	(2,368)	(5,393,098)	-	2,528,580
Selling expenses	(616,915)	(1,188,549)	(627,520)	-	(291,648)	-	1,805,464	-	(919,168)
General and administrative expenses	(518,848)	(394,570)	(332,763)	(27,972)	(77,666)	(154,675)	913,418	-	(593,076)
Other income (expense), net	(19,147)	294,784	(7,900)	48,744	2,195	197,719	(275,637)	-	240,758
Financial results	(624,695)	(124,598)	(181,889)	10,496	(109,860)	(846,900)	749,293	-	(1,128,153)
Financial expense	(919,994)	(170,560)	(409,768)	(1,365)	(120,325)	(874,739)	1,090,554	18,333	(1,387,864)
Financial income	650,446	173,477	247,047	11,861	4,870	178,255	(823,923)	(18,333)	423,700
Foreign exchange losses, net	(1,031,777)	(415,983)	126,282	-	(10,213)	(739,233)	1,447,760	-	(623,164)
Derivative	676,630	288,468	(145,450)	-	15,808	588,817	(965,098)	-	459,175
Equity in earnings of associates	(42,967)	8,893	-	-	(11,596)	379,504	34,074	(371,093)	(3,185)
Equity in earnings of joint ventures	-	-	-	-	-	775,565	-	-	775,565
Income tax expense benefit	(42,510)	(536,540)	(248,354)	(15,134)	12,693	317,739	579,050	-	66,942
Profit (loss) for the year	**311,305**	**1,276,131**	**618,387**	**100,867**	**(46,480)**	**666,584**	**(1,587,436)**	**(371,093)**	**968,263**
Net income attributable to:									
Owners of the Parent	311,305	1,237,984	618,387	100,867	(46,480)	666,584	(1,549,289)	(672,772)	666,584
Non-controlling interests	-	38,147	-	-	-	-	(38,147)	301,679	301,679
	311,305	**1,276,131**	**618,387**	**100,867**	**(46,480)**	**666,584**	**(1,587,436)**	**(371,093)**	**968,263**
Other selected data:									
Depreciation and amortization	2,057,365	579,603	481,287	712	75,077	4,677	(2,636,968)	-	561,753
EBITDA	3,035,875	2,516,872	1,529,917	106,217	125,764	1,200,422	(5,552,747)	(371,093)	2,591,227
Additions to PP&E, intangible (cash)	1,776,372	797,299	521,215	1,926	43,464	42,062	(1,973,671)	-	608,667
Reconciliation of EBITDA:									
Profit (loss) for the year	311,305	1,276,131	618,387	100,867	(46,480)	666,584	(1,587,436)	(371,093)	968,263
Income tax and social contribution	42,510	536,540	248,354	15,134	(12,693)	(317,739)	(579,050)	-	(66,944)
Financial result, net	624,695	124,598	181,889	(10,496)	109,860	846,900	(749,293)	-	1,128,153
Depreciation and amortization	2,057,365	579,603	481,287	712	75,077	4,677	(2,636,968)	-	561,753
EBITDA	**3,035,875**	**2,516,872**	**1,529,917**	**106,217**	**125,764**	**1,200,422**	**(5,552,747)**	**(371,093)**	**2,591,225**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

										December 31, 2014
	Raízen Energia	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Other Bussiness**	**Deconsolidated effects IFRS 11**	**Segment elimination**	**Total consolidated**	**Discontinued operation**
Statement of profit or loss:										
Net sales	9,263,930	55,733,927	6,387,103	157,562	1,602,198	-	(64,997,857)	-	8,146,863	659,715
Domestic market	4,064,437	55,733,927	6,387,103	157,562	1,306,218	-	(59,798,364)	-	7,850,883	553,735
External market	5,199,493	-	-	-	295,980	-	(5,199,493)	-	295,980	105,980
Cost of sales	(7,735,421)	(52,934,222)	(4,494,909)	(60,644)	(1,247,806)	-	60,669,643	-	(5,803,359)	(432,765)
Gross profit	1,528,509	2,799,705	1,892,194	96,918	354,392	-	(4,328,214)	-	2,343,504	226,950
Selling expenses	(578,989)	(1,150,516)	(636,316)	-	(245,227)	-	1,729,505	-	(881,543)	-
General and administrative expenses	(498,756)	(387,259)	(308,413)	(36,525)	(70,684)	(145,840)	886,015	-	(561,462)	(63,632)
Other income (expense), net	58,609	338,143	(19,494)	131,593	1,032	(123,626)	(396,752)	-	(10,495)	(464)
Financial results	(418,317)	(125,210)	(193,026)	6,269	21,555	(780,687)	543,527	-	(945,889)	(23,110)
Financial expense	(588,307)	(142,839)	(300,573)	(1,104)	22,831	(707,718)	731,146	12,711	(973,853)	(52,284)
Financial income	385,895	104,218	106,554	7,428	1,639	81,280	(490,113)	(12,711)	184,190	28,602
Foreign exchange losses, net	(357,928)	(71,825)	(139,931)	(55)	(1,183)	(177,815)	429,753	-	(318,984)	572
Derivatives	142,023	(14,764)	140,924	-	(1,732)	23,566	(127,259)	-	162,758	-
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	-	-	588,428	-
Income tax expense benefit	103,810	(410,560)	(203,810)	(17,629)	(18,850)	254,803	306,750	-	14,514	(47,048)
Profit (loss) for the year	**156,556**	**1,079,205**	**531,135**	**180,626**	**34,877**	**222,584**	**(1,235,761)**	**(418,625)**	**550,597**	**92,695**
Net income attributable to:										
Owners of the Parent	156,556	1,112,863	531,135	180,626	34,877	222,584	(1,269,419)	(741,110)	228,112	63,911
Non-controlling interests	-	(33,658)	-	-	-	-	33,658	322,485	322,485	28,784
	156,556	**1,079,205**	**531,135**	**180,626**	**34,877**	**222,584**	**(1,235,761)**	**(418,625)**	**550,597**	**92,695**
Other selected data:										
Depreciation and amortization	1,966,866	538,222	506,697	970	71,268	2,923	(2,505,088)	-	581,858	70,378
EBITDA	2,437,929	2,153,197	1,434,668	192,956	103,441	751,390	(4,591,126)	(418,625)	2,063,830	233,231
Additions to PP&E, intangible (cash)	2,490,176	794,556	661,311	1,146	52,178	75,194	(3,284,732)	-	789,830	183,280
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)	550,597	92,695
Income tax and social contribution	(103,810)	410,560	203,810	17,629	18,850	(254,803)	(306,750)	-	(14,514)	47,048
Financial result, net	418,317	125,210	193,026	(6,269)	(21,555)	780,687	(543,527)	-	945,889	23,110
Depreciation and amortization	1,966,866	538,222	506,697	970	71,268	2,923	(2,505,088)	-	581,858	70,378
EBITDA	**2,437,929**	**2,153,197**	**1,434,668**	**192,956**	**103,441**	**751,390**	**(4,591,126)**	**(418,625)**	**2,063,830**	**233,231**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

									December 31, 2015
Statement of financial position:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Other business**	**Deconsolidated effects IFRS 11**	**Segment elimination**	**Total consolidated**
Cash and cash equivalents	2,995,495	885,880	1,967,643	1,016	96,907	1,063,964	(3,881,375)	-	3,129,530
Investment securities	-	-	-	241,430	-	-	-	-	241,430
Trade receivables	719,092	1,773,771	519,086	25,557	214,820	247	(2,492,863)	-	759,710
Derivative financial instruments	1,465,816	255,665	665,032	-	12,363	1,615,464	(1,721,481)	-	2,292,859
Inventories	2,371,987	1,287,946	134,347	-	293,916	2,854	(3,659,933)	-	431,117
Other current assets	1,579,568	1,029,510	132,959	120,615	51,926	209,527	(2,609,078)	(11,525)	503,503
Other non-current assets	3,425,968	1,206,721	300,138	13,004	(130,256)	1,937,112	(4,632,689)	(9,716)	2,110,283
Investment in associates	225,670	248,456	-	-	8,453	5,660,434	(474,126)	(5,528,751)	140,136
Investment in joint ventures	-	-	-	-	-	8,329,518	-	-	8,329,518
Biological assets	2,131,378	-	-	-	-	-	(2,131,378)	-	-
Investment property	-	-	-	2,595,035	-	-	-	-	2,595,035
Property, plant and equipment	9,574,647	2,409,555	-	2,029	243,080	156,691	(11,984,202)	-	401,800
Intangible assets and goodwill	3,261,623	4,414,352	8,620,436	1,669	818,362	6,802	(7,675,975)	-	9,447,269
Loans, borrowings and debenture	(11,549,211)	(3,226,849)	(3,823,066)	-	(512,759)	(5,419,878)	14,776,060	-	(9,755,703)
Derivative financial instruments	(676,321)	(67,902)	-	-	(291)	(740,427)	744,223	-	(740,718)
Trade payables	(1,126,540)	(937,177)	(1,302,397)	(2,511)	(235,663)	(4,251)	2,063,717	-	(1,544,822)
Employee benefits payable	(315,704)	(83,214)	(65,522)	(5,684)	(15,061)	(20,141)	398,918	-	(106,408)
Other current liabilities	(920,298)	(968,904)	(103,334)	(35,465)	(135,946)	(209,512)	1,889,202	21,242	(463,014)
Other non-current liabilities	(1,364,086)	(3,129,160)	(1,180,987)	(104,403)	(209,244)	(3,742,216)	4,493,246	-	(5,236,849)
Total assets (net of liabilities) allocated by segment	11,799,084	5,098,650	5,864,335	2,852,292	500,607	8,846,188	(16,897,734)	(5,528,750)	12,534,676
Total assets	**27,751,244**	**13,511,856**	**12,339,641**	**3,000,355**	**1,609,571**	**18,982,613**	**(41,263,100)**	**(5,549,992)**	**30,382,190**
Equity attributable to owners of the parent	11,800,047	4,926,655	5,864,335	2,852,292	500,607	8,846,188	(16,726,702)	(9,217,238)	8,846,188
Non-controlling interests	(963)	171,995	-	-	-	-	(171,032)	3,688,488	3,688,488
Total shareholders' equity	**11,799,084**	**5,098,650**	**5,864,335**	**2,852,292**	**500,607**	**8,846,188**	**(16,897,734)**	**(5,528,750)**	**12,534,676**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

									December 31, 2014
Statement of financial position:	**Raízen Energia**	**Raízen Combustíveis**	**COMGÁS**	**Radar**	**Lubricants**	**Other business**	**Deconsolidated effects IFRS 11**	**Segment elimination**	**Total consolidated**
Cash and cash equivalents	2,643,950	173,470	973,708	6,011	39,810	520,663	(2,817,420)	-	1,540,192
Investment securities	-	-	-	149,735	-	-	-	-	149,735
Trade receivables	726,872	1,869,966	605,483	22,214	194,486	241	(2,596,838)	-	822,424
Derivative financial instruments	542,102	28,378	335,058	-	(721)	546,028	(570,480)	-	880,365
Inventories	2,315,907	1,128,771	125,406	-	222,486	11	(3,444,678)	-	347,903
Other current assets	2,121,549	288,506	137,360	31,052	26,416	342,987	(2,410,055)	(19,750)	518,065
Other non-current assets	1,864,795	2,278,913	256,077	15,538	(184,670)	1,809,980	(4,143,708)	(6,610)	1,890,315
Investment in associates	209,205	256,729	-	-	16,032	5,783,699	(465,934)	(5,669,053)	130,678
Investment in joint ventures	-	-	-	-	-	8,404,502	-	-	8,404,502
Biological assets	1,828,304	-	-	-	-	-	(1,828,304)	-	-
Investment property	-	-	-	2,641,978	-	-	-	-	2,641,978
Property, plant and equipment	9,848,969	2,464,316	-	11,288	221,466	118,681	(12,313,285)	-	351,435
Intangible assets and goodwill	3,288,709	4,267,514	8,595,251	173	824,277	6,419	(7,556,223)	-	9,426,120
Loans, borrowings and debenture	(10,377,585)	(1,557,782)	(3,133,347)	-	(261,166)	(4,003,089)	11,935,367	-	(7,397,602)
Derivative financial instruments	(359,408)	(188,556)	(4,960)	-	-	(328,474)	547,964	-	(333,434)
Trade payables	(652,626)	(577,143)	(848,770)	(790)	(118,784)	(2,826)	1,229,769	-	(971,170)
Employee benefits payable	(252,219)	(66,799)	(58,955)	(5,336)	(15,437)	(21,387)	319,018	-	(101,115)
Other current liabilities	(760,201)	(1,849,234)	(118,021)	(20,783)	(100,853)	(389,492)	2,609,435	26,361	(602,788)
Other non-current liabilities	(2,566,561)	(1,921,270)	(992,028)	(93,552)	(193,082)	(3,969,668)	4,487,831	-	(5,248,330)
Total assets (net of liabilities) allocated by segment	10,421,762	6,595,779	5,872,262	2,757,528	670,260	8,818,275	(17,017,541)	(5,669,052)	12,449,273
Total assets	**25,390,362**	**12,756,563**	**11,028,343**	**2,877,989**	**1,359,582**	**17,533,211**	**(38,146,925)**	**(5,695,413)**	**27,103,712**
Equity attributable to owners of the parent	10,421,762	6,453,922	5,872,262	2,757,528	670,260	8,818,275	(16,875,684)	(9,300,049)	8,818,276
Non-controlling interests	-	141,857					(141,857)	3,630,997	3,630,997
Total shareholders' equity	**10,421,762**	**6,595,779**	**5,872,262**	**2,757,528**	**670,260**	**8,818,275**	**(17,017,541)**	**(5,669,052)**	**12,449,273**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Net Sales by segment:

	December 31, 2015	December 31, 2014
Raízen Energia		
Sugar	4,671,006	4,059,580
Ethanol	5,557,298	4,376,826
Cogeneration	554,876	618,583
Other	297,670	208,941
	11,080,850	**9,263,930**
Raízen Combustíveis		
Fuels	61,412,966	55,733,927
	61,412,966	**55,733,927**
COMGÁS		
Industrial	4,206,947	4,122,077
Residential	677,692	632,997
Thermo generation	511,942	407,736
Cogeneration	271,641	246,841
Automotive	197,260	199,820
Comercial	286,491	255,051
Construction revenue	408,086	481,314
Other	36,957	41,267
	6,597,016	**6,387,103**
Radar		
Property sales	20,187	85,308
Land lease	69,162	60,944
Other	13,366	11,310
	102,715	**157,562**
Lubrificantes		
Lubricants	1,514,005	1,325,472
Basic oil	222,009	225,701
Other	15,716	51,025
	1,751,730	**1,602,198**
Other businesses	**440**	**-**
IFRS 11 - Deconsolidated of adjustments/eliminations joint ventures and eliminations	(72,493,816)	(64,997,857)
Total	**8,451,901**	**8,146,863**

Concentration of custumers

COMGÁS

In 2015, sales in this segment are sprayed with no customers or specific economic groups representing 10% or more of sales in this segment in the period.

Radar

In 2015, 20% of revenues in this segment were for the customer Raizen Energia (15% for the year ended December 31, 2014).

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Lubricants

Sales in this segment are sprayed with no customers or specific economic groups representing 10% or more of sales in this segment for the years ended December 31, 2015 and 2014.

6 Cash and cash equivalents

	Parent Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Cash and bank accounts	3	265	164,091	121,342
Financial investments	731,046	375,739	2,965,439	1,418,850
	731,049	**376,004**	**3,129,530**	**1,540,192**

Financial investments are as follows:

	Parent Company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Exclusive funds				
Commitment transactions	97,485	311,315	1,248,983	360,237
Bank certificate of deposits - CDB	567,078	64,424	765,900	74,547
Financial letter	65,552	-	198,747	-
	730,115	**375,739**	**2,213,630**	**434,784**
Bank investments				
Bank certificate of deposits - CDB	-	-	407,710	717,472
Commitment transactions	-	-	343,083	222,570
Other financial investments	931	-	1,016	44,024
	931	**-**	**751,809**	**984,066**
	731,046	**375,739**	**2,965,439**	**1,418,850**

7 Trade receivables

	Consolidated	
	December 31, 2015	December 31, 2014
Domestic market	829,912	862,221
External market	16,112	20,615
Allowance for doubtful accounts	(46,717)	(26,113)
	799,307	**856,723**
Current	**759,710**	**822,424**
Non-current	**39,597**	**34,299**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

The analysis of the maturity of trade accounts receivable are as follows:

	Consolidated	
	December 31, 2015	**December 31, 2014**
Not overdue	736,819	775,933
Overdue:		
From 1 to 30 days	45,365	70,682
From 31 to 60 days	7,004	4,308
From 61 to 90 days	3,025	2,166
Over than 90 days	53,811	29,747
Allowance for doubtful accounts	(46,717)	(26,113)
	799,307	**856,723**

Changes in the estimated allowance for doubtful accounts is as follows:

	Consolidated
January 1st, 2014	**(28,628)**
Provision	(22,398)
Reversal	1,370
Partial Spin-off	23,543
December 31, 2014	**(26,113)**
Provision	(21,055)
Reversal	**451**
December 31, 2015	**(46,717)**

8 Inventories

	Consolidated	
	December 31, 2015	**December 31, 2014**
Finished goods	289,708	223,706
Product in process	86,981	86,895
Warehouse and other	54,428	37,302
	431,117	**347,903**

Changes in the provision for non-realization and obsolescence is as follows:

January 1st, 2014	**(332)**
Provision	(3,633)
Partial Spin-off	(6,236)
Reversal	5,666
December 31, 2014	**(4,535)**
Provision	(6,758)
Reversal	8,158
December 31, 2015	**(3,135)**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

9 Other recoverable taxes

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
ICMS - State VAT	-	-	121,754	91,120
Credit Installment - PAES	33,245	-	33,245	-
COFINS - Revenue tax	11,301	9,489	17,860	12,604
PIS - Revenue tax	4	7,710	1,428	8,387
Impairment provision	(7,587)	(17,147)	(7,587)	(17,147)
Other	78	39	11,825	851
	37,041	**91**	**178,525**	**95,815**
Current	**37,041**	**91**	**135,947**	**78,516**
Non Current	**-**	**-**	**42,578**	**17,299**

10 Other trade receivables

	Parent company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Exxon Mobil financial assets (i)	-	-	-	332,405
Receivable from sale discontinued operations (ii)	-	107,775	-	107,775
	-	107,775	**-**	**440,180**
Current	-	69,683	-	69,683
Non current	-	38,092	-	370,497

i) The subsidiary Lubrificantes e Especialidades S.A ("CLE") has a balance receivable related to renegociation of tax debts included in the special program of federal tax installment program ("REFIS IV") of responsibility ExxonMobil Brazil Holdings BV ("ExxonMobil ").

On September 1st, 2015, CLE has been communicated by the Brazilian Federal Revenue on the exclusion of tax installments due to the deposits made previously. Thus, the accounts receivable was offset against your balance in the same amount of taxes payable, related to renegociation of tax debts included in the special program of federal tax installment program

ii) Balance receivable outstanding from the sale of Cosan Alimentos. The amount was received in November 2015.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

11 Related parties

a) Receivables and payables with related parties:

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Current Asset				
Corporate operation / Agreements				
Raízen Energia S.A. (i)	17,101	13,226	21,313	16,669
Rumo	8,794	3,342	9,181	3,705
Cosan Lubrificantes e Especialidades	8,436	3,146	-	-
Aguassanta Participações S.A.	6,371	6,340	6,371	6,340
Radar Propriedades Agricolas S.A.	1,035	835	-	-
Cosan Limited	982	668	982	668
Raízen Combustíveis S.A. (i)	269	153	709	2,433
Cosan Logística	18	-	3,534	-
Other	1,080	930	4,251	500
	44,086	**28,640**	**46,341**	**30,315**
Financial operations				
Raízen Energia S.A. (i)	9,672	-	9,672	-
Cosan Lubrificantes e Especialidades	-	773	-	-
Raízen Combustíveis S.A. (i)	-	-	1,102	1,319
Cosan Limited (iii)	-	-	29,485	19,753
	9,672	**773**	**40,259**	**21,072**
	53,758	**29,413**	**86,600**	**51,387**
Non-current assets				
Preferred shares				
Janus Brasil Participações S.A	20,875	-	20,875	-
Raízen Energia S.A. (i)	89,763	104,984	89,763	104,984
Raízen Combustíveis S.A. (i)	-	15,126	-	15,126
	110,638	**120,110**	**110,638**	**120,110**
Financial operations				
Rezende Barbosa (ii)	70,365	84,996	70,365	84,999
Raízen Energia S.A. (i)	23,029	-	23,029	-
	93,394	**84,996**	**93,394**	**84,999**
Corporate restructuring	5,706	5,115	17,312	7,418
	209,738	**210,221**	**221,344**	**212,527**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Current liabilieites				
Corporate oprations / Agreements				
Cosan Biomassa S.A.	217,376	142,786	-	-
Raízen Energia S.A. (i)	97,253	96,258	100,505	104,276
Raízen Combustíveis S.A. (i)	8,927	11,932	9,447	12,640
Rumo	1,480	1,486	1,512	1,572
Radar	-	2,245	-	-
Other	618	773	-	119
	325,654	**255,480**	**111,464**	**118,607**
Financial opreations				
Cosan Luxembourg S.A.	76,416	61,812	-	-
Cosan Overseas Limited	25,682	1,351,838	-	-
Raízen Energia S.A. (i)	-	-	3,095	-
Shell Brazil Holding B.V.	-	-	-	3,820
Other	-	22	-	22
	102,098	**1,413,672**	**3,095**	**3,842**
	427,752	**1,669,152**	**114,559**	**122,449**
Non-current liabilities				
Financial operations				
Cosan Overseas Limited	1,966,067	-	-	-
Cosan Luxembourg S.A.	2,744,584	1,888,535	-	-
	4,710,651	**1,888,535**	**-**	**-**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

b) Summary of related party transactions:

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Product sales				
Cosan Logística S.A	-	-	31,096	-
Raízen Combustíveis S/A	-	-	14,666	-
Raízen Energia S.A.	-	-	19,099	18,193
	-	**-**	**64,861**	**18,193**
Purchase of goods / Inputs				
Raízen Energia S.A.	-	-	(2,266)	(109)
Raízen Combustíveis S.A.	-	-	(119)	-
	-	**-**	**(2,385)**	**(109)**
Land lease				
Raízen Energia S.A.	-	-	58,508	54,045
	-	**-**	**58,508**	**54,045**
Shared income (expense)				
Aguassanta Participações S.A.	431	440	431	440
Cosan Biomassa S.A.	739	1,634	-	-
Radar Propriedades Agrícolas S.A.	3,800	2,753	-	-
Grupo Rumo	10,221	9,454	10,221	-
Cosan Lubrificantes e Especialidades	9,614	12,383	-	-
Raízen Energia S.A.	(3,921)	(4,897)	(32,864)	(28,102)
	20,884	**21,767**	**(22,212)**	**(27,662)**
Financial result				
Usina Santa Luiza	-	(152)	-	(152)
Cosan Lubrificantes e Especialidades	28	773	-	-
Cosan Limited	314	79	444	79
Cosan Logística S.A	-	-	512	
Cosan Luxembourg S.A.	(948,648)	(291,290)	-	-
Pasadena Empreed. Partic. S.A.	590	437	-	-
Cosan Overseas Limited	(735,466)	(274,188)	-	-
Raízen Energia S.A.	2,440	2,613	2,440	2,613
Other	(188)	(32)	(198)	406
	(1,680,930)	**(561,760)**	**3,198**	**2,946**

The Cosan's commercial transactions with its subsidiaries and jointly controlled entities are carried out at normal market prices and conditions. Over the years presented, they were not registered any loss for doubtful accounts.

The Company has land leases for sugarcane plantation, following as update premise, through the ATR released by CONSECANA.

The Company uses the cost apportionment metric for the cost and shared revenue

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

(i) 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.

(ii) 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.

(iii) Cosan Limited

The accounts receivable registered in the short term is relate to the loan from the company Aldwich Temple Venture Capital, which bears interest at 1.86% per annum, calculated from the date of hire, monthly amortized until November 30, 2017.

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:

	December 31, 2015	**December 31, 2014**
Regular compensation	20,134	30,566
Stock option expense (Note 32)	11,279	12,753
Bonuses and other variable compensation	23,975	18,053
	55,388	**61,372**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

12 Investments

a) Information on associates and subsidiaries

	Companhia de Gás de São Paulo – "COMGÁS"	Cosan Biomassa	Cosan Global	Cosan Investimentos e Participações S.A.	Cosan Logística S.A.	Cosan Lubrificantes e Especialidades S.A.	Cosan Luxembourgo S.A.	Novo Rumo Logística S.A.	Radar II Propriedades Agrícolas S.A.	Radar Propriedades Agrícolas S.A.	Other	Tellus Brasil Participações S.A (a)	Janus Brasil Participações S.A.	Total
Shares issued by the investee	124,009,308	149,289,282	1	3,778,868,643	278,336,920	290,441	500,000	278,336,920	830,690,258	21,148,989	-	65,957,282	16,166,627	
Shares held by Cosan	73,961,667	149,289,282	1	3,778,868,643	278,336,917	290,437	500,000	278,336,917	539,979,397	4,001,167	-	33,638,214	31,699,465	
Cosan ownership interest	61.33%	100%	100%	100%	100%	100%	100%	100%	65%	19%	-	51%	51%	
January 01, 2014	**3,538,971**	**-**	**11,208**	**2,172,458**	**-**	**252,814**	**46,222**	**1,029,042**	**609,503**	**587,977**	**28,293**	**78,821**	**-**	**8,355,309**
Equity income of investee	321,647	(5,438)	34,786	292,808	-	(39,871)	(33,680)	-	32,628	29,468	(11,621)	9,743	-	**630,470**
Equity income of Spin-off investee	-	-	-	-	28,946	-	-	40,496	-	-	-	-	-	**69,442**
Equity method adjustments	2,702	-	-	(20,961)	-	30,645	-	-	649	1,162	(10,312)	205	-	**4,090**
Dividends	(97,912)	-	-	(295,631)	(93,750)	-	-	(29,320)	(15,535)	(7,568)	-	(1,356)	-	**(541,072)**
Capital increase / Decrease	-	142,569	14,881	3,415,746	64,804	-	-	(1,040,218)	-	-	1,606	6,115	13,063	**2,618,566**
Other	(4,900)	(5,488)	-	(35,814)	-	(48,700)	-	-	-	-	(2,698)	978	-	**(96,622)**
December 31, 2014	**3,760,508**	**131,643**	**60,875**	**5,528,606**	**-**	**194,888**	**12,542**	**-**	**627,245**	**611,039**	**5,268**	**94,506**	**13,063**	**11,040,183**
Equity income of investee	378,653	(12,363)	128,759	811,428	-	(239,358)	94,965	-	24,734	14,181	(22,927)	7,822	2,836	**1,188,730**
Equity method adjustments	685	-	-	(225,207)	-	(19,548)	-	-	920	1,646	(57,425)	(429)	-	**(299,358)**
Dividends	(379,819)	-	-	(161,220)	-	-	-	-	(4,569)	(1,758)	-	(2,261)	-	**(549,627)**
Capital increase / Decrease	-	89,569	11,029	-	-	-	-	-	-	-	105	-	7,814	**108,517**
Other	(5,438)	-	-	(128,976)	-	-	-	-	-	-	1,111	-	-	**(133,303)**
December 31, 2015	**3,754,589**	**208,849**	**200,663**	**5,824,631**	**-**	**(64,018)**	**107,507**	**-**	**648,330**	**625,108**	**(73,868)**	**99,638**	**23,713**	**11,355,142**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Financial information of investees:

				December 31, 2015
	Assets	**Liabilities**	**Shareholders' equity**	**Profits and Losses**
Cosan Lubrificantes e Especialidades S.A.	1,875,876	(1,939,894)	64,018	(239,362)
Radar Propriedades Agrícolas S.A.	2,293,693	(78,667)	(2,215,026)	74,956
Radar II Propriedades Agrícolas S.A.	1,004,544	(7,112)	(997,432)	38,053
Companhia de Gás de São Paulo – “COMGÁS”	8,868,031	(5,686,629)	(3,181,402)	698,852
Cosan Investimentos e Participações S.A.	5,780,389	(6,458)	(5,773,931)	760,419
Cosan Luxembourg S.A.	3,621,407	(3,513,899)	(107,508)	94,965
Cosan Global	200,663	-	(200,663)	128,758
Cosan Biomassa	371,311	(162,463)	(208,848)	(12,265)
Tellus Brasil Participações Ltda	1,966,635	(3,013)	(1,963,622)	144,868
Janus Brasil Participações S.A.	967,850	(135,084)	(832,766)	19,155

				December 31, 2014
	Assets	**Liabilities**	**Shareholders' equity**	**Profits and Losses**
Cosan Lubrificantes e Especialidades S.A.	1,907,665	(1,712,681)	(194,984)	(39,873)
Radar Propriedades Agrícolas S.A.	2,241,206	(100,543)	(2,140,663)	155,760
Radar II Propriedades Agrícolas S.A.	986,466	16,178	(1,002,644)	50,196
Companhia de Gás de São Paulo – “COMGÁS”	11,028,343	(5,156,081)	(5,872,262)	531,135
Cosan Investimentos e Participações S.A.	5,536,443	-	(5,536,443)	(301,691)
Cosan Luxembourg S.A.	2,477,926	(2,465,383)	(12,543)	33,680
Cosan Global	60,875	-	(60,875)	(34,786)
Cosan Biomassa	300,080	(168,437)	(131,643)	5,438
Tellus Brasil Participações Ltda	1,865,488	(18,060)	(1,847,428)	192,553
Janus Brasil Participações S.A.	254,749	(103)	(254,646)	(1,483)

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

b) Consolidated

	Tellus Brasil Participações S.A.	Novvi Limited Liabilitie Company	Janus Brasil Participações S.A.	Other investments	Total
Shares issued by the associate	65.957.282	200.002	16,166,927	-	
Shares held by non-controlling shareholders	33.638.214	100.001	31,699,465	-	
Non-controlling interest	51.00%	50.00%	51.00%	-	
December 31, 2013	**78,821**	**15,364**	**-**	**9,131**	**103,316**
Equity in earnings (losses) of associates	9,743	(7,501)	-	1,298	**3,540**
Other comprehensive income (losses)	204	2,019	-	(1,591)	**632**
Dividends	(1,556)	-	-	-	**(1,556)**
Increase / decrease in capital	7,294	4,640	13,063	1,500	**26,497**
Other	-	-	-	(1,751)	**(1,751)**
December 31, 2014	**94,506**	**14,522**	**13,063**	**8,587**	**130,678**
Equity in earnings (losses) of associates	7,822	(11,586)	2,836	(2,259)	**(3,187)**
Other comprehensive income (losses)	(429)	3,847	-	2,767	**6,185**
Dividends	(2,261)	-	-	-	**(2,261)**
Increase / decrease in capital	-	-	7,814	-	**7,814**
Other	-	-	-	907	**907**
December 31, 2015	**99,638**	**6,783**	**23,713**	**10,002**	**140,136**

Information from investees:

					December 31, 2015
	Assets	**Liabilities**	**Shareholders' equity**	**Profits and Losses**	**Comprehensive income total**
Tellus Brasil Participações S.A.	1,966,635	(3,013)	(1,963,622)	144,868	(8,813)
Janus Brasil Participações S.A.	967,850	(135,084)	(832,766)	19,155	-
Novvi Limited Liability Company	13,951	(37,670)	23,719	(18,278)	-

					December 31, 2014
	Assets	**Liabilities**	**Shareholders' equity**	**Profits and Losses**	**Comprehensive income total**
Tellus Brasil Participações S.A.	1,865,488	(12,421)	(1,853,067)	192,553	4.334
Janus Brasil Participações S.A.	254,749	(103)	(254,646)	(1,483)	-
Novvi Limited Liability Company	21,800	(18,147)	(3,653)	(14,847)	4.038

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

c) Non-controlling shareholders information in the Company's subsidiaries

	Companhia de Gás de São Paulo - "COMGÁS"	**Logispot Armazéns Gerais S.A.**	**Radar II Propriedades Agrícolas S.A.**	**Radar Propriedades Agrícolas S.A.**	**Eliminação participação Radar II na Radar**	**Rumo Logística Operadora Multimodal S.A.**	**Total**
Shares issued by the investee	124,009,308	2,040,816	830,690,258	21,148,989	-	956,917	
Shares held by Cosan	48,748,059	1,000,000	290,710,861	17,147,822	-	239,229	
Cosan ownership interest	38.67%	61.75%	35.00%	81.08%	-	25.00%	
January 01, 2014	**1,961,238**	**37,219**	**328,192**	**1,607,793**	**(505,215)**	**349,285**	**3,778,512**
Equity income of investee	210,196	106	17,567	100,253	-	23,147	**351,269**
Equity income of Spun-off investee	-	(37,325)	-	-	-	(372,432)	**(409,757)**
Other comprehensive income (losses)	967	-	349	5,006	(234)	-	**6,088**
Dividends	(65,715)	-	(8,365)	(32,432)	6,505	-	**(100,007)**
Other	4,892	-	-	-	-	-	**4,892**
December 31, 2014	**2,111,578**	**-**	**337,743**	**1,680,620**	**(498,944)**	**-**	**3,630,997**
Equity income of investee	239,727	-	13,344	48,609	-	-	**301,680**
Other comprehensive income (losses)	432	-	395	7,053	(1,416)	-	**6,464**
Dividends	(244,600)	-	(2,460)	(7,533)	1,510	-	**(253,083)**
Other	2,430	-	-	-	-	-	**2,430**
December 31, 2015	**2,109,567**	**-**	**349,022**	**1,728,749**	**(498,850)**	**-**	**3,688,488**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Summarized balance sheet:

	Radar Propriedades Agrícolas S.A.		Radar II Propriedades Agrícolas S.A.		Companhia de Gás de São Paulo - "COMGÁS"	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Current						
Assets	182,118	66,766	7,712	803	2,780,989	1,841,957
Libilities	(26,775)	(16,744)	(7,081)	(202)	(2,047,974)	(1,497,373)
Net current assets	**155,343**	**50,022**	**631**	**601**	**733,015**	**344,584**
Non-current						
Assets	2,111,574	2,135,540	996,833	964,391	9,558,652	9,186,386
Libilities	(51,852)	(44,899)	(29)	-	(4,427,331)	(3,658,708)
Net non-current assets	**2,059,722**	**2,090,641**	**996,804**	**964,391**	**5,131,321**	**5,527,678**
Equity	**2,215,026**	**2.140.663**	**997,432**	**964.992**	**5,864,338**	**5.872.262**

Summarized statement of profit or loss and other comprehensive income:

	Radar Propriedades Agrícolas S.A.		Radar II Propriedades Agrícolas S.A.		Companhia de Gás de São Paulo - "COMGÁS"	
	Twelve month ended December 31, 2015	**Twelve month ended December 31, 2014**	**Twelve month ended December 31, 2015**	**Twelve month ended December 31, 2014**	**Twelve month ended December 31, 2015**	**Twelve month ended December 31, 2014**
Net sales	46,542	43,883	-	-	6,597,017	6,387,104
Profit before taxes	81,187	164,365	38,083	50,217	866,742	734,945
Income tax expenses	(6,230)	(8,605)	(30)	(21)	(248,354)	(203,810)
Profit for the year	**74,957**	**155,760**	**38,053**	**50,196**	**618,388**	**531,135**
Other comprehensive income	8,699	6,140	1,415	997	997	6,266
Total comprehensive income	**83,656**	**161,900**	**39,468**	**51,193**	**619,385**	**537,401**
Comprehensive income attributable to non-controlling interests	54,226	104,944	13,774	17,918	239,516	211,252
Dividends paid	-	25.928	-	8.365	129,253	65.715

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Summarized statements of cash flows [(i)]

	Parent Company			
	Radar Propriedades Agrícolas S.A.		Companhia de Gás de São Paulo - "COMGÁS"	
Cash flow from operating activities	**Twelve month ended December 31, 2015**	**Twelve month ended December 31, 2014**	**Twelve month ended December 31, 2015**	**Twelve month ended December 31, 2014**
Cash generated from operations	30,402	68,173	2,216,242	1,596,064
Income taxes paid	(7,549)	(10,219)	(86,693)	(111,970)
Net cash provided by operating activities	**22,853**	**57,954**	**2,129,549**	**1,484,094**
Net cash used in investing activities	**(27,840)**	**(21,181)**	**(512,803)**	**(661,546)**
Net cash used in financing activities	**-**	**(40,000)**	**(622,810)**	**(384,798)**
Increase (decrease) in cash and cash equivalents	**(4,987)**	**(3,227)**	**993,936**	**437,750**
Cash and cash equivalents at beginning of year	5.962	9.189	973,709	535.957
Cash and cash equivalents at end of the year	**975**	**5.962**	**1,967,645**	**973.707**

(i) Information presented for subsidiaries with material of non-controlling interest

d) Information of subsidiaries:

December 31, 2015, the subsidiary COMGÁS has a balance of regulatory receivable account of R$ 116,947 (R$ 242,654 at December 31, 2014) related to differences between the actual cost incurred gas paid by COMGÁS, and the cost of gas included in the rate and charged customers as tariff structure defined by ARSESP. During the year, the net movement of regulatory account was R$ (125,707) and the update by the Selic rate was R$ 26,111.

The Company is awaiting the agency information on the next steps of the tariff review process.

13 Investment in joint ventures

The Company entered into an agreement to jointly deal for 50% stake on the economic control of two companies:

(i) Raízen Combustíveis which owns a network of about 5,682 service stations throughout Brazil, 63 distribution terminals and 59 airports terminals supplying aviation fuels;

(ii)Raízen Energia, which operates in the production and sale of sugar, ethanol and cogeneration services, the latter mainly from sugar cane bagasse. Raízen Energia is responsible for the production of more than, 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.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

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 in these consolidated financial statements.

Changes to investments in jointly controlled entities were as follows:

	Consolidated		
	Raízen Combustíveis S.A.	**Raízen Energia S.A.**	**Total**
Shares issued by investee	3,303,168,484	5,902,595,634	
Shares held by Cosan	1,651,584,242	2,951,297,817	
Cosan ownership interest	50%	50%	
December 31, 2013	**3,326,482**	**5,171,777**	**8,498,259**
Equity in earnings (losses) of jointly controlled entities	503,176	85,252	588,428
Equity method adjustments	(210)	(44,322)	(44,532)
Dividends	(610,982)	(26,912)	(637,894)
Other equity effects	-	241	241
December 31, 2014	**3,218,466**	**5,186,036**	**8,404,502**
Equity in earnings (losses) of jointly controlled entities	618,399	157,167	775,566
Equity method adjustments	(6,909)	(218,518)	(225,427)
Dividends	(423,824)	-	(423,824)
Other	(201,299)	-	(201,299)
December 31, 2015	**3,204,833**	**5,124,685**	**8,329,518**

The statement of financial position and statement of profit or loss of the joint ventures are disclosed in Note 5, Segment Information.

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, 2015.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

14 Investment property and assets held for sale

The balance of Investment property and Assets held for sale are as follow:

	Investment property	**Assets held for sale**	**Total**
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)
December 31, 2014	**2,641,978**	**25,089**	**2,667,067**
Change in fair value	53,507	(2,434)	51,073
Transfers (i)	(97,985)	106,964	8,979
Additions	3,535	-	3,535
Disposals	(6,000)	(17,981)	(23,981)
December 31, 2015	**2,595,035**	**111,638**	**2,706,673**

(i) The amount of R$ 8,979, refers to the transfer of fixed assets for property investment.

Investment properties include agricultural land located in the Southeast, Midwest and Northeast regions of Brazil, which are leased to third parties and jointly controlled entities. The leases agreement have an average term of 18 years for the cultivation of sugarcane and 10 years for grain, the annual value of the leases indexed variations in commodity prices.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

15 Property, plant and equipment

	Consolidated						Parent Company
	Land, buildings and improvements	**Machinery, equipment and facilities**	**Railcars and locomotives**	**Construction in progress**	**Other**	**Total**	**Total**
Cost							
December 31, 2013	**447,240**	**359,262**	**436,064**	**284,262**	**35,100**	**1,561,928**	**32,591**
Additions	114	4,888	-	293,376	-	**298,378**	4,377
Disposals	(11)	(2,077)	-	5	(1,008)	**(3,091)**	-
Transfers (i)	55,612	115,258	5,380	(294,221)	4,261	**(113,710)**	(3,590)
Partial Spin-off	(331,826)	(401,309)	(441,444)	(126,914)	(6,113)	**(1,307,606)**	-
December 31, 2014	**171,129**	**76,022**	**-**	**156,508**	**32,240**	**435,899**	**33,378**
Depreciation							
December 31, 2013	**(80,419)**	**(153,996)**	**(41,584)**	**-**	**(14,019)**	**(290,018)**	**(4,468)**
Additions	(13,240)	(28,606)	(10,259)	-	(4,593)	**(56,698)**	(2,246)
Disposals	10	991	-	-	926	**1,927**	-
Transfers (i)	4	(4)	-	-	-	**-**	-
Partial Spin-off	58,236	146,790	51,843	-	3,456	**260,325**	-
December 31, 2014	**(35,409)**	**(34,825)**	**-**	**-**	**(14,230)**	**(84,464)**	**(6,714)**
December 31, 2013	**366,821**	**205,266**	**394,480**	**284,262**	**21,081**	**1,271,910**	**28,123**
December 31, 2014	**135,720**	**41,197**	**-**	**156,508**	**18,010**	**351,435**	**26,664**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

	Consolidated					Parent Company
	Land, buildings and improvements	**Machinery, equipment and facilities**	**Construction in progress**	**Other**	**Total**	**Total**
Cost						
December 31, 2014	**171,129**	**76,022**	**156,508**	**32,240**	**435,899**	**33,378**
Additions	-	596	78,926	134	**79,656**	3,955
Additions business combination	7,298	22,034	3,161	907	**33,400**	-
Disposals	(2,063)	(292)	-	(414)	**(2,769)**	(8)
Transfers (i)	56,251	64,595	(179,846)	21,312	**(37,688)**	(1,661)
December 31, 2015	**232,615**	**162,955**	**58,749**	**54,179**	**508,498**	**35,664**
Depreciation						
December 31, 2014	**(35,409)**	**(34,825)**	**-**	**(14,230)**	**(84,464)**	**(6,714)**
Additions	(5,256)	(8,042)	-	(5,134)	**(18,432)**	(2,300)
Disposals	1,632	268	-	206	**2,106**	2
Transfers (i)	7,628	(205)	-	(13,331)	**(5,908)**	-
December 31, 2015	**(31,405)**	**(42,804)**	**-**	**(32,489)**	**(106,698)**	**(9,012)**
December 31, 2014	**135,720**	**41,197**	**156,508**	**18,010**	**351,435**	**26,664**
December 31, 2015	**201,210**	**120,151**	**58,749**	**21,690**	**401,800**	**26,652**

(i) Transfers to intangible assets caused by the completion of those assets.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

16 Intangible assets

	Consolidated							Parent Company
	Goodwill	**Concessionntangible asset - COMGÁS**	**Improvements in public concessions and operation licenses**	**Trademarks**	**Related customer relationships**	**Other**	**Total**	**Total**
Cost								
December 31, 2013	**703,956**	**8,307,282**	**751,555**	**252,474**	**719,186**	**200,825**	**10,935,278**	**5,923**
Additions	-	502,942	-	-	149,236	22,554	**674,732**	-
Disposals	-	(19,539)	-	-	(6,773)	11	**(26,301)**	-
Transfers	-	(675)	109,740	-	675	3,970	**113,710**	3,590
Partial Spin-off	(100,451)	-	(866,709)	-	-	(4,066)	**(971,226)**	-
December 31, 2014	**603,505**	**8,790,010**	**(5,414)**	**252,474**	**862,324**	**223,294**	**10,726,193**	**9,513**
Amortization:								
December 31, 2013	**-**	**(306,437)**	**(102,119)**	**(114,132)**	**(273,120)**	**(61,430)**	**(857,238)**	**(2,018)**
Additions	-	(343,956)	(28,965)	(22,830)	(155,582)	(45,406)	**(596,739)**	(1,153)
Disposals	-	13,663	-	-	3,420	-	**17,083**	-
Partial Spin-off	-	-	136,498	-	-	323	**136,821**	-
December 31, 2014	**-**	**(636,730)**	**5,414**	**(136,962)**	**(425,282)**	**(106,513)**	**(1,300,073)**	**(3,171)**
December 31, 2013	**703,956**	**8,000,845**		**138,342**	**446,066**	**139,395**	**10,078,040**	**3,905**
December 31, 2014	**603,505**	**8,153,280**		**115,512**	**437,042**	**116,781**	**9,426,120**	**6,342**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

	Consolidated							Parent Company
	Goodwill	**Concessionntangible asset - COMGÁS**	**Improvements in public concessions and operation licenses**	**Trademarks**	**Related customer relationships**	**Other**	**Total**	**Total**
Cost								
December 31, 2014	**603,505**	**8,790,010**	**(5,414)**	**252,474**	**862,324**	**223,294**	**10,726,193**	**9,513**
Additions	-	424,279	-	-	83,178	27,781	**535,238**	-
Additions business combination (ii)	9,335	-	-	-	-	-	**9,335**	-
Disposals	-	(52,545)	-	-	(7,728)	-	**(60,273)**	-
Transfers (i)	-	(2,632)	5,414	-	2,696	34,540	**40,018**	1,659
December 31, 2015	**612,840**	**9,159,112**	**-**	**252,474**	**940,470**	**285,615**	**11,250,511**	**11,172**
Amortization:								
December 31, 2014	**-**	**(636,730)**	**5,414**	**(136,962)**	**(425,282)**	**(106,513)**	**(1,300,073)**	**(3,171)**
Additions	-	(327,098)	-	(22,827)	(155,346)	(39,810)	**(545,081)**	(1,735)
Disposals	-	42,095	-	-	5,217	-	**47,312**	-
Transfers (i)	-	-	(5,414)	-	-	14	**(5,400)**	1
December 31, 2015	**-**	**(921,733)**	**-**	**(159,789)**	**(575,411)**	**(146,309)**	**(1,803,242)**	**(4,905)**
December 31, 2014	**603,505**	**8,153,280**	**-**	**115,512**	**437,042**	**116,781**	**9,426,120**	**6,342**
December 31, 2015	**612,840**	**8,237,379**	**-**	**92,685**	**365,059**	**139,306**	**9,447,269**	**6,267**

(i) Refer to intangible transfers due to the capitalization of these assets.

(ii) December 1^{St,} 2015, Cosan, through its subsidiary Cosan Lubrificantes e Especialidades ("CLE"), acquired 100% of the common shares of Ilha terminal for R$ 66,672, generating a preliminary addition the "goodwill" of the segment lubricants R$ 9,335. The transferred, net of cash received, totaled R$ 66,659.

Capitalization of borrowing costs

Capitalized borrowing costs for period ended on December 31, 2015, amounted to R$ 20,098 (R$ 20,891 for period ended on December 31, 2014), relating to interest on loans obtained for the construction of these assets. The weighted average interest rate used to capitalize borrowing costs on the balance of construction in progress, was 11.47% p.a. for the period ended on December 31, 2015 (10.93% p.a. on December 31, 2014).

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Intangible assets (excluding goodwill)	**Annual rate of amortization**	**December 31, 2015**	**December 31, 2014**
Concession intangible asset - COMGÁS (a)	during the concession term	8,237,378	8,153,280
Trademarks			
Mobil	10.00%	68,481	91,308
Comma	-	24,204	24,204
		92,685	**115,512**
Relationship with customers:			
Comgás	20.00%	313,693	375,118
Lubricants	6.00%	51,366	61,924
		365,059	**437,042**
Other			
Licence of software	20.00%	112,570	81,408
Other		26,736	35,373
		139,306	**116,781**
Total		**8,834,429**	**8,822,615**

(a) Refers to the concession intangible asset for the public gas distribution service, which represents the right to charge users for the supply of gas and it is comprised of: (i) the concession rights recognized in the business combination and (ii) concession assets as disclosed;

Impairment testing for cash-generating units containing goodwill

The Company tests annually the recoverable amounts of goodwill arising from business combination transactions. 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.

The combined carrying amounts of goodwill allocated to cash generating units are as follows:

	Consolidated	
	December 31, 2015	**December 31, 2014**
Cash-generating unit – Lubricants	612,797	603,462
Cash-generating unit Cosan - other business	43	43
Total goodiwill	**612,840**	**603,505**

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. Discounted cash flows are estimated for a period of 5 to 10 years and perpetuity assuming a real growth rate. Management considers appropriate to estimate cash flows for a period longer than 5 years as this reflects the estimated period for use of the asset groups and businesses involved.

The main assumptions used mainly consider the expected growth in operations based on Gross Domestic Product (GDP) segmented and other macroeconomic aspects, as well as expectations of commodity sales price, using discount rates that reflect specific risks related to the business.

Future cash flows are discounted using discount rates 12.9% (weighted average cost of capital) that reflect specific risks relating to the significant assets in each cash-generating unit. A change of 0.5 percentage point in the discount rate has an impact of about 10% on the estimated segments. The dollar has no significant impact on the projections and therefore the fluctuation of the exchange would have no significant effect on the estimated segments.

The impairment test performed as of December 31, 2015 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.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

17 Loans, borrowings and debentures

	Interest		Parent Company		Consolidated		
Description	**Index[(i)]**	**Annual interest[(ii)]**	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**	**Maturity**
Loan and borrowings							
BNDES	TJ462	9.89%	-	-	809,660	834,565	Oct-2020
	Selic	16.20%	-	-	298,258	274,000	Oct-2020
	TJLP	9.82%	-	-	176,900	288,209	Oct-2018
EIB	US$ + LIBOR	2.16%	-	-	869,014	691,463	Sep-2021
FINAME	Fixed	5.50%	-	-	164	224	Feb-2025
FINEP	Fixed	5.00%	-	-	137,133	165,032	Nov-2020
Foreign loans	LIBOR Sterling	3.95%	-	-	312,940	224,047	Dec-2019
Perpetual Notes	US$	8.25%	-	-	1,976,673	1,344,760	-
Resolution 4131	US$	3.11%	-	-	161,796	29,338	Oct-2020
	US$ + LIBOR	2.40%	-	-	471,045	466,494	Mar-2018
	US$ + LIBOR	1.76%	406,348	266,006	406,348	266,006	Nov-2016
Senior Notes Due 2018	Fixed	9.50%	-	-	875,376	874,494	Mar-2018
Senior Notes Due 2023	US$	5.00%	-	-	2,009,296	1,352,796	Mar-2023
Working capital	CDI + 0.28% p.m.	18.03%	-	-	25,004	-	Dec-2016
	121.10% of CDI	17.37%	-	-	10,143	-	Nov-2016
Secured account	118% of CDI	16.89%	-	-	17,763	-	Apr-2016
Other	-	-	-	-	-	7,559	-
			406,348	**266,006**	**8,557,513**	**6,818,987**	
Non-convertible debentures			-	-	1,198,190	578,615	
Total			**406,348**	**266,006**	**9,755,703**	**7,397,602**	
Current			**406,348**	**266,006**	**1,230,518**	**856,334**	
Non-current			**-**	**-**	**8,525,185**	**6,541,268**	

(i) TJLP and URTJLP are long-term interest rates set on loans by the BNDES, the Brazilian National Economic and Social Development Bank. Selic is the benchmark interest rate set by the Central Bank of Brazil. CDI is a benchmark interbank lending rate in Brazil. IPCA is a benchmark consumer price index; and

(ii) December 31, 2015.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

The carrying amounts and fair value of loans and borrowings:

	December 31, 2015	**December 31, 2014**
13 to 24 months	628,853	463,376
25 to 36 months	2,181,646	706,300
37 to 48 months	670,499	1,735,088
49 to 60 months	727,953	543,686
61 to 72 months	184,070	371,420
73 to 84 months	120,819	41,371
85 to 96 months	2,010,345	-
Up to 97 months	2,001,000	2,680,027
	8,525,185	**6,541,268**

BNDES

Matches the funds raised by its subsidiaries to finance the expansion projects of the gas distribution network secured by bank guarantees.

Loan EIB

Refers to loans in US dollars and have remuneration linked to fluctuations in the LIBOR rate and fixed rate, maturing in the year 2021 and are secured by bank guarantees. The funds raised were used to expand and support the network distribution of natural gas. These loans are secured as the exchange rate and interest through derivative financial instruments exchange the original interest for 89% of CDI.

FINEP

In November 2012, a bank debt was acquired for R$ 89,694, maturing in January 2021. These loans are secured by bank guarantees. The funds will be used in the development plan, production and marketing of new industrial technologies for the processing of biomass derived from sugarcane or other sources.

Foreign currency loans

On December 22, 2014, it was renegotiated debt Cosan Lubes Investments Limited, adding a grace period of the main two and a half years, expiring in December 2019. The original loan was captured on June 29, 2012, in the amount from £54 million to acquire control of Comma Oil and Chemicals Limited in July 2012.

Perpetual bonus

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. The debt exchange risk is mitigated through NDFs.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Resolution 4.131

It refers to funds raised abroad with several financial institutions, maturing by 2020, aiming to finance the Company's cash flow and controlled. To mitigate the risk of exchange and interest rate derivative instruments were contracted whose interest rate was changed to 84.3% of the CDI.

Company agreements have financial covenants, with amounts of net debt by EBITDA between 3.75 and 4 times, as well as short-term debt ratio by total debt from 0.55 to 0.60.

Senior Notes due 2018

In March 2013, it was issued Senior Notes in the international market, according to the "Regulation S" and "144A" in the amount of R$ 850,000, which are subject to interest of 9.5% p.a., payable semiannually in September and March each year.

Senior Notes due 2023

On March 14, 2013, it was issued Senior Notes in the international market in accordance with the "Regulation S" and "144A" in the amount of US $ 500 million, which are subject to interest of 5% p. a., payable semiannually in March and September of each year. During the term of the permit, the Company must maintain the net debt divided by EBTIDA.

Debentures

				Interest			
Description	**Issue**	**Series**	**Quantity**	**Indexer**	**Annual interest**	**December 31, 2015**	**December 31, 2014**
Non-convertible debentures							
9/15/2013	3rd	1st	128,197	CDI	0.90%	133,624	132,686
9/15/2013	3rd	2nd	269,338	IPCA	5.10%	320,419	295,557
9/15/2013	3rd	3rd	142,465	IPCA	5.60%	166,300	156,517
Transaction cost	3rd					(4,750)	(6,145)
12/15/2015	4th	1st	269,620	IPCA	7.14%	270,642	-
12/15/2015	4th	2nd	242,374	IPCA	7.48%	243,308	-
12/15/2015	4th	3rd	79,900	IPCA	7.36%	80,207	-
Transaction cost	4th					(11,560)	-
December 31, 2015						**1,198,190**	**578,615**

<u>3rd issue</u>

On September 15, 2013, the subsidiary COMGÁS completed the capture of 3rd issue of non-convertible debentures in three series, indivisible with total nominal value of R$ 540,000. The final maturity is September 2020. In this issue the original interest was exchanged for 93% of CDI through derivative financial instruments.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

4th issue

On December 15, 2015, COMGÁS completed the funding of its 4th issue of non-convertible debentures in three series, indivisible with total nominal value of R$ 591,894. The final maturity date is December 2025.

Covenants:

The debentures are subject to certain restrictive covenants and include clauses that require the Company to maintain certain financial ratios within pre-established parameters. The main indexes are the net debt to EBITDA, as well as short-term debt ratio by total debt to 0.60.

Changes in loans, financing and debentures:

	Parent Company	Consolidated
December 31, 2014	266,006	7,397,602
Acquisition	376,880	1,727,308
Payment	(382,434)	(2,030,301)
Monetary and exchange variations	145,896	2,661,094
December 31, 2015	**406,348**	**9,755,703**

The carrying amounts of loans and financing of the Company are denominated in these currencies:

	December 31, 2015	December 31, 2014
US Dollar (USD)[(i)]	5,894,172	4,150,857
Brazilian Real (R$)	3,548,591	3,022,698
Pound Sterlind (GBP)	312,940	224,047
	9,755,703	**7,397,602**

(i) At December 31, 2015, all debts denominated in US dollars have currency risk protection through derivatives. See details in note 31.

Covenants

For the year ended December 31, 2015, the Company, its subsidiaries and its joint ventures were in compliance with all terms of contracts.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

18 Commitments

(a) Commitments for the acquisition of assets and regulatory targets

In view of the postponement of the conclusion of the Review Five Year Tariff in 2014 as a result of the publication of Resolutions ARSESP 493 and 494, both of May 27, 2014, which provide, respectively, on the "Tariff Revision Process of Gas distribution companies in the State Sao Paulo, defining events schedule "and on the" provisional adjustment of the sales margins of Gas Company of São Paulo - COMGÁS "there Regulatory commitment set on December 31, 2015 and 2014.

(b) Gas purchase

The subsidiary COMGÁS has contracts to purchase take-or-pay, effective until December 2019, with gas suppliers that set minimum daily purchases of gas volumes. Was the Company to consume a volume of gas under its contractual obligation, the company would have to pay the deficit between consumption and the minimum required contractual volumes, however, could offset this credit (through consumption) during the remainder of contract agreement. Amounts paid and not consumed by COMGÁS were recognized as "Carriage Paid and not used" in the statement of financial position (2015 R$ 204,725; 2014 R$ 163,686).

(c) Asset (liability) regulatory - supplementary information

	December 31, 2015	**December 31, 2014**
Cost of gas to be recovered	114,076	243,713
Credits of taxes to be repassed	(3,910)	(1,120)
Adjustment to present value of taxes	192	61
Other	6,589	-
	116,947	**242,654**
Opening balance	242,654	347,729
Closing balance	116,947	242,654
	-	-
Expense not recognized in the statement of income before income tax and social contribution	**(125,707)**	**(105,075)**
Liabilities regulatory	(145,545)	(124,495)
Adjustment	26,111	26,359
Other	(6,273)	(6,939)
	(125,707)	**(105,075)**

The tariffs for the gas supply to the different customer segments are authorized by the regulator. According to the terms of the Concession Agreement, the difference between the cost of gas component included in the rates charged to customers and the actual cost incurred gas are calculated on a monthly basis and debited or credited to a regulatory account (current account regulatory).

Periodically, charges or credits in tariffs are determined by the regulator in order to pay off the accumulated amount in this account.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

The balance of this account is considered as an asset or liability in accordance with the regulatory chart of accounts. However, this account is excluded from the financial statements prepared in accordance with accounting practices adopted in Brazil, since its balance is not recorded as an asset or a liability, because their realization or settlement depends on future consumption by different consumers of the Company. Therefore, the balances presented above are not recognized in the financial statements presented here.

(d) Lease commitments

The Company, through its subsidiary COMGÁS has 12 lease contracts for rental of properties. Rental expense amounted to R$ 4,480 at December 31, 2015 (R$ 4,639 for the period of twelve months ended on December 31, 2014).

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:

	December 31, 2015	December 31, 2014
Gross lease obligations - minimum lease payments		
No later than 1 year	3,543	4,080
Later than 1 year and no later than 5 years	2,837	6,233
	6,380	**10,313**

(e) Purchase of plastic packaging

CLE has take-or-pay purchase contracts, effective through December 2017, with plastic packaging suppliers for lubricants oil which establish minimum revenue based on the combination of prices and volumes guaranteed to have minimum volume sales to ensure the recovery of the costs of industrial operation. There were no amounts paid and not consumed by the Company in recent years.

19 Trade payables

	Parent company		Consolidated	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Natural gas suppliers	-	-	1,489,552	1,043,998
Judicial deposits on gas supply	-	-	(294,976)	(294,976)
Material and services suppliers	1,151	2,528	350,246	222,148
	1,151	**2,528**	**1,544,822**	**971,170**

(i) The contracts for the supply of natural gas have their composite price built in two parts: a part that is indexed according to a basket of fuel oil in the international market and readjusted quarterly; and another part that is readjusted annually based on the domestic and/or American inflation. The cost of gas is practiced in R$/m³, and the Bolivian gas is calculated at US$/MMBTU, with correction by the monthly exchange rate variation.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

On February 25, 2014, COMGÁS obtained a preliminary injunction against Petrobrás, which assured the Company the right to provide a deposit of the controversial monthly value due to Petrobrás, corresponding to the difference in prices between (i) the price in the TCQ Contract for the Supply of Gas signed between COMGÁS and Petrobrás and (ii) the price under the Firm Contract signed between Petrobrás and Gás Brasiliano Distribuidora S.A., whereas the obligation of equality assumed before the Petrobrás Group with the State Regulatory Agency - ARSESP. Initially, the security was provided by bank deposits which, subsequently, after the preliminary injunction was granted by the STJ in November 6, 2014, were replaced by a letter of guarantee issued by a first-tier financial institution.

Therefore, the controversial values calculated based on the supply of gas from January to September 2014 were assured in a court decision upon a judicial deposit and the controversial values calculated found as of the supply of gas from October 2014 to September 2015 began to be secured by a bank guarantees. On December 31, 2015, the guaranteed value in the judicial deposit is R$ 294,976 and the guaranteed value through surety is of R$ 577,420.

20 Other payable taxes

	Parent Company		**Consolidated**	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Tax amnesty and refinancing program - Refis (i)	30,789	191,396	30,789	523,802
COFINS - Revenue tax	11,905	8,298	20,815	16,784
PIS - Revenue tax	2,510	1,802	4,432	2,121
INSS - Social security	539	667	782	1,052
Other	506	597	17,215	24,490
ICMS – State VAT	4	-	71,438	66,752
	46,255	**202,760**	**145,471**	**635,000**
Current	**21,025**	**200,600**	**120,241**	**300,435**
Non-Current	**25,230**	**2,160**	**25,230**	**334,565**

i) The Company has elected to repay a significant portion of the debts under Law 11,941 / 2009, through the use of a court order to balance the amount of R$ 120,211, and obtaining fine amnesty and interest of R$ 36,377 recognized as a gain in the settlement of REFIS, presented in "Other expenses, net" (note 29).

The amount of R$ 350,301 related to the federal tax installment program Exxon Mobil liability was offset this year with their respective balance refund, as described in note 10.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

The amounts maturing in the long term have the following scheduled maturities:

	Parent company		**Consolidated**	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
13 to 24 months	3,311	1,124	3,311	1,124
25 to 36 months	3,311	688	3,311	688
37 to 48 months	3,311	39	3,311	39
49 to 60 months	3,311	39	3,311	39
61 to 72 months	3,311	39	3,311	39
73 to 84 months	3,311	39	3,311	39
85 to 96 months	3,311	39	3,311	39
Over than 97 months	2,053	153	2,053	332,558
	25,230	**2,160**	**25,230**	**334,565**

21 Income tax and social contribution

a) Reconciliation of income and social contribution tax expenses

	Parent company		**Consolidated**	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Profit before taxes	409,406	26,413	901,321	536,083
Income tax and social contribution at nominal rate (34%)	(139,198)	(8,980)	(306,449)	(182,268)
Adjustments to determine the effective rate				
Equity method investments (non-taxable income)	362,967	277,880	262,608	201,269
Non-deductible expenses (donations, gifts, etc.)	(857)	(1,372)	(22,529)	(19,013)
Stock options	(3,835)	(4,337)	(3,835)	(4,337)
Interest capital - benefit	(37,544)	(29,448)	(10,375)	(13,380)
Out of period carryforward tax losses (reversals)	-	-	1,586	(502)
Differences in tax rates on earnings / losses of overseas companies	(33,588)	3,200	11,321	5,421
under Brazilian presumed profits tax regime	-	-	24,111	51,398
Judicial demand related to income tax	-	-	-	13,839
Reversal of tax loss carryforwards - Partial Spin-off	-	(35,469)	-	(35,469)
Compensation action	114,844	-	114,844	-
Other	(5,611)	(5,305)	(4,340)	(2,444)
Income tax and social contribution expense (current and deferred)	**257,178**	**196,169**	**66,942**	**14,514**
Effective rate	**-62.82%**	**-742.70%**	**-7.43%**	**-2.71%**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

b) Deferred income tax on assets and liabilities

Description	Parent Company				
	December 31, 2015				December 31, 2014
	Base	**IRPJ**	**CSLL**	**Total**	
Tax loss carryforwards:					
Income tax loss carryforwards	481,564	120,391	-	120,391	136,247
Social contribution tax loss carryforwards	492,987	-	44,369	44,369	50,077
Temporary differences:	-	-	-	-	
Foreign currency gains/losses	2,279,508	569,877	205,156	775,033	269,164
Tax deductible goodwill	(64,185)	(16,046)	(5,777)	(21,823)	(21,823)
Provision for judicial demands	177,317	44,329	15,959	60,288	67,291
Allowance for doubtful accounts	20,902	5,226	1,881	7,107	7,982
Profit sharing	13,564	3,391	1,221	4,612	5,255
Derivatives instrumets unrealized gains	(1,216,723)	(304,181)	(109,505)	(413,686)	(123,390)
Unrealized gain on sale of investments	-	-	-	-	(18,772)
Other temporary differences	18,993	4,748	1,709	6,457	1,227
Gain on formation of Joint Venture	(3,338,342)	(834,586)	(300,451)	(1,135,037)	(1,135,037)
Other	254,411	63,603	22,897	86,500	(42,532)
Total net liability		**(343,248)**	**(122,541)**	**(465,789)**	**(804,311)**

	Consolidated				
	December 31, 2015				December 31, 2014
	Base	**IRPJ**	**CSLL**	**Total**	
Tax loss carryforwards:					
Income tax loss carryforwards	1,244,558	311,140	-	311,140	318,595
Social contribution tax loss carryforwards	1,263,199	-	113,688	113,688	116,372
Temporary differences:	-	-	-	-	-
Foreign currency gains/losses	2,621,381	655,345	235,925	891,270	303,488
Tax deductible goodwill	297,922	74,480	26,813	101,293	289,705
Provision for judicial demands	482,874	120,718	43,459	164,177	179,166
Allowance for doubtful accounts	177,143	44,286	15,943	60,229	45,784
Profit sharing	19,970	4,993	1,797	6,790	7,898
Derivatives instrumets unrealized gains	(1,282,193)	(320,549)	(115,397)	(435,946)	(126,352)
Unrealized gain on sale of investments	-	-	-	-	(18,772)
Other temporary differences	296,088	74,022	26,648	100,670	26,073
Review of useful life	(294,567)	(73,642)	(26,511)	(100,153)	-
Gain on formation of Joint Venture	(3,338,342)	(834,586)	(300,451)	(1,135,037)	(1,135,036)
Unrealized gains on investment properties	(2,015,231)	(40,305)	(21,764)	(62,069)	(74,801)
Assets held for sale	(40,766)	(815)	(440)	(1,255)	(773)
Concession contract	(36,918)	(9,229)	(3,323)	(12,552)	15,057
Regulatory asset	225,778	56,444	20,320	76,764	82,503
Regulatory asset	305,353	76,338	27,482	103,820	87,595
Business combination - Property and equipment	(3,629,688)	(907,422)	(326,672)	(1,234,094)	(1,305,599)
Business combination – Other fair value adjustments	(195,306)	(48,826)	(17,578)	(66,404)	(33,951)
Other	112,774	28,193	10,149	38,342	(106,340)
Total net liability		**(789,415)**	**(289,912)**	**(1,079,327)**	**(1,329,388)**
Deferred income tax – Assets				335,808	213,288
Deferred income tax – Liabilities				(1,415,135)	(1,542,676)
Total net deferred taxes				**(1,079,327)**	**(1,329,388)**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

c) Tax realization on Deferred income and social contribution

In assessing the recoverability of deferred tax assets, management estimates future taxable income and the timing of reversal of the temporary differences. When it is more likely than not that a part or all of the deferred tax assets are not recoverable a provision allowance is recorded. For the year ended December 31, 2015, no provision was recognized. Under Brazilian tax law, tax loss carry forwards do not expire, however, their use is limited to 30% of annual taxable income.

At December 31, 2015, the Company expects to realize deferred taxes on loss carry forwards on income tax and social contribution as follows:

	Consolidated
	December 31, 2015
Later than 1 year and no later than 5 years	9,812
Later than 5 years	415,016
Total	**424,828**

d) Changes in deferred income taxes (net)

	Parent company	**Consolidated**
December 31, 2014	(804,311)	(1,329,388)
Deferred tax record in profit or loss	307,288	217,169
Others comprehensive income	31,235	36,556
Business combination	-	(3,792)
Other	-	128
December 31, 2015	**(465,788)**	**(1,079,327)**

22 Provision for judicial demands

	Provision for judicial demands			
	Parent company		**Consolidated**	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Tax	73,320	72,614	376,532	341,213
Civil and enviromental	57,542	48,081	161,740	139,256
Labor	135,678	132,677	165,075	163,932
	266,540	**253,372**	**703,347**	**644,401**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Judicial deposits on December 31, 2015 and December 31, 2014 are as follows:

	Judicial deposit			
	Parent company		**Consolidated**	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Tax	212,119	199,927	353,961	314,320
Civil and enviromental	13,797	12,766	19,465	28,124
Labor	26,597	23,546	39,641	46,270
	252,513	**236,239**	**413,067**	**388,714**

Changes in provision for judicial demands:

	Parent company			
	Tax	**Civil and enviromental**	**Labor**	**Total**
December 31, 2014	**72,614**	**48,081**	**132,677**	**253,372**
Provisions	2,892	10,696	28,980	42,568
Settlement / Write-offs	(2,374)	(9,083)	(32,399)	(43,856)
Monetary variation	188	7,848	6,420	14,456
December 31, 2015	**73,320**	**57,542**	**135,678**	**266,540**

	Consolidated			
	Tax	**Civil and enviromental**	**Labor**	**Total**
December 31, 2014	**341,213**	**139,256**	**163,932**	**644,401**
Provisions	14,259	20,076	39,257	73,592
Settlement / Write-offs	(6,439)	(14,155)	(40,812)	(61,406)
Monetary variation	27,499	16,563	2,698	46,760
December 31, 2015	**376,532**	**161,740**	**165,075**	**703,347**

a) Tax

The main tax lawsuits at December 31, 2015 and December 31, 2014, are as follows:

	Parent company		**Consolidated**	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Compensation with FINSOCIAL (i)	-	-	255,022	241,739
INSS (ii)	48,884	44,332	57,916	46,660
ICMS credits(iii)	18,777	22,931	29,248	24,231
PIS and COFINS	-	873	-	4,704
IPI	1,105	1,027	1,105	1,027
IRPJ and CSLL	329	329	329	329
Other	4,224	3,122	32,911	22,523
	73,319	**72,614**	**376,531**	**341,213**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

i) During the period from October 2003 to November 2006 the subsidiary Cosan Lubrificantes e Especialidades 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 for these processes.

ii) It mainly includes amounts related to social security contributions levied on income, pursuant to art. 22a of Law 8.212/91, whose constitutionality is being challenged in court. 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 Nº 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 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 and Álcool.

b) *Civil and labor*

The Company and its subsidiaries are parties to civil proceedings relating to (i) compensation for material and moral damage, (ii) public civil actions for abstaining from straw burning sugarcane and (iii) execution of an environmental nature.

The Company and its subsidiaries are parties to labor claims filed by former employees and employees of service providers who question, among others, payment of overtime, night and dangerous, job reinstatement, compensation for accidents at work and back discounts made in payroll, such as confederal contributions, union dues and other.

Contingencies - Lawsuits considered as possible losses therefore not provided

a) *Tax*

The main tax lawsuits whose probability of losses are possible and therefore no provision has been recognized in the financial statements are highlighted below:

	Parent company		**Consolidated**	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
ICMS- state VAT (i)	1,348,914	1,252,291	1,678,491	1,572,934
Federal income taxes (iii)	323,929	296,356	820,972	750,500
PIS and COFINS - revenue taxes(vi)	708,141	609,154	733,799	680,065
IRRF - Whithholding tax(ii)	2,551	1,161	729,070	656,087
INSS - social security(iv)	541,700	500,126	577,686	529,763
IPI - Excise tax (v)	423,246	385,306	484,606	441,707
Compensation with IPI - IN 67/98 (vii)	123,522	118,865	123,522	118,865
Other	524,031	471,326	768,728	632,090
	3,996,034	**3,634,585**	**5,916,874**	**5,382,011**

i) 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 partnership and manufacturing upon demand, with Central Paulista Açúcar e Álcool Ltda., between May to December 2006 and May to December 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 taxation and (iii) Penalties related to the withholding of ICMS taxes on the sale of ethanol to customers residing in other states, (iv) ICMS withholdings 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 in the sale of diesel fuel to customers engaged in the agroindustrial 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 compensated and (e) ICMS payments on inventory differences arising from erroneous calculations by the State Tax Administration; e (f) requirement of ICMS due to disallowance of credits originating goods of takeovers that after the operations, had their registrations revoked. It turns out that the state tax authorities, despite the company's good faith proven, dismissed the existing evidence and declared retroactively, the unsuitability of the corresponding invoices, contrary to the Supreme Court Precedent 509.

ii) IRRF: In June 2013, the Company received an assessment notice issued for the payment of income tax withheld at source (in Portuguese "IRRF") in the amount of R$ 833,851. It was allocated to the Company's liability for the IRRF, as the tax payer, due to a result of an alleged capital gain arising from the acquisition of assets of companies located abroad. Company is challenging this tax assessment at the administrative level and, together with its legal advisors classified the chances of loss as possible the amount of R$ 617,995. But the amount of R$ 216,855 on the part of the fine, is classified as remote

iii) 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 (mar/14). 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, for an amount 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 opinion of its legal advisors. The Company has quantified any 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.

iv) The possible lawsuits related to INSS essentially involve: (a) The question of the legality and constitutionality of Instruction MPS / SRP No. 03 of 2005, which restricted the constitutional immunity of social security contributions on income from exports exclusively to direct sales, through to tax exports made through trading companies or trading companies; (B) contribution requirement under SENAR (National Rural Education Service) in direct and indirect export operations in the tax authority understands that no constitutional right to immunity; (C) contribution payment requirement security on retail goods in the internal market and for third parties, which are not included in the computation of the pension contribution tax basis, which focuses only on the gross revenue from the actual production of the property and not the goods.

v) The IPI for contingencies are related mainly to the SRF Normative Instruction No. 67/98, by which was co-validated the procedure adopted by industrial establishments which outputs without launching and recovery of IPI, related to transactions with sugar sugarcane demerara type, superior crystal, special glass, extra special crystal and refined granulated, practiced in the period from 6 July 1995 to 16 November 1997 and refined sugar amorphous type, between 14 January 1992 to November 16, 1997.

vi) Lawsuits related to PIS and COFINS classified as possible are related mainly to the disallowance of PIS and COFINS the non-cumulative system provided for in Law 10,637/2002 and 10,833/2003, respectively. These glosses arise, in summary, the restrictive interpretation of the tax authorities concept of "inputs" as well as differences concerning the interpretation of those laws. Such questions are still at the administrative level. There are also questions concerning the unconstitutionality of the expansion of the PIS/COFINS tax base conveyed by Law 9,718/98. Worth noting that the Supreme Court has already pacified this question, judging unconstitutional such exaction.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

vii) Compensation by IPI credit - IN 67/98. SRF Normative Instruction No. 67/98 brought the possibility of the return of IPI amounts paid in the period from January 14, 1992 to November 16, 1997, on the refined sugar amorphous type. Therefore, the Company for the periods that payments had been made, pleaded to offset these amounts against other taxes due. However, requests for restitution and compensation, were rejected by the Federal Revenue Service, giving rise to questions at the administrative level.

b) Civil and labor

	Parent company		**Consolidated**	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Civil	522,973	392,870	1,132,962	1,100,612
Labor	368,506	326,298	398,242	347,615
	891,479	**719,168**	**1,531,204**	**1,448,227**

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”.

According to recent court decisions during the year it was recognized the amount of R$ 290,180 (net lawyer fees) related to another action described in “Other operating income (expense), net”, Note 33.

At December 31, 2015, the asset recorded for the indemnity lawsuit and corresponding provision for legal fees totaled R$ 830,461 and R$ 113,944 (R$ 460,103 and R$ 56,581 as at December 31, 2014), recorded in "other assets" and "other liabilities" respectively. The fair value of the asset is equivalent to the carrying amount.

23 Preferred non-controlling interests payable

Cosan transferred all its common shares issued by Raízen Energia S.A. and Raízen Combustíveis S.A. and debts, net of cash, totaling nearly R$1,979,519, represented by debentures and a working capital facility, to its subsidiary Cosan Investimentos e Participações S.A..

On June 27, 2014, Cosan executed an Investment and Other Terms Agreement with Fundo de Investimentos em Participações Multisetorial Plus II (“FIP Multisetorial Plus II”), and with Razac Fundo de Investimentos em Participações (“FIP Razac”). Therewith, FIP Multisetorial and FIP Razac subscribed non-voting preferred shares issued by Cosan Investimentos e Participações S.A. for the amount of R$2,000,000, retad to financial liabilities (put option) in these financial statements.

The financial liability shall be measured taking into account the "outstanding balance" the value of the initial investment plus the financial update deducted from dividends paid (also updated). The Company has the obligation to make payment to the Investors if the updated value of the contribution is not paid until 2021.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

24 Shareholders´ equity

a. Common stock

The authorized common stock may be increased up to the limit of R$ 6,000,000, regardless of statutory, by resolution of the Board of Directors, who have the power to fix the number of shares to be issued, the issue price and other conditions of subscription and payment of shares within the authorized capital.

Subscribed and fully paid capital as of December 31, 2015 and December 31, 2014 is represented by 407,214,353 common shares, without par value.

On April 30, 2015 was approved by the general meeting minutes, the capital increase of R$ 190,494 without issuing new shares, through the part of the existing balance conversion in the statutory reserve account.

b. Statutory reserve

The Statutory reserve aims to strengthen the working capital to finance the maintenance, expansion and development of the activities that make up the objects of the Company and / or its subsidiaries.

This special reserve shall be composed of up to 75% of net income for each period performed after the other profit reserves and up to the limit of 100% of the common stock.

c. Dividends

Dividends as well as the allocation of net income for the year will be deliberations objects at the next Annual General Meeting to be held until April 30, 2016.

	December 31, 2015
Profit for the year	666,584
Legal reserve – 5%	(33,329)
Calculation basis for dividend distribution	633,255
Minimum mandatory dividends – 25%	(158,314)
Retained Earnings	474,941

Movement dividends payable	
December 31, 2014	12,437
Dividend end of previous year	125,001
Interim dividend current year	158,314
Dividends paid	(272,330)
December 31, 2015	**23,422**

d. Unrealized profit reserver

The Unrealized Profit Reserve was established in the year ended March 31, 2012 when the amount of the mandatory dividend, calculated under art. 202 of Law no. 6.404/76, as amended, exceeds the realized portion of net income, which was obtained by the net income for that year reduced by the (i) net profit of equity and (ii) the profits, income or net gain on operations assets and liabilities at market value, the period of realization will occur in the next financial year.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

e. Share repurchase program

On June 11, 2013, the Board of Directors approved the repurchase of shares of the Company to be held in treasury, canceled or sold. The deadline for completion of the transaction is 365 days and the maximum shares that can be repurchased in the period was 4,600,000 common shares (representing 1.129626% of the total number of shares).

Until the period ended at December 31, 2015 there was no repurchase share.

In December 31, 2015, the Company had 1,357,539 treasury shares, whose market price was R$ 25.20 (R$ 28.85 on December 31, 2015).

f. Other comprehensive income

	December 31, 2014	Comprehensive income			December 31, 2015
		Base	Deferred taxes	Net	
Foreign currency translation differences - equity - accounted investee	(23,593)	(56,785)	-	(56,785)	(80,378)
Gain (loss) on cash flow hedge	(10,686)	(224,875)	(330)	(225,205)	(235,891)
Revaluation of investment property reclassified from property, plant and equipment	190,735	-	-	-	190,735
Defined benefit plan actuarial gain (losses)	23,467	28,895	9,824	(19,071)	4,396
Loss in the initial measurement of derivative financial instrument	-	(91,867)	31,236	(60,631)	(60,631)
Available for sale financial assets from securities	22,572	12,374	(4,207)	8,167	30,739
Total	**202,495**	**(390,048)**	**36,523**	**(353,525)**	**(151,030)**
Attributable to:					
Owner of the Cosan	175,298			(359,989)	(184,691)
Non-controlling interests	27,197			6,464	33,661

	December 31, 2013	Comprehensive income			December 31, 2014
		Base	Deferred taxes	Net	
Foreign currency translation differences - equity - accounted investee	(240)	(23,353)	-	(23,353)	(23,593)
Gain (loss) on cash flow hedge	43,385	(54,071)	-	(54,071)	(10,686)
Revaluation of investment property reclassified from property, plant and equipment	190,735	-	-	-	190,735
Defined benefit plan actuarial gain (losses)	(7,546)	46,989	(15,976)	31,013	23,467
Available for sale financial assets from securities	16,126	9,767	(3,321)	6,446	22,572
Total	**242,460**	**(20,668)**	**(19,297)**	**(39,965)**	**202,495**
Attributable to:					
Owner of the Cosan	221,351			(46,053)	175,298
Non-controlling interests	21,109			6,088	27,197

25 Earning per share

The calculation of basic earnings per share was done by dividing the profit attributable to owners of the parent by the weighted average number of common shares outstanding during the year excluding ordinary shares purchased by the Company and held as treasury shares (note 24).

The calculation of diluted earnings per share was done by dividing the profit attributable to owners of the Company, adjusted to assume conversion of all dilutive potential ordinary shares controlled by the weighted average number of shares outstanding during the year, excluding shares common shares purchased by the Company and held as treasury shares (note 24). The Company's subsidiaries have two categories of dilution effects: stock options and put options. For stock options, a calculation is made to determine the effect of dilution on the profit attributable to owners of the Company due to the exercise of stock options of subsidiaries. For the put option, it is assumed to have been converted into common shares, and the profit attributable to owners of the Company is set.

The following table sets forth the calculation of earnings per share for the years ended December 31, 2015 and 2014 (in thousands, except per share amounts):

	December 31, 2015	December 31, 2014
Profit attributable to ordinary equity holders for basic earnings	666,584	222,581
Profit from discontinued operation equity holders for basic earnings	-	69,442
Profit attributable to ordinary equity holders adjusted for the effect of basic	**666,584**	**292,023**
Effect of dilution:		
Put option	(12,160)	-
Profit attributable to ordinary equity holders adjusted for the effect of dilution	**654,424**	**292,023**
Weighted average number of shares outstanding - basic	**405,856,814**	**405,856,814**
Effect of dilution:		
Stock option	364,204	2,138,375
Put option	10,833,264	-
Weighted average number of shares outstanding - diluted	**417,054,281**	**407,995,189**
Basic earnings per share		
Continued operations	R$1.64	R$0.55
Discontinued operations	-	R$0.17
Diluted earnings per share		
Continued operations	R$1.57	R$0.55
Discontinued operations	-	R$0.17

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

26 Net sales

	Consolidated	
	December 31, 2015	**December 31, 2014**
Gross revenue from sales of products and services	10,123,667	9,702,961
Construction revenue	408,086	481,314
Indirect taxes and deductions	(2,079,852)	(2,037,412)
Net revenue	**8,451,901**	**8,146,863**

27 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, 2015, and December 31, 2014 are as follows:

	Parent company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Raw materials	-	-	(5,861,537)	(4,732,046)
Employee benefit expense	(96,573)	(94,136)	(540,989)	(1,193,814)
Commercial expenses	-	-	(65,096)	(60,906)
Transportation expenses	-	-	(279,393)	(480,517)
Depreciation and amortization [b]	(4,036)	(2,917)	(513,199)	(564,952)
Other expenses	(25,620)	(17,863)	(175,351)	(214,129)
	(126,229)	**(114,916)**	**(7,435,565)**	**(7,246,364)**
Cost of sales	-	-	(5,923,321)	(5,803,359)
Selling	-	-	(919,168)	(881,543)
General and administrative [a]	(126,229)	(114,916)	(593,076)	(561,462)
	(126,229)	**(114,916)**	**(7,435,565)**	**(7,246,364)**

a) Research and development expenses for the year was R$821 (for December 31, 2014 year was R$4,969);

b) Not include R$16,600 presented as a deduction of net revenue (R$16,913 on December 31, 2014);

28 Financial results

	Parent Company		Consolidated	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Cost of gross debt	-	-	-	-
Interest on debt	(20,997)	(73,393)	(599,818)	(657,516)
Monetary and exchange rate variation about debt	(124,978)	(347,649)	(1,511,088)	48,482
Guarantees and warranties about split	-	-	(23,708)	(21,310)
Derivatives	1,240,116	117,762	1,122,351	169,374
	1,094,141	**(303,280)**	**(1,012,263)**	**(460,970)**
Cash investment income	33,282	13,381	240,882	109,806
	33,282	**13,381**	**240,882**	**109,806**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Cost of debt, net	**1,127,423**	**(289,899)**	**(771,381)**	**(351,164)**
Other charges and monetary variations				
Interest on other receivables	54,870	36,300	120,806	82,445
Interest on other liabilities	(321,615)	(155,234)	(468,883)	(136,169)
Banking expenses	(13,587)	(47,120)	(50,123)	(89,240)
Exchange variation except debt	(1,588,536)	(127,548)	41,427	(451,761)
Other	-	(934)	-	-
	(1,868,868)	**(294,536)**	**(356,773)**	**(594,725)**
Financial results, net	**(741,445)**	**(584,435)**	**(1,128,154)**	**(945,889)**
	-	**-**	**-**	**-**
Financial expenses	(589,532)	(471,472)	(1,387,864)	(973,853)
Financial income	226,167	140,533	423,699	184,190
Exchange variation	(1,618,196)	(391,858)	(623,164)	(318,984)
Derivatives	1,240,116	138,362	459,175	162,758
Financial results, net	**(741,445)**	**(584,435)**	**(1,128,154)**	**(945,889)**

29 Other income (expense), net

	Parent company		**Consolidated**	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Gain on compensation claims	345,193	-	345,193	-
Gain on REFIS liability payment	36,377	28,440	36,377	28,440
Recovery taxes program	29,870	23,380	29,870	23,380
Profit on disposal of non-current assets	-	-	(6,136)	(10,835)
Changes in the fair value of investment properties	-	-	51,073	131,697
Provisions for legal proceedings	(51,223)	(73,292)	(59,590)	(83,061)
Costs to operation transactions (i)	(141,988)	(115,489)	(141,988)	(115,489)
Other	(8,700)	45,430	(14,040)	15,373
	209,529	**(91,531)**	**240,759**	**(10,495)**

(i) Relates to costs incurred by the Company with lawyers, consultants, business advisors and other related services for certain internal reorganizations and prospective acquisitions.

30 Discontinued operations

On October 1, 2014 in the Extraordinary General Meeting (EGM) it was considered and approved the partial spin-off and merger of the spun-off portion into Cosan Logística S.A, which corresponds to the Company's logistics operations.

Due to the partial spin-off, all of the shares issued by Cosan Logística S.A, previously held by the Company, were canceled and subsequently 405,856,814 new Cosan Logística S.A's shares were issued to the shareholders of Company in the proportion of 1:1. Shares of Cosan Logistics were admitted to trading on the Novo Mercado da BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros ("BM&FBovespa") on October 6, 2014. Consequently the Company's equity was R$ 975,854, considering the changes set forth in item 4.4 of the Protocol and Justification of Partial Spin-Off of Cosan S.A Indústria e Comércio and the merger of the spun-off portion into Cosan Logística S.A.

The Company was also a party to an agreement with the minority shareholders of Rumo, whose additive had effective as of the incorporation of shares of ALL - América Latina Logística S.A. by Rumo, which provides a right of old shares replacements controlled by number of shares to be issued by the Company and Cosan Logística. Upon completion of the aforementioned transaction, the Company began to recognize a derivative financial instrument in the amount of R$ 147,244 (December 31, 2015) presented in the line "Other accounts payable" in non-current liabilities.

31 Financial instruments

Financial risk management

Overview

The Company is exposed to the following risks related to the use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market 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.

The carrying amount of financial assets and financial liabilities are as follows:

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

	December 31, 2015	December 31, 2014
Assets		
Fair value through profit or loss		
Exclusive funds	2,213,630	434,784
Investment securities	241,430	149,735
Derivate financial instruments	2,292,859	880,366
	4,747,919	**1,464,885**
Loans and receivables		
Cash and cash equivalents	915,900	1,105,408
Trade receivables	799,307	856,723
Receivables from related parties	307,944	263,914
Dividends receivable	11,321	36,130
Other trade receivables	-	440,180
	2,034,472	**2,702,355**
Total	**6,782,391**	**4,167,240**
Liabilities		
Liabilities amortized cost		
Loans, borrowings and debentures	5,353,958	4,144,119
Trade payables	1,544,822	971,170
Payables to related parties	114,559	122,449
Contingent consideration	137,682	186,649
Dividends payable	50,333	20,347
Tax installments - REFIS	30,789	523,802
Preferred shareholders payable in subsidiaries	2,042,878	1,926,888
	9,275,021	**7,895,424**
Fair value through profit or loss		
Loans, borrowings and debentures	4,401,745	3,253,483
Pension and post-employment benefits	344,334	301,764
Derivative financial instruments	740,718	333,435
Other liabilities	147,224	-
	5,634,021	**3,888,682**
	14,909,042	**11,784,106**

During the year there was no reclassification between categories presented above.

Risk management structure

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

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The management, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

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, 2015 and 2014, 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**	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Exchange rate derivatives				
Swap agreements	-	828,442	-	330,097
Forward agreements	2,058,190	178,127	46,200	21,250
Options	-	2,202,425	-	(8,842)
	2,058,190	3,208,994	46,200	342,505
Interest rate and exchange rate risk				
Swap agreements (interest rate)	900,634	221,560	(69,964)	(40,328)
Cross currency interest rate swaps	3,889,822	1,540,529	1,575,905	244,754
	4,790,456	1,762,089	1,505,941	204,426
Total financial instruments hired by Company			**1,552,141**	**546,931**
Assets			**2,292,859**	**880,366**
Liabilities			**(740,718)**	**(333,435)**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Credit risk

	December 31, 2015	**December 31, 2014**
Cash and cash equivalents[(i)]	3,129,530	1,540,192
Trade receivables[(ii)]	799,307	856,723
Derivative financial instruments[(iii)]	2,292,859	880,366
Other trade receivables	-	440,180
Investment securities	241,430	149,735
Dividends receivable	11,321	36,130
	6,474,447	**3,903,326**

(i) The Company held cash and cash equivalents of R$ 3,129,530 at December 31, 2015 (2014: R$ 1,540,192). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA to AAA.

(ii) Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The requirement for an impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Management considers that the credit risk is covered by the allowance for doubtful accounts.

(iii) Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed on an annual basis and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 17. The Company's maximum exposure for financial guarantees and financial derivative instruments are as below.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

The credit risk on cash and cash equivalents, investment securities and derivative financial instruments are determined by rating instruments widely accepted by the market and are arranged as follows:

	December 31, 2015	**December 31, 2014**
AAA	1,116,836	957,175
AA	3,701,377	461,675
A	297,671	-
BBB	542,706	-
	5,658,590	**1,418,850**

Liquidity risk

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

The non-derivative financial liabilities of the Company sorted by due dates (based on undiscounted cash flows contracted) are as follows:

	December 31, 2015					**December 31, 2014**
	Up to 1 year	**1 - 2 years**	**3 - 5 years**	**Over than 5 years**	**Total**	**Total**
Loans, borrowings and debentures	(1,657,486)	(1,218,206)	(6,918,556)	(8,142,124)	(17,936,372)	(10,688,457)
Trade payables	(1,544,822)	-	-	-	(1,544,822)	(971,170)
REFIS	(6,405)	(5,803)	(9,818)	(12,477)	(34,503)	(523,802)
	(3,208,713)	**(1,224,009)**	**(6,928,374)**	**(8,154,601)**	**(19,515,697)**	**(12,183,429)**

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss.

a) Foreign exchange risk

As at December 31, 2015 and 2014, the Company and its subsidiaries had the following net exposure to the exchange rate variations on assets and liabilities denominated in Brazilian Reais:

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

	December 31, 2015	December 31, 2014
Cash and cash equivalents	123,038	74,830
Trade receivables	16,112	20,615
Loans, borrowings and debentures	(5,894,172)	(4,150,856)
Contingent consideration	(65,064)	(47,340)
Derivative financial instruments (notional)	5,959,411	4,064,869
Foreign exchange exposure, net	**139,325**	**(37,882)**

Sensitivity analysis on changes in foreign exchange rates:

The probable scenario was defined based on the U.S. Dollar market rates as at December 31, 2015, 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 U.S. Dollar exchange rates used in the probable scenario.

Based on the financial instruments denominated in U.S. Dollars at December 31, 2015 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$/US$)				
	December 31, 2015				Scenario
		25%	50%	-25%	-50%
At December 31, 2015	3.9048	4.8810	5.8572	2.9286	1.9524

Considering the above scenario the profit or loss would be impacted as follows:

			Variation scenario			
Instrument	**Risk factor**	**Balance**	**25%**	**50%**	**-25%**	**-50%**
Cash and cash equivalents	USD fluctuation	123,038	30,760	61,519	(30,760)	(61,519)
Trade receivables	USD fluctuation	16,112	4,028	8,056	(4,028)	(8,056)
Exchange rate derivatives (notional)	USD fluctuation	2,041,913	520,585	1,041,169	(520,585)	(1,041,169)
Exchange rate and interest derivatives (notional)[(i)]	USD and CDI fluctuation	3,917,499	1,014,516	2,029,032	(1,014,516)	(2,029,032)
Loans, borrowings and debentures	USD fluctuation	(5,894,172)	(1,473,543)	(2,947,086)	1,473,543	2,947,086
Contingent consideration	USD fluctuation	(65,064)	(16,266)	(32,532)	16,266	32,532
Impacts on profit or loss		**139,326**	**80,080**	**160,158**	**(80,080)**	**(160,158)**

(i) For sensitivity analysis, it is only considered exchange rate swaps for Notional.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

b) 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.

Sensitivity analysis on changes in interest rates:

A sensitivity analysis on the interest rates on loans and borrowings in compensation for the CDI investments with pre-tax increases and decreases of 25% and 50% is presented below:

					December 31, 2015
Exposure interest rate[(i)]	**Nominal amount**	**25%**	**50%**	**-25%**	**-50%**
Cash and cash equivalents	419,313	104,828	209,657	(104,828)	(209,657)
Investment securities	33,399	8,350	16,699	(8,350)	(16,699)
Interest rate derivatives	69,964	39,468	63,132	(29,767)	(80,833)
Loans, borrowings and debentures	(859,010)	(214,752)	(429,505)	214,752	429,505
Impacts on profit or loss	**(336,334)**	**(62,106)**	**(140,017)**	**71,807**	**122,316**

(i) The CDI and TJLP indexes considered of 14.14% and 7.00%, respectively, were obtained from information available in the market.

Financial instruments fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The cash and cash equivalents, accounts receivable, trade receivables, trade payables and other current liabilities approximate their carrying amount largely due to the short-term maturity of these instruments.

- The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

- The market value of the Senior Notes Due 2018 and 2023 listed on the Luxembourg Stock Exchange (Note 17) is based on their quoted market price as of December 31, 2015, of 78.71% (88.74% on December 31, 2014) and 83.83% (99.38% at December 31, 2014), respectively, of the face nominal value at December 31, 2015.

- The fair value of Perpetual Notes listed on the Luxembourg Stock Exchange (Note 17) is based on their quoted market price as December 31, 2015 of 79.64% (101% at December 31, 2014) of the face value of obligations at December 31, 2015.

- The fair value of other loans and financing, the respective market values substantially approximate the amounts recorded due to the fact that these financial instruments are subject to variable interest rates (Note 17).

- The fair values of the remaining of assets held for sale are derived from quoted market prices in active markets.

The Company and its subsidiaries enter into derivative financial instruments with various counterparties. Derivatives valued using valuation techniques with observable market data refer mainly to interest rate swaps and foreign exchange forward contracts. The fair value of derivative financial instruments is determined using valuation techniques and observable market data. The valuation techniques applied more often include pricing models and swaps contracts, with a present value calculation. The models consider various data, including counterparty credit quality, spot exchange rates, forward curves of interest rates and curves of the commodity term rates.

The carrying amounts and fair value of financial assets and financial liabilities are as follows:

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

	Carrying amount		Assets and liabilities measured at fair value			
	December 31, 2015	December 31, 2014	December 31, 2015		December 31, 2014	
			Level 1	Level 2	Level 1	Level 2
Assets						
Exclusive funds	2,213,630	434,784	-	2,213,630	-	434,784
Investment securities	241,430	149,735	-	241,430	-	149,735
Derivate financial instruments	2,292,859	880,366	-	2,292,859	-	880,366
Total	**4,747,919**	**1,464,885**	**-**	**4,747,919**	**-**	**1,464,885**
Liabilities						
Loans, borrowings and debentures	(4,401,745)	(3,253,483)	-	(4,401,745)	-	(3,253,483)
Pension and post-employment benefits	(344,334)	(301,764)	-	(344,334)	-	(301,764)
Derivative financial instruments	(740,718)	(333,435)	-	(740,718)	-	(333,435)
Other liabilities	(147,224)	-	-	(147,224)	-	-
Total	**(5,634,021)**	**(3,888,682)**	**-**	**(5,634,021)**	**-**	**(3,888,682)**

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Hedge accounting – Fair value

Currently the Company has adopted the fair value hedge for some of its operations that both the hedging instruments and the hedged items are accounted for at fair value through profit or loss. Operations and accounting effects of this adoption are as follows:

	Debt	**Derivative**	**Total**
December 31, 2014	1,827,251	(183,086)	1,644,165
Interest amortization	(113,855)	(83,997)	(197,852)
Fair value	809,376	(555,503)	253,873
December 31, 2015	**2,522,772**	**(822,586)**	**1,700,186**

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.

32 Post-employment benefits

	December 31, 2015	**December 31, 2014**
Futura	48,414	23,048
Futura II	222	154
COMGÁS	295,698	278,562
	344,334	**301,764**

Pension plan

Defined contribution

The Company provides defined contribution plans to all employees. The plan assets are held Futura plan (Futura II – Supplementary Pension Entity) and COMGÁS Pension Plan – PLAC. The Company and its subsidiaries 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, 2015, an actuarial loss of R$ 121 (R$ 382 on December 31, 2014).

Actuarial liabilities

Defined benefit

Defined benefit plan paid off, whose active participants have a paid-up benefit calculated in accordance with the regulation, which is being updated to the date of receipt by the plan of readjustment index, which leads the company to adopt such a provision the present value of benefits and that assisted participants receive annuity under the plan. The main actuarial risks are:

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

(i) higher survival to that specified in mortality tables;

(ii) the return on equity under the actuarial discount rate plus the accumulated IGP-DI; and

(iii) real family structure of different retirees established hypothesis.

The Company contributes to the following post-employment defined benefit plans:

- **Futura:**

  The subsidiary CLE sponsors the Futura – Supplementary Pension Entity (“Futura”), formerly Previd Exxon - Private Pension Entity, which has the main objective supplemental benefits, within certain limits established in the regulations of the Retirement Plan. This plan was amended to close it to new entrants and approved by the relevant authorities on May 5, 2011. During the year ended December 31, 2015, the amounts of contributions totaled R$ 7,499 (R$ 8,757 for the year ended December 31, 2014). The weighted average duration of obligation is 11.09 years.

- **COMGÁS:**

  Obligations relating to plans for post-employment benefits, which include health care, pension for death, incapability assistance and lifetime medical care.

  The defined benefit pension plan is governed by the employment laws of the Brazil, which require final salary payments to be adjusted for the consumer price index upon payment during retirement. The level of benefits provided depends on the member’s length of service and salary at retirement age. During the year ended December 31, 2015, the amounts of contributions totaled R$ 16,250 (R$ 14,672 for the year ended December 31, 2014). The weighted average duration of obligation is 12.2 years.

Details of the present value of the defined benefit obligation and the fair value of plan assets are as follows:

	December 31, 2015	**December 31, 2014**
Actuarial obligation at beginning of the year	639,622	622,546
Current service cost	247	264
Interest expense	76,009	73,841
Actuarial (gain) loss arising from financial assumptions	(56,544)	3,879
Actuarial (gain) loss arising from experience adjustment	38,207	(21,173)
Benefits payment	(43,211)	(39,736)
Actuarial obligation at the end of the year	**654,330**	**639,621**
Fair value of plan assets at beginning of the year	(334,330)	(281,142)
Interest income	(38,770)	(33,317)
Earnings on assets greater than discount rate	(7,387)	(36,178)

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Contributions paid	(7,499)	(8,757)
Benefit payments	26,961	25,063
Fair value of plan assets end of the year	**(361,025)**	**(334,331)**
Superplus (deficit) for the year	**293,304**	**305,291**
Asset Ceiling effect	51,176	-
Net liabilitiy from defined benefit	**344,480**	**305,291**

Total expense recognized in profit or loss is as follow:

	December 31, 2015	**December 31, 2014**
Current service cost	(247)	(264)
Interest expense	(37,239)	(40,524)
	(37,486)	**(40,788)**

Total amount recognized as accumulated other comprehensive income:

	December 31, 2015	**December 31, 2014**
Actuarial (gain) loss arising from financial assumptions	56,544	(10,362)
Actuarial (gain) loss arising from experience adjustment	(38,207)	21,173
Earnings on assets greater than discount rate	7,388	36,178
Irrecoverable surplus change	(51,176)	-
Accumulated at the end of the year	**(25,451)**	**46,989**

Plan assets are comprised of the following:

	December 31, 2015		**December 31, 2014**	
	Amount	**%**	**Amount**	**%**
Fixed income bonds	296,402	82.10	269,170	80.51
Variable-income securities	33,900	9.39	65,161	19.49
Other	30,723	8.51	-	-
	361,026	**100.00**	**334,331**	**100.00**

Plan assets are comprised of financial assets with quoted prices in active markets and therefore are classified as Level 1 and Level 2 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.

The main assumptions used to determine the benefit obligations of the Company are as follows:

	Futura	**COMGÁS**

	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Discount rate	12.98%	11.92%	14.14%	12.78%
Inflation rate	5.30%	5.20%	6.50%	6.00%
Future salary increases	N/A	N/A	9.69%	9.18%
Future pension plans increases	5.30%	5.20%	6.50%	6.00%

The Company expects to make contributions for an amount of R$ 47,731 in relation to its defined benefit plan and variable contribution plan in 2016.

Sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the defined benefit obligation as at December 31, 2015 is, as shown below:

	Discount rate			
	Increase		Decrease	
	1%	0.5%	-1%	-0.5%
Futura	(29,387)	-	34,778	-
Futura II	(16)	-	18	-
COMGÁS	-	(14,834)	-	16,225

There was no change in relation to previous years in the methods and assumptions used in preparing the sensitivity analysis.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

33 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 was approved, authorizing the issue of up to 5% of shares comprising 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 common 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 two 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.

- 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. within an exercise period of 5 years. Exercise period ends in December 11, 2017.

According to the average market value of the shares on 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, April 25, 2014 and August 31, 2015, 970,000 options, respectively, secured from the fifth year, were granted to eligible executives:

The fair value of share based payments was estimated adopting with the following premise:

				Number of instruments				
Share option programmes	**Expected life (years)**	**Interest rate**	**Expected volatility**	**Granted**	**Outstanding**	**Market price on grant date**	**Exercise price at December 31, 2015**	**Fair value at grant date - R$[(i)]**
August 18, 2011 - *Tranche A*	1 to 5	12.39%	31.44%	4,825,000	2,250,000	22.98	23.79	6.80
August 18, 2011 - *Tranche B*	1 to 10	12.39%	30.32%	5,000,000	4,080,000	22.98	23.79	8.15
December 12, 2012 - *Tranche C*	1 to 5	8.78%	31.44%	700,000	652,000	39.8	40.76	10.1
April 24, 2013	5	13.35%	27.33%	970,000	970,000	46.51	46.53	17.95
April 25, 2014	5	12.43%	29.85%	960,000	960,000	37.1	38.09	15.67
August 31, 2015	5	14.18%	33.09%	759,000	759,000	18.15	20.10	7.67
				13,214,000	**9,671,000**			

(i) The fair value of the employee share options has been measured using the Black-Scholes formula.

(Amounts in thousands of Brazilian Reais – R$, unless otherwise stated)

Expected exercise - The expected timeframe the Company for the exercise of the options was determined by considering the premise that executives exercise their options after the grace period.

Expected volatility – Due to the new capital structure and business model after the formation of the JVs, 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 to 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 December 31, 2015, R$ 11,279 (R$ 12,753 on December 31, 2014) had been recognized as an expense related to the stock option plan. The weighted average remaining contractual term for the options at December 31, 2015 was 3.1 years. The expense to be recognized in future years total R$ 22,813 at December 31, 2015.

The changes in the plan during the period was:

	Number of options	**Weighted average**
December 31, 2014	**8,912,000**	**30.09**
Granted	759,000	20.10
December 31, 2015	**9,671,000**	**28.35**